BARTON COMMUNITY COLLEGE

HLC Accreditation Evidence

Title: Financial Statements with Audit Reports

Office of Origin: Vice President of Administration

BARTON COUNTY COMMUNITY COLLEGE

Financial Statements With Independent Auditors' Report

For the Years Ended June 30, 2016 and 2015

BARTON COUNTY COMMUNITY COLLEGE
Financial Statements With Independent Auditors' Report
For the Years Ended June 30, 2016 and 2015

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Required Supplementary Information

Supplementary Information

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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 and for the years ended June 30, 2016 and 2015, 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, 2016 and 2015, 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 beginning on page 4 and the schedules listed in the Required Supplementary Information section of the Table of Contents 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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 13, 2016, 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 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

December 13, 2016

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.

	2016	2015
Assets		
Current Assets	$ **30,174,247**	29,330,153
Noncurrent Assets, Net	**23,282,923**	22,428,987
Total Assets	**53,457,170**	51,759,140

Deferred Outflows of Resources	**465,787**	122,751
Total Assets and Deferred Outflows of Resources	$ **53,922,957**	51,881,891
Liabilities		
Current Liabilities	$ **3,123,437**	2,851,230
Noncurrent Liabilities	**11,184,427**	11,081,529
Total Liabilities	**14,307,864**	13,932,759
Deferred Inflows of Resources	**5,489**	22,289
Total Liabilities and Deferred Inflows of Resources	$ **14,313,353**	13,955,048
Net Position		
Invested in Capital Assets, Net of Debt	$ **11,985,832**	10,934,792
Restricted - Expendable	**5,150,577**	5,030,697
Unrestricted	**22,473,195**	21,961,354
Total Net Position	$ **39,609,604**	37,926,843

The reader will see that the 2015 audit numbers have been revised. This is due to changes in Federal reporting requirements which required the auditors to revise last year's numbers. The college's Total Net Position improved over last year. Our overall credit hour production decreased this past year by 1.1%. BartOnline continues to show growth (7.2%); however, we saw major drops in our business for our Fort Riley and Fort Leavenworth campuses.

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.

	2016	2015
Operating Revenues	$ **21,588,286**	21,100,279
Operating Expenses	**(42,382,451)**	(40,051,326)

Net Operating Loss	$	**(20,794,165)**	(18,951,047)
Total Nonoperating Revenues (Expenses)	$	**22,451,266**	23,355,158
Total Extraordinary Item		**25,660**	2,300,883
Change in Net Position		**1,682,761**	6,704,994
Total Net Position - Beginning, as restated		**37,926,843**	31,221,849
Total Net Position - Ending	$	**39,609,604**	37,926,843

The Statement of Revenues, Expenses, and Change in Net Position reflects a slight increase for this year. Our credit hour production decreased for the year, as well as our in-state hours and state support per hour decreased for the year. Our BartOnline distance education continues to increase as national trends toward distant education also shows increases. In an effort to offset the decline in state funding and loss of tax revenue, tuition rates were increased $3.00 per credit hour for fiscal year 2016.

Operations at Ft. Riley/Grandview decreased by 30% this last year due to cuts in military aid for soldiers and deployments. The number of students occupying student housing increased as compared to last year.

We again saw a decrease in state support of SB155 (High School students funded for tiered technical courses) and a decrease 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.

		2016	2015
Operating Activities	$	**(18,655,516)**	(18,602,724)
Noncapital Financing Activities		**23,557,178**	24,279,534
Capital and Related Financing Activities		**(2,810,907)**	(3,541,851)
Interest on Investments		**31,346**	65,491

Net Change in Cash	$	**2,122,101**	2,200,450
Cash - Beginning		**26,286,976**	24,086,526
Cash - Ending	$	**28,409,077**	26,286,976

The cash balance at year end increased as compared to the previous year due to stable or increased credit hour production in those areas that produce direct revenue. Approximately $623,000 of the increase was due to insurance payment for storm damage to the campus. Even though our credit hours decreased, with the increase in tuition and the stable or increased production in revenue producing areas, our revenue was able to offset the decrease in state funding and tax revenue. The College's cash balance will help the future operations of the College.

Capital Asset and Debt Administration

The College had $36,657,063 of plant, property, and equipment, which is an increase of $2,625,173 over the prior year. Most of this can be attributed to the new facility at Camp Aldrich. The related accumulated depreciation increased to $13,396,873 with depreciation charges of $640,179 recognized in the current fiscal year. More detailed financial activity related to the changes in Capital Assets is presented in Note 9.

The College decreased long-term debt by a net amount of $7,500 in 2016. This decreases long-term debt to $11,015,000 at fiscal year-end. More detailed financial information related to long-term debt is presented in Note 30.

Economic Outlook

This is the first year in a number of years that Barton's overall credit hour production has declined. Our hours generated through face to face classes on the Barton Campus and at Fort Riley/Leavenworth have declined as compared to the previous year. Our distance education (BartOnline) continues to grow, although the growth is leveling out. 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 ongoing political and financial uncertainty of the state continues to be a challenge for higher education. For the fourth 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, online, and specific targeted markets. Unfortunately, the State has decreased those courses eligible for SB155 funds due to the lack of state revenues.

The college will continue to increase the efficiency of its operation, using the resources it receives to make the lives of our students better. We will take appropriate actions to increase our credit hour production where possible and ensure the success of our educational operations.

Mark Dean
Dean of Administration

BARTON COUNTY COMMUNITY COLLEGE
Statements of Net Position
June 30, 2016 and 2015

	College		Foundation	
	2016	2015	**2016**	2015
ASSETS				
Current Assets				
Cash - Unrestricted	$ **28,409,077**	26,286,976	**21,594**	99,914
Cash - Restricted	**27,527**	22,762	**-**	-
Total Cash	**28,436,604**	26,309,738	**21,594**	99,914
Investments	**-**	-	**2,650,028**	2,751,735
Accounts Receivable - Taxes in Process, Net of Uncollectible	**131,774**	679,132	**-**	-
Accounts Receivable, Students, Net of Allowance for Doubtful Accounts of $1,041,680 and $993,473	**765,827**	577,481	**-**	-
Federal Grant Receivable	**356,869**	278,994	**-**	-
Other Receivables	**-**	1,074,264	**19,636**	17,415
Inventory	**217,706**	273,002	**-**	-
Prepaid Insurance and Other Expenses	**265,467**	137,542	**-**	-
Unconditional Promises to Give	**-**	-	**8,000**	-
Total Current Assets	**30,174,247**	29,330,153	**2,699,258**	2,869,064
Noncurrent Assets				
Unconditional Promises to Give	**-**	-	**13,000**	-
Deposit on Sculpture	**-**	-	**-**	30,174
Beneficial Interest in Remainder Trusts	**-**	-	**455,350**	480,516
Beneficial Interest in Assets Held by Others	**-**	-	**14,241**	14,235
Endowment Investments - Restricted	**-**	-	**3,781,633**	3,973,503
Equity Interest in Joint Venture - Workfit, LLC	**22,733**	22,231	**-**	-
Capital Assets, Not Depreciated	**678,800**	678,800	**954,103**	884,118
Capital Assets, Net of Accumulated Depreciation of $13,396,873 and $12,756,694	**22,581,390**	20,596,396	**-**	-
Construction in Progress	**-**	1,104,812	**-**	-
Bond Discount, Net of Accumulated Amortization of $8,222	**-**	26,748	**-**	-
Total Noncurrent Assets	**23,282,923**	22,428,987	**5,218,327**	5,382,546
Deferred Outflows of Resources				
Deferred Outflows Related to Pensions	**10,636**	5,903	**-**	-
Early Retirement on Debt Refunding, Net of Accumulated Amortization of $16,358 and $6,010	**455,151**	116,848	**-**	-
Total Deferred Outflows of Resources	**465,787**	122,751	**-**	-
Total Assets and Deferred Outflows of Resources	$ **53,922,957**	51,881,891	**7,917,585**	8,251,610

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

BARTON COUNTY COMMUNITY COLLEGE
Statements of Net Position
June 30, 2016 and 2015

	College		Foundation	
	2016	2015	**2016**	2015
LIABILITIES				
Current Liabilities				
Current Obligations - Certificates of Participation	**$ 335,000**	330,000	**-**	-
Current Obligations - Capital Leases	**170,938**	163,358	**-**	-
Current Obligations - State Loan Payable	**-**	162,500	**-**	-
Accounts Payable	**428,654**	261,012	**2,800**	-
Accrued Payroll and Benefits	**808,372**	692,083	**-**	-
Accrued Interest Payable	**93,562**	101,385	**-**	-
Compensated Absences	**771,636**	735,286	**-**	-
Deposits and Other Payables	**515,275**	405,606	**-**	-
Total Current Liabilities	**3,123,437**	2,851,230	**2,800**	-
Noncurrent Liabilities				
Noncurrent Obligations - Certificate of Participation	**10,680,000**	10,530,000	**-**	-
Noncurrent Obligations - Capital Leases	**88,420**	259,358	**-**	-
Net OPEB Obligation	**167,934**	70,046	**-**	-
Net Pension Liability	**94,092**	156,012		
Bond Premium, Net of Accumulated Amortization of $11,871 and $6,010	**153,981**	66,113	**-**	-
Total Noncurrent Liabilities	**11,184,427**	11,081,529	**-**	-
Deferred Inflows of Resources				
Deferred Inflows Related to Pensions	**5,489**	22,289	**-**	-
Total Liabilities and Deferred Inflows of Resources	**14,313,353**	13,955,048	**2,800**	-
NET POSITION				
Invested in Capital Assets, Net of Related Debt	**11,985,832**	10,934,792	**-**	-
Restricted - Expendable for				
Board Designated	**5,150,577**	5,030,697	**-**	-
Other	**-**	-	**2,346,970**	2,665,107
Restricted - Nonexpendable	**-**	-	**4,180,771**	4,164,203
Unrestricted	**22,473,195**	21,961,354	**1,387,044**	1,422,300
Total Net Position	**$ 39,609,604**	37,926,843	**7,914,785**	8,251,610

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, 2016 and 2015

	Community College		Foundation	
	2016	2015	**2016**	2015
Operating Revenues				
Tuition and Fees	$ **15,852,618**	15,203,255	**-**	-
Less: Student Scholarship Allowances	**(4,375,354)**	(4,382,679)	**-**	-
Net Tuition and Fees	**11,477,264**	10,820,576	**-**	-
Federal Grants and Contracts	**4,671,274**	5,076,352	**-**	-
Housing Payments	**1,968,827**	1,616,315	**-**	-
Bookstore Sales	**771,200**	866,775	**-**	-
Activity Revenue and Other	**2,699,721**	2,720,261	**12,583**	-
Contributions and Other Fundraisers	**-**	-	**343,907**	540,819
Total Operating Revenues	**21,588,286**	21,100,279	**356,490**	540,819
Operating Expenses				
Instruction	**16,566,726**	16,747,335	**-**	-
Public Service	**621,598**	635,009	**-**	-
Academic Support	**4,026,886**	3,614,460	**-**	-
Student Services	**3,318,022**	3,324,124	**-**	-
Institutional Support	**7,100,946**	6,142,217	**109,855**	79,874
Physical Plant Operations	**3,157,926**	2,364,012	**-**	-
Student Financial Support	**4,157,006**	4,084,138	**516,230**	630,662
Auxiliary Services	**2,486,024**	2,282,102	**-**	-
Depreciation and Amortization	**947,317**	902,206	**-**	-
Total Operating Expenses	**42,382,451**	40,095,603	**626,085**	710,536
Net Operating Loss	**(20,794,165)**	(18,995,324)	**(269,595)**	(169,717)
Nonoperating Revenues (Expenses)				
State Appropriations	**10,066,893**	9,765,907	**-**	-
County Property Taxes	**9,156,292**	10,231,994	**-**	-
Pell and SEOG Grants	**3,134,649**	3,186,286	**-**	-
Contributions	**45,776**	631,665	**-**	-
Interest Income	**16,831**	17,666	**-**	-
Investment Income	**14,515**	47,825	**(66,930)**	296,425
Insurance Proceeds	**597,350**	10,345	**-**	-
Loss From Sale of Assets	**(26,777)**	(42,356)	**(300)**	(1,350)
Debt Issuance Costs	**(120,816)**	-	**-**	-
Interest Expense on Debt	**(433,447)**	(449,897)	**-**	-
Net Nonoperating Revenues (Expenses)	**22,451,266**	23,399,435	**(67,230)**	295,075
Extraordinary Item				
Insurance Proceeds Camp Aldrich Fire	**25,660**	2,300,883	**-**	-
Change in Net Position	**1,682,761**	6,704,994	**(336,825)**	125,358
Total Net Position - Beginning, as restated	**37,926,843**	31,221,849	**8,251,610**	8,126,252
Total Net Position - Ending	$ **39,609,604**	37,926,843	**7,914,785**	8,251,610

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

BARTON COUNTY COMMUNITY COLLEGE
Statements of Cash Flows
For the Years Ended June 30, 2016 and 2015

	2016	2015
Cash Flows From Operating Activities		
Student Tuition and Fees, Net of Scholarships	$ **11,288,918**	10,551,107
Grants and Contracts	**4,593,399**	4,797,358
Auxiliary Enterprise Revenue	**3,923,960**	1,131,175
Payments to Employees and for Employee Benefits	**(20,425,871)**	(21,880,648)
Payments to Suppliers	**(20,735,141)**	(17,377,892)
Activity Revenue and Other	**2,699,219**	2,725,273
Net Cash Used by Operating Activities	**(18,655,516)**	(20,053,627)
Cash Flows From Noncapital Financing Activities		
State Appropriations	**10,066,893**	9,765,907
County Property Taxes	**9,686,850**	9,835,351
Pell and SEOG Grants	**3,134,649**	3,186,286
Insurance Proceeds	**623,010**	2,311,228
Contributions	**45,776**	631,665
Net Cash Provided by Noncapital Financing Activities	**23,557,178**	25,730,437
Cash Flows From Capital and Related Financing Activities		
Purchase of Capital Assets	**(1,823,099)**	(2,247,849)
Donated Capital Assets	**(11,069)**	(295,390)
Proceeds From Sale of Assets	**(9,611)**	(27,484)
Proceeds on Advance Bond Refunding	**(355,000)**	-
Principal Paid on Long-Term Debt	**(170,858)**	(518,615)
Interest Payments	**(441,270)**	(452,513)
Net Cash Used by Capital and Related Financing Activities	**(2,810,907)**	(3,541,851)
Cash Flows From Investing Activities		
Investment Income	**14,515**	47,825
Interest on Investments	**16,831**	17,666
Net Cash Provided by Investing Activities	**31,346**	65,491
Net Increase in Cash	**2,122,101**	2,200,450
Cash - Beginning of Year	**26,286,976**	24,086,526
Cash - End of Year	$ **28,409,077**	26,286,976

Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities

	2016	2015
Net Operating Loss	$ **(20,794,165)**	(18,995,324)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities		
Depreciation and Amortization	**947,317**	902,206
(Increase) Decrease in		
Accounts Receivable	**808,043**	(1,652,242)
Inventory	**55,296**	(16,124)
Prepaid Expenses	**(127,925)**	(59,992)
Joint Venture	**(502)**	5,012
Increase (Decrease) in		
Accounts Payable	**162,877**	(115,340)
Compensation and Related Benefits	**36,350**	(25,365)
Accrued Payroll	**116,289**	1,163
Net OPEB Obligation	**97,888**	25,515
Net Pension Obligation	**(66,653)**	172,398
Other Liabilities	**109,669**	(295,534)
Net Cash Used by Operating Activities	$ **(18,655,516)**	(20,053,627)

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

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.

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. The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to colleges and universities. The Governmental Accounting Standards Board is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. 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 $295,911 and $253,696 and expenditure reimbursements of $220,319 and $376,966 were provided to the College during the 2016 and 2015 years, respectively.

Barton County Community College 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.

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, 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, 2016 and 2015 was $22,733 and $22,231, 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. 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.

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 2015 are normally distributed after June 30, 2016 and are presented as accounts receivable, net of estimated uncollectible amounts. As of June 30, 2016 and 2015, the County Treasurer had distributed to the College approximately 94% and 87%, respectively, of ad valorem taxes levied. The receivable for taxes in process was $131,774 and $679,132 at June 30, 2016 and 2015, respectively.

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.

Personal property taxes are recognized as revenue when made available and distributed by the County Treasurer.

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 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 twelve 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 are recorded net of estimated allowances for uncollectible amounts. 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.

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 written off to the allowance for doubtful accounts.

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 assets. Investment income and gains and losses restricted by a donor are reported as increases or decreases in unrestricted net assets 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 effect of recording these promises to give at net realizable value is not materially different than the discounted amount that would have been recorded at year end. 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 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, net of accumulated amortization was $271,073 and $299,132 at June 30, 2016 and 2015, 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, 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 reports deferred charges on early retirement on debt refunding. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The College also reports a collective deferred outflow of resources related to pensions, which is described further in Note 26.

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 a collective deferred inflow of resources related to pensions, which is described further in Note 26.

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.

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, 2016 and 2015.

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.

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. 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, 2016, 2015 and 2014.

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, 2016.

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. Encumbrances are recorded as an expenditure in the summary schedules for individual funds.

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

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 $28,436,604 and $26,309,738 and the bank balance was $28,599,252 and $26,499,285 at June 30, 2016 and 2015, respectively. The bank balance was held by eight banks resulting in a concentration of credit risk. Of the bank balance, $3,191,758 and $1,808,009 was covered by federal depository insurance and $25,407,494 and $24,683,872 was collateralized with securities held by the pledging financial institutions' agents in the College's name at June 30, 2016 and 2015, 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, 2016 was $21,594 and the bank balance was $24,833. The carrying amount of the Foundation's checking accounts at June 30, 2015 was $99,914 and the bank balance was $100,686. 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, 2016 and 2015.

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, 2016.

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

		2016	2015
Money Market Fund	$	**34,557**	339,573

		2016	2015
Equity Funds		**1,968,680**	1,693,980
Common Stocks		**2,049,456**	2,685,056
Governmental Obligations		**858,270**	614,004
Non-governmental Obligations		**1,258,350**	1,029,522
Fixed Income Funds		**262,348**	363,103
Total	$	**6,431,661**	6,725,238

Investment return is summarized below:

		2016		
		Unrestricted	**Temporarily Restricted**	**Total**
Dividend and Investment Income	$	**22,649**	**114,450**	**137,099**
Net Realized and Unrealized Losses		**(4,662)**	**(174,207)**	**(178,869)**
Investment Fees		**(19,586)**	**-**	**(19,586)**
Net Investment Return	$	**(1,599)**	**(59,757)**	**(61,356)**

		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		(19,335)	-	(19,335)
Net Investment Return	$	177,300	98,005	275,305

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, 2016 and 2015, the Foundation has received $2,932,133 and $2,893,569, 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 $3,781,633 and $3,973,503 at June 30, 2016 and 2015, 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.

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, 2016 and 2015.

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 the 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.

	Fair Value Measurements at June 30, 2016			
	Level 1	Level 2	Level 3	**Total**
Investments				
Equity Funds	$ 1,968,680	-	-	**1,968,680**
Common Stocks	2,049,456	-	-	**2,049,456**
Government Obligations	858,270	-	-	**858,270**
Non-government Obligations	1,258,350	-	-	**1,258,350**
Fixed Income Funds	262,348	-	-	**262,348**
Total Investments	$ **6,397,104**	**-**	**-**	**6,397,104**
Split Interest Agreements				
Beneficial Interest in Remainder Trusts	$ -	-	455,350	**455,350**
Beneficial Interest in Assets Held by Others	-	-	14,241	**14,241**
Total Split Interest Agreements	$ **-**	**-**	**469,591**	**469,591**

		Fair Value Measurements at June 30, 2015			
		Level 1	Level 2	Level 3	Total
Investments					
Equity Funds	$	1,693,980	-	-	1,693,980
Common Stocks		2,685,056	-	-	2,685,056
Government Obligations		614,004	-	-	614,004
Non-government 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

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, 2016:

		Split Interest Agreements
Fair Value – June 30, 2014	$	492,966
Change in Value of Split Interest Agreements		3,755
Distributions		(1,970)
Fair Value – June 30, 2015		494,751
Change in Value of Split Interest Agreements		(12,473)
Distributions		(12,687)
Fair Value – June 30, 2016	$	**469,591**

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

Barton County Community College has recorded a receivable for insurance proceeds for the fire on Camp Aldrich prior to year end in the amount of $1,074,264 for the year ended June 30, 2015.

At June 30, 2016 and 2015, 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:

		2016	2015
Earnings on Investments	$	**19,636**	17,415

NOTE 6 - UNCONDITIONAL PROMISES TO GIVE

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

		2016	2015
Pledges Due In:			
Less Than One Year	$	**8,000**	-
One to Five Years		**13,000**	-
Total Pledges Due	$	**21,000**	-

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:

		2016	2015
Promises to Give Conditional Upon Continued Employment at **Barton County Community College**	$	**2,178**	3,531

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 $89,889 and $100,427 as of June 30, 2016 and 2015, 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, 2016 and 2015 are $365,461 and $380,089 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 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, 2016 and 2015 at $14,241 and $14,235, respectively.

NOTE 9 – CAPITAL ASSETS

The following is a summary of changes in the various capital asset categories for the years ended June 30, 2016 and 2015 for **Barton County Community College**:

	2016			
	Beginning Balance	Increases	Decreases	**Ending Balance**
Land	$ 678,800	-	-	**678,800**
Improvements	279,186	-	-	**279,186**
Infrastructure	843,340	-	-	**843,340**
Buildings	23,904,729	2,594,075	-	**26,498,804**
Vehicles	1,385,072	265,420	133,647	**1,516,845**
Machinery and Equipment	5,107,118	119,123	243,626	**4,982,615**
Library Materials	1,833,645	23,828	-	**1,857,473**
Total	34,031,890	3,002,446	377,273	**36,657,063**
Less: Accumulated Depreciation	12,756,694	936,820	296,641	**13,396,873**
Construction in Progress	1,104,812	-	1,104,812	**-**
Capital Assets, Net	$ 22,380,008	2,065,626	1,185,444	**23,260,190**

	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

The following is a summary of changes in the various capital asset categories for the years ended June 30, 2016 and 2015 for Barton County Community College Foundation.

	2016			
	Beginning Balance	Increases	Decreases	**Ending Balance**
Land	$ 94,000	-	-	**94,000**
Art Collection	665,577	70,285	300	**735,562**
Book Collection	124,541	-	-	**124,541**
Total	$ 884,118	70,285	300	**954,103**

	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

NOTE 10 - 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, 2016 and 2015 and has been recorded in the financial statements.

NOTE 11 - TEMPORARILY RESTRICTED NET ASSETS

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

	2016	2015
Scholarships and Program Enhancements	$ **1,913,983**	2,150,793
Gifts and Grants	**27,010**	100,785
Library	**47,130**	47,532
Friends of the Gallery	**21,174**	23,053
Fine Arts Building	**7,159**	7,159
Cohen Center	**247,757**	252,234
Wesley Assessment Center	**65,782**	66,413
Library Renovation	**4,916**	4,963
AAC Enhancements	**74**	75
Other Various Restrictions	**11,985**	12,100
Total	$ **2,346,970**	2,665,107

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:

		2016	2015
Scholarships and Program Enhancements	$	**237,671**	85,422
Gifts and Grants		**84,238**	66,814
Fine Arts Building		**-**	1,915
Vocational Education		**-**	1,598
AAC Enhancement		**-**	6,807
Friends of the Gallery		**1,635**	-
Cohen Center		**2,000**	-
Total	$	**325,544**	162,556

NOTE 12 - PERMANENTLY RESTRICTED NET ASSETS

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

		2016	2015
Scholarships and Program Enhancements	$	**3,387,483**	3,374,085
Artwork		**668,747**	665,577
Book Collection		**124,541**	124,541
Total	$	**4,180,771**	4,164,203

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

NOTE 13- 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, 2016 and 2015 is as follows:

	Minimum	Maximum
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 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.

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
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
Investment Return				
Investment Income	-	97,667	-	97,667
Net Loss (Realized and Unrealized)	(681)	(129,669)	-	(130,350)
Contributions	-	-	38,564	38,564
Expenditures	-	(197,751)	-	(197,751)
Endowment Net Assets June 30, 2016	**$ (681)**	**850,181**	**2,932,133**	**3,781,633**

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 14 - FUNDRAISING

Barton County Community College Foundation incurred $22,100 and $10,877 of fundraising expenses during the years ended June 30, 2016 and 2015, respectively. The fundraising expenses were incurred in connection with the Big Benefit Auction, Clay Shoot, and Barton Enhancement and Scholarship Team Fundraiser.

NOTE 15 - RELATED PARTY TRANSACTIONS

Barton County Community College entered into an arms length transaction with a board member. The College paid $2,868,117 for self-insurance provided by Benefit Management, Inc. during the year ended June 30, 2015. The board member was a shareholder of the business during 2015.

NOTE 16 - 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 change in this agreement between the College and the Foundation could adversely affect the Foundation's operations.

NOTE 17 - 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 18 - CONTINGENT LIABILITY

The Foundation has agreed to award special scholarships to high school students who participate in Senior Day, Art Shows and other events 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 $1,800 and $2,500 at June 30, 2016 and 2015, 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, 2016 and 2015, the Foundation had a remaining commitment of $696 and $1,559, respectively.

The Foundation has agreed to commit $40,000 in funds to Barton County Community College for their use to supplement GPA scholarships for the 2016-2017 school year. The Foundation would be required to fulfill this commitment if qualifying students attend **Barton County Community College** during the 2016-2017 year.

NOTE 19 - IN-KIND DONATIONS

In-kind donations received during the year ended June 30, 2016 and 2015 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 $66,757 and $181,174, respectively.

NOTE 20 – RISK MANAGEMENT

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

NOTE 21 - 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.

NOTE 22 – SELF-INSURANCE PLANS

During the year ended June 30, 2016 and 2015, 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 Nationwide.

Self-Insurance Liability	Beginning of Fiscal Year Liability	Claims and Changes in Estimates	Claim Payments	End of Fiscal Year Liability	Claims and Changes in Estimates
2015	$ 161,392	1,791,110	$ 1,838,508	113,994	3,201,030
2016	113,994	2,433,188	2,339,687	207,495	3,216,419

NOTE 23 – 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 24 – LEASES

Operating Leases
Barton County Community College currently has operating leases for an educational building located in Junction City and fourteen copy machines. The monthly payments on the education building include estimated pro-rata insurance and property taxes. As of June 30, 2016 and 2015, the total payments were as follows:

		2016	2015
Educational Building	$	**116,440**	96,946
Copy Machines		**53,402**	51,610

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, 2016.

Fiscal Year Ending		Educational Building	Copy Machines
2017	$	86,880	55,080
2018		86,880	52,460
2019		86,880	30,252
2020		86,880	3,468
2021		86,880	1,676
2022 - 2023		173,760	-
Total	$	608,160	142,936

Capital Lease
Capital lease obligation of the College at June 30, 2016 is comprised of the following:

		Outstanding July 01, 2015	Additions	Reductions	Outstanding June 30, 2016	Current Portion	Interest Paid
Capital Lease							
Track and Soccer Field	$	422,716	-	163,358	259,358	170,938	17,538

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

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

A capital lease obligation in the amount of $259,358 and $422,716 at June 30, 2016 and 2015, 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:

Fiscal Year Ending		Principal	Interest	Total
2017	$	170,938	9,958	180,896
2018		88,420	2,028	90,448
Total	$	259,358	11,986	271,344

NOTE 25 – 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 26 – DEFINED BENEFIT PENSION PLAN

Plan Description

Barton County Community College participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public Employees, which includes
  - State/School employees
  - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the College are included in the State/School employees group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits

Benefits are established by statute and may only be changed by the General Assembly. Members with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of service equal 85.

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, members may withdraw their contributions from their individual accounts, including interest. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with 5 years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 years of service with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

Special Funding Situation
The employer contributions for community colleges, as defined in K.S.A.74-4931(2) and (3), are funded by the State of Kansas on behalf of the employer. Therefore, the College is considered to be in a special funding situation as defined by GASB Statement No. 68, Accounting and Financial Reporting for Pensions. The State is treated as a nonemployer contributing entity in the System. Since the College does not contribute directly to the System for active employees, there is no net pension liability or deferred inflows or outflows to report in the financial statements for active employees.

The College also makes contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, “working after retirement” employees. The resulting proportional share of these agencies “working after retirement” contributions and resulting net position liability are attributable to the College. These amounts are reflected separately and recorded in the financial statements.

Contributions
K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rate was 15.12% and 10.27%, respectively, for the fiscal year ended June 30, 2014. The actuarially determined employer contribution rate and the statutory contribution rate for school employees was 15.41% and 11.27%, respectively, for the fiscal year ended June 30, 2015. During the last two quarters of fiscal year 2015, the governor, using the budgetary allotment process, reduced the KPERS school employer rate from 11.27% to 8.65%, due to budgetary constraints.

The College is required to make all contributions on behalf of KPERS retirees working after retirement. The employer contribution rate was 22% and 20.41% for the years ended June 30, 2016 and 2015, respectively.

Employer and Nonemployer Allocations
Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Fireman
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identity additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the College's share of the collective pension amounts as of June 30, 2015 and 2014 were based on the ratio of each employer's contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2015 and 2014, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2015, the College's total allocated proportion was .3310%, which was an increase of .0066% from its proportion measured at June 30, 2014. At June 30, 2015, the State's allocated nonemployer proportion of the contributions paid was 99.59% and the remaining .41% was actual contributions paid by the College.

Net Pension Liability
At June 30, 2016 and 2015, the proportionate share of the net pension liability reported by the State attributable to the College, is $22,827,253 and $20,725,006, respectively and is not recorded as net pension liability in the College's financial statements. The proportionate share of the net pension liability for employer contributions for working after retirement employees was $94,094 and $156,012, respectively and is recorded as net pension liability in the College's financial statements.

Actuarial Assumptions
The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Price inflation	3.00%
Wage inflation	4.00%
Salary increases, including wage increases	4.00% to 16.00%, including inflation
Long-term rate of return net of investment expense, including price inflation	8.00%

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of an actuarial experience study conducted for a three year period ending December 31, 2012.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2015, are summarized in the following table:

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	47.00%	6.30%
Fixed Income	13.00	0.80
Yield Driven	8.00	4.20
Real Return	11.00	1.70
Real Estate	11.00	5.40
Alternatives	8.00	9.40
Short-term Investments	2.00	(0.50)
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The state, school and local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's proportionate share of the net pension liability calculated using the discount rate of 8.00%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00%) or 1 percentage point higher (9.00%) than the current rate:

1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
$121,126	$94,094	$70,309

Pension Expense

For the years ended June 30, 2016 and 2015, the College recognized pension expense and revenue of $1,432,083 and $1,450,903, respectively, for support provided by the State in the form of non-employer contributions to KPERS on the College's behalf. The College recognized negative pension expense of $74,469 for June 30, 2016, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period for employer contributions to KPERS for working after retirement employees.

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2016, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

		Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$	-	2,820
Net differences between projected and actual earnings on investments		-	2,451
Changes in assumptions		-	209
Changes in proportion		1,653	9
College contributions subsequent to measurement date		8,984	
Total	$	**10,637**	**5,489**

The $8,984 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2017. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	
2016	$(1,634)
2017	(1,634)
2018	(1,634)
2019	1,027
2020	39
Thereafter	-

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

Subsequent Events
Under the budgetary allotment process for the State of Kansas, the Kansas governor has authority to reduce or defer the approved budget for purposes of balancing the budget. For the State's fiscal year ending June 30, 2016, approximately $99 million in State funded employer contributions to the state/School group were deferred. It is unknown at the time whether this reduction will have a significant effect on the College's proportionate share of the KPERS' collective net pension liability, or an effect on any actuarial assumptions used by KPERS to calculate the collective net pension liability.

During the 2015 state legislative session, Senate Bill 228 was passed authorizing the issuance of one or more series of revenue bonds to provide deposits to KPERS in a total amount not to exceed $1 billion. The purpose of such bond issuance would be for financing a portion of the unfunded actuarial pension liability of KPERS, which would also have an effect on the collective net pension liability. On August 20, 2015, the State issued $1,005,180,000 of bonds in accordance with this bill. The effect of this bond issuance on the State's proportionate share of the KPERS collective net pension liability associated with the College is unknown at this time.

NOTE 27 – 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 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. Cobra spouses formerly covered retirees contribute the cobra rate. 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	$	75,723
Amortization of Unfunded Actuarial Accrued Liability		31,929
Annual Required Contribution (With Interest)		107,652
Interest on Net OPEB Obligation		2,101
Adjustment to the ARC		(2,865)
Annual OPEB Cost		106,888
Less: Employer Contributions		(9,000)
Increase in Net OPEB Obligation		97,888
Net OPEB Obligation – Beginning of Year		70,046
Net OPEB Obligation – End of Year	$	167,934

Fiscal Year	Annual OPEB Cost	Net Employer Contributions	Percentage Contributed	End of Year OPEB Obligation
2014	$ 118,531	$ 74,000	62.4%	$ 44,531
2015	118,046	48,000	40.7%	70,046
2016	106,888	9,000	8.4%	167,934

Funded Status and Funding Progress
As of July 1, 2015, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $757,844 and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $757,844. 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 $11,297,051 and the ratio of the UAAL to the covered payroll was 6.7%.

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 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, 2015 actuarial valuation using the following methods and assumptions:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % of Pay, Open period
Remaining Amortization Period	30 years
Asset Valuation Method	Not Applicable
Valuation Interest Rate	3.00%
Projected Healthcare Inflation	Medical/RX – Pre-65 7% then grade down to 5%, Dental – Flat 3.25%
Aggregate Payroll Growth	1.50%

NOTE 28 – 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).

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, 2016 and 2015 has been estimated at $732,315 and $700,478, 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, 2016 and 2015 has been estimated at $2,746,834 and $2,642,134, respectively, and is not 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, 2016 and 2015 has been estimated at $13,396 and $15,456, respectively, and is not recorded in the financial statements.

Personal Leave
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, 2016 and 2015 has been estimated at $39,321 and $34,808, respectively, and is recorded in the financial statements.

NOTE 29 – CURRENT YEAR DEFEASANCE OF DEBT

On November 3, 2015, the College issued Series 2015 advance refunding certificates of participation of $4,530,000 (par value) with a variable interest rate of 2.00% to 4.00% to advance refund Series 2008 certificates of participation with a maturity date of 2036 in the amount of $4,590,000. The Series 2015 certificates mature on December 1, 2036, and will be subject to optional redemption and payment prior to their stated maturity. The Series 2015 certificates were issued at a premium, and after paying issuance costs of $120,816, the purchase price was $4,502,699. The College defeased the certificates of participation by placing proceeds of new certificates of participation in an irrevocable trust to provide for all future debt service payments on the old bonds remaining. Accordingly, the trust account assets and the liability for the defeased certificates are not included in the financial statements of the reporting entity. At June 30, 2016, certificates totaling $4,175,000 were considered defeased. As a result of the advance refunding, the College reduced its total debt service requirements by $306,056. The economic gain to the College (difference between the present value of the debt service payments on the old and new debt) was $211,129.

NOTE 30 – LONG-TERM DEBT

Certificates of Participation Bonds
Series 2008
On December 3, 2008, the College issued certificates of participation in the amount of $4,590,000 to finance the remodeling and improvements to the Library and Technical Building. On November 3, 2015, the College refunded $4,175,000 with Series 2015 certificates of participation, leaving a remaining balance of $415,000.

Purpose	Interest Rates	Amount
Business-type Activities	5.0%	$415,000

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.

Purpose	Interest Rates	Amount
Business-type Activities	2.0%-4.5%	$6,665,000

Series 2015
On November 3, 2015, the College issued certificates of participation in the amount of $4,530,000 for the purpose of providing funds for refunding the Series 2008 certificates of participation.

Purpose	Interest Rates	Amount
Business-type Activities	2.0%-4.0%	$4,530,000

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, 2016 was as follows:

		Outstanding June 30, 2015	Additions	Reductions	Outstanding June 30, 2016	Current Portion	Interest Paid
Certificates of Participation							
Series 2013	$	6,270,000	-	200,000	6,070,000	205,000	192,713
Series 2008		4,590,000	-	4,175,000	415,000	130,000	231,019
Series 2015		-	4,530,000	-	4,530,000	-	-
Loan							
State of Kansas		162,500	-	162,500	-	-	-
Total Long-Term Debt	$	11,022,500	4,530,000	4,537,500	11,015,000	335,000	423,732

Long-term debt activity for the year ended June 30, 2015 was as follows:

		Outstanding June 30, 2014	Additions	Reductions	Outstanding June 30, 2015	Current Portion	Interest Paid
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	$	11,385,000	-	362,500	11,022,500	492,500	427,732

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

Fiscal Year Ending		Principal	Interest	Total
2017	$	335,000	206,212	541,212
2018		345,000	195,487	540,487
2019		365,000	257,803	622,803
2020		420,000	320,856	740,856
2021		435,000	311,581	746,581
2022-2026		2,280,000	1,402,089	3,682,089
2027-2031		2,615,000	1,059,861	3,674,861
2032-2036		3,465,000	553,445	4,018,445
2037-2038		755,000	51,672	806,672
Total	$	11,015,000	4,359,006	15,374,006

NOTE 31 – 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 32 – 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, 2016 and 2015, the College recorded the remainder of the insurance proceeds of $25,660 and $2,300,883, respectively, as an extraordinary item.

NOTE 33 – RECLASSIFICATIONS

Certain amounts in the prior periods presented have been reclassified to conform to the current period financial statement presentation. These reclassifications have no effect on previously reported net position.

NOTE 34 – PRIOR PERIOD ADJUSTMENTS

The beginning net position as of July 1, 2014 has been restated due to a correction of errors relating to 1) bond issuance costs that were not removed from the financial statements as required by GASB 63, 2) taxes receivable for taxes not recorded per the amount levied and 3) estimated health insurance payable for incurred claims paid after year end. The College did not remove the bond issuance costs as of June 30, 2014 as required under GASB 63. The effect of the adjustment decreased bond issuance costs, net of amortization by $249,227. The college recorded the incorrect taxes receivable and deferred the revenue. The effect of the adjustment increased taxes receivable by $282,489. The college did not record a liability for health insurance claims that were paid after year end, but were incurred prior to year end. The effect of this adjustment was an increase to health insurance payable of $161,392.

The beginning net position as of July 1, 2015 has been restated due to a correction of errors relating to 1) bond issuance costs that were not removed from the financial statements as required by GASB 63, 2) taxes receivable for taxes not recorded per the amount levied, 3) federal grant receivable to adjust federal grants to accrual basis and 4) estimated health insurance payable for incurred claims paid after year end. The College did not remove the bond issuance costs as of June 30, 2014 as required under GASB 63. The effect of the adjustment decreased amortization expense by $10,768. The college recorded the incorrect taxes receivable and deferred the revenue. The effect of the adjustment increased taxes receivable by $396,643. The college did not record a receivable for federal grants at year end to adjust for the expenditures accrued on the SEFA. The effect of this adjustment was an increase to federal grants receivable of $132,673. The college did not record a liability for health insurance claims that were paid after year end, but were incurred prior to year end. The effect of this adjustment was a decrease to health insurance payable of $47,398.

GASB 68, *Accounting and Financial Reporting for Pensions*, was issued by the Governmental Accounting Standards Board and is applicable to employers participating in pension plans falling under the guidance of GASB 67 for periods beginning after June 15, 2014. In accordance with the standard, GASB 68 is being implemented as of June 30, 2016 for **Barton County Community College**. As such, deferred outflows and inflows of resources, as well as net pension liability and pension expense, will not be comparable between the two years reflected in the College's financial statements. For purposes of this audit report, the beginning net position was adjusted as noted below in accordance with the implementation of GASB 68.

The cumulative effect of these changes on net position is as follows:

Net Position, July 1, 2014 as Previously Reported	$	31,349,979
Cost of Issuance – Decrease		(249,227)
Taxes Receivable – Increase		282,489
Health Insurance Payable – Decrease		(161,392)
2014 Change in Net Position		31,221,849
Increase in Assets		6,289,910
Cost of Issuance – Increase		10,768
Grants Receivable – Increase		132,673
Taxes Receivable – Increase		396,643
Health Insurance Payable – Increase		47,398
Deferred Outflows – Pension		5,903
Deferred Inflows – Pension		(22,289)
Net Pension Liability		(156,012)
Net Position, July 1, 2015 as Restated	$	37,926,843

This adjustment has a positive material effect and the current financial statements reflect this adjustment.

NOTE 35 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through November 02, 2016 and December 13, 2016, which is the date the financial statements were available to be issued on Barton County Community College Foundation and **Barton County Community College**, respectively.

BARTON COUNTY COMMUNITY COLLEGE

Required Supplementary Information

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Certified Public 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, 2016, and the related notes to the financial statements, and have issued our report thereon dated December 13, 2016.

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 statements, 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 statements are 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

December 13, 2016

ADAMS BROWN BERAN & BALL chartered

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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 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, 2016. **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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2016.

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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Adams, Brown, Beran & Ball, Chartered

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

December 13, 2016

BARTON COUNTY COMMUNITY COLLEGE
Schedule of Funding Progress – Other Post Employment Benefits
June 30, 2016 and 2015

As of July 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was $757,844. 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 $757,844. The covered payroll (annual payroll of active employees covered by the plan) was $11,297,051 and the ratio of the UAAL to the covered payroll was 6.7%

	(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	7.9%
7/1/2015	0	757,844	757,844	0%	11,297,051	6.7%

*Annualized Pay of Active Employees as of the valuation date.

BARTON COUNTY COMMUNITY COLLEGE
Schedule of Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
June 30, 2016

		2016	2015
The College's proportion of the collective net pension liability		**0.0014%**	0.0025%
The College's proportionate share of the net pension liability	$	**94,092**	156,012
The State's proportionate share of the net pension liability		**22,827,255**	20,568,996
Total proportionate share of the net pension liability	$	**22,921,347**	20,725,008
The College's covered-employee payroll	$	**14,506,193**	14,189,656
The College's proportionate share of the collective net pension liability as a percentage of its covered-employee payroll		**0.65%**	1.10%
Plan's fiduciary net position	$	**16,635,520,735**	16,535,796,558
Plan fiduciary net position as a percentage of the total pension liability		**64.95%**	66.60%

GASB 68 requires presentation of ten years. As of June 30, 2016, only two years of information is available.

Note: Information on this schedule is measured as of the measurement date.

BARTON COUNTY COMMUNITY COLLEGE
Schedule of the College's Contributions
Kansas Public Employees Retirement System
June 30, 2016

		2016	2015
Contractually required contribution	$	**5,903**	11,009
Contributions in relation to the contractually required contribution		**5,903**	11,009
Contribution deficiency (excess)	$	**-**	-
The College's covered-employee payroll		**14,506,193**	14,189,656
Contributions as a percentage of covered-employee payroll		**0.04%**	0.08%

GASB 68 requires presentation of ten years. As of June 30, 2016, only two years of information is available.

Note: Information on this schedule is measured as of the measurement date.

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, 2016

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues			
Tuition and Fees	$ 23,285,861	**13,881,936**	(9,403,925)
Activity Revenue and Other	5,435,494	**254,004**	(5,181,490)
State Appropriations	3,919,807	**6,029,628**	2,109,821
Federal Appropriations	-	**195**	195
County Property Taxes	9,548,667	**9,703,650**	154,983
Sale of Property	-	**9,986**	9,986
Insurance Reimbursements	-	**412**	412
Contributions	-	**160**	160
Interest Income	10,000	**13,647**	3,647
Total Revenues	42,199,829	**29,893,618**	(12,306,211)
Expenditures			
Instruction	11,711,000	**9,747,086**	1,963,914
Academic Support	2,500,000	**1,809,942**	690,058
Student Services	3,000,000	**1,788,141**	1,211,859
Institutional Support	2,500,000	**4,194,370**	(1,694,370)
Physical Plant Operations	4,500,000	**1,806,944**	2,693,056
Student Financial Support		**283,760**	(283,760)
Public Service	2,550,000	**-**	2,550,000
Interest Payments		**248,557**	(248,557)
Total Expenditures	26,761,000	**19,878,800**	6,882,200
Excess Revenues Over (Under) Expenditures	15,438,829	**10,014,818**	(5,424,011)
Other Financing Sources			
Transfers In (Out)	(21,239,000)	**(7,938,244)**	13,300,756
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures	(5,800,171)	**2,076,574**	7,876,745
Fund Balance - Beginning, as restated	12,838,581	**11,361,597**	(1,476,984)
Fund Balance - Ending	$ 7,038,410	**13,438,171**	6,399,761

Schedule 1-2

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, 2016

		Original and Final Budget	Actual	Variance Positive (Negative)
Revenues				
Federal Appropriations	$	-	**88,355**	88,355
State Grants and Contracts		-	**-**	-
State Appropriations		4,582,227	**3,519,807**	(1,062,420)
Other Revenues		17,773	**15,298**	(2,475)
Total Revenues		4,600,000	**3,623,460**	(976,540)
Expenditures				
Instruction		14,574,000	**5,695,961**	8,878,039
Academic Support		631,000	**1,904,445**	(1,273,445)
Student Services		30,000	**571,317**	(541,317)
Institutional Support		10,030,000	**1,981,454**	8,048,546
Physical Plant Operations		235,000	**1,073,728**	(838,728)
Student Financial Support		-	**139,763**	(139,763)
Total Expenditures		25,500,000	**11,366,668**	14,133,332
Excess Revenues Over (Under) Expenditures		(20,900,000)	**(7,743,208)**	13,156,792
Other Financing Sources				
Transfers In		20,850,000	**7,738,978**	(13,111,022)
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		(50,000)	**(4,230)**	45,770
Fund Balance - Beginning		50,000	**29,368**	(20,632)
Fund Balance - Ending	$	-	**25,138**	25,138

Schedule 1-3

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, 2016

		Original and Final Budget	Actual	Variance Positive (Negative)
Revenues				
Federal Appropriations	$	100,667	140,068	39,401
State Appropriations		50,333	-	(50,333)
Other Revenues		389,000	-	(389,000)
Total Revenues		540,000	140,068	(399,932)
Expenditures				
Instruction		423,000	168,673	254,327
Student Services		35,000	-	35,000
Institutional Support		15,000	42,500	(27,500)
Physical Plant Operations		77,000	-	77,000
Total Expenditures		550,000	211,173	338,827
Excess Revenues Over (Under) Expenditures		(10,000)	(71,105)	(61,105)
Other Financing Sources				
Transfers In		-	70,000	70,000
Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures		(10,000)	(1,105)	8,895
Fund Balance - Beginning		10,000	4,293	(5,707)
Fund Balance - Ending	$	-	3,188	3,188

Schedule 1-4

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, 2016

	Original and Final Budget	**Actual**	Variance Positive (Negative)
Revenues			
Tuition and Fees	$ 40,000	-	(40,000)
Other Revenues	10,000	-	(10,000)
Total Revenues	50,000	-	(50,000)
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	50,000	-	50,000
Excess Revenues Over (Under) Expenditures	-	-	-
Fund Balance - Beginning	-	-	-
Fund Balance - Ending	$ -	-	-

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, 2016

	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	**223,132**	(576,868)	-	-	-
Housing Payments	5,480,000	**1,968,827**	(3,511,173)	-	**-**	-	-	-	-
Bookstore Sales	-	**-**	-	5,650,000	**793,773**	(4,856,227)	-	-	-
Interest	-	**223**	223	-	**860**	860	-	-	-
Other Revenue	20,000	**40**	(19,960)	50,000	**668,588**	618,588	170,000	**-**	(170,000)
Total Revenues	5,500,000	**1,969,090**	(3,530,910)	6,500,000	**1,686,353**	(4,813,647)	170,000	-	(170,000)
Expenditures									
Auxillary Services	5,103,287	**1,055,959**	4,047,328	6,500,000	**1,653,561**	4,846,439	170,000	**-**	170,000
Debt Principal Payments	396,713	**200,000**	196,713	-	**-**	-	-	-	-
Debt Interest Payments	-	**192,714**	(192,714)	-	**-**	-	-	-	-
Total Expenditures	5,500,000	**1,448,673**	4,051,327	6,500,000	**1,653,561**	4,846,439	170,000	**-**	170,000
Excess Revenues Over (Under) Expendit	-	**520,417**	520,417	-	**32,792**	32,792	-	-	-
Other Financing Sources									
Transfers In	-	**-**	-	-	**-**	-	-	**-**	-
Excess Revenues and Other Financing Sources Over (Under) Expenditures	-	**520,417**	520,417	-	**32,792**	32,792	-	**-**	-
Fund Balance - Beginning	2,066,291	**2,061,426**	(4,865)	915,903	**905,758**	(10,145)	159,186	**159,186**	-
Fund Balance - Ending	$ 2,066,291	**2,581,843**	515,552	915,903	**938,550**	22,647	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, 2016

	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	**223,132**	(626,868)
Housing Payments	-	**-**	-	-	**-**	-	5,480,000	**1,968,827**	(3,511,173)
Bookstore Sales	-	**-**	-	-	**-**	-	5,650,000	**793,773**	(4,856,227)
Interest	-	**-**	-	-	**-**	-	-	**1,083**	1,083
Other Revenue	500,000	**-**	(500,000)	4,210,000	**1,133,768**	(3,076,232)	4,950,000	**1,802,396**	(3,147,604)
Total Revenues	510,000	**-**	(510,000)	4,250,000	**1,133,768**	(3,116,232)	16,930,000	**4,789,211**	(12,140,789)
Expenditures									
Auxillary Services	510,000	**-**	510,000	4,250,000	**339,608**	3,910,392	16,533,287	**3,049,128**	13,484,159
Debt Principal Payments	-	**-**	-	-	**-**	-	396,713	**200,000**	196,713
Debt Interest Payments	-	**-**	-	-	**-**	-	-	**192,714**	(192,714)
Total Expenditures	510,000	**-**	510,000	4,250,000	**339,608**	3,910,392	16,930,000	**3,441,842**	13,488,158
Excess Revenues Over (Under) Expenditures	-	**-**	-	-	**794,160**	794,160	-	**1,347,369**	1,347,369
Other Financing Sources									
Transfers In	-	-	-	-	**25,000**	25,000	-	**25,000**	25,000
Excess Revenues and Other Financing Sources Over (Under) Expenditures	-	-	**-**	-	**819,160**	819,160	-	**1,372,369**	1,372,369
Fund Balance - Beginning	-	**-**	-	662,889	**(817,917)**	(1,480,806)	3,804,269	**2,308,453**	(1,495,816)
Fund Balance - Ending	$ -	**-**	-	662,889	**1,243**	(661,646)	3,804,269	**3,680,822**	(123,447)

BARTON COUNTY COMMUNITY COLLEGE
Notes to Supplementary Information
June 30, 2016

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	$ 29,893,618	3,623,460	140,068	4,789,211	**38,446,357**	15,169,124	**53,615,481**
Adjustments							
Accounts Receivable Adjustment	236,553	-	-	(1,110,962)	**(874,409)**	-	**(874,409)**
Change in Allowance for Doubtful Accounts	(48,207)	-	-	-	**(48,207)**	-	**(48,207)**
Federal Grant Receivable Adjustment	-	-	4,435	-	**4,435**	73,440	**77,875**
Taxes Receivable Adjustment	(547,356)	-	-	-	**(547,356)**	-	**(547,356)**
Change in Equity Interest in Joint Venture	502	-	-	-	**502**	-	**502**
Total Revenues as Reported on the Statement of Revenues, Expenses and Change in Net Position	29,535,110	3,623,460	144,503	3,678,249	**36,981,322**	15,242,564	**52,223,886**
Expenditures							
Actual Amounts (Regulatory Basis) Expenditures	19,878,800	11,366,668	211,173	3,441,842	**34,898,483**	15,517,782	**50,416,265**
Adjustments							
Inventory Adjustment	-	-	-	55,296	**55,296**	-	**55,296**
Change in Debt	191,642	-	-	(200,000)	**(8,358)**	(162,500)	**(170,858)**
Change in OPEB Obligation	97,888	-	-	-	**97,888**	-	**97,888**
Change in Net Pension Obligation	(83,453)	-	-	-	**(83,453)**	-	**(83,453)**
Change in Construction in Process	-	-	-	1,104,812	**1,104,812**	-	**1,104,812**
Accrued Interest on Debt	(1,003)	-	-	(6,820)	**(7,823)**	-	**(7,823)**
Change in Prepaid Expenses	(104,896)	(9,948)	(17,028)	(29,020)	**(160,892)**	(3,731)	**(164,623)**
Change in Early Retirement Debt Refunding	(343,402)	-	-	5,098	**(338,304)**	-	**(338,304)**
Change in Debt Premium and Discount	117,501	-	-	(2,885)	**114,616**	-	**114,616**
Depreciation Expense	769,769	-	-	167,050	**936,819**	-	**936,819**
Additions to Capital Assets	(386,413)	-	-	(2,616,033)	**(3,002,446)**	-	**(3,002,446)**
Disposal of Capital Assets	80,632	-	-	-	**80,632**	-	**80,632**
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 2015 Encumbrances	(75,000)	-	-	-	**(75,000)**	-	**(75,000)**
Plus 2014 Encumbrances	100,000	-	-	1,477,304	**1,577,304**	-	**1,577,304**
Total Expenditures as Reported on the Statement of Revenue, Expenses and Change in Net Position	20,242,065	11,356,720	194,145	3,396,644	**35,189,574**	15,351,551	**50,541,125**
Other Financing Sources (Uses)							
Actual Amounts (Regulatory Basis) Other Financing Sources (Uses) From Schedule 1	(7,938,244)	7,738,978	70,000	25,000	**(104,266)**	104,266	**-**
Net Increase in Net Position, as Reported on the Statement of Revenue, Expenses and Change in Net Position	1,354,801	5,718	20,358	306,605	**1,687,482**	(4,721)	**1,682,761**
Net Position - Beginning, as restated	20,365,170	29,368	9,254	8,465,766	**28,869,558**	9,057,285	**37,926,843**
Net Position - Ending	$ 21,719,971	35,086	29,612	8,772,371	**30,557,040**	9,052,564	**39,609,604**

BARTON COUNTY COMMUNITY COLLEGE

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2016

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 2 CFR 200.516(a) of the Uniform Guidance ?		Yes	X	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
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)
84.038	Federal Perkins Loan Program (FPL)
84.042A	TRIO Student Support Services (SSS)
84.066A	TRIO Educational Opportunity Centers
84.047	TRIO Barton County Upward Bound
84.047A	TRIO Central Kansas Upward Bound

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

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, 2016

No material findings or questioned costs for the year ended June 30, 2015 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, 2016

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	$ 3,108,184
Federal Supplemental and Educational Opportunity Grants	84.007	P007A1111491	26,371
Federal Work-Study Program	84.033	P033A121491	44,946
Federal Direct Student Loans	84.268	N/A	3,013,511
Total Student Financial Assistance Program Cluster - Title IV			6,193,012
TRIO Cluster			
TRIO Student Support Services	84.042A	P042A100313-13	302,943
TRIO Educational Opportunity Centers	84.066A	P066A120247-13	258,901
TRIO Upward Bound	84.047	P047A120716	251,868
TRIO Upward Bound	84.047A	P047A120905	274,613
Total TRIO Cluster			1,088,325
Adult Education National Leadership Activities	84.191	V191C130039 & V191D50036	216,852
Passed Through State Board of Regents			
Career and Technical Education - Basic Grants to States	84.048	N/A	88,355
Adult Education - Basic Grants to States	84.002	N/A	146,351
Total U.S. Department of Education			7,732,895
U.S. Department of Agriculture			
Child and Adult Care Food Program	10.558	N/A	17,436
Institute of Museum and Library Services			
Passed Through State Library of Kansas			
2014 KS Notable Book Grant	45.310	LS-00-14-0017-14	195
Corporation for National and Community Service			
Direct Funding			
Retired and Senior Volunteer Program	94.002	10SRWKS003/13SRWKS005	53,568
Total Expenditures of Federal Awards			**$ 7,804,094**

See accompanying notes to schedule of expenditures of federal awards.

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 Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 – INDIRECT COST RATE

The College has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 3 – 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 $3,013,511 for the year ended June 30, 2016.

NOTE 4 - 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 $4,205 as an administrative cost allowance, which is less than the administrative cost allowance allowed for the year ended June 30, 2016.

NOTE 5 - 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, 2016.

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, 2016.