

# FY13 Audit

12-10-13

## Purpose

The primary goal of an audit is to express an independent opinion on two aspects of the financial statements of the College: the financial statements are fairly presented, and they are in accordance with generally accepted accounting principles. By auditing our operations, we perform the “due diligence” review for our shareholders. Administrative procedures may be changed as a result of an audit to make sure that the College is functioning well and complying with a multitude of regulations. We are required to provide our annual audit to:

- Federal Government
- State of Kansas
- Kansas Board of Regents
- Department of Education
- All lending institutions which we have financing
- Grant applications

## Recommendation

The college has received an unqualified audit for the year ending June 30, 2013. Approve the audit as presented.



Phone (620)792-2428 ■ Fax (620)792-5559 ■ [www.abbb.com](http://www.abbb.com)

Bank of America Building ■ 2006 Broadway, Suite 2A

P.O. Drawer J ■ Great Bend, Kansas 67530

Certified  
Public  
Accountants

December 10, 2013

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

### **Governance Letter**

We have audited the financial statements of **Barton County Community College** for the year ended June 30, 2013. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated March 4, 2013. Professional standards also require that we communicate to you the following information related to our audit.

### **Significant Audit Findings**

#### *Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by **Barton County Community College** are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2013. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting **Barton County Community College's** financial statements were:

Management's estimate of encumbrances is based on estimated prices for the goods or services. We evaluated the key factors and assumptions used to develop the encumbrances in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of depreciation is based on the estimated useful lives of the assets. We evaluated the key factors and assumptions used to develop the depreciation estimate in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimate of allowance for bad debts is based on historical experience with collections. We evaluated the key factors and assumptions used to develop the allowance for bad debts estimate in determining that it is reasonable in relation to the



**Barton County Community College**

Page 2

December 10, 2013

financial statements taken as a whole.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. The following attached schedule of material misstatements were detected as a result of audit procedures and were corrected by management.

*Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

*Management Representations*

We have requested certain representations from management that are included in the management representation letter dated December 10, 2013.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditors' opinion that may be expressed on that statement, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with the regulatory basis of accounting, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the

## **Barton County Community College**

Page 3

December 10, 2013

underlying accounting records used to prepare the financial statements or to the financial statements itself.

### *Audit Recommendations*

We wish to communicate to the governing body recommendations that we discussed with management to improve operational or administrative efficiencies and for improving internal control.

#### **Cash**

- We recommend that the individual reviewing the bank reconciliations initial or sign off on it to document the review process that is in place.
- We recommend that the cash drawer and petty cash be reconciled weekly. In addition we recommend that the College reevaluate the amount of cash that is kept on hand within the business office.

#### **Accounts Receivable**

- We recommend that the accounts receivable write-offs be reviewed and initialed by the Dean of Business Administration on a periodic basis. This will ensure that all accounts are properly written off and approved by management.
- We recommend that the College calculate their estimated allowance for doubtful accounts based upon historical collection and use this percentage when determining the current year allowance for doubtful account amount. This should be documented in a formal policy.

#### **Inventory**

- We recommend that the College consider purchasing a perpetual inventory system and a point of sale software program. A perpetual inventory system would help determine if items are missing. We recommend that the cost shown on the inventory count sheet be the actual cost of the item and not the replacement cost.

#### **Capital Assets**

- We recommend that capital assets are recorded at their historical costs plus any ancillary charges necessary to place the asset into its intended location and conditions for use. Ancillary charges include costs that are directly attributable to asset acquisition such as freight and transportation charges, site preparation costs and professional fees. The costs of capital assets reported in the business-type activities, which are capital assets reported in enterprise funds, should include capital interest.
- We recommend that the College update their capitalization policy to, at the very least, stipulate construction in process polices, cost-accumulation methods, adjustments, transfers, impairments, betterments, and disposals.
- Proper accounting treatment for traded assets should be booked in the future. Currently, the cost of the old asset is booked as a loss on the books and the price of the new asset is then



## **Barton County Community College**

Page 4

December 10, 2013

capitalized. The new asset should be booked as the net book value of the traded asset plus any cash paid.

### **Accounts Payable**

- We recommend that someone other than the person who prepared the checks mail them.
- As part of the control process surrounding expenditures, it is imperative that all invoices processed for payment be "cancelled" upon payment in order to avoid duplication of payment.

### **Encumbrances**

- Encumbrances represent commitments related to contracts not yet performed and orders not yet filled (executory contracts and open purchase orders) and they are used to control expenditure commitments for the year and to enhance cash management. We recommend that the College track their encumbrances at year end to ensure that they are properly recorded in the government-wide financial statements as committed fund balance and to avoid possible budget violations.

### **Credit Cards**

- We recommend that the College implement a campus policy for safeguarding the Dillons credit cards within each department.

### **Payroll**

- We recommend that activity related to the cafeteria plan be ran through a liability account and not through revenue and expenditure accounts.
- We recommend that the College complete an annual reconciliation of wages from the payroll side of the software to the general ledger side of the software. We are making this recommendation due to the fact that there are multiple transactions posted to the payroll line items that did not come from the payroll software. The Comptroller was able to reconcile this for us during audit field work and we suggest that this become an annual practice of the College.

### **Kansas Statute Requirements**

- The College entered into contracts for construction, alteration, or repairs during the current fiscal year that did not comply with the mandatory nondiscrimination provision, which is a violation of K.S.A. 44-1030.
- The College entered into a public works contract that exceeded \$100,000 with Concrete Services, Inc. and did not have a proper bond in place, which is a violation of K.S.A. 60-1111.

### **Adjusting Journal Entries**

- We recommend that adjusting journal entries prepared by the comptroller be reviewed and signed off on by the Dean of Business Administration. In addition, we recommend that proper supporting documentation for the journal entries be maintained.

## **Barton County Community College**

Page 5

December 10, 2013

### **Cash to Accrual Adjustments**

- The College's books are kept on a cash basis and accrual to cash adjustments have not been prepared by the comptroller or appropriate accounting personnel and given to the auditors for their review in the audit process. The auditor needs to maintain their independence and should not be making these entries, but rather should audit the entries provided by the college and reviewed by the auditors as part of the audit process.
- We recommend that the College compute the amount of prepaid expense for insurance and software computer maintenance at the end of the year in order for the amount to be properly recorded on the government-wide financial statements.
- We recommend that the amount of accrued interest be calculated on the COP's at year end and supplied to the auditors as part of their known audit adjustments.

### **General**

- We recommend that all members of the Board of Trustees, significant employees, department heads, and deans complete an annual related party questionnaire to disclose possible related party interests.
- Since the college offers health insurance to its retirees at the same premium rate as the other employees participating in the plan, the College must determine the amount of pension cost by calculating their annual required contribution (ARC) and this should be completed by having an actuarial completed every two years to determine the net other post employee benefit obligation (OPEB).
- The Board of Trustees' minutes serve as a record of what was done at the meeting and should document all important topics discussed and decisions reached. Board minutes can be a crucial document in the event of future legal matters or other compliance issues. Therefore, it is imperative that the minutes accurately document the proceedings.
- We recommend that transfers of cash from one fund to another fund to supplement the receiving fund's activities be accounted for as a transfer in in the receiving fund and as a transfer out in the paying fund. Currently, the transfer in is showing up as a revenue item and the transfer out is showing up as an expenditure item, and this is not an accurate presentation of revenues and expenditures
- If the College determines that its investment in Workfit, LLC is an allowable investment under Statute K.S.A. 12-1675, then the College will need to complete a 990T and report and pay tax on any income derived from this investment.
- The College is required to have a policy under which Federal Pell Grant eligible students may opt out of the institution's option to obtain or purchase books and supplies. Review of the college's procedures regarding disbursement of Title IV funds produced relevant information that students were required to purchase their books from the campus bookstore or through a pre-selected online vendor. The college needs to approve a policy allowing students to opt out of purchasing their books at the campus bookstore, if they so choose. This will allow them to be fully in compliance with CFR 668.164(i)(3).



**Barton County Community College**

Page 6

December 10, 2013

- The college is required to have knowledge about the federal grants that it receives, as well as the ability to compile the information necessary for the schedule of expenditures of federal awards. The schedule of expenditures of federal awards completed by the College should be materially correct and agree with the College's accounting records.

We will review the status of these items during our next audit engagement. We have already discussed many of these items and suggestions with the appropriate personnel, and we will be pleased to discuss them in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations.

This information is intended solely for the use of the Board of Trustees and management of **Barton County Community College** and is not intended to be, and should not be, used by anyone other than these specified parties.

*Adams, Brown, Beran + Ball, Chtd.*

**ADAMS, BROWN, BERAN & BALL, CHTD.**

Certified Public Accountants

**BARTON COUNTY COMMUNITY COLLEGE**

Financial Statements With Independent Auditors' Report

For the Year Ended June 30, 2013



**BARTON COUNTY COMMUNITY COLLEGE**  
Financial Statements With Independent Auditor's Report  
For the Year Ended June 30, 2013

---

**TABLE OF CONTENTS**

Independent Auditors' Report.....	1
Management's Discussion and Analysis .....	4
Statements of Net Position.....	8
Statements of Revenues, Expenses and Change in Net Position .....	9
Statement of Cash Flows .....	10
Notes to Financial Statements .....	11
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i> .....	32
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance as Required by OMB Circular A-133 .....	34

**Supplementary Information**

Schedule 1 Summary Schedule of Revenues, Expenditures, Encumbrances and Changes In Fund Balance –Budget and Actual – Current Funds – Unrestricted (Regulatory Basis)	
1-1 General Fund .....	36
1-2 Post Secondary Technical Education Fund .....	37
1-3 Adult Basic Education Fund.....	38
1-4 Adult Supplementary Education Fund.....	39
1-5 Auxiliary Enterprise Funds .....	40
Notes to Supplementary Information.....	42
Schedule of Findings and Questioned Costs .....	43
Summary Schedule of Prior Audit Findings.....	44
Schedule of Expenditures of Federal Awards .....	45
Notes to Schedule of Expenditures of Federal Awards.....	46



Phone (620)792-2428 ■ Fax (620)792-5559 ■ [www.abbb.com](http://www.abbb.com)

Bank of America Building ■ 2006 Broadway, Suite 2A

P.O. Drawer J ■ Great Bend, Kansas 67530

Certified  
Public  
Accountants

## INDEPENDENT AUDITORS' REPORT

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

### Report on the Financial Statements

We have audited the accompanying statements of net position of **Barton County Community College**, as of June 30, 2013 and the related statements of revenues, expenses and change in net position and cash flows for the year ended June 30, 2013, 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 and the *Kansas Municipal Audit and Accounting Guide*; 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 aggregate discretely presented component unit, and the aggregate remaining fund information of **Barton County Community College** as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year 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 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Other Information***

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

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

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2013, 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, Chtd.*

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

December 10, 2013



**BARTON COUNTY COMMUNITY COLLEGE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

---

**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 Statements of Revenues, Expenses and Change in Net Position; and the Statement of Cash Flows. The following 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.

The 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, non-expendable and expendable. The corpus of non-expendable 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 use of the institution.

	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current Assets	\$ 28,821,217	21,763,384
Noncurrent Assets, Net	<u>16,573,700</u>	<u>16,787,867</u>
<b>Total Assets</b>	\$ <u>45,394,917</u>	<u>38,548,251</u>

**BARTON COUNTY COMMUNITY COLLEGE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

<b>Liabilities</b>		
Current Liabilities	\$ 2,656,761	2,201,047
Noncurrent Liabilities	<u>11,836,785</u>	<u>7,895,525</u>
<b>Total Liabilities</b>	14,493,546	10,096,572
<b>Net Position</b>		
Invested in Capital Assets, Net of Debt	8,352,342	8,001,555
Restricted - Non-Expendable	-	-
Restricted - Expendable	12,090,732	3,136,030
Unrestricted	<u>10,458,297</u>	<u>17,314,094</u>
<b>Total Net Position</b>	<u>30,901,371</u>	<u>28,451,679*</u>
<b>Total Liabilities and Net Position</b>	<u>\$ 45,394,917</u>	<u>38,548,251</u>

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

\* 2012 information was taken from the 2012 audit. Note 34 in the current audit restated the 2012 numbers due to receivable taxes and prepaid expenses. This amount adds \$504,185 to the 2012 Total Net Position.

**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, Total Net Position is provided for both the beginning of the year as well as the end of the year.

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

	<u>2013</u>	<u>2012</u>
Operating Revenues	\$ 20,821,047	28,852,545
Operating Expenses	<u>(39,932,763)</u>	<u>(43,501,638)</u>
<b>Net Operating Loss</b>	(19,111,716)	(14,649,093)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>21,057,222</u>	<u>17,076,550</u>
<b>Change in Net Position</b>	1,945,506	2,427,457



**BARTON COUNTY COMMUNITY COLLEGE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

<b>Total Net Position - Beginning, as restated</b>	<u>28,955,865</u>	<u>26,024,223</u>
<b>Total Net Position - Ending</b>	\$ <u>30,901,371</u>	<u>28,451,680*</u>

The Statement of Revenues, Expenses, and Change in Net Position reflect a positive year for 2013 with our total net position improving as compared to last year. Although credit hour production increased for the year, and our in-state hours increased for the year, the state support per hour decreased. Our BartOnline distance education continues to increase, although our EduKan business experienced a significant decrease. Tuition rates remained the same as the previous year.

Operations at Ft. Riley remained relatively even over the previous year, although the expectation is that with the addition of Ft. Leavenworth we will see significant growth next year. The number of students occupying student housing remained stable as compared to last year.

We saw a slight increase in state support due to SB155 (high school students funded for tiered technical courses) and an increase in revenue due to increased local property valuation.

We were 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 has stabilized, 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.

\* 2012 information was taken from the 2012 audit. Note 34 in the current audit restates the 2012 numbers due to receivable taxes and prepaid expenses. This amount adds \$504,185 to the 2012 Total Net Position.

**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, non-investing, and non-capital 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, loss on sale of assets). The fourth section deals with cash flows from investing activities and shows the interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Change in Net Position.

	<u>2013</u>	<u>2012</u>
Operating Activities	\$ (17,840,835)	(13,625,573)
Non-Capital Financing Activities	21,316,288	17,048,383
Capital and Related Financing Activities	3,077,448	(904,329)
Interest on Investments	<u>32,485</u>	<u>28,166</u>
<b>Net Change in Cash</b>	6,585,386	2,546,647



**BARTON COUNTY COMMUNITY COLLEGE**  
Management's Discussion and Analysis  
For the Year Ended June 30, 2013

---

<b>Cash - Beginning</b>	<u>20,499,772</u>	<u>17,953,125</u>
<b>Cash - Ending</b>	\$ <u>27,085,158</u>	<u>20,499,772</u>

The cash flow statement reflects the successful continued growth in cash, although a portion of this cash is due to the COP that will be used for the dorm. Due to our increased growth, our enrollment revenue was able to offset the decrease in state funding per credit hour. The college's cash balance increases will help the future operations of the college.

**Capital Asset and Debt Administration**

At fiscal year-end, the College had \$27,769,544 of property, plant and equipment, which is an increase of \$360,860 over the prior year. The related accumulated depreciation increased to \$11,634,464 with depreciation charges of \$710,267 recognized in the current fiscal year. More detailed financial activity related to the changes in Capital Assets is presented in Note 10 (Capital Assets).


The College increased long-term debt by a net amount of \$4,322,500 in 2013. This increases long-term debt to \$11,742,500 at fiscal year-end. This increase is due to the COP for the dorm. More detailed financial information related to long-term debt is presented in Note 32.

**Economic Outlook**

Barton's overall enrollment continues to grow, however the hours generated through face to face classes has declined. Our distance education (BartOnline) continues to grow, although the growth seems to have slowed down slightly. Operations at Ft. Riley remained relatively even over the previous year, but the expectation is that with the addition of Ft. Leavenworth we will see significant growth next year. The method of delivering education continues to move toward distance education versus traditional face-to-face delivery.

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

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

  
Mark Dean  
Dean of Administration

**BARTON COUNTY COMMUNITY COLLEGE**  
 Statements of Net Position  
 June 30, 2013

	<u>Community College</u>	<u>Foundation</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash - Unrestricted	\$ 20,650,407	73,621
Cash - Restricted	6,434,751	-
Total Cash	27,085,158	73,621
Investments	-	2,318,844
Accounts Receivable - 2012 Taxes in Process, Net of Uncollectible	572,443	-
Accounts Receivable, Students, Net of Allowance for Doubtful Accounts of \$842,260	765,487	-
Other Receivables	39,370	16,226
Inventory	327,142	-
Prepaid Insurance and Other Expenses	31,617	-
Unconditional Promises to Give	-	8,333
<b>Total Current Assets</b>	<b>28,821,217</b>	<b>2,417,024</b>
<b>Noncurrent Assets</b>		
Unconditional Promises to Give	-	3,333
Beneficial Interest in Remainder Trusts	-	445,283
Beneficial Interest in Assets Held by Others	-	13,033
Endowment Investments - Restricted	-	3,308,668
Capital Assets, Not Depreciated	678,800	832,198
Capital Assets, Net of Accumulated Depreciation of \$11,634,464	15,456,280	-
Construction in Progress	221,262	-
Debt Issuance Costs, Net	217,358	-
<b>Total Noncurrent Assets</b>	<b>16,573,700</b>	<b>4,602,515</b>
<b>Total Assets</b>	<b>\$ 45,394,917</b>	<b>7,019,539</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Current Obligations - Certificates of Participation	\$ 195,000	-
Current Obligations - Capital Leases	149,193	-
Current Obligations - State Loan Payable	162,500	-
Accounts Payable	393,939	-
Accrued Payroll and Benefits	652,936	-
Accrued Interest Payable	48,375	-
Early Retirement Liability	7,751	-
Compensated Absences	726,417	-
Deposits and Other Payables	320,650	-
<b>Total Current Liabilities</b>	<b>2,656,761</b>	-
<b>Noncurrent Liabilities</b>		
Noncurrent Obligations - Certificate of Participation	11,060,000	-
Unamortized Loss on Debt Refunding, Net of Accumulated Amortization of \$425	(127,046)	-
Noncurrent Obligations - Capital Leases	578,831	-
Noncurrent Obligations - State Loan Payable	325,000	-
<b>Total Noncurrent Liabilities</b>	<b>11,836,785</b>	-
<b>Total Liabilities</b>	<b>14,493,546</b>	-
<b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	8,352,342	-
Restricted - Expendable for		
Board Designated	4,279,956	-
Encumbrances	5,842,549	-
Employee Health Insurance	1,968,227	-
Other	-	2,175,250
Restricted - Nonexpendable	-	3,823,041
Unrestricted	10,458,297	1,021,248
<b>Total Net Position</b>	<b>30,901,371</b>	<b>7,019,539</b>
<b>Total Liabilities and Net Position</b>	<b>\$ 45,394,917</b>	<b>7,019,539</b>

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 Year Ended June 30, 2013

	<u>Community College</u>	<u>Foundation</u>
<b>Operating Revenues</b>		
Tuition and Fees	\$ 13,442,410	-
Less: Student Scholarship Allowances	(4,395,818)	-
Net Tuition and Fees	9,046,592	-
Federal Grants and Contracts	6,629,066	-
Housing Payments	1,348,570	-
Bookstore Sales	983,568	-
Activity Revenue and Other	2,813,251	-
Contributions and Other Fundraisers	-	563,898
<b>Total Operating Revenues</b>	<u>20,821,047</u>	<u>563,898</u>
<b>Operating Expenses</b>		
Instruction	14,294,166	-
Public Service	904,741	-
Academic Support	3,431,284	-
Student Services	3,632,642	-
Institutional Support	6,692,471	82,859
Physical Plant Operations	2,741,637	-
Student Financial Support	5,123,546	467,260
Auxiliary Services	2,325,307	-
Depreciation and Amortization	786,969	-
<b>Total Operating Expenses</b>	<u>39,932,763</u>	<u>550,119</u>
<b>Net Operating Income (Loss)</b>	<u>(19,111,716)</u>	<u>13,779</u>
<b>Nonoperating Revenues (Expenses)</b>		
State Appropriations	8,128,178	-
County Property Taxes	9,806,589	-
Pell and SEOG Grants	3,394,356	-
Contributions	80,000	-
Interest Income	32,485	-
Investment Income	-	587,366
Loss From Sale of Assets	(5,543)	-
Interest Expense on Debt	(378,843)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<u>21,057,222</u>	<u>587,366</u>
<b>Change in Net Position</b>	<u>1,945,506</u>	<u>601,145</u>
<b>Total Net Position - Beginning, as restated</b>	<u>28,955,865</u>	<u>6,418,394</u>
<b>Total Net Position - Ending</b>	<u>\$ 30,901,371</u>	<u>7,019,539</u>

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



**BARTON COUNTY COMMUNITY COLLEGE**

Statement of Cash Flows - College

For the Year Ended June 30, 2013

<b>Cash Flows From Operating Activities</b>	
Student Tuition and Fees, Net of Scholarships	\$ 9,250,417
Grants and Contracts	6,629,066
Auxiliary Enterprise Revenue	2,330,794
Payments to Employees and for Employee Benefits	(19,415,917)
Payments to Suppliers	(19,448,446)
Activity Revenue and Other	<u>2,813,251</u>
<b>Net Cash Used by Operating Activities</b>	<b><u>(17,840,835)</u></b>
<b>Cash Flows From Noncapital Financing Activities</b>	
State Appropriations	8,128,178
County Property Taxes	9,713,754
Pell and SEOG Grants	3,394,356
Contributions	<u>80,000</u>
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b><u>21,316,288</u></b>
<b>Cash Flows From Capital and Related Financing Activities</b>	
Purchase of Capital Assets	(575,377)
Principal Paid on Long-Term Debt	(2,486,198)
Principal Received on Long-Term Debt	6,537,530
Interest Payments	(392,964)
Loss From Sale of Assets	<u>(5,543)</u>
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b><u>3,077,448</u></b>
<b>Cash Flows From Investing Activities</b>	
Interest on Investments	<u>32,485</u>
<b>Net Increase in Cash</b>	<b>6,585,386</b>
<b>Cash - Beginning of Year</b>	<b><u>20,499,772</u></b>
<b>Cash - End of Year</b>	<b><u>\$ 27,085,158</u></b>
<b>Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities</b>	
<b>Net Operating Loss</b>	<b>\$ (19,111,716)</b>
<b>Adjustments to Reconcile Net Operating Loss to</b>	
<b>Net Cash Used by Operating Activities</b>	
Depreciation and Amortization	786,969
(Increase) Decrease in	
Accounts Receivable	177,393
Inventory	(45,781)
Prepaid Expenses	(7,039)
Increase (Decrease) in	
Accounts Payable	336,812
Compensation and Related Benefits	(2,561)
Other Liabilities	<u>25,088</u>
<b>Net Cash Used by Operating Activities</b>	<b><u>\$ (17,840,835)</u></b>

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

**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

---

**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 4,200 full-time equivalent students annually. Presently, about one-third of the students attend classes on the main campus. The other two-thirds are either enrolled in BartOnline courses or at one of a number of off-campus sites operated in the six surrounding counties, as well as, in or near the cities of Salina and Junction City, Kansas.

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The College's reports are based on all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Review Boards of the Committee on Accounting Procedure issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

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

**Use of Estimates**

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

**Financial Reporting Entity**

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

Barton County Community College Endowment 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 Endowment Foundation is a not-for-profit 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 \$191,522 and expenditure reimbursements of \$275,738 were provided to the College during the year.



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

---

Separately issued audited financial statements for the Foundation 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.

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

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

**Property Taxes**

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

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the College; and therefore, are not susceptible to accrual. Accruals of uncollected current year property taxes are offset by deferred revenues.

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

The College's property taxes are assessed on a calendar year basis, are levied, and become a lien on the property on November 1<sup>st</sup> 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 20<sup>th</sup> and the second half is due May 10<sup>th</sup>. The College draws available funds from the County Treasurer's office at designated times throughout the year. Delinquent tax payments are recognized as revenue in the year received.

**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



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

---

nonexchange transactions, such as gifts and contributions and other revenue sources that are defined as nonoperating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state aid, property taxes and investment income.

**Cash**

For purposes of the statements of cash flows, the College considers all unrestricted, highly liquid deposits with original maturities of three months or less as cash and cash equivalents.

**Accounts Receivable**

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

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

**Inventory and Prepaid Items**

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

**Capital Assets**

Capital assets include property, plant, equipment and infrastructure, such as streets, sidewalks, parking lots, the water system and the sewer system. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more. 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 assets' lives are not capitalized.

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):

<u>Assets</u>	<u>Years</u>
Buildings	80
Improvements	20-40
Machinery and 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.

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



## BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2013

---

recorded on the Foundation's books at fair value as of the date of the donation. The collection is not depreciated as part of capital assets.

### **Net Assets**

The College's net assets are 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 assets – expendable*: Restricted expendable net assets 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 assets – nonexpendable*: Nonexpendable restricted net assets consist 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, 2013.
- d. *Unrestricted net assets*: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any lawful purpose.

### **Encumbrances**

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

### **Federal Financial Assistance Programs**

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

### **Scholarship Allowances**

Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the statements of revenues, expenses, and change in net assets. 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.



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

---

Accounting principles generally accepted in the United States of America requires 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, 2013, 2012 and 2011.

**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, 2013.

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

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

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

**Budgetary Compliance – Regulatory Basis**

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



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

---

**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". All deposits were legally secured at June 30, 2013.

At June 30, 2013, the College's carrying amount of deposits was \$27,085,158 and the bank balance was \$27,304,585. The bank balance was held by 10 banks resulting in a concentration of credit risk. Of the bank balance, \$3,460,967 was covered by federal depository insurance and \$23,843,618 was collateralized with securities held by the pledging financial institutions' agents in the College's name.

The carrying amount of deposits for Barton County Community College Foundation was \$73,621 and the bank balance was \$77,167. The entire bank balance was covered by federal depository insurance coverage.

**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, 2013.

**NOTE 4 – INVESTMENTS**

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**

Money Market Fund	\$ <u>2013</u> 194,640
-------------------	---------------------------



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

Equity Funds	1,633,969
Common Stocks	1,942,449
Government Obligations	893,735
Non-governmental Obligations	711,018
Fixed Income Funds	<u>251,701</u>
<b>Total</b>	<b>\$ <u>5,627,512</u></b>

Investment return is summarized below.

		2013		
		Unrestricted	Temporarily Restricted	Total
Dividend and Investment Income	\$	62,407	82,896	145,303
Net Realized and Unrealized Gains		180,360	239,573	419,933
Investment Fees		( 16,112)	-	( 16,112)
<b>Net Investment Return</b>	<b>\$</b>	<b>226,655</b>	<b>322,469</b>	<b>549,124</b>

The 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, 2013, the Foundation has received \$2,639,560, 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 \$3,308,668 at June 30, 2013.

**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, 2013.



**BARTON COUNTY COMMUNITY COLLEGE**

Notes to Financial Statements

June 30, 2013

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, 2013 Using				
	Level 1	Level 2	Level 3	Total
<b>Investments</b>				
Equity Funds	\$ 1,633,969	-	-	<b>1,633,969</b>
Common Stocks	1,942,449	-	-	<b>1,942,449</b>
Government Obligations	893,735	-	-	<b>893,735</b>
Non-governmental Obligations	711,018	-	-	<b>711,018</b>
Fixed Income Funds	251,701	-	-	<b>251,701</b>
<b>Total Investments</b>	<b>\$ 5,432,872</b>	<b>-</b>	<b>-</b>	<b>5,432,872</b>

Fair Value Measurements at June 30, 2013 Using				
	Level 1	Level 2	Level 3	Total
<b>Split Interest Agreements</b>				
Beneficial Interest in Remainder Trusts	\$ -	-	445,283	<b>445,283</b>
Beneficial Interest in Assets Held by Others	-	-	13,033	<b>13,033</b>
<b>Total Split Interest Agreements</b>	<b>\$ -</b>	<b>-</b>	<b>458,316</b>	<b>458,316</b>

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, 2013:

Fair Value – June 30, 2012	\$	Split Interest Agreements	436,185
Transfers In (Out)			-
Total Gains and Losses (Realized and Unrealized)			-
Change in Value of Split Interest Agreements			26,431
Purchases			-
Sales			-

**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

Settlements		-
Distributions		( 4,300)
<b>Fair Value – June 30, 2013</b>	<b>\$</b>	<b><u>458,316</u></b>

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, the Foundation would incur excessive costs which could affect the Foundation's programs and activities.

**NOTE 5 - INTEREST AND DIVIDEND RECEIVABLE**

At June 30, 2013, Barton County Community College Foundation has recorded a receivable for interest and dividend income earned prior to year end on its investment accounts with UMB Bank, N.A. The receivable is comprised of the following:

		<u>2013</u>
Earnings on Investments	\$	16,126

**NOTE 6 - UNCONDITIONAL PROMISES TO GIVE**

Included in Unconditional Promises to Give for the Barton County Community College Foundation are pledges for the following purposes:

		<u>2013</u>
Fine Arts Building Renovation	\$	5,000
Score Board Purchase		<u>6,666</u>
Unconditional Promises to Give Before Allowance for Uncollectible Pledges		11,666
Less: Allowance for Uncollectible Pledges		<u>-</u>
<b>Net Unconditional Promises to Give</b>	<b>\$</b>	<b><u>11,666</u></b>

Pledges Due In:

		<u>2013</u>
Less Than One Year	\$	8,333
One to Five Years		<u>3,333</u>
<b>Total Pledges Due</b>	<b>\$</b>	<b><u>11,666</u></b>

In addition to the Unconditional Promises to Give reported above, **Barton County Community College** received the following Conditional Promises to Give, which are not recognized as an asset in the statements of financial position:



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

		<u>2013</u>	
Promises to Give Conditional Upon Continued Employment at Barton County Community College	\$	4,229	

**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 20 years and 9 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 amount recorded as the beneficial interest of these trusts is \$89,466 as of June 30, 2013.

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 amount recorded as the beneficial interest of this trust at June 30, 2013 is \$355,817.

**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, 2013 at \$13,033.

**NOTE 9 – CAPITAL PROJECTS**

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

	Project Authorization	Cash Disbursements and Accounts Payable To Date
Student Housing Dorm	<u>\$ 4,236,187</u>	<u>\$ 42,021</u>

**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

**NOTE 10 – CAPITAL ASSETS**

The following is a summary of changes in the various capital asset categories for the year ended June 30, 2013 for **Barton County Community College**:

	<u>2013</u>			<b>Ending Balance</b>
	Beginning Balance	Increases	Decreases	
Land	\$ 678,800	-	-	<b>678,800</b>
Improvements	279,186	-	-	<b>279,186</b>
Infrastructure	843,340	-	-	<b>843,340</b>
Buildings	18,753,387	-	-	<b>18,753,387</b>
Vehicles	1,180,283	145,471	41,073	<b>1,284,681</b>
Machinery and Equipment	3,889,974	-	53,817	<b>3,836,157</b>
Library Materials	1,783,714	16,134	-	<b>1,799,848</b>
Equipment Not Yet in Service	-	294,145	-	<b>294,145</b>
<b>Total</b>	<b>27,408,684</b>	<b>455,750</b>	<b>94,890</b>	<b>27,769,544</b>
Less: Accumulated Depreciation	10,924,197	772,339	62,072	<b>11,634,464</b>
Construction in Progress	-	221,262	-	<b>221,262</b>
<b>Capital Assets, Net</b>	<b>\$ 16,484,487</b>	<b>(95,327)</b>	<b>32,818</b>	<b>16,356,342</b>
Debt Issuance Costs	\$ 406,655	59,135	216,655	<b>249,135</b>
Less: Accumulated Amortization	106,184	14,687	89,094	<b>31,777</b>
<b>Other Assets, Net</b>	<b>\$ 300,471</b>	<b>44,448</b>	<b>127,561</b>	<b>217,358</b>

The following is a summary of changes in the various capital asset categories for the year ended June 30, 2013 for Barton County Community College Foundation:

	<u>2013</u>			<b>Ending Balance</b>
	Beginning Balance	Increases	Decreases	
Land	\$ 94,000	-	-	<b>94,000</b>
Art Collection	611,288	2,850	-	<b>614,138</b>
Book Collection	124,060	-	-	<b>124,060</b>
<b>Total</b>	<b>\$ 829,348</b>	<b>2,850</b>	<b>-</b>	<b>832,198</b>

**NOTE 11 - PROPERTY AND EQUIPMENT**

The majority of the office equipment and office space that Barton County Community College Foundation uses in its day to day activities are owned by **Barton County Community College**. The fair value of the use of the property and equipment is estimated to be \$12,188 for the year ended June 30, 2013 and has been recorded in the financial statements.



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

---

**NOTE 12 - TEMPORARILY RESTRICTED NET ASSETS**

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

		<u>2013</u>
Scholarships and Program Enhancements	\$	1,592,034
Gifts and Grants		146,850
Library		39,122
Vocational Education		1,374
Friends of the Gallery		18,556
Fine Arts Building		93,329
Cohen Center		208,467
Wesley Assessment Center		54,662
Library Renovation		4,085
AAC Enhancements		5,917
Other Various Restrictions		<u>10,854</u>
<b>Total</b>	<b>\$</b>	<b><u>2,175,250</u></b>

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:

		<u>2013</u>
Scholarships and Program Enhancements	\$	28,421
Gifts and Grants		25,693
Other Various Restrictions		<u>159</u>
<b>Total</b>	<b>\$</b>	<b><u>54,273</u></b>

**NOTE 13 - PERMANENTLY RESTRICTED NET ASSETS**

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

		<u>2013</u>
Scholarships and Educational Programs/Enhancements	\$	3,084,843
Artwork		614,138
Book Collection		<u>124,060</u>
<b>Total</b>	<b>\$</b>	<b><u>3,823,041</u></b>

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

**NOTE 14- ENDOWMENT FUNDS**

The Foundation's endowment consists of individual funds established for a variety of purposes. As required by accounting principles generally accepted in the United States of America, net assets associated with

**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

---

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, 2013 is as follows:

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

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

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



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

Below is a reconciliation of the activity in the endowment investment accounts.

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets - June 30, 2012	\$ (1,289)	456,699	2,556,673	3,012,083
Investment Return				
Investment Income	1,004	65,627	-	66,631
Net Gain (Realized and Unrealized)	-	278,305	-	278,305
Contributions	-	-	77,703	77,703
Expenditures	-	(131,554)	-	(131,554)
Net Transfers From Endowments	-	30	5,185	5,215
<b>Endowment Net Assets – June 30, 2013</b>	<b>\$ <u>(285)</u></b>	<b><u>669,107</u></b>	<b><u>2,639,561</u></b>	<b><u>3,308,383</u></b>

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

**NOTE 15- FUNDRAISING**

Barton County Community College Foundation incurred \$16,775 in fundraising expenses during the year ended June 30, 2013. The fundraising expenses were incurred in connection with the Big Benefit Auction, Clay Shoot, and Barton Enhancement and Scholarship Team Fundraiser.

**NOTE 16- PRINCIPAL INVASIONS**

Market declines or expenditures have caused a deficiency in a few endowment funds. The restricted principal and the fair value of these endowments are as follows:

<b>2013</b>			
<u>Number of Restricted Accounts</u>	<u>Principal</u>	<u>Fair Value</u>	<u>Deficiency</u>
1	\$ 20,000	19,715	285

**NOTE 17 - CONCENTRATIONS**

**Barton County Community College** provides the personnel that are used by Barton County Community College Foundation in its day to day operations and pays for some of the Foundation's office expenses. A change in this agreement between the College and the Foundation could adversely affect the Foundation's operations.

**NOTE 18 - LITIGATION**

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

**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

---

**NOTE 19 - CONTINGENT LIABILITY**

During the month of June 2013, the Foundation notified students of their scholarship award for the 2013-2014 school year. The Foundation would be required to fulfill this commitment if the student enrolled in each semester at **Barton County Community College** and fulfilled other requirements outlined by the Foundation. The total commitment to the students was \$235,325.

The Foundation has agreed to award special scholarships to high school students who participate in Senior Day or in the Art Shows held on campus. The Foundation would be required to fulfill this commitment if the student attended **Barton County Community College** upon graduation from high school. The total commitment for special scholarships was \$5,400 at June 30, 2013.

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, 2013, the Foundation had a remaining commitment of \$191.

**NOTE 20 - IN-KIND DONATIONS**

In-kind donations received during the year ended June 30, 2013 consisted of equipment, office supplies, insurance, office space, artwork and books for the benefit of **Barton County Community College** and/or Barton County Community College Foundation totaling \$37,708.

**NOTE 21 – RISK MANAGEMENT**

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

**NOTE 22 - RISKS AND UNCERTAINTIES**

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

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

**NOTE 23 – SELF-INSURANCE PLANS**

During the year ended June 30, 2013, employees of **Barton County Community College** were covered by the College's medical self-insurance plan. The total premium contributed is approximately \$1,627, \$1,094, \$1,145 and \$615 per month per employee with family, employees with dependents or spouses, and single coverage, respectively. The College contributes \$1,200, \$890, \$870 and \$615 per month per employee with family, employees with dependents or spouses, and single coverage, respectively, with the employee paying the difference through authorized payroll withholdings. Claims were paid by a third party administrator acting on behalf of the College. The administration contract between the College and the third party administration is renewable annually and administration fees are included in the contractual provisions. Stop loss coverage was in effect for individual claims exceeding \$75,000, which is based on a factor determined monthly by Gerber Life Insurance.



**BARTON COUNTY COMMUNITY COLLEGE**

Notes to Financial Statements

June 30, 2013

Self-Insurance Liability	Current Year Beginning of Fiscal Year Liability	Claims and Changes in Estimates
<u>2013</u>	\$ <u>171,296</u>	<u>1,506,284</u>
Claim Payments	Balance at Fiscal Year-End	Assets Available to Pay Claims at June 30
\$ <u>1,508,218</u>	<u>169,362</u>	<u>1,958,154</u>

**NOTE 24 – GRANTS AND SHARED REVENUES**

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

**NOTE 25 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Barton County Community College** entered into contracts for construction, alteration, or repairs during the current fiscal year that did not comply with the mandatory nondiscrimination provision, which is a violation of K.S.A. 44-1030.

The College entered into a public works contract that exceeded \$100,000 with Concrete Services, Inc. and did not have a proper bond in place, which is a violation of K.S.A. 60-1111.

**NOTE 26 – LEASES**

**Operating Leases**

**Barton County Community College** is obligated under certain operating leases. Operating leases do not give rise to property rights or lease obligations and, therefore, the results of the lease agreements are not reflected in the College's account groups.

The College currently has operating leases for an educational building located in Junction City, and five copy machines. As of June 30, 2013, the total lease payments were as follows:

Educational Building	\$ 55,604
Copy Machines	1,508

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, 2013.

<u>Fiscal Year Ending</u>	<u>Educational Building</u>	<u>Copy Machines</u>	<u>Total</u>
2014	\$ 86,880	9,480	96,360
2015	86,880	9,480	96,360
2016	86,880	7,900	94,780

**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

	2017	86,880	-	86,880
	2018	86,880	-	86,880
	2019 - 2020	<u>434,400</u>	-	<u>434,400</u>
<b>Total</b>		<u>\$ 868,800</u>	<u>26,860</u>	<u>895,660</u>

**Capital Leases**

Capital lease obligations of the College at June 30, 2013 are comprised of the following:

		<u>Outstanding July 01, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2013</u>	<u>Current Portion</u>	<u>Interest Paid</u>
<b>Capital Leases</b>							
Canon Copy Machine	\$	1,119	-	1,119	-	-	143
Track and Soccer Field		<u>870,603</u>	-	<u>142,579</u>	<u>728,024</u>	<u>149,193</u>	<u>38,317</u>
<b>Total Capital Leases</b>	<b>\$</b>	<u>871,722</u>	<u>-</u>	<u>143,698</u>	<u>728,024</u>	<u>149,193</u>	<u>38,460</u>

A capital lease obligation in the amount of \$728,024 at June 30, 2013 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 obligations:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	149,193	31,703	180,896
2015	156,115	24,781	180,896
2016	163,358	17,538	180,896
2017	170,937	9,959	180,896
2018	<u>88,420</u>	<u>2,028</u>	<u>90,448</u>
<b>Total</b>	<u>\$ 728,023</u>	<u>86,009</u>	<u>814,032</u>

**NOTE 27 – DEFERRED COMPENSATION PLAN**

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

**NOTE 28 – DEFINED BENEFIT PENSION PLAN**

Plan Description

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



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

---

**Funding Policy**

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% and 6% (if hired on or after July 1, 2009) of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. The State currently contributes 10.37% of covered payroll and 19.12% for non-licensed KPERS retirees and 23.12% for licensed KPERS retirees as of June 30, 2013. The State contributed 9.77% of covered payroll, 18.96% for non-licensed KPERS retirees and 22.96% for licensed KPERS retirees for June 30, 2012. These contribution requirements are established by KPERS and are periodically revised. The State of Kansas' contributions to KPERS for all Kansas public school employees for the years ended June 30, 2013 and 2012, were \$323,067,803 and \$293,635,383 respectively, equal to the required contributions for each year as set forth by the legislature. The amounts attributable to the College for the years ended June 30, 2013, and 2012 were \$670,789 and \$609,152 respectively.

**NOTE 29 – OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, **Barton County Community College** allows retirees to participate in the group health insurance plan. While each retiree pays 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. However, the cost of this subsidy has not been quantified in the financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the College makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured.

**NOTE 30 – TERMINATION BENEFITS**

Prior to July 1, 2008 the College provided an early retirement program for certain eligible employees. Those eligible under the program received benefits for up to five years. Eligible employees received health insurance coverage (single membership) equal to that of a full-time employee from the time the employee chose to take early retirement and will continue until the early retirement employee reaches age 65. The College provided annual payments equating to 11% of the retiree's average base salary for the four highest years of employment at the College. Per GASB Statement No. 47 the College recognizes a liability and expense for voluntary termination benefits when the offer is accepted and the amount can be estimated. Effective July 1, 2008 this program was terminated for any future retiree's, but continues for eligible retiree's already in the program at that time. Payments for the two retired employees under this plan were \$ 7,751 for the year ended June 30, 2013.

There are two retired employees who are still eligible for this plan. A liability totaling \$7,751 has been recorded for the remaining balance due, which will be paid in full during the 2014 year.

**NOTE 31 – COMPENSATED ABSENCES**

**Vacation**

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

1. Executive personnel shall earn vacation at the rate of 13.33 hours per month (20 days per year) and allowed to accrue a maximum of 320 hours (40 days).



## BARTON COUNTY COMMUNITY COLLEGE

Notes to Financial Statements

June 30, 2013

---

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, 2013 has been estimated at \$691,567 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 each 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, 2013 has been estimated at \$2,583,896 and is not recorded in the financial statements.

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

All full-time staff shall earn 16 hours of personal leave per year (2 days per year) and are allowed to accrue a maximum of 16 hours (2 days). The College's potential liability for personal leave at June 30, 2013 has been estimated at \$35,850 and is recorded in the financial statements.



**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

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, 2013 has been estimated at \$5,241 and is not recorded in the financial statements.

**NOTE 32 – BOND REFUNDING**

On May 16, 2013, the College issued Series 2013 certificate of participation bonds in the amount of \$6,665,000 (par value) with interest rates of 2.0% - 4.5% to advance refund \$2,090,000 in term bonds and fund a student dorm project. The Series 2013 bonds mature on August 1, 2029, and are not subject to redemption prior to maturity. The Series 2013 bonds were issued at a premium and, after paying issuance costs of \$74,733, the net proceeds were \$6,621,656. The net proceeds in the amount of \$2,119,618 were used to pay principal and interest on the refunded obligations. The remainder of the proceeds in the amount of \$4,502,038 from the issuance of the certificate of participation bonds were invested in Federated Government Obligations to be used at a later date to pay construction costs of the new dorm. The advance refunding met the requirements of an in-substance debt defeasance and the term bonds were removed from the College's financial statements. As a result of the advance refunding, the economic gain to the College (difference between the present value of the debt service payments on the old and new debt) was \$270,283.

**NOTE 33 – LONG-TERM DEBT**

**Certificates of Participation Bonds**

**Series 2005**

On May 26, 2004, the College issued certificate of participation bonds to finance the construction of the Student Suites Housing. These were paid off in the current fiscal year by issuing refunding certificate of participation bonds on May 16, 2013.

<u>Purpose</u>	<u>Interest Rates</u>	<u>Amount</u>
Business-type Activities	4.1%-4.5%	\$2,705,000

**Series 2008**

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

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

**Series 2013**

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

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

**State of Kansas Loan Payable**

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

**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Financial Statements  
June 30, 2013

Long-term debt activity for the year ended June 30, 2013 was as follows:

	<u>Outstanding June 30, 2012</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2013</u>	<u>Current Portion</u>	<u>Interest Paid</u>
Business - Type Activities:						
Certificates of Participation						
Series 2013	\$ -	6,665,000	-	6,665,000	195,000	-
Series 2005	2,180,000	-	2,180,000	-	-	123,485
Series 2008	4,590,000	-	-	4,590,000	-	231,018
Loan						
State of Kansas	650,000	-	162,500	487,500	162,500	-
<b>Total Long-Term Liabilities</b>	<b>\$ 7,420,000</b>	<b>6,665,000</b>	<b>2,342,500</b>	<b>11,742,500</b>	<b>357,500</b>	<b>354,503</b>

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

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$ 357,500	373,118	730,618
2015	362,500	427,730	790,230
2016	492,500	423,730	916,230
2017	340,000	413,230	753,230
2018	360,000	402,380	762,380
2019-2023	2,190,000	1,831,350	4,021,350
2024-2028	2,635,000	1,475,102	4,110,102
2029-2033	3,270,000	984,232	4,254,232
2034-2038	1,735,000	323,938	2,058,938
<b>Total</b>	<b>\$ 11,742,500</b>	<b>6,654,810</b>	<b>18,397,310</b>

**NOTE 34 – PRIOR PERIOD ADJUSTMENT**

The prior period financial statements have been restated due to a correction of an error relating to accounts receivable for tax revenues. The College did not record the taxes receivable as of June 30, 2012. The effect of the adjustment to the financial statements increased tax revenue by \$479,608. The College did not record the prepaid portion of the Insurance payments or maintenance agreements on their computer software. The effect of the adjustment to the financial statements decrease expenses by \$24,578.

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

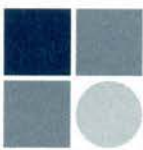
2012 Beginning Net position	\$ 28,451,680
Prepaid Expenses – Increase	24,577
Taxes Receivable – Increase	<u>479,608</u>
<b>Adjusted 2012 Beginning Net Assets</b>	<b><u>\$ 28,955,865</u></b>

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 October 16, 2013 for Barton County Community College Foundation, which is the date the financial statements were available to be issued.





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, 2013, and the related notes to the financial statements, and have issued our report thereon dated December 10, 2013.

**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 result 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, CHTD.**  
Certified Public Accountants

December 10, 2013





Phone (620)792-2428 ■ Fax (620)792-5559 ■ [www.abbb.com](http://www.abbb.com)

Bank of America Building ■ 2006 Broadway, Suite 2A

P.O. Drawer J ■ Great Bend, Kansas 67530

Certified  
Public  
Accountants

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

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

**Report on Compliance for Each Major Federal Program**

We have audited **Barton County Community College's** compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of **Barton County Community College's** major federal programs for the year ended June 30, 2013. **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 Accounting and Auditing Guide*; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Barton County Community College's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

**Opinion on Each Major Federal Program**

In our opinion, **Barton County Community College** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.



### **Report on Internal Control Over Compliance**

Management of **Barton County Community College** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Barton County Community College's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Barton County Community College's** internal control over compliance.

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

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

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

*Adams, Brown, Beran & Ball, Chtd.*

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

December 10, 2013



**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, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Tuition and Fees	\$ 17,772,277	10,933,884	(6,838,393)
Activity Revenue and Other	821,731	377,305	(444,426)
State Appropriations	4,795,227	4,629,612	(165,615)
County Property Taxes	10,732,276	9,713,755	(1,018,521)
Interest Income	-	25,940	25,940
<b>Total Revenues</b>	<u>34,121,511</u>	<u>25,680,496</u>	<u>(8,441,015)</u>
<b>Expenditures</b>			
Instruction	8,711,000	7,571,404	1,139,596
Academic Support	2,550,000	1,611,391	938,609
Student Services	2,500,000	1,583,013	916,987
Institutional Support	6,000,000	3,994,154	2,005,846
Physical Plant Operations	4,500,000	2,810,425	1,689,575
Student Financial Support	500,000	272,383	227,617
Interest Payments	-	269,336	(269,336)
<b>Total Expenditures</b>	<u>24,761,000</u>	<u>18,112,106</u>	<u>6,648,894</u>
<b>Excess Revenues Over (Under) Expenditures</b>	9,360,511	7,568,390	(1,792,121)
<b>Other Financing Sources</b>			
Transfers In (Out)	13,239,000	(8,963,946)	(22,202,946)
<b>Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	22,599,511	(1,395,556)	(23,995,067)
<b>Fund Balance - Beginning</b>	10,989,517	10,014,644	(974,873)
<b>Fund Balance - Ending</b>	<u>\$ 33,589,028</u>	<u>8,619,088</u>	<u>(24,969,940)</u>



**BARTON COUNTY COMMUNITY COLLEGE**  
**Post Secondary Technical Education Fund**  
 Summary Schedule of Revenues, Expenditures,  
 Encumbrances and Changes in Fund Balance - Budget and Actual  
 Current Funds - Unrestricted (Regulatory Basis)  
 For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Federal Appropriations	\$ -	111,325	111,325
State Grants and Contracts	250,000	-	(250,000)
State Appropriations	3,366,217	3,385,696	19,479
Other Revenues	1,983,783	12,357	(1,971,426)
<b>Total Revenues</b>	<u>5,600,000</u>	<u>3,509,378</u>	<u>(2,090,622)</u>
<b>Expenditures</b>			
Instruction	15,574,000	5,818,562	9,755,438
Public Service	-	170	(170)
Academic Support	631,000	1,692,969	(1,061,969)
Student Services	30,000	619,183	(589,183)
Institutional Support	2,030,000	2,076,085	(46,085)
Physical Plant Operations	235,000	1,825,340	(1,590,340)
Student Financial Support	-	153,215	(153,215)
<b>Total Expenditures</b>	<u>18,500,000</u>	<u>12,185,524</u>	<u>6,314,476</u>
<b>Excess Revenues Over (Under) Expenditures</b>	(12,900,000)	(8,676,146)	4,223,854
<b>Other Financing Sources</b>			
Transfers In (Out)	12,850,000	8,668,446	(4,181,554)
<b>Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	(50,000)	(7,700)	42,300
<b>Fund Balance - Beginning</b>	50,000	27,645	(22,355)
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>19,945</u>	<u>19,945</u>

**BARTON COUNTY COMMUNITY COLLEGE**  
**Adult Basic Education Fund**  
 Summary Schedule of Revenues, Expenditures,  
 Encumbrances and Changes in Fund Balance - Budget and Actual  
 Current Funds - Unrestricted (Regulatory Basis)  
 For the Year Ended June 30, 2013

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues</b>			
Federal Appropriations	\$ 100,667	73,694	(26,973)
State Appropriations	50,333	54,646	4,313
Other Revenues	389,000	-	(389,000)
<b>Total Revenues</b>	<u>540,000</u>	<u>128,340</u>	<u>(411,660)</u>
<b>Expenditures</b>			
Instruction	423,000	147,644	275,356
Public Support	2,000	-	2,000
Academic Support	35,000	-	35,000
Student Services	15,000	-	15,000
Institutional Support	15,000	48,627	(33,627)
Physical Plant Operations	60,000	-	60,000
<b>Total Expenditures</b>	<u>550,000</u>	<u>196,271</u>	<u>353,729</u>
<b>Excess Revenues Over (Under) Expenditures</b>	(10,000)	(67,931)	(57,931)
<b>Other Financing Sources</b>			
Transfers In	-	70,000	70,000
<b>Excess Revenues and Other Financing Sources (Uses) Over (Under) Expenditures</b>	(10,000)	2,069	12,069
<b>Fund Balance - Beginning</b>	<u>10,000</u>	<u>7,806</u>	<u>(2,194)</u>
<b>Fund Balance - Ending</b>	<u>\$ -</u>	<u>9,875</u>	<u>9,875</u>



**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, 2013

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

**BARTON COUNTY COMMUNITY COLLEGE**  
**Auxiliary Enterprise Funds**  
 Summary Schedule of Revenues, Expenditures,  
 Encumbrances and Changes in Fund Balance - Budget and Actual  
 Current Funds - Unrestricted (Regulatory Basis)  
 For the Year Ended June 30, 2013

	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)
<b>Revenues</b>									
Tuition and Fees	\$ -	-	-	800,000	<b>282,893</b>	(517,107)	-	-	-
Housing Payments	2,980,000	<b>1,354,270</b>	(1,625,730)	-	-	-	-	-	-
Bookstore Sales	-	-	-	3,150,000	<b>1,018,916</b>	(2,131,084)	-	-	-
Debt Proceeds	-	<b>6,737,124</b>	6,737,124	-	-	-	-	-	-
Interest	-	<b>52</b>	52	-	<b>3,764</b>	3,764	-	-	-
Other Revenue	20,000	-	(20,000)	50,000	<b>469,577</b>	419,577	170,000	-	(170,000)
<b>Total Revenues</b>	<u>3,000,000</u>	<u><b>8,091,446</b></u>	<u>5,091,446</u>	<u>4,000,000</u>	<u><b>1,775,150</b></u>	<u>(2,224,850)</u>	<u>170,000</u>	<u>-</u>	<u>(170,000)</u>
<b>Expenditures</b>									
Auxiliary Services	2,812,530	<b>5,517,992</b>	(2,705,462)	4,000,000	<b>1,867,388</b>	2,132,612	170,000	-	170,000
Debt Principal Payments	187,470	<b>2,224,198</b>	(2,036,728)	-	-	-	-	-	-
Debt Interest Payments	-	<b>123,485</b>	(123,485)	-	-	-	-	-	-
Legal Budget	3,000,000	<b>7,865,675</b>	(4,865,675)	4,000,000	<b>1,867,388</b>	2,132,612	170,000	-	170,000
(a) Adjustment for Qualifying Budget Credit	6,737,124	-	6,737,124	-	-	-	-	-	-
<b>Total Expenditures</b>	<u>9,737,124</u>	<u><b>7,865,675</b></u>	<u>1,871,449</u>	<u>4,000,000</u>	<u><b>1,867,388</b></u>	<u>2,132,612</u>	<u>170,000</u>	<u>-</u>	<u>170,000</u>
<b>Excess Revenues Over (Under) Expenditures</b>	<u>(6,737,124)</u>	<u><b>225,771</b></u>	<u>6,962,895</u>	<u>-</u>	<u><b>(92,238)</b></u>	<u>(92,238)</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund Balance - Beginning</b>	<u>1,784,263</u>	<u><b>1,767,819</b></u>	<u>(16,444)</u>	<u>660,730</u>	<u><b>650,319</b></u>	<u>(10,411)</u>	<u>159,186</u>	<u><b>159,186</b></u>	<u>-</u>
<b>Fund Balance - Ending</b>	<u>\$ (4,952,861)</u>	<u><b>1,993,590</b></u>	<u>6,946,451</u>	<u>660,730</u>	<u><b>558,081</b></u>	<u>(102,649)</u>	<u>159,186</u>	<u><b>159,186</b></u>	<u>-</u>
<b>(a) Adjustment for Qualifying Budget Credit</b>									
Debt Proceeds Over Budgeted Amount	\$	<u><b>6,737,124</b></u>							



**BARTON COUNTY COMMUNITY COLLEGE**  
**Auxiliary Enterprise Funds**  
 Summary Schedule of Revenues, Expenditures,  
 Encumbrances and Changes in Fund Balance - Budget and Actual  
 Current Funds - Unrestricted (Regulatory Basis)  
 For the Year Ended June 30, 2013

	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)
<b>Revenues</b>									
Tuition and Fees	\$ 10,000	-	(10,000)	40,000	3,706	(36,294)	850,000	286,599	(563,401)
Housing Payments	-	-	-	-	-	-	2,980,000	1,354,270	(1,625,730)
Bookstore Sales	-	-	-	-	-	-	3,150,000	1,018,916	(2,131,084)
Debt Proceeds	-	-	-	-	-	-	-	6,737,124	6,737,124
Interest	-	-	-	-	-	-	-	3,816	3,816
Other Revenue	500,000	-	(500,000)	160,000	44,100	(115,900)	900,000	513,677	(386,323)
<b>Total Revenues</b>	<b>510,000</b>	<b>-</b>	<b>(510,000)</b>	<b>200,000</b>	<b>47,806</b>	<b>(152,194)</b>	<b>7,880,000</b>	<b>9,914,402</b>	<b>2,034,402</b>
<b>Expenditures</b>									
Auxiliary Services	510,000	-	510,000	200,000	82,274	117,726	7,692,530	7,467,654	224,876
Debt Principal Payments	-	-	-	-	-	-	187,470	2,224,198	(2,036,728)
Debt Interest Payments	-	-	-	-	-	-	-	123,485	(123,485)
Legal Budget	510,000	-	510,000	200,000	82,274	117,726	7,880,000	9,815,337	(1,935,337)
(a) Adjustment for Qualifying Budget Credit	-	-	-	-	-	-	6,737,124	-	6,737,124
<b>Total Expenditures</b>	<b>510,000</b>	<b>-</b>	<b>510,000</b>	<b>200,000</b>	<b>82,274</b>	<b>117,726</b>	<b>14,617,124</b>	<b>9,815,337</b>	<b>4,801,787</b>
<b>Excess Revenues Over (Under) Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(34,468)</b>	<b>(34,468)</b>	<b>(6,737,124)</b>	<b>99,065</b>	<b>6,836,189</b>
<b>Other Financing Sources</b>									
Transfers In	-	-	-	-	60,000	60,000	-	60,000	60,000
<b>Excess Revenues and Other Financing Sources Over Expenditures</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>25,532</b>	<b>25,532</b>	<b>(6,737,124)</b>	<b>159,065</b>	<b>6,896,189</b>
<b>Fund Balance - Beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>11,422</b>	<b>5,140</b>	<b>(6,282)</b>	<b>2,615,601</b>	<b>2,582,464</b>	<b>(33,137)</b>
<b>Fund Balance - Ending</b>	<b>\$ -</b>	<b>-</b>	<b>-</b>	<b>11,422</b>	<b>30,672</b>	<b>19,250</b>	<b>(4,121,523)</b>	<b>2,741,529</b>	<b>6,863,052</b>

**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Supplementary Information  
June 30, 2013

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
<b>REVENUES</b>							
Actual Amounts (Regulatory Basis) Revenues	\$ 25,680,496	3,509,378	128,340	9,914,402	39,232,616	16,915,116	56,147,732
Adjustments							
Debt Proceeds	-	-	-	(6,665,000)	(6,665,000)	-	(6,665,000)
Accounts Receivable Adjustment	94,325	-	-	26,432	120,757	-	120,757
Change in Allowance for Doubtful Accounts	(239,072)	-	-	-	(239,072)	-	(239,072)
Tax in Process 6/30/11	(479,608)	-	-	-	(479,608)	-	(479,608)
Tax in Process 6/30/12	572,443	-	-	-	572,443	-	572,443
Total Revenues as Reported on the Statement of Revenues, Expenses and Change in Net Position	<u>25,628,584</u>	<u>3,509,378</u>	<u>128,340</u>	<u>3,275,834</u>	<u>32,542,136</u>	<u>16,915,116</u>	<u>49,457,252</u>
<b>EXPENDITURES</b>							
Actual Amounts (Regulatory Basis) Expenditures	18,112,106	12,185,524	196,271	9,815,337	40,309,238	15,514,075	55,823,313
Adjustments:							
Inventory Adjustment	-	-	-	(45,781)	(45,781)	-	(45,781)
Change in Debt	(143,698)	-	-	(2,180,000)	(2,323,698)	(162,500)	(2,486,198)
Change in Construction in Process	-	-	-	(221,262)	(221,262)	-	(221,262)
Accrued Interest on Debt	(19,812)	-	-	5,690	(14,122)	-	(14,122)
Change in Prepaid Expenses	(7,039)	-	-	-	(7,039)	-	(7,039)
Change in Debt Issuance Costs	6,786	-	-	(50,807)	(44,021)	-	(44,021)
Depreciation Expense	702,487	-	-	69,492	771,979	358	772,337
Additions to Capital Assets	(428,475)	-	-	-	(428,475)	-	(428,475)
Loss on Sale of Assets	5,543	-	-	-	5,543	-	5,543
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 2013 Encumbrances	<u>(1,379,362)</u>	<u>-</u>	<u>-</u>	<u>(4,463,187)</u>	<u>(5,842,549)</u>	<u>-</u>	<u>(5,842,549)</u>
Total Expenditures as Reported on the Statement of Revenue, Expenses and Change in Net Position	<u>16,848,536</u>	<u>12,185,524</u>	<u>196,271</u>	<u>2,929,482</u>	<u>32,159,813</u>	<u>15,351,933</u>	<u>47,511,746</u>
<b>OTHER FINANCING SOURCES (USES)</b>							
Actual Amounts (Regulatory Basis) Other Financing Sources (Uses) From Schedules 1	<u>(8,963,946)</u>	<u>8,668,446</u>	<u>70,000</u>	<u>60,000</u>	<u>(165,500)</u>	<u>165,500</u>	<u>-</u>
Net Increase in Net Position, as Reported on the Statement of Revenue, Expenses and Change in Net Position	(183,898)	(7,700)	2,069	406,352	216,823	1,728,683	1,945,506
Net Position - Beginning, as Restated	18,754,621	27,645	7,806	4,628,095	23,418,167	5,537,698	28,955,865
Net Position - Ending	<u>\$ 18,570,723</u>	<u>19,945</u>	<u>9,875</u>	<u>5,034,447</u>	<u>23,634,990</u>	<u>7,266,381</u>	<u>30,901,371</u>



**BARTON COUNTY COMMUNITY COLLEGE**  
 Schedule of Findings and Questioned Costs  
 For the Year Ended June 30, 2013

**SECTION I - SUMMARY OF AUDITORS' RESULTS**

**FINANCIAL STATEMENTS**

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

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

**FEDERAL AWARDS**

Internal control over major programs:

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

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

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

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)
84.033	Federal Work-Study Program (FWS)
84.063	Federal Pell Grant Program (PELL)
84.268	Federal Direct Student Loans (FDL)
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: \$   300,000  

Auditee qualified as low-risk auditee?   X   Yes        No

**BARTON COUNTY COMMUNITY COLLEGE**  
Summary Schedule of Prior Audit Findings  
For the Year Ended June 30, 2013

---

No material findings or questioned costs for the year ended June 30, 2012 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, 2013

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
<b>U.S. Department of Education</b>			
Direct Funding			
Student Financial Assistance Program Cluster - Title IV			
Federal Pell Grant Program	84.063	P063P122527	3,328,888
Federal Supplemental and Educational Opportunity Grants	84.007	P007A1111491/P007A121491	44,577
Federal Work-Study Program	84.033	P033A121491	47,227
Federal Direct Student Loans	84.268	N/A	<u>4,337,180</u>
Total Student Financial Assistance Program Cluster - Title IV			<u>7,757,872</u>
TRIO Cluster			
TRIO Student Support Services	84.042A	P042A100313-12	305,830
TRIO Educational Opportunity Centers	84.066A	P066A120247	265,268
TRIO Upward Bound	84.047	P047A120716	264,753
TRIO Upward Bound	84.047A	P047A120905	<u>231,688</u>
Total TRIO Cluster			<u>1,067,539</u>
Higher Education Institutional Aid	84.031A	P031A090166	336,164
Adult Education National Leadership Activities	84.191C	V191C130039	23,808
Child Care Access Means Parents in School	84.335A	P335A090181-12	20,067
Passed Through State Board of Regents			
Career and Technical Education - Basic Grants to States	84.048	N/A	111,325
Adult Education - Basic Grants to States	84.002	N/A	<u>84,294</u>
Total U.S. Department of Education			<u>9,401,069</u>
<b>U.S. Department of Labor</b>			
Direct Funding			
Community Based Job Training	17.269	CR-18219-09-60-A-20	198,241
Passed Through State Department of Commerce			
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Cells - ARRA	17.275	N/A	<u>244,503</u>
Total U.S. Department of Labor			<u>442,744</u>
<b>U.S. Department of Agriculture</b>			
Passed Through State Department of Education			
Summer Food Service Program for Children	10.559	N/A	2,818
Child and Adult Care Food Program	10.558	N/A	<u>13,893</u>
Total U.S. Department of Agriculture			<u>16,711</u>
<b>Corporation for National and Community Service</b>			
Direct Funding			
Retired and Senior Volunteer Program	94.002	10SRWKS003	49,494
Passed Through State Department of Education			
Volunteer Generation Fund	94.021	10VGHKS001	<u>3,648</u>
Total Corporation for National and Community Service			<u>53,142</u>
<b>Total Expenditures of Federal Awards</b>			<b>\$ <u>9,913,666</u></b>

See accompanying notes to schedule of expenditures of federal awards.

**BARTON COUNTY COMMUNITY COLLEGE**  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2013

---

**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 present or used in the preparation of the basic financial statements. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

**NOTE 2 - FEDERAL LOAN PROGRAMS**

The Federal Direct Student Loans is a program where a student or student's parent applies for a federal loan. When the loan is approved, the money is transferred to a bank account in **Barton County Community College's** name, but the loan funds are designated for the individual student. Total new loans made to eligible students and/or students' parents pursuant to this program totaled \$4,337,180 for the year ended June 30, 2013.

**NOTE 3 - ADMINISTRATIVE COST ALLOWANCE**

**Barton County Community College** can receive an administrative cost allowance from the U.S. Department of Education federal awards for administering the federal awards program based upon Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Work-Study Program costs (FWS), Federal Perkins Loan Program costs, and Federal Pell Grant Program disbursed to students during the year. The College received \$630 as an administrative cost allowance, which is less than the administrative cost allowance allowed for the year ended June 30, 2013.

**NOTE 4 - MATCHING CONTRIBUTIONS**

The Federal Supplemental Educational Opportunity Grant (FSEOG) program provides grants to eligible undergraduate students with priority given to Pell grant recipients who have the lowest expected family contributions. **Barton County Community College** was granted a waiver from matching these funds by the U.S. Department of Education, so the College did not provide any matching contributions for FSEOG grants for the year ended June 30, 2013.

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, 2013.