

**LABETTE**  
**COMMUNITY COLLEGE**  
Parsons, Kansas

Independent Auditors' Report and  
Financial Statements with  
Supplementary Information

For the Year Ended June 30, 2015

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas

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**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas

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## **Management's Discussion and Analysis**

### **Introduction:**

The following discussion and analysis of the financial performance and activity of Labette Community College (The College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2015, with selected comparative information for the year ended June 30, 2014. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness of this information. A separate audit is issued for the Labette Community College Foundation and Alumni Association.

### **Using the Annual Report:**

The audit is conducted in accordance with auditing standards applicable to financial audits contained in Government Auditing standards, specifically GASB 34/35, issued by the Comptroller of the United States. The purpose of GASB 34/35 is to make the financial statement presentation of public entities more closely resemble or emulate that of non-public for-profit enterprises. The hope is that it will "enhance the understandability of the general purpose external financial reports." To that end the annual financial report will include basic financial statements and required supplementary information.

#### Basic financial statements are comprised of two parts:

1. Basic Financial Statements – These include Statement of Net Assets; Statement of Revenues, Expenses, and Changes in Net Assets; Statement of Cash Flows. These statements present the results on a single measurement focus and basis of accounting.
2. The Notes to the Basic Financial Statements are an integral and essential portion of the financial statements.

#### Required Supplementary Information:

Management's Discussion and Analysis (M D & A) - This is information that is required by standards to be presented, but is not part of the basic financial statements.

### **Highlights to the Financial Statements:**

Labette Community College completed a solid performance for the fiscal year ended June 30, 2015. At year end, the College's total assets exceeded its liabilities by \$14,742,927. Of this amount, \$3,671,047 is classified expendable or unrestricted net assets. These unrestricted assets may be used to meet the College's ongoing obligations. For 2015 net current position (current assets less current liabilities) decreased \$169,235. The coverage ratio of current assets to current liabilities (the ability to pay current liabilities from current assets) decreased from 4.11 times in 2014 to 3.35 in 2015. Cash and cash equivalents ended the year at \$4,090,722 which is also an increase of \$244,715 over the previous year. Despite the decrease in enrollment through budget cuts we were still able to keep the reserves at an adequate level.

**Statement of Net Position**

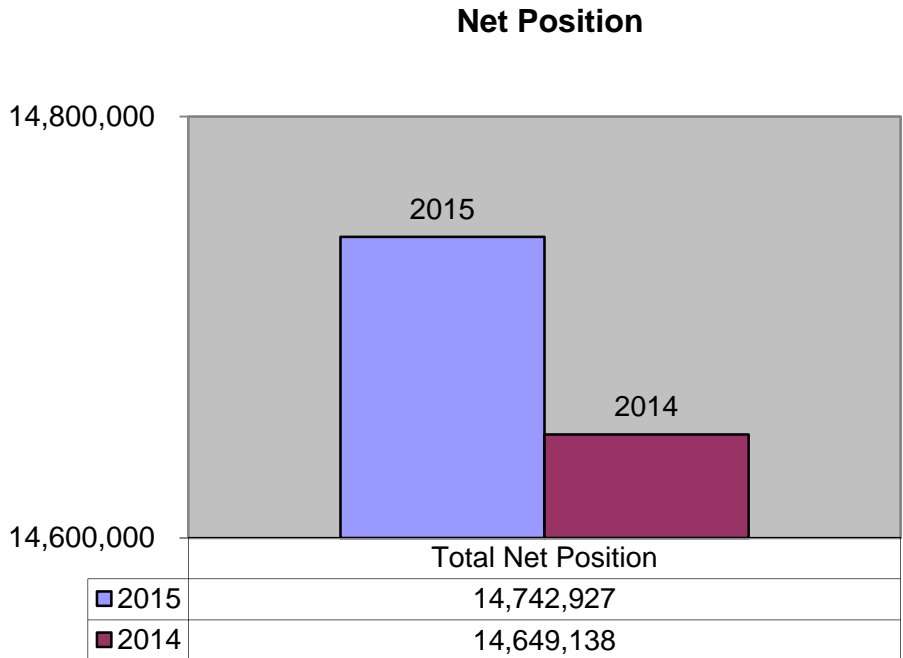
The statements of net position present the assets, liabilities, and net position of the College at June 30, 2015. The purpose of the statements of net position is to present the financial condition of the College.

The assets and liabilities are categorized between current and noncurrent. Noncurrent assets are externally restricted cash and investments restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, such as capital assets. Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; or (3) other liabilities that although payable within one year, are to be paid from funds that are classified as noncurrent assets.

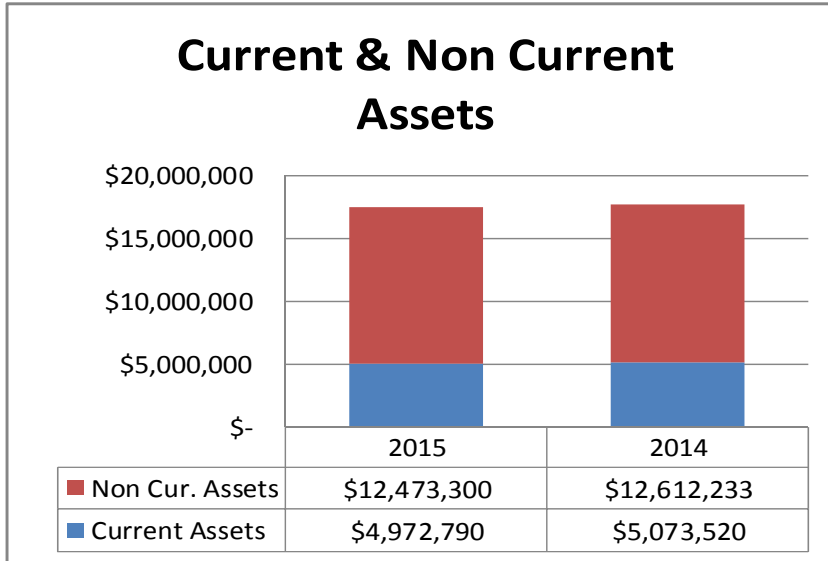
**Comparison of Assets – Fiscal Year 2014 to 2015**

Net assets are presented in three major categories. The first is invested in capital assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is restricted and the third is unrestricted. The net position increased during the current fiscal year from \$14,649,138 to \$14,742,927 which was a \$93,789 increase.

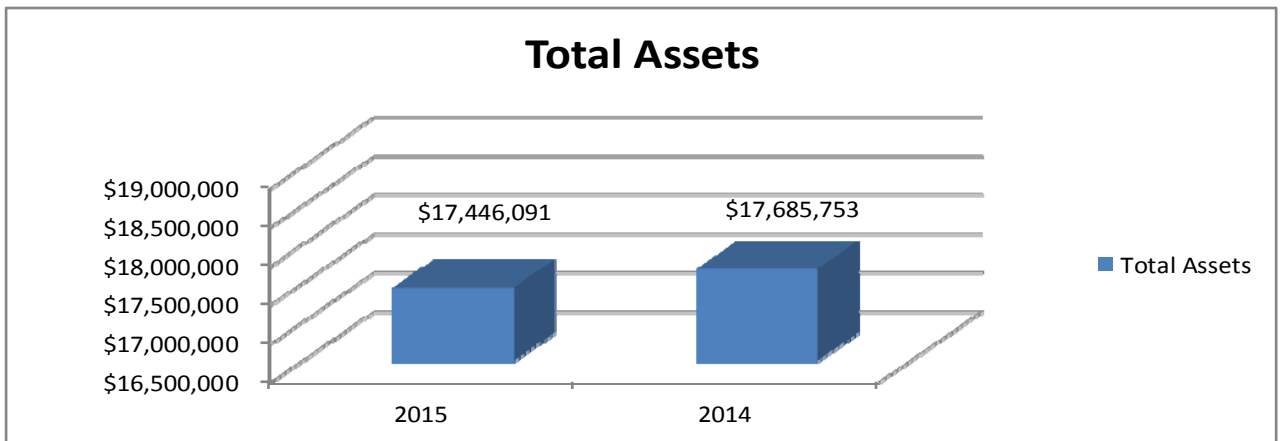
The net position for 2014 compared to 2015:



The College's current assets consist primarily of cash, short-term investments and accounts receivables, while noncurrent assets consist mainly of capital assets. The total breakdown of assets between current and noncurrent classification is as follows:



Total assets decreased by \$239,662 and the net position increased by \$93,788.



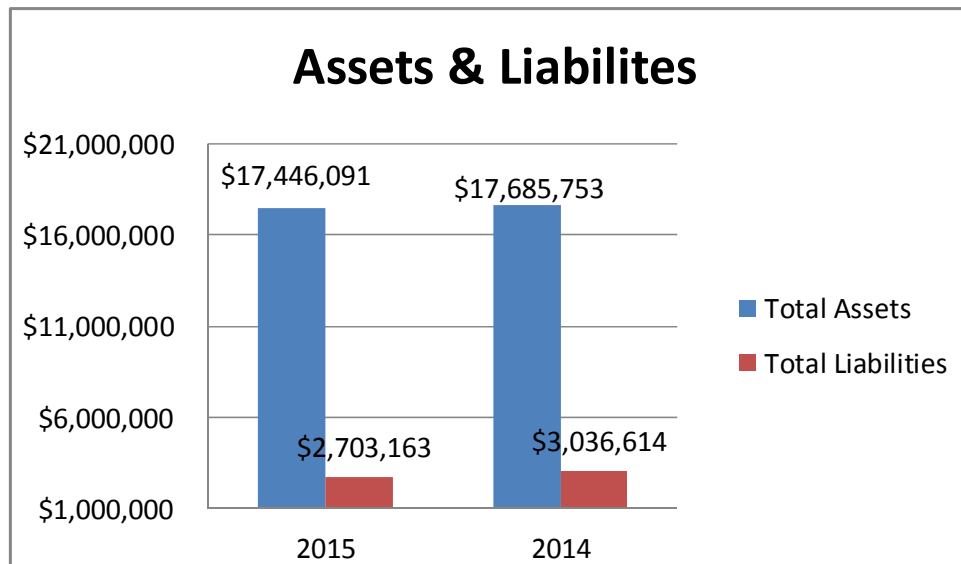
Of the \$17,446,091 in total assets, approximately 29% is in cash and cash equivalents, receivables, and investments. Capital assets represent 71% of total assets.

Comparison of Liabilities – Fiscal Year 2014 to 2015

	2015	% Total 2015	2014	% Total 2014
Current Liabilities	\$ 1,432,536	52.99%	\$ 1,233,237	40.61%
Noncurrent	\$ 1,270,627	47.01%	\$ 1,803,377	59.39%
Total Liabilities	\$ 2,703,163	100.00%	\$ 3,036,614	100.00%

The liabilities are categorized between current and noncurrent. For example, the College's current liabilities consist primarily of accounts payable, accrued liabilities, deferred revenue and agency funds held for college clubs and organizations. The noncurrent liabilities portion is comprised of notes payable and capital leases payable.

Comparison of Assets to Liabilities



Total liabilities decreased \$333,451 from \$3,036,614 in 2014 to \$2,703,163 in 2015 while total assets decreased \$239,662 from \$17,685,753 to \$17,446,091. The asset to liability ratio increased from 5.82 ( $\$17,685,753 / \$3,036,614$ ) in 2014 to 6.45 ( $\$17,446,091 / \$2,703,163$ ) in 2015. Assets exceeded liabilities by \$14,742,091.

**Statement of Revenues, Expenses, and Changes in Net Position**

The statement of revenues, expenses, and changes in net position present the College's financial results for the fiscal year ending June 30, 2015. The statement includes the College's revenue and expenses, both operating and non-operating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Non-operating revenues and expenses are those that exclude specific goods and services. Examples of non-operating revenues would be County property tax revenue and state aid; whereby local and state taxpayers do not directly receive goods and services from the College.

**Results of Operations Fiscal Year 2015**

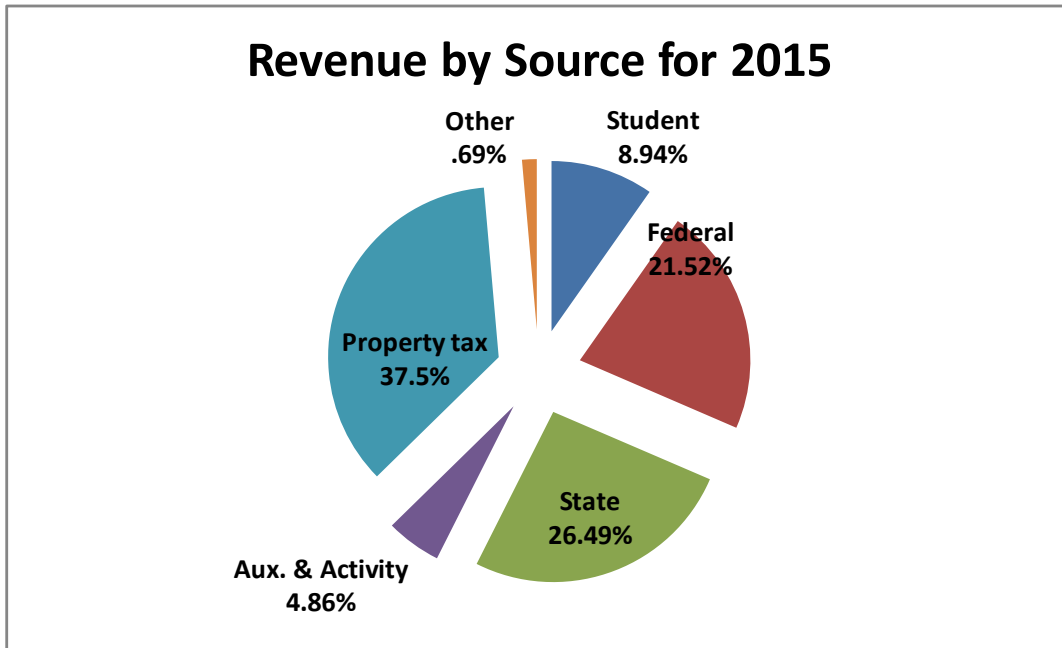
**Revenue**

Components and sources of revenue:

Labette Community College receives revenue from five major sources. They are: The State of Kansas; Federal Government (including Pell Grants); students, in the form of tuition and fees; local taxpayers, by way of property taxes; and through business style auxiliary enterprises. These sources are relatively stable year over year as a percentage of the total.

	2015	% Total 2015	2014	% Total 2014
Student Revenue	\$1,231,829	8.94%	\$1,348,627	9.74%
Federal	\$2,966,988	21.52%	\$3,013,250	21.75%
State	\$3,652,207	26.49%	\$3,590,039	25.92%
Auxiliary & Activity	\$670,203	4.86%	\$725,937	5.24%
Property Tax	\$5,168,923	37.50%	\$4,981,582	35.96%
Other	\$94,995	.69%	\$193,426	1.39%
Total Revenue	\$13,785,145	100.00%	\$13,852,864	100.00%

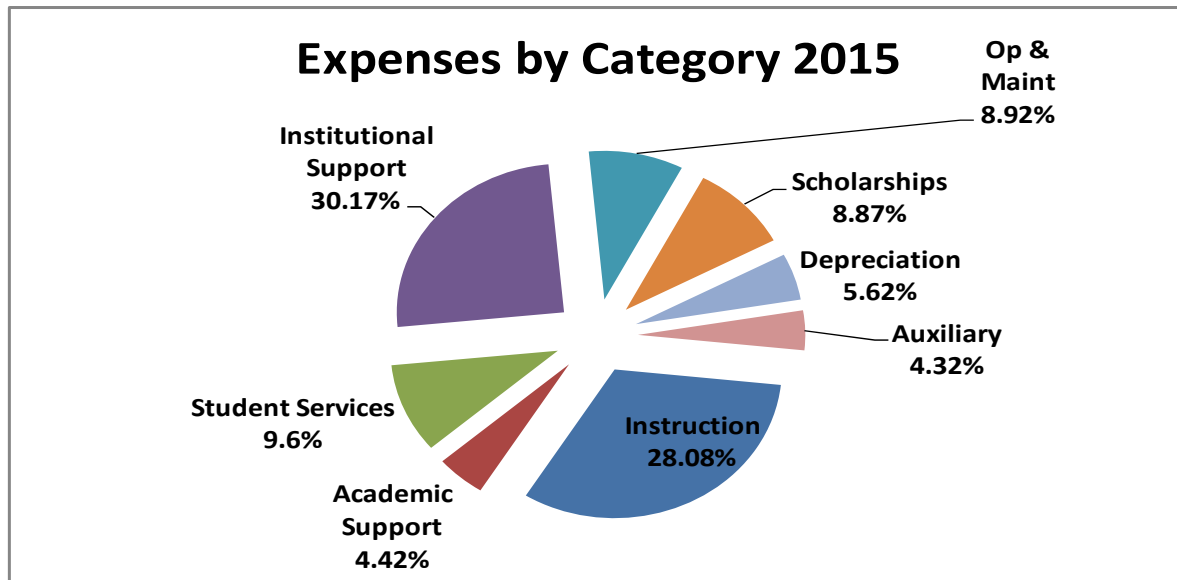




Expenditures

Detail of the 2014 and 2015 Education and General expenditures:

	2015	% Total 2015	2014	% Total 2014
Instruction	\$ 3,844,979	28.08%	\$ 3,910,306	27.88%
Academic Support	\$ 604,877	4.42%	\$ 670,950	4.78%
Student Services	\$ 1,314,901	9.60%	\$ 1,369,566	9.76%
Institutional Support	\$ 4,131,219	30.17%	\$ 4,127,431	29.42%
Op. & Maintenance	\$ 1,220,963	8.92%	\$ 1,285,867	9.17%
Scholarships	\$ 1,214,126	8.87%	\$ 1,346,818	9.60%
Depreciation	\$ 769,741	5.62%	\$ 710,796	5.07%
Auxiliary	\$ 590,551	4.32%	\$ 606,062	4.32%
Total	\$ 13,691,357	100.00%	\$ 14,027,796	100.00%



### **Statement of Cash Flows**

The statement of cash flows presents information about cash receipts and cash payments during the year. It helps assess the College's ability to generate net cash flows and to meet its obligations as they come due. The largest sources of cash from operating activities were student tuition and fees, federal financial aid, and sales and services of auxiliary enterprises. Major uses of cash were payments made to employees and vendors. Overall, cash and cash equivalents increased by \$244,715 to \$4,090,722.

### **Capital Assets and Debt Administration**

During the year ended June 30, 2015, capital assets decreased \$269,726 bringing the capital assets net of accumulated depreciation to \$12,342,508. The college's long-term debt decreased \$532,749 during fiscal year ending June 30, 2015 bringing the total debt down to \$1,270,628.

### **Summary of Overall Performance**

Labette Community College's financial condition were impacted by a number of events in 2015 not limited to:

- State funding has been flat or diminishing for several years.
- A significant decline in enrollment.
- The declining state of the Kansas economy.

Through all of this the College's financial position has stayed at approximately the same level this past year. The net position increased slightly \$93,788 while total liabilities decreased by \$333,452.

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Labette Community College  
Parsons, Kansas

**Report on the Financial Statements**

We have audited the accompanying financial statements of Labette Community College, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

***Management's Responsibility for the Financial Statements***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion 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 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 the auditors' 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 College'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 College'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 opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Labette Community College, as of June 30, 2015, and the respective changes in financial position, and 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 on pages i-ix 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.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Labette Community College's 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 supplementary information, as listed in the table of contents as pages 25 to 39, are presented for purposes of additional analysis, and are also not a required part of the basic financial statements. The supplementary information and the 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 supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The fiscal year ended June 30, 2014 actual column presented in the individual fund schedules of revenues, expenditures and changes in unencumbered cash – actual and budget – regulatory basis (Schedules 4 to 6 as listed in the table of contents) are also presented for comparative analysis and are not a required part of the fiscal year ended June 30, 2015 basic financial statement upon which we rendered an unmodified opinion dated November 26, 2014. The fiscal year ended June 30, 2014 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://da.ks.gov/ar/muniserv/>. Such fiscal year ended June 30, 2014 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the fiscal year ended June 30, 2014 basic financial statement. The fiscal year ended June 30, 2014 comparative information was subjected to the auditing procedures applied in the audit of the fiscal year ended June 30, 2014 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the fiscal year ended June 30, 2014 basic financial statement or to the fiscal year ended June 30, 2014 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the fiscal year ended June 30, 2014 comparative information is fairly stated in all material respects in relation to the fiscal year ended June 30, 2014 basic financial statement as a whole, on the basis of accounting described in Note 2.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 15, 2015, on our consideration of the Labette 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 Labette Community College's internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountant

Chanute, Kansas  
December 15, 2015

**LABETTE COMMUNITY COLLEGE**Parsons, Kansas  
Statement of Net Position  
June 30, 2015

	Primary Institution	Component Unit - Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 3,959,929.99	\$ 1,094,160.78
Accounts Receivable, Net	484,793.30	8,050.31
Inventories	413,437.40	-
Investments	-	258,565.65
Notes Receivable	-	29,444.97
Prepaid Expenses	114,629.64	-
Unconditional Promises to Give	-	476,380.00
Total Current Assets	<u>4,972,790.33</u>	<u>1,866,601.71</u>
Noncurrent Assets		
Cash and Cash Equivalents	130,792.23	-
Capital Assets, Net of Accumulated Depreciation	12,342,508.05	1,072,974.98
Unconditional Promises to Give	-	22,316.36
Total Noncurrent Assets	<u>12,473,300.28</u>	<u>1,095,291.34</u>
TOTAL ASSETS	<u>\$ 17,446,090.61</u>	<u>\$ 2,961,893.05</u>
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 440,502.28	\$ -
Accrued Wages	277,498.86	-
Accrued Interest	-	24,314.31
Deferred Revenue	309,942.92	-
Grant Advance	447.23	-
Compensated Absences	269,749.71	-
Deposits Held in Custody for Others	134,394.70	25,082.07
Total Current Liabilities	<u>1,432,535.70</u>	<u>49,396.38</u>
Noncurrent Liabilities		
Notes Payable	151,737.50	824,193.82
Capital Lease Payable	1,118,890.04	-
Total Noncurrent Liabilities	<u>1,270,627.54</u>	<u>824,193.82</u>
TOTAL LIABILITIES	<u>2,703,163.24</u>	<u>873,590.20</u>
NET POSITION		
Investment in Capital Assets, Net of Related Debt	11,071,880.51	-
Restricted- Expendable:		
Other Temporarily Restricted	-	1,713,544.03
Restricted- Nonexpendable	-	601,772.09
Unrestricted	3,671,046.86	(227,013.27)
TOTAL NET POSITION	<u>14,742,927.37</u>	<u>2,088,302.85</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 17,446,090.61</u>	<u>\$ 2,961,893.05</u>

The accompanying notes are an integral part  
of the financial statements.

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2015

	Primary Institution	Component Unit - Foundation
<b>REVENUES</b>		
Operating Revenues		
Student Tuition and Fees, (net of scholarship discounts and allowances of \$888,314.50)	\$ 1,231,828.74	\$ -
Federal Grants and Contracts	916,736.93	-
State Grants and Contracts	646,831.48	-
Sales and Services of Auxiliary Enterprises	584,177.63	-
Activity Fund Revenues	86,025.70	-
Miscellaneous Operating Income	27,724.21	151,717.40
Total Operating Revenues	<u>3,493,324.69</u>	<u>151,717.40</u>
<b>EXPENSES</b>		
Operating Expenses		
Educational and General		
Instruction	3,844,979.35	-
Academic Support	604,876.88	-
Student Services	1,314,900.81	-
Institutional Support	4,131,218.77	144,072.77
Operation and Maintenance	1,220,963.09	180,314.03
Scholarships, Grants and Awards	1,214,125.50	105,231.00
Fundraising	-	35,163.83
Auxiliary Enterprises	590,550.75	-
Depreciation Expense	769,741.35	29,693.21
Total Operating Expenses	<u>13,691,356.50</u>	<u>494,474.84</u>
Operating Income (Loss)	<u>(10,198,031.81)</u>	<u>(342,757.44)</u>
Nonoperating Revenues (Expenses)		
State Appropriations	3,005,376.00	-
County Appropriations	5,168,922.51	-
Federal Pell Grants	2,050,250.57	-
Gifts and Contributions	146,464.48	318,713.83
Investment Income	6,950.25	3,456.71
Debt Service	(31,551.51)	-
Gain (Loss) on Sale of Assets	(54,592.10)	-
Net Nonoperating Revenues (Expenses)	<u>10,291,820.20</u>	<u>322,170.54</u>
Increase (Decrease) in Net Position	93,788.39	(20,586.90)
Net Position - Beginning of Year	<u>14,649,138.98</u>	<u>2,108,889.75</u>
Net Position - End of Year	<u>\$ 14,742,927.37</u>	<u>\$ 2,088,302.85</u>

The accompanying notes are an integral part  
of the financial statements.

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

## Statement of Cash Flows

For the Year Ended June 30, 2015

	Primary Institution	Component Unit - Foundation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student Tuition and Fees	\$ 1,428,769.37	\$ -
Federal Grants and Contracts	916,736.93	-
State Grants and Contracts	646,831.48	-
Sales and Services of Auxiliary Enterprises	584,177.63	-
Activity Fund Revenues	86,025.70	-
Miscellaneous Income	27,724.21	151,717.40
Payments on Behalf of Employees	(8,306,240.91)	-
Payments for Supplies and Materials	(363,580.85)	-
Payments for Other Expenses	(4,020,433.81)	(407,024.83)
Net cash provided by (used in) operating activities	<u>(8,999,990.25)</u>	<u>(255,307.43)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	3,005,376.00	-
County Appropriations	5,168,922.51	-
Federal Pell Grant	2,050,250.57	-
Federal Direct Loans	1,635,374.00	-
Federal Direct Loans Payments	(1,635,374.00)	-
Gifts and Contributions	132,114.48	541,937.01
Net cash provided by (used in) noncapital financing activities	<u>10,356,663.56</u>	<u>541,937.01</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Payments for Purchase of Capital Assets	(554,607.86)	-
Interest Paid on Long Term Debt	(31,551.51)	-
Proceeds from the Issuance of Debt	-	-
Principal Payments on Long Term Debt	(532,749.46)	(141,199.87)
Net cash provided by (used in) capital financing activities	<u>(1,118,908.83)</u>	<u>(141,199.87)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Earned on Investments	6,950.25	9,057.68
Purchase of Investments	-	(80,176.90)
Proceeds from Investments Sold	-	86,217.63
Payments Received from Notes Receivable	-	60,646.10
Net cash provided by (used in) investing activities	<u>6,950.25</u>	<u>75,744.51</u>
Net Increase (Decrease) in Cash and Cash Equivalents	244,714.73	221,174.22
Cash and Cash Equivalents, Beginning of Year	<u>3,846,007.49</u>	<u>872,986.56</u>
Cash and Cash Equivalents, End of Year	<u>\$ 4,090,722.22</u>	<u>\$ 1,094,160.78</u>

The accompanying notes are an integral part  
of the financial statements.



**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

## Statement of Cash Flows

For the Year Ended June 30, 2015

	<u>Primary Institution</u>	<u>Component Unit - Foundation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (10,198,031.81)	\$ (342,757.44)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:		
Depreciation Expense	769,741.35	29,693.21
Non-cash Donations	14,350.00	125,066.51
(Increase) Decrease in Receivables	207,734.97	-
(Increase) Decrease in Prepaid Expenses	(11,870.80)	-
(Increase) Decrease in Inventory	18,788.31	-
Increase (Decrease) in Accounts Payable	234,899.70	-
Increase (Decrease) in Accrued Wages	24,388.98	-
Increase (Decrease) in Accrued Interest	-	(3,506.89)
Increase (Decrease) in Deferred Revenue	(11,241.57)	-
Increase (Decrease) in Grant Advance	447.23	-
Increase (Decrease) in Compensated Absences	(29,708.95)	-
Increase (Decrease) in Deposits Held for Others	(19,487.66)	(63,802.82)
Net cash provided by (used in) operating activities	<u>\$ (8,999,990.25)</u>	<u>\$ (255,307.43)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents classified as current assets	\$ 3,959,929.99	\$ 1,094,160.78
Cash and Cash Equivalents classified as noncurrent assets	130,792.23	-
Total Cash and Cash Equivalents	<u>\$ 4,090,722.22</u>	<u>\$ 1,094,160.78</u>
<b>Supplemental Information</b>		
Cash Paid During the Period for:		
Interest Expense	<u>\$ 31,551.51</u>	<u>\$ 43,907.29</u>
Non-Cash Donations:		
Management and General	\$ -	\$ 79,363.81
Items for Annual Auction	-	31,352.70
Supplies for College Programs	14,350.00	14,350.00

The accompanying notes are an integral part  
of the financial statements.

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Notes to the Financial Statements

For the Year Ended June 30, 2015

**1. NATURE OF ACTIVITIES**

The financial statements of Labette Community College, Parsons, Kansas, have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the College's accounting policies follow.

Reporting Entity

The financial reporting entity consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

Component Unit

The component unit section of the financial statements includes the financial data of the discretely presented component unit, the Labette Community College Foundation and Alumni Association. The component unit is reported separately to emphasize that it is legally separate from the College. The economic resources received or held by the component unit are held almost entirely for the direct benefit of the College. The Labette Community College Foundation and Alumni Association was formed to promote and foster the educational purposes of the College, and to create a fund to be used for any program, project or enterprise undertaken in the interest of the College. The Foundation acts largely as a fundraising organization, soliciting, receiving, managing and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation board of directors. The Foundation can sue and be sued, and can buy, sell, or lease real property. The Foundation's financial statements should be included with the College's financial statements. Separate audited financial statements are prepared and are available at the Foundation, and can be requested from the College's controller. The Foundation is considered a component unit.

The College's component unit is a private not-for-profit organization that reports under FASB standards. 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 component unit's financial information in the College's financial report for these differences. The component unit's financial data has, however, been aggregated into like categories for presentation purposes.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

### Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

### Investments

The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

### Accounts Receivable and Deferred Revenue

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Kansas. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts. Accounts receivable also include taxes in process of collection for property taxes assessed and collected for the calendar year ending December 31, 2015.

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in November 2013 are recorded as taxes receivable. Approximately 2% to 6% of these taxes are normally distributed after June 30, 2015, and are presented as accounts receivable-taxes in process and deferred revenue to indicate that they are not appropriable. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

### Inventories

Inventories consist of books and supplies held for resale in the bookstore and are valued at cost, using the first-in, first-out method (FIFO).

### Noncurrent Cash and Cash Equivalents

Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net assets.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Capital Assets

Capital assets are stated at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$2,500.00 or more, and an estimated useful life of greater than one year. Renovations to building, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is provided on straight-line method over the estimated useful lives of the respective classes of property. Estimated useful lives are as follows:

Buildings	35 Years
Building Improvements	20 Years
Furniture	10 Years
Vehicles	5-7 Years
Equipment, including computers	3-7 Years

Accounts Receivable and Allowance for Doubtful Accounts

The College regularly extends unsecured credit to various students. The College uses the allowance method to account for uncollectible accounts receivable.

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net assets, and a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net assets.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; or (3) other liabilities that although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Net Position

The College's net position are classified as follows:

Invested in Capital Assets, Net of Related Debt: This represents the College's total investment in capital assets, net of accumulated depreciation, and outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of investment in capital assets, net of related debt.

Restricted Net Position – Expendable: Restricted expendable net position include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position 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.

## 2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

### Net Position (Continued)

Unrestricted Net Position: Unrestricted net position represent resources derived from student tuition and fees, state appropriations and sales and services of educational departments and auxiliary enterprises. These resources are used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

### Income Taxes

The College, as a political subdivision of the State of Kansas, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundation is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

### Classification of Revenues

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

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales of services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most Federal, state and local grants and contracts, and Federal appropriations.

*Nonoperating revenues:* Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities that use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

### Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge and the goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, 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 discount and allowance.

### Accounting 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 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.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

### Pension Plan

Substantially all full-time College employees are members of the State of Kansas Public Employees Retirement System which is a multi-employer state-wide pension plan. The College's policy is to fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State.

### Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for current funds - unrestricted and plant funds (unless specifically exempted by statute). The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding fiscal year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. 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 ten 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 this year.

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.

Annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenue is recognized when cash is received. Expenditures include cash disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for a Current Fund – Agency Funds.

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

## **3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

### Compliance with Kansas Statutes

Supplemental Schedules 3 to 7 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. Based upon these schedules, the College was in apparent compliance with Kansas cash basis and budget laws.

#### **4. DEPOSITS**

##### Primary Institution:

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 branch or branch bank in the county in which the College is located and the bank 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 Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 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. All deposits were legally secured at June 30, 2015.

At year-end, the College's carrying amount of the deposits was \$4,084,622.91 and the bank balance was \$4,148,463.06. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$281,955.68 was covered by FDIC insurance and \$3,866,507.38 was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name.

##### Component Unit:

At year-end, the Foundation's carrying amount of the deposits including certificates of deposit was \$1,094,160.78 and the bank balance was \$1,093,253.22. The bank balance was held by three banks and two investment companies resulting in a concentration of credit risk. Of the bank balance, \$507,727.48 was covered by FDIC insurance, \$574,873.78 was unsecured at year-end, and the remaining amount \$10,651.96 was covered by SIPC.

#### **5. INVESTMENTS**

##### Component Unit:

##### Investment Policy

The Primary objective of the Foundation's investment policy is to provide for long-term growth of principal and income within reasonable risk on continuing and consistent basis. Emphasis shall be on maintaining growth of assets, net of inflation and fees. Over a period of time, the minimum goal for the total return of the fund should be the current rate of inflation plus 3 to 7%.

The investment objective requires a disciplined and consistent management philosophy. The objectives do not call for a philosophy which represents extreme positions or opportunistic styles. The portfolio shall be diversified with both fixed income and equity holdings. The purpose of such diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact of the total portfolio.

**5. INVESTMENTS** (Continued)

Component Unit:

Investment Policy (Continued)

Investments are made under the direction of the Board of Directors. Equity investments and other investments are recorded at fair values subject to comments on Investments under the summary of accounting policies.

Investments at June 30, 2015, are comprised of the following:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Rating</u>
Corporate Bonds	\$ 174,533.33	\$ 172,287.66	Various
U.S. Treasury Securities	95,007.02	86,277.99	Various
	<u>\$ 268,540.35</u>	<u>\$ 258,565.65</u>	

**6. FAIR VALUE MEASUREMENTS**

Component Unit:

The Foundation uses fair value measurement to record fair value adjustment to certain assets and liabilities. Fair Value Measurements (FAS 157) requires classification of assets and liabilities into three levels based on the method used to value the assets or liabilities. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Foundation's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk of liquidity associated with the underlying investment. For example, U.S. government securities are generally high quality and liquid; however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market. The following table sets forth carrying amounts and estimated fair value for financial instruments at June 30, 2015:

	<u>June 30, 2015</u>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Corporate Bonds	\$ - -	\$ 172,287.66	\$ - -	\$ 172,287.66
U.S. Treasury Securities	86,277.99	- -	- -	86,277.99
Totals	<u>\$ 86,277.99</u>	<u>\$ 172,287.66</u>	<u>\$ - -</u>	<u>\$ 258,565.65</u>

There were no transfers between level 1 and level 2 investments during the year ended June 30, 2015.



**7. ACCOUNTS RECEIVABLE, NET**

Accounts receivable at June 30, 2015, consisted of the following:

	<u>Primary Institution</u>
Current:	
Taxes in Process	\$ 264,503.61
Federal Grants	10,061.00
Student Accounts	196,033.58
Bookstore Credits	<u>14,195.11</u>
 Total Current	 <u>\$ 484,793.30</u>

The College uses the allowance method to account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for uncollectible accounts of \$1,525,933.17 at June 30, 2015.

**8. INVENTORIES**

Inventories consisted of the following at June 30, 2015:

Book Store Inventory	
Labette Retail	\$ 242,787.92
Labette Rentals	104,156.47
Cherokee Retail	31,355.88
Cherokee Rentals	29,360.39
Food Service	<u>5,776.74</u>
	 <u>\$ 413,437.40</u>

**9. UNCONDITIONAL PROMISES TO GIVE**

Component Unit:

Unconditional promises to give at June 30, 2015, consist of the following:

Capital Campaign/Sports Complex	
Less than one year	\$ 476,380.00
One to five years	<u>22,316.36</u>
	 <u>\$ 498,696.36</u>

Uncollectible amounts for unconditional promises to give are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

## 10. CAPITAL ASSETS

### Primary Institution:

Following are the changes in capital assets for the year ended June 30, 2015:

	Balance 06/30/2014	Additions	Retirements	Balance 06/30/2015
Capital assets not being depreciated				
Construction in progress	\$ 83,780.19	\$ 300,000.00	\$ (40,126.09)	\$ 343,654.10
Land acquired under capital lease	658,836.00	-	(46,066.00)	612,770.00
Total capital assets not being depreciated	<u>\$ 742,616.19</u>	<u>\$ 300,000.00</u>	<u>\$ (86,192.09)</u>	<u>\$ 956,424.10</u>
Other capital assets				
Buildings, land, and improvements	\$ 12,692,955.96	\$ 100,080.40	\$ 26,138.24	\$ 12,819,174.60
Buildings under capital lease	5,947,380.57	-	-	5,947,380.57
Equipment	1,401,765.19	154,527.46	(988.25)	1,555,304.40
Software	629,003.27	-	-	629,003.27
Vehicles	162,975.34	-	-	162,975.34
Total other capital assets	<u>\$ 20,834,080.33</u>	<u>\$ 254,607.86</u>	<u>\$ 25,149.99</u>	<u>\$ 21,113,838.18</u>
Accumulated depreciation				
Buildings, land, and improvements	\$ 7,093,062.38	\$ 494,303.86	\$ -	\$ 7,587,366.24
Building under capital lease	123,903.76	148,684.52	-	272,588.28
Equipment	955,518.13	126,752.97	(6,450.00)	1,075,821.10
Software	629,003.27	-	-	629,003.27
Vehicles	162,975.34	-	-	162,975.34
Total accumulated depreciation	<u>\$ 8,964,462.88</u>	<u>\$ 769,741.35</u>	<u>\$ (6,450.00)</u>	<u>\$ 9,727,754.23</u>
Total net capital assets	<u>\$ 12,612,233.64</u>	<u>\$ (215,133.49)</u>	<u>\$ (54,592.10)</u>	<u>\$ 12,342,508.05</u>

### Component Unit:

Following are the changes in capital assets for the year ended June 30, 2015:

	Audit Balance 06/30/2014	Additions	Retirements	Audit Balance 06/30/2015
Capital assets not being depreciated				
Land	\$ 120,000.00	\$ -	\$ -	\$ 120,000.00
Total capital assets not being depreciated	<u>\$ 120,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120,000.00</u>
Other capital assets				
Buildings and improvements	\$ 1,158,035.37	\$ -	\$ -	\$ 1,158,035.37
Total other capital assets	<u>\$ 1,158,035.37</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,158,035.37</u>
Accumulated Depreciation				
Buildings and improvements	\$ (175,367.18)	\$ (29,693.21)	\$ -	\$ (205,060.39)
Total accumulated depreciation	<u>\$ (175,367.18)</u>	<u>\$ (29,693.21)</u>	<u>\$ -</u>	<u>\$ (205,060.39)</u>
Total net capital assets	<u>\$ 1,102,668.19</u>	<u>\$ (29,693.21)</u>	<u>\$ -</u>	<u>\$ 1,072,974.98</u>

## 11. NOTES PAYABLE

### Primary Institution:

Notes payable of the College consists of the following as of June 30, 2015:

#### Notes Payable:

Kansas Board of Regents – PEI Infrastructure – One eighth of the Institution’s total loan amount shall be repaid on or before December 1 in each year of the eight year amortization period of the Kansas Development Finance Authority revenue bonds Series 2008A. The balance on this note at June 30, 2015, is: \$ 151,737.50

Total Notes Payable \$ 151,737.50

The following is a summary of changes in notes payable for the year ended June 30, 2015:

<u>OBILGATIONS</u>	<u>PRINCIPAL JUNE 30, 2014</u>	<u>PRINCIPAL RECEIVED (PAID)</u>	<u>PRINCIPAL JUNE 30, 2015</u>	<u>INTEREST PAID</u>
Notes Payable Series 2008A	\$ 303,475.00	\$ (151,737.50)	\$ 151,737.50	-

The bond principal and interest requirements for the next five years and thereafter are as follows:

<u>FISCAL YEAR JUNE 30, 2016</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
	\$ 151,737.50	\$ - -	\$ 151,737.50

### Component Unit

The Foundation signed an agreement dated August 29, 2007, with Labette Bank to assist in the purchase of a building to be used as classroom space for the College, which requires 12 annual principal and interest payments at \$120,755.78 each, beginning September 1, 2008, including interest at 4.550% through September 2020. The note is secured by real property located in Pittsburg, Kansas. The balance on this note at June 30, 2015, is: \$ 621,392.83

The Foundation signed an agreement dated July 1, 2006, with Commercial Bank to assist in the purchase of real estate, which requires 19 semi-annual interest payments at 4.930% of the principal balance and one lump-sum principal payment of \$600,000.00 at maturity, beginning December 31, 2006, through June 2016. The note is secured by real property located in Labette, Kansas. The balance on this note at June 30, 2015, is: 202,800.99

Total Notes Payable \$ 824,193.82

Changes in notes payable are as follows:

<u>OBILGATIONS</u>	<u>PRINCIPAL JUNE 30, 2014</u>	<u>PRINCIPAL RECEIVED (PAID)</u>	<u>PRINCIPAL JUNE 30, 2015</u>	<u>INTEREST PAID</u>
Notes Payable				
Labette Bank	\$ 710,124.57	\$ (88,731.74)	\$ 621,392.83	\$ 32,024.04
Commercial Bank	<u>255,269.12</u>	<u>(52,468.13)</u>	<u>202,800.99</u>	<u>11,883.25</u>
	<u>\$ 965,393.69</u>	<u>\$ (141,199.87)</u>	<u>\$ 824,193.82</u>	<u>\$ 43,907.29</u>

**11. NOTES PAYABLE** (Continued)

Component Unit

The principal and interest requirements for the next five years and thereafter are as follows:

FISCAL YEAR			
<u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2016	\$ 295,279.21	\$ 38,275.65	\$ 333,554.86
2017	96,685.97	24,069.81	120,755.78
2018	101,085.19	19,670.59	120,755.78
2019	105,684.56	15,071.22	120,755.78
2020	110,493.21	10,262.57	120,755.78
2021	114,965.68	5,327.24	120,292.92
	<u>\$ 824,193.82</u>	<u>\$ 112,677.08</u>	<u>\$ 936,870.90</u>

**12. CAPITAL LEASES**

The College entered into a lease purchase agreement dated July 1, 2006, with Labette Community College Foundation for the purchase of multiple pieces of real estate located in Parsons, Kansas. The total cost was \$658,836.15. The lease calls for semi-annual payments, including interest at 4.93% per annum, maturing December 15, 2015.

<u>Capital Lease – Real Estate</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2016	\$ <u>30,172.78</u>
Total Net Minimum Lease Payments	30,172.78
Less: Imputed Interest	<u>(727.81)</u>
Net Present Value of Capital Lease	<u>29,444.97</u>
Less: Current Maturities	<u>(29,444.97)</u>
Long-Term Capital Lease Obligations	<u>\$ 0.00</u>

The College entered into a lease purchase agreement dated January 16, 2013, with First Neodesha Bank, Neodesha, Kansas for the construction of the Zetmeir Health Science Building. The total cost was \$1,595,813.68. The lease calls for monthly payments, including interest at 2.14% per annum, maturing October 1, 2018.

<u>Capital Lease – Zetmeir Health Science Building</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2016	\$ 347,453.40
2017	347,453.40
2018	347,453.40
2019	<u>86,863.13</u>
Total Net Minimum Lease Payments	1,129,223.33
Less: Imputed Interest	<u>(39,778.26)</u>
Net Present Value of Capital Lease	<u>1,089,445.07</u>
Less: Current Maturities	<u>(327,261.92)</u>
Long-Term Capital Lease Obligations	<u>\$ 762,183.15</u>

**13. LEASE AGREEMENTS**

The College has entered into a lease agreement with Community Health Center of Southeast Kansas, Inc. to lease property and equipment located at 924 N. Broadway, Pittsburg, Kansas. The agreement is for 8 months, commencing August 13, 2014, and continuing through the last day of finals in Spring 2015. The agreement calls for rental payments in the amount of \$875.00 per month. The total payments made under this lease agreement during the year ended June 30, 2015 was \$5,250.00.

The College has entered into a rental agreement for storage space. Total rent payments made under the agreement during the year ended June 30, 2015, was \$675.00.

The College has entered into a rental agreement for the use of vehicles. Total rent payments made under the agreement during the year ended June 30, 2015, was \$14,193.00.

The College has entered into various other rental agreements for the rental of office equipment. Total rent payments made under these agreements during the year ended June 30, 2015, was \$5,748.00. Future minimum rental payments are as follows:

06/30/2016	\$ 5,748.00
06/30/2017	5,748.00
06/30/2018	2,874.00

The College has entered into a lease agreement with Labette Community College Foundation and Alumni Association for the lease of 1401 Main, Parsons, Kansas, which the Foundation owns, with a rental of \$2,251.00 per month from July 1, 2014, to June 30, 2016, renewable annually. Amounts collected in fiscal year ended June 30, 2015, was \$27,012.12. Future minimum rental payments are as follows:

06/30/2016	\$ 27,012.00
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The College has entered into a lease agreement with Labette Community College Foundation and Alumni Association for the lease of the Cherokee County Campus, which the Foundation owns, with a rental of \$121,000.00 per year from July 1, 2008, to June 30, 2018, renewable annually. Amounts collected in fiscal year ended June 30, 2015, was \$121,000.00. Future minimum rental payments are as follows:

06/30/2016	\$ 121,000.00
06/30/2017	121,000.00
06/30/2018	121,000.00

**14. DEFINED BENEFIT PENSION PLAN**

*Plan description.* The (non-school municipality) participates in the Kansas Public Employees Retirement System (KPERS). KPERS is a part of a cost-sharing, multiple-employer defined benefit pension plan as provided by Kansas law. 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 (only one is issued) that includes financial statements and required supplementary information. Those reports may be obtained by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. KPERS has multiple benefit structures and contribution rates depend on whether the employee is a Tier 1, Tier 2 or Tier 3 member. Tier 1 members are active and contributing members hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009 and Tier 3 members were first employed in a covered position on or after January 1, 2015. Kansas law established the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 member and 6% of covered salary for Tier 2 members through December 31, 2014. On January 1, 2015, Kansas law increased the KPERS member-employee contribution rate to 6% of covered salary for Tier 1 members. On that date, the Tier 2 member-employee contribution rate remained at 6% of covered salary, and the Tier 3 member contribution rate was established at 6% of covered salary. Member 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 statutory required employers share. During the year ended June 30, 2015, payments made by the State of Kansas to KPERS on behalf of the College totaled \$604,293.48.

**15. OTHER POST EMPLOYMENT BENEFITS**

As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government 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 these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government 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. There is no cost to the government under this program.

**16. COMPENSATED ABSENCES**

Administrators and professional staff hired to work 12 months per year on a one-half time or more basis, earn vacation time according to the following schedule:

- 0 to 4 years of service – 12 workdays per year
- 5 + years of service – 20 workdays per year

Administrators and professional staff hired to work 9 to 11 months per year on a one-half time or more basis will not be granted vacation time. Instead of vacation, they will be granted four personal days per contract year that may be used in the same manner as vacation.

**16. COMPENSATED ABSENCES** (Continued)

Vacation leave and personal days may be accumulated to a maximum of 30 days. At the termination of employment, the employee will be compensated at their current rate of pay for earned but unused vacation or personal days.

The provision for and accumulation of sick leave is based upon employment classification and years of service. Employees are not paid for accumulated sick leave upon termination.

The College accrues a liability for compensated absences which meet the following criteria:

1. The College's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the College has accrued a liability for vacation and personal days and not recorded a liability for sick leave which has been earned, but not taken, inasmuch as the amount cannot be reasonably estimated.

**17. EMPLOYEE BENEFIT PLANS**

The College has a 403(b) plan available for its employees. An employee is eligible to participate from the date of hire. The College will match contributions of up to \$40.00 per month or \$480.00 per year to the plan. Employer contributions will vest according to the following schedule:

Years of Service (from date of hire)	Vesting %
5	25%
6	40%
7	55%
8	70%
9	85%
10	100%

Total contributions made by the College into the plan on behalf of the employees for the year ended June 30, 2015, was \$49,115.00.

**18. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

**19. RISK MANAGEMENT**

The College is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employee; employees' health and life; and natural disasters. The College manages these risks of loss through the purchase of insurance policies.

**20. CONCENTRATION OF RISK**

Component Unit:

19.11% of the Foundation's monies are invested in corporate bonds and US treasury securities. The effect in the future on the Foundation's portfolio is unknown and is subject to market economic conditions.

**21. RELATED PARTY TRANSACTIONS**

The Foundation was formed to promote and foster the educational purposes of the Labette Community College, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the College. The Foundation acts largely as a fund raising organization, soliciting, receiving, managing and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation's board of directors. The Foundation collected capital campaign money and disbursed to the College for the year ended June 30, 2015, \$129,722.77. The Foundation disbursed to the College for scholarships for the year ended June 30, 2015, \$105,231.00. The College disbursed on behalf of the Foundation donated services and facilities for the year ended June 30, 2015, \$79,363.81.

**22. INVESTMENTS IN PARSONS AREA COMMUNITY FOUNDATION**

Component Unit:

The Foundation has donated and had potential donors donate into the Parsons Area Community Foundation creating a charitable advised endowment fund. Under the donor advised endowment, all earnings are pledged to the Labette Community College Foundation and Alumni Association upon annual approval of the Parsons Area Community Foundation's Board of Directors. The investment balance carried by the Foundation at June 30, 2015 is \$1,235,430.39. In accordance with FASB ASC 958-605-55, the assets invested with the Parsons Area Community Foundation are not recorded on the Foundation's books as assets because the Foundation has given up variance power to the Parsons Area Community Foundation.

**23. TEMPORARILY RESTRICTED NET ASSETS**

Component Unit:

Temporarily restricted net assets include principal totaling \$125,075.00 from the U.S. Department of Education in connection with Federal grants. The principal and fifty percent of the earned interest cannot be expended until twenty years after receipt of the grant money. Forty-five percent of the earned interest shall be distributed for the purposes designated by College and the remaining five percent shall be transferred for administrative costs to the Foundation's general fund. The remaining temporarily restricted net assets include contributions restricted for specific use by the donor.



**23. TEMPORARILY RESTRICTED NET ASSETS** (Continued)

Temporarily Restricted Net Assets as of June 30, 2015:	
Scholarships	\$ 555,159.51
Gribben Funds	279,182.31
Capital Campaign	666,537.75
Union Pacific Art Grant	3,800.70
Title III	<u>208,863.76</u>
Total Temporarily Restricted Net Assets as of June 30, 2015	<u>\$ 1,713,544.03</u>

**24. ENDOWMENTS**

Component Unit:

On June 30, 2015 the Foundation Net Assets and Endowments are summarized in the following table:

	<u>Permanently Restricted</u>
Donor-Restricted Endowment Funds	\$ 601,772.09
Board-Designated Endowment Funds	<u>- -</u>
Total Funds	<u>\$ 601,772.09</u>

Changes in endowment net assets as of June 30, 2015 are as follows:

	<u>Permanently Restricted</u>
Endowment Net Assets, Beginning of the Year	\$ 599,488.99
Contributions	<u>2,283.10</u>
Endowment Net Assets, End of Year	<u>\$ 601,772.09</u>

All endowment funds are considered to be permanently restricted. Therefore the spending policy does not allow for distribution of these funds. Investment income from these funds is considered to be unrestricted unless otherwise designated.

**25. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Reason</u>	<u>Amount</u>
General	Postsecondary Technical Education	Operating Expenses	\$ 1,161,003.86
General	Miscellaneous Grants	Operating Expenses	31,012.77

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**26. SUBSEQUENT EVENTS**

The College evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

## **SUPPLEMENTARY INFORMATION**

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas  
Combining Schedule of Net Position - Primary Institution  
June 30, 2015

	ASSETS				UNEXPENDED (CAPITAL OUTLAY)	AUXILIARY ENTERPRISE	FEDERAL PELL GRANTS
	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION				
Current Assets							
Cash and Cash Equivalents	\$ 3,518,671.79	\$ 186,884.06	\$ 25,463.45	\$ -	\$ 68,308.80	\$ 5,565.73	
Receivables - Taxes in Process	261,524.85	-	2,978.76	-	-	-	
Receivables - Federal	-	-	-	-	-	7,035.00	
Receivables - Other Receivables	174,778.70	-	-	-	14,195.11	-	
Inventories	-	-	-	-	413,437.40	-	
Prepaid Expenses	114,629.64	-	-	-	-	-	
Total Current Assets	4,069,604.98	186,884.06	28,442.21	-	495,941.31	12,600.73	
Noncurrent Assets							
Cash and Cash Equivalents	-	-	-	130,792.23	-	-	
Capital Assets	-	-	-	-	-	-	
Accumulated Depreciation	-	-	-	-	-	-	
Total Noncurrent Assets	-	-	-	130,792.23	-	-	
<b>TOTAL ASSETS</b>	<b>\$ 4,069,604.98</b>	<b>\$ 186,884.06</b>	<b>\$ 28,442.21</b>	<b>\$ 130,792.23</b>	<b>\$ 495,941.31</b>	<b>\$ 12,600.73</b>	
LIABILITIES AND NET POSITION							
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 422,038.86	\$ 5,521.14	\$ -	\$ -	\$ 2,881.28	\$ 7,035.00	
Accrued Wages	172,013.84	105,485.02	-	-	-	-	
Deferred Revenue	306,964.16	-	2,978.76	-	-	-	
Grant Advance	-	-	-	-	-	-	
Compensated Absences	233,694.19	24,498.21	-	-	6,861.39	-	
Deposits Held in Custody for Others	-	-	-	-	-	-	
Total Current Liabilities	1,134,711.05	135,504.37	2,978.76	-	9,742.67	7,035.00	
Noncurrent Liabilities							
Notes Payable	-	-	-	-	-	-	
Capital Lease Payable	-	-	-	-	-	-	
Total Noncurrent Liabilities	-	-	-	-	-	-	
<b>TOTAL LIABILITIES</b>	<b>1,134,711.05</b>	<b>135,504.37</b>	<b>2,978.76</b>	<b>-</b>	<b>9,742.67</b>	<b>7,035.00</b>	
NET POSITION							
Investment in capital assets, net of related debt	-	-	-	-	-	-	
Unrestricted	2,934,893.93	51,379.69	25,463.45	130,792.23	486,198.64	5,565.73	
<b>TOTAL NET POSITION</b>	<b>2,934,893.93</b>	<b>51,379.69</b>	<b>25,463.45</b>	<b>130,792.23</b>	<b>486,198.64</b>	<b>5,565.73</b>	
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 4,069,604.98</b>	<b>\$ 186,884.06</b>	<b>\$ 28,442.21</b>	<b>\$ 130,792.23</b>	<b>\$ 495,941.31</b>	<b>\$ 12,600.73</b>	

**Schedule 1 (Continued)**

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas  
Combining Schedule of Net Position - Primary Institution  
June 30, 2015

	FEDERAL DIRECT LOANS	FEDERAL SEOG GRANTS	FEDERAL WORK STUDY	MISCELLANEOUS GRANTS	TITLE III GRANT	TRIO- STUDENT SUPPORT SERVICES GRANT
<b>ASSETS</b>						
Current Assets						
Cash and Cash Equivalents	\$ 1,594.25	\$ -	\$ -	\$ (21,254.88)	\$ -	\$ -
Receivables - Taxes in Process	-	-	-	-	-	-
Receivables - Federal	3,026.00	-	-	-	-	-
Receivables - Other Receivables	-	-	-	21,254.88	-	-
Inventories	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Total Current Assets	4,620.25	-	-	-	-	-
Noncurrent Assets						
Cash and Cash Equivalents	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 4,620.25</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

<b>LIABILITIES AND NET POSITION</b>						
<b>LIABILITIES</b>						
Current Liabilities						
Accounts Payable	\$ 3,026.00	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Wages	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Grant Advance	-	-	-	-	-	-
Compensated Absences	-	-	-	4,695.92	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-
Total Current Liabilities	3,026.00	-	-	4,695.92	-	-
Noncurrent Liabilities						
Notes Payable	-	-	-	-	-	-
Capital Lease Payable	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>3,026.00</b>	<b>-</b>	<b>-</b>	<b>4,695.92</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>						
Investment in capital assets, net of related debt	-	-	-	-	-	-
Unrestricted	1,594.25	-	-	(4,695.92)	-	-
<b>TOTAL NET POSITION</b>	<b>1,594.25</b>	<b>-</b>	<b>-</b>	<b>(4,695.92)</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 4,620.25</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

**Schedule 1 (Continued)**

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas  
Combining Schedule of Net Position - Primary Institution  
June 30, 2015

	TALENT SEARCH GRANT	LABETTE COMMUNITY COLLEGE ACTIVITY	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
<b>ASSETS</b>					
Current Assets					
Cash and Cash Equivalents	\$ 447.23	\$ 39,854.86	\$ -	\$ 134,394.70	\$ 3,959,929.99
Receivables - Taxes in Process	-	-	-	-	264,503.61
Receivables - Federal	-	-	-	-	10,061.00
Receivables - Other Receivables	-	-	-	-	210,228.69
Inventories	-	-	-	-	413,437.40
Prepaid Expenses	-	-	-	-	114,629.64
Total Current Assets	447.23	39,854.86	-	134,394.70	4,972,790.33
Noncurrent Assets					
Cash and Cash Equivalents	-	-	-	-	130,792.23
Capital Assets	-	-	22,070,262.28	-	22,070,262.28
Accumulated Depreciation	-	-	(9,727,754.23)	-	(9,727,754.23)
Total Noncurrent Assets	-	-	12,342,508.05	-	12,473,300.28
<b>TOTAL ASSETS</b>	<b>\$ 447.23</b>	<b>\$ 39,854.86</b>	<b>\$ 12,342,508.05</b>	<b>\$ 134,394.70</b>	<b>\$ 17,446,090.61</b>
<b>LIABILITIES AND NET POSITION</b>					
<b>LIABILITIES</b>					
Current Liabilities					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ 440,502.28
Accrued Wages	-	-	-	-	277,498.86
Deferred Revenue	-	-	-	-	309,942.92
Grant Advance	447.23	-	-	-	447.23
Compensated Absences	-	-	-	-	269,749.71
Deposits Held in Custody for Others	-	-	-	134,394.70	134,394.70
Total Current Liabilities	447.23	-	-	134,394.70	1,432,535.70
Noncurrent Liabilities					
Notes Payable	-	-	151,737.50	-	151,737.50
Capital Lease Payable	-	-	1,118,890.04	-	1,118,890.04
Total Noncurrent Liabilities	-	-	1,270,627.54	-	1,270,627.54
<b>TOTAL LIABILITIES</b>	<b>447.23</b>	<b>-</b>	<b>1,270,627.54</b>	<b>134,394.70</b>	<b>2,703,163.24</b>
<b>NET POSITION</b>					
Investment in capital assets, net of related debt	-	-	11,071,880.51	-	11,071,880.51
Unrestricted	-	39,854.86	-	-	3,671,046.86
<b>TOTAL NET POSITION</b>	<b>-</b>	<b>39,854.86</b>	<b>11,071,880.51</b>	<b>-</b>	<b>14,742,927.37</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 447.23</b>	<b>\$ 39,854.86</b>	<b>\$ 12,342,508.05</b>	<b>\$ 134,394.70</b>	<b>\$ 17,446,090.61</b>

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution  
For the Year Ended June 30, 2015

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	AUXILIARY ENTERPRISE	UNEXPENDED (CAPITAL OUTLAY)
<b>REVENUES</b>					
Operating Revenues					
Student Tuition and Fees	\$ 1,336,202.27	\$ 783,940.97	-	-	\$ -
Federal Grants and Contracts	-	82,505.00	-	-	-
State Grants and Contracts	618,181.48	-	-	-	-
Sales and Services of					
Auxiliary Enterprises	-	-	-	584,177.63	-
Activity Fund Revenues	-	-	-	-	-
Miscellaneous Income	20,491.28	-	-	-	-
Total Operating Revenues	<u>1,974,875.03</u>	<u>866,445.97</u>	<u>-</u>	<u>584,177.63</u>	<u>-</u>
<b>EXPENSES</b>					
Operating Expenses					
Educational and General					
Instruction	1,824,713.29	1,525,404.38	48,182.00	-	-
Academic Support	332,210.30	272,666.58	-	-	-
Student Services	1,048,625.76	158,938.46	-	-	-
Institutional Support	3,265,115.88	1,250,213.19	-	-	-
Operation and Maintenance	768,988.84	244,915.22	-	-	1,322.25
Scholarships and Awards	-	-	-	-	-
Depreciation Expense	-	-	-	-	-
Auxiliary Enterprises	-	-	-	593,157.74	-
Total Operating Expenses	<u>7,239,654.07</u>	<u>3,452,137.83</u>	<u>48,182.00</u>	<u>593,157.74</u>	<u>1,322.25</u>
Operating Income (Loss)	<u>(5,264,779.04)</u>	<u>(2,585,691.86)</u>	<u>(48,182.00)</u>	<u>(8,980.11)</u>	<u>(1,322.25)</u>
Nonoperating Revenues (Expenses)					
State Appropriations	1,580,688.00	1,424,688.00	-	-	-
County Appropriations	5,110,666.69	-	58,255.82	-	-
Federal Pell Grants	-	-	-	-	-
Gifts and Contributions	14,350.00	-	-	-	132,114.48
Interest Income	6,950.25	-	-	-	-
Debt Service	(564,300.97)	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Operating Transfers	(1,192,016.63)	1,161,003.86	-	-	-
Increase (Decrease) in Net Position	(308,441.70)	-	10,073.82	(8,980.11)	130,792.23
Net Position - Beginning of Year	3,243,335.63	51,379.69	15,389.63	495,178.75	-
Net Position - End of Year	\$ 2,934,893.93	\$ 51,379.69	\$ 25,463.45	\$ 486,198.64	\$ 130,792.23

**Schedule 2 (Continued)**

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution  
For the Year Ended June 30, 2015

	FEDERAL PELL GRANTS	FEDERAL DIRECT LOANS	FEDERAL SEOG GRANTS	FEDERAL WORK STUDY	MISCELLANEOUS GRANTS
<b>REVENUES</b>					
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -
Student Tuition and Fees	-	-	-	-	-
Federal Grants and Contracts	-	1,635,374.00	23,308.00	28,881.00	-
State Grants and Contracts	-	-	-	-	28,650.00
Sales and Services of	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-
Activity Fund Revenues	-	-	-	-	-
Miscellaneous Income	-	-	-	-	7,232.93
Total Operating Revenues	-	1,635,374.00	23,308.00	28,881.00	35,882.93
<b>EXPENSES</b>					
Operating Expenses					
Educational and General					
Instruction	-	-	-	-	66,987.79
Academic Support	-	-	-	-	-
Student Services	-	-	-	-	-
Institutional Support	-	-	-	-	-
Operation and Maintenance	-	-	-	-	-
Scholarships and Awards	2,050,251.00	1,635,374.00	23,308.00	28,881.00	-
Depreciation Expense	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-
Total Operating Expenses	2,050,251.00	1,635,374.00	23,308.00	28,881.00	66,987.79
Operating Income (Loss)	(2,050,251.00)	-	-	-	(31,104.86)
<b>Nonoperating Revenues (Expenses)</b>					
State Appropriations	-	-	-	-	-
County Appropriations	-	-	-	-	-
Federal Pell Grants	2,050,250.57	-	-	-	-
Gifts and Contributions	-	-	-	-	-
Interest Income	-	-	-	-	-
Debt Service	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-
Operating Transfers	-	-	-	-	31,012.77
Increase (Decrease) in Net Position	(0.43)	-	-	-	(92.09)
Net Position - Beginning of Year	5,566.16	1,594.25	-	-	(4,603.83)
Net Position - End of Year	\$ 5,565.73	\$ 1,594.25	\$ -	\$ -	\$ (4,695.92)



**Schedule 2 (Continued)**

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution  
For the Year Ended June 30, 2015

	TITLE III GRANT	TRIO- STUDENT SUPPORT SERVICES GRANT	TALENT SEARCH GRANT	COMMUNITY COLLEGE ACTIVITY	INVESTMENT IN PLANT
<b>REVENUES</b>					
Operating Revenues	\$ -	\$ -	\$ -	-	\$ -
Student Tuition and Fees	255,254.18	301,078.99	225,709.76	-	-
Federal Grants and Contracts	-	-	-	-	-
State Grants and Contracts	-	-	-	-	-
Sales and Services of	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-
Activity Fund Revenues	-	-	-	86,025.70	-
Miscellaneous Income	-	-	-	-	-
Total Operating Revenues	255,254.18	301,078.99	225,709.76	86,025.70	-
<b>EXPENSES</b>					
Operating Expenses					
Educational and General					
Instruction	-	301,078.99	-	78,612.90	-
Academic Support	-	-	-	-	-
Student Services	255,254.18	-	-	-	(147,917.59)
Institutional Support	-	-	-	-	(384,110.30)
Operation and Maintenance	-	-	225,709.76	-	(19,972.98)
Scholarships and Awards	-	-	-	-	-
Depreciation Expense	-	-	-	-	769,741.35
Auxiliary Enterprises	-	-	-	-	(2,606.99)
Total Operating Expenses	255,254.18	301,078.99	225,709.76	78,612.90	215,133.49
Operating Income (Loss)	-	-	-	7,412.80	(215,133.49)
<b>Nonoperating Revenues (Expenses)</b>					
State Appropriations	-	-	-	-	-
County Appropriations	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-
Interest Income	-	-	-	-	-
Debt Service	-	-	-	-	532,749.46
Gain (Loss) on Sale of Assets	-	-	-	-	(54,592.10)
Operating Transfers	-	-	-	-	-
Increase (Decrease) in Net Position	-	-	-	7,412.80	263,023.87
Net Position - Beginning of Year	-	-	-	32,442.06	10,808,856.64
Net Position - End of Year	\$ -	\$ -	\$ -	\$ 39,854.86	\$ 11,071,880.51

Schedule 2 (Continued)

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution  
For the Year Ended June 30, 2015

	SUB-TOTAL PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
<b>REVENUES</b>			
Operating Revenues			
Student Tuition and Fees	\$ 2,120,143.24	\$ (888,314.50)	\$ 1,231,828.74
Federal Grants and Contracts	2,552,110.93	(1,635,374.00)	916,736.93
State Grants and Contracts	646,831.48	-	646,831.48
Sales and Services of			
Auxiliary Enterprises	584,177.63	-	584,177.63
Activity Fund Revenues	86,025.70	-	86,025.70
Miscellaneous Income	27,724.21	-	27,724.21
Total Operating Revenues	6,017,013.19	(2,523,688.50)	3,493,324.69
<b>EXPENSES</b>			
Operating Expenses			
Educational and General			
Instruction	3,844,979.35	-	3,844,979.35
Academic Support	604,876.88	-	604,876.88
Student Services	1,314,900.81	-	1,314,900.81
Institutional Support	4,131,218.77	-	4,131,218.77
Operation and Maintenance	1,220,963.09	-	1,220,963.09
Scholarships and Awards	3,737,814.00	(2,523,688.50)	1,214,125.50
Depreciation Expense	769,741.35	-	769,741.35
Auxiliary Enterprises	590,550.75	-	590,550.75
Total Operating Expenses	16,215,045.00	(2,523,688.50)	13,691,356.50
Operating Income (Loss)	(10,198,031.81)	-	(10,198,031.81)
Nonoperating Revenues (Expenses)			
State Appropriations	3,005,376.00	-	3,005,376.00
County Appropriations	5,168,922.51	-	5,168,922.51
Federal Pell Grants	2,050,250.57	-	2,050,250.57
Gifts and Contributions	146,464.48	-	146,464.48
Interest Income	6,950.25	-	6,950.25
Debt Service	(31,551.51)	-	(31,551.51)
Gain (Loss) on Sale of Assets	(54,592.10)	-	(54,592.10)
Operating Transfers	-	-	-
Increase (Decrease) in Net Position	93,788.39	-	93,788.39
Net Position - Beginning of Year	14,649,138.98	-	14,649,138.98
Net Position - End of Year	\$ 14,742,927.37	\$ -	\$ 14,742,927.37

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas

Schedule of Revenues, Expenditures, and  
Changes in Unencumbered Cash – Budget and Actual

For the Year Ended June 30, 2015

Schedules 3 to 7 are prepared in accordance with Kansas cash basis and budget laws (Regulatory Basis), which differs from generally accepted accounting principles (GAAP Basis). Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund in which the cash is transferred. Expenditures include cash disbursements, transfers, accounts payable and encumbrances – that is, commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Schedule of Revenues, Expenditures, and Changes  
in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

General Fund (Regulatory Basis)

For the Year Ended June 30, 2015

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
<b>REVENUES</b>						
Student Tuition and Fees						
Tuition	\$ 988,263.84	\$ 734,048.14	\$ 166,034.30	\$ 900,082.44	\$ 968,582.00	\$ (68,499.56)
Student Fees	514,297.68	602,154.13	-	602,154.13	1,279,800.00	(677,645.87)
Total Student Tuition and Fees	1,502,561.52	1,336,202.27	166,034.30	1,502,236.57	2,248,382.00	(746,145.43)
Federal Sources						
Federal Grants	3,305.00	-	-	-	-	-
State Sources						
State Operating Grant	1,612,947.00	1,580,688.00	-	1,580,688.00	1,612,947.00	(32,259.00)
Other State Sources	14,170.00	618,181.48	(604,293.48)	13,888.00	1,388.00	12,500.00
Total State Sources	1,627,117.00	2,198,869.48	(604,293.48)	1,594,576.00	1,614,335.00	(19,759.00)
Local Sources						
Ad Valorem Tax	4,112,503.75	4,234,324.31	-	4,234,324.31	4,725,697.00	(491,372.69)
Motor Vehicle Tax	681,230.54	701,380.78	-	701,380.78	633,176.00	68,204.78
Recreational Vehicle	6,133.31	6,439.96	-	6,439.96	6,315.00	124.96
Delinquent Tax	115,480.31	156,952.75	-	156,952.75	20,487.00	136,465.75
In Lieu of Tax	10,094.86	11,568.89	-	11,568.89	9,843.00	1,725.89
Total Local Sources	4,925,442.77	5,110,666.69	-	5,110,666.69	5,395,518.00	(284,851.31)
Other Sources						
Interest Income	132.46	6,950.25	-	6,950.25	7,200.00	(249.75)
Donations	-	14,350.00	14,350.00	-	97,241.00	(97,241.00)
Miscellaneous	5,376.45	20,491.28	-	20,491.28	-	20,491.28
Total Other Sources	5,508.91	41,791.53	(14,350.00)	27,441.53	104,441.00	(76,999.47)
<b>TOTAL REVENUES</b>	<b>8,063,935.20</b>	<b>8,687,529.97</b>	<b>(452,609.18)</b>	<b>8,234,920.79</b>	<b>9,362,676.00</b>	<b>(1,127,755.21)</b>

**Schedule 3 (Continued)**

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Schedule of Revenues, Expenditures, and Changes  
in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

General Fund (Regulatory Basis)

For the Year Ended June 30, 2015

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
<b>EXPENDITURES</b>						
Education and General						
Instruction	\$ 1,215,829.00	\$ 1,824,713.29	\$ -	\$ 1,824,713.29	\$ 2,892,880.00	\$ (1,068,166.71)
Academic Support	372,217.06	332,210.30	(1,327.54)	330,882.76	528,551.00	(197,668.24)
Student Services	1,022,882.10	1,048,625.76	16,017.39	1,064,643.15	1,269,566.00	(204,922.85)
Institutional Support	2,985,236.78	3,265,115.88	(600,559.22)	2,664,556.66	4,227,652.00	(1,563,095.34)
Operation and Maintenance	783,905.03	768,988.84	(222.97)	768,765.87	1,092,119.00	(323,353.13)
Debt Service						
Principal Payments	395,963.26	532,749.46	-	532,749.46	-	532,749.46
Interest Payments	37,472.56	31,551.51	-	31,551.51	-	31,551.51
Operating Transfers:						
Miscellaneous Grants	43,299.09	31,012.77	-	31,012.77	-	31,012.77
TRIO - Student Support						
Services Grant	109.72	-	-	-	-	-
Talent Search Grant	618.04	-	-	-	-	-
Unexpended (Capital Outlay) Fund	5,106.40	-	-	-	-	-
Postsecondary Technical						
Education Fund	1,160,985.17	1,161,003.86	-	1,161,003.86	-	1,161,003.86
<b>TOTAL EXPENDITURES</b>	<b>8,023,624.21</b>	<b>8,995,971.67</b>	<b>(586,092.34)</b>	<b>8,409,879.33</b>	<b>10,010,768.00</b>	<b>(1,600,888.67)</b>
Excess of Revenues Over (Under) Expenditures	40,310.99	(308,441.70)	133,483.16	(174,958.54)	(648,092.00)	473,133.46
Unencumbered Cash Beginning of Year	3,059,266.64	3,243,335.63	(143,758.00)	3,099,577.63	3,503,738.00	(404,160.37)
End of Year	\$ 3,099,577.63	\$ 2,934,893.93	\$ (10,274.84)	\$ 2,924,619.09	\$ 2,855,646.00	\$ 68,973.09

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Schedule of Revenues, Expenditures, and Changes  
in Unencumbered Cash - Budget and Actual  
Current Funds - Unrestricted

Postsecondary Technical Education Fund (Regulatory Basis)

For the Year Ended June 30, 2015

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Budget Basis	Current Year			Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	
<b>REVENUES</b>					
Student Tuition and Fees					
Tuition	\$ 499,101.87	\$ 448,472.00	\$ -	\$ 448,472.00	\$ 57,956.00
Student Fees	385,147.82	335,468.97	-	335,468.97	335,468.97
Federal Sources					
Federal Grants	71,671.00	82,505.00	-	82,505.00	(7,034.00)
State Sources					
State Operating Grant	1,323,500.00	1,424,688.00	-	1,424,688.00	295,511.00
Operating Transfers from General Fund	1,160,985.17	1,161,003.86	-	1,161,003.86	1,161,003.86
<b>TOTAL REVENUES</b>	<b>3,440,405.86</b>	<b>3,452,137.83</b>	<b>-</b>	<b>3,452,137.83</b>	<b>1,842,905.83</b>
<b>EXPENDITURES</b>					
Education and General					
Instruction	1,450,296.67	1,525,404.38	8,066.61	1,533,470.99	(3,163,318.01)
Academic Support	299,034.79	272,666.58	1,649.47	274,316.05	118,571.05
Student Services	168,545.45	158,938.46	-	158,938.46	158,938.46
Institutional Support	1,285,536.45	1,250,213.19	-	1,250,213.19	1,250,213.19
Operation and Maintenance	269,347.37	244,915.22	-	244,915.22	244,915.22
<b>TOTAL EXPENDITURES</b>	<b>3,472,760.73</b>	<b>3,452,137.83</b>	<b>9,716.08</b>	<b>3,461,853.91</b>	<b>(1,390,680.09)</b>
Excess of Revenues Over (Under) Expenditures	(32,354.87)	-	(9,716.08)	(9,716.08)	3,233,585.92
Unencumbered Cash Beginning of Year	117,948.85	51,379.69	34,214.29	85,593.98	(763,086.02)
End of Year	\$ 85,593.98	\$ 51,379.69	\$ 24,498.21	\$ 75,877.90	\$ 2,470,499.90

**Schedule 5**

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Schedule of Revenues, Expenditures, and Changes  
in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

Adult Education Fund (Regulatory Basis)

For the Year Ended June 30, 2015

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
<b>REVENUES</b>						
Local Sources						
Ad Valorem Tax	\$ 47,095.04	\$ 48,229.17	\$ -	\$ 48,229.17	\$ 53,938.00	\$ (5,708.83)
Motor Vehicle Tax	7,965.16	8,117.96	-	8,117.96	7,211.00	906.96
Recreational Vehicle	71.74	74.50	-	74.50	72.00	2.50
Delinquent Tax	991.22	1,702.00	-	1,702.00	232.00	1,470.00
In Lieu of Tax	16.28	132.19	-	132.19	112.00	20.19
Total Local Sources	56,139.44	58,255.82	-	58,255.82	61,565.00	(3,309.18)
<b>TOTAL REVENUES</b>	56,139.44	58,255.82	-	58,255.82	61,565.00	(3,309.18)
<b>EXPENDITURES</b>						
Education and General						
Instruction	48,182.00	48,182.00	-	48,182.00	60,370.00	(12,188.00)
<b>TOTAL EXPENDITURES</b>	48,182.00	48,182.00	-	48,182.00	60,370.00	(12,188.00)
Excess of Revenues Over (Under) Expenditures	7,957.44	10,073.82	-	10,073.82	1,195.00	8,878.82
Unencumbered Cash Beginning of Year	7,432.19	15,389.63	-	15,389.63	27,103.00	(11,713.37)
End of Year	\$ 15,389.63	\$ 25,463.45	\$ -	\$ 25,463.45	\$ 28,298.00	\$ (2,834.55)

**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Schedule of Revenues, Expenditures, and Changes  
in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

Auxiliary Enterprise Fund (Regulatory Basis)

For the Year Ended June 30, 2015

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
<b>REVENUES</b>						
Sales and Services of						
Auxiliary Enterprises	\$ 594,396.04	\$ 584,177.63	\$ 6,710.55	\$ 590,888.18	\$ 759,514.00	\$ (168,625.82)
Student Sources						
Other Student Fees	-	-	-	-	50,950.00	(50,950.00)
Other Revenue						
Miscellaneous	-	-	-	-	22,000.00	(22,000.00)
<b>TOTAL REVENUES</b>	<b>594,396.04</b>	<b>584,177.63</b>	<b>6,710.55</b>	<b>590,888.18</b>	<b>832,464.00</b>	<b>(241,575.82)</b>
<b>EXPENDITURES</b>						
Auxiliary Enterprise						
Salaries and Benefits	102,729.28	92,819.76	(595.38)	92,224.38	108,314.00	(16,089.62)
General Operating Expense	27,934.04	28,057.97	-	28,057.97	41,576.00	(13,518.03)
Supplies	14,472.83	13,647.66	-	13,647.66	16,700.00	(3,052.34)
Cost of Goods Sold	472,121.16	455,306.44	(18,788.31)	436,518.13	662,500.00	(225,981.87)
Equipment	4,712.31	3,325.91	-	3,325.91	370.00	2,955.91
<b>TOTAL EXPENDITURES</b>	<b>621,969.62</b>	<b>593,157.74</b>	<b>(19,383.69)</b>	<b>573,774.05</b>	<b>829,460.00</b>	<b>(255,685.95)</b>
Excess of Revenues Over (Under) Expenditures	(27,573.58)	(8,980.11)	26,094.24	17,114.13	3,004.00	(14,110.13)
Unencumbered Cash Beginning of Year	75,886.97	495,178.75	(446,865.36)	48,313.39	435,679.00	387,365.61
End of Year	\$ 48,313.39	\$ 486,198.64	\$ (420,771.12)	\$ 65,427.52	\$ 438,683.00	\$ 373,255.48



**LABETTE COMMUNITY COLLEGE**

Parsons, Kansas

Schedule of Revenues, Expenditures, and Changes  
in Unencumbered Cash - Budget and Actual

Plant Funds

Unexpended (Capital Outlay) Fund (Regulatory Basis)

For the Year Ended June 30, 2015

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2014)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
<b>REVENUES</b>						
Local Sources						
Donations	\$ 103,600.00	\$ 132,114.48	\$ -	\$ 132,114.48	\$ 1,322.00	\$ 130,792.48
Capital Lease Proceeds	880,850.83	-	-	-	-	-
Operating Transfers from General Fund	5,106.40	-	-	-	-	-
<b>TOTAL REVENUES</b>	989,557.23	132,114.48	-	132,114.48	1,322.00	130,792.48
<b>EXPENDITURES</b>						
Plant, Equipment and Facility Capital Outlay	989,557.65	1,322.25	-	1,322.25	1,322.00	0.25
<b>TOTAL EXPENDITURES</b>	989,557.65	1,322.25	-	1,322.25	1,322.00	0.25
Excess of Revenues and Transfers Over (Under) Expenditures	(0.42)	130,792.23	-	130,792.23	-	130,792.23
Unencumbered Cash Beginning of Year	0.42	-	-	-	-	-
<b>End of Year</b>	\$ -	\$ 130,792.23	\$ -	\$ 130,792.23	\$ -	\$ 130,792.23

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas  
Schedule of Changes in Assets and Liabilities  
All Agency Funds - Primary Institution  
For the Year Ended June 30, 2015

ACCOUNT NAME	Primary Institution			BALANCE JUNE 30, 2015
	BALANCE JUNE 30, 2014	ADDITIONS	DEDUCTIONS	
<b>AGENCY FUND</b>				
School Projects Accounts				
Akccop	\$ 1,490.94	\$ -	\$ -	\$ 1,490.94
Athletic Director	1,348.90	10,401.91	10,793.07	957.74
Athletic Trainer	131.06	-	-	131.06
Chemistry Workbooks	966.36	-	1,000.00	(33.64)
Community Band & Orchestra	7,995.17	9,515.00	9,272.62	8,237.55
Computer Purchases	265.17	-	-	265.17
Concessions	4,856.29	2,707.18	4,289.30	3,274.17
Continuing Education Works	9,973.27	3,883.50	4,437.84	9,418.93
Cookbook	669.57	25.00	550.00	144.57
Educational Support Staff	447.64	1,015.74	615.08	848.30
Financial Aid	3,519.83	3,094.00	2,600.31	4,013.52
Gate Receipts	4,524.57	6,028.50	8,281.37	2,271.70
Library	2,827.32	6,041.16	4,766.36	4,102.12
Math Day	390.31	-	-	390.31
Non-Credit Workshops	7,405.38	-	3,260.11	4,145.27
Nursing Academics	13,265.00	7,154.15	10,891.94	9,527.21
Professional Staff	591.19	-	-	591.19
Seminar Account	6,324.31	2,673.00	1,543.02	7,454.29
Theatre	329.99	-	-	329.99
Education To Go	2,469.45	1,464.00	874.25	3,059.20
Child Care Provider	10,256.05	5,550.01	2,986.57	12,819.49
Christmas Baskets	-	568.89	374.97	193.92
Food Bank	-	166.40	-	166.40
Scholarships	8,517.95	764,570.58	773,088.53	-
<b>Total School Projects</b>	<b>\$ 88,565.72</b>	<b>\$ 824,859.02</b>	<b>\$ 839,625.34</b>	<b>\$ 73,799.40</b>
Student Organization Accounts				
Baseball	\$ 2,794.47	\$ 16,365.00	\$ 17,747.71	\$ 1,411.76
Biology Clun	262.05	-	-	262.05
Campus Activity	3,525.87	28,663.44	30,291.26	1,898.05
Criminal Justice	2,056.69	1,115.00	-	3,171.69
Graphic Design	1,975.52	127.56	1,041.76	1,061.32
Men's Basketball	1,108.50	1,070.00	2,162.75	15.75
English Club	264.17	-	219.20	44.97
Music Club	2,036.00	975.00	854.36	2,156.64
Phi Theta Lambda	9,096.44	8,988.46	7,154.82	10,930.08
Phi Theta Kappa	876.82	21,531.25	20,874.10	1,533.97
Radiography Club	8,028.94	14,776.50	12,434.85	10,370.59
Recording Arts Technology	16.31	-	-	16.31
Respiratory Care	1,698.22	7,741.50	7,450.56	1,989.16
SGA	6,070.86	1,855.48	2,357.44	5,568.90

**LABETTE COMMUNITY COLLEGE**  
 Parsons, Kansas  
 Schedule of Changes in Assets and Liabilities  
 All Agency Funds - Primary Institution  
 For the Year Ended June 30, 2015

ACCOUNT NAME	Primary Institution			BALANCE JUNE 30, 2015
	BALANCE JUNE 30, 2014	ADDITIONS	DEDUCTIONS	
AGENCY FUND (Continued)				
Student Organization Accounts (Continued)				
Skills USA	\$ 8.96	\$ -	\$ 8.96	\$ -
Spirit Squad	1,698.89	230.00	381.96	1,546.93
Student Ambassadors	129.81	-	78.72	51.09
Student Nurses	1,184.91	2,532.52	2,926.41	791.02
Volleyball	660.58	2,651.00	2,104.27	1,207.31
Women's Basketball	2,177.24	7,707.00	6,898.98	2,985.26
Women's Softball	1,051.55	19,765.06	20,816.61	-
Wrestling	4,275.00	13,772.60	17,392.31	655.29
Debate/Forensics	78.00	737.57	737.57	78.00
Radiography Fees and Testing	12,434.04	5,095.00	6,182.08	11,346.96
Cardinal Fedoras	3.72	-	3.72	-
Kansas Regional PTK Alumni	1,219.73	1,249.25	1,649.71	819.27
Sonography	188.20	4,409.00	4,338.79	258.41
Dental Assisting	395.15	633.00	603.63	424.52
Total Student Organizations	\$ 65,316.64	\$ 161,991.19	\$ 166,712.53	\$ 60,595.30
Total Agency Funds	\$ 153,882.36	\$ 986,850.21	\$ 1,006,337.87	\$ 134,394.70
Assets				
Cash and Investments	\$ 153,882.36	\$ 986,850.21	\$ 1,006,337.87	\$ 134,394.70
Total Assets	\$ 153,882.36	\$ 986,850.21	\$ 1,006,337.87	\$ 134,394.70
Liabilities				
Deposits Held For Others	\$ 153,882.36	\$ 986,850.21	\$ 1,006,337.87	\$ 134,394.70
Total Liabilities	\$ 153,882.36	\$ 986,850.21	\$ 1,006,337.87	\$ 134,394.70

**LABETTE COMMUNITY COLLEGE  
PARSONS, KANSAS**

**FEDERAL COMPLIANCE SECTION**

For the Year Ended June 30, 2015

EIN NUMBER: 48-0698218  
OPE ID NUMBER: 00193000  
DUNS NUMBER: 083119693

COMPLIANCE ATTESTATION EXAMINATION  
INCLUDING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

PARSONS, KANSAS

FEDERAL PELL GRANT PROGRAM (PELL) (84.063)  
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (FSEOG) (84.007)  
FEDERAL WORK-STUDY PROGRAM (FWS) (84.033)  
FEDERAL DIRECT STUDENT LOANS (DIRECT LOAN) (84.268)  
TRIO – TALENT SEARCH (TRIO – TALENT SEARCH) (84.044(a))  
TRIO – STUDENT SUPPORT SERVICES (TRIO – SSS) (84.042(a))

**AUDITOR INFORMATION SHEET**

**LABETTE COMMUNITY COLLEGE**

200 S. 14<sup>TH</sup> SREET  
PARSONS, KANSAS 67357

EIN NUMBER: 48-0698218  
OPE ID NUMBER: 00193000  
DUNS NUMBER: 083119693

TELEPHONE: (620) 421-6700  
FAX: (620) 421-0180

PRESIDENT: Dr. George C. Knox  
CONTACT PERSON & TITLE: Leanna Doherty, Vice President of Finance and Operations

LEAD AUDITOR: Neil L. Phillips, CPA  
EMAIL ADDRESS: [nphillips@jgppa.com](mailto:nphillips@jgppa.com)  
LICENSE NUMBER & HOME STATE: 651 KS  
FIRM'S NAME & ADDRESS: JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants  
1815 S. Santa Fe  
P.O. Box 779  
Chanute, Kansas 66720  
FIRM'S FEDERAL ID NUMBER: 20-3906022  
TELEPHONE: (620) 431-6342  
FAX: (620) 431-0724

PROGRAMS EXAMINED:	PELL	84.063
	FSEOG	84.007
	FWS	84.033
	FDL	84.268
	TRIO - SSS	84.042(a)
	TRIO - Talent Search	84.044(a)

For the Award Year that ended during the institution's fiscal year, the percentage of:

Correspondence or telecommunication courses to total courses	NONE
Regular students enrolled in correspondence courses	NONE
Regular students that are incarcerated	NONE
Regular students enrolled based on ability to benefit	NONE
For short term programs—	
Completion	N/A
Placement	N/A

The campuses/locations considered as part of this entity and covered or excluded by this examination are:

ALL LOCATIONS	> 50% OF PROGRAM OFFERED @ SITE	LOCATION ON ELIGIBILITY LETTER	NOTICE TO ED PRIOR TO OFFERING INSTRUCTION	DATE OPENED	DATE CLOSED	DATE OF CPA'S LAST VISIT	EXCLUSION REASON
Parsons	Yes	Yes	Yes	1966	N/A	2015	N/A
Pittsburg	Yes	Yes	Yes	2008	N/A	2015	N/A

Institution's Primary Accrediting Organization: North Central Association of Colleges and Schools

The College does not use a servicer.

Records for the accounting and administration of the SFA Programs are located at:

LABETTE COMMUNITY COLLEGE  
 200 S. 14<sup>TH</sup> STREET  
 PARSONS, KANSAS 67357

For Close-Out Examination only: N/A

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2015

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION</b>			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education			
Opportunity Grants	84.007	N/A	\$ 23,308.00
Federal Direct Loan Program	84.268	N/A	1,635,374.00
Federal Work-Study Program	84.033	N/A	28,881.00
Federal Pell Grant Program	84.063	N/A	2,050,250.57
Federal Pell Grant Program - Admin	84.063	N/A	3,035.00
		Total 84.063	<u>2,053,285.57</u>
Total Student Financial Aid Cluster		(M)	<u>3,740,848.57</u>
Higher Education Institutional Aid	84.031(a)	N/A	255,254.18
TRIO Cluster			
TRIO - Student Support Services	84.042(a)	N/A	301,078.99
TRIO - Talent Search	84.044(a)	N/A	225,709.76
Total TRIO Cluster		(M)	<u>526,788.75</u>
Passed through the Kansas Board of Regents:			
Carl Perkins Vocational Education Grants:			
Post Secondary Improvements	84.048	2015 Carl Perkins	<u>82,505.00</u>
Total U.S. Department of Education			<u>4,605,396.50</u>
FEDERAL ASSISTANCE TOTALS			<u>\$ 4,605,396.50</u>

This schedule has been prepared in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned. Expenditures are recorded when goods or services are received.

(M) Major Programs

**JARRED, GILMORE & PHILLIPS, PA**  
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**

Board of Trustees  
Labette Community College  
Parsons, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Labette Community College, as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Labette Community College's basic financial statements, and have issued our report thereon dated December 15, 2015.

**Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Labette 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 Labette Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Labette 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 College'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 the Labette Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.



**Purpose of this Report**

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
December 15, 2015

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees  
Labette Community College  
Parsons, Kansas

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

We have audited Labette 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 Labette Community College's major federal programs for the year ended June 30, 2015. Labette 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 Labette 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 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 Labette 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 Labette Community College's compliance.

***Opinion on Each Major Federal Program***

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

**Report on Internal Control over Compliance**

Management of Labette 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 Labette 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 Labette 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.

**Purpose of this Report**

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.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
December 15, 2015

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2015

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

The auditors' report expresses an unmodified opinion on the basic financial statements of Labette Community College.

**Internal Control over Financial Reporting:**

Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None Reported
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	_____ <u>X</u> _____	No

**Federal Awards:**

Internal control over major programs:				
Material weakness(es) identified?	_____	Yes	_____ <u>X</u> _____	No
Significant deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None Reported

The auditors' report on compliance for the major federal award programs for Labette Community College expresses an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____	Yes	_____ <u>X</u> _____	No
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Identification of major programs:

**U.S. DEPARTMENT OF EDUCATION**

- Student Financial Aid Cluster
  - Federal Pell Grant Program – CFDA No. 84.063
  - Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
  - Federal Work-Study Program – CFDA No. 84.033
  - Federal Direct Student Loan Program – CFDA No. 84.268
- TRIO Cluster
  - TRIO – Student Support Services – CFDA No. 84.042(a)
  - TRIO – Talent Search – CFDA No. 84.044(a)

The threshold for distinguishing Types A and B programs was \$300,000.00.

Auditee qualified as a low risk auditee?	_____ <u>X</u> _____	Yes	_____	No
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**II. FINANCIAL STATEMENT FINDINGS**

NONE

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

NONE

**LABETTE COMMUNITY COLLEGE**  
Parsons, Kansas

Schedule of Resolution of Prior Year's Audit Findings and Questioned Costs  
For the Year Ended June 30, 2015

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None