INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas

Independent Auditors' Report and
Financial Statements with
Supplementary Information

For the Year Ended June 30, 2016

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

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INDEPENDENCE COMMUNITY COLLEGE

Management's Discussion and Analysis

Introduction:

The following discussion and analysis of the financial performance and activity of Independence 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, 2016, with selected comparative information for the year ended June 30, 2015. 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 Independence Community College Foundation and is available for review at 111 W Myrtle, Independence, KS 67301.

Overview of the Financial Statements and Financial Analysis

The discussion and analysis of Independence Community College's (ICC) financial statements focuses on the college as a whole and provides an overview of the college's financial activities for the year ended June 30, 2016 with selected comparative information of the prior year ended June 30, 2015. The emphasis of discussion about these statements is on audit year data, and based on the known facts. It is easier to understand this discussion when read along with the college's basic financial statements, the footnotes to those statements and the Schedules provided by the auditors.

ICC is required to present annual financial statements in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB) the authoritative body for establishing generally accepted accounting principles for state and local governments, including public institutions of higher education in the United States. These pronouncements permit public colleges like ICC to use the guidance for special purpose governments engaged only in business-type activities in their separately issued financial statements. As a result, the presentation format was shifted from a columnar fund group format to a consolidated, single-column, entity-wide format. This format is similar to the type of financial statements issued by a typical business enterprise or a not-for-profit organization.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of the college as of the end of the fiscal year. Net Position is an accounting concept defined as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

From the data presented, readers of the Statement of Net Position may determine the assets available to operate the college. They also may determine how much the institution owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the financial resources and their availability for expenditure by the institution.

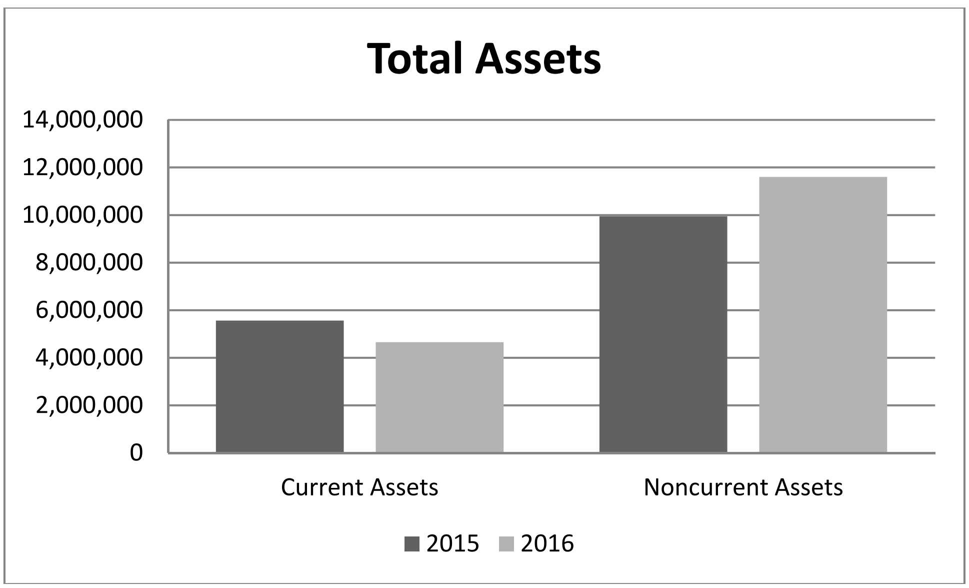
Total Assets have two main categories: "Current" and "Noncurrent Assets." Current Assets provide a view of the how much is owed to the college (receivables), cash and bookstore inventory (items for sale). Noncurrent Assets is made up primarily of the college's other physical assets – buildings, land, etc.

Total Liabilities have two main categories: "Current" and "Noncurrent Liabilities." Current Liabilities provide a view of how much the college owes (payables), interest, vacation, deferred revenue and deposits held in custody for others. Noncurrent Liabilities provide a view of notes and capital leases payable.

Analysis of Total Assets, Total Liabilities and Net Position

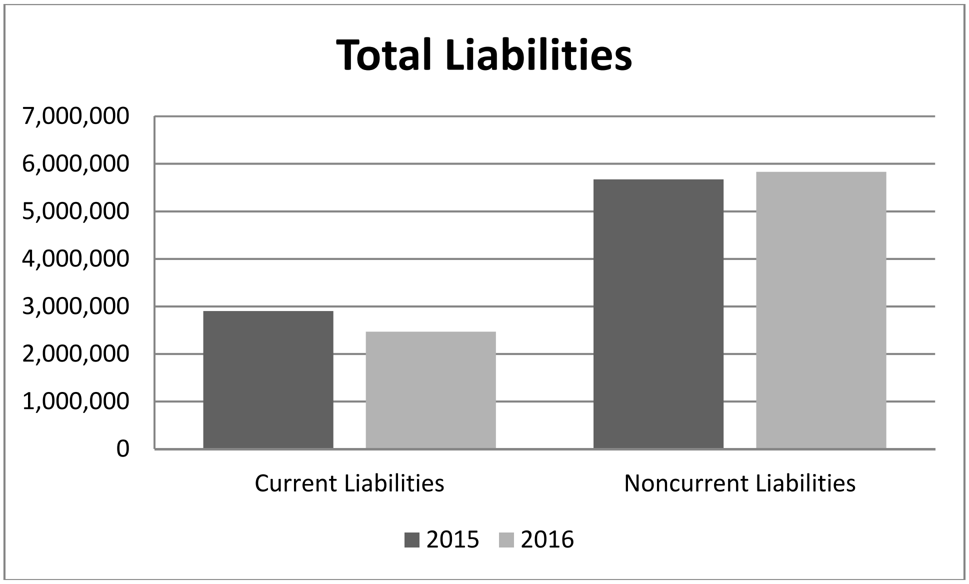
Total Assets

For the year ended June 30, 2016, total assets increased by $747,021 (4.6%) over the previous fiscal year. The change in total assets came from a decrease in Current Assets of $908,167 and a increase in noncurrent assets of $1,655,188.



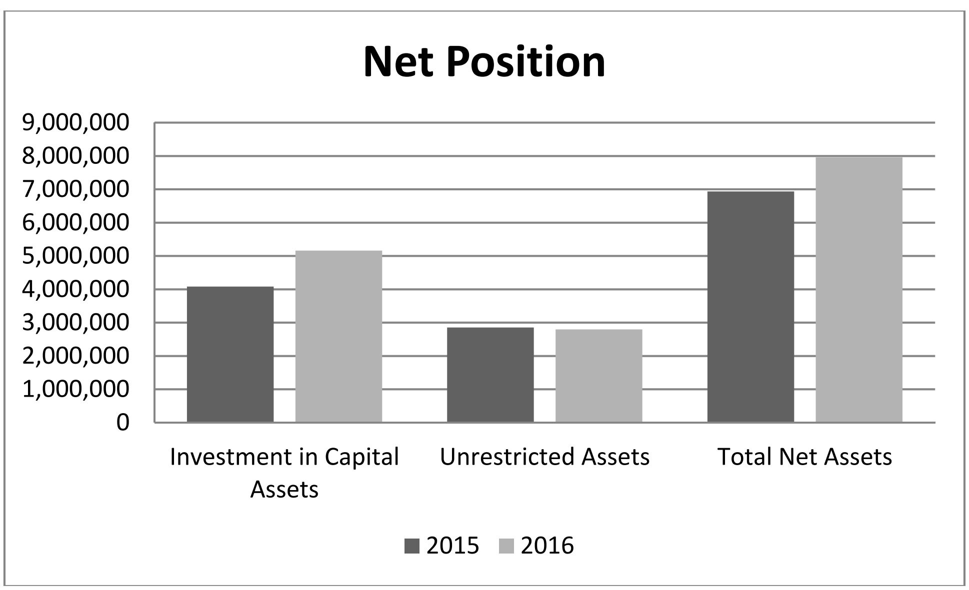
Total Liabilities

For the year ended June 30, 2016, total liabilities decreased by $276,165 (-3.33%) over the previous fiscal year. This decrease was primarily in Current Liabilities where Deposits Held in Custody for Others. The category of Accrued Vacation was removed from Current Liabilities and added to Noncurrent Liabilities.



Net Position

For the year ended June 30, 2016, total net position increased by $1,023,186 (12.86%) over the previous fiscal year. Increases were in Investment in Capital Assets, Net of Related Debt due to investment in Capital Assets.



Statement of Revenues, Expenses and Changes is Net Position

The Statement of Revenues, Expenses and Changes in Net Position reflects the results of operations and other changes for the fiscal year. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains or losses received or spent by the institution. Changes in total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position.

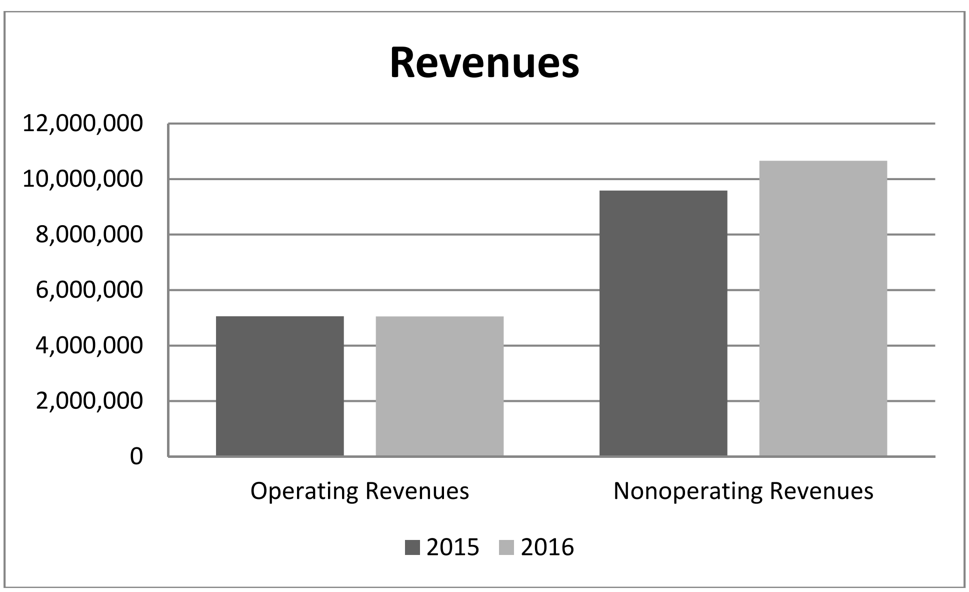
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods or services for those revenues.

Analysis of Revenues and Expenses

Revenues

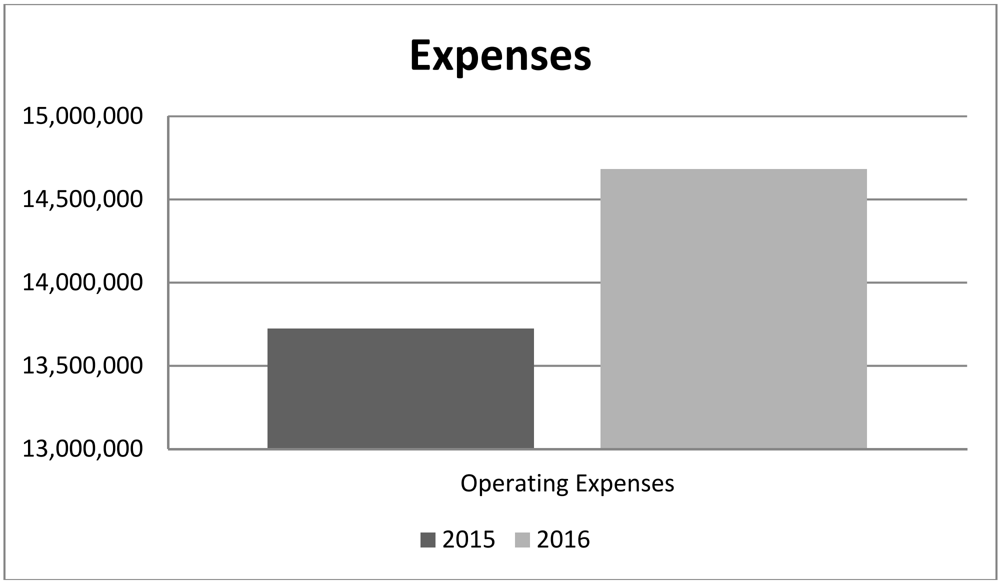
For the year ended June 30, 2016, total revenue in comparison with the 2014-15 fiscal year increased by $1,083,126 (6.9%) because of the following:

- Operating revenues decreased by $979 (-0.02%), primarily from decreases in Activity Fund Revenues
- Non-operating revenues increased by $1,084,105 (10.17%). The change is mostly attributable to increase in Federal Pell Grants, Gifts and Contributions, and Agency Fund Technology Fees.



Expenses

Total operating expenses increased $959,762 (6.54%) for fiscal year 2015-16. These increases are attributable to Instructional Expenses, Academic Support, Public Service, Operation & Maintenance, and Scholarships and Awards.



Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the institution during the fiscal year for the general fund. The statement is divided into five parts:

1) Operating Activities-This section deals with operating cash flows and shows the net cash used by the operating activities of the institution.

2) Non-capital Investing Activities-This section shows the cash received and spent for nonoperating, noninvesting and noncapital financing purposes.

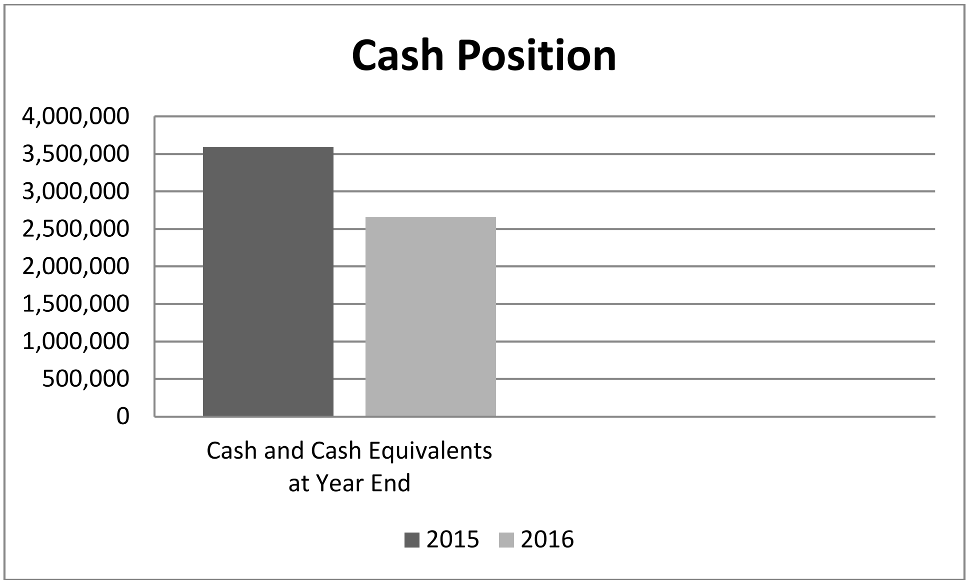
3) Capital Investing Activities-This section deals with the cash used for the acquisition and construction of capital assets and related items.

4) Financing Activities-This section shows the interest paid on debts and leases.

5) Reconciliation of income/loss to net cash used by operating activities-The final section reconciles the net cash used in relation to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

The Statement of Cash Flows indicates that, when balancing cash received against cash used in operations of the college, its cash and cash equivalents decreased $1,118,830

Comparative Cash Position at Year End



Economic Outlook

During the 2015-16 fiscal year, Independence Community College experienced an increase in enrollment. The enrollment growth was a result of new markets, increases in concurrent enrollment, and out-of-state enrollments.

ICC had developed a specific, targeted enrollment plan that outlined changes that could be made regardless of external factors. Targeted recruiting included athletic enrollment, online enrollment, concurrent enrollment, and retention. These plans are still in place and are showing a positive outcome with a slight growth in enrollment for the 2015-16 fiscal year.

In Fall 2015 ICC received full accreditation for online programs, which will allow for increased course offerings and full online programs offerings. Continued growth in online courses being offered is occurring and new programs are being added.

During Fall 2016, ICC experienced an increase in headcount and FTE enrollment. Enrollment increases occurred in targeted programs, such as music, theatre, cosmetology, and online.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Independence Community College
Independence, Kansas

Report on the Financial Statements
We have audited the accompanying financial statements of Independence Community College, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Independence Community 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 the 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 auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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 Independence Community College, as of June 30, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-vi 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 Independence Community College's basic financial statements. The supplementary information, as listed in the table of content as pages 27 to 40, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal award 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, 2015 actual column presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget (Schedules 3 to 8 as listed in the table of contents) is also presented for comparative analysis and is not a required part of the June 30, 2016 basic financial statement upon which we rendered an unmodified opinion dated March 28, 2016. The June 30, 2015 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://admin.ks.gov/offices/chief-financial-officer/municipal-services. Such June 30, 2015 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 June 30, 2015 basic financial statement. The June 30, 2015 comparative information was subjected to the auditing procedures applied in the audit of the June 30, 2015 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 June 30, 2015 basic financial statement or to the June 30, 2015 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 June 30, 2015 comparative information is fairly stated in all material respects in relation to the June 30, 2015 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 March 13, 2017, on our consideration of Independence 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 Independence Community College's internal control over financial reporting and compliance.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
March 13, 2017

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Statement of Net Position
June 30, 2016

	Primary Institution	Component Unit - Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 2,465,904.02	$ 146,881.99
Investments	-	3,994,658.12
Receivables, Net	1,687,581.23	-
Prepaid Expenses	6,949.42	-
Bookstore Inventory	492,083.66	-
Total Current Assets	4,652,518.33	4,141,540.11
Noncurrent Assets		
Cash and Cash Equivalents	193,534.28	-
Investments	384,817.93	-
Receivables, Net	11,200.00	-
Bond Issuance Costs, Net	178,435.21	-
Capital Assets, Net	10,831,282.23	-
Total Noncurrent Assets	11,599,269.65	-
TOTAL ASSETS	$ 16,251,787.98	$ 4,141,540.11
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 287,503.12	$ 3,871.99
Accrued Interest	23,052.07	-
Deferred Revenue	222,793.12	-
Deposits Held in Custody for Others	1,934,660.80	-
Total Current Liabilities	2,468,009.11	3,871.99
Noncurrent Liabilities		
Accrued Vacation	135,801.60	-
Bond Premium	20,717.66	-
Notes Payable	187,500.00	-
Capital Leases Payable	5,485,000.00	-
Total Noncurrent Liabilities	5,829,019.26	-
TOTAL LIABILITIES	8,297,028.37	3,871.99
NET POSITION		
Net Position		
Investment in Capital Assets, Net of Related Debt	5,158,782.23	-
Restricted Net Position - Expendable	-	2,763,575.45
Restricted Net Position - Nonexpendable	-	590,780.47
Unrestricted	2,795,977.38	783,312.20
TOTAL NET POSITION	7,954,759.61	4,137,668.12
TOTAL LIABILITIES AND NET POSITION	$ 16,251,787.98	$ 4,141,540.11

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

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	Primary Institution	Component Unit - Foundation
REVENUES		
Operating Revenues		
Student Tuition and Fees,		
(net of scholarship allowances of $1,090,250.92)	$ 1,413,247.91	$ -
Federal Grants and Contracts	627,079.09	-
State Grants and Contracts	525,768.86	-
Sales and Services of Auxiliary Enterprises		
(net of scholarship allowances of $626,691.98)	1,055,289.95	-
Activity Fund Revenues	128,016.04	-
Miscellaneous Income	1,301,117.23	-
Total Operating Revenues	5,050,519.08	-
EXPENSES		
Operating Expenses		
Educational and General		
Instruction	3,772,667.76	-
Academic Support	1,182,108.49	-
Public Service	228,250.11	-
Student Services	1,806,858.71	-
Institutional Support	2,632,087.15	339,396.15
Operation and Maintenance	1,249,264.85	-
Scholarships and Awards	1,531,045.01	101,961.08
Fundraising	-	23,045.82
Auxiliary Enterprises	1,636,143.59	-
Depreciation Expense	644,758.66	-
Total Operating Expenses	14,683,184.33	464,403.05
Operating Income (Loss)	(9,632,665.25)	(464,403.05)
Nonoperating Revenues (Expenses)		
State Appropriations	1,988,188.00	-
County Appropriations	5,964,984.12	-
Federal Pell Grants	1,919,001.90	-
Gifts and Contributions	272,160.00	143,537.56
Agency Fund Technology Fees	726,000.00	-
Investment Income	15,084.18	105,239.14
Unrealized Gains (Losses) on Investments Held	-	(144,270.83)
Realized Gains (Losses) on Investments Held	-	57,106.27
Debt Service	(229,567.11)	-
Net Nonoperating Revenues (Expenses)	10,655,851.09	161,612.14
Increase (Decrease) in Net Position	1,023,185.84	(302,790.91)
Net Position - Beginning of Period	6,931,573.77	4,440,459.03
Net Position - End of Year	$ 7,954,759.61	$ 4,137,668.12

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

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Statement of Cash Flows
For the Year Ended June 30, 2016

	Primary Institution	Component Unit - Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	$ 1,104,953.40	$ -
Federal Grants and Contracts	627,079.09	-
State Grants and Contracts	525,768.86	-
Sales and Services of Auxiliary Enterprises	1,055,289.95	-
Activity Fund Revenues	128,016.04	-
Miscellaneous Income	1,330,497.35	-
Payments on Behalf of Employees	(7,684,356.34)	-
Payments for Supplies and Materials	(299,128.69)	-
Payments for Other Expenses	(6,336,064.31)	(462,438.93)
Net cash provided by (used in) operating activities	(9,547,944.65)	(462,438.93)
CASH FLOWS FROM NON-CAPITAL INVESTING ACTIVITIES		
State Appropriations	1,988,188.00	-
County Appropriations	5,964,984.12	-
Federal Pell Grants	1,919,001.90	-
Federal Direct Loans	805,923.00	-
Federal Direct Loans Payments	(805,923.00)	-
Agency Fund Technology Fees	726,000.00	-
Gifts and Contributions	72,160.00	145,377.56
Interest Earned on Investments	15,084.18	105,239.14
Net cash provided by (used in) non-capital investing activities	10,685,418.20	250,616.70
CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES		
Payments for Purchase of Capital Assets	(1,810,575.55)	-
Proceeds from the Sales and Maturities of Investments	710,341.58	1,283,420.71
Purchase of Investments	(1,036,327.92)	(1,167,235.34)
Net cash provided by (used in) capital investing activities	(2,136,561.89)	116,185.37
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest Paid on Long Term Debt	(206,417.09)	-
Proceeds from the Issuance of Debt	955,000.00	-
Proceeds from Bond Premiums	25,275.97	
Payments for Bond Issuance Costs	(26,101.00)	
Principal Payments on Long Term Debt	(867,500.00)	-
Net cash provided by (used in) financing activities	(119,742.12)	-
Net Increase (Decrease) in Cash and Cash Equivalents	(1,118,830.46)	(95,636.86)
Cash and Cash Equivalents, Beginning of Year	3,778,268.76	242,518.85
Cash and Cash Equivalents, End of Year	$ 2,659,438.30	$ 146,881.99

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

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Statement of Cash Flows
For the Year Ended June 30, 2016

	Primary Institution	Component Unit - Foundation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (9,632,665.25)	$ (464,403.05)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:		
Depreciation	644,758.66	-
Non-cash Donations	200,000.00	4,800.00
(Increase) Decrease in Receivables	(308,294.51)	-
(Increase) Decrease in Prepaid Expenses	1,496.66	-
(Increase) Decrease in Inventory	(68,511.44)	-
Increase (Decrease) in Accounts Payable	(17,718.07)	(2,835.88)
Increase (Decrease) in Accrued Vacation	49,825.76	-
Increase (Decrease) in Deferred Revenue	29,380.12	-
Increase (Decrease) in Deposits Held for Others	(446,216.58)	-
Net cash provided by (used in) operating activities	$ (9,547,944.65)	$ (462,438.93)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents classified as current assets	$ 2,465,904.02	146,881.99
Cash and Cash Equivalents classified as non-current assets	193,534.28	-
Total Cash and Cash Equivalents	$ 2,659,438.30	$ 146,881.99

Supplementary Information

	Primary Institution	Component Unit - Foundation
Cash Paid During the Period for		
Interest Expense	$ 206,763.62	$ -
Non-Cash Donations		
ICC Project Support	$ 200,000.00	$ -
Management and General	-	4,800.00

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

1. NATURE OF ACTIVITIES

The financial statements of Independence Community College, Independence, 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, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, consists 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 Independence Community College Foundation. 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 Independence Community College Foundation 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 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 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.

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.

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

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 position assets.

Inventories
Inventories consist of books and supplies held for resale and rental in the bookstore and are valued at lower of cost or fair value, 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.

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 $5,000.00 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 and Additions	15 to 35 Years
Machinery and Equipment	3 to 7 Years

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 2015 are recorded as taxes receivable. Approximately 2% to 6% of these taxes are normally distributed after June 30, 2016, 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.

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

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 is 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 consists of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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.

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

Classification of Revenues (Continued)

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.

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 the State of Kansas will fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State.

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.

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). Although directory rather than mandatory, 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.

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

Budgetary Information

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.

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

A legal operating budget is not required for Current Funds - Restricted and Agency Funds.

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

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

Compliance with Kansas Statutes

Supplementary Schedules 3 to 8 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Schedules 3 to 8, the College was in apparent compliance with Kansas cash basis, however, the College has obligated expenditures in excess of budgetary limits in the Auxiliary Enterprises Fund in apparent violation of KSA 79-2934.

4. **DEPOSITS AND INVESTMENTS**

Primary Institution:

As of year-end, the College has the following investments.

Investment Type	Fair Value	Rating
Security Bank of Kansas City		
Federated Government Obligations	$ 325,986.34	N/A
Commerce Bank		
Financial Square Trust Government Fund	58,831.59	N/A

Both trust companies listed above consider the funds as cash and cash equivalents, therefore, there are no maturity dates.

4. DEPOSITS AND INVESTMENTS (Continued)

Primary Institution (Continued):
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, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The College has no other policies that would further limit interest rate risk.

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

Concentration of credit risk. State statutes place no limit on the amount the 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, 2016.

At year-end, the College's carrying amount of the deposits was $2,655,938.30 and the bank balance was $2,967,280.18. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, $380,760.23 was covered by FDIC insurance, $2,586,519.95 was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name.

Component Unit:
Custodial credit risk – deposits. At year-end, the Foundation's carrying amount of the deposits including certificates of deposit was $146,881.99 and the bank balance was $152,852.57. The bank balance was held by one bank and one investment company resulting in a concentration of credit risk. Of the bank balance, $152,852.57 was covered by FDIC insurance.

Investments are made under the direction of the Board of Directors with no limitation by statue. 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, 2016, are comprised of the following:

Investment	Cost	Fair Value	Rating
Mutual Funds	$ 842,174.32	$ 1,128,212.89	Various
Common Stock	680,431.96	1,090,602.59	Various
Government Bonds	24,910.16	25,150.00	Various
Fixed Income Securities	1,784,471.16	1,750,692.64	Various
	$ 3,331,987.60	$ 3,994,658.12	

5. RECEIVABLES, NET

Primary Institution:
Receivables at June 30, 2016, consisted of the following:

Current	
Federal Grants – PELL	$ 103,853.83
Federal Grants – Work-Study	8,479.04
Federal Grants – Direct Loans	60,696.00
Federal Grants – UPWARD Bound	43,826.23
Federal Grants – TRIO SSS	23,684.93
Taxes in Progress	209,996.00
Student Accounts	994,835.96
Overpaid Payroll Taxes	242,209.24
Total Current	1,687,581.23
Noncurrent	
Taxes in Progress	11,200.00
Total Noncurrent	11,200.00
Total Receivables	$1,698,781.23

The College uses the allowance method to account for uncollectible receivables. Receivables are presented net of an allowance for uncollectible accounts of $1,566,248.15 at June 30, 2016.

6. BOOKSTORE INVENTORY

Primary Institution:
Bookstore inventory consisted of the following at June 30, 2016:

Book Store Inventory	
New Text Books	$ 405,172.02
Clothing	30,371.93
Used Books	2,581.34
Supplies	21,333.73
Other	32,624.64
Total Bookstore Inventory	$ 492,083.66

7. CAPITAL ASSETS, NET

Primary Institution:
Following are the changes in capital assets for the year ended June 30, 2016:

	Balance 6/30/2015	Additions	Transfers	Balance 6/30/2016
Capital Assets Not Being Depreciated				
Land	$ 35,000.00	$ 19,728.70	$ -	$ 54,728.70
Construction in Progress	-	-	-	-
Sub-Total	35,000.00	19,728.70	-	54,728.70
Other Capital Assets				
Buildings and Improvements	7,733,982.95	798,789.84	-	8,532,772.79
Buildings and Improvements Under Capital Lease	8,424,611.95	-	-	8,424,611.95
Equipment	675,974.53	279,653.57	-	955,628.10
IT Equipment Under Capital Lease	-	712,403.44	-	712,403.44
Vehicles	79,062.00	-	-	79,062.00
Sub-Total	16,913,631.43	1,790,846.85	-	18,704,478.28
Total Capital Assets	16,948,631.43	1,810,575.55	-	18,759,206.98
Accumulated Depreciation				
Buildings and Improvements	(3,720,649.23)	(316,995.85)	-	(4,037,645.08)
Buildings and Improvements Under Capital Lease	(3,013,314.44)	(273,480.60)	-	(3,286,795.04)
Equipment	(475,773.75)	(52,982.21)	-	(528,755.96)
IT Equipment Under Capital Lease	-	-	-	-
Vehicles	(73,428.67)	(1,300.00)	-	(74,728.67)
Total Accumulated Depreciation	(7,283,166.09)	(644,758.66)	-	(7,927,924.75)
Total Net Capital Assets	$ 9,665,465.34	$ 1,165,816.89	$ -	$ 10,831,282.23

8. BOND ISSUANCE COST

Primary Institution:
Cost related to obtaining bond financing are capitalized and amortized over the term of the related debt using the straight-line method. Amortization expense at June 30, 2016, was $27,361.80. When the loan is paid in full, any unamortized financing charges are removed from the related accounts and charged to operations.

9. NOTES PAYABLE

Primary Institution:
Notes payable of the College consists of the following as of June 30, 2016:

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 2009C.	$ 187,500.00
Total Notes Payable	$ 187,500.00

The following is a summary of changes in notes payable for the year ended June 30, 2016:

OBILGATIONS	PRINCIPAL JUNE 30, 2015	PRINCIPAL RECEIVED (PAID)	PRINCIPAL JUNE 30, 2016	INTEREST PAID
Notes Payable Series 2009C	$ 375,000.00	$ (187,500.00)	$ 187,500.00	$ - -
	$ 375,000.00	$ (187,500.00)	$ 187,500.00	$ - -

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

FISCAL YEAR JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2017	$ 187,500.00	$ - -	$ 187,500.00

10. CAPITAL LEASES

Primary Institution:
The College entered into a lease purchase agreement and issued certificates of participation dated October 29, 2009, with Commerce Bank N.A. for construction of a dormitory building. The total cost was $4,605,000.00. The lease calls for semi-annual payments including interest between 3.00% and 4.20% per annum, maturing May 1, 2023.

Capital Lease – Dormitory Construction

Debt requirements are as follows:	
June 30,	
2017	$ 481,011.25
2018	481,411.25
2019	482,351.25
2020	482,045.00
2021	480,645.00
2022-2023	967,750.00
Total Net Minimum Lease Payments	3,375,213.75
Less: Imputed Interest	(490,213.75)
Net Present Value of Capital Lease	2,885,000.00
Less: Current Maturities	(365,000.00)
Long-Term Capital Lease Obligations	$ 2,520,000.00

10. CAPITAL LEASES (Continued)

Primary Institution:
The College entered into a lease purchase agreement dated January 5, 2012, with Commerce Bank for the refinancing of the facility conservation improvement project lease purchase dated August 31, 2006. The total cost was $1,970,000.00. The lease calls for semi-annual payments including interest ranging from 1.375% to 2.800% per annum, maturing October 1, 2021.

Capital Lease – Conservation Improvements		
Debt requirements are as follows:		
June 30,		
2017	$	228,935.00
2018		225,935.00
2019		22,435.00
2020		442,435.00
2021		12,460.00
2022		357,460.00
Total Net Minimum Lease Payments		1,289,660.00
Less: Imputed Interest		(124,660.00)
Net Present Value of Capital Lease		1,165,000.00
Less: Current Maturities		(200,000.00)
Long-Term Capital Lease Obligations	$	965,000.00

The College entered into a lease purchase agreement dated July 15, 2011, with Commerce Bank for construction of a veterinary technology building. The total cost was $870,000.00. The lease calls for annual payments including interest ranging from 1.00% to 3.00% per annum, maturing May 1, 2021.

Capital Lease – Veterinary Technology Construction		
Debt requirements are as follows:		
June 30,		
2017	$	107,990.00
2018		111,090.00
2019		108,840.00
2020		111,240.00
2021		113,300.00
Total Net Minimum Lease Payments		552,460.00
Less: Imputed Interest		(42,460.00)
Net Present Value of Capital Lease		510,000.00
Less: Current Maturities		(95,000.00)
Long-Term Capital Lease Obligations	$	415,000.00

10. **CAPITAL LEASES** (Continued)

Primary Institution:
The College entered into a lease purchase agreement dated July 15, 2015, with Security Bank of Kansas City for upgrades to the information technology infrastructure and software. The total cost was $955,000.00. The lease calls for semi-annual payments including interest of 3.00% per annum, maturing June 1, 2023.

Capital Lease – IT Infrastructure and Software	
Debt requirements are as follows:	
June 30,	
2017	$ 147,750.00
2018	149,150.00
2019	150,400.00
2020	146,500.00
2021	147,600.00
2022-2023	297,900.00
Total Net Minimum Lease Payments	1,039,300.00
Less: Imputed Interest	(114,300.00)
Net Present Value of Capital Lease	925,000.00
Less: Current Maturities	(120,000.00)
Long-Term Capital Lease Obligations	$ 415,000.00

11. **LEASE AGREEMENTS**

Primary Institution:
As of June 30, 2016, the College has entered into a number of operating leases for space and office equipment. Total payments for the year ended June 30, 2016, was $197,852.45. Future minimum rental payments are as follows:

Year Ended June 30	Amount
2017	$ 109,045.52
2018	57,464.39
2019	26,979.70
2020	25,167.72
2021	4,951.83

12. **DEFINED BENEFIT PENSION PLAN**

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

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

12. **DEFINED BENEFIT PENSION PLAN** (Continued)

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected. Those employees participating in the Pension Plan for the College are included in the State/School employee group.

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

Special Funding Situation
The employer contributions for the College, as defined in K.S.A. 74-4931 (2) and (3), are made by the State of Kansas on behalf of the College. Therefore, the College is considered to be in a special funding situation as defined by GASB Statement No. 68. Accordingly, the State is required to recognize its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and expense for the pension plan attributable to the College. The College records revenue and pension expense in an amount equal to the expense recognized by the State on behalf of the College.

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

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

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

Contributions
Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 0.9% of total payroll for the fiscal year ended June 30, 2015.

12. **DEFINED BENEFIT PENSION PLAN** (Continued)

The actuarially determined employer contribution rates and the statutory contribution rates for school employees are 15.41 % and 11.27%, respectively. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

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

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

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

The individual employer allocation percentages for the pension amounts were based on the ratio of the employer and nonemployer contributions for the individual employer in relation to the total of all employer and nonemployer contributions of the group.

At June 30, 2015, the proportion recognized by the State of Kansas on behalf of the College was .1151%, which was a decrease of .0163% from the proportion measured at June 30, 2014.

Net Pension Liability
At June 30, 2015 and 2014, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was $7,972,892 and $8,402,145, respectively.

Actuarial Assumptions
The total pension liability was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015, using the following actuarial assumptions:

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

12. DEFINED BENEFIT PENSION PLAN (Continued)

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, KP&F and Judges).

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

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

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47.00%	6.30%
Fixed income	13.00	0.80
Yield driven	8.00	4.20
Real return	11.00	1.70
Real estate	11.00	5.40
Alternatives	8.00	9.40
Short-term investments	2.00	(0.50)
Total	100.00%	

Discount Rate
The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Revenue and Pension Expense Recorded by the College
For the year ended June 30, 2016, the College recognized revenue and pension expense in an equal amount of $508,944.86.

13. OTHER POST EMPLOYMENT BENEFITS

Other Post Employment Benefits: As provided by K.S.A. 12-5040, the College allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the College is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

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.

Early Retirement Benefits: The College has adopted a policy providing early retirement benefit options. The policy allows professional employees between the ages of 56 and 64, with 10 years of full-time service to the College, and is eligible for retirement with KPERS the option to retire early. Benefits which are provided are computed as a percentage of final contracted salary earned based on the following schedule:

First Year	23% of last salary
Second Year	19% of last salary
Third Year	15% of last salary
Fourth Year	12% of last salary
Fifth Year	11% of last salary
Maximum Cost	90% of last salary

The College has reserved the option of renewing or not renewing the early retirement option on an annual basis. The College funds these benefits on a pay-as-you-go basis. The Plan does not issue a separate, publicly available report.

Funded Status and Funding Progress: Since the year of implementation, the Plan was not funded, therefore, there is no funded status of the Plan. The Plan is funded as obligations occur. The following is a schedule of benefits payable for eligible employees which have taken early retirement as of June 30, 2016:

	Year Ended June 30th	Amount
Paid	2016	$ 19,894.37
Payable	2017	58,236.08
Payable	2018	11,590.00
Payable	2019	9,159.00

14. COMPENSATED ABSENCES

All full time administrators and full time non-faculty staff are granted vacations based on continuous employment on the following schedule:

Less than 1 year	Prorated based on 10 working days
1 to 4 years	10 working days
5 to 10 years	15 working days
11 years and over	20 working days

Continuing part time employees are granted vacations based on continuous employment on the following schedule:

1 year and over	5 working days

Annual vacations days accrue to a maximum carryover equal to the number of benefit days an employee received each year.

14. COMPENSATED ABSENCES (Continued)

Each full-time employee shall receive fifteen sick days per year, cumulative to a maximum of 90 days. There is no compensation for unused sick leave upon termination of employment.

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 pay, and not for sick leave, which has been earned, but not taken, inasmuch as the amount cannot be reasonably estimated because the rights do not vest.

15. 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, but must provide 1,000 hours of service during the plan year in order to receive the employer match. The College will match contributions up to 3% of the employee's salary. Employer contributions will vest according to the following schedule:

Years of Service (from date of hire)	Vesting %
1	20%
2	40%
3	60%
4	80%
5	100%

Total contributions made by the College into the plan on behalf of the employees for the year ended June 30, 2016, was $92,201.59.

16. 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.

17. RELATED PARTY TRANSACTIONS

The Independence Community College Foundation 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 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 disbursed to the College for the year ended June 30, 2016, $220,534.17 as project support expense, $69,016.05 as reimbursement for payroll processed, and $84,041.08 for scholarships.

18. CONCENTRATION OF RISK

Component Unit:
53.57% of the Foundation's monies at June 30, 2016, are invested in equities in the stock market. The effect in the future on the Foundation's equity portfolio is unknown and is subject to market economic conditions.

19. SEGMENT INFORMATION

A segment is an identifiable activity reported as a standalone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains, losses, assets, and liabilities that are required by an external party to be accounted for separately. The College does not have any segments that meet the reporting requirements of GASB Statement No. 35.

20. 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 various insurance policies.

21. RESTRICTED NET POSITION - EXPENDABLE

Component Unit:
Temporarily restricted net assets include principal totaling $300,000.00 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. The remaining temporarily restricted net assets include contributions restricted for specific use by the donor.

Temporarily Restricted Net Assets:		
Capital Campaign	$	117,694.82
Fab Lab		23,507.69
Wicker		52.84
ICC Now		2,063.95
Wesley Hull Trust		32,700.05
Scholarships		2,052,335.89
Hunt Trust		52,320.77
Griffin Trust		411,465.47
McConnel Trust		71,433.97
Total Temporarily Restricted Net Assets	$	2,763,575.45

22. RESTRICTED NET POSITION – NONEXPENDABLE

Component Unit:
On June 30, 2016 the Foundation net assets and endowments are summarized in the following table:

		Permanently Restricted
Donor-Restricted Endowment Funds	$	590,780.47
Board-Designated Endowment Funds		- -
Total Funds	$	590,780.47

Changes in endowment net assets as of June 30, 2016 are as follows:

		Permanently Restricted
Endowment Net Assets, Beginning of the Year	$	590,780.47
Reclassifications		- -
Endowment Net Assets, End of Year	$	590,780.47

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 temporarily restricted unless otherwise designated.

23. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Reason	Amount
General Fund	Postsecondary Technical Education Fund	Operating Expenses	$ 463,165.93
General Fund	Adult Education Fund	Operating Expenses	65,462.89
General Fund	Auxiliary Enterprise Fund	Operating Expenses	726,000.00
General Fund	Federal Workstudy Grants Fund	Institutional Paid	17,899.02
General Fund	INGE Festival Fund	Institutional Paid	105,623.78
General Fund	Federal SEOG Grants Fund	Institutional Paid	17,780.31
General Fund	Upward Bound Grant Fund	Institutional Paid	33,935.92
General Fund	Community College Activity Fund	Institutional Paid	68,857.14
General Fund	Foundation Fund	Institutional Paid	2,013.56

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.

24. 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

Schedule 1

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Combining Schedule of Net Position
June 30, 2016

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	EMPLOYEE BENEFITS	AUXILIARY ENTERPRISE	FEDERAL WORKSTUDY GRANTS	FEDERAL PELL GRANTS	FEDERAL SEOG GRANTS
ASSETS								
Current Assets								
Cash and Cash Equivalents	$ 329,641.74	$ 18,159.44	$ -	$ 205.56	$ 12,454.24	$ (8,479.04)	$ (37,282.00)	$ 18,347.57
Receivables - Federal	-	-	-	-	-	8,479.04	103,853.83	-
Receivables - Taxes in Progress	209,996.00	-	-	-	-	-	-	-
Receivables - Other Receivables	1,080,651.29	-	-	-	156,393.91	-	-	-
Prepaid Expenses	6,949.42	-	-	-	-	-	-	-
Bookstore Inventory	-	-	-	-	492,083.66	-	-	-
Total Current Assets	1,627,238.45	18,159.44	-	205.56	660,931.81	-	66,571.83	18,347.57
Noncurrent Assets								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables - Taxes in Progress	-	-	-	-	-	-	-	-
Bond Issuance Costs, Net	-	-	-	-	178,435.21	-	-	-
Capital Assets, Net	-	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	178,435.21	-	-	-
TOTAL ASSETS	$ 1,627,238.45	$ 18,159.44	$ -	$ 205.56	$ 839,367.02	$ -	$ 66,571.83	$ 18,347.57
LIABILITIES								
Current Liabilities								
Accounts Payable	$ 10,111.44	$ -	$ -	$ (121.54)	$ 11,502.29	$ -	$ 66,571.83	$ 18,347.57
Accrued Interest	-	-	-	-	23,052.07	-	-	-
Deferred Revenue	209,996.00	-	-	-	1,597.12	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-	-
Total Current Liabilities	220,107.44	-	-	(121.54)	36,151.48	-	66,571.83	18,347.57
Noncurrent Liabilities								
Accrued Vacation	114,783.99	9,079.72	-	-	4,513.16	-	-	-
Bond Premium	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	114,783.99	9,079.72	-	-	4,513.16	-	-	-
TOTAL LIABILITIES	334,891.43	9,079.72	-	(121.54)	40,664.64	-	66,571.83	18,347.57
NET POSITION								
Investment in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-
Unrestricted	1,292,347.02	9,079.72	-	327.10	798,702.38	-	-	-
TOTAL NET POSITION	1,292,347.02	9,079.72	-	327.10	798,702.38	-	-	-
TOTAL LIABILITIES AND NET POSITION	$ 1,627,238.45	$ 18,159.44	$ -	$ 205.56	$ 839,367.02	$ -	$ 66,571.83	$ 18,347.57

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Combining Schedule of Net Position
June 30, 2016

	DIRECT LOANS	A&O GRANT	STATE TECHNOLOGY GRANTS	INGE FESTIVAL	ICC FOUNDATION	WESTAR GRANT	SRS - CONSPIRE TO SUCCEED GRANT	CARL PERKINS PROGRAM IMPROVEMENT
ASSETS								
Current Assets								
Cash and Cash Equivalents	$ (20,511.00)	$ 35,353.79	$ 123,680.47	$ 3,795.00	$ 1,754.39	$ 6,900.00	$ 2,082.11	$ 54,506.43
Receivables - Federal	60,696.00	-	-	-	-	-	-	-
Receivables - Taxes in Progress	-	-	-	-	-	-	-	-
Receivables - Other Receivables	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-
Bookstore Inventory	-	-	-	-	-	-	-	-
Total Current Assets	40,185.00	35,353.79	123,680.47	3,795.00	1,754.39	6,900.00	2,082.11	54,506.43
Noncurrent Assets								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Investments	-	-	-	-	-	-	-	-
Receivables - Taxes in Progress	-	-	-	-	-	-	-	-
Bond Issuance Costs, Net	-	-	-	-	-	-	-	-
Capital Assets, Net	-	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-	-
TOTAL ASSETS	$ 40,185.00	$ 35,353.79	$ 123,680.47	$ 3,795.00	$ 1,754.39	$ 6,900.00	$ 2,082.11	$ 54,506.43
LIABILITIES								
Current Liabilities								
Accounts Payable	$ 40,185.00	$ -	$ -	$ 3,795.00	$ -	$ -	$ -	$ -
Accrued Interest	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-	-
Total Current Liabilities	40,185.00	-	-	3,795.00	-	-	-	-
Noncurrent Liabilities								
Accrued Vacation	-	-	-	-	1,754.39	-	-	-
Bond Premium	-	-	-	-	-	-	-	-
Notes Payable	-	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	1,754.39	-	-	-
TOTAL LIABILITIES	40,185.00	-	-	3,795.00	1,754.39	-	-	-
NET POSITION								
Investment in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-	-
Unrestricted	-	35,353.79	123,680.47	-	-	6,900.00	2,082.11	54,506.43
TOTAL NET POSITION	-	35,353.79	123,680.47	-	-	6,900.00	2,082.11	54,506.43
TOTAL LIABILITIES AND NET POSITION	$ 40,185.00	$ 35,353.79	$ 123,680.47	$ 3,795.00	$ 1,754.39	$ 6,900.00	$ 2,082.11	$ 54,506.43

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Combining Schedule of Net Position
June 30, 2016

	UPWARD BOUND GRANT	TRIO - STUDENT SUPPORT SERVICES GRANT	COMMUNITY COLLEGE ACTIVITY	CAPITAL OUTLAY	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
ASSETS							
Current Assets							
Cash and Cash Equivalents	$ 12,349.89	$ (21,859.37)	$ -	$ -	$ -	$ 1,934,804.80	$ 2,465,904.02
Receivables - Federal	43,826.23	23,684.93	-	-	-	-	240,540.03
Receivables - Taxes in Progress	-	-	-	-	-	-	209,996.00
Receivables - Other Receivables	-	-	-	-	-	-	1,237,045.20
Prepaid Expenses	-	-	-	-	-	-	6,949.42
Bookstore Inventory	-	-	-	-	-	-	492,083.66
Total Current Assets	56,176.12	1,825.56	-	-	-	1,934,804.80	4,652,518.33
Noncurrent Assets							
Cash and Cash Equivalents	-	-	-	193,534.28	-	-	193,534.28
Investments	-	-	-	384,817.93	-	-	384,817.93
Receivables - Taxes in Progress	-	-	-	11,200.00	-	-	11,200.00
Bond Issuance Costs, Net	-	-	-	-	-	-	178,435.21
Capital Assets, Net	-	-	-	-	10,831,282.23	-	10,831,282.23
Total Noncurrent Assets	-	-	-	589,552.21	10,831,282.23	-	11,599,269.65
TOTAL ASSETS	$ 56,176.12	$ 1,825.56	$ -	$ 589,552.21	$ 10,831,282.23	$ 1,934,804.80	$ 16,251,787.98
LIABILITIES							
Current Liabilities							
Accounts Payable	$ 52,331.34	$ -	$ -	$ 84,636.19	$ -	$ 144.00	$ 287,503.12
Accrued Interest	-	-	-	-	-	-	23,052.07
Deferred Revenue	-	-	-	11,200.00	-	-	222,793.12
Deposits Held in Custody for Others	-	-	-	-	-	1,934,660.80	1,934,660.80
Total Current Liabilities	52,331.34	-	-	95,836.19	-	1,934,804.80	2,468,009.11
Noncurrent Liabilities							
Accrued Vacation	3,844.78	1,825.56	-	-	-	-	135,801.60
Bond Premium	-	-	-	20,717.66	-	-	20,717.66
Notes Payable	-	-	-	-	187,500.00	-	187,500.00
Capital Leases Payable	-	-	-	-	5,485,000.00	-	5,485,000.00
Total Noncurrent Liabilities	3,844.78	1,825.56	-	20,717.66	5,672,500.00	-	5,829,019.26
TOTAL LIABILITIES	56,176.12	1,825.56	-	116,553.85	5,672,500.00	1,934,804.80	8,297,028.37
NET POSITION							
Investment in Capital Assets, Net of Related Debt	-	-	-	-	5,158,782.23	-	5,158,782.23
Unrestricted	-	-	-	472,998.36	-	-	2,795,977.38
TOTAL NET POSITION	-	-	-	472,998.36	5,158,782.23	-	7,954,759.61
TOTAL LIABILITIES AND NET POSITION	$ 56,176.12	$ 1,825.56	$ -	$ 589,552.21	$ 10,831,282.23	$ 1,934,804.80	$ 16,251,787.98

Schedule 2

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	EMPLOYEE BENEFITS	AUXILIARY ENTERPRISE	FEDERAL WORKSTUDY GRANTS	FEDERAL PELL GRANTS	FEDERAL SEOG GRANTS
REVENUES								
Operating Revenues								
Student Tuition and Fees	$ 2,142,121.38	$ 361,317.50	$ -	$ -	$ 59.95	$ -	$ -	$ -
Federal Grants and Contracts	-	-	-	-	-	43,591.00	-	53,340.94
State Grants and Contracts	508,944.86	-	-	-	-	-	-	-
Sales and Services of								
Auxiliary Enterprises	-	-	-	-	1,681,981.93	-	-	-
Activity Fund Revenues	-	-	-	-	-	-	-	-
Miscellaneous Income	93,744.98	-	-	-	3,556.20	-	-	-
Total Operating Revenues	2,744,811.22	361,317.50	-	-	1,685,598.08	43,591.00	-	53,340.94
EXPENSES								
Operating Expenses								
Educational and General								
Instruction	1,949,164.88	831,640.08	65,462.89	-	-	-	-	-
Academic Support	1,048,938.19	133,170.30	-	-	-	-	-	-
Public Service	-	-	-	-	-	-	-	-
Student Services	2,008,787.46	45,151.25	-	-	-	-	-	-
Institutional Support	2,543,851.15	278,545.01	-	-	-	-	-	-
Operation and Maintenance	922,425.39	96,115.56	-	-	-	-	-	-
Scholarships and Awards	1,113,597.66	-	-	-	-	61,490.02	1,919,001.90	71,121.25
Auxiliary Enterprises	-	-	-	-	1,776,594.43	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-
Total Operating Expenses	9,586,764.73	1,384,622.20	65,462.89	-	1,776,594.43	61,490.02	1,919,001.90	71,121.25
Operating Income (Loss)	(6,841,953.51)	(1,023,304.70)	(65,462.89)	-	(90,996.35)	(17,899.02)	(1,919,001.90)	(17,780.31)
Nonoperating Revenues (Expenses)								
State Appropriations	1,429,492.00	558,696.00	-	-	-	-	-	-
County Appropriations	5,662,786.64	-	-	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-	1,919,001.90	-
Gifts and Contributions	272,160.00	-	-	-	-	-	-	-
Agency Fund Technology Fees	726,000.00	-	-	-	-	-	-	-
Interest Income	4,505.50	10,522.49	-	-	-	-	-	-
Debt Service	(230,622.50)	-	-	-	(515,929.59)	-	-	-
Operating Transfers	(1,500,738.55)	463,165.93	65,462.89	-	726,000.00	17,899.02	-	17,780.31
Increase (Decrease) in Net Position	(478,370.42)	9,079.72	-	-	119,074.06	-	-	-
Net Position - Beginning of Year	1,770,717.44	-	-	327.10	679,628.32	-	-	-
Net Position - End of Year	$ 1,292,347.02	$ 9,079.72	$ -	$ 327.10	$ 798,702.38	$ -	$ -	$ -

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	DIRECT LOANS	A&O GRANT	STATE TECHNOLOGY GRANT	INGE FESTIVAL	ICC FOUNDATION	WESTAR GRANT	SRS - CONSPIRE TO SUCCEED GRANT	CARL PERKINS PROGRAM IMPROVEMENT
REVENUES								
Operating Revenues								
Student Tuition and Fees	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Federal Grants and Contracts	805,923.00	-	-	-	-	-	-	-
State Grants and Contracts	-	-	16,824.00	-	-	-	-	-
Sales and Services of								
Auxiliary Enterprises	-	-	-	-	-	-	-	-
Activity Fund Revenues	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	96,353.00	153,146.84	-	-	9,546.92
Total Operating Revenues	805,923.00	-	16,824.00	96,353.00	153,146.84	-	-	9,546.92
EXPENSES								
Operating Expenses								
Educational and General								
Instruction	-	-	-	-	73,945.01	-	-	19,807.43
Academic Support	-	-	-	-	-	-	-	-
Public Service	-	-	-	201,976.78	-	-	-	-
Student Services	-	-	-	-	-	-	-	-
Institutional Support	-	-	-	-	-	-	-	-
Operation and Maintenance	-	-	-	-	-	-	-	-
Scholarships and Awards	805,923.00	-	-	-	82,777.08	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-
Total Operating Expenses	805,923.00	-	-	201,976.78	156,722.09	-	-	19,807.43
Operating Income (Loss)	-	-	16,824.00	(105,623.78)	(3,575.25)	-	-	(10,260.51)
Nonoperating Revenues (Expenses)								
State Appropriations	-	-	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-	-	-
Agency Fund Technology Fees	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Operating Transfers	-	-	-	105,623.78	2,013.56	-	-	-
Increase (Decrease) in Net Position	-	-	16,824.00	-	(1,561.69)	-	-	(10,260.51)
Net Position - Beginning of Year	-	35,353.79	106,856.47	-	1,561.69	6,900.00	2,082.11	64,766.94
Net Position - End of Year	$ -	$ 35,353.79	$ 123,680.47	$ -	$ -	$ 6,900.00	$ 2,082.11	$ 54,506.43

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2016

	UPWARD BOUND GRANT	TRIO - STUDENT SUPPORT SERVICES GRANT	COMMUNITY COLLEGE ACTIVITY	CAPITAL OUTLAY	INVESTMENT IN PLANT	SUB-TOTAL PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
REVENUES								
Operating Revenues								
Student Tuition and Fees	$ -	$ -	$ -	$ -	$ -	$ 2,503,498.83	$ (1,090,250.92)	$ 1,413,247.91
Federal Grants and Contracts	265,290.48	264,856.67	-	-	-	1,433,002.09	(805,923.00)	627,079.09
State Grants and Contracts	-	-	-	-	-	525,768.86	-	525,768.86
Sales and Services of								
Auxiliary Enterprises	-	-	-	-	-	1,681,981.93	(626,691.98)	1,055,289.95
Activity Fund Revenues	-	-	128,016.04	-	-	128,016.04	-	128,016.04
Miscellaneous Income	228.00	-	-	944,541.29	-	1,301,117.23	-	1,301,117.23
Total Operating Revenues	265,518.48	264,856.67	128,016.04	944,541.29	-	7,573,384.98	(2,522,865.90)	5,050,519.08
EXPENSES								
Operating Expenses								
Educational and General								
Instruction	353,954.79	282,260.92	196,431.76	-	-	3,772,667.76	-	3,772,667.76
Academic Support	-	-	-	-	-	1,182,108.49	-	1,182,108.49
Public Service	-	26,273.33	-	-	-	228,250.11	-	228,250.11
Student Services	-	-	-	-	(247,080.00)	1,806,858.71	-	1,806,858.71
Institutional Support	-	-	-	-	(190,309.01)	2,632,087.15	-	2,632,087.15
Operation and Maintenance	-	-	-	1,463,459.60	(1,232,735.70)	1,249,264.85	-	1,249,264.85
Scholarships and Awards	-	-	-	-	-	4,053,910.91	(2,522,865.90)	1,531,045.01
Auxiliary Enterprises	-	-	-	-	(140,450.84)	1,636,143.59	-	1,636,143.59
Depreciation Expense	-	-	-	-	644,758.66	644,758.66	-	644,758.66
Total Operating Expenses	353,954.79	308,534.25	196,431.76	1,463,459.60	(1,165,816.89)	17,206,050.23	(2,522,865.90)	14,683,184.33
Operating Income (Loss)	(88,436.31)	(43,677.58)	(68,415.72)	(518,918.31)	1,165,816.89	(9,632,665.25)	-	(9,632,665.25)
Nonoperating Revenues (Expenses)								
State Appropriations	-	-	-	-	-	1,988,188.00	-	1,988,188.00
County Appropriations	-	-	-	302,197.48	-	5,964,984.12	-	5,964,984.12
Federal Pell Grants	-	-	-	-	-	1,919,001.90	-	1,919,001.90
Gifts and Contributions	-	-	-	-	-	272,160.00	-	272,160.00
Agency Fund Technology Fees	-	-	-	-	-	726,000.00	-	726,000.00
Interest Income	-	-	-	56.19	-	15,084.18	-	15,084.18
Debt Service	-	-	-	604,484.98	(87,500.00)	(229,567.11)	-	(229,567.11)
Operating Transfers	33,935.92	-	68,857.14	-	-	-	-	-
Increase (Decrease) in Net Position	(54,500.39)	(43,677.58)	441.42	387,820.34	1,078,316.89	1,023,185.84	-	1,023,185.84
Net Position - Beginning of Year	54,500.39	43,677.58	(441.42)	85,178.02	4,080,465.34	6,931,573.77	-	6,931,573.77
Net Position - End of Year	$ -	$ -	$ -	$ 472,998.36	$ 5,158,782.23	$ 7,954,759.61	$ -	$ 7,954,759.61

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

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

For the Year Ended June 30, 2016

Schedules 3 to 8 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 in 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.

Schedule 3

INDEPENDENCE COMMUNITY COLLEGE
Independence, 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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

		CURRENT YEAR				
	PRIOR YEAR ACTUAL	ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS	BUDGET	VARIANCE OVER (UNDER)
REVENUES						
Student Tuition and Fees	$ 1,718,328.62	$ 2,142,121.38	$ (343,937.66)	$ 1,798,183.72	$ 1,964,628.00	$ (166,444.28)
Federal Sources						
Federal Grants	6,205.01	-	5,626.00	5,626.00	580,916.00	(575,290.00)
State Sources						
State Operating Grant	1,400,902.00	1,429,492.00	-	1,429,492.00	1,429,492.00	-
Other State Grants	-	508,944.86	(508,944.86)	-	-	-
Local Sources						
Ad Valorem Tax	4,930,479.66	4,900,152.43	-	4,900,152.43	5,087,751.00	(187,598.57)
Motor Vehicle Tax	519,908.92	562,022.37	-	562,022.37	557,489.00	4,533.37
Rental Motor Vehicle Tax	6,214.43	6,297.10	-	6,297.10	-	6,297.10
Recreational Vehicle	5,559.53	5,894.29	-	5,894.29	5,506.00	388.29
16M-20M Truck Tax	15,171.75	16,138.57	-	16,138.57	-	16,138.57
Delinquent Tax	335,796.95	166,203.11	-	166,203.11	118,849.00	47,354.11
Watercraft Tax	-	3,730.57	-	3,730.57	-	3,730.57
In Lieu of Tax	18,519.73	2,348.20	-	2,348.20	18,114.00	(15,765.80)
Other Sources						
Agency Fund Technology Fees	-	726,000.00	-	726,000.00	-	726,000.00
Interest Income	5,091.60	4,505.50	-	4,505.50	3,275.00	1,230.50
Gifts and Contributions	-	272,160.00	(200,000.00)	72,160.00	92,160.00	(20,000.00)
Miscellaneous	5,956.52	93,744.98	-	93,744.98	84,406.00	9,338.98
TOTAL REVENUES	8,968,134.72	10,839,755.36	(1,047,256.52)	9,792,498.84	9,942,586.00	(150,087.16)

INDEPENDENCE COMMUNITY COLLEGE
Independence, 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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

		CURRENT YEAR				
	PRIOR YEAR ACTUAL	ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS	BUDGET	VARIANCE OVER (UNDER)
EXPENDITURES						
Instruction	$ 1,851,750.72	$ 1,949,164.88	$ (9,371.16)	$ 1,939,793.72	$ 1,894,472.00	$ 45,321.72
Academic Support	863,698.32	1,048,938.19	(4,276.61)	1,044,661.58	1,185,404.00	(140,742.42)
Student Services	1,751,981.18	2,008,787.46	(11,039.40)	1,997,748.06	1,798,682.00	199,066.06
Institutional Support	1,862,417.09	2,543,851.15	(732,492.92)	1,811,358.23	2,590,945.00	(779,586.77)
Operation and Maintenance	708,596.07	922,425.39	(962.37)	921,463.02	1,239,179.00	(317,715.98)
Scholarships and Awards	848,030.58	1,113,597.66	1,023.39	1,114,621.05	1,000,000.00	114,621.05
Debt Service						
Principal Payments	200,000.00	200,000.00	-	200,000.00	-	200,000.00
Interest Payments	32,685.00	30,622.50	-	30,622.50	-	30,622.50
Operating Transfers to:						
Postsecondary Technical						
Education Fund	451,491.13	463,165.93	-	463,165.93	871,847.00	(408,681.07)
Adult Education Fund	106,754.21	65,462.89	-	65,462.89	293,807.00	(228,344.11)
Auxiliary Enterprise Fund	-	726,000.00	-	726,000.00	-	726,000.00
Capital Outlay Fund	-	-	-	-	-	-
INGE Festival Fund	44,295.36	105,623.78	-	105,623.78	-	105,623.78
Federal Workstudy Grants Fund	1,487.90	17,899.02	-	17,899.02	-	17,899.02
Federal SEOG Grants Fund	-	17,780.31	-	17,780.31	-	17,780.31
Upward Bound Grant Fund	-	33,935.92	-	33,935.92	-	33,935.92
Community College Activity Fund	-	68,857.14	-	68,857.14	-	68,857.14
Foundation Fund	-	2,013.56	-	2,013.56	-	2,013.56
TOTAL EXPENDITURES	8,723,187.56	11,318,125.78	(757,119.07)	10,561,006.71	10,874,336.00	(313,329.29)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	244,947.16	(478,370.42)	(290,137.45)	(768,507.87)	(931,750.00)	163,242.13
Unencumbered Cash						
Beginning of Year	843,091.01	1,770,717.44	(682,679.27)	1,088,038.17	4,154,317.00	(3,066,278.83)
End of Year	$ 1,088,038.17	$ 1,292,347.02	$ (972,816.72)	$ 319,530.30	$ 3,222,567.00	$ (2,903,036.70)

Schedule 4

INDEPENDENCE COMMUNITY COLLEGE
Independence, 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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

		CURRENT YEAR				
	PRIOR YEAR ACTUAL	ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS	BUDGET	VARIANCE OVER (UNDER)
REVENUES						
Student Tuition and Fees	$ 553,701.00	$ 361,317.50	$ -	$ 361,317.50	$ 656,037.00	$ (294,719.50)
State Sources						
State Operating Grant	547,522.00	558,696.00	-	558,696.00	558,696.00	-
Other Sources						
Gifts and Contributions	-	-	-	-	150,000.00	(150,000.00)
Miscellaneous	20,977.50	10,522.49	-	10,522.49	26,626.00	(16,103.51)
Operating Transfers from General Fund	451,491.13	463,165.93	-	463,165.93	-	463,165.93
TOTAL REVENUES	1,573,691.63	1,393,701.92	-	1,393,701.92	1,391,359.00	2,342.92
EXPENDITURES						
Instruction	714,701.60	831,640.08	(2,440.01)	829,200.07	853,921.00	(24,720.93)
Academic Support	216,939.78	133,170.30	-	133,170.30	138,286.00	(5,115.70)
Student Services	48,186.42	45,151.25	-	45,151.25	82,906.00	(37,754.75)
Institutional Support	475,092.08	278,545.01	-	278,545.01	504,590.00	(226,044.99)
Operation and Maintenance	146,171.90	96,115.56	-	96,115.56	151,911.00	(55,795.44)
TOTAL EXPENDITURES	1,601,091.78	1,384,622.20	(2,440.01)	1,382,182.19	1,731,614.00	(349,431.81)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(27,400.15)	9,079.72	2,440.01	11,519.73	(340,255.00)	351,774.73
Unencumbered Cash Beginning of Year	34,039.86	-	6,639.71	6,639.71	(575,013.00)	581,652.71
End of Year	$ 6,639.71	$ 9,079.72	$ 9,079.72	$ 18,159.44	$ (915,268.00)	$ 933,427.44

Schedule 5

INDEPENDENCE COMMUNITY COLLEGE
Independence, 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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

		CURRENT YEAR				
	PRIOR YEAR ACTUAL	ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS	BUDGET	VARIANCE OVER (UNDER)
REVENUES						
Other Sources						
Miscellaneous	$ 3,625.00	$ -	$ -	$ -	$ -	$ -
Operating Transfers from General Fund	106,754.21	65,462.89	-	65,462.89	-	65,462.89
TOTAL REVENUES	110,379.21	65,462.89	-	65,462.89	-	65,462.89
EXPENDITURES						
Instruction	109,058.33	65,462.89	1,328.39	66,791.28	66,807.00	(15.72)
TOTAL EXPENDITURES	109,058.33	65,462.89	1,328.39	66,791.28	66,807.00	(15.72)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	1,320.88	-	(1,328.39)	(1,328.39)	(66,807.00)	65,478.61
Unencumbered Cash Beginning of Year	7.51	-	1,328.39	1,328.39	66,807.00	(65,478.61)
End of Year	$ 1,328.39	$ -	$ -	$ -	$ -	$ -

Schedule 6

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Schedule of Revenues, Expenditures, and Changes
in Unencumbered Cash - Budget and Actual
Current Funds - Unrestricted
Employee Benefits Fund (Regulatory Basis)
For the Year Ended June 30, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

		CURRENT YEAR				
	PRIOR YEAR ACTUAL	ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS	BUDGET	VARIANCE OVER (UNDER)
REVENUES						
Local Sources						
Delinquent Tax	$ -	$ -	$ -	$ -	$ -	$ -
TOTAL REVENUES	-	-	-	-	-	-
EXPENDITURES						
Instruction						
Employee Benefits	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	-	-	-	-	-	-
Unencumbered Cash						
Beginning of Year	327.10	327.10	-	327.10	-	327.10
End of Year	$ 327.10	$ 327.10	$ -	$ 327.10	$ -	$ 327.10

Schedule 7

INDEPENDENCE COMMUNITY COLLEGE
Independence, 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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

		CURRENT YEAR				
	PRIOR YEAR ACTUAL	ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS	BUDGET	VARIANCE OVER (UNDER)
REVENUES						
Sales and Services of						
Auxiliary Enterprises						
Bookstore Sales	$ 233,077.48	$ 227,435.29	$ -	$ 227,435.29	$ 300,000.00	$ (72,564.71)
Dormitory Rents	1,261,820.44	1,454,546.64	(11,946.94)	1,442,599.70	1,445,487.00	(2,887.30)
Other Fees	-	59.95	-	59.95	25,000.00	(24,940.05)
Other Sources						
Damages and Fines	2,560.00	3,537.40	-	3,537.40	10,000.00	(6,462.60)
Miscellaneous Receipts	-	18.80	-	18.80	-	18.80
Operating Transfers from						
General Fund	-	726,000.00	-	726,000.00	-	726,000.00
TOTAL REVENUES	1,497,457.92	2,411,598.08	(11,946.94)	2,399,651.14	1,780,487.00	619,164.14
EXPENDITURES						
Auxiliary Enterprise						
Materials	287,651.44	318,424.38	68,511.44	386,935.82	332,000.00	54,935.82
Food and Meals	646,193.45	701,219.55	-	701,219.55	695,447.00	5,772.55
Payroll	185,564.62	273,121.78	(1,701.14)	271,420.64	206,981.00	64,439.64
General Operating Expenses	178,259.45	259,866.68	-	259,866.68	390,019.00	(130,152.32)
Capital Outlay	68,438.20	223,962.04	-	223,962.04	25,000.00	198,962.04
Scholarships	-	-	-	-	74,000.00	(74,000.00)
Debt Service						
Principal	340,000.00	355,000.00	-	355,000.00	355,000.00	-
Interest	144,611.26	133,567.79	(346.53)	133,221.26	130,211.00	3,010.26
Issuance Costs	-	27,361.80	(1,260.80)	26,101.00	-	26,101.00
TOTAL EXPENDITURES	1,850,718.42	2,292,524.02	65,202.97	2,357,726.99	2,208,658.00	149,068.99
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(353,260.50)	119,074.06	(77,149.91)	41,924.15	(428,171.00)	470,095.15
Unencumbered Cash						
Beginning of Year	312,288.30	679,628.32	(720,600.52)	(40,972.20)	200,731.00	(241,703.20)
End of Year	$ (40,972.20)	$ 798,702.38	$ (797,750.43)	$ 951.95	$ (227,440.00)	$ 228,391.95

Schedule 8

INDEPENDENCE COMMUNITY COLLEGE
Independence, 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, 2016
(With Comparative Actual Amounts for the Year Ended June 30, 2015)

		CURRENT YEAR				
	PRIOR YEAR ACTUAL	ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS	BUDGET	VARIANCE OVER (UNDER)
REVENUES						
Local Sources						
Ad Valorem Tax	$ 247,356.03	$ 261,972.69	$ -	$ 261,972.69	$ 421,207.00	$ (159,234.31)
Motor Vehicle Tax	24,776.65	30,273.47	-	30,273.47	42,968.00	(12,694.53)
Rental Vehicle Tax	265.62	353.48	-	353.48	-	353.48
Recreational Tax	262.17	318.89	-	318.89	424.00	(105.11)
16M-20M Truck Tax	648.47	899.75	-	899.75	-	899.75
Delinquent Taxes	15,127.53	8,065.74	-	8,065.74	9,160.00	(1,094.26)
Watercraft Tax	-	187.74	-	187.74	-	187.74
In Lieu of Taxes	990.17	125.72	-	125.72	1,396.00	(1,270.28)
Other Sources						
Interest Income	-	56.19	-	56.19	-	56.19
Miscellaneous	106,367.50	944,541.29	-	944,541.29	-	944,541.29
Debt Service						-
Bond Proceeds	-	955,000.00	25,275.97	980,275.97	-	980,275.97
TOTAL REVENUES	395,794.14	2,201,794.96	25,275.97	2,227,070.93	475,155.00	1,751,915.93
EXPENDITURES						
Plant Equipment and Facility						
Capital Outlay	53,133.05	1,463,459.60	-	1,463,459.60	61,776.00	1,401,683.60
Debt Service						
Principal	277,500.00	312,500.00	-	312,500.00	282,500.00	30,000.00
Interest	17,773.75	42,573.33	-	42,573.33	17,934.00	24,639.33
Bond Premium	-	(4,558.31)	4,558.31	-	-	-
Total Budget					362,210.00	1,456,322.93
Adjustments for Qualifying Budget Credits					1,924,817.26	(1,924,817.26)
TOTAL EXPENDITURES	348,406.80	1,813,974.62	4,558.31	1,818,532.93	2,287,027.26	(468,494.33)
Excess of Revenues and Transfers Over (Under) Expenditures	47,387.34	387,820.34	20,717.66	408,538.00	(1,811,872.26)	2,220,410.26
Unencumbered Cash Beginning of Year	37,790.68	85,178.02	-	85,178.02	52,577.00	32,601.02
End of Year	$ 85,178.02	$ 472,998.36	$ 20,717.66	$ 493,716.02	$ (1,759,295.26)	$ 2,253,011.28

Schedule 9

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2016

ACCOUNT NAME	BALANCE JUNE 30, 2015	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2016
AGENCY FUND				
School Projects Accounts				
Payroll Clearing	$ 28,422.65	$ 4,578,977.68	$ 4,578,977.68	$ 28,422.65
Technical Fees	1,929,653.00	382,600.50	729,194.10	1,583,059.40
Student Loan Clearing	8,690.64	-	-	8,690.64
President's Community Relations	49,880.01	892.50	-	50,772.51
Computer Technology	6,365.06	-	-	6,365.06
Athletic Administration	83,710.92	27,728.03	23,905.49	87,533.46
ID Machine	1,570.00	70.00	10.00	1,630.00
ICC Foundation	268.10	-	-	268.10
International Program	(20,527.56)	83.35	1,153.86	(21,598.07)
ICC Foundation Athletic	6,301.08	4,592.29	9,084.47	1,808.90
Greensburg Project	(17,938.31)	-	-	(17,938.31)
Concurrent Courses	466.95	-	-	466.95
Student Insurance	-	18,250.00	16,050.00	2,200.00
Total School Projects	2,076,862.54	5,013,194.35	5,358,375.60	1,731,681.29
Student Organization Accounts				
Business & Industry	10,652.07	-	-	10,652.07
Buccaneer	712.89	-	-	712.89
Math DVD	5.00	-	-	5.00
Drama	10,976.09	-	-	10,976.09
Music	446.05	-	-	446.05
Library	16,217.72	492.43	349.68	16,360.47
ICC Library Coffee Shop	(700.30)	-	-	(700.30)
Corner Stone Fitness	-	11,890.00	12,000.00	(110.00)
Agency	100.00	-	-	100.00
Cosmetology	(27,207.99)	148.60	4,156.85	(31,216.24)
Student Senate	3,326.96	-	-	3,326.96
GED Testing	(2,684.43)	-	-	(2,684.43)
Academic Challenge	619.08	-	-	619.08
Adult Education	2,654.55	10.00	-	2,664.55
ICC Ambassadors	866.00	-	-	866.00
Vet Tech Application Fees	126,735.21	4,345.00	113,348.85	17,731.36
Baseball Fence	(3,060.40)	-	-	(3,060.40)
Allied Health	20,248.05	17,860.00	11,390.12	26,717.93
ICC West Community Room	11,974.04	10,961.25	6,410.01	16,525.28
ICC Alumni	27.36	-	-	27.36
Speech and Debate	(3,501.19)	100.00	3,336.63	(6,737.82)
Theatre Tech	2,275.75	-	-	2,275.75
Concessions	4,750.16	6,985.53	6,756.26	4,979.43
Dorm Activities	112,724.47	-	-	112,724.47
Student Orientation	(540.08)	-	-	(540.08)
Anchor Operations	3,825.50	-	-	3,825.50
Golf	(2,285.87)	8,504.77	4,221.25	1,997.65
Men's Soccer	387.17	-	-	387.17
Fab Lab	-	900.00	1,263.26	(363.26)
Vet Tech Equipment	10,232.98	-	-	10,232.98
Workforce Development	4,238.00	-	-	4,238.00
Total Student Organizations	304,014.84	62,197.58	163,232.91	202,979.51
TOTAL AGENCY FUNDS	$ 2,380,877.38	$ 5,075,391.93	$ 5,521,608.51	$ 1,934,660.80
Assets				
Cash and Investments	$ 2,394,148.79	$ 5,075,391.93	$ 5,534,735.92	$ 1,934,804.80
TOTAL ASSETS	$ 2,394,148.79	$ 5,075,391.93	$ 5,534,735.92	$ 1,934,804.80
Liabilities				
Accounts Payable	$ 13,271.41	$ 144.00	$ 13,271.41	$ 144.00
Deposits Held For Others	2,380,877.38	5,075,391.93	5,508,481.10	1,934,660.80
TOTAL LIABILITIES	$ 2,394,148.79	$ 5,075,535.93	$ 5,521,752.51	$ 1,934,804.80

AUDITOR INFORMATION SHEET

INDEPENDENCE COMMUNITY COLLEGE
1057 WEST COLLEGE AVENUE
INDEPENDENCE, KANSAS 67301

EIN NUMBER: 480720287
OPE ID NUMBER: 00192400
DUNS NUMBER: 084091107

TELEPHONE: (620) 331-4100
FAX: (620) 331-5534

PRESIDENT: Daniel Barwick
CONTACT PERSON & TITLE: Wendy Isle, Chief Business Officer
LEAD AUDITOR: Neil L. Phillips, CPA
EMAIL ADDRESS: 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:	FSEOG	84.007
	DIRECT LOAN	84.268
	FWS	84.033
	PELL	84.063

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

Correspondence courses to total courses	NONE
Regular students enrolled in all 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
Independence, KS	Yes	Yes	Yes	1925	N/A	2016	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:

INDEPENDENCE COMMUNITY COLLEGE
1057 WEST COLLEGE AVENUE
INDEPENDENCE, KANSAS 67301

For Close-Out Examination only: N/A

Schedule 10

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2016

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity Grants	84.007	N/A	$ 53,340.94
Federal Direct Loan Program	84.268	N/A	805,923.00
Federal Work-Study Program	84.033	N/A	43,591.00
Federal Pell Grant Program	84.063	N/A	1,919,001.90
Federal Pell Grant Administration	84.063	N/A	2,105.00
		Total 84.063	1,921,106.90
Total Student Financial Aid Cluster		(M)	2,823,961.84
TRIO Cluster			
TRIO - Student Support Services	84.042(a)	N/A	264,856.67
TRIO - Upward Bound	84.047(a)	N/A	250,290.48
Total TRIO Cluster			515,147.15
Passed through The Kansas Board of Regents			
College Access Challenge Grant	84.378	P047A120735	15,000.00
Total U.S. Department of Education			3,354,108.99
FEDERAL ASSISTANCE TOTALS			$ 3,354,108.99

NOTE A --BASIS OF PRESENTATION

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.

NOTE B --INDIRECT COST RATE

Independence Community College did not elect to use the 10% de minimis cost rate.

(M) Major Programs

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
Independence Community College
Independence, 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 Independence Community College, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Independence Community College's basic financial statements and have issued our report thereon dated March 13, 2017.

Internal Control over Financial Reporting
In planning and performing our audit of the financial statements, we considered Independence 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 Independence Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Independence 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be material weaknesses. See findings 2016-001 and 2016-002.

Compliance and Other Matters
As part of obtaining reasonable assurance about whether Independence 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* .

Independence Community College's Response to Findings
Independence Community College's response to the findings identified in our audit is described in the accompanying corrective action plan. Independence Community College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
March 13, 2017

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Independence Community College
Independence, Kansas

Report on Compliance for Each Major Federal Program
We have audited Independence Community College's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have direct and material effect on each of Independence Community College's major federal programs for the year ended June 30, 2016. Independence 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility
Our responsibility is to express an opinion on compliance for each of Independence 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Independence 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 Independence Community College's compliance.

Basis for Qualified Opinion on Student Financial Aid Cluster
As described in the accompanying schedule of findings and questioned costs, Independence Community College did not comply with requirements regarding;

Finding #	CFDA #	Program (or Cluster) Name	Compliance Requirement
2016-003	84.007, 84.268, 84.033, 84.063	Student Financial Aid Cluster	Special Tests and Provisions
2016-004	84.007, 84.268, 84.033, 84.063	Student Financial Aid Cluster	Cash Management

Compliance with such requirements is necessary, in our opinion, for Independence Community College to comply with the requirements applicable to that program.

Qualified Opinion on Student Financial Aid Cluster
In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Independence 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 the Student Financial Aid Cluster for the year ended June 30, 2016.

Other Matters
Independence Community College's response to the noncompliance findings identified in our audit is described in the accompanying corrective action plan. Independence Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance
Management of Independence 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 Independence Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Independence Community College's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2016-003 and 2016-004 to be material weaknesses.

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.

Independence Community College's response to the internal control over compliance findings identified in our audit is described in the accompanying corrective action plan. Independence Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
March 13, 2017

Schedule 11

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2016

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:
The auditors' report expresses an unmodified opinion on the basic financial statements of Independence Community College.

Internal Control over Financial Reporting:

Material weakness(es) identified?	X	Yes		No
Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance or other matters required to be reported under *Government Auditing Standards*		Yes	X	No

Federal Awards:
Internal control over major programs:

Material weakness(es) identified?	X	Yes		No
Significant deficiency(ies) identified?		Yes	X	None Reported

The auditors' report on compliance for the major federal award programs for Independence Community College expresses a qualified opinion.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	X	Yes		No

Identification of major programs:

U.S. DEPARTMENT OF EDUCATION
Student Financial Aid Cluster
Federal Pell Grant Program – CFDA No. 84.063
Federal Direct Student Loans – CFDA No. 84.268
Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
Federal Work-Study Program – CFDA No. 84.033

The threshold for distinguishing Types A and B programs was $750,000.00.

Auditee qualified as a low risk auditee?		Yes	X	No

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2016

II. FINANCIAL STATEMENT FINDINGS

Finding 2016-001 – Bank Reconciliations

Criteria:
Internal controls should be in place that provide reasonable assurance that financial systems provide records for proper accountability for all funds and other assets of the College.

Condition:
Bank statements were not reconciled timely to the general ledger. Not reconciling the bank accounts on a monthly basis could result in errors or other problems occurring that might not be recognized and resolved on a timely basis. Management and the Board of Trustees may be relying on inaccurate financial reports in making decisions that affect the College.

Context:
Upon being contracted to complete the audit for the fiscal year ended June 30, 2016, it was noted the reason for the delay in the audit process was because the bank reconciliations were not completed and reconciled to the general ledger. The College obtained outside assistance for the completion of the bank reconciliations, however, total reconciled cash was not tied out to the general ledger cash account balances.

Effect:
The deficiencies in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if actual cash bank balances are not reconciled to the cash balances in the general ledger at the end of each month on a timely basis.

Cause:
The College did not have adequate staff properly trained in the software to complete the necessary timely reconciliations.

Recommendation:
Timely preparation of complete and accurate bank reconciliations is a key to maintaining adequate internal controls over both cash receipts and cash disbursements. The College's general ledger should be adjusted to match with the audit at June 30, 2016, and proceed forward in implementing this recommendation on a monthly basis.

Views of responsible officials and planned corrective action:
See the Corrective Action Plan on pages 55-56 of the current year audit.

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2016

I. <u>FINANCIAL STATEMENT FINDINGS</u> (Continued)

Finding 2016-002 – Electronic Funds Transfer (EFT) Payments

Criteria:
Internal controls should be in place that provide reasonable assurance that financial systems provide records for proper accountability for all funds and other assets of the College.

Condition:
EFT's paid by the College were issued without internal oversight which led to the overpayment of payroll taxes by a material amount.

Context:
During our testing of cash disbursements of the College, it was noted the College paid EFT's without proper oversight or approval.

Criteria:
Internal controls should be in place that provide reasonable assurance that financial systems provide records for proper accountability for all funds and other assets of the College.

Effect:
The lack of internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data, as well as create an opportunity for fraud to occur.

Recommendation:
Procedures should be implemented prohibiting the processing of EFT's without all required approvals and oversight of staff.

Views of responsible officials and planned corrective action:
See the Corrective Action Plan on pages 55-56 of the current year audit.

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2016

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2016-003 – Special Tests and Provisions – Return of Title IV Funds
Information of Federal Program:
Student Financial Aid Cluster
Federal Pell Grant Program – CFDA No. 84.063
Federal Direct Student Loans – CFDA No. 84.268
Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
Federal Work-Study Program – CFDA No. 84.033

Criteria:
When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (34 CFR section 668.22).

Condition:
During the testing of the return of Title IV funds, it was noted 1 of 37 tested refunds was not returned.

Effect:
The institution did not return Federal funds as required by Title IV regulations.

Cause:
The College did not have proper procedures in place that allowed them to identify all unsuccessful students.

Recommendation:
Policies and procedures should be written to provide internal controls over obtaining complete and accurate reports of official and unofficial withdrawals in order to identify students that need to have a return of Title IV completed.

Views of responsible officials and planned corrective action:
See the Corrective Action Plan on pages 55-56 of the current year audit.

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2016

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2016-004 – Cash Management
Information of Federal Program:
Student Financial Aid Cluster
Federal Pell Grant Program – CFDA No. 84.063
Federal Direct Student Loans – CFDA No. 84.268
Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
Federal Work-Study Program – CFDA No. 84.033

Criteria:
Proper cash management requires recipients to have controls in place for the proper drawdown of Federal funds on an as-needed basis to reduce the time between receipt and use of federal funds.

Condition:
During the testing of Federal cash management it was noted the College does not have a formal procedure for the reconciliation of the drawdown of Federal cash. As a result, the College had drawn down excess cash until the audit discovered during fieldwork.

Effect:
The reimbursement of Federal expenditures had no internal controls in place for the drawdown from the Grant Administration and Payments System (GAPS), therefore allowable Federal expenditures were not reimbursed.

Cause:
The lack of proper drawdown internal controls for Federal grants caused the College to have excess cash on hand.

Recommendation:
Policies and procedures should be written to provide guidance to all employees designating the staff responsible for the drawdown of the grant funds and outlining proper drawdown procedures including the timely drawdown of funds on an as-needed basis.

Views of responsible officials and planned corrective action:
See the Corrective Action Plan on pages 55-56 of the current year audit.

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Resolution of Prior Year's Findings and Questioned Costs
For the Year Ended June 30, 2016

Finding 2015-001 – Bank Reconciliations

Condition: Bank statements were not reconciled timely to the general ledger. Not reconciling the bank accounts on a monthly basis could result in errors or other problems occurring that might not be recognized and resolved on a timely basis. Management and the Board of Trustees may be relying on inaccurate financial reports in making decisions that affect the College.

Recommendation: Overall control over financial reporting could be improved significantly if all general ledger balances were reconciled monthly. The College's general ledger should be adjusted to match with the audit at June 30, 2015, and proceed forward in implementing this recommendation.

Current Status: This is a repeat finding see item 2016-001

Finding: 2015-002 – Special Tests and Provisions - Verification

Condition: During our testing of the verification process, it was noted that Independence Community College does not have adequate controls in place to document compliance with the verification process.

Recommendation: Policies and procedures should be written to provide internal control over the verification of student files. We recommend the College establish a filing process that allows all applications selected for verification to be verified before financial aid is awarded and all documentation is kept on file to support amounts verified.

Current Status: The College has implemented policies and procedure to ensure compliance.

Finding: 2015-003 – Special Tests and Provisions – Return of Title IV Funds

Condition: During the testing of the return of Title IV funds, it was noted 2 of 12 tested refunds were not returned and 1 of 12 had an incorrect amount returned.

Recommendation: Policies and procedures should be written to provide internal control over the return of Federal funds. We recommend the College establish a communication process that allows for the notification of the refund due and a control in place that allows the financial aid department to know the refund was returned timely.

Current Status: This is a repeat finding see item 2016-003

Corrective Action Plan

March 13, 2017

Cognizant or Oversight Agency for Audit

Independence Community College respectfully submits the following corrective action plan for the year ended June 30, 2016.

Name and address of independent public accounting firm: Jarred, Gilmore & Phillips, PA, P.O. Box 779, 1815 S Santa Fe, Chanute, Kansas 66720.

Audit period: Year ended June 30, 2016.

The findings from the March 13, 2017 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding 2016-001 – Bank Reconciliations

Condition: Bank statements were not reconciled timely to the general ledger. Not reconciling the bank accounts on a monthly basis could result in errors or other problems occurring that might not be recognized and resolved on a timely basis. Management and the Board of Trustees may be relying on inaccurate financial reports in making decisions that affect the College.

Recommendation: Overall control over financial reporting could be improved significantly if all general ledger balances were reconciled monthly. The College's general ledger should be adjusted to match with the audit at June 30, 2016, and proceed forward in implementing this recommendation.

Views of responsible officials and planned corrective action:
The college has developed procedures that ensure the timely reconciliation of bank statements. Payroll is no longer outsourced and allows ICC more control over financial information within its own system and access to necessary information to complete reconciliation. Staff received additional training on reconciling third party reports. Beginning July 1, 2016, staff will use GP Dynamics to complete bank reconciliations. A deadline has been set that all bank reconciliations will be completed within 30 days of receipt of bank statements, with best practice being within 14 days. The College plans to hire an accountant during the fiscal year.

Finding 2016-002 – Electronic Funds Transfer (EFT) Payments

Condition:
EFT's paid by the College were issued without internally required authorization which led to the overpayment of payroll taxes..

Recommendation:
Procedures should be implemented prohibiting the processing of EFT's without all required approvals.

Views of responsible officials and planned corrective action:
We are in agreement with the recommendation and will develop policies and procedures for the processing of EFT's that will follow the same procedures as College cash disbursements.

Corrective Action Plan

Finding: 2016-003 – Special Tests and Provisions – Return of Title IV Funds

Condition:
During the testing of the return of Title IV funds, it was noted 1 of 37 tested refunds was not returned.

Recommendation:
Policies and procedures should be written to provide internal control over obtaining complete and accurate reports of official and unofficial withdrawals in order to identify students that need to have a return of Title IV completed.

Views of responsible officials and planned corrective action:
Policies and Procedures have been written to provide control over return of Federal funds. The use of PowerFaids will minimize the chance of human error and increase control and reconciliation over return of funds. The Director of Financial Aid has also received training from the Department of Education on the return of Title IV

Finding: 2016-004 – Cash Management
Condition:
During the testing of Federal cash management it was noted the College does not have a formal procedure for the reconciliation of the drawdown of Federal cash. As a result, the College had drawn down excess cash until the audit discovered during fieldwork.

Views of responsible officials and planned corrective action:
We concur with the recommendation. Since 2015 there has been a complete turnover in financial aid management staff, as well as additional staff being hired. We will write policies and procedures that provide guidance to all employees designating the staff responsible for the drawdown of the grant funds and outlining proper drawdown procedures including a reconciliation process.

If the Oversight Agency for Audit has questions regarding this plan, please call Wendy Isle, Chief Business Officer, at (620) 331-4100 Ext. 5412.

Sincerely,

Independence Community College

Independence Community College