#BeMoreAtMCC

AUDIT BOOK

2014-2015

BLUE RIVER

BUSINESS & TECHNOLOGY

LONGVIEW

MAPLE WOODS

PENN VALLEY

Metropolitan Community College

Preparing students, serving communities, creating opportunities.

MCC

MORE THAN A GREAT START.

The Metropolitan Community College

Financial Statements

Fiscal Years Ended June 30, 2015 and 2014

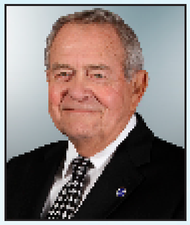
Contents

Contents

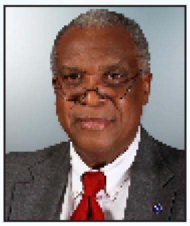
Metropolitan Community College

BOARD OF TRUSTEES


David L. Disney, President
Subdistrict 2


Robert H. Martin
Subdistrict 5


Trent Skaggs
Subdistrict 1


Richard Charles Tolbert
Subdistrict 3


Mariann Tow
Subdistrict 6

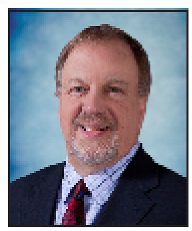

Christopher Whiting
Subdistrict 4

OFFICERS


Mark James
Chancellor


Kathrine Swanson
Vice Chancellor, Student Success and Engagement


Shelley Temple-Kneuvean
Vice Chancellor, Administrative and Financial Services


Michel Hillman
Interim Vice Chancellor, Academic Affairs


Michael Banks
President
MCC-Blue River

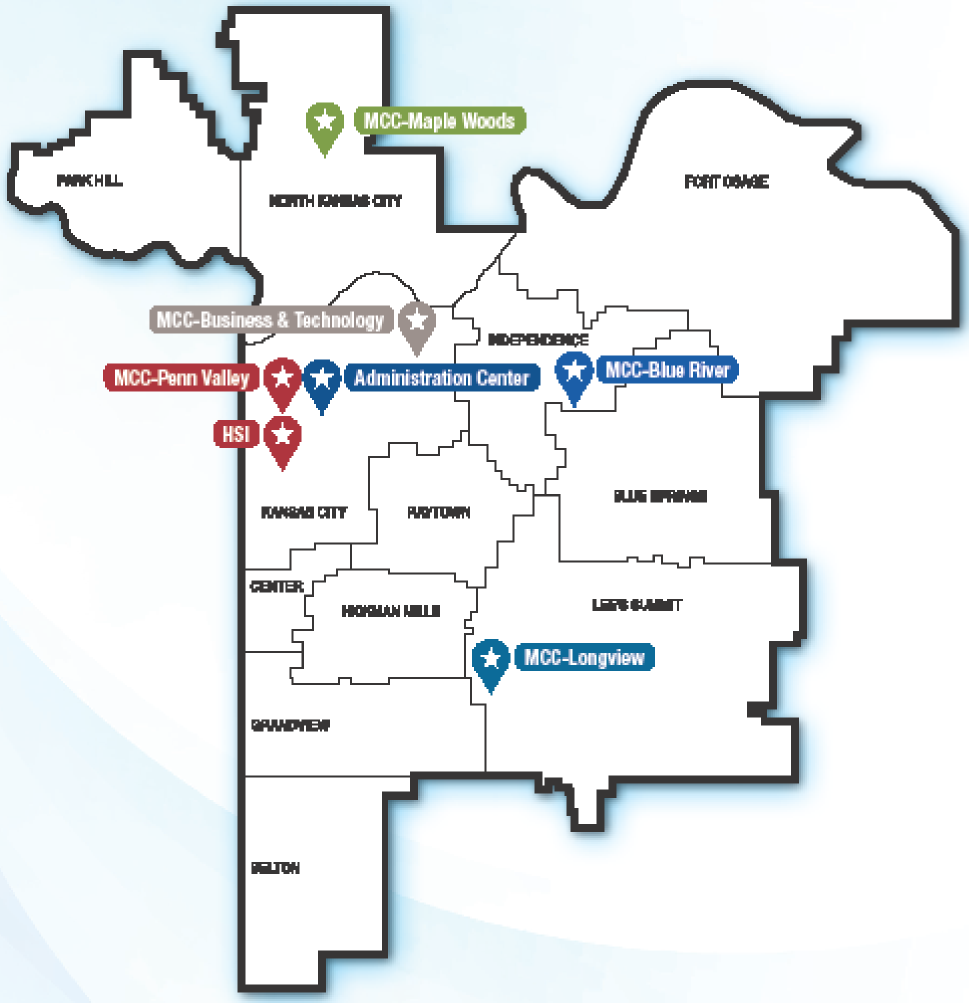

Dana Grove
Interim President
MCC-Business & Technology


Kirk Nooks
President
MCC-Longview


Utpal Goswami
President
MCC-Maple Woods


Joe Seabrooks
President
MCC-Penn Valley

SCHOOL DISTRICT MAP



CliftonLarsonAllen LLP
CLAconnect.com

Independent Auditors' Report

Board of Trustees
The Metropolitan Community College
Kansas City, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of The Junior College District of Metropolitan Kansas City, Missouri (d/b/a The Metropolitan Community College) as of and for the years ended June 30, 2015 and 2014, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

The financial statements of the discretely presented component unit, Metropolitan Community College Foundation, were not audited in accordance with *Government Auditing Standards.*

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

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

Board of Trustees
The Metropolitan Community College

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of The Metropolitan Community College as of June 30, 2015 and 2014, and the respective changes in financial position and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2015 the University adopted new accounting guidance, GASB Statement No. 68, Accounting and Reporting for Pensions and as amended, GASB Statement No. 71, Pension Transition for Contributions Made Subsequent to the Measurement Date. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the Schedule of Funding Progress, and the Schedule of Proportionate Share of Net Pension Liability and Contribution, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Metropolitan Community College's basic financial statements. The supplementary financial information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary financial information is the responsibility of management and was derived from and relates 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Board of Trustees
The Metropolitan Community College

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2015 on our consideration of The Metropolitan 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 9, 2015

Introduction

This section of Metropolitan Community College's (the College) annual financial report presents a discussion and analysis of the financial performance of the College during the fiscal year ended June 30, 2015, with comparative data for the fiscal years ended June 30, 2014 and 2013. It should be read in conjunction with the financial statements and notes that follow.

The College prepared the financial statements in accordance with Government Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that the financial statements be presented to focus on the College as a whole.

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the accompanying combined financial statements of the College including the accounts of the Junior College District of Metropolitan Kansas City, Missouri (the District), the Kansas City Metropolitan Community College Building Corporation (the Building Corporation), as well as its discretely presented component unit, the Metropolitan Community College Foundation (the Foundation).

Using This Annual Report

One of the most important questions asked about the College's finances is whether the College as a whole is better off or worse off as a result of the year's activities. The statement of net position; the statement of revenues, expenses and changes in net position; and the statement of cash flows provide information on the College as a whole and present a long-term view of the College's finances. These statements present financial information in a form similar to that used by private corporations. Over time, increases or decreases in net position (the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources) is one indicator of the improvement or erosion of the College's financial health when considered with nonfinancial facts such as enrollment levels and the condition of the facilities. In addition to these three basic financial statements, this report contains notes to the financial statements, required supplementary information and other supplementary schedules as appropriate.

Financial Highlights for Fiscal Year Ended June 30, 2015

In fiscal year 2015, the College's financial position declined, with total assets of $219.6 million vs $227 million in 2014 and $226 million in 2013. Due to the adoption of GASB pronouncements 68 and 71, when deferred outflow of resources are included, the total assets and deferred outflow is $231.5million in 2015 compared to $233 million in 2014. Net position, which represents the residual interest in the College's assets and deferred outflow of resources after liabilities and deferred inflow of resources are deducted, was $89.0 million at June 30, 2015. This represents a 33.2% decrease from 2014's net position of $131.1 million. The College's unrestricted net position showed a decrease from $63.4 million to $26.0 million.

Financial operations were better than originally budgeted, with an overall increase in net position of $12.9 million. These positive results can be attributed to a one time reclassification of Missouri retirement system payments due to the adoption of GASB 68, lapsed salaries, and an overall decline in spending across the district.

Financial Highlights for Fiscal Year Ended June 30, 2014

The College's financial position improved at June 30, 2014, with total assets and deferred outflow of resources of $227.0 million compared to liabilities and deferred inflow of resources of $95.7 million compared to $226.0 million and $104.2 million, respectively, at June 30, 2013. Net position, which represents the residual interest in the College's assets and deferred outflow of resources after liabilities and deferred inflow of resources are deducted, was restated to $131.3 million at June 30, 2014. This represents a 7.8% increase from 2013's net position of $121.8 million. The College's unrestricted net position showed an increase from $56.6 million to $63.4million or 12%.

Financial operations were better than originally budgeted, with an overall increase in net position of $9.5 million, without effect of the 2014 restatement. These positive results can be attributed to lapse salaries, open vacant positions, sale of property, reduced spending across the District and additional contributions from the Institute of Workforce Innovation.

Financial Highlights for Fiscal Year Ended June 30, 2013

As of June 30, 2013 the College's financial position declined over the past fiscal year, with total assets and deferred outflow of resources of $226.0 million compared to liabilities and deferred inflow of resources of $104.2 million compared to $236.1 million and $112.6 million, respectively, at June 30, 2012. Net position, which represents the residual interest in the College's assets and deferred outflow of resources after liabilities and deferred inflow of resources are deducted, was $121.8 million at June 30, 2013. This represents a decline of 1.4% from prior year restated net position of $123.5. The College's restated unrestricted net position remained unchanged from $56.6 million to $56.6 million from year end 2012 to year end 2013, respectively.

College expenses exceeded revenues, with an overall decrease in net position of $1.7 million for fiscal year end June 30, 2013. Contributing factors included payments associated with the discontinuation of the early retirement program, reduced state funding, a decline in enrollment and a year-end mark to market adjustment for investments. Operations were better than budget with tax collections greater than anticipated, reduced spending across the District and additional contributions were received from the Institute for Workforce Innovation.

Combined Statements of Net Position

The Statement of Net Position presents the financial position of the College at the end of the fiscal year and includes all assets and liabilities of the College. Total assets and deferred outflow or resources less total liabilities and deferred inflow of resources – net position – is one indicator of the current financial condition of the College, while the change in net position is an indicator of whether the overall financial condition has improved or worsened during the year. Assets and liabilities are generally measured using current values or historical costs.

From the data presented, readers of the Statement of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of assets available for expenditure by the College.

Assets and liabilities are categorized as current or noncurrent. The difference is that current assets and liabilities mature or become payable within the normal 12-month accounting cycle versus noncurrent, which mature or become payable after 12 months. For example, at June 30, 2015, the College's current assets consisted primarily of cash and cash equivalents, short-term investments, net accounts receivable, bookstore inventories, and other assets. Noncurrent assets consist primarily of long-term investments and property and equipment. Property and equipment are the capital assets owned by the College and the Building Corporation.

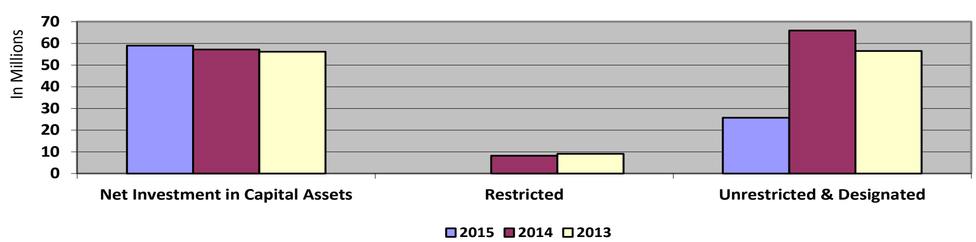
Net position is presented in four major categories. The first category, net investment in capital assets, provides the College's/Building Corporation's equity in capital assets – the property, plant and equipment owned by the College/Building Corporation. The second category is restricted net position, which is restricted for debt retirement. The third category is titled designated. Designated net assets are unrestricted funds which have been designated by board direction for specific purposes. And the final category is unrestricted net position, which is available for use by the College for any legal purpose.

Condensed Combined Statements of Net Position

June 30, 2015, 2014 and 2013
(Dollars in Millions)

	2015	ChangeFrom Prior Year	2014	ChangeFrom Prior Year	2013
Assets:					
Current	$ 73.3	$ (5.5)	$ 78.8	$ (8.6)	$ 87.4
Capital	124.3	(5.8)	130.1	(5.3)	135.4
Other	22.0	3.9	18.1	14.9	3.2
Total assets	$ 219.6	$ (7.4)	$ 227.0	$ 1.0	$ 226.0
Deferred Outflow of Resources	$ 11.9	11.9	$ -	-	$ -
Total Assets and Deferred Outflow	$ 231.5	$ 4.5	$ 227.0	$ 1.0	$ 226.0
Liabilities:					
Current	$ 20.1	$ (3.1)	$ 23.2	$ (4.0)	$ 27.2
Noncurrent	98.5	(35.3)	133.8	56.8	77.0
Total liabilities	$ 118.6	$ (38.4)	$ 157.0	$ 52.8	$ 104.2
Deferred Inflow of Resources	$ 23.9	23.9	$ -	-	$ -
Total Liabilities and Deferred Inflow	$ 142.5	$ (14.5)	$ 157.0	$ 52.8	$ 104.2
Net position:					
Invested in capital, net of related debt	$ 59.0	$ 1.8	$ 57.2	$ 1.1	$ 56.1
Restricted for debt retirement	-	(8.2)	8.2	(0.9)	9.1
Designated	4.0	1.5	2.5	2.5	-
Unrestricted	26.0	(37.4)	63.4	6.8	56.6
Total net position	$ 89.0	$ (42.3)	$ 131.3	$ 9.5	$ 121.8

Comparison of Net Position



Significant assets consist of cash and cash equivalents, short-term and long-term investments, accounts receivable and capital assets. Significant liabilities include accounts payable and accrued liabilities, long-term bonded debt, net pension liability, compensated absences and deferred revenue.

Fiscal Year 2015 compared to Fiscal Year 2014

Total assets and deferred outflow of resources increased $4.4 million; total liabilities and deferred inflow of resources increased $46.8 million; for a total net position of decrease of $42.3 million in 2015.

The deferred outflow of resources increase is primarily due to implementation of GASB 68 and 71 with payments to the retirement system reclassified as a deferred outflow and the bond refunding loss also classified as a deferred outflow.

The asset decrease is due to the restricted short-term investments. In 2015, the Board approved a bond refinancing which released $8.2 million of short-term investments restricted for debt retirement.

The total liabilities increase is a result of implementation of GASB 68 and 71 resulting in the need to record MCC's share of the Missouri retirement system net pension liability plus deferred inflow of resources of $56.8 million. The refinancing of the 2006 and 2008 bonds resulted in lower bonds payable balance of $7.5 million, both short-term and long-term. Accounts payable and other accruals decreased $2 million.

Net investment in capital assets, which represents 69.6% of total net position at June 30, 2015, represents the assets' historical costs, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Expendable restricted net position is subject to externally imposed restrictions governing their use. This category of net position represents the debt service reserve funds as mandated by the trust indentures. There were no additional debt issuances in the current year. The Series 2006 and 2008 were refinanced and the respective reserve was released and applied towards the escrow during the refinancing.

Designated net position is not subject to externally imposed restrictions and therefore is not considered restricted net position. Rather the Board of Trustees has elected to designate a portion of unrestricted net position for the purpose of deferred maintenance and information technology.

Unrestricted net position is not subject to externally imposed stipulations and is available to the College for any legal purpose.

Fiscal Year 2014 compared to Fiscal Year 2013

Assets increased by $1.0 million; liabilities decreased $8.5 million; for a total net position increase of $9.5 million in 2014.

The asset increase is included in current and non-current cash and investments and deferred outflow of resources. Other assets are long-term investments with maturities greater than 12 months. In 2014 long-term investments provided more favorable interest rates as the yield curve was relatively steep.

The total liabilities decrease $8.5 million primarily associated with the $6.5 million of the reduction in principal payments of debt and with accruals, payables and other liabilities reduced $1.7 million.

Net investment in capital assets, which represents 43.6% of total net position at June 30, 2014, represents the assets' historical costs, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Expendable restricted net position is subject to externally imposed restrictions governing their use. This category of net position represents the debt service reserve funds as mandated by the trust indentures. There were no additional debt issuances in the current year. The Series 2002 was retired and the respective reserve was released and used to retire the debt.

Designated net position is not subject to externally imposed restrictions and therefore is not considered restricted net position. Rather the Board of Trustees has elected to designate a portion of unrestricted net position for the purpose of deferred maintenance and information technology.

Unrestricted net position is not subject to externally imposed stipulations and is available to the College for any legal purpose.

Combined Statements of Revenues, Expenses, and Changes in Net Position

The Combined Statements of Revenues, Expenses, and Changes in Net Position disclose the College's financial results for each of the fiscal years presented. The purpose of the statements are to present the revenues earned by the College, both operating and nonoperating, and the expenses incurred by the College, operating and nonoperating, and any other revenues, expenses, gains and losses earned or incurred by the college. Under the accrual basis of accounting, all of the current year's revenue and expenses are taken into account regardless of when the cash is received or paid.

Generally speaking, operating revenues are received for providing goods and services to the students and various constituencies of the College. Operating expenses are those expenses incurred to acquire or produce the goods and services provided in return for the operating revenues, and to carry on the mission of the College. Nonoperating revenues are revenues earned for which goods and services are not provided. For example, the state appropriations and county property tax collections are nonoperating because they represent revenue provided to the College for which no direct goods or services were provided directly by the College to the state legislature or the local taxpayers.

One of the College's strengths is its diverse streams of revenue, which allow it the flexibility to weather difficult economic times. The statements below provide an illustration of revenues by source (both operating and nonoperating), which were used to fund the College's operating activities for the years ended June 30, 2015, 2014 and 2013.

Condensed Combined Statements of Revenue, Expenses and Changes in Net Position
Years Ended June 30, 2015, 2014 and 2013

(Dollars in Millions)

	2015	ChangeFrom Prior Year	2014	ChangeFrom Prior Year	2013
Operating revenues	$ 68.9	$ (8.4)	$ 77.3	$ (1.5)	$ 78.8
Operating expenses	120.9	(8.5)	129.4	(12.3)	141.7
Operating loss	(52.0)	0.1	(52.1)	10.8	(62.9)
Non-operating revenues, net	64.9	3.2	61.7	0.6	61.1
Increase in net assets	12.9	3.3	9.6	11.4	(1.8)
Net assets, beginning of year	131.4	9.6	121.8	(1.8)	123.6
Change in Accounting Principle	(55.3)	(55.3)	-	-	-
Net assets, end of year	$ 144.3	$ (42.4)	$ 131.4	$ 9.6	$ 121.8
Total revenues	$ 136.7	$ (5.5)	$ 142.2	$ (1.1)	$ 143.3
Total expenses	$ 123.8	$ (8.8)	$ 132.6	$ (12.6)	$ 145.2

The following table of revenues by source (both operating and nonoperating) shows revenues used to fund the College's operating activities for the years ended June 30, 2015, 2014 and 2013.

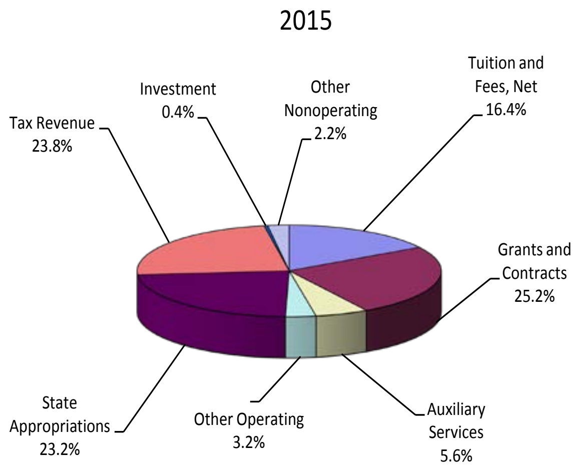
Revenues by Source:
Years Ended June 30, 2015, 2014 and 2013
(Dollars in Millions)

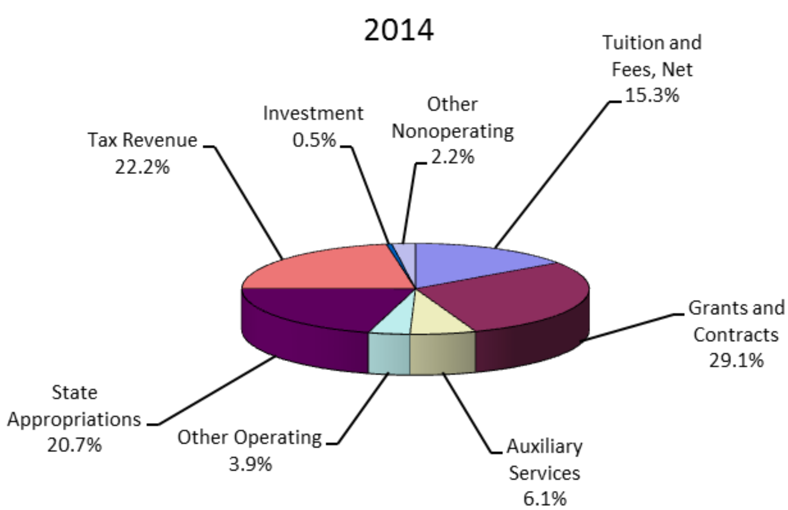
	2015	Change From Prior Year	2014	Change From Prior Year	2013
Operating revenues:					
Student tuition and fees	$ 22.4	$ 0.7	$ 21.7	$ (0.8)	$ 22.5
Contracts and grants	34.4	(7.0)	41.4	(0.1)	41.5
Auxiliary services	7.7	(1.0)	8.7	(0.9)	9.6
Other	4.4	(1.1)	5.5	0.3	5.2
Total operating revenues	$ 68.9	$ (8.4)	$ 77.3	$ (1.5)	$ 78.8
Non-operating revenues:					
State appropriations	$ 31.7	$ 2.3	$ 29.4	$ (0.3)	$ 29.7
County property tax revenues	32.5	0.9	31.6	(0.2)	31.8
Investment income	0.5	(0.3)	0.8	0.9	(0.1)
Other non-operating revenue	3.1	-	3.1	-	3.1
Total non-operating revenues, net	$ 67.8	$ 2.9	$ 64.9	$ 0.4	$ 64.5
Total Revenue	$ 136.7	$ (5.5)	$ 142.2	$ (1.1)	$ 143.3

Fiscal Year 2015 compared to Fiscal Year 2014

Total revenues decreased $5.5 million from prior year. Contracts and grants comprise 25.2% and 29.1% of total revenue respectively. State appropriations increased $2.3 million or 7.8% from prior year. While this was an increase from prior year, state appropriations revenues remain at levels last seen in 1998. All tuition rates remained unchanged from prior year; however, enrollment dropped 8% in 2015 from 2014. The decline in enrollment and an increase in textbook purchasing alternatives available to students had a direct negative impact on auxiliary services as bookstore revenue dropped $1 million from last year.

The following graphic illustrates revenues used to fund the College's operating activities for the years ended June 30, 2015 and 2014.

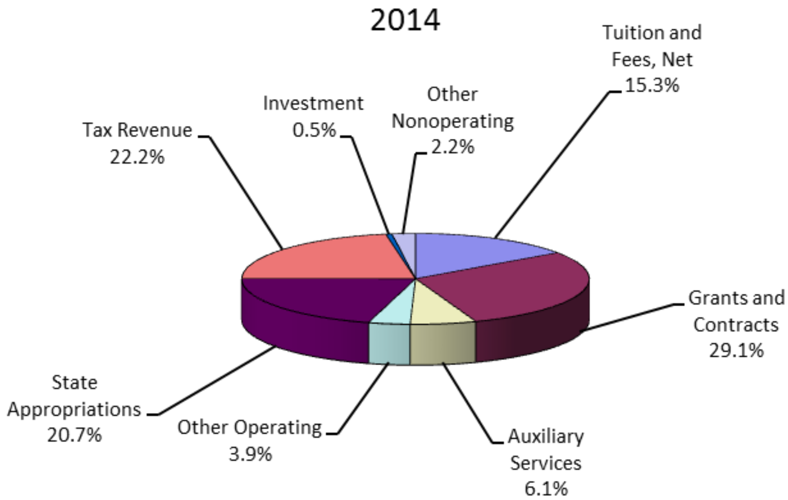


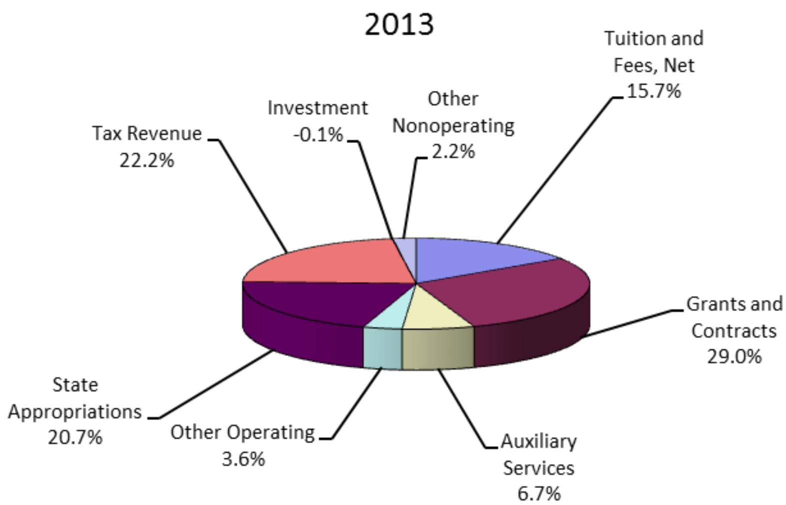


Fiscal Year 2014 compared to Fiscal Year 2013

Total revenues decreased $1.1 million from prior year. Contracts and grants comprise 29.1% and 29.0% of total revenue respectively. State appropriations dropped $0.3 million or 1.0% from prior year. While only a minor drop from prior year, state appropriations revenue remain at levels last seen in 1998. In-district tuition remained unchanged from prior year and all other tuition increased $11.00 per credit hour and enrollment dropped 3% in 2014 from 2013. The decline in enrollment and an increase in textbook purchasing alternatives available to students had a direct negative impact on auxiliary services as bookstore revenue dropped $0.9 million from last year.

The following graphic illustrates revenues used to fund the College's operating activities for the years ended June 30, 2014 and 2013.





Expenses

Operating expenses can be displayed in two formats, natural (object) classification and functional classification. Both formats are presented in the following tables for the years ended June 30, 2015, 2014, and 2013.

Operating Expenses by Natural Classification
Years Ended June 30, 2015, 2014 and 2013
(Dollars in Millions)

	2015	Change From Prior Year	2014	Change From Prior Year	2013
Operating expense:					
Salaries and benefits	$ 78.2	$ (5.4)	$ 83.6	$ (15.0)	$ 98.6
Supplies and services	30.6	(2.2)	32.8	3.8	29.0
Depreciation and amortization	6.9	(0.1)	7.0	-	7.0
Scholarships and fellowships	5.2	(0.8)	6.0	(1.1)	7.1
Total operating expenses	$ 120.9	$ (8.5)	$ 129.4	$ (12.3)	$ 141.7

Operating Expenses by Functional Classification
Years Ended June 30, 2015, 2014 and 2013
(Dollars in Millions)

	2015	Change From Prior Year	2014	Change From Prior Year	2013
Operating expenses:					
Instructional	$ 42.4	$ (2.1)	$ 44.5	$ (6.6)	$ 51.1
Academic support	14.2	0.1	14.1	(1.2)	15.3
Student services	14.0	0.6	13.4	(0.2)	13.6
Plant ops and maintenance	11.1	0.7	10.4	(1.4)	11.8
Institutional support	17.7	(5.2)	22.9	(2.5)	25.4
Scholarships and fellowships	5.2	(0.7)	5.9	(1.2)	7.1
Public service	2.4	(1.0)	3.4	1.2	2.2
Depreciation	6.9	(0.1)	7.0	-	7.0
Auxiliary enterprise	7.0	(0.8)	7.8	(0.4)	8.2
Total operating expenses	$ 120.9	$ (8.5)	$ 129.4	$ (12.3)	$ 141.7

Nonoperating Expenses
Years Ended June 30, 2015, 2014 and 2013
(Dollars in Millions)

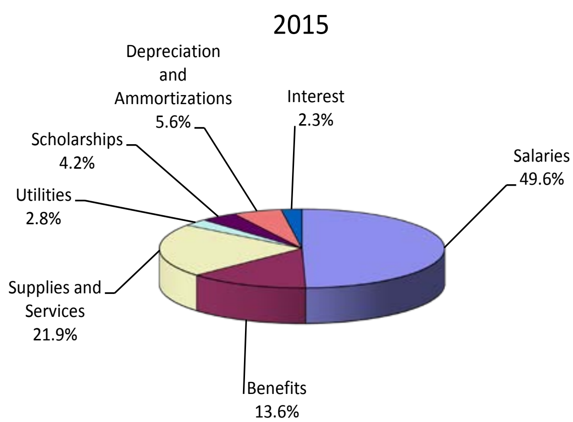
(in millions)

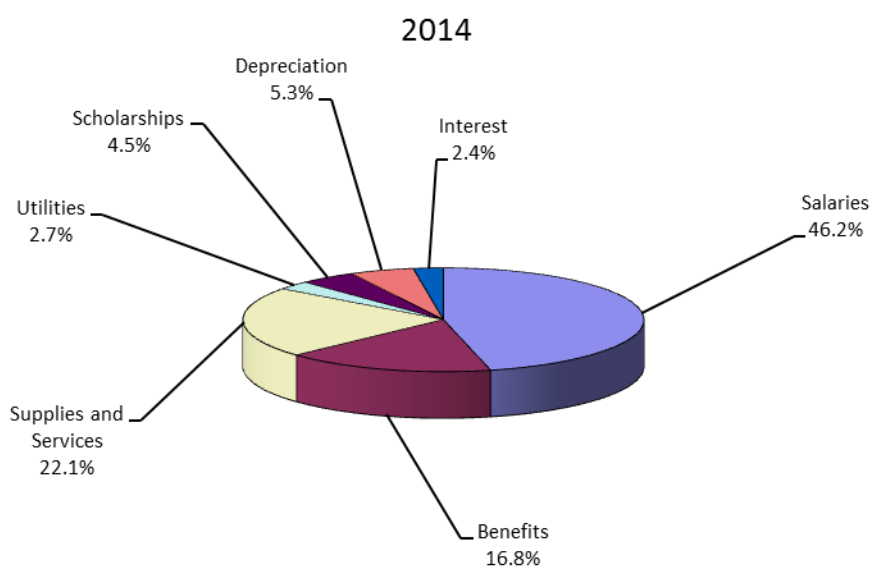
	2015	Change From Prior Year	2014	Change From Prior Year	2013
Interest on debt relating to capital assets	2.9	(0.3)	3.2	(0.3)	3.5
Total expenses	$ 123.8	$ (8.8)	$ 132.6	$ (12.6)	$ 145.2

Fiscal Year 2015 compared to Fiscal Year 2014

2015 total operating and nonoperating expenses decreased by $8.8 million or 6.6% from prior year. 2015 included a one-time reclassification of $6.4 million of retirement system expenses to deferred outflow asset. Omitting the one-time reclassification, total operating and non-operating expenses are down $2.4 million or 1.8% over the prior year. The salaries and benefits comprise 63.2% and 63.0% of total expenses for years ended June 30, 2015 and June 30, 2014, respectively. Supplies and services decreased $2.2 million or 1.7% from prior year primarily due to a decrease in the bond payment as a result of the refinancing.

The following graphic illustrates expenses by natural (object) classification for the years ended June 30, 2015 and 2014.

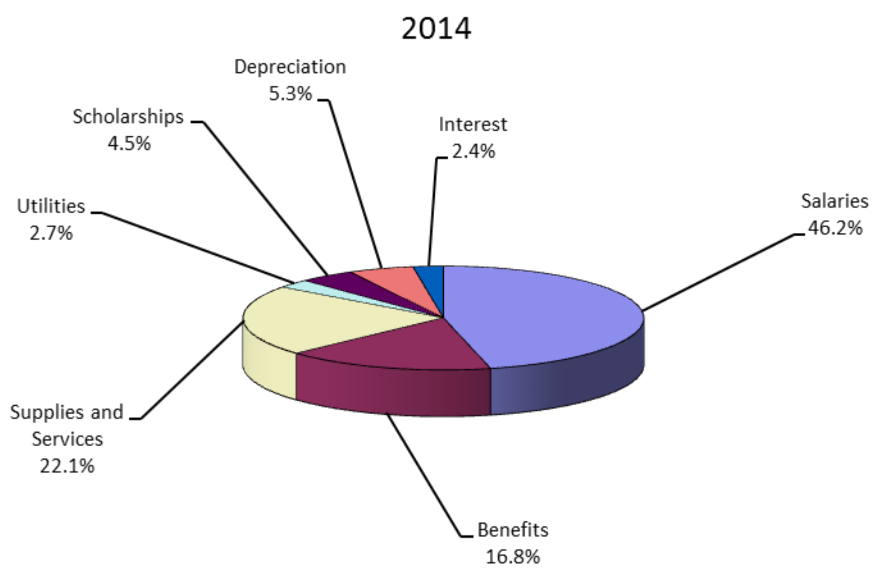


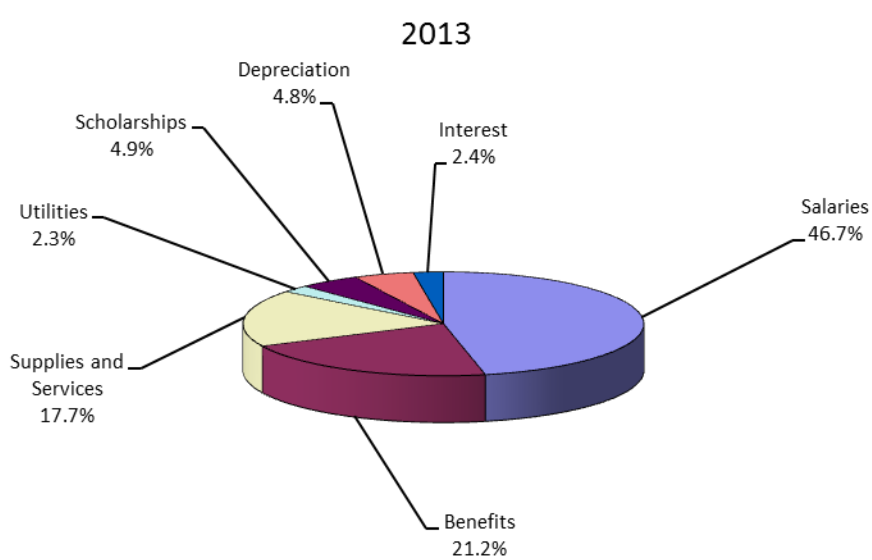


Fiscal Year 2014 compared to Fiscal Year 2013

2014 total operating and nonoperating expenses decreased by $12.6 million or 7.0% from prior year. 2013 benefits expense includes $7.0 million of one-time payments relating to early retirement incentive payments. Omitting the one-time incentive payments, total operating and non-operating expenses are down $5.6 million or 4.0% over the prior year. The salaries and benefits comprise 63.0% and 67.9% of total expenses for years ended June 30, 2014 and June 30, 2013, respectively. Supplies and services increased $3.8 million or 13.1% from prior year primarily due to increased contracted services.

The following graphic illustrates expenses by natural (object) classification for the years ended June 30, 2014 and 2013.





Combined Statements of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement also assists users in assessing the College's ability to generate net cash flows, its ability to meet its obligations as they come due, and its need for external financing.

The Combined Statements of Cash Flows is divided into five parts, each examining a different source of and use for cash. The first part, "Operating activities," examines the source and use of cash from ordinary operating activities. The second part, "Noncapital financing activities," reflects cash flows received and spent for nonoperating, noninvesting and noncapital financing activities. An example of this would be cash received from state appropriations and county property tax. The third section, "Capital financing activities," deals with cash flows from capital and related financing activities. The section reflects the cash used in the acquisition, construction and financing of capital and related items. The fourth section, "Investing activities," reveals the cash flows from investing activities and shows the purchases, proceeds and interest received from investing activities. The fifth and last section reconciles the net cash used by operating activities to the operating gain or (loss) reflected on the statement of revenues, expenses and changes in net position.

Condensed Combined Statements of Cash Flows
Years Ended June 30, 2015, 2014 and 2013
(Dollars in Millions)

	2015	Change From Prior Year	2014	Change From Prior Year	2013
Cash provided (used) by:					
Operating activities	$ (51.4)	$ (4.8)	$ (46.6)	$ 12.6	$ (59.2)
Noncapital financing activities	66.4	3.2	63.2	(0.4)	63.6
Capital financing activities	(16.7)	(5.2)	(11.5)	(0.3)	(11.2)
Investing activities	3.5	9.4	(5.9)	(7.8)	1.9
Net change in cash	1.8	2.6	(0.8)	4.1	(4.9)
Cash, beginning of year	39.0	(0.8)	39.8	(4.9)	44.7
Cash, end of year	$ 40.8	$ 1.8	$ 39.0	$ (0.8)	$ 39.8

The major sources of cash included state aid, county property tax revenues, student tuition, federal contracts & grants, and proceeds from maturities of investments. Significant uses of cash included payments to employees including benefits, payments to vendors and suppliers, payments for scholarships and financial aid, capital assets and purchases of investments.

Fiscal Year 2015 compared to Fiscal Year 2014

The cash position of the College increased by $1.8 million for the fiscal year ended June 30, 2015. Cash used for operating activity was up $4.8 million which was attributable to a decrease in federal Pell revenue. Noncapital financing activities were up $3.2 million due to the increased state aid. The capital financing activities used an additional $5.2 million due to the bond refinancing. Investing activities provided a $3.5 million, an increase of $9.4 million over 2014. The College's investment strategy has been increasing the percentage of long-term investments from 21% in 2014 to 25.7% in 2015.

Fiscal Year 2014 compared to Fiscal Year 2013

While the cash position of the College decreased by $0.8 million for the fiscal year ended June 30, 2014, the net position increased $9.5 million. Operating activity is down $12.6 million from prior year. Investing activities have increased $7.8 million over prior year. The College's investment strategy continues to be relatively short-term focused due to economic conditions; however, relative to recent years, the yield curve has become steeper drawing attraction to longer term investments; hence the increase in noncurrent investments.

Fiscal Year 2013 compared to Fiscal Year 2012

The cash position of the College decreased by $4.9 million for the fiscal year ended June 30, 2013. The reduction is attributed to the decline in net position of $1.8 million; accounts receivable, a source of cash, is up $2.0 million and accounts payables, a use of cash, is down $0.9 million. The College's investment strategy continues to be a short term focus due to economic conditions, low interest rates and minimal rate differential on longer term investments.

Capital Assets

Net Capital Assets
Years Ended June 30, 2015, 2014 and 2013
(Dollars in Millions)

Capital Assets - Net of Accum Dprc	2015	ChangeFrom Prior Year	2014	ChangeFrom Prior Year	2013
Land	$ 8.4	$ -	$ 8.4	$ (0.3)	$ 8.7
Buildings and Improvements	112.2	(4.5)	116.7	(4.9)	121.6
Construction in progress	-	(0.3)	0.3	0.2	0.1
Equipment	3.4	(0.8)	4.2	-	4.2
Textbook rental	0.3	(0.1)	0.4	(0.2)	0.6
Software	-	(0.1)	0.1	(0.1)	0.2
	$ 124.3	$ (5.8)	$ 130.1	$ (5.3)	$ 135.4

Additional information concerning capital assets is provided in Note 3 to the combined financial statements.

Fiscal Year 2015 compared to Fiscal Year 2014

As of June 30, 2015 the College had recorded $124.3 million in net capital assets, a decrease of $5.8 million from the prior year. In 2015, the Longview enrollment center was completed and $.7 million in equipment was purchased. No additional debt was issued to finance these projects.

Fiscal Year 2014 compared to Fiscal Year 2013

As of June 30, 2014 the College had recorded $130.1 million in net capital assets, a decrease of $5.3 million from the prior year. 10 acres of land was sold in Blue Springs, $1.4 million in equipment purchases and $0.4 million in additional text book rentals were purchased in 2014. An interest-free capital lease was obtained from a vendor to purchase technology equipment.

Fiscal Year 2013 compared to Fiscal Year 2012

As of June 30, 2013 the College had recorded $135.4 million in net capital assets, a decrease of $5.2 million from the prior year. Penn Valley enrollment center and parking lot, Northland Human Services roof and parking lot improvements, chemistry labs and classroom remodels were completed in 2013. No additional debt was issued to finance these projects.

Long Term Debt

Long Term Debt
Years Ended June 30, 2015, 2014 and 2013
(Dollars in Millions)

Outstanding Debt	2015	Change From Prior Year	2014	Change From Prior Year	2013
Capital Lease Purchase	$ 1.6	$ (0.1)	$ 1.7	$ 1.7	$ -
Refunding lease certificates of participation	-	-	-	(1.8)	1.8
Leasehold revenue bonds	65.4	(7.5)	72.9	(4.6)	77.5
Total long-term debt	$ 67.0	$ (7.6)	$ 74.6	$ (4.7)	$ 79.3

Additional information concerning long term debt is provided in Note 4 to the combined financial statements.

Economic Outlook

Based on the Missouri Economic Research & Information Center (MERIC), non-farm employment in the Missouri economy grew 0.8% from May 2014 to May 2015. There was a modest rate of growth across most industries. Over this same period, the Missouri unemployment rate fell from 6.1% to 5.8%. Missouri personal income increased by 2.7% over the calendar year 2014. The final fiscal year 2015 revenue report from the Office of Administration for the State of Missouri indicated that net general revenue collections increased 8.8% during 2015 compared to a decrease of 1.0% in fiscal year 2014, indicating that at least in terms of net general revenue collections, the State of Missouri's cash flow increased in FY 2015 versus FY 2014.

In FY 2016, MCC is estimating that approximately 28.3% of all operational fund revenue will come from MCC's state aid appropriation to Missouri Community Colleges. For this reason, MCC monitors statewide economic and political activity closely. MCC state aid funding increased 4.7% in FY 2015 and is estimated to grow 3.9% in FY 2016. MCC is projecting a small appropriation increase in FY 2016 and FY 2017.

FY 2015 was steady in local tax revenue collections for MCC, showing an increase of approximately $0.6 Mil or a 1.9% increase. FY 2014 results reflected an increase in the collection rate on current and back taxes collection. The local levy rate for FY 2015 was $0.2374 cents per $100 of assessed valuation, an increase from $0.2369 in FY 2014. MCC is allowed by statute and the Missouri Constitution to offset declines in assessed valuation by increasing the tax levy rate each year in which assessed valuation declines, but only up to the level set by district patrons in the last actual levy election, or to the "maximum authorized levy" rate. This will allow MCC to continue to increase its tax levy rate in response to reductions in assessed valuations until the tax levy reaches $0.2700 per $100 of assessed valuation. Management continues to anticipate that there will be a stabilization in assessed valuation in the near term and, as such, does not anticipate that the tax levy will reach the $0.2700 ceiling. A significant factor in the recent assessed valuation declines has been continued historical lows in new construction activity in the MCC taxing district due to economic conditions since the FY 2010 calendar year. The last four years included new construction of $156.0 million, $94.5 million, $98.7 million, and $46.0 million. As recently as FY 2008, new construction added $340.0 million to the tax base of MCC in one year alone.

The College generated approximately 354,518 student credit hours and credit hour equivalents in FY 2015, down approximately 12.9% from the previous year. In the College's three-year financial plan, enrollment is forecasted to decline 3.0% in FY 2016, and then increase only moderately thereafter as the economy slowly emerges from an extended recession. The significance of enrollment growth and its relationship to tuition and fees is that tuition and fee revenue is the only major source of revenue driven by enrollment and as such, must support the growth in both teaching and other enrollment driven support costs, especially during periods of significant student enrollment growth. In FY 2016, MCC did not increase its tuition and fee structure.

The MCC budget process through FY 2016 has been reviewed. It is management's opinion that the former budget allocation model was not well aligned with the revenue that the College had been receiving and as a result, the budgeting processes from 2013 on have been formulated with a different approach which moved to actual rather than theoretical funding of expenses.

In response to declining projected revenues, the College has identified a number of other revenue enhancement initiatives. These include:

- Update of a comprehensive strategic plan to guide the College on strategies, effectiveness and efficiencies.
- Build upon the growing success of our Institute for Workforce Innovation by expanding the institutional model of the delivery of career and technical education by partnering with the Metropolitan Kansas City Area's businesses and industries to create more workforce "stackable credentials" that bridge the non-credit training to associate degrees and employment.
- Pursue opportunities to annex additional school districts in the MCC service area.
- Better meet market demands through expansion of our KC-Online course offerings.
- Create a robust MCC Foundation and fundraising strategy and operational plan that maximally leverage existing resources and relationships into successful multi-dimensional fundraising activities throughout the year to benefit the needs of MCC and its students.
- Continue to aggressively develop MCC "brand awareness" through marketing and public information activities.

As these projects materialize, the additional revenue from these initiatives will be included in the College's long-range financial plan to supplement the three other major sources of revenue.

Requests for Information

These financial statements and discussions are designed to provide a general overview of the College's finances for all those with an interest in the entity's finances. Questions concerning any information provided in this report should be addressed to Financial Services Department, 3200 Broadway, Kansas City, MO 64111.

The Metropolitan Community College
Combined Statement of Net Position

	June 30	
	2015	2014
Assets		
Current assets		
Cash and cash equivalents	$ 40,761,337	$ 38,971,908
Short-term investments	22,536,849	21,142,770
Short-term investments, restricted	-	8,153,910
Accounts receivable, less allowance for doubtful accounts of $241,910 and $356,058	6,931,958	7,642,627
Inventories	1,767,460	2,133,753
Other assets	1,270,945	757,162
Total current assets	73,268,549	78,802,130
Noncurrent assets		
Long-term investments	21,999,165	18,148,945
Capital assets:		
Nondepreciable	8,484,205	8,753,400
Depreciable,net	115,843,813	121,388,573
Total noncurrent assets	146,327,183	148,290,918
Total assets	219,595,732	227,093,048
Deferred outflow of resources	11,913,943	-
Total assets and deferred outflow of resources	231,509,675	227,093,048
Liabilities		
Current liabilities		
Accounts payable, accrued and other liabilities	9,791,456	11,756,736
Compensated absences	2,437,274	2,596,870
Current maturities of bonds payable	3,725,000	4,823,550
Unearned revenue	3,858,832	3,706,853
Capital Lease Purchase	332,287	332,432
Total current liabilities	20,144,849	23,216,441
Noncurrent liabilities		
Bonds payable	61,620,000	68,057,303
Compensated absences	519,835	146,689
Net Pension Liablility	32,881,806	-
Capital Lease Purchase	1,329,149	1,329,727
Accrued rent	2,092,936	2,989,908
Total noncurrent liabilities	98,443,726	72,523,627
Total liabilities	118,588,575	95,740,068
Deferred inflow of resources	23,938,784	-
Total liablilities and deferred inflow of resources	142,527,359	95,740,068
Net position		
Net investment in capital assets	58,983,018	57,261,120
Restricted for debt retirement	-	8,153,910
Designated for Deferred Maintenance	3,483,064	1,983,064
Designated for Information Technology	502,857	500,000
Unrestricted	26,013,377	63,454,886
Total net position	$ 88,982,316	$ 131,352,980

See accompanying Notes to Combined Basic Financial Statements

The Metropolitan Community College
Combined Statement of Revenues, Expenses and Changes in Net Position

	Year ended June 30	
	2015	2014
Operating revenues		
Student tuition and fees (net of scholarship allowance of $22,024,626 and 25,204,433)	$ 22,426,080	$ 21,734,681
Federal grants and contracts	31,837,187	36,592,478
State and local grants and contracts	2,628,510	4,780,976
Auxiliary services revenues	7,651,941	8,731,750
Other operating revenues	4,356,928	5,492,017
Total operating revenues	68,900,646	77,331,902
Operating expenses		
Salaries and wages	61,429,970	61,310,660
Fringe benefits	16,757,191	22,327,660
Supplies and other services	27,064,903	29,268,728
Utilities	3,561,500	3,553,120
Scholarships and fellowships	5,184,499	5,981,304
Depreciation	6,865,121	6,953,151
Total operating expenses	120,863,184	129,394,623
Operating loss	(51,962,538)	(52,062,721)
Nonoperating revenues (expenses)		
State appropriation	31,678,098	29,447,940
County property tax revenue	32,527,980	31,605,159
Investment income	534,887	748,053
Other nonoperating revenue	3,069,919	3,086,370
Interest on debt related to capital assets	(2,934,670)	(3,228,271)
Total nonoperating revenues, net	64,876,214	61,659,251
Change in net position	12,913,676	9,596,530
Net position, beginning of year	131,352,980	121,756,450
Change in accounting principle	(55,284,340)	-
Net position, beginning of year-as restated	76,068,640	121,756,450
Net position, end of year	$ 88,982,316	$ 131,352,980

See accompanying Notes to Combined Basic Financial Statements

The Metropolitan Community College
Combined Statement of Cash Flows

	Year ended June 30	
	2015	2014
Cash Flow from Operating Activities		
Student tuitions and fees	$ 22,872,727	$ 21,281,216
Payments to suppliers	(26,763,694)	(32,506,309)
Payments to utilities	(3,561,500)	(3,553,120)
Payments to employees	(61,291,431)	(61,391,473)
Payments for benefits	(24,454,508)	(20,349,424)
Payments for financial aid and scholarships	(5,184,499)	(5,981,304)
Auxiliary enterprise charges, bookstore and vending	7,651,941	8,731,750
Contracts and grants	35,057,401	41,709,822
Other operating receipts	4,295,152	5,456,316
Net Cash Used by Operating Activities	(51,378,411)	(46,602,526)
Cash Flow from Non Capital Financing Activities		
State aid and grants appropriations	31,678,098	29,447,940
County property tax	32,527,980	31,605,159
Other nonoperating revenue (rental)	2,172,571	2,170,725
Net Cash Provided by Noncapital Financing Activities	66,378,649	63,223,824
Cash Flow from Capital Financing		
Purchases of capital assets	(1,046,266)	(1,699,374)
Bond Proceeds	65,345,000	-
Escrow Payments	(73,635,521)	-
Cost of Issuance and Other Payments	(511,887)	-
Debt payments	(4,690,000)	(6,295,000)
Interest paid on debt related to capital assets	(2,136,327)	(3,517,734)
Net Cash Used by Financing Activities	(16,675,001)	(11,512,108)
Cash Flow from Investing Activities		
Proceeds from sales and maturities of investments	25,415,000	45,418,155
Interest on investments	530,192	543,886
Purchase of investments	(22,481,000)	(51,892,715)
Net Cash Provided by(Used in) Investing Activities	3,464,192	(5,930,674)
Net Increase (Decrease) in Cash and Cash Equivalents	1,789,429	(821,484)
Cash and Cash Equivalents, beginning of year	38,971,908	39,793,392
Cash and Cash Equivalents, end of year	$ 40,761,337	$ 38,971,908

See accompanying Notes to Combined Basic Financial Statements

The Metropolitan Community College
Combined Statement of Cash Flows, Continued

	Year ended June 30	
	2015	**2014**
Reconciliation of operating loss to net cash used by operating activities		
Operating Loss	$ (51,962,538)	$ (52,062,721)
Adjustments to reconcile operating loss to net cash		
Depreciation	6,865,121	6,953,151
Changes in assets and deferred outflow of resources and liabilities and deferred inflows of resources		
Accounts receivable	693,737	296,627
Inventories	366,293	(297,181)
Other assets	31,989	(397,455)
Deferred outflow of resources	(1,535,055)	-
Accounts payable, accrued and other liabilities	(954,178)	(1,682,362)
Capital lease obligation	(723)	-
Unearned revenue	151,979	(836,266)
Post-employment benefit obligation	(545,772)	(238,478)
Net pension liabililty	(28,428,048)	-
Deferred inflow of resources	23,938,784	-
Net Cash Used by Operating Activities	$ (51,378,411)	$ (48,264,685)
Schedule of noncash investing activities:		
Change in fair value of investments	$ 24,390	$ (261,544)
Capital asset financing through capital lease		1,662,159

See accompanying Notes to Combined Basic Financial Statements

Statement of Financial Position

Assets	June 30 2015	2014
Cash and cash equivalents	$ 765,630	$ 810,208
Marketable securities	11,006,074	10,525,728
Contribution receivable, net of allowance for uncollectible contributions: 2015 $6,067; 2014 $3,352	289,957	143,361
Accrued interest receivable	19,003	16,152
Prepaid expense	-	675
Total assets	$ 12,080,664	$ 11,496,124
Liabilities and Net Assets		
Liabilities		
Due to The Metropolitan Community College	$ 181,955	$ 120,180
Accrued liabilities	3,815	336
Total liabilities	185,770	120,516
Net Assets		
Unrestricted	3,248,908	3,020,474
Temporatily restricted	3,584,638	3,333,190
Permanently restricted	5,061,347	5,021,944
	11,894,894	11,375,608
Total liabilities and net assets	$ 12,080,664	$ 11,496,124

See accompanying Notes to Combined Basic Financial Statements

Statement of Activities

	Year Ended June 30, 2015			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Contributions	$ 388,228	$ 781,938	$ 45,906	$ 1,216,072
Contributed services	572,913	-	-	572,913
Investment return	113,695	100,582	(6,803)	207,474
Other income	5,042	23,091	300	28,433
Special Event Revenue	241,675	-	-	241,675
Net assets released from restrictions, satisfaction of program restrictions	654,163	(654,163)	-	-
Total revenue	1,975,716	251,448	39,403	2,266,567
Expenses				
Scholarships and grants	280,315	-	-	280,315
Foundation projects	829,462	-	-	829,462
Special event costs of direct benefits to donors	64,591			64,591
Fundraising	343,748	-	-	343,748
Management and general	229,165	-	-	229,165
Total expenses	1,747,281	-	-	1,747,281
Total change in net assets	228,435	251,448	39,403	519,286
Net assets				
Beginning	3,020,474	3,333,189	5,021,945	11,375,608
Ending	$ 3,248,909	$ 3,584,637	$ 5,061,348	$ 11,894,894

See accompanying Notes to Combined Basic Financial Statements

Statement of Activities

	Year Ended June 30, 2014			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenue				
Contributions	$ 319,698	$ 426,940	$ 522,242	$ 1,268,880
Contributed services	501,019	-	-	501,019
Investment return	731,479	786,599	2	1,518,080
Other income	9,665	24,565	7,556	41,786
Net assets released from restrictions, satisfaction of program restrictions	480,344	(480,344)	-	-
Total revenue	2,042,205	757,760	529,800	3,329,765
Expenses				
Scholarships and grants	333,956	-	-	333,956
Foundation projects	525,670	-	-	525,670
Fundraising	300,611	-	-	300,611
Management and general	200,408	-	-	200,408
Total expenses	1,360,645	-	-	1,360,645
Total change in net assets	681,560	757,760	529,800	1,969,120
Net assets				
Beginning	2,338,914	2,575,429	4,492,145	9,406,488
Ending	$ 3,020,474	$ 3,333,189	$ 5,021,945	$ 11,375,608

Statement of Cash Flows

	June 30 2015	June 30 2014
Cash Flows From Operating Activities		
Change in net assets	$ 519,286	$ 1,969,120
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Contributions restricted for long-term investments	(45,906)	(552,244)
Net realized and unrealized invesmtent (gains)/losses	18,019	(1,297,987)
Changes in operating assets and liabilities:		
(Increase) decrease in contributions receivable	(146,596)	(15,994)
(Increase) decrease in accrued interest recievable	(2,851)	(216)
(Increase) decrease in prepaid expenses	675	1,724
Increase (decrease) in amount due to The Metropolitan Community College	61,775	53,394
Increase (decrease) in accrued liabilities	3,479	(914)
Net cash provided by (used in) operating activities	407,881	156,883
Cash Flows From Investing Activities		
Purchase of marketable securities	(6,343,652)	(11,633,532)
Sale of marketable securities	5,845,287	9,111,401
Net cash provided by (used in) investing activities	(498,365)	(2,522,131)
Cash Flows From Financing Activities		
Contributions restricted for long-term investments	45,906	552,244
Net cash provided by (used in) financing activities	45,906	552,244
Increase (decrease) in cash and cash equivalents	(44,578)	(1,813,004)
Cash and Cash Equivalents		
Beginning	810,208	2,623,212
Ending	$ 765,630	$ 810,208

See accompanying Notes to Combined Basic Financial Statements

1. Summary of Significant Accounting Policies

Organization

The Junior College District of Metropolitan Kansas City, Missouri (the District) was created in May 1964 by the voters of seven suburban school districts and the Kansas City School District to provide comprehensive higher educational programs through its area colleges. The District also offers courses which meet the needs of persons who desire enrichment or retraining in the areas of liberal arts, occupational education, continuing education and community services. The District is now comprised of twelve school districts: Belton, Center, Grandview, Hickman Mills, Lee's Summit, North Kansas City, Raytown, Kansas City, Blue Springs, Independence, Fort Osage and Park Hill. Five primary colleges have been established to serve the patrons of the District: Blue River, Longview, Maple Woods, Penn Valley and the Business & Technology College.

The combined financial statements of the Metropolitan Community College (the College) for the years presented, include the combined accounts and operations of the District and the Kansas City Metropolitan Community Colleges Building Corporation (the Building Corporation), which is a blended component unit. This summary of significant accounting policies of the College is presented to assist in understanding the College's financial statements. The financial statements and notes are representations of the College's management, who are responsible for their integrity and objectivity. These accounting policies conform to accounting principles generally accepted in the United States as applicable to governmental colleges and universities and have been consistently applied in the preparation of the financial statements. The following is a summary of the more significant policies.

Reporting Entity

The College is governed by a six-member board of trustees. As required by accounting principles generally accepted in the United States, the District's financial statements present the District (the primary government), its blended component unit (the Building Corporation) and its discretely presented component unit, the Metropolitan Community College Foundation (the Foundation). The component units are included in the College's reporting entity because of the significance of their operations and financial relationships with the College.

Blended Component Unit

The Building Corporation is a not-for-profit corporation formed in 1984 which is governed by a four-member board. Although it is legally separate from the District, the Building Corporation is reported as if it were part of the primary government because its sole purpose is to provide for the construction and financing of educational facilities used by the College. The Building Corporation has the authority to issue Leasehold Development Bonds for the purposes of refunding previous bond issues or constructing new facilities. The buildings are owned by the Building Corporation, which, in turn, leases the buildings to the District under annually renewable lease agreements. The lease payments are equal to the principal and interest debt service payments required to service the related bond issuances. As the Building Corporation is a blended component unit, all balances and transactions between the District and Building Corporation have been eliminated. The Building Corporation has a June 30 fiscal year-end.

1. Summary of Significant Accounting Policies (Continued)

Discretely Presented Component Unit

The Foundation is a non-profit corporation and is considered to be a related organization to the District. The District's Board of Trustees approves nominations to the Foundation's board of directors, but the District's accountability does not extend beyond approval of board members. The District is not financially accountable for the Foundation. Although the District does not control the timing or amount of receipts from the Foundation, the majority of resources or income thereon, which the Foundation holds and invests, is restricted to the activities of the District by the donors. As these restricted resources can only be used by, or for the benefit of, the District, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. During the years ended June 30, 2015 and 2014, the District received direct contributions from the Foundation of $250,134 and $498,353 respectively. The Foundation has a June 30 fiscal year-end.

Separate financial statements for the Foundation can be obtained at the Metropolitan Community College, 3200 Broadway, Kansas City, Missouri, 64111. The Foundation is presented on the accrual basis of accounting.

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 combined financial statements have been presented 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 inter-company transactions have been eliminated.

Cash Equivalents

Cash includes deposits held at banks and all highly liquid instruments purchased with an original maturity of three months or less. Cash equivalents represent excess operating cash swept into an overnight repurchase agreement account, which are readily converted back to cash, on a daily basis, as operating funds are needed.

Investments

It is the College's policy to invest in obligations of the U.S. Treasury, repurchase agreements, bank certificates of deposit and agencies of the federal government and instrumentalities, and top rated commercial paper, which are permissible under Missouri statutes. The Building Corporation is allowed to invest in "permitted investments" as defined by applicable bond indentures. Investments are reported at fair value.

In addition to the investment tools available to the College, the Foundation's marketable securities consist of equity securities, mutual fund shares, corporate bonds and government notes reported at fair value.

1. Summary of Significant Accounting Policies (Continued)

Capital Assets

Land, construction in progress, buildings and improvements, software and equipment are recorded at cost for assets purchased and at appraised value at date of grant for items acquired by donation.

Capital assets are defined by the College as assets with an initial, individual cost in excess of $5,000 and estimated useful lives in excess of one year. Interest costs on construction in progress are capitalized when amounts are significant.

Buildings and improvements and equipment are being depreciated on the straight-line basis over their estimated useful lives as follows: buildings-40 years, improvements-15 years, software -3 years, and equipment, 3 to 10 years and rental textbooks are capitalized at cost and depreciated over 3 years. The District's investment in infrastructure assets, which is not material to the total of capital assets, is recorded at cost and included in the costs of the related property.

Inventories

Inventories are carried at the lower of cost or market on either the first in, first out basis or the average cost basis.

Deferred Outflows of Resources

The District reports increases in net position that relates to future periods as deferred outflows of resources in a separate section of its statements of net position. The District's deferred outflows as of June 30, 2015 includes current year primarily payments of contributions to the PEERS and PSRS pension plans of $6,372,878 and $1,187,691 of differences in expected and actual experience of these two pension plans that will be recognized next year and deferred losses on defeasance of debt of $4,353,374 that is being amortized over 15 years. There was no similar balance at June 30, 2014.

Deferred Inflows of Resources

The District reports decreases in net position that relates to future periods as deferred inflows of resources in a separate section of its statements of net position. The District's deferred inflows differences between projected and actual earnings on investments and changes in proportionate share of employer contributions in the PEERS and PSRS pension plans that total $23,938,785 as of June 30, 2015. There was no similar balance at June 30, 2014.

Compensated absences

District employees accumulate a limited amount of earned but unused vacation and sick leave for subsequent use. Earned, but unused vacation is paid to the employee upon termination, or retirement. Earned, but unused sick leave is paid to an active employee's beneficiary upon death if occurring during active employment.

Unearned Revenue

Half of the summer school tuition revenue and all tuition for school sessions starting after June 30 have been deferred to the next fiscal year.

Accrued Rent

Accrued rent is the difference between rent on a straight-line basis, as required by generally accepted accounting principles, and the actual scheduled payments for the lease.

1. Summary of Significant Accounting Policies (Continued)

Classification of Revenues
The College has classified revenues as either operating or non-operating 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 and services of auxiliary enterprises, (3) federal, state and local grants and contracts.

Non-operating revenues
Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as state appropriations, investment income, and county property taxes.

Tuition and Fees
Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses.

County Property Tax Revenues
The four counties in which the District lies bill the residents for real and personal property taxes due the District. Bills are sent in November and are delinquent after December 31. The taxes are collected by the counties primarily from November through the end of January. Substantially all amounts are received by the end of March. Taxes are remitted to the District throughout the collection period net of a 1.5% charge for assessment and collection services on an as-collected basis and no accrual is made for delinquent property taxes.

State Appropriations
State appropriations earned for general operating purposes are determined on a fiscal year basis ending June 30 based upon the state aid funding formula. Using this formula, fiscal year 1991–92 is a base year and following years are adjusted for inflation or any major state-approved additions to programs.

Income Tax Status
The College is exempt from income tax as a local governmental unit. The Building Corporation and the Foundation have qualified for exemption from income tax under Section 501(c) 3 of the Internal Revenue Code.

Reclassifications
Certain reclassifications have been made to the prior year’s financial statements to conform to the current year’s financial statement presentation.

1. Summary of Significant Accounting Policies (Continued)

Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net position is presented in four major categories. The first is net investment in capital assets, which represents the College's equity in property, plant and equipment. The second is restricted. The third is designated by the Board from unrestricted reserves and the fourth is unrestricted.

Net investment in capital consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The College first applied restricted resources when an expense is incurred for purposes for which both restricted and unrestricted assets are available.

Use of Estimates

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

Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loan, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances which reduce revenue. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition.

Pensions

Financial reporting information pertaining to our participation in the Public Education Employee Retirement System of Missouri ("PEERS") and Public School Retirement System of Missouri ("PSRS") is prepared in accordance with Governmental Accounting Standards Board ("GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date.*

1. Summary of Significant Accounting Policies (Continued)

Pensions (Continued)

The fiduciary net position, as well as additions to and deductions from the fiduciary net position, of PEERS and PSRS have been determined on the same basis as they are reported by PEERS and PSRS. The financial statements were prepared using the accrual basis of accounting. Member and employer contributions are recognized when due, pursuant to formal commitments and statutory requirements. Benefits and refunds of employee contributions are recognized when due and payable in accordance with the statutes governing PEERS and PSRS. Expenses are recognized when the liability is incurred, regardless of when payment is made. Investments are reported at fair value on a trade date basis. The fiduciary net position is reflected in the measurement of the district's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense.

Change in Account Principle

The College adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pension* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – An Amendment of GASB State No. 68.* This statement requires employers participating in cost-sharing pension plans to record pension expense, net pension liability and deferred resources of inflows and deferred outflows of resources under this pronouncement for cost sharing pension plans based on the pension plans' measurement dates.

The implementation of this standard resulted in the July 1, 2014 net position being restated to reflect measurement of the district's net pension liability, deferred outflows and inflows of resources related to pensions, and pension expense that were carried on the Statement of Net Position. The cumulative impact of this change in accounting principle is as follows:

Net Position as previously reported at June 30, 2014:	$ 131,352,980
Prior period adjustment:	
Net Pension Liability (measurement date as of June 30, 2013)	(61,309,854)
Deferred outflows:	
District contributions made during fiscal year 2014	6,025,514
Total prior period adjustment	55,284,340
Net Position as restated, July 1, 2014	$ 76,068,640

2. Deposits and Investments

Missouri statutes require depository banks to pledge securities as collateral for public funds on deposit, except funds covered by federal depository insurance. Missouri statutes do not extend to the Building Corporation regarding collateralization of funds not covered by federal depository insurance. The College deposits were not exposed to custodial credit risk as of June 30, 2015 and 2014. The College has the following deposits and investments:

Deposits

	FY15	FY14
Cash	$ 22,246	$ 770
Certificate of Deposits	23,071,769	14,431,235
Total Deposits	$ 23,094,015	$ 14,432,005

Investments Maturities in Years

Year Ended June 30, 2015	Fair Value	Less Than 1	1 - 5
District			
Repurchase Agreement	$ 36,634,000	$ 36,634,000	$ -
Less outstanding checks and deposits/withdrawals in transit	(509,133)	(509,133)	-
Federal Home Loan Bank	1,267,452	399,256	868,196
Federal National Mortgage Association	18,196,093	9,182,893	9,013,200
Federal Home Loan Mortgage Corporation	2,000,700	2,000,700	-
Total District	57,589,112	47,707,716	9,881,396
Building Corporation			
Money Market Mutual Funds	4,614,224	4,614,224	-
Total Building Corp	4,614,224	4,614,224	-
Total Investments	$ 62,203,336	$ 52,321,940	$ 9,881,396

2. Deposits and Investments (Continued)

Investments Maturities in Years

Year Ended June 30, 2014	Fair Value	Less Than 1	1 - 5
District			
Repurchase Agreement	$ 33,076,000	$ 33,076,000	$ -
Less outstanding checks and deposits/withdrawals in transit	(482,603)	(482,604)	-
Federal Home Loan Bank	4,998,120	2,999,160	1,998,960
Federal National Mortgage Association	18,846,090	-	18,846,090
Federal Home Loan Mortgage Corporation	5,986,470	2,998,950	2,987,520
Total District	62,424,077	38,591,506	23,832,570
Building Corporation			
Money Market Mutual Funds	6,377,740	6,377,740	-
Federal Home Loan Bank	904,767	-	904,767
Federal National Mortgage Association	2,278,944	-	2,278,944
Total Building Corp	9,561,451	6,377,740	3,183,711
Total Investments	$ 71,985,528	$ 44,969,246	$ 27,016,281

A summary of investments and deposits at June 30, 2015 and 2014 is as follows:

		FY15	FY14
Deposits			
District	Cash	$ 22,246	$ 770
	Certificate of Deposits	22,574,000	9,462,000
Bldg Corp	Certificate of Deposits	497,769	4,969,235
Investments			
District	Repurchase Agreement	36,634,000	33,076,000
	Less outstanding checks and deposits/withdrawals in transit	(509,133)	(482,603)
	Securities	21,464,245	29,830,680
Bldg Corp	Money Mutual Market	4,614,224	6,377,740
	Securities		3,183,711
	Total Deposits and Investments	$ 85,297,351	$ 86,417,533

2. Deposits and Investments (Continued)

The investments and deposits at June 30, 2015 and 2014 are shown on the statements of net position as follows:

	FY 15	FY 14
Cash and Cash Equivalent	$ 40,761,337	$ 38,971,908
Short Term Investments	22,536,849	29,296,680
Long Term Investments	21,999,165	18,148,945
Total	$ 85,297,351	$ 86,417,533

State law limits investments in government and municipal bonds and top rated commercial paper as recognized by national rating organizations. The College has no investment policy that would further limit its investment choices. As of June 30, 2015, the College's repurchase agreement is invested in government agencies that are all rated Aaa, AA+ & AAA by Moody's Investors Services, Standards & Poor's & Fitch's ratings, respectively. The District's and Building Corporation's investments in money market mutual funds are invested in Treasury Obligations which is rated Aaa, AA+ & AAA by Moody's Investors Services, Standard & Poor's and Fitch's ratings, respectively. All other investments held by the District and the Building Corporation are rated Aaa, AA+ and AAA by Moody's Investors Service, Standard & Poor's and Fitch ratings, respectively.

The College places no limit on the amount the College may invest in any one issuer. In fiscal year 2015, more than 5% of the College's investments were invested in one government agency, Federal National Mortgage Association (FNMA). The investments were 29.3%.

In fiscal year 2014, more than 5 percent of the College's investments were invested in government agencies, Federal Home Loan Bank (FHLB) and Federal National Mortgage Association (FNMA). The investments were 8.2%, 29.3%, and 8.3%, respectively.

The College's deposit and investment balances were not exposed to custodial credit risk as of June 30, 2015 and 2014.

3. Capital Assets

Capital assets consist of the following categories:

Year Ended June 30, 2015	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 8,414,239	$ -	$ -	$ 8,414,239
Art	56,000	-	-	56,000
Construction in progress	251,843	67,972	(319,815)	-
Equipment in progress	31,318	721,283	(738,635)	13,966
Total assets not being depreciated	8,753,400	789,255	(1,058,450)	8,484,205
Capital assets being depreciated:				
Buildings and improvements	215,072,295	319,815	-	215,392,110
Infrastructure	6,714,403	-	-	6,714,403
Equipment	19,992,063	738,637	-	20,730,700
Text book rental	2,052,257	261,909	(1,033,469)	1,280,697
Software	683,689	-	-	683,689
Total assets being depreciated	244,514,707	1,320,361	(1,033,469)	244,801,599
Less accumulated depreciation:				
Buildings and improvements	102,814,517	4,591,497	-	107,406,014
Infrastructure	2,232,410	335,720	-	2,568,130
Equipment	15,832,577	1,476,795	-	17,309,372
Text book rental	1,612,228	425,247	(1,033,469)	1,004,006
Software	634,402	35,862	-	670,264
Total accumulated depreciation	123,126,134	6,865,121	(1,033,469)	128,957,786
Capital assets, net	$ 130,141,973	$ (4,755,505)	$ (1,058,450)	$ 124,328,018

3. Capital Assets (Continued)

Year Ended June 30, 2014	Beginning Balance	Additions	Retirements	Ending Balance
Capital assets not being depreciated:				
Land	$ 8,664,239	$ -	$ (250,000)	$ 8,414,239
Art	56,000	-	-	56,000
Construction in progress	62,831	251,843	(62,831)	251,843
Equipment in progress	58,555	31,318	(58,555)	31,318
Total assets not being depreciated	8,841,625	283,161	(371,386)	8,753,400
Capital assets being depreciated:				
Buildings and improvements	215,009,464	62,831	-	215,072,295
Infrastructure	6,714,403	-	-	6,714,403
Equipment	19,990,649	1,424,455	(1,423,041)	19,992,063
Text book rental	1,823,057	415,837	(186,637)	2,052,257
Software	683,689	-	-	683,689
Total assets being depreciated	244,221,262	1,903,123	(1,609,678)	244,514,707
Less accumulated depreciation:				
Buildings and improvements	98,235,142	4,579,375	-	102,814,517
Infrastructure	1,896,689	335,721	-	2,232,410
Equipment	15,840,042	1,415,576	(1,423,041)	15,832,577
Text book rental	1,183,422	513,419	(84,613)	1,612,228
Software	525,342	109,060	-	634,402
Total accumulated depreciation	117,680,637	6,953,151	(1,507,654.00)	123,126,134
Capital assets, net	$ 135,382,250	$ (4,766,867)	$ (473,410)	$ 130,141,973

The College elected not to capitalize their collection of library books. This collection adheres to the College's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than be capitalized.

4. Long-Term Liabilities

Long-term liability activity for the District and the Building Corporation were as follows:

Year Ended June 30, 2015	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
District					
Other Debt					
Compensated absences	$ 2,743,559	2,537,612	2,324,062	$ 2,957,109	$ 2,437,274
Net Pension Liability	-	32,881,806	-	32,881,806	-
Capital Lease Purchase	1,662,159	-	723	1,661,436	332,287
Building Corporation					
Bonds Payable:					
Leasehold revenue bonds, Series 2006					
Principal	47,550,000	-	47,550,000	-	-
Premium	880,271	-	880,271	-	-
Leasehold revenue bonds, Series 2008					
Principal	24,645,000	-	24,645,000	-	-
Discount	(194,418)	-	(194,418)	-	-
Leasehold revenue bonds, Series 2014A					
Principal	-	37,895,000	-	37,895,000	3,725,000
Leasehold revenue bonds, Series 2014B					
Principal	-	27,450,000	-	27,450,000	-
Total long-term liabilities	$ 77,286,571	$ 100,764,418	$ 75,205,638	$ 102,845,351	$ 6,494,561

4. Long-Term Liabilities (Continued)

Year Ended June 30, 2014	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
District					
Other Debt					
Compensated absences	$ 2,908,544	2,159,078	2,324,063	$ 2,743,559	$ 2,596,870
Post Employment Benefit Obligation (Asset)	193,867	2,649,492	2,888,000	(44,641)	(44,641)
Capital Lease Obligation	-	1,977,701	315,542	1,662,159	332,432
Building Corporation					
Bonds Payable:					
Refunding lease certificates of participation, Series 2002	1,815,000	-	1,815,000	-	-
Leasehold revenue bonds, Series 2006					
Principal	50,980,000	-	3,430,000	47,550,000	3,600,000
Premium	1,048,743	-	168,472	880,271	155,717
Leasehold revenue bonds, Series 2008					
Principal	25,695,000	-	1,050,000	24,645,000	1,090,000
Discount	(217,611)	-	(23,193)	(194,418)	(22,167)
Total long-term liabilities	$ 82,423,543	$ 6,786,271	$ 11,967,884	$ 77,241,930	$ 7,708,211

Insurance replacement cost for buildings subject to lien under the Building Corporation's and the District's debt agreements are $51,073,334. The Building Corporation constructs the educational facilities for the College and leases them to the College on annually renewable leases. The College has agreed to appropriate the amount required by the individual bond principal and interest requirements. This is subject to annual appropriation from the College's budget. The Building Corporation's Series 2014A and 2014B fall under this arrangement. Total principal and interest remaining on this debt is $79,498,572 with final payment in fiscal 2029. The current year interest payment was $449,552.

The College was required to maintain a Debt Service Reserve Fund for each of its outstanding bond series. However, with the refinancing of the outstanding 2006 and 2008 bonds, the College is no longer required to maintain the Debt Service Reserve Fund.

4. Long-Term Liabilities (Continued)

Building Corporation Series 2014

On September 25, 2014, the Building Corporation issued Leasehold Revenue Refunding Bonds Series 2014A, $37,895,000 non-taxable and Series 2014B, $27,450,000 taxable bond issuance, with a weighted average interest rate of 3.06% for Series 2014A and 2.2545% for Series 2014B. The bonds were issued for the purpose of the advance refunding and legal defeasance of the balances of the Leasehold Revenue and Improvement Bonds Series 2006 and Lease Certificates of Participation Bonds Series 2008.

For accounting purposes, the defeased balances of Series 2006 and Series 2008 bonds have been accounted for as if they were retired and, accordingly, were removed from the Building Corporation's accounts. The Building Corporation completed the advance refunding to reduce total debt services payments by $2 million per year for 7 years to save a net present value of approximately $1.7 million.

As provided in the bond indenture and the certificates, the Series 2014A and Series 2014B shall be subject to the redemption and payment prior to the stated maturity, upon instructions from the District, due to certain conditions or events affecting title, as a whole or in part on any date, at par (100 percent), plus accrued interest (if any) to the redemption date. During the year ended June 30, 2015, none of the Series 2014 A and Series 2014 B were retired.

Series 2014A

Year Ending	Principal Maturities	Interest Expense	Interest Rate
2016	$ -	$ 1,159,587	3.06%
2017	-	1,159,587	3.06%
2018	-	1,159,587	3.06%
2019	-	1,159,587	3.06%
2020	-	1,159,587	3.06%
2021-2025	16,515,000	4,920,863	3.06%
2026-2029	21,380,000	1,333,242	3.06%
	$ 37,895,000	$ 12,052,040	

Series 2014B

Year Ending	Principal Maturities	Interest Expense	Interest Rate
2016	$ 3,725,000	$ 576,871	2.2545%
2017	4,065,000	489,057	2.2545%
2018	4,160,000	396,341	2.2545%
2019	4,250,000	301,539	2.2545%
2020	4,350,000	204,596	2.2545%
2021-2025	6,900,000	133,128	2.2545%
	$ 27,450,000	$ 2,101,532	

4. Long-Term Liabilities (Continued)

Capital Lease

On March 27, 2014, the College entered into a capital lease agreement with Dell Financial Services. The lease includes an interest-free $1,976,942 agreement. The lease included wiring, wireless connectivity, security and other technology updates.

Year Ending	Principal Maturities	Interest Expense	Interest Rate
2016	$ 332,287	$ 0	0.0%
2017	332,287	0	0.0%
2018	332,287	0	0.0%
2019	332,287	0	0.0%
2020	332,288	0	0.0%
	$ 1,661,436	$ 0	

Operating Lease

The College entered into a lease agreement with Sprint (Nextel Spectrum Acquisition Corporation) for Sprint to lease educational broadband lines (EBS) from the College. The lease agreement provides for Sprint to make accelerated rental payments over the term of the lease. The lease required a payment of $3,793,945 in fiscal year 2008 and annual payments of $1,293,945 through June 30, 2013. The lease period is November 2007 through October 2017. The difference between the lease income on a straight-line basis and the actual scheduled lease payments is $2,092,936 as of June 30, 2015 and is reported as accrued rent liability. Total rental income earned for the year ended June 30, 2015 is $896,973.

Total minimum rental payments and corresponding maturity of the accrued rent is as follows:

June 30,	Lease Receipts	Rent Income	Accrued Rent
2016	-	896,973	896,973
2017	-	896,973	896,973
2018	-	298,990	298,990
Total	$ -	$ 2,092,936	$ 2,092,936

5. Other Post-Employment Benefits

During fiscal year 2009, the District implemented GASB Statement No. 45 Accounting and financial Reporting by Employers for Postemployment Benefits Other than Pensions. This standard establishes the following measurement and recognition disclosures:

Plan description:
The District sponsors a single-employer other post-employment benefit plan that provides life insurance, medical, vision, and dental benefits to all qualifying retirees and their dependents. Under the college's plan, an employee who meets the retirement criteria must opt to retire before July 1, 2013 to receive these benefits. The criteria for retirement is the active employee must either be at least age 55 with 10 years of consecutive full-time service, or have 30 years of full-time service. Eligible retirees and their dependents receive coverage through a fully-insured plan, the same plans that are available for active employees.

Benefits Provided:
The life insurance benefit is two times final salary at retirement. The retiree pays no premiums on this coverage until age 65. If the retiree elects to continue this coverage from age 65 to age 70, they must pay the full premium. After age 70, this benefit is no longer available.

The retiree is eligible to continue coverage of other benefits upon retirement by paying no premium until age 65 and the COBRA premium from age 65 onward. The employee can choose which benefits, medical, vision, and/or dental they will continue to receive.

Funding policy: The District establishes and amends contribution requirements. A retiree's coverage shall be no greater than the insurance coverage afforded district employees.

The current funding policy of the District is to fund benefits on a pay-as-you-go basis. Retirees who retire prior to July 1, 2013 upon retirement pays the same premium amount as the active employees until they attain age 65. Otherwise, retirees and dependents must pay COBRA rates to maintain medical coverage with the College.

Annual OPEB Cost and Net OPEB Obligation: The District's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance to the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the District's annual OPEB cost for the year, the amount actuarially contributed to the plan, and changes in the District's annual OPEB obligation (asset):

	2015	2014
Annual required contribution	$ 2,234,027	$ 2,664,094
Interest on net OPEB obligation	(1,562)	6,784
Adjustment to annual required contribution	4,763	(21,356)
Annual OPEB cost/expense	2,237,228	2,649,522
Contributions and payments made	2,783,000	2,888,000
Increase (Decrease) in net OPEB obligation	(545,772)	(238,478)
Net OPEB obligation (asset) - June 30, 2014 and 2013	(44,641)	193,837
Net OPEB asset - June 30, 2015 and 2014	$ (590,413)	$ (44,641)

5. Other Post-Employment Benefits (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2015 and the two preceding years follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Liability (Asset)
June 30, 2015	$ 2,237,228	124.4%	$ (590,413)
June 30, 2014	$ 2,649,522	109.0%	$ (44,611)
June 30, 2013	$ 2,670,242	89.7%	$ 193,867

Funded status and funding progress: As of July 1, 2014, the most recent actuarial valuation date, the plan was zero percent funded. The District's actuarial accrued liability for benefits was $17,584,735 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of $17,584,735. The estimated covered payroll (annual payroll of active employees covered by the plan) was $44,468,000 and the ratio of the UAAL to the covered payroll was 40%.

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

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2014 actuarial valuation, the project unit credit method was used. The actuarial assumptions included a 3.5% discount rate, an annual health care cost trend rate of 7.5% reduced annually to an ultimate rate of 5%. The UAAL is being amortized as a level of percentage of pay on an open basis over 10 years.

6. Retirement Plan and Net Pension Liability

General Information about the Pension Plan

All full-time and certain part-time employees of the District participate either in the Public School Retirement System (PSRS) or the Public Education Employee Retirement System (PEERS), both of which are cost sharing multiple-employer public employee retirement systems, as required by the retirement law set forth in Chapter 169, Revised Statutes of Missouri.

PEERS Plan Description. PEERS is a mandatory cost-sharing multiple employer retirement system for all public school district employees (except the school districts of St. Louis and Kansas City), employees of the Missouri Association of School Administrators, and community college employees (except the Community College of St. Louis). Employees of covered districts who work 20 or more hours per week on a regular basis and who are not contributing members of the Public School Retirement System of Missouri (PSRS) must contribute to PEERS. Employees of PSRS who do not hold Missouri educator certificates also contribute to PEERS. PEERS was established as a trust fund by an Act of the Missouri General Assembly effective October 13, 1965. Statutes governing the System are found in Sections 169.600 - 169.715 and Sections 169.560-169.595 RSMo. The statutes place responsibility for the operation of PEERS on the Board of Trustees of the Public School

Retirement System of Missouri. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs-peers.org.

PSRS Plan Description. PSRS is a mandatory cost-sharing multiple employer retirement system for all full-time certificated employees and certain part-time certificated employees of all public school districts in Missouri (except the school districts of St. Louis and Kansas City) and all public community colleges. PSRS also includes certificated employees of PSRS, Missouri State Teachers' Association, Missouri State High School Activities Association, and certain employees of the state of Missouri who elected to remain covered by PSRS under legislation enacted in 1986, 1987 and 1989. The majority of PSRS members are exempt from Social Security contributions. In some instances, positions may be determined not to be exempt from Social Security contributions. Any PSRS member who is required to contribute to Social Security comes under the requirements of Section 169.070 (9) RSMo, known as the “2/3’s statute.” PSRS members required to contribute to Social Security are required to contribute two-thirds of the approved PSRS contribution rate and their employer is required to match the contribution. The members’ benefits are further calculated at two-thirds the normal benefit amount. A Comprehensive Annual Financial Report ("CAFR") can be obtained at www.psrs- peers.org.

6. Retirement Plan and Net Pension Liability (continued)

PEERS Benefits Provided. PEERS is a defined benefit plan providing service retirement and disability benefits to its members. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of five years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 1.61% benefit factor. Members qualifying for "Rule of 80" or "30-and-out" are entitled to an additional temporary .8% benefit multiplier until reaching minimum Social Security age (currently age 62). Actuarially age-reduced retirement benefits are available with five years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org.

PSRS Benefits Provided. PSRS is a defined benefit plan providing retirement, disability, and death/survivor benefits. Members are vested for service retirement benefits after accruing five years of service. Individuals who (a) are at least age 60 and have a minimum of 5 years of service, (b) have 30 years of service, or (c) qualify for benefits under the “Rule of 80” (service and age total at least 80) are entitled to a monthly benefit for life, which is calculated using a 2.5% benefit factor. Beginning July 1, 2001, and ending July 1, 2014, a 2.55% benefit factor is used to calculate benefits for members who have 31 or more years of service. Actuarially age-reduced benefits are available for members with five to 24.9 years of service at age 55. Members who are younger than age 55 and who do not qualify under the “Rule of 80” but have between 25 and 29.9 years of service may retire with a lesser benefit factor. Members that are three years beyond normal retirement can elect to have their lifetime monthly benefits actuarially reduced in exchange for the right to also receive a one-time partial lump sum (PLSO) payment at retirement equal to 12, 24, or 36 times the Single Life benefit amount. A Summary Plan Description detailing the provisions of the plan can be found on PSRS' website at www.psrs-peers.org. Since the prior valuation date, the benefit provisions were amended to make permanent an early retirement benefit allowing members to retire at any age after 25 years of service.

PEERS Cost-of-Living Adjustments (COLA). The PEERS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

PSRS Cost-of-Living Adjustments ("COLA"). The PSRS Board has established a policy of providing a 2.00% COLA for years in which the CPI increases between 0.00% and 5.00%. If the CPI increase is greater than 5.00%, the Board will provide a COLA of 5.00%. If the CPI decreases, no COLA is provided. For any member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

6. Retirement Plan and Net Pension Liability (continued)

PEERS Contributions. PEERS members were required to contribute 6.86% of their annual covered salary and employer cost of medical, dental, and vision premiums during fiscal year 2015, 2014 and 2013. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

PSRS Contributions. PSRS members were required to contribute 14.5% of their annual covered salary and employer cost of medical, dental, and vision premiums during fiscal year 2015, 2014 and 2013. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

Contributions. The district's contributions to PEERS were $2,214,010 and to PSRS were $4,158,868 for the year ended June 30, 2015. In year ended June 30, 2014 and 2013, total district contributions to PEERS and PSRS were $6,025,514 and $6,490,981, respectively.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At June 30, 2015, the district recorded a liability of $7,388,403 for PEERS and $25,493,403 PSRS for its proportionate share of the net pension liability. The net pension liability for the plan in total was measured as of June 30, 2014 and determined by an actuarial valuation as of that date. The district's proportionate share of the total net pension liability was based on the ratio of its actual contributions of $2,024,056 paid to PEERS and $4,001,458 paid to PSRS for the year ended June 30, 2014 relative to the actual contributions of $100,035,580 for PEERS and $643,964,894 for PSRS from all participating employers. At June 30, 2014, the district's proportionate share was 2.0233% for PEERS and 0.6214% for PSRS.

For the year ended June 30, 2015, the district recognized a pension expense of $602,924 for PEERS and ($254,260) for PSRS, its proportionate share of the total pension expense.

6. Retirement Plan and Net Pension Liability (continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued) At June 30, 2015, the district reported deferred outflows of resources and deferred inflows of resources from the following sources related to PEERS and PSRS pension benefits:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:		
Differences between expected and actual experience	$1,187,691	$ 219,750
Changes in assumptions	-	-
Net difference between projected and actual earnings on pension plan investments		16,661,295
Changes in proportion and differences between Employer contributions and proportionate share of contributions		7,057,739
Employer contributions subsequent to the measurement date	6,372,878	
Total	$7,560,569	$23,938,784

$6,372,878 reported as deferred outflows of resources to pensions resulting from contribution subsequent to the measurement date of June 30, 2014 will be recognized as a reduction to the net pension liability in the year ended June 30, 2016. Other amounts reported as collective deferred (inflows) / outflows of resources to be recognized in pension expense:

Year Ending June 30:	
2016	$ (5,430,624)
2017	(5,430,624)
2018	(5,430,624)
2019	(5,153,551)
2020	(939,332)
Thereafter	(366,338)
	$ (22,751,093)

6. Retirement Plan and Net Pension Liability (continued)

Actuarial Assumptions. Actuarial valuations of PEERS and PSRS involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The last experience study was conducted in 2011 and the next experience study is scheduled for 2016.

Significant actuarial assumptions and other inputs used to measure the total pension liability:

Measurement Date	June 30, 2014
Valuation Date	June 30, 2014
Expected Return on Investments	8.00%, net of investment expenses and including 2.5% inflation
Inflation	2.50%
Total Payroll Growth	PEERS: 3.75% per annum, consisting of 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth. PSRS: 3.50% per annum, consisting of 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and 0.50% of real wage growth.
Future Salary Increases	PEERS: 5.00% - 12.00%, depending on service and including 2.50% inflation, 0.75% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.75% to 8.75%. PSRS: 4.00% - 10.00%, depending on service and including 2.50% inflation, 0.50% additional inflation due to the inclusion of health care costs in pension earnings, and real wage growth of 1.00% to 7.00%.
Cost-of-Living Increases	2.0% compounded annually, beginning on the fourth January after retirement and capped at 80% lifetime increase.
Mortality Assumption	
Actives:	RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA.
Non-Disabled Retirees, Beneficiaries and Survivors:	RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA.
Disabled Retirees:	RP 2000 Disabled Mortality Table
Changes in Actuarial Assumptions and Methods	There were no changes in actuarial assumptions or methods for the June 30, 2014 valuation.
Fiduciary Net Position	PEERS and PSRS issue a publicly available financial report that can be obtained at www.psrs-peers.org
Expected Rate of Return	The long-term expected rate of return on PEERS' and PSRS' investments were determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of 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 PEERS' and PSRS' target allocations as of June 30, 2014 is summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cashflows.

6. Retirement Plan and Net Pension Liability (continued)

Asset Class	Target Asset Allocation	Long-term Expected Real Return Arithmetic Basis	Weighted Long-term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.85%	1.58%
Public Credit	12.0%	2.44%	0.29%
Hedged Assets	6.0%	5.22%	0.31%
Non-U.S. Public Equity	15.0%	6.64%	1.00%
U.S. Treasuries	16.0%	1.01%	0.16%
U.S. TIPS	4.0%	1.12%	0.04%
Private Credit	2.0%	7.61%	0.15%
Private Equity	10.5%	8.61%	0.90%
Private Real Estate	7.5%	4.60%	0.35%
Total	100%		4.78%
		Inflation	2.50%
		Long term arithmetical nominal return	7.28%
		Effect of covariance matrix	0.81%
		Long term expected geometric return	8.09%

Discount Rate

The discount rate used to measure the total pension liability was 8.00% as of June, 30, 2014, and is consistent with the long-term expected geometric return on plan investments. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.

Discount Rate Sensitivity

The sensitivity of the district's net pension liability to changes in the discount rate is presented below. The district's net pension liability calculated using the discount rate of 8.0% is presented as well as the net pension liability using a discount rate that is 1.0% lower (7.0%) or 1.0% higher (9.0%) than the current rate.

Discount Rate	1% Decrease (7.00%)	Current Rate (8.00%)	1% Increase (9.00%)
Proportionate share of the Net Pension Liability/(Asset)			
PEERS	$ 17,729,314	$ 7,388,403	$ (1,347,517)
PSRS	$ 53,982,538	$ 25,493,403	$ 1,597,434

6. Retirement Plan and Net Pension Liability (continued)

The plans are multiemployer defined benefit plans. Both systems issue a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to either system at: P.O. Box 268, Jefferson City, Missouri 65102 or by calling 1-800-392-6848.

In addition, the District provides an early-retirement incentive for those employees meeting certain age and length of service requirements. Early retirement incentive payments for the years ended June 30, 2015, 2014 and 2013 amounted to $0, $0, and $7,004,992, respectively. In fiscal year 2015, 2014 and 2013, individuals receiving incentive payments were 0, 0, and 131, respectively. As noted below under Other Post-Employment benefits, the College's early-retirement program was discontinued effective July 1, 2014.

7. Missouri United School Insurance Council

The Missouri United School Insurance Council (MUSIC) is a not-for-profit self-insurance association which is designed to provide uniform property and casualty coverage under one comprehensive plan for participating school districts in Missouri. The College purchases insurance coverage for property, general liability, workers' compensation and medical malpractice (for allied health students).

Members pay annual premiums which are retained to pay losses, fund an administrative budget, buy risk management services, and purchase reinsurance for excessive losses.

Because MUSIC is a pooling arrangement comprised of member districts, the members are owners of the loss fund. In the event that the loss fund and related reserves are unable to cover claims, the members would be assessed additional premiums by MUSIC to cover the deficit. The District is not aware of any deficit situation in the MUSIC loss fund which would require the accrual of a liability as of June 30, 2015 and 2014.

Effective January 1, 1999, the terms of insurance coverage provided by MUSIC were revised, with the District increasing the level of its self-insurance for losses occurring below the amount of the MUSIC coverage stop-loss, which was $433,723 and $408,478 for calendar years 2015 and 2014. As of June 30, 2015 and 2014, an accrual of $336,906 and $336,173, respectively have been made to cover the estimated exposure to claims the District would have to pay under its self-insurance agreement, including an estimate for claims incurred but not reported. This claims liability is based on estimates of the ultimate cost of claims including inflation factors and historical trend data. Other non-incremental costs are not included in the basis of estimating the liability.

8. Federal Assistance

The District has received significant financial assistance from various federal agencies in the form of grants and entitlements. These programs are subject to audit by agents of the granting authority, or by independent public accountants under the Single Audit Act, the purpose of which is to ensure compliance with terms and conditions specified in these agreements. The District does not believe that liabilities for reimbursement, if any, will have a materially adverse effect upon the financial condition of the District.

9. Contingencies

The District is named as a defendant in various legal actions arising in the normal course of operations. The College's management believes the resolution of those actions will not have a material effect on the District's combined financial statements.

10. Governmental Accounting Standards Board (GASB) Statements

The College adopted the following statements during the year ended June 30, 2015:

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, issued June 2012, will be effective for the College beginning with its year ending June 30, 2015. This Statement revises and establishes new financial reporting requirements for most governments that provide their employees with pension benefits. Statement No. 68 replaces the requirements of Statement No. 27, *Accounting for Pension by State and Local Governmental Employers* and Statement No. 50, *Pension Disclosures*, as they relate to governments that provide pensions through pension plans administered as trusts or similar arrangements that meet certain criteria. Statement No. 68 requires governments providing defined benefits pensions to recognize their long-term obligation for pension benefits as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. The Statement also enhances accountability and transparency through revised and new note disclosures and required supplementary information (RSI).

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date-An Amendment of GASB Statement No. 68*, issued November 2013, will be effective upon the implementation of GASB Statement No. 68 beginning with the year ending June 30, 2015. This Statement amends GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement No. 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine all such amounts.

The adoption of these Statements had a significant effect on the College in the current year including a restatement of the beginning net position (July 1, 2014) for the year ended June 30, 2015.

10. Governmental Accounting Standards Board (GASB) Statements (Continued)

As of June 30, 2015 the Governmental Accounting Standards Board (GASB) has issued statements that will require consideration and implementation by the College as follows:

GASB Statement No. 72, *Fair Value Measurement and Application,* issued February 2015 is effective for the fiscal year ending June 30, 2016. This Statement addresses accounting and financial reporting issues related to fair value measurements and provide guidance for determining a fair value measurement for financial reporting purposes. This pronouncement will require additional financial reporting and disclosure of fair value measurement of certain of the College's assets and liabilities and is not expected to have a financial impact to the College.

GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68, and Amendments to Certain provisions of GASB Statements 67 and 68,* issued June 2015 is effective for the fiscal year ending June 30, 2016 and is not expected to impact the College as it maintains a plan within the scope of GASB Nos. 67 and 68.

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, issued June 2015, applies to OPEB plans that administer benefits on behalf of governments through trusts that meet the GASB's specified criteria. It replaces GASB Statement No. 43 and requires more extensive note disclosures and required supplementary information (RSI) for both defined benefit and defined contribution OPEB plans. The provisions of Statement No. 74 are effective for plan fiscal years beginning after June 15, 2016 (College's June 30, 2017 fiscal year).

GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions,* issued June 2015, applies to governments that provide OPEB to their employees or finance OPEB for employees of other governments. It replaces GASB Statement No. 45 and requires governments to report a liability on the face of their financial statements for the OPEB provided. In addition, it requires governments in all types of OPEB plans to provide more extensive note disclosures and RSI about OPEB liabilities. The provisions of Statement No. 75 are effective for fiscal years beginning after June 15, 2017 (College's June 30, 2018 fiscal year). The effect of this statement to the College is not yet determined.

11. Foundation

The following disclosures pertain to the discretely presented component unit:

Significant Accounting Policies

Use of Estimates

The preparation of financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

Principles of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, bank deposits and investments in money market mutual funds.

Valuation of Marketable Securities

Marketable securities, which consist of equity securities, mutual fund shares, corporate bonds and government notes, are valued at fair value in the statements of financial position. Fair value is based on market quotations of the underlying investments.

Net Assets

The accounting and reporting of the Foundation classifies resources by their nature and purpose, based on the presence or absence of donor-imposed restrictions, into three classes of net assets:

Unrestricted net assets – Consist of funds free of any donor-imposed restrictions.

Temporarily restricted net assets – Consist of contributions and other inflows of funds temporarily subject to donor imposed restrictions. The restrictions are temporary in that they are expected to expire with the passage of time or be satisfied and removed by actions of the Foundation that fulfill donor stipulations.

Permanently restricted net assets – Consist of contributions and other inflows of funds subject to donor imposed restrictions that neither expire by the passage of time nor can be fulfilled or otherwise removed by actions of the Foundation.

In August 2008, the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) issued FASB ASC 958-205-50, (formerly FASB Staff Position No. 117-1, Endowments of Not-for-Profit Organizations: Net Asset Classification of Funds Subject to an Enacted Version of the Uniform Prudent Management of Institutional Funds Act, and Enhanced Disclosures of All Endowment Funds.) This staff position provides guidance on the net asset classification of donor-restricted endowment funds for not-for-profit organizations that are subject to an enacted version of the Uniform Prudent Management of Institutional Funds Act (UPMIFA) and improves disclosures for endowment funds, both donor-restricted and board designated (quasi-endowment).

11. Foundation (Continued)

Significant Accounting Policies (Continued)

Contributions

A contribution, in the form of an unconditional promise to give, is recognized as revenue by the Foundation in the period in which the promise is received. Conditional promises to give made by donors are not recognized until the conditions are met. Assets received subject to conditions are accounted for as refundable advances until the conditions are met.

Contributions are recorded at their fair value. Unconditional promises to give are reported at net realizable value by establishing an allowance for uncollectible promises. Unconditional promises to give cash over a period of time in excess of one year are recorded at the present value of amounts to be received, using an appropriate discount rate, if the amounts of such discounts are material.

Revenue is reported as increases in unrestricted net assets unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in unrestricted net assets. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Gains and losses on temporarily restricted assets are reported as restricted until appropriated by the Board of Directors. Expirations of temporary restrictions on net assets (i.e. the donor-stipulated purpose has been fulfilled and/or the stipulated period has elapsed) are reported as reclassifications between the applicable classes of net assets.

Investment Income

Investment income and net investment gains (losses) are reported as follows:

- As increases (decreases) in permanently restricted net assets if the terms of the gift or the Foundation’s interpretation of relevant state tax law requires that they be added to the principal of the permanent endowment fund.
- As increases (decreases) in temporarily restricted net assets if the terms of the gift impose restrictions on the use of the income.
- As increases (decreases) in unrestricted net assets in all other cases.

Investment Return

Investment return includes interest income, which is accrued as earned, and dividend income, which is recorded when notified of the dividend. Realized gains and losses are recorded when notified of the sale. The change in unrealized appreciation or depreciation, which occurs during the year, is recorded as a component of investment return in the statements of activities.

11. Foundation (Continued)

Significant Accounting Policies (Continued)

Income Tax Status

The Foundation is a Missouri not-for-profit corporation and has qualified for exemption from income tax under Sections 501(c)(3) of the Internal Revenue Code.

The Foundation follows standards governing the accounting for uncertainty in income taxes. This guidance prescribes a recognition threshold and measurement principles for the financial statement recognition and measurement of tax positions taken or expected to be taken on a tax return that are not certain to be realized. The Foundation evaluated its tax positions and determined it has no uncertain tax positions as of June 30, 2015 and 2014.

The Foundation is not aware of any activities that would jeopardize its tax-exempt status. The Foundation is not aware of any activities that are subject to tax on unrelated business income or excise or other taxes.

Subsequent Events

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure in these financial statements through October 19, 2015, the date the financial statements were available to be issued.

Contributed Services and Related Party Transactions

The College provides the Foundation with office space and furniture and equipment without charge. The executive director and staff of the Foundation are employed by the College without compensation from the Foundation and the Financial Services Department of the College also provides an accounting processing service to the Foundation. In connection with the personnel and services provided by the College, the Foundation recognized contributed services revenue and related offsetting expense in the amount of amount of $572,913 and $501,019 for the years ended June 30, 2015 and 2014, respectively. Included in these amounts are payments to outside vendors/contractors for advisory services and other expenses supporting the MCC Foundation.

No amounts have been reflected in the financial statements for donated services, which do not create or enhance nonfinancial assets or which do not require specialized skills; however, time and resources have been contributed by volunteers in furtherance of the Foundation's objectives.

Substantially all program expenses included in the Statement of Activities are reimbursed to the College as the result of College payments on behalf of the Foundation. Accordingly, the balance "Due to The Metropolitan Community College" on the Statement of Financial Position of $181,955 and $120,180 for the years ended June 30, 2015 and 2014, respectively, represents amounts due to the College not yet reimbursed at year end.

11. Foundation (Continued)

Marketable Securities and Fair Value Measurements

Marketable securities as of June 30th 2015 and 2014 which are carried in the accompanying financial statements at fair value, are comprised of the following:

	2015	2014
Equity securities	9,951,853	9,168,024
U.S. Treasury notes	284,334	374,120
Mutual Funds, equity	91,594	66,687
Corporate bonds	170,401	332,877
Hedge fund / REIT	507,892	584,020
	$ 11,006,074	$ 10,525,728

Investment return for the years ended June 30th 2015 and 2014:

	2015	2014
Investment income	$ 225,493	$ 220,093
Net realized and unrealized investment gains / (losses)	(18,019)	1,297,987
	$ 207,474	$ 1,518,080

Investment expenses are reported as expenses in the statement of activities and were $51,689 and $42,558 for the years ended June 30, 2015 and 2014.

Investments, in general, are exposed to various risks, such as interest rate, credit, and overall market volatility due to the level of risk associated with certain investment securities. It is reasonably possible that changes in the values of investment securities will occur in the near term and, that such changes could materially affect the amounts reported in the financial statements.

Effective July 1, 2008 the Foundation adopted the provisions of FASB ASC 820, Fair Value Measurements and Disclosures (formerly SFAS No. 157, "Fair Value Measurements" for assets and liabilities measured and reported at fair value.) FASB ASC 820 defines fair value, establishes a framework for measuring fair value and expands disclosures about fair value measurements.

FASB ASC 820 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. FASB ASC 820 requires the use of valuation techniques that are consistent with the market approach, the income approach and/or the cost approach. Inputs to valuation techniques refer to the assumptions that market participants would use in pricing the asset or liability. Inputs may be observable, meaning those that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from independent sources, or unobservable, meaning those that reflect the reporting entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. In that regard, FASB ASC 820 establishes a fair value hierarchy for valuation inputs that gives the highest priority to quoted prices in active markets for identical assets or liabilities and the lowest priority to unobservable inputs. The fair value hierarchy is as follows:

11. Foundation (Continued)

Marketable Securities and Fair Value Measurements (Continued)

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

FASB ASC 825, Financial Instruments, (formerly SFAS 107, "Disclosures about Fair Value of Financial Instruments"), requires disclosures of fair value information about financial instruments, whether or not recognized in the balance sheet. Fair value is determined under the framework established by FASB ASC 820. FASB ASC 825 excludes certain financial instruments and all non-financial instruments from its disclosures requirements as of June 30, 2015 and 2014 and the methods and assumptions used to estimate those fair values.

The following table summarizes assets and liabilities measured at fair value on a recurring basis as of June 30, 2015 and 2014, segregated by the level of inputs within the fair value hierarchy utilized to measure fair value.

11. Foundation (Continued)

Marketable Securities and Fair Value Measurements (Continued)

	Fair Value Measurements at June 30, 2015	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	$ 9,951,853	$ 9,941,786	$ 10,067	$ -
U.S. Treasury notes	284,334	164,363	119,971	-
Mutual Funds, equity	91,594	91,594	-	-
Corporate bonds	170,401	-	170,401	-
REIT funds	507,892	507,892	-	-
	$ 11,006,074	$ 10,705,635	$ 300,439	$ -

	Fair Value Measurements at June 30, 2014	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Equity securities	$ 9,168,024	$ 9,168,024	$ -	$ -
U.S. Treasury notes	374,120	249,490	124,630	-
Mutual Funds, equity	66,687	66,687	-	-
Corporate bonds	332,877	-	332,877	-
Hedge fund / REIT	584,020	-	584,020	-
	$ 10,525,728	$ 9,484,201	$ 1,041,527	$ -

The following table lists investments in investment funds by major category:

	Net Asset Value 2015	Net Asset Value 2014	Unfunded Commitments at June 30, 2015	Redemption Frequency (If Currently Eligible)	Redemption Period
Mutual Funds, equities	$ 91,594	$ 66,687	$ -	Range between daily and monthly	Daily to 30 days

Equity mutual funds invest in the U.S., in non-U.S. markets, or globally in large-, mid- or small-capitalization common or preferred stocks or convertible bonds.

11. Foundation (Continued)

Contributions Receivable

Contribution receivable as of June 30th 2015 and 2014 are due to be received in the following periods:

	2015	2014
Receivable in one year	$304,750	$101,638
Receivable in two to five years	-	50,400
Recievable after five years	-	100
	$304,750	$152,138
Less allowance for doubtful contributions	6,067	3,352
Less present value discount	8,726	5,425
	$289,957	$143,361

Contributions receivable are discounted to present value using the discount rate for the year the receivable was originally pledged. Pledge receivable discount calculations include discount rates for 2012 through 2015 and range from 3.10% to 4.50%.

Temporarily Restricted Net Assets

Temporarily restricted net assets available as of June 30th 2015 and 2014 are restricted to the following purposes or periods:

	2015	2014
Investment earnings payout stabilization fund	$ 1,333,636	$ 1,412,660
Scholarships	909,327	900,887
Student success center	501,655	147
Other	495,989	523,696
Block Academic Coaching	99,516	87,768
Kite Festival	61,290	62,924
Polsky Business Development Fund	48,892	44,297
Book & Student Emergency Fund	46,883	38,828
James Neeland Award Fund	34,510	40,977
Brooks Center at PV	27,038	36,506
Baseball Program	6,474	6,214
Health Science Institute Program	6,155	167,113
Longview Cultural Arts Center	4,812	2,902
Friends of the Carter Arts Center	4,273	4,203
Nursing loan program	4,187	4,067
	$ 3,584,637	$ 3,333,189

11. Foundation (Continued)

Permanently Restricted Net Assets

Permanently restricted net assets as of June 30th 2015 and 2014 are restricted to the following:

	2015	2014
Investment in perpetuity, the income from which is expendable to support:		
Scholarships	$ 3,220,074	$ 3,160,706
Other	1,841,274	1,861,239
	$ 5,061,348	$ 5,021,945

Restricted Net Assets Released

Restricted net assets released in accordance with donor restrictions during the fiscal years ended June 30th 2015 and 2014 are comprised of the following:

	2015	2014
Scholarships and grants	$ 288,527	$ 339,110
Health Science Institute	164,650	1,500
FI-Hall-Youth Dev Curric	79,727	13,457
Other Foundation projects	60,084	75,692
Storytelling	32,478	15,351
Neeland Jeanne M Award Fund	11,492	16,114
Brooks Center@PV	9,493	7,494
Kite Festival	7,712	11,626
	$ 654,163	$ 480,344

Endowment Fund and Net Asset Classifications

The Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) adopted by the 2009 Missouri legislature as requiring the preservation of fair value of the original gift as of the gift date of the donor restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund, (d) the present value of estimated future receipts from beneficial interests in perpetual trusts and (e) subsequent changes in the value of the Foundation's share of trust assets in perpetual trusts. The remaining portion of the donor restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by the State of Missouri in its enacted version of UPMIFA.

11. Foundation (Continued)

Endowment Fund and Net Asset Classifications (Continued)
In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the Endowment Fund; (2) the purposes of the Foundation and the donor-restricted Endowment Fund; (3) general economic conditions; (4) the possible effect of inflation and deflation; (5) the expected total return from income and the appreciation of investments; (6) other resources of the Foundation and (7) the investment policies of the Foundation.

The Foundation has adopted investment and spending policies for its Endowment Fund. The objective of these policies is to provide the Foundation a predictable funding stream for its programs while protecting the purchasing power of the Endowment Fund. In accordance with the Foundation's investment policy, the Endowment Fund shall be invested to provide for total return. The Endowment Fund shall be invested in a diversified portfolio, consisting of common stocks, bonds, cash equivalents, and other investments, which may reflect varying rates of returns. The overall rate of return objective of the portfolio is a reasonable "real" rate, consistent with the risk levels established by the Endowment and Investment Committee of the Board of Trustees.

The Foundation recognizes the need for spendable income by the beneficiaries of the endowment and long term institutional funds under their custodianship. The spending policy reflects an objective to distribute as much total return as is consistent with overall investment objectives defined above while protecting the real value of the Endowment Fund principal. The Board approved spending percentage, based on the average collected fund balance, was 6% and 6% for the fiscal years ended June 30, 2015 and 2014.

Endowment net assets as of June 30, 2015 and 2014 were as follows:

2015	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment funds	$ -	$ 2,152,243	$ 5,061,348	$ 7,213,591
Board-designated quasi-Endowment funds	248,304	-	-	248,304
Total Endowment Funds	$ 248,304	$ 2,152,243	$ 5,061,348	$ 7,461,895

2014	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Donor-Restricted Endowment funds	$ -	$ 2,211,804	$ 5,021,945	$ 7,233,749
Board-designated quasi-Endowment funds	229,988	-	-	229,988
Total Endowment Funds	$ 229,988	$ 2,211,804	$ 5,021,945	$ 7,463,737

11. Foundation (Continued)

Endowment Fund and Net Asset Classifications (Continued)

Changes in endowment net assets for the years ended June 30, 2015 and 2014 were as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Endowment Net Assets, June 30, 2013	$ 213,206	$ 1,550,877	$ 4,492,145	$ 6,256,228
Investment Return:				
Investment Income	2,888	116,965	-	119,853
Net appreciation (depr) (realized and unrealized)	23,412	669,634	-	693,046
Total Investment Return	26,300	786,599		812,899
Contributions		59,763	522,244	582,007
Other Income	(2,291)	191	7,556	5,456
Appropriation of endowment funds for expenditure	(7,227)	(185,626)	-	(192,853)
Endowment Net Assets, June 30,2014	229,988	2,211,804	5,021,945	7,463,737
Investment Return:				
Investment Income	5,097	109,864	-	114,961
Net appreciation (depr) (realized and unrealized)	2,689	(9,316)	(6,803)	(13,430)
Total Investment Return	7,786	100,548	(6,803)	101,531
Contributions	92	23,812	45,906	69,810
Other Income	13,488	-	300	13,788
Appropriation of endowment funds for expenditure	(3,050)	(183,921)	-	(186,971)
Endowment Net Assets, June 30,2015	$ 248,304	$ 2,152,243	$ 5,061,348	$ 7,461,895

From time to time, the fair value of the endowment funds associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Foundation to retain as a fund of perpetual duration, i.e. underwater endowments. The deficiency is funded through temporarily restricted or unrestricted net assets, depending on the nature of the endowment. As of June 30, 2015 and 2014, there were no underwater endowment funds.

12. Condensed Combining Information

Condensed combining information for the College as of and for the fiscal years ended June 30 is as follows:

	2015			
	District	Building Corp	Eliminations	Total
Condensed Statements of Net Postion				
Assets				
Current assets	$ 73,173,303	$ 105,261	$ (10,015)	$ 73,268,549
Noncurrent assets	53,834,535	92,492,648	-	146,327,183
Total assets	127,007,838	92,597,909	(10,015)	219,595,732
Deferred outflows	7,560,569	4,353,374	-	11,913,943
Liabilities				
Current liabilities	15,530,625	4,614,224	-	20,144,849
Noncurrent liabilities	36,833,741	61,620,000	(10,015)	98,443,726
Total liabilities	52,364,366	66,234,224	(10,015)	118,588,575
Deferred Inflows	23,938,784	-	-	23,938,784
Net position				
Net investment in capital assets	32,333,139	26,649,879	-	58,983,018
Designated	3,985,921	-	-	3,985,921
Unrestricted	21,946,197	4,067,180	-	26,013,377
Total net position	$ 58,265,257	$ 30,717,059	$ -	$ 88,982,316

	District	Building Corp	Eliminations	Total
Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating Revenues (expenses)				
Operating income	$ 90,925,272	$ -	$ (22,024,626)	$ 68,900,646
Depreciation expense	(2,637,333)	(4,227,788)	-	(6,865,121)
Other operating expenses	(141,072,027)	-	27,073,964	(113,998,063)
Operating loss	(52,784,088)	(4,227,788)	5,049,338	(51,962,538)
Nonoperating revenues (expenses)				
Nonoperating revenues	67,980,761	4,879,461	(5,049,338)	67,810,884
Interest on debt related to capital assets	-	(2,934,670)	-	(2,934,670)
Total nonoperating revenues, net	67,980,761	1,944,791	(5,049,338)	64,876,214
Change in net position	15,196,673	(2,282,997)	-	12,913,676
Net position, beginning of year (restated)	43,068,584	33,000,056	-	76,068,640
Net position, end of year	$ 58,265,257	$ 30,717,059	$ -	$ 88,982,316

	District	Building Corp	Eliminations	Total
Condensed Statements of Cash Flows				
Net cash used by operating activities	$ (51,378,412)	$ -	$ -	$ (51,378,412)
Net cash provided by noncapital financing activities	67,364,172	(985,523)	-	66,378,649
Net cash used by capital financing activities	(7,246,293)	(9,428,707)	-	(16,675,000)
Net cash used by investing activities	(5,186,522)	8,650,714	-	3,464,192
	3,552,945	(1,763,516)	-	1,789,429
Cash and cash equivalents, beginning of year	43,915,306	104,375,612	-	38,971,908
Cash and cash equivalents, end of year	47,468,251	102,612,096	-	40,761,337

12. Condensed Combining Information (Continued)

	2014			
	District	Building Corp	Eliminations	Total
Condensed Statements of Net Postion				
Assets				
Current assets	$ 75,630,087	$ 3,182,058	$ (10,015)	$ 78,802,130
Noncurrent assets	43,915,306	104,375,612	-	148,290,918
Total assets	119,545,393	107,557,670	(10,015)	227,093,048
Liabilities				
Current liabilities	16,716,130	6,510,326	-	23,226,456
Noncurrent liabilities	4,466,324	68,057,303	(10,015)	72,513,612
Total liabilities	21,182,454	74,567,629	(10,015)	95,740,068
Net position				
Net investment in capital assets	33,919,305	23,341,815	-	57,261,120
Restricted for debt retirement	-	8,153,910		8,153,910
Designated	2,483,064	-	-	2,483,064
Unrestricted	61,960,570	1,494,316	-	63,454,886
Total net position	$ 98,362,939	$ 32,990,041	$ -	$ 131,352,980

Condensed Statements of Revenues, Expenses and Changes in Net Position				
Operating Revenues (expenses)				
Operating income	$ 102,536,335	$ -	$ (25,204,433)	$ 77,331,902
Depreciation expense	(2,616,996)	(4,336,155)	-	(6,953,151)
Other operating expenses	(155,558,620)	(2,500)	33,119,648	(122,441,472)
Operating loss	(55,639,281)	(4,338,655)	7,915,215	(52,062,721)
Nonoperating revenues (expenses)				
Nonoperating revenues	64,748,390	8,054,347	(7,915,215)	64,887,522
Interest on debt related to capital assets	-	(3,228,271)	-	(3,228,271)
Total nonoperating revenues, net	64,748,390	4,826,076	(7,915,215)	61,659,251
Change in net position	9,109,109	487,421	-	9,596,530
Net position, beginning of year	89,253,830	32,502,620	-	121,756,450
Net position, end of year	$ 98,362,939	$ 32,990,041	$ -	$ 131,352,980

Condensed Statements of Cash Flows				
Net cash used by operating activities	$ (48,262,185)	$ (2,500)	$ -	$ (48,264,685)
Net cash provided by noncapital financing activities	65,294,498	(2,070,674)	-	63,223,824
Net cash used by capital financing activities	(8,235,746)	(1,614,203)	-	(9,849,949)
Net cash used by investing activities	(3,904,264)	(2,026,410)	-	(5,930,674)
	4,892,303	(5,713,787)	-	(821,484)
Cash and cash equivalents, beginning of year	27,701,865	12,091,527	-	39,793,392
Cash and cash equivalents, end of year	32,594,168	6,377,740	-	38,971,908

Required Supplementary Information

The Metropolitan Community College

Schedule of Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2014	$ -	$ 17,584,735	$ (17,584,735)	0.0%	$ 44,468,616	40%
July 1, 2012	$ -	$ 20,420,508	$ (20,420,508)	0.0%	$ 47,757,555	43%
July 1, 2010	$ -	$ 12,469,000	$ (12,469,000)	0.0%	$ 51,416,000	24%
June 30, 2009	$ -	$ 25,993,000	$ (25,993,000)	0.0%	$ 50,218,000	52%

Note:

- Fiscal year 2009 is the transition year for GASB Statement No. 45.
- Fiscal year 2011 the post-employment benefit plan was modified and effective July 1, 2013 eligible retirees and their dependents may continue coverage under the College’s plan by paying active COBRA rates.
- The unfunded Actuarial Liability (AAL) is amortized over 10 years.

The Metropolitan Community College

Schedule of Proportionate Share of the Net Pension Liability and Contributions

Schedule of Employer's Share of Net Pension Liability

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of	Fiduciary Net Position as a Percentage of
6/30/2015 PEERS	2.0233%	$ 7,388,403	$ 29,505,189	25.0%	91.3%
6/30/2015 PSRS	.06214%	$ 25,493,403	$ 28,493,403	89.94%	89.30%

Note: *This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

* *The data provided in the schedule is based as of the measurement date of PSRS' net pension liability, which is as of the beginning of the district's fiscal year.*

Schedule of Employer's Contributions

Year Ending	Contractually Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Covered Member Payroll	Contributions as Percentage of Covered Payroll
6/30/2013 PEERS	$ 2,107,749	$ 2,107,749	$	$ 30,744,954	6.86%
6/30/2013 PSRS	4,633,378	4,633,378	-	32,831,174	14.11%
6/30/2014 PEERS	2,024,056	2,024,056	-	29,505,189	6.86%
6/30/2014 PSRS	4,001,458	4,001,458	-	28,345,963	14.12%
6/30/2015 PEERS	2,123,411	2,214,010	90,599	30,953,507	7.15%
6/30/2015 PSRS	3,927,796	4,158,868	231,072	27,088,248	15.35%

Note: *This schedule is intended to show information for ten years. Additional years will be displayed as they become available.*

Notes to Schedules of Employer's Share of Net Pension Liability and Contributions

There are no factors that affect trends in the amounts reported, such as change in benefit terms of assumptions. Contribution rates for PEERS and PSRS remained the same for the District for years ended June 30, 2015, 2014 and 2013.

Other Supplementary Information

The Metropolitan Community College

Schedule of Net Position

June 30, 2015

	District	Building Corporation	Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	$ 36,147,113	$ 4,614,224	$ -	$ 40,761,337
Short-term investments	22,536,849	-	-	22,536,849
Accounts receivable, less allowance for doubtful accounts of $ 241,910	11,450,936	(4,508,963)	(10,015)	6,931,958
Inventories	1,767,460	-	-	1,767,460
Other assets	1,270,945	-	-	1,270,945
Total current assets	73,173,303	105,261	(10,015)	73,268,549
Noncurrent assets				
Long-term investments	21,501,396	497,769	-	21,999,165
Capital assets				
Nondepreciable	7,678,110	806,095	-	8,484,205
Depreciable,net	24,655,029	91,188,784	-	115,843,813
Total noncurrent assets	53,834,535	92,492,648	-	146,327,183
Total assets	127,007,838	92,597,909	(10,015)	219,595,732
Deferred outflows of resources	7,560,569	4,353,374	-	11,913,943
Total assets and deferred outflows of resources	134,568,407	96,951,283	(10,015)	231,509,675
Liabilities				
Current liabilities				
Accounts payable, accrued and other liabilities	8,902,232	889,224	-	9,791,456
Compensated absences	2,437,274	-	-	2,437,274
Current maturities of bonds payable	-	3,725,000	-	3,725,000
Unearned revenue	3,858,832	-	-	3,858,832
Capital Lease Purchase	332,287	-	-	332,287
Total current liabilities	15,530,625	4,614,224	-	20,144,849
Noncurrent liabilities				
Bonds payable	-	61,620,000	-	61,620,000
Compensated absences	519,835	-	-	519,835
Net Pension Liability	32,881,806	-	-	32,881,806
Capital Lease Obligation	1,339,164	-	(10,015)	1,329,149
Accrued rent	2,092,936	-	-	2,092,936
Total noncurrent liabilities	36,833,741	61,620,000	(10,015)	98,443,726
Total liabilities	52,364,366	66,234,224	(10,015)	118,588,575
Deferred inflow of resources	23,938,784	-	-	23,938,784
Total liablilities and deferred outflow of resources	76,303,150	66,234,224	(10,015)	142,527,359
Net position				
Net investment in capital assets	32,333,139	26,649,879	-	58,983,018
Designated for Deferred Maintenance	3,483,064	-	-	3,483,064
Designated for Information Technology	502,857	-	-	502,857
Unrestricted	21,946,197	4,067,180	-	26,013,377
Total net position	$ 58,265,257	$ 30,717,059	$ -	$ 88,982,316

The Metropolitan Community College

Schedule of Revenues, Expenses, and Changes in Net Position

Year Ended June 30, 2015

	District	Building Corporation	Eliminations	Total
Operating revenues:				
Student tuition and fees, net (Scholarship allowance of $22,024,626)	$ 44,450,706	$ -	$ (22,024,626)	$ 22,426,080
Federal grants and contracts	31,837,187	-	-	31,837,187
State and local grants and contracts	2,628,510	-	-	2,628,510
Auxiliary services revenues	7,651,941	-	-	7,651,941
Other operating revenues	4,356,928	-	-	4,356,928
Total operating revenues	90,925,272	-	(22,024,626)	68,900,646
Operating expenses:				
Salaries and wages	61,429,970	-	-	61,429,970
Fringe benefits	16,757,191	-	-	16,757,191
Supplies and other services	32,114,241	-	5,049,338	27,064,903
Utilities	3,561,500	-	-	3,561,500
Scholarships and fellowships	27,209,125	-	22,024,626	5,184,499
Depreciation	2,637,333	4,227,788	-	6,865,121
Total operating expenses	143,709,360	4,227,788	27,073,964	120,863,184
Operating loss	(52,784,088)	(4,227,788)	5,049,338	(51,962,538)
Non-operating revenues (expenses):				
State appropriation	31,678,098	-	-	31,678,098
County property tax revenue	32,527,980	-	-	32,527,980
Investment income	704,764	(169,877)	-	534,887
Other non-operating revenue	3,069,919	5,049,338	(5,049,338)	3,069,919
Interest on debt related to capital assets	-	(2,934,670)	-	(2,934,670)
Total nonoperating revenues, net	67,980,761	1,944,791	(5,049,338)	64,876,214
Change in net position:	15,196,673	(6,636,371)	-	12,913,676
Net position, beginning of year	98,352,924	33,000,056	-	131,352,980
Change in accounting principle	(55,284,340)	-	-	(55,284,340)
Net position, beginning of year (restated)	43,068,584	33,000,056	-	76,068,640
Net position, end of year	$ 58,265,257	$ 26,363,685	$ -	$ 88,982,316

The Metropolitan Community College
Schedule of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2015

	Agency Fund	General Fund	Special Projects Fund	Business & Continuing Education Fund	Auxiliary Enterprises Fund	Student Aid Fund	Restricted Fund	Unexpended Plant Fund	Invested in Plant Fund	Total District
Revenues:										
Student tuition and fees	$ 252,160	$ 39,713,488	$ 1,800,283	$ 2,684,775	$ -	$ -	$ -	$ -	$ -	$ 44,450,706
State aid	-	31,678,098	-	-	-	-	-	-	-	31,678,098
Government grants and contracts	9,441	2,210,344	443,266	478,829	14,959	25,539,475	5,769,383	-	-	34,465,697
State and county taxes	-	32,527,980	-	-	-	-	-	-	-	32,527,980
Investment income	-	704,764	-	-	-	-	-	-	-	704,764
Other income	144,304	2,370,740	760,475	620,845	9,567,453	750	717,250	896,971	-	15,078,788
Total revenues	405,905	109,205,414	3,004,024	3,784,449	9,582,412	25,540,225	6,486,633	896,971	-	158,906,033
Expenses:										
Instructional	1,182	37,601,233	1,316,110	2,142,430	-	-	1,337,025	-	-	42,397,980
Academic support	-	10,411,791	550,914	699,350	-	-	2,518,942	-	-	14,180,997
Student services	346,818	13,160,128	2,584	114	-	1,602	529,057	-	-	14,040,303
Plant operation and maintenance	-	10,759,422	-	-	1,015,781	-	-	5,154,064	-	16,929,267
Depreciation	-	-	-	-	425,248	-	-	(274)	2,212,359	2,637,333
Institutional support	-	17,083,070	-	602,121	-	-	-	4,593	-	17,689,784
Scholarships and fellowships	2,735	1,589,431	315	17,954	67	25,538,623	60,000	-	-	27,209,125
Public service	-	35	316,670	-	-	-	2,047,770	-	-	2,364,475
Interest Expense	-	-	-	-	-	-	-	-	-	-
Auxiliary expenses	-	-	-	-	7,049,352	-	-	-	-	7,049,352
Total Expenses	350,735	90,605,110	2,186,593	3,461,969	8,490,448	25,540,225	6,492,794	5,158,383	2,212,359	144,498,616
Revenues over/(under) expenses	55,170	18,600,304	817,431	322,480	1,091,964	-	(6,161)	(4,261,412)	(2,212,359)	14,407,417
Add: Capitalized expenses	-	592,844		19,690	-	-	108,750	67,972	-	789,256
Total Before Fund Transfer	55,170	19,193,148	817,432	342,169	1,091,964	-	102,589	(4,193,440)	(2,212,359)	15,196,673
Total fund transfers	-	(19,045,079)	(817,432)	(342,169)	(1,091,964)	-	(102,589)	20,609,977	789,256	-
Increase (decrease) in net position	55,170	148,069	-	-	-	-	-	16,416,537	(1,423,103)	15,196,673
Net position, beginning of year	702,676	19,910,673	-	-	-	-	-	40,747,406	36,992,169	98,352,924
Change in accounting principal	-	-	-	-	-	-	-	(55,284,340)	-	(55,284,340)
Net position, beginning of year (restated)	702,676	19,910,673	-	-	-	-	-	(14,536,934)	36,992,169	43,068,584
Net position, end of year	$ 757,846	$ 20,058,742	$ -	$ -	$ -	$ -	$ -	$ 1,879,603	$ 35,569,066	$ 58,265,257

The Metropolitan Community College
Schedule of Revenues, Expenses, and Changes in Fund Balances
Year Ended June 30, 2015

	District	Building Corporation	Elimination	MCC Total
Revenues:				
Student tuition and fees	$ 44,450,706	$ -	$ 22,024,626	$ 22,426,080
State aid	31,678,098	-	-	31,678,098
Government grants and contracts	34,465,697	-	-	34,465,697
State and county taxes	32,527,980	-	-	32,527,980
Investment income	704,764	(169,877)	-	534,887
Other income	15,078,788	5,049,338	5,049,338	15,078,788
Total revenues	158,906,033	4,879,461	27,073,964	136,711,530
Expenses:				
Instructional	42,397,980	-	-	42,397,980
Academic support	14,180,997	-	-	14,180,997
Student services	14,040,303	-	-	14,040,303
Plant operation and maintenance	16,929,267	-	5,049,338	11,879,929
Depreciation	2,637,333	4,227,788	-	6,865,121
Institutional support	17,689,784		-	17,689,784
Scholarships and fellowships	27,209,125	-	22,024,626	5,184,499
Public service	2,364,475	-	-	2,364,475
Interest Expense	-	2,934,670	-	2,934,670
Auxiliary expenses	7,049,352	-	-	7,049,352
Total Expenses	144,498,616	7,162,458	27,073,964	124,587,110
Revenues (over)under Expenditures	14,407,417	(2,282,997)	-	12,124,420
Add: Capitalized expenses	789,256	-	-	789,256
Net increase (decrease) in fund balance	15,196,673	(2,282,997)	-	12,913,676
Fund balance, beginning of year (restated)	43,068,584	33,000,056	-	76,068,640
Fund balance, end of year	$ 58,265,257	$ 30,717,059	$ -	$ 88,982,316

The Metropolitan Community College

Schedule of Combined Expenses by Functional and Natural Classification

Year Ended June 30, 2015

Natural Expense Classification

Functional Expense Classification

Type of Expense:	Salaries and wages	Fringe benefits	Supplies and other services	Utilities	Scholarships and fellowships	Depreciation	Interest Expense	Total Expenses by Functional Classification (Fund Report)
Instructional	$ 29,354,795	$ 8,126,288	$ 4,912,400	$ 4,496	$ -	$ -	$ -	$ 42,397,980
Academic support	8,331,700	2,886,973	2,824,823	137,502	-	-	-	14,180,997
Student services	8,966,039	3,327,993	1,746,271		-	-	-	14,040,303
Plant operation and maintenance	3,093,613	1,328,669	4,373,259	3,084,388	-	-	-	11,879,929
Institutional support	9,458,005	435,628	7,462,326	333,824	-	-	-	17,689,784
Public service	579,827	188,167	1,595,192	1,290	-	-	-	2,364,476
Auxiliary expenses	1,645,991	463,473	4,939,888		-	-	-	7,049,352
Scholarships and fellowships					5,184,499	-	-	5,184,499
Depreciation	-	-	-	-	-	6,865,121	-	6,865,121
Interest Expense	-	-	-	-	-	-	2,934,670	2,934,670
Total Expenses	61,429,970	16,757,191	27,854,159	3,561,500	5,184,499	6,865,121	2,934,670	124,587,110
Less: Capitalized Expenses	-	-	(789,256)	-	-	-	-	(789,256)
Total Expenses by Natural Classification (GASB Report)	$ 61,429,970	$ 16,757,191	$ 27,064,903	$ 3,561,500	$ 5,184,499	$ 6,865,121	$ 2,934,670	$ 123,797,854

The Metropolitan Community College
Schedule of Fund Transfers From/(To)
Year Ended June 30, 2015

	Operational				Restricted Funds		Plant Funds		
	General	Special Projects	IWI	Auxiliary	Student Aid	Restricted	Unexpended Plant	Invested in Plant	Total
Fund Transfers									
Transfer for capitalized equipment	$ 592,844	$ -	$ 19,690	$ -	$ -	$ 108,750	$ 67,972	$ (789,256)	$ -
Transfer to cover Net bond payment	5,034,798	-	-	-	-	-	(5,034,798)	-	-
Transfer for Annual Loan Payment on Baseball Facility	56,015	-	-	-	-	-	(56,015)	-	-
Transfer for Designated Maintance Projects	1,500,000	-	-	-	-	-	(1,500,000)	-	-
Transfer for Designated IT Projects	500,000	-	-	-	-	-	(500,000)	-	-
Transfer for Designated IT Projects	(497,143)	-	-	-	-	-	497,143	-	-
Transfer annual fund close-out	(2,225,714)	817,432	322,479	1,091,964	-	(6,161)	-	-	-
Transfer to match Financial Plan	14,084,279	-	-	-	-	-	(14,084,279)	-	-
Net Fund Transfers	$ 19,045,079	$ 817,432	$ 342,169	$ 1,091,964	$ -	$ 102,589	$ (20,609,977)	$ (789,256)	$ -

Funds statements are still used to manage the colleges and for external reporting to various agencies and have been included in the "Supplementary Information" section of the accompanying report for informational purposes. The main difference between the Colleges' primary audited financial statements and the funds statement presentations is the treatment of scholarship aid used for tuition and fees. The primary statements per GASB 35 require such aid to be offset against tuition and fees, whereas the funds statements reflect gross tuition and fees and scholarship aid.

Fund accounting is the procedure by which resources are classified for accounting and reporting purposes into funds that are maintained in accordance with activities or specific objectives. Separate accounts are maintained for each fund. Funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund groups.

The assets, liabilities and fund balances of the Colleges are reported in two self-balancing fund groups as follows:

Current Funds include two separate fund groups, unrestricted and restricted, both of which are currently expendable for purposes of meeting the primary objectives of the Colleges, i.e., instruction, public service, and related supporting services. The unrestricted funds group, over which the District's governing board retains full control to use in achieving any of its institutional purposes, includes the operational (general, business/continuing education, and special projects), auxiliary enterprise and agency funds. The general fund is used for all operational-type charges that are not covered by the following two categories. The business/continuing education fund is utilized to account for contracted instructional activities with the business community and most other noncredit instruction. The special projects fund is used to account for programs which have been internally designated by the District's governing board as pilot projects or require special accountability. Resources restricted by donors or other outside agencies for specific current operating purposes are accounted for in the restricted funds group, which includes the restricted and student aid funds.

Plant Funds include resources available for future plant acquisitions, renewals and replacements, resources restricted for the retirement of indebtedness and funds which have been invested in plant. These funds are broken into two separate sections: **Plant Funds** and **Building Corporation** plant funds.

Compliance

CliftonLarsonAllen

CliftonLarsonAllen LLP
CLAconnect.com

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
The Metropolitan Community College
Kansas City, Missouri

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 the business-type activities and the discretely presented component unit of The Junior College District of Metropolitan Kansas City, Missouri's (d/b/a The Metropolitan Community College), as of and for the year ended June 30, 2015 and the related notes to the financial statements, which collectively comprise The Metropolitan Community College's basic financial statements, and have issued our report thereon dated November 9, 2015. The financial statements of the Metropolitan Community College Foundation (its discretely presented component unit) were not audited in accordance with *Government Auditing Standards.*

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered The Metropolitan 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of The Metropolitan Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of The Metropolitan 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 Metropolitan Community 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.

Board of Trustees
The Metropolitan Community College

Internal Control Over Financial Reporting (Continued)

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of The Metropolitan Community 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 Metropolitan Community College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 9, 2015

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
The Metropolitan Community College
Kansas City, Missouri

Report on Compliance for Each Major Federal Program

We have audited The Junior College District of Metropolitan Kansas City, Missouri's (d/b/a The Metropolitan Community College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of The Metropolitan Community College's major federal programs for the year ended June 30, 2015. The Metropolitan Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

The financial statements of the discretely presented component unit, Metropolitan Community College Foundation, were not audited in accordance with *Government Auditing Standards.*

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 The Metropolitan Community College's compliance.

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002, and 2015-003. Our opinion on each major federal program is not modified with respect to these matters.

Metropolitan Community College's response to the noncompliance findings identified in our audit are described in the accompanying schedule of findings and questioned costs. Metropolitan 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 The Metropolitan 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 The Metropolitan Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of The Metropolitan Community College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. However, we identified deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2015-001, 2015-002 and 2015-003 that we consider to be a significant deficiencies.

Board of Trustees
The Metropolitan Community College

Metropolitan Community College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Metropolitan 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.

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 result of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

We have audited the financial statements of the business-type activities and the discretely presented component unit of Metropolitan Community College as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise Metropolitan Community College's basic financial statements. We issued our report thereon dated November 9, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

This report is intended for the information and use of management, the board of trustees and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specific parties.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

St. Louis, Missouri
November 9, 2015

Metropolitan Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/ Pass - Through Grantor / Program Title	Pass-Through Entity Identifying Number		Federal CFDA Number	Federal Expenditures
U.S. Department of Education				
Student Financial Assistance Programs Cluster:				
Federal Supplemental Educational Opportunity Grant	356895	*	84.007	$ 523,999
Federal Family Education Loans:				
PLUS Loans	N/A	*	84.268	14,039
Stafford Loans	N/A	*	84.268	13,047,431
Federal Work Study	445806	*	84.033	309,275
Federal Pell Grant	11687263	*	84.063	23,654,782
Federal Pell Grant Administrative Allowance	N/A	*	84.063	43,230
U.S. Department of Health and Human Services				
Student Financial Assistance Programs Cluster:				
Health Resources & Services Administration				
Scholarships for Disadvantaged Students	N/A	*	93.925	612,685
Total Student Financial Assistance Programs Cluster (Included in Department Totals)				38,205,441
U.S. Department of Education				
Trio Cluster:				
Educational Opportunity Center	N/A		84.066	413,855
Student Support Services	N/A		84.042	283,694
Upward Bound	N/A		84.047	257,393
Total Trio Cluster				954,942
Title III - Higher Education- Institutional Aid			84.031F	870,744
Title III - Higher Education- Institutional Aid			84.031A	1,011,608
Passed through State of Missouri Department of Elementary and Secondary Education				
Carl D. Perkins Vocational Programs	N/A		84.048	804,279
Total U.S. Department of Education (Including SFA Cluster)				41,847,014
U.S. Department of Health and Human Services				
Behavioral Health Workforce Education & Training for Professionals & Paraprofessionals	N/A		93.243	90,381
Passed through State of Missouri Department of Elementary and Secondary Education:				
CDA Enhancement	N/A		93.575	11,884
Total U.S. Department of Education (excludng SFA Cluster)				102,265

Metropolitan Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2015

Federal Grantor/ Pass - Through Grantor / Program Title	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures
U.S. Department of Labor			
H-1B Technical Skills Training Grants	N/A	17.268	669,325
Trade Adjustment Assistance Community College & Career Training			
Missouri Health WINS Grant	N/A	17.282	569,305
Trade Adjustment Assistance Community College & Career Training			
Missouri Manufacturing WINS Grant	N/A	17.282	631,148
Trade Adjustment Assistance Community College & Career Training			
Missouri STEM	N/A	17.282	950,310
Total U.S. Department of Labor			2,820,088
U.S. Department of Housing & Urban Development			
Passed through Cass County, MO & the Missouri	N/A	14.228	123,184
Department of Economic Development			
Community Development Block - Training for Tomorrow			
U.S. Economic Development Administration (EDA)			
Passed through Missouri Humanities Council			
Promotions of the Humanities- Federal/State Partnership	1776	45.129	$ 4,500
Total Federal Expenditures:			$ 44,897,051

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 SIGNIFICANT ACOUNTING POLICIES

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

NOTE 2 ADDITIONAL AUDITS

Grantor agencies reserve the right to conduct additional audits of The Metropolitan Community College's grant programs for economy and efficiency. Such audits may result in disallowed costs to The Metropolitan Community College. However, The Metropolitan Community College's management does not believe such audits would result in any disallowed costs that would by material to The Metropolitan Community College's financial position as of June 30, 2015.

Metropolitan Community College
Schedule of Findings and Questioned Costs
Year Ended June 30, 2015

A. SUMMARY OF AUDIT RESULTS

Financial Statements:

Type of auditor's report issued: **Unmodified**

Internal control over financial reporting:

Significant deficiencies identified? **No**

Significant deficiencies identified that are considered to be material weaknesses? **No**

Noncompliance material to financial statements noted? **No**

Federal Awards:

Internal control over major programs:

Significant deficiencies identified? **Yes**

Significant deficiencies identified that are considered to be material weaknesses? **No**

Type of auditor's report issued on compliance for major programs: **Unmodified**

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? **Yes**

The programs tested as major programs include:

Name of Federal Program	CFDA Number
Student Financial Assistance Programs Cluster	Various

The threshold for distinguishing type A and B programs was $300,000.

The Metropolitan Community College did qualify as a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2015-001: STUDENT FINANCIAL AID – REFUNDS OF FEDERAL AWARDS

Condition:
During our testing, the NSLDS "SCHER1" report was reviewed as part of our NSLD special testing. It was noted that errors were not being re-submitted within the 10-day time period.

Criteria:
Per the NSLDS Enrollment Reporting Guide (July 2014) section 6.1.1 Reporting Schedules, If the response is provided by a batch response file, NSLDS will process the file and return an Error/Acknowledgement file. Any error must be corrected and submitted within 10 days of receiving the file Clearinghouse submissions finding related to failure to comply with the requirement to have error responses filed and accepted within the 10-day time frame. The Clearinghouse was audited and received a finding for not properly submitting the error reports to NSLDS, thus anyone utilizing the Clearinghouse will have the error report finding.

Questioned Costs:
Not applicable

Effect:
The status of certain students with loans may not be properly updated in the NSLDS system. Per 34 CFR 685.309 (Administrative and fiscal control requirements for participating schools regulations), the school is responsible for providing accurate and timely enrollment data as this data determines whether a student with a loan should enter the grace period and when eventual repayment begins.

Auditors' Recommendation:
We recommend working with the National Clearinghouse and directly with NSLDS to monitor compliance related to reporting student enrollment data.

Management’s Response:
MCC has reviewed the internal controls and process to ensure the timely receipt, processing and tracking of SSCR error files. The National Student Clearinghouse (NSC) has acknowledged that during the 2014 year, there were three months in the year where they had issues with NSLDS accepting the error response files from them due to a change in the file receipt process. NSC has indicated that they have put into place a robust series of edits on enrollment files to prevent errors on SSCR responses and have increased the frequency of responding to the SSCR by responding on a monthly and mid-monthly basis to correct submitted changes from schools to comply with the timeframe requirement. Additionally, NSC is working on enhancements to the process to provide more transparency and opportunity to correct SSCR errors. Until NSC has put their planned enhancements into place, MCC will receive a copy of the SSCR error report on a monthly basis to monitor and ensure resolution within the required timeframe. As MCC has discussed with CliftonLarsonAllen, there are file scheme set-up that NSLDS kicks out as an error but is rather a warning because the reported data is correct. These errors self-correct with a subsequent submission report and MCC will keep a documented record of these errors for future audits.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2015-001: STUDENT FINANCIAL AID – REFUNDS OF FEDERAL AWARDS(CONTINUED)

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings
There is no disagreement with the audit finding.

Actions Planned in Response to Finding
As the NSC has puts their planned enhancements into place, MCC will receive a copy of the SSCR error report on a monthly basis to monitor and ensure resolution within the required timeframe. As MCC has discussed with CliftonLarsonAllen, there are file scheme set-up that NSLDS kicks out as an error but is rather a warning because the reported data is correct. These errors self-correct with a subsequent submission report and MCC will keep a documented record of these errors for future audits.

2015-002: STUDENT FINANCIAL AID – REFUNDS OF FEDERAL AWARDS

Condition:
During our testing, inquiry was made of the client and it was determined that the College did not accurately complete the Return of Title IV calculation for students that withdrew before the Census date.
Criteria:
According to 34 CFR 668.22, institutions are required to complete accurate return to Title IV calculations as defined in the regulations. A student begins earning Title IV funds on his or her first day of attendance. Therefore, even if a student withdraws before a school's census date, the school must perform a Return calculation using the number of days the student attended.

Questioned Costs:
Unknown.

Effect:
The return of Title IV calculation determines the amount of federal financial assistance that the student is entitled is based on the number of days they completed in the period. Due to no procedure in place to certify if the student attended classes, there may be errors in the Return of Title IV calculations.

Auditors' Recommendation:
We recommend the College implement policies and procedures to properly determine the withdrawal date to be in compliance with Federal regulations. In addition, we recommend the College determine if students' accounts should be adjusted due to the calculation error.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2015-002: STUDENT FINANCIAL AID – REFUNDS OF FEDERAL AWARDS(CONTINUED)

Management's Response:
At MCC, students who drop courses prior to the census date are not considered to have withdrawn. They do not incur tuition charges and dropped courses are not reflected on transcripts. MCC has reviewed the regulation and has modified the R2T4 policy for students who have dropped all their courses prior to the census date and/or confirmed roster attendance. For students who drop all their courses before MCC's census date and/or before a confirmed attendance roster is submitted, MCC will contact the instructors of the course(s) to verify if the student had attended any class session prior to their dropping the class. Students who attended at least one class session will have a Return to Title IV calculation performed and financial aid awarded accordingly.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings
There is no disagreement with the audit finding.

Actions Planned in Response to Finding
MCC has reviewed the regulation and has modified the R2T4 policy for students who have dropped all their courses prior to the census date and/or confirmed roster attendance. For students who drop all their courses before MCC's census date and/or before a confirmed attendance roster is submitted, MCC will contact the instructors of the course(s) to verify if the student had attended any class session prior to their dropping the class. Students who attended at least one class session will have a Return to Title IV calculation performed and financial aid awarded accordingly.

2015-003: STUDENT FINANCIAL AID – REFUNDS OF FEDERAL AWARDS

Condition:
Of the 40 students tested there were 7 students that did not have their credits returned timely, within the 14 days after the first day of class or a payment period if the credit balance occurred on or before the first day of class of that payment period

Criteria:
According to 34 CFR 668.164(e), whenever an institution disburses title IV, HEA program funds by crediting a student's account and the total amount of all title IV, HEA program funds credited exceeds the amount of tuition and fees, room and board, and other authorized charges the institution assessed the student, the institution must pay the resulting credit balance directly to the student or parent as soon as possible but no later than 14 days after the balance occurred if the credit balance occurred after the first day of class of a payment period; or no later than 14 days after the first day of class of a payment period if the credit balance occurred on or before the first day of class of that payment period.

Questioned Costs:
Not applicable

Effect:
Students are not receiving their credit balances within the regulatory required 14 days.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

2015-003: STUDENT FINANCIAL AID – REFUNDS OF FEDERAL AWARDS(CONTINUED)

Auditors' Recommendation:
We recommend the College no longer holds credit balances for student accounts and works with the faculty to provide rosters timely

Management's Response:
MCC does not agree with CliftonLarsonAllen that we are out of compliance. Per Federal regulations, if the student does not begin attendance in all of his or her classes, resulting in a change in the student's enrollment status, MCC must recalculate the student's award based on the lower enrollment status. A student is considered not to have begun attendance in any classes in which the school is unable to document that attendance. A point in time class roster is MCC's documentation that attendance had begun in courses a student is enrolled in which occurs within the 14 day window. For MCC's processes, if a student's roster has not been submitted that is considered equivalent to a course that a student enrolled in but never attended at MCC until otherwise documented. These credit balances for non-attendance would fall under the treatment of Title IV credit balances when a student withdraws and we are not to release any portion of a Title IV credit balance to a student prior to performing a return calculation. MCC must hold these funds even if, consistent with the 14-day credit balance payment requirement of 34 CRF 668.164(e), it would otherwise be required to release them. The recalculation occurs within a timely manner and once recalculated, the 14-day credit balance payment is met.

While MCC does not agree with this finding, we will review the procedures for disbursement of funds to student accounts. MCC is also reviewing the roster submission process and will work to improve the timely response rate with faculty.

CORRECTIVE ACTION PLAN (CAP):

Explanation of Disagreement with Audit Findings
While MCC does not agree with this finding, we will review the procedures for disbursement of funds to student accounts. MCC is also reviewing the roster submission process and will work to improve the timely response rate with faculty.

Actions Planned in Response to Finding
MCC does not agree with CliftonLarsonAllen that we are out of compliance. Per Federal regulations, if the student does not begin attendance in all of his or her classes, resulting in a change in the student's enrollment status, MCC must recalculate the student's award based on the lower enrollment status. A student is considered not to have begun attendance in any classes in which the school is unable to document that attendance. A point in time class roster is MCC's documentation that attendance had begun in courses a student is enrolled in which occurs within the 14-day window. For MCC's processes, if a student's roster has not been submitted that is considered equivalent to a course that a student enrolled in but never attended at MCC until otherwise documented. These credit balances for non-attendance would fall under the treatment of Title IV credit balances when a student withdraws and we are not to release any portion of a Title IV credit balance to a student prior to performing a return calculation. MCC must hold these funds even if, consistent with the 14-day credit balance payment requirement of 34 CRF 668.164(e), it would otherwise be required to release them. The recalculation occurs within a timely manner and once recalculated, the 14-day credit balance payment is met.

D. PRIOR YEAR FINDINGS

None