

REPORT OF
MOBERLY AREA COMMUNITY COLLEGE
MOBERLY, MISSOURI
JUNE 30, 2014 AND 2013

MOBERLY AREA COMMUNITY COLLEGE

TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report	1-3
Management's Discussion and Analysis (Unaudited)	4-10
Statement of Net Position	11
Statement of Revenues, Expenses and Changes in Net Position	12
Statement of Cash Flows	13-14
Statements of Fiduciary Net Position – Scholarship Funds	15
Statements of Changes in Fiduciary Net Position - Scholarship Funds	16
Notes to Financial Statement	17-38

REQUIRED SUPPLEMENTARY INFORMATION

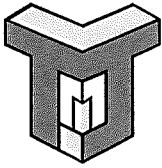
Schedule of Funding Progress	39
------------------------------	----

SUPPLEMENTARY INFORMATION

Schedule of Expenditures of Federal Awards	40
Notes to the Schedule of Expenditures of Federal Awards	41

COMPLIANCE AND INTERNAL CONTROL

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	42-43
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	44-45
Schedule of Findings and Questioned Costs and Summary of Auditor's Results	46-47



Timothy M. Jeffries
CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

549 WEST COATES
MOBERLY, MO 65270
TELEPHONE 660-263-9266
FACSIMILE 660-263-9290
tim@tmjcpapc.com

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
of Moberly Area Community College

Report on the Financial Statements

We have audited the accompanying financial statements of the Moberly Area Community College (the "College") as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Moberly Area Community College, as of June 30, 2014 and 2013, and the changes in financial position, and, where applicable, cash flows thereof, for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages 4 through 10 and page 39 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 appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.


Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is 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 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 schedule of expenditures of federal awards is fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

December 19, 2014


Timothy M. Jeffries, CPA, PC
Moberly, Missouri

**MOBERLY AREA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)**

Introduction

Management's discussion and analysis is an overview of the financial position and financial activities of Moberly Area Community College. The College's management prepared this discussion. 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) principles. During 2003, the College implemented 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 financial statements be presented on a consolidated basis to focus on the College as a whole. Previously, financial statements focused on the accountability of individual fund groups rather than on the College as a whole.

There are three financial statements presented: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. The emphasis of the discussion about the financial statements is on the current year data. However, information for fiscal years ending June 30, 2014 and 2013 is also available in the GASB Statement No. 35 format. Consequently, a comparative format of College wide information is used.

Financial Highlights

The College's financial position at June 30, 2014 shows assets at \$36,022,274, liabilities at \$4,265,819, and net position at \$31,756,455. Net position represents the balance in the College's assets after liabilities are deducted.

Net position increased by \$761,176 during FY 2014. The most significant change in the net position during FY 2014 occurred in "net investment in capital assets". This \$923,098 increase reflects construction projects that were completed in Columbia and Hannibal. The remaining components of net position decreased by \$161,922.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the College at the end of the fiscal years, June 30, 2014 and 2013. The purpose of the Statement of Net Position is to present a snapshot of the financial condition of the College. Total net position, which is the difference between total assets and total liabilities, is one of the indicators of the current financial condition of the College.

**MOBERLY AREA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)**

Statement of Net Position (continued)

The assets and liabilities are categorized between current and noncurrent. The difference is that current assets and liabilities mature or become payable within the normal 12 month accounting/operating cycle versus noncurrent which mature or become payable after 12 months. For example, at June 30, 2014 and 2013, the College's current assets consist primarily of cash, short-term investments, and trade receivables while noncurrent assets consists primarily of capital assets. Capital assets are the property, plant, and equipment owned by the College, net of any related accumulated depreciation.

Net position is presented in three major categories. The first is net investment in capital assets, which represents the College's equity in its property, plant and equipment. The second category is restricted, while the third is unrestricted.

Restricted net position are funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted position is further categorized between expendable and non-expendable. Restricted expendable net position is available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted non-expendable net position is comprised of endowments for which only the earnings can be spent.

Unrestricted net position is available to the College for any lawful purpose. The following chart of the College's net position at June 30, 2014 and 2013 shows the unrestricted portion at \$11.4 and \$11.5 million, respectively.

	Year Ended June 30	
	<u>2014</u>	<u>2013</u>
Current Assets	\$13,696,994	\$15,635,478
Noncurrent Assets	2,271,899	1,113,275
Capital Assets	<u>20,053,381</u>	<u>17,906,283</u>
Total Asset	<u>36,022,274</u>	<u>34,655,036</u>
Current Liabilities	3,177,819	3,659,757
Noncurrent Liabilities	<u>1,088,000</u>	<u>-</u>
Total Liabilities	<u>4,265,819</u>	<u>3,659,757</u>
Net Investment in Capital Assets	18,829,381	17,906,283
Restricted:		
Nonexpendable	1,493,267	1,485,862
Expendable	81,916	73,700

**MOBERLY AREA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)**

Statement of Net Position (Continued)

	Year Ended June 30	
	<u>2014</u>	<u>2013</u>
Unrestricted	<u>11,351,891</u>	<u>11,529,434</u>
Total Net Position	<u>\$31,756,455</u>	<u>\$30,995,279</u>

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the College's financial results for the fiscal year. The statement includes the College's revenues and expenses, both operating and nonoperating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Nonoperating revenues and expenses are those that exclude specific, direct exchanges of goods and services. Local property tax revenue and state aid are two examples of nonoperating revenues where the local taxpayers and state legislature, respectively, do not directly receive goods and services for the revenue.

The following is a summarized version of the College's revenues, expenses, and changes in net position for the years ended June 30, 2014 and 2013.

	(In Thousands)	
	Year Ended June 30	
	<u>2014</u>	<u>2013</u>
Operating Revenue	\$15,162	\$14,165
Operating Expenses	<u>33,388</u>	<u>31,612</u>
Operating Loss	(18,226)	(17,447)
Non-operating revenues (expenses)	<u>18,980</u>	<u>18,803</u>
Gain before other revenues	754	1,356
Additions to permanent endowments	<u>7</u>	<u>21</u>
Increase in net position	761	1,377
Net Position, beginning of the year	<u>30,995</u>	<u>29,618</u>
Net Position, end of the year	<u>\$ 31,756</u>	<u>\$ 30,995</u>

**MOBERLY AREA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)**

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

One of the financial strengths of the College is the continued strength of student enrollment. During the fiscal year 2014, the College served approximately 5,800 students generating 118,768 credit hours. The following is the College's FY 2014 and 2013 revenues, both operating and nonoperating.

	(In Thousands)	
	<u>Year Ended June 30</u>	
	<u>2014</u>	<u>2013</u>
Operating Revenues		
Student Tuition & Fees, net of scholarship allowances	\$11,641	\$10,554
Auxiliary Enterprises	3,260	3,425
Contracts and Grants from Private Sources	22	55
Other	<u>239</u>	<u>131</u>
Total Operating Revenues	<u>\$15,162</u>	<u>\$14,165</u>
Nonoperating Revenues (Expenses)		
Local Property Taxes	609	601
State Aid and Grants	5,174	5,128
Investment Income	85	62
Gifts and Grants	<u>13,112</u>	<u>13,012</u>
Total Nonoperating	<u>\$18,980</u>	<u>\$18,803</u>
Operating Expenses		
Salaries and Benefits	\$17,304	\$15,990
Supplies and Other Services	9,450	8,402
Depreciation	857	802
Financial Aid and Scholarships	<u>5,777</u>	<u>6,418</u>
Total Operating Expenses	<u>\$ 33,388</u>	<u>\$ 31,612</u>

**MOBERLY AREA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)**

Statement of Revenues, Expenses, and Changes in Net Position (Continued)

In addition, the following presents the FY 2014 and 2013 operating expenses of the College by function.

	(In Thousands)	
	<u>Year Ended June 30</u>	
	<u>2014</u>	<u>2013</u>
Operating Expenses		
Instruction	\$ 10,964	\$ 10,073
Academic Support	3,526	3,236
Student Services	2,981	2,769
Institutional Support	3,188	2,582
Student Financial Aid	5,779	6,507
Plant and Maintenance	3,150	2,672
Auxiliary	2,943	2,971
Depreciation	<u>857</u>	<u>802</u>
Total Operating Expenses	<u>\$ 33,388</u>	<u>\$ 31,612</u>

Statement of Cash Flows

The Statement of Cash Flows presents information about the cash activity of the College. The statement shows the major sources and uses of cash. The following is a summary of the statement of cash flows for the years ended June 30, 2014 and 2013.

	(In Thousands)	
	<u>Year Ended June 30</u>	
	<u>2014</u>	<u>2013</u>
Cash provided (used) by:		
Operating activities	\$ (13,780)	\$ (21,451)
Noncapital financing activities	\$ 18,902	\$ 18,762
Capital and related financing activities	(1,780)	(2,427)
Investing activities	<u>(1,080)</u>	<u>1,466</u>
Net increase (decrease) in Cash	2,262	(3,650)
Cash, beginning of the year	<u>2,430</u>	<u>6,080</u>
Cash, end of the year	<u>\$ 4,692</u>	<u>\$ 2,430</u>

**MOBERLY AREA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)**

Capital and Debt Activities

During FY 2014, the College expended \$3,008,620 for equipment, construction in progress and building improvements.

The College's investment in capital assets net of accumulated depreciation as of June 30, 2014 and 2013 amounts to \$20.1 million and \$17.9 million, respectively and this investment in capital assets includes land, buildings, equipment, and improvements.

**Capital Assets at Year-end
Net of Accumulated Depreciation**

	June 30, 2014	June 30, 2013
Property, plant and equipment		
Land	\$ 529,200	\$ 529,200
Improvements (other than buildings)	346,325	379,557
Buildings and improvements	18,195,388	13,683,343
Construction in progress	0	2,281,211
Equipment	<u>982,468</u>	<u>1,032,972</u>
Net Capital Assets	<u>\$ 20,053,381</u>	<u>\$ 17,906,283</u>

Economic Outlook

State appropriations to the College for FY 2015 were increased 9.6% due to a statewide increase to community colleges and improved success in meeting performance funding criteria. Fees and tuition rates for in-district and out-of-district students increased 3.75% and 7.69%, respectively, for FY 2015. This compares to 6.67% and 7.34% increases for FY 2014. Due to uncertainty on the state level regarding financial growth and funding priorities, it is not possible to forecast state appropriations for FY 2016 with any degree of certainty.

During December 2013 and January 2014, a 16,500 square foot expansion of leased facilities was completed at the MACC—Columbia Higher Education Center as well as an 18,000 square foot instructional building at the MACC—Hannibal Higher Education Center. These expansions not only provide additional instructional space but also allow opportunities to offer courses that were previously not possible due to limitations in the type of space. The expansion in Columbia provides space for the mechatronics program while the Hannibal expansion allows the College to offer science courses requiring laboratory facilities.

**MOBERLY AREA COMMUNITY COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2014
(UNAUDITED)**

Economic Outlook (continued)

It is projected that enrollment will decrease 2-4% for FY 2015 after a 0.5% decrease during FY 2014. The expansion of instructional facilities in Columbia and Hannibal, implementation of the mechatronics program in Columbia, additional Career Technical program initiatives, and continued implementation of new marketing initiatives are expected to result in a level to a slight enrollment increase for FY 2016.

Management will continue to maintain a close watch over its resources and expenses to ensure its ability to plan and react to future internal and external issues.

MOBERLY AREA COMMUNITY COLLEGE
MOBERLY, MISSOURI
STATEMENT OF NET POSITION
June 30, 2014 and 2013

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,692,317	\$ 2,430,280
Investments	2,041,211	2,034,937
Accounts receivable, net of \$2,495,131 and \$2,174,093 allowance for doubtful accounts, respectively	6,121,325	10,310,250
Inventories	613,504	626,714
Prepaid expenses	228,637	233,297
Total current assets	13,696,994	15,635,478
Noncurrent Assets		
Investments	2,271,899	1,113,275
Capital assets, net	20,053,381	17,906,283
Total noncurrent assets	22,325,280	19,019,558
Total assets	36,022,274	34,655,036
LIABILITIES		
Current Liabilities		
Accounts payable	497,619	407,214
Accrued liabilities	23,457	787,295
Accrued wages payable	1,381,789	1,436,114
Accrued post-employment benefits	604,100	468,400
Deposits held for others	263,387	269,322
Unearned revenue	271,467	291,412
Note payable	136,000	0
Total current liabilities	3,177,819	3,659,757
Noncurrent Liabilities		
Note payable	1,088,000	0
Total noncurrent liabilities	1,088,000	0
Total liabilities	4,265,819	3,659,757
NET POSITION		
Net investment in capital assets	18,829,381	17,906,283
Restricted for:		
Nonexpendable		
Endowment	1,493,267	1,485,862
Expendable		
Endowment	81,916	73,700
Unrestricted	11,351,891	11,529,434
Total net position	\$ 31,756,455	\$ 30,995,279

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements

MOBERLY AREA COMMUNITY COLLEGE
MOBERLY, MISSOURI
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
June 30, 2014 and 2013

REVENUES	2014	2013
Operating Revenues		
Student tuition and fees, net of scholarship allowances of \$4,819,348 and \$4,782,770, respectively	\$ 11,641,261	\$ 10,554,825
Auxiliary enterprises:		
Bookstore, Cafeteria, Housing, net of scholarship allowances of \$111,926 and \$119,532, respectively	3,259,871	3,424,742
Contracts and grants from private sources	22,272	54,766
Other operating revenues	<u>239,121</u>	<u>130,905</u>
Total operating revenues	<u>15,162,525</u>	<u>14,165,238</u>
 EXPENSES		
Operating Expenses		
Salaries	13,194,149	12,523,400
Benefits	4,110,031	3,466,986
Supplies and other services	7,957,722	6,890,973
Utilities	624,418	568,027
Travel	339,428	327,683
Repairs and maintenance	528,708	614,979
Financial aid scholarships	5,777,651	6,418,446
Depreciation	<u>856,661</u>	<u>801,698</u>
Total operating expenses	<u>33,388,768</u>	<u>31,612,192</u>
Operating loss	<u>(18,226,243)</u>	<u>(17,446,954)</u>
 NONOPERATING REVENUES (EXPENSES)		
Local property tax revenue	608,744	601,242
State aid and grants	4,897,014	4,825,437
Investment income	85,013	62,128
Vocational funding	276,943	302,252
Gifts and grants from government sources	11,936,920	12,919,770
Gifts and grants from private sources	<u>1,175,380</u>	<u>92,064</u>
Total nonoperating revenues (expenses)	<u>18,980,014</u>	<u>18,802,893</u>
Gain before other revenues, expenses, gains or losses	753,771	1,355,939
Additions to permanent endowments	<u>7,405</u>	<u>21,384</u>
 INCREASE IN NET POSITION	761,176	1,377,323
 NET POSITION, BEGINNING OF YEAR,	<u>30,995,279</u>	<u>29,617,956</u>
 NET POSITION, END OF YEAR	<u>\$ 31,756,455</u>	<u>\$ 30,995,279</u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**MOBERLY AREA COMMUNITY COLLEGE
MOBERLY, MISSOURI
STATEMENT OF CASH FLOWS
June 30, 2014 and 2013**

	2014	2013
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 11,575,999	\$ 10,596,189
Payments to suppliers	(9,495,937)	(7,088,445)
Payments for utilities	(620,497)	(571,524)
Payments to employees	(12,936,218)	(12,523,400)
Payments for benefits	(4,286,587)	(3,466,986)
Payments for financial aid and scholarships	(5,777,651)	(6,418,446)
Auxiliary enterprise charges:		
Bookstore, vending, cafeteria, housing	3,066,754	3,629,015
Contracts and grants from private sources	1,127	73,252
Escrow receipt (return of funds)	0	0
Other receipts (payments)	<u>4,692,285</u>	<u>(5,680,365)</u>
Net cash used by operating activities	<u>(13,780,725)</u>	<u>(21,450,710)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Local property taxes	608,744	601,242
State aid and grants	5,173,957	5,127,689
Gifts and grants other than capital	13,112,300	13,011,834
Private gifts for endowment purposes	<u>7,405</u>	<u>21,384</u>
Net cash provided by noncapital financing activities	<u>18,902,406</u>	<u>18,762,149</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from capital debt	1,360,000	0
Purchase of capital assets	(3,003,759)	(2,427,429)
Principal paid on capital debt	<u>(136,000)</u>	<u>0</u>
Net cash used by capital and related financing activities	<u>(1,779,759)</u>	<u>(2,427,429)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from the sale and maturities of investments	2,036,736	3,683,206
Investment income	85,013	62,128
Purchase of investments	<u>(3,201,634)</u>	<u>(2,278,754)</u>
Net cash provided by investing activities	<u>(1,079,885)</u>	<u>1,466,580</u>
NET INCREASE IN CASH	2,262,037	(3,649,410)
CASH, BEGINNING OF YEAR	<u>2,430,280</u>	<u>6,079,690</u>
CASH, END OF YEAR	<u>\$ 4,692,317</u>	<u>\$ 2,430,280</u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

MOBERLY AREA COMMUNITY COLLEGE
MOBERLY, MISSOURI
STATEMENT OF CASH FLOWS
June 30, 2014 and 2013

RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES	2014	2013
Operating loss	\$ (18,226,243)	\$ (17,446,954)
Adjustments to reconcile operating loss to net cash used by operating activities:		
Depreciation expense	856,661	801,698
Changes in assets and liabilities:		
Receivables, net	4,188,925	(5,553,595)
Inventories	13,210	(163,906)
Other assets	4,660	(10,673)
Accounts payable	(597,993)	904,234
Deferred revenue	<u>(19,945)</u>	<u>18,486</u>
Net cash used by operating activities	<u>\$ (13,780,725)</u>	<u>\$ (21,450,710)</u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

**MOBERLY AREA COMMUNITY COLLEGE
MOBERLY, MISSOURI
STATEMENTS OF FIDUCIARY NET POSITION
SCHOLARSHIP FUNDS
June 30, 2014 and 2013**

	2014	2013
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 169,055	\$ 45,766
Accounts Receivable	0	47,000
Investments	<u>60,000</u>	<u>173,621</u>
Total current assets	<u>229,055</u>	<u>266,387</u>
Noncurrent Assets		
Investments	<u>80,792</u>	<u>80,792</u>
Total noncurrent assets	<u>80,792</u>	<u>80,792</u>
Total assets	<u>309,847</u>	<u>347,179</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	<u>0</u>	<u>0</u>
Total current liabilities	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
NET POSITION		
Restricted for Scholarships	282,395	282,395
Unrestricted	<u>27,452</u>	<u>64,784</u>
	<u>\$ 309,847</u>	<u>\$ 347,179</u>

These financial statements should be read only in connection with the
accompanying summary of significant accounting policies
and notes to financial statements.

MOBERLY AREA COMMUNITY COLLEGE
MOBERLY, MISSOURI
STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
SCHOLARSHIP FUNDS
Years ended June 30, 2014 and 2013

	2014	2013
INVESTMENT INCOME		
Interest income	\$ <u>1,318</u>	\$ <u>904</u>
Net investment income	<u>1,318</u>	<u>904</u>
CONTRIBUTIONS		
Private sources	<u>0</u>	<u>75,050</u>
Total contributions	<u>0</u>	<u>75,050</u>
DEDUCTIONS		
Scholarships	38,650	24,675
Other expense	<u>0</u>	<u>0</u>
Total deductions	<u>38,650</u>	<u>24,675</u>
Net decrease	(37,332)	51,279
NET POSITION, BEGINNING OF YEAR	<u>347,179</u>	<u>295,900</u>
NET POSITION, END OF YEAR	<u>\$ 309,847</u>	<u>\$ 347,179</u>

These financial statements should be read only in connection with the
accompanying summer of significant accounting policies
and notes to financial statements.

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014 AND 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

Moberly Area Community College, Moberly, Missouri (the College) is a public institution of higher education providing services to residents of the City of Moberly (the District) and the northeast sixteen counties in Missouri (the Service Area). The College is a community college organized by the voters of the district and governed by a six-member Board of Trustees elected throughout the District. The College maintains one primary campus location and five education centers (Columbia, Edina, Hannibal, Kirksville, Macon, and Mexico). The significant accounting policies followed by the College are described below:

FINANCIAL REPORTING ENTITY

Moberly Area Community College's financial reporting entity consists of the College and its component units, the Moberly Area Community College Facility Development Authority, Inc. (the Building Corporation) and the Moberly Area Community College Foundation (the Foundation), for which the College is financially accountable. The Building Corporation is governed by a 6-member board. While it is legally separate from the College, its sole purpose is to finance and construct facilities for the use of the College. The Foundation is a legally separate entity, however, its purpose is to support and foster the operations, programs and welfare of the College by furnishing financial, advisory and other support. The College Board of Trustees appoints one of its members to serve on the Foundation's Board of Directors along with 15 other independently elected directors. The Building Corporation and Foundation activities solely support the mission of the College. As such, the balances and transactions of these component units are blended into the accompanying financial statements and reported in a manner similar to the balances and transactions of the College itself.

Activities relating to two scholarship funds, the David W. Stamper Memorial Scholarship and the Cleo A. Noel, Jr. Memorial Scholarship, are also accounted for along with the College in the accompanying financial statements, specifically the fiduciary statements. The Board of Trustees for the College is financially accountable for the scholarship fund activities even though separate committees have been given the responsibility to monitor the activities of each scholarship. Since these scholarships are not legally separate entities, it is presented, for financial purposes, as part of the college.

FINANCIAL REPORTING

The College accounts for and presents financial information as a business type activity, as defined in GASB No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*, using the economic resources measurement focus and the accrual basis of accounting. Business type activities are those financed in whole or in part by fees charged to external parties for goods and services.

The College's net position is reported in three parts – net investment in capital assets; restricted assets; and unrestricted assets. The College first utilizes restricted resources to finance qualifying activities.

**MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014 AND 2013**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

FUND ACCOUNTING

To ensure observance of limitations and restrictions placed on the use of resources available to the College, the accounts of the College are maintained in accordance with the principles of fund accounting. This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with specified activities or objectives. Separate accounts are maintained for each fund; however, in the accompanying financial statements, all funds have been combined with interfund transactions being eliminated. The following fund groups are utilized internally by the College:

- Current Funds include resources of the College currently expendable for any purpose in meeting the primary objectives of the College. They consist of the Current Unrestricted Funds which account for all unrestricted revenues and expenditures, and Current Restricted Funds which are used to record revenues and expenditures specifically restricted by outside parties for designated purposes.
- Loan Funds account for transactions relating to loans to students using funds set aside by the College and various private grantors.
- Agency Funds account for transactions relating to deposits held by the College as a custodian or fiscal agent for student organizations and others. Consequently, the transactions of these funds do not affect the statement of revenues, expenses and changes in net position.
- Endowment Funds account for contributions received for which the principal is required to be invested and remain intact in perpetuity in accordance with donor restrictions and only the income earned thereon may be expended.
- Plant Funds account for the College's investment in fixed assets and related debt, as well as monies set aside for the acquisition of additional fixed assets.

USE OF ESTIMATES IN PREPARING FINANCIAL STATEMENTS

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

**MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014 AND 2013**

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

CASH AND CASH EQUIVALENTS

The College considers all certificates of deposit and investments with an original maturity of 90 days or less at date of acquisition to be cash equivalents.

INVESTMENTS

Investments are stated at fair value. Fair value is established as readily determinable current market value for equity and debt securities.

ALLOWANCE FOR DOUBTFUL ACCOUNTS

The College uses the reserve method of recognizing bad debt losses. The allowance for doubtful accounts has been recorded by the College and offsets the balance of accounts receivable in the College's financial statements. The allowance is based upon management's best estimates of losses.

TAX REVENUES

Local tax revenues represent payments earned during the years ended June 30, 2014 and 2013 from the Moberly taxing district on taxes levied for calendar years 2013 and prior.

INVESTMENT IN PLANT

Land, buildings, building improvements, furniture, fixtures, and equipment are recorded at cost less accumulated depreciation for assets purchased and at fair market value as of the date of donation for assets acquired by gift. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the College are depreciated using the straight-line method over the following useful lives:

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENT
JUNE 30, 2014 AND 2013

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – INVESTMENT IN PLANT
(continued)**

<u>Assets</u>	<u>Years</u>
Buildings	50
Building Improvements	20-30
Equipment	5-15

ACCUMULATED UNPAID VACATION

College employees earn vacation during the year under various accrual rates, depending on the employee's classification and years of service. Accrued vacation is payable to employees upon termination. Accumulated unpaid vacation is accrued as earned.

INVENTORY

Bookstore and cafeteria inventories are recorded at the lower of cost or market.

UNEARNED REVENUE

Unearned revenue primarily consists of funds received by the College, designated for specific purposes or departments, and not spent as of June 30, 2014 and 2013.

OPERATING REVENUE

All revenues received in exchange transactions are considered to be operating revenues. Included in nonoperating revenues are local property tax revenues, state aid and grants, investment income and nonexchange gifts and grants.

SCHOLARSHIP ALLOWANCES AND STUDENT AID

Certain aid such as loans, including the Federal Direct Loan Program, and funds provided to students as awarded by third parties is accounted for as a third party payment (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 revenues. The amount reported as operating expense 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.

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES (continued)

INCOME TAX STATUS

The College is exempt from federal and state income taxes as a local governmental unit. The Moberly Area Community College Facility Development Authority, Inc. and Moberly Area Community College Foundation, Inc. have qualified for exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. The Moberly Area Community College Facility Development Authority, Inc. and Moberly Area Community College Foundation, Inc. file a Form 990, *Return of Organization Exempt from Income Tax*, each year-end. These Organizations' tax returns are subject to examination by the Internal Revenue Service. Open tax years subject to examinations include 2011 through 2014. Any interest or penalties incurred related to income tax filings are reported within operating expenses in the Statement of Revenues, Expenses, and Changes in Net Position.

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS

At June 30, 2014 and 2013, the carrying amounts of cash and cash equivalents on the statement of net position and statement of fiduciary net position totals \$4,692,317 and \$2,430,280, respectively, and consists of cash deposits, cash on hand, and money market accounts. The bank balances of the College's cash deposits totaled \$6,040,920 and \$3,853,540 for the years ended June 30, 2014 and 2013, respectively. Of the College's bank balances at June 30, 2014, \$1,287,769 was insured by the Federal Depository Insurance Corporation (FDIC), \$4,753,151 was collateralized with securities held by the pledging financial institution's agent in the College's name. As of June 30, 2013, \$1,345,278 was insured by the FDIC and \$2,508,262 was collateralized with securities held by the pledging financial institution's agent in the College's name. The bank balances of the Foundation's cash deposits as of June 30, 2014 and 2013, totaled \$63,159 and \$46,846, respectively, which were insured by the FDIC. The bank balances of the Facility Development Corporation's cash deposits as of June 30, 2014 and 2013, totaled \$0 and \$0, respectively, which were insured by the FDIC.

The College's investment policies conform to the Missouri Revised Statute 30.950 which authorizes the College to invest in secured time deposits or secured certificates of deposit, bonds of the State of Missouri, bonds of the United States or any other wholly owned corporation of the United States, other short-term obligations of the United States, commercial paper and bankers acceptances. The College is also authorized to enter into government repurchase agreements.

Deposits – Custodial credit risk is the risk that, in the event of bank failure, the College's deposits may not be returned to it. The College's deposit policy requires that amounts in excess of any insurance limit be collateralized by the financial institution with appropriate pledged securities to protect funds which are held at the institution above the federal insurable level.

To provide an indication of the level of risk assumed by the College at June 30, 2014, the College's deposits are categorized below. Differences between the carrying amount and deposit amount are due to timing of transactions.

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

	<u>Carrying Amount</u>	<u>Deposit Amount</u>
College		
Insured (FDIC)	\$1,287,769	\$1,287,769
Insured or registered for which securities held by the College or its agent in the College's name	3,341,389	4,753,151
Unsecured	<u>-</u>	<u>-</u>
	<u>4,629,158</u>	<u>6,040,920</u>
Foundation:		
Insured (FDIC)	<u>63,159</u>	<u>63,159</u>
Total Deposits	<u>\$4,692,317</u>	<u>\$6,104,079</u>

At June 30, 2013, the College's deposits were categorized as follows:

College		
Insured (FDIC)	\$1,345,278	\$1,345,278
Insured or registered for which securities held by the College or its agent in the College's name	1,038,156	2,508,262
Unsecured	<u>-</u>	<u>-</u>
	<u>2,383,434</u>	<u>3,853,540</u>
Foundation:		
Insured (FDIC)	<u>46,846</u>	<u>46,846</u>
Total Deposits	<u>\$2,430,280</u>	<u>\$3,900,386</u>

Investments

Interest Rate Risk. The College structures its investments to mature according to anticipated cash flow needs, avoiding the need to retire investments prior to maturity. The College primarily invests in short-term certificates of deposit, marketable treasury securities, and mortgage-backed securities.

Credit Risk. The College funds are invested in instruments authorized by statute and are restricted to the following:

- Marketable Treasury securities (Treasury Bills)
- Mortgage-Backed Securities:
 - Debt securities of the Federal Farm Credit System
 - Debt securities of the Federal Home Loan Banks (FHLB) excluding zeros
 - Debt securities of the Government National Mortgage Association (GNMA)

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

- Debt securities of the Federal National Mortgage Association (FNMA)
- Debt securities of the Federal Home Loan Mortgage Corporation (FHLMC) (excluding FHLMC Mortgage Cash Flow Obligations)
- Certificates of Deposit backed by acceptable collateral according to Missouri state statute

Concentration of Credit Risk. The College's investments are diversified by maturity date and several financial institutions are utilized as depositories of College funds.

Foreign Currency Risk. Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment. The College does not have any investments with foreign currency risk exposure.

Investments – At June 30, 2014, the College had the following investments:

Type	<u>Fair Value</u>	<u>Book Value</u>	<u>Book Value Less Than One Year</u>	<u>Book Value Greater Than One Year (or stocks)</u>
College:				
Certificates of Deposit	\$3,906,324	\$3,906,324	\$2,041,211	\$ 1,865,113
US Agency Notes	33,853	33,853	-	33,853
Commerce Bancshares	17,839	17,839	-	17,839
Regional Bank B Stock	8,304	8,304	-	8,304
Other Equities/Bonds	-	-	-	-
	<u>\$3,966,320</u>	<u>\$3,966,320</u>	<u>\$2,041,211</u>	<u>\$ 1,925,109</u>
Foundation:				
Certificates of Deposit	-	-	-	-
Equities	53,491	53,491	-	53,491
Taxable Bonds	30,221	30,221	-	30,221
Mutual Fund	263,078	263,078	-	263,078
	<u>\$4,313,110</u>	<u>\$4,313,110</u>	<u>\$2,041,211</u>	<u>\$ 2,271,899</u>

At June 30, 2013, the College had the following investments:

Type	<u>Fair Value</u>	<u>Book Value</u>	<u>Book Value Less Than One Year</u>	<u>Book Value Greater Than One Year (or stocks)</u>
College:				
Certificates of Deposit	\$2,792,666	\$2,792,666	\$2,024,604	\$ 768,062
US Agency Notes	35,652	35,652	-	35,652
Commerce Bancshares	15,882	15,882	-	15,882
Regional Bank B Stock	6,893	6,893	-	6,893
Other Equities/Bonds	-	-	-	-
	<u>\$2,851,093</u>	<u>\$2,851,093</u>	<u>\$2,024,604</u>	<u>\$ 826,489</u>

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 2 – CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

	<u>Fair Value</u>	<u>Book Value</u>	<u>Book Value Less Than One Year</u>	<u>Book Value Greater Than One Year (or stocks)</u>
Foundation:				
Certificates of Deposit	10,333	10,333	10,333	-
Equities	40,677	40,677	-	40,677
Taxable Bonds	27,688	27,688	-	27,688
Mutual Fund	<u>218,421</u>	<u>218,421</u>	<u>-</u>	<u>218,421</u>
	<u>\$3,148,212</u>	<u>\$3,148,212</u>	<u>\$2,034,937</u>	<u>\$ 1,113,275</u>

Endowment Funds

The College invests endowment funds in the same manner as general fund investments. The Board has adopted an investment policy that is slightly more conservative than the restrictions established by the Treasurer of the State of Missouri. The College may invest in FDIC insured or fully collateralized Certificates of Deposit as well as obligations of the U. S. Treasury and U. S. Government agencies. The Foundation additionally invests in marketable securities with readily determinable fair values and are stated at fair market value.

Unless otherwise restricted by the donors, the College expends realized net investment revenue for the purposes for which the various endowments were established. The Foundation expends funds from net realized and unrealized gains and losses as the Foundation Board deems prudent. The College, inclusive of Foundation investments, experienced net appreciation of approximately \$19,670.62 and \$14,025.31 in fiscal year ended June 30, 2014 and 2013, respectively.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts Receivable at June 30, 2014 and 2013, was composed of the following:

	June 30, 2014	June 30, 2013
Student charges (net of allowances)	\$ 2,814,768	\$ 2,758,749
Federal grants/contracts	2,540,124	7,195,848
State grants/contracts	7,796	14,878
Interest receivable	13,364	2,485
Other	<u>745,273</u>	<u>338,290</u>
Total Accounts Receivable	<u>\$ 6,121,325</u>	<u>\$10,310,250</u>

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS

In 2010, the College adopted Accounting Standards Codification 820-10, Fair Value Measurements and Disclosures (ASC 820-10, formerly SFAS No. 157, Fair Value Measurements). ASC 820-10 defines fair value, establishes a framework for measuring fair value, and expands disclosures about fair value measurements. ASC 820-10 applies to reported balances that are required or permitted to be measured at fair value under existing accounting pronouncements; accordingly, the standard does not require any new fair value measurements of reported balances.

That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to the unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to the unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under ASC 820-10 are described as follows:

Level 1: Valuations is based upon unadjusted quoted prices in active markets for identical assets or liabilities that the College has the ability to access.

Level 2: Valuation is based upon quoted prices for similar assets or liabilities in active markets, quoted market prices for identical or similar assets or liabilities in inactive markets, inputs other than quoted prices that are observable for the asset or liability, or inputs that are derived principally from or corroborated by observable market data by correlation or other means.

Observable inputs may include interest rates, foreign exchange rates, and yield curves that are observable at commonly quoted intervals.

Level 3: Valuation is based on methodologies that are unobservable and significant to the fair value measure. These may be generated from model-based techniques that use at least one significant assumption based on observable inputs for the asset or liability, which are typically based on an entity's own assumptions, as there is little, if any, related market activity.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Plan's assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment, and considers factors specific to the asset or liability. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of valuation methodologies used for assets recorded at fair value:

Cash equivalents: Valued at cost, which approximates fair value.

Registered investment companies (mutual funds): Valued at quoted market process available on an active market which is based on the underlying net asset value (NAV) of shares held by the Plan at year-end

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 4 – FAIR VALUE OF FINANCIAL INSTRUMENTS (continued)

The preceding method described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future values. Furthermore, although the College believes its valuation methods are appropriate and consistent with the other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The table below presents the College’s assets measured at fair value on a recurring basis as of the year ended June 30, 2014, aggregated by the level in the fair value hierarchy within which those measurements fall:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$8,601,088	\$-0-	\$-0-	\$8,601,088
Mutual Funds	263,078	-0-	-0-	263,078
US Agency Notes/Bonds	33,853	-0-	-0-	33,853
Equities	<u>107,408</u>	<u>-0-</u>	<u>-0-</u>	<u>107,408</u>
Total	<u>\$9,005,427</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$9,005,427</u>

The table below presents the College’s assets measured at fair value on a recurring basis as of the year ended June 30, 2013, aggregated by the level in the fair value hierarchy within which those measurements fall:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Cash equivalents	\$5,235,399	\$-0-	\$-0-	\$5,235,399
Mutual Funds	218,421	-0-	-0-	218,421
US Agency Notes/Bonds	35,652	-0-	-0-	35,652
Equities	<u>89,020</u>	<u>-0-</u>	<u>-0-</u>	<u>89,020</u>
Total	<u>\$5,578,492</u>	<u>\$-0-</u>	<u>\$-0-</u>	<u>\$5,578,492</u>

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 5 – CHANGES IN CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2014 are summarized below:

	<u>Balance,</u> <u>July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2014</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 529,200	<u>0</u>	<u>0</u>	\$ 529,200
<u>Capital Assets Being Depreciated</u>				
Improvements (other than buildings)	1,818,455	0	0	1,818,455
Buildings and Building Improvements	21,244,205	5,147,611	0	26,391,816
Construction in Progress	2,281,211	0	2,281,211	0
Equipment	<u>2,417,426</u>	<u>142,220</u>	<u>35,429</u>	<u>2,524,217</u>
Sub-total	<u>27,761,297</u>	<u>5,289,831</u>	<u>2,316,640</u>	<u>30,734,488</u>
Total	<u>\$28,290,497</u>	<u>5,289,831</u>	<u>2,316,640</u>	<u>\$31,263,688</u>
<u>Less accumulated depreciation:</u>				
Improvements (other than buildings)	1,438,898	33,232	0	1,472,130
Buildings and Building improvements	7,560,862	635,566	0	8,196,428
Equipment	<u>1,384,454</u>	<u>187,863</u>	<u>30,568</u>	<u>1,541,749</u>
Total	<u>10,384,214</u>	<u>856,661</u>	<u>30,568</u>	<u>11,210,307</u>
Capital assets, Net	<u>\$17,906,283</u>	<u>\$4,433,170</u>	<u>\$2,286,072</u>	<u>\$20,053,381</u>

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 5 – CHANGES IN CAPITAL ASSETS (continued)

Changes in capital assets for the year ended June 30, 2013 are summarized below:

	<u>Balance,</u> <u>July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30, 2013</u>
<u>Capital Assets Not Being Depreciated</u>				
Land	\$ 529,200	<u>0</u>	<u>0</u>	\$ 529,200
<u>Capital Assets Being Depreciated</u>				
Improvements (other than buildings)	1,606,599	211,856	0	1,818,455
Buildings and Building Improvements	21,244,205	0	0	21,244,205
Construction in Progress	175,283	2,105,928	0	2,281,211
Equipment	<u>2,342,318</u>	<u>119,548</u>	<u>44,440</u>	<u>2,417,426</u>
Sub-total	<u>25,368,405</u>	<u>2,437,332</u>	<u>44,440</u>	<u>27,761,297</u>
Total	<u>\$25,897,605</u>	<u>2,437,332</u>	<u>44,440</u>	<u>\$28,290,497</u>
<u>Less accumulated depreciation:</u>				
Improvements (other than buildings)	1,410,540	28,358	0	1,438,898
Buildings and Building improvements	7,004,697	556,165	0	7,560,862
Equipment	<u>1,201,816</u>	<u>217,175</u>	<u>34,537</u>	<u>1,384,454</u>
Total	<u>9,617,053</u>	<u>801,698</u>	<u>34,537</u>	<u>10,384,214</u>
Capital assets, Net	<u>\$16,280,552</u>	<u>\$1,635,634</u>	<u>\$ 9,903</u>	<u>\$17,906,283</u>

NOTE 6 – PENSION PLANS

The College participates in two retirement plans covering substantially all full-time employees and eligible part-time employees.

A. Public School Retirement System of Missouri

The College contributes to the Public School Retirement System (the “System”), a cost-sharing multiple-employer public employee retirement system.

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 6 – PENSION PLANS (Continued)

Plan Description

The System provides defined retirement and disability benefits to full-time and certain part-time certificated employees and death benefits to members and beneficiaries. Positions covered by the System are not covered by Social Security. The System benefit provisions are set forth in Chapter 169.010 – 169.141 of the Missouri Revised Statutes. The Statutes assign responsibility for the administration of the System of a seven member Board of Trustees.

Membership in the System is mandatory for all full-time certificated employees of the College. Certificated part-time employees may also elect to become members of the System within 90 days after becoming an employee of the College. Such employees receive pro rata credit in the System. The System provides a monthly defined retirement benefit with full benefits at age 60 with at least five years of service; or at age 55 with at least 25 years of service; or with 30 years of service at any age. The System provides actuarially reduced benefits for early retirement at age 55 with at least five years of service or at any age with at least 25 years of service. The System also provides disability and death benefits, as well as a right of withdrawal of contributions upon termination of covered employment. Vesting is established at five years of service. The benefit provisions are established by Missouri State Statutes.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Public School Retirement System of Missouri, P. O. Box 268, Jefferson City, Missouri 65102.

Funding Policy

The System members are required to contribute 14.5% of their annual covered salary and the College is required to contribute a matching amount. The contribution requirements of plan members and the College are established and may be amended by the System Board of Trustees. The College's contributions, including employee contributions, to the System for the years ended June 30, 2014, 2013, 2012, and 2011 were \$2,502,111, \$2,386,830, \$2,231,292, and \$2,041,353, respectively, equal to the required contributions for each year.

B. Non-Certificated Employees Retirement Plan

The College contributes to the Public Education Employee Retirement System (the "System"), a cost-sharing multiple-employer public employee retirement system.

Plan Description

The System provides defined retirement and disability benefits to full-time and certain part-time non-certificated employees and death benefits to members and beneficiaries. Positions covered by the System are also covered by Social Security. The System benefit provisions are set forth in Chapter 169.600 – 169.715 of the Missouri Revised Statutes. The Statutes assign responsibility for the administration of the System to a seven member Board of Trustees.

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 6 – PENSION PLANS (Continued)

Membership in the System is mandatory for all full-time non-certificated employees of the College. Certificated part-time employees may also elect to become members of the System within 90 days after becoming an employee of the College. Such employees receive pro rata credit in the System. The System provides a monthly defined retirement benefit with full benefits at age 60 with at least five years of service; or at age 55 with at least 25 years of service; or with 30 years of service at any age. The System provides actuarially reduced benefits for early retirement at age 55 with at least five years of service or at any age with at least 25 years of service. The System also provides disability and death benefits, as well as a right of withdrawal of contributions upon termination of covered employment. Vesting is established at five years of service. The benefit provisions are established by Missouri State Statutes.

The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Public School Retirement System of Missouri, P. O. Box 268, Jefferson City, Missouri 65102.

Funding Policy

The System members are required to contribute 6.86% of their annual covered salary and the College is required to contribute a matching amount. The contribution requirements of plan members and the College are established and may be amended by the System Board of Trustees. The College's contributions, including employee contributions, to the System for the years ended June 30, 2014, 2013, 2012, and 2011 were \$512,726, \$476,894, \$450,408, and \$390,055, respectively, equal to the required contributions for each year.

NOTE 7 – POST RETIREMENT BENEFITS OTHER THAN PENSIONS

Effective July 1, 2009, Moberly Area Community College adopted Governmental Accounting Standards Board Statement No. 45 (GASB 45), *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pension (OPEB)*. This statement requires the accounting for annual cost of other post employment benefits and the related outstanding liability using an actuarial approach similar to pensions. The College implemented prospectively (zero net obligation at transition).

Plan Description

The College provides healthcare benefits to retirees and their dependents, including medical, life, dental and vision coverage and receives premium payments from the retirees for that coverage. The rates paid by retirees for benefits were lower than the costs of providing coverage. The difference between these amounts is the implicit rate subsidy, which is considered OPEB under GASB Statement No. 45.

This plan does not issue stand-alone financial statements.

**MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 7 – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (continued)

Funding Policy

GASB Statement No. 45 does not require funding of the OPEB liability, and at this time, the liability for the College is unfunded. Contributions are made to this plan on a pay-as-you-go basis.

For the years ended June 30, 2014 and 2013, retirees receiving benefits contributed approximately \$102,207 and \$101,890, respectively, for current premiums through the College for the plan offered. Total premiums paid for the years ended June 30, 2014 and 2013 were approximately \$102,207 and \$101,890, respectively.

Annual OPEB Cost and Net OPEB Obligation

The College's annual OPEB cost is calculated on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with 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 normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the College's OPEB cost for the year, the amount actually contributed to the plan, and changes in the College's net OPEB obligation.

Normal Cost	\$134,100
Amortization of unfunded actuarial accrued liability	<u>48,000</u>
Annual OPEB cost	\$182,100
Contributions made (employer)	(46,700)
Interest on net OPEB obligation	17,600
Adjustment to the ARC	<u>(17,300)</u>
Change in net OPEB obligation	135,700
Net OPEB obligation, beginning of year	<u>468,400</u>
Net OPEB obligation, end of year	<u>\$604,100</u>

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal years ending 2014, 2013, 2012, 2011 and 2010 were as follows:

Fiscal Year Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Obligation
June 30, 2014	\$182,100	0%	\$604,100
June 30, 2013	\$152,400	0%	\$468,400
June 30, 2012	\$150,900	0%	\$348,000
June 30, 2011	\$132,800	0%	\$219,000
June 30, 2010	\$132,800	0%	\$132,800

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 7 – POST RETIREMENT BENEFITS OTHER THAN PENSIONS (continued)

Funded Status and Funding Progress

As of June 30, 2014, the most recent actuarial valuation date, the Plan was 0% funded. The actuarial accrued liability for benefits was \$1,299,100, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,299,100. The covered payroll (annual payroll of active employees covered by the plan) was \$10,340,300 and the ratio of the UAAL to covered payroll was 12.6%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost 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 multi-year trend information over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

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

In the June 30, 2014, actuarial valuation, the projected unit credit cost method was used. The actuarial assumptions included a 3.75% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on plan assets and on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend rate of 5.6% initially, adjusted according to healthcare trends generated by the Getzen Model, annually for 6 years then adjusted every 5 years, to a rate of 4.4% after seventy years and an annual dental cost trend rate of 5.0% initially, reduced by the decrements to an ultimate rate of 4.2% after four years. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period. The UAAL is being amortized in a manner to produce annual payments that increase over time as payroll grows. The remaining amortization period at June 30, 2014 was twenty-six years.

MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013

NOTE 8 – PROPERTY TAXES

Property taxes are billed in the fall of the year and are due and payable by December 31 of the same year. Property taxes are collected by the Randolph County collector who remits them to the College.

The total assessed valuation of the tangible taxable property located in the junior college district as of January 1, 2013 and 2012, upon which 2013 and 2012 tax rates of \$.3266 and \$.3265, respectively, per \$100 of the assessed valuation was levied for purposes of local taxation, was \$185,196,564 and \$180,464,002, respectively.

The receipt of current and delinquent property taxes during the fiscal years ended June 30, 2014 and 2013, aggregated approximately 102.3% and 102.0%, respectively, of the current assessment computed on the basis of the levy as shown above.

NOTE 9 – OPERATING LEASES

The College leases property for the purposes of conducting various courses of study at various locations.

Future annual minimum lease commitments under the terms of the above-noted leases are as follows:

FY 2015	\$414,473	FY 2016	\$414,473
FY 2017	\$414,473	FY 2018	\$360,078

During 2014 and 2013, the College recorded lease expense in the amount of \$356,723 and \$328,000, respectively.

NOTE 10 – NET POSITION

Net position is presented in three categories, net investment in capital assets, restricted and unrestricted. The restricted category of the fund balance is created to either (a) satisfy legal covenants which require a portion of the fund balance to be segregated or (b) identify the portion of the fund balance that is not available for future appropriation. Specific classifications of net position are summarized below:

- Net Investment in Capital Assets – This classification accounts for the value of the College’s capital assets net of accumulated depreciation and net of the related debt.
- Restricted for Nonexpendable Endowment – This classification accounts for funds received by the College with restricted purposes, with the principal amounts to be held in perpetuity.

**MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 10 – NET POSITION (continued)

- Restricted for Expendable Endowment – This classification accounts for funds received by the College but expendable for restricted purposes.
- Unrestricted – This classification accounts for the unreserved category after the designated accounts have been taken into consideration.

NOTE 11 – CHANGES IN LONG-TERM DEBT

On September 23, 2013, the College entered into two long-term agreements with Ralls County Electric Cooperative (RCEC) acting through the Rural Economic Development Loan and Grant Program of the Rural Business-Cooperative Service Administrator of the Rural Utilities Service pursuant to the Rural Electrification Act of 1936, as amended, and 7 CFR Part 4280, Subpart A. The proceeds of these loans provided a portion of the financing for the construction of a new educational facility located in Hannibal, Missouri. These are non-interest bearing loans. Moberly Area Community College has pledged two certificates of deposit totaling \$1,360,000 and will maintain certificates of deposits as security for the unpaid principal of the loans.

Long-term debt activity for the year ended June 30, 2014 is summarized as follows:

	<u>Balance</u> <u>June 30, 2013</u>	<u>New</u> <u>Debt</u>	<u>Principal</u> <u>Repayment</u>	<u>Balance</u> <u>June 30, 2014</u>
Notes payable	\$ --	\$1,360,000	\$136,000	\$1,224,000
Less current portion	<u>--</u>			<u>136,000</u>
	<u>\$ --</u>			<u>\$1,088,000</u>

Future annual minimum payments toward reducing the principal balance are as follows for the years ended June 30:

<u>Year</u>	<u>Principal</u> <u>Payment</u>
2015	\$ 136,000
2016	136,000
2017	136,000
2018	136,000
2019	136,000
2020-2024	<u>544,000</u>
Total payments	<u>\$1,224,000</u>

**MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 12 – DESIGNATED FUND BALANCES

The College has designated certain fund balances for future expenditures for buildings and equipment. Endowment funds are designated for scholarships.

NOTE 13 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts: theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the College carries commercial insurance.

NOTE 14 – GROUP HEALTH INSURANCE PROGRAM

Moberly Area Community College implemented a self-funded group health insurance program, effective January 1, 2001. This plan provides unlimited lifetime coverage per insured person for group medical coverage. The College's liability for coverage is also limited by reinsurance for claims in excess of \$80,000.

The program is accounted for in the internal service fund. The following schedule presents summarized information for the group health insurance program that is included in the accompanying financial statements as of June 30, 2014 and 2013 and for the years then ended:

	<u>June 30, 2014</u>	<u>June 30, 2013</u>
Cash and cash equivalents	\$ 330,469	\$ 586,418
Deposits	649,866	663,632
Total assets	<u>980,335</u>	<u>1,250,050</u>
Deferred revenue	<u>0</u>	<u>0</u>
Total liabilities	<u>0</u>	<u>0</u>
Net Position	<u>980,335</u>	<u>1,250,050</u>
Premiums received	1,940,683	1,911,938
Interest income	2,745	4,367
Claims paid	1,916,749	1,422,331
Premiums and admin. costs	<u>296,394</u>	<u>266,998</u>
Increase (decrease) in net position	(269,715)	226,976
Net position, beginning of year	<u>1,250,050</u>	<u>1,023,074</u>
Net position, end of year	<u>\$ 980,335</u>	<u>\$ 1,250,050</u>

NOTE 15 – NEW JOBS TRAINING PROJECTS

The College has entered into New Jobs Training agreements that provide tax-aided training for employees of industries which are new to or expanding in the State of Missouri. These projects are funded by payroll tax withholdings from the new jobs that are created. A trust fund is maintained for the deposit of tax withholdings received from the state and to disburse amounts received for program costs. The following projects were funded during the year ended June 30, 2014 and 2013.

**MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 15 – NEW JOBS TRAINING PROJECTS (continued)

Total Budget and Accumulated Revenues and Expenditures as of June 30, 2014:

<u>Company</u>	<u>Total Budget</u>	<u>Revenues</u>	<u>Expenditures</u>
International Business Machines Corporation – 11-09-10-07-E	\$710,000	\$503,527	\$503,526
International Business Machines Corporation – 11-09-10-09-E	\$698,100	\$373,959	\$373,958
International Business Machines Corporation – 12-09-10-11-E	\$698,950	\$280,631	\$280,630
International Business Machines Corporation – 12-09-10-12-E	\$698,950	\$130,108	\$129,107
Mortgage Research Center, LLC	\$892,948	\$792,985	\$180,279

Total Budget and Accumulated Revenues and Expenditures as of June 30, 2013:

<u>Company</u>	<u>Total Budget</u>	<u>Revenues</u>	<u>Expenditures</u>
International Business Machines Corporation – 11-09-10-07-E	\$710,000	\$326,113	\$326,112
International Business Machines Corporation – 11-09-10-09-E	\$698,100	\$207,699	\$207,698

NOTE 16– CONTINGENT LIABILITIES

The College receives federal grants and state funding for specific purposes that are subject to review and audit. These reviews and audits could lead to request for reimbursement or to withholding of future funding for expenditures disallowed under or other noncompliance with the terms of the grants and state funding. The federal granting agency will determine whether or not any expenditures will be disallowed. The College is not aware of any noncompliance with federal or state provisions that might require the College to provide reimbursement.

NOTE 17– CONSTRUCTION/EXPANSION IN PROGRESS

The College completed two expansion projects during the year ending June 30, 2014.

A 16,500 square foot expansion was completed during December 2013 and January 2014 at the MACC – Columbia Higher Education Center leased facility. This expansion was financed through the College general fund and provides expanded capacity for instruction and additional office and resource space. This space became available for the spring 2014 semester.

**MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

NOTE 17– CONSTRUCTION/EXPANSION IN PROGRESS (continued)

An 18,000 square foot instructional building was also completed during December 2013 in Hannibal. The MACC – Hannibal Higher Education Center vacated leased facilities and began offering courses at the new location during the spring 2014 semester. Funding for this facility included \$1,275,241 in funds provided by the Federal Emergency Management Agency and passed through the Missouri State Emergency Agency, \$1,360,000 in interest-free loans from the United State Department of Agriculture, approximately \$1,000,000 from College general funds, approximately \$1,050,000 from private funds, and land valued at \$1,083,775. Additionally, funds are anticipated from private sources.

NOTE 18– MOBERLY AREA COMMUNITY COLLEGE FOUNDATION, INC.

As discussed in the summary of significant accounting policies, the accounts of Moberly Area Community College Foundation are combined with the College in the accompanying financial statements. The following schedule presents summarized information for the Foundation that is included in the accompanying financial statements as of June 30, 2014 and 2013 and for the years then ended:

	June 30, 2014	June 30, 2013
Cash and cash equivalents	\$ 39,099	\$ 32,236
Short term investments	<u>370,850</u>	<u>311,729</u>
Total assets	<u>409,949</u>	<u>343,965</u>
Accounts payable	<u>18,929</u>	<u>10,675</u>
Total liabilities	<u>18,929</u>	<u>10,675</u>
Net position	<u>391,020</u>	<u>333,290</u>
Gifts and grants from private sources	46,518	85,212
Investment income (loss)	54,685	38,488
Supplies and other services	<u>43,473</u>	<u>110,459</u>
Increase (decrease) in net position	57,730	13,241
Net position, beginning of year	<u>333,290</u>	<u>320,049</u>
Net position, end of year	<u>\$ 391,020</u>	<u>\$ 333,290</u>

NOTE 19 – MOBERLY AREA COMMUNITY COLLEGE FACILITY DEVELOPMENT AUTHORITY, INC.

As discussed in the summary of significant accounting policies, the accounts of Moberly Area Community College Facility Development Authority, Inc. are combined with the College in the accompanying financial statements. The following schedule presents summarized information for the Foundation that is included in the accompanying financial statements as of June 30, 2014 and 2013 and for the years then ended:

**MOBERLY AREA COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2014 AND 2013**

**NOTE 19 – MOBERLY AREA COMMUNITY COLLEGE FACILITY DEVELOPMENT
AUTHORITY, INC. (continued)**

	June 30, 2014	June 30, 2013
Cash and cash equivalents	\$ -	\$ -
Capital asset, net of depreciation	<u>3,212,832</u>	<u>3,360,146</u>
Total assets	<u>3,212,832</u>	<u>3,360,146</u>
Deferred revenue	-	-
Notes payable	<u>100,000</u>	<u>100,000</u>
Total liabilities	<u>100,000</u>	<u>100,000</u>
Net investment in capital assets	<u>3,112,832</u>	<u>3,260,146</u>
Unrestricted net position	-	-
Depreciation expense	<u>(147,314)</u>	<u>(147,314)</u>
Decrease in net position	<u>(147,314)</u>	<u>(147,314)</u>
Net position, beginning of year	<u>3,260,146</u>	<u>3,407,460</u>
Net position, end of year	<u>\$3,112,832</u>	<u>\$3,260,146</u>

NOTE 20 – CONSIDERATION OF SUBSEQUENT EVENTS

The preparation of financial statements in conformity with generally accepted accounting principles requires a review of subsequent events which could result in disclosure of events materially impacting these financial statements. Subsequent events have been evaluated through December 19, 2014, the date the financial statements were issued. No events requiring disclosure were identified as a result of this review.

NOTE 21 – FUTURE PRONOUNCEMENTS

The Governmental Accounting Standards Board (GASB) has issued Statement No. 68, "Accounting and Financial Reporting for Pensions; an amendment of GASB Statement No. 27". This Statement replaces the requirements of Statements No. 27 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of this Statement are effective for financial statements for fiscal years beginning after June 15, 2014. This statement will be implemented for the fiscal year ending June 30, 2015, to meet GASB, requirements. The College has not determined the specific impact upon its financial statements

REQUIRED SUPPLEMENTARY INFORMATION

MOBERLY AREA COMMUNITY COLLEGE

**Required Supplementary Information (Unaudited)
Schedule of Funding Progress
Year Ended June 30, 2014**

Postretirement Benefits Other Than Pensions

Schedule of Funding Progress

Actuarial Valuation Date	(a) Value of Assets	(b) Entry Age Actuarial Accrued Liability	(b-1) Unfunded Accrued Liability (UAL)	(a/b) Funded Ratio	(c) Annual Covered Payroll	[(b-a)/c] UAL as a Percentage of Covered Payroll
June 30, 2010	\$ -	\$922,000	\$922,000	0%	\$ 8,258,700	11.2%
June 30, 2012	\$ -	\$1,106,400	\$1,106,400	0%	\$ 9,157,300	12.1%
June 30, 2014	\$ -	\$1,299,100	\$1,299,100	0%	\$10,340,300	12.6%

Schedule of Employer Contributions

Fiscal Year Ending June 30,	Annual Required Contribution	Interest on Net OPEB Obligation	Adjustment to the ARC	Net OPEB Cost	Actual Contribution	Net OPEB Obligation
2010	\$132,800	\$0	\$0	\$132,800	\$16,100	\$116,700 (1)
2011	\$132,800	\$0	\$0	\$132,800	\$30,500	\$219,700 (1)
2012	\$150,900	\$8,800	\$ 7,300	\$152,400	\$23,400	\$348,000
2013	\$152,400	\$13,900	\$12,000	\$154,300	\$33,900	\$468,400
2014	\$182,100	\$17,600	\$17,300	\$182,400	\$46,700	\$604,100

(1) \$132,800 and \$265,600 reported in the 2010 and 2011 financial statements, respectively.

SUPPLEMENTARY INFORMATION

MOBERLY AREA COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014

<u>Federal Grantor/ Pass-through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-through Grantor's Project No.</u>	<u>Program or Award Amount</u>	<u>Receipts or Revenue Recognized</u>	<u>Disbursements Expenditures</u>
<u>U. S. Department of Commerce, National Telecommunications and Information Administration</u>					
Passed through the Missouri					
Department of Higher Education					
Broadband Technology					
Opportunities Program					
	11.557	29-42-B10563	515,634	143,831	143,831
Total U. S. Department of Commerce, National Telecommunications and Information Administration				143,831	143,831
<u>U. S. Department of Homeland Security</u>					
Passed through the Missouri State Emergency Agency					
Hazard Mitigation Grant Program					
	97.039	FEMA-DR-1822-MO Prjct 0031	1,275,241	455,486	455,486
Total U. S. Department of Homeland Security				455,486	455,486
<u>Department of Education</u>					
Direct Program:					
Title IV					
FSEOG Grants					
	84.007	N/A	112,292	112,292	112,292
Federal Work-Study					
	84.033	N/A	115,454	115,454	115,454
Federal Pell Grants					
	84.063	N/A	10,465,329	10,465,329	10,465,329
Federal Direct Student Loans					
	84.268	N/A	9,179,068	9,179,068	9,179,068
Passed through the Missouri					
Department of Ed.:					
Title II-C, Perkins					
	84.048A	13-24	258,876	258,876	258,876
Adult Basic Education					
	84.002A	N/A	47,245	47,245	47,245
Vocational Rehabilitation					
	84.126A	N/A	N/A	94,329	94,329
Total Department of Education				20,272,593	20,272,593
<u>Department of Labor</u>					
Trade Adjustment Assistance Community College and					
Career Training (TAACCT) Grant					
	17.282	N/A	325,969	147,227	147,227
Passed through the Missouri Department of Education					
Trade Relief Act					
	17.245	N/A	N/A	47,861	47,861
Work Force Invest. Act (incl. ARRA)					
	17.258	N/A	N/A	39,350	39,350
Total Department of Labor				234,438	234,438
<u>U. S. Department of Housing and Urban Development</u>					
Passed through the Missouri Department of Economic Development					
Training for Tomorrow					
	14.228	2008-DI-27	696,011	118,911	118,911
Total U. S. Department of Housing and Urban Development				118,911	118,911
<u>U. S. Small Business Administration</u>					
Passed Through -					
Small Business Development Center					
	59.037	E00038387-7	87,469	22,980	22,980
Small Business Development Center					
	59.037	E00042414-4	76,775	20,116	20,116
Total U. S. Small Business Administration				43,096	43,096
<u>U. S. Department of Veterans Affairs</u>					
Direct Program:					
Post-9/11 Veterans					
Educational Assistance					
	64.028	N/A	N/A	32,193	32,193
Total U. S. Department of Veterans Affairs				32,193	32,193
Total Federal Awards Expended				\$21,300,548	\$21,300,548

**MOBERLY AREA COMMUNITY COLLEGE
NOTES TO THE SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2014**

1. Summary of Significant Accounting Policies

A. Purpose of Schedule of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards has been prepared to comply with the requirements of OMB Circular A-133. This circular requires a schedule that provides total federal awards expended for each federal program and the Catalog of Federal Domestic Assistance (CFDA) number or other identifying number when the CFDA information is not available.

The schedule includes all federal awards administered by Moberly Area Community College.

B. Basis of Presentation

OMB Circular A-133 includes these definitions, which govern the contents of the schedule:

Federal financial assistance means assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food, commodities, direct appropriations, and other assistance, but does not include amounts received as reimbursement for services rendered to individuals.

Federal award means Federal financial assistance and Federal cost-reimbursement contracts that non-Federal entities receive directly from Federal awarding agencies or indirectly from pass-through entities. It does not include procurement contracts, under-grants or contracts, used to buy goods or services from vendors.

Accordingly, the schedule includes expenditures of both cash and noncash awards.

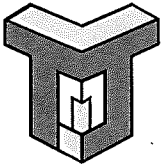
C. Basis of Accounting

The schedule is presented on the accrual basis of accounting.

2. Subrecipients

The College provided no federal awards to subrecipients during the year ended June 30, 2014.

COMPLIANCE AND INTERNAL CONTROL



Timothy M. Jeffries

CPA, PC
CERTIFIED PUBLIC ACCOUNTANT

549 WEST COATES
MOBERLY, MO 65270
TELEPHONE 660-263-9266
FACSIMILE 660-263-9290
tim@tmjcpapc.com

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN
AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

To the Board of Trustees
Moberly Area Community College

We have audited, 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, the accompanying basic financial statements of Moberly Area Community College (the 'College'), as of and for the years ended June 30, 2014 and 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 19, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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

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

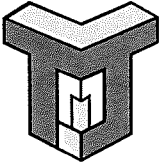
Purpose of this Report

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

December 19, 2014



Timothy M. Jeffries, CPA, PC
Moberly, Missouri



Timothy M. Jeffries
—CPA, PC—
CERTIFIED PUBLIC ACCOUNTANT

549 WEST COATES
MOBERLY, MO 65270
TELEPHONE 660-263-9266
FACSIMILE 660-263-9290
tim@tmjcpapc.com

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

To the Board of Trustees
Moberly Area Community College

Report on Compliance for Each Major Federal Program

We have audited the Moberly Area Community College's (the "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 College's major federal programs for the year ended June 30, 2014 and 2013. The College's major federal programs are identified in the summary of auditor's 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the 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 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 College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Moberly Area 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, 2014.

Report on Internal Control Over Compliance

The management of Moberly Area 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 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 College's internal control over compliance.

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

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

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



Timothy M. Jeffries, CPA, PC
Moberly, Missouri

December 19, 2014

**MOBERLY AREA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND SUMMARY OF AUDITOR'S RESULTS
JUNE 30, 2014**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported

Noncompliance material to financial statement noted? Yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None Reported

Type of auditor's reports issued on compliance for major programs: unqualified

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

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
Student Financial Assistance Cluster:	
84.007	Title IV - FSEOG Grants
84.033	Title IV - Federal Work-Study
84.063	Pell Grant Program
84.268	Title IV - Federal Direct Student Loans
97.039	Hazard Mitigation Grant Program

**MOBERLY AREA COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
AND SUMMARY OF AUDITOR'S RESULTS (CONTINUED)
JUNE 30, 2014**

Dollar threshold used to distinguish between type A and type B programs: \$639,016

Auditee qualified as low-risk auditee? X Yes _____ No

Section II: Financial Statement Findings

None

Section III: Federal Award Findings and Questioned Costs

None