NORTH CENTRAL MISSOURI COLLEGE

TRENTON, MISSOURI

ANNUAL FINANCIAL REPORT

Year Ended June 30, 2017

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KPM CPAS & ADVISORS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
North Central Missouri College
Trenton, Missouri

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, as of and for the year ended June 30, 2017, of the North Central Missouri College (the "College"), and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

Board of Trustees
North Central Missouri College
Trenton, Missouri

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of North Central Missouri College as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise North Central Missouri College's basic financial statements. The combining financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

Board of Trustees
North Central Missouri College
Trenton, Missouri

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2017, on our consideration of North Central Missouri College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Missouri College's internal control over financial reporting and compliance.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 1, 2017

MANAGEMENT’S DISCUSSION AND ANALYSIS

NORTH CENTRAL MISSOURI COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2017

Using the Annual Report

The Management's Discussion and Analysis is an overview of the financial position and activities of North Central Missouri College. Management of the College prepared this discussion. It should be read in conjunction with the basic financial statements and notes that follow.

This annual report consists of a series of financial statements prepared in accordance with the Governmental Accounting Standards Board (GASB) *Statement No. 35 Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities.* GASB statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that financial statements be presented on a combined basis to focus on the College as a whole.

Overview of the Basic Financial Statements and Financial Analysis

The financial statement presentation format provides a comprehensive, entity-wide perspective of the College's assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, changes in net position, and cash flows. The basic financial statements are designed to provide readers with a broad overview of finances and operations of the College. The College reports its activity as a business-type activity using the full accrual basis of accounting. The emphasis of discussions about the basic financial statements will be on current year data. The annual financial report of the College includes the following three financial statements presented with notes to the financial statements: the *Combined Statement of Net Position;* the *Combined Statement of Revenues, Expenses and Changes in Net Position;* and the *Combined Statement of Cash Flows.* As additional information, combining financial statements of the College, the Public Building Corporation, and the Foundation are also included.

Combined Statement of Net Position

The Combined Statement of Net Position presents information on all of the College's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference being reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the College is improving or deteriorating. The purpose of the Combined Statement of Net Position is to present to the readers of the financial statements a fiscal "snapshot" of the College.

The College's total assets at June 30, 2017, were $42,837,353, an increase of 0.17%, as reported in the asset section of the Combined Statement of Net Position. Total assets are comprised of current and restricted assets in the amount of $16,981,037 and non-current assets of $25,856,316. Current assets are cash and other assets expected to be converted into cash or consumed in the subsequent fiscal year. Non-current (capital) assets consist primarily of property and equipment, net of related depreciation.

This increase in total assets occurred in current categories. Primarily, increases in cash, short-term investments and receivables are due to very modest gains in revenue growth and stable student enrollments.

Capital assets, net of accumulated depreciation, increased from $25.6 million to $25.9 million. The most notable addition of capital assets includes the Geyer Hall building project.

The liability section reports total liabilities of the College at June 30, 2017, of $13,567,697. Current liabilities are obligations of the College that reasonably expect to be liquidated within the next twelve months. The College's current liabilities in the amount of $3,372,139 consisted of accounts payable and accrued liabilities, student deposits and credits (deferred tuition revenue), and the current portion of debt payable.

Non-current liabilities are long-term obligations of the College that are payable at some date beyond the following fiscal year. Non-current liabilities of $10,195,558 are comprised of the College's postemployment health care plan liability (OPEB), the cumulative accrued value of college employees' vacation/sick leave plans, notes payable, net pension liability, Title IV adjustment payable, and the long-term portion of bonds payable at June 30, 2017. Long-term obligations increased from $8,997,567 to $10,195,558. The increase is due to the net pension liability. The inclusion of the net pension liability is the result of GASB 68, which addresses accounting and financial reporting for pensions that are provided to the employees of state and local governmental employers through certain pension plans. As with most public K-12 school districts and community colleges in the state, NCMC participates in the Public School and Education Employee Retirement Systems of Missouri (PSRS & PEERS). PSRS and PEERS are Defined Benefit (DB) pension plans providing lifetime retirement benefits to qualified members based on a formula set by Missouri law. These pension plans are not 100% funded, thus resulting in possible future liability if outflows were to exceed inflows. The amount reflected in the financial statement is the PSRS/PEERS net pension liability portion attributed directly to NCMC. This is the second year of the GASB 68 requirement.

Condensed Combined Statement of Net Position
June 30, 2017 and 2016

	2017	2016
ASSETS		
Current and restricted assets	$ 16,981,037	$ 17,156,341
Capital assets	25,856,316	25,609,305
TOTAL ASSETS	42,837,353	42,765,646
DEFERRED OUTFLOW OF RESOURCES		
Deferred pension outflow	3,998,627	2,464,069
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 46,835,980	$ 45,229,715

	2017	2016
LIABILITIES		
Current liabilities	$ 3,372,139	$ 3,546,719
Noncurrent liabilities	10,195,558	8,997,567
TOTAL LIABILITIES	13,567,697	12,544,286
DEFERRED INFLOW OF RESOURCES		
Deferred pension inflow	1,900,089	1,726,537
NET POSITION		
Net investment in capital assets	24,675,483	24,072,465
Restricted	4,174,648	4,147,215
Unrestricted	2,518,063	2,739,212
TOTAL NET POSITION	31,368,194	30,958,892
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES AND NET POSITION	$ 46,835,980	$ 45,229,715

In the net position section of the Combined Statement of Net Position, there are three main categories of net position. The first category is, "Net Investment in Capital Assets," which provides the College's/Public Building Corporation's equity in property, plant and equipment. The second category is "Restricted Net Position," which consists of expendable resources that are available for expenditure by the College, but must be spent for purposes as determined by donor(s) and/or external entities that have placed purpose and/or time restrictions on the use of the assets. The third category is "Unrestricted Net Position," that is available to be used by the College for any lawful purpose.

The total net investment in capital assets increased for the fiscal year by 2.5% to $24,675,483. This increase is due to additions to capital assets with state capital improvement funding.

The restricted net position of the College of $4,174,648 is comprised of the Foundation Restricted Assets in the amount of $4,004,133 and the Bond Reserve Funds in the amount of $170,515. The Bond Reserve Funds are held by the Bond Trustee for the purpose of paying principal and interest on outstanding bond issues, in the event of a deficiency by the College.

The remaining amount of net position is classified as unrestricted. The unrestricted net position at June 30, 2017, decreased by 8.1% to $2,518,063.

Combined Statement of Revenues, Expenses & Changes in Net Position

Changes in total net position, as reported on the Combined Statement of Net Position, is based on the activity presented on the Combined Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to report the operating and non-operating revenues received by the College, and the operating and non-operating expenses paid by the College, along with any other revenues, expenses, and gains/losses received or spent by the College.

In general, operating revenues are received in return for providing goods and services to customers and constituents of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in exchange for operating revenues, and to carry out the mission and operations of the College. Operating revenues and expenses are considered to be exchange transactions.

Non-operating revenues are revenues received for which goods and services are not provided in return for the revenues. State appropriation funds provided by the Missouri State Legislature to the College are reported as non-operating revenue because the Legislature does not receive commensurate goods or services for these revenues. Local property tax revenues and investment income received are also reported as non-operating revenues since goods and services are not provided in exchange for the revenues. Non-operating revenues and expenses are considered to be non-exchange transactions.

Some of the highlights of the information presented on the Condensed Combined Statement of Revenues, Expenses and Changes in Net Position are as follows:

- Instruction comprises the single largest allocation (39%) of operating expenses at $7,813,998 during the current fiscal year (as pass-thru dollars, scholarships/fellowships are removed from this calculation).

- State appropriations of general revenue received during the fiscal year showed an increase in funding of $1,331 ($2,637,366 in fiscal year 2017, compared to $2,636,035 in fiscal year 2016). This increase is a result of increase to state appropriations from the state legislature.

- Total local property tax revenue reported in the fiscal year was $349,161. This represents a 0.5% increase from fiscal year 2016.

- Gifts and donations were $588,411 in fiscal year 2017, which was a decrease from $2,235,311 in the prior year. This is due to donations received in relations to Geyer Hall.

NORTH CENTRAL MISSOURI COLLEGE
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended June 30, 2017

The following is a condensed summary of the change in net position, with prior year comparable data:

Condensed Combined Statement of Revenues, Expenses & Changes in Net Position
For the Years Ended June 30, 2017 and 2016

	2017	2016
Total Operating Revenues	$ 16,226,163	$ 19,606,940
Total Operating Expenses	19,891,158	19,239,498
Total Operating Income (Loss)	(3,664,995)	367,442
Total Non-Operating Revenues and Expenses, net	4,074,297	5,191,561
Increase in Net Position	409,302	5,559,003
Net Position - Beginning of Year	30,958,892	25,399,889
Net Position - End of Year	$ 31,368,194	$ 30,958,892

The following is a summary of the total operating expenses of the College by functional and natural classification:

Operating Expenses by Functional Classification	**2017**	**2016**
Instruction	$ 7,813,998	$ 7,704,696
Academic support	574,044	717,559
Student services	1,254,613	1,337,731
Institutional support	2,801,817	2,327,382
Auxiliary services	1,666,597	2,162,903
Scholarships and fellowships	3,707,938	3,559,079
Depreciation	1,088,279	921,892
Plant operating expenses	983,872	508,256
TOTAL	$ 19,891,158	$ 19,239,498

Operating Expenses by Natural Classification	**2017**	**2016**
Salaries	$ 6,889,425	$ 6,823,028
Fringe benefits	2,210,641	1,518,550
Supplies and services	5,660,796	6,048,673
Scholarships and fellowships	3,660,348	3,570,184
Utilities	381,669	357,171
Depreciation	1,088,279	921,892
TOTAL	$ 19,891,158	$ 19,239,498

Combined Statement of Cash Flows

The final statement presented by the College is the Combined Statement of Cash Flows. The Combined Statement of Cash Flows is prepared using the direct method and presents detailed information about the cash activity of the College during the year. The statement shows the major sources and uses of cash. A summary of the cash flows for fiscal year 2017, with comparable data from 2016, is as follows:

Cash Provided (Used) By:	**2017**	**2016**
Operating Activities	$ (2,218,342)	$ 1,068,091
Non-Capital Financing Activities	3,574,938	5,218,652
Capital Financing Activities	(1,973,877)	(5,870,152)
Investing Activities	(20,064)	415,669
Net Change in Cash	(637,345)	832,260
Cash - Beginning of Year	6,881,210	6,048,950
Cash - End of Year	$ 6,243,865	$ 6,881,210

Debt and Capital Assets

Combined debt for the College at June 30, 2017 was $2,240,774. This was a decrease of $771,045 from the prior year. No new debt agreements were entered into in 2017.

Combined capital assets of the College were $25,856,316 (net of accumulated depreciation) as of June, 30, 2017. This represents an increase of $247,011 from the prior year

Factors Impacting Future Periods

Enrollment for the College saw an overall decrease again for the 2016-17 academic year. However, summer enrollment was slightly higher than the previous academic year. In addition, applications for admission were significantly higher than in the previous year, indicating that enrollment for the next academic year (2017-18) should increase.

Sluggish enrollment continues to be both a national and state trend that community colleges are experiencing. To combat this, the College completed the development of a new strategic plan which included new strategies for enrollment management, marketing, and recruitment. The College strongly believes that these new efforts are proving effective and that credit hour production will be positively influenced. The College is also evaluating its overall funding model and looking to make strategic changes and improvements that will lessen the reliance on tuition and future enrollment fluctuations.

Future growth is also impacted by state funding. Over the past few years, there have been reductions and fluctuations in the State appropriations for higher education. The use of performance-based funding is also being utilized for allocation of new monies. These changes have been the result of economic and political conditions. The College has successfully managed its instructional and financial operations during these periods, however, a close watch over College resources and expense is critical to ensure the ability to plan for and react to future internal and external issues. It is imperative that NCMC maintain financial strength in its net position and maintain a diverse revenue stream.

Economic Outlook

The College is not aware of any currently known facts, decisions, or conditions that are expected to have a significant effect on the financial position or results of operations during this fiscal year beyond those unknown variables having a global impact on virtually all types of business operations.

NCMC management is responsible for compliance with the ever-increasing and changing laws, regulations, and provisions of contracts and grant agreements applicable to the College. In conformity with the U.S. generally accepted accounting principles, management will continue to adopt, improve and document sound accounting policies and procedures in order to maintain internal control and prevent and detect fraud.

Contacting the College’s Financial Management

This financial report is designed to provide our citizens, taxpayers, students and investors with a general overview of the College’s finances and to show the College’s accountability for the money it receives. If you have questions about this report or need additional information, contact Tyson Otto, Chief Financial Officer/Director of Operations, North Central Missouri College, 1301 Main Street, Trenton, Missouri 64683.

NORTH CENTRAL MISSOURI COLLEGE
COMBINED STATEMENT OF NET POSITION
June 30, 2017

ASSETS		
Current Assets		
Cash and cash equivalents		$ 5,685,250
Investments		2,684,295
Accounts receivable, net		3,372,434
Other receivables		108,472
Prepaid expenses		97,907
Inventory		390,601
	TOTAL CURRENT ASSETS	12,338,959
Restricted Assets		
Cash and cash equivalents		558,615
Investments		4,083,463
	TOTAL RESTRICTED ASSETS	4,642,078
Noncurrent Assets		
Capital assets:		
Nondepreciable		3,939,829
Depreciable, net		21,916,487
	TOTAL NONCURRENT ASSETS	25,856,316
	TOTAL ASSETS	42,837,353
DEFERRED OUTFLOW OF RESOURCES		
Deferred pension outflows		3,998,627
	TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 46,835,980
LIABILITIES		
Current Liabilities		
Accounts payable		$ 536,672
Accrued and other liabilities		233,046
Unearned revenues		2,089,230
Current maturities of long-term debt		513,191
	TOTAL CURRENT LIABILITIES	3,372,139

See accompanying notes.

Noncurrent Liabilities	
Net pension liability	7,507,924
Post-employment benefit liability	449,100
Notes payable	264,918
Title IV adjustment payable	382,665
Bonds payable	1,080,000
Compensated absences payable	510,951
TOTAL NONCURRENT LIABILITIES	10,195,558
TOTAL LIABILITIES	13,567,697
DEFERRED INFLOW OF RESOURCES	
Deferred pension inflows	1,900,089
NET POSITION	
Net investment in capital assets	24,675,483
Restricted	4,174,648
Unrestricted	2,518,063
TOTAL NET POSITION	31,368,194
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 46,835,980

See accompanying notes.

NORTH CENTRAL MISSOURI COLLEGE
COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2017

OPERATING REVENUES		
Student tuition and fees (net of scholarship allowance of $3,585,582)		$ 2,165,382
Federal grants and contracts		10,235,988
State and local grants and contracts		1,525,082
Auxiliary services revenues		2,044,254
Other operating revenues		255,457
	TOTAL OPERATING REVENUES	16,226,163
OPERATING EXPENSES		
Instruction		7,813,998
Academic support		574,044
Student services		1,254,613
Institutional support		2,801,817
Auxiliary services		1,666,597
Scholarships and fellowships		3,707,938
Depreciation		1,088,279
Plant operating expenses		983,872
	TOTAL OPERATING EXPENSES	19,891,158
	OPERATING (LOSS)	(3,664,995)
NONOPERATING REVENUES (EXPENSES)		
State appropriations		2,637,366
County property tax revenue		349,161
Gifts and donations		588,411
Investment income		557,855
Unrealized gain on investments		22,579
Interest on debt related to capital assets		(81,075)
	TOTAL NONOPERATING REVENUES (EXPENSES)	4,074,297
	INCREASE IN NET POSITION	409,302
NET POSITION, Beginning of year		30,958,892
NET POSITION, End of year		$ 31,368,194

See accompanying notes.

NORTH CENTRAL MISSOURI COLLEGE
COMBINED STATEMENT OF CASH FLOWS
Year Ended June 30, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 2,701,221
Payments to suppliers	(5,995,515)
Payments for utilities	(381,669)
Payments for employees	(6,775,125)
Payments for benefits	(1,954,154)
Payments for financial aid and scholarships	(3,873,881)
Auxiliary enterprises charges, bookstore and vending	1,822,383
Contracts and grants	11,761,070
Other receipts	477,328
NET CASH (USED) BY OPERATING ACTIVITIES	(2,218,342)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State aid and grants appropriations	2,637,366
County property tax revenue	349,161
Donations	588,411
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	3,574,938
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(1,335,290)
Principal paid on debt related to capital assets	(557,512)
Interest paid on debt related to capital assets	(81,075)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(1,973,877)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	557,855
Purchase of investments	(577,919)
NET CASH (USED) BY INVESTING ACTIVITIES	(20,064)
NET (DECREASE) IN CASH AND CASH EQUIVALENTS	(637,345)
NET CASH AND CASH EQUIVALENTS, Beginning of Year	6,881,210
NET CASH AND CASH EQUIVALENTS, End of Year	6,243,865
LESS RESTRICTED CASH AND CASH EQUIVALENTS	558,615
UNRESTRICTED CASH AND CASH EQUIVALENTS	$ 5,685,250

See accompanying notes.

NORTH CENTRAL MISSOURI COLLEGE
COMBINED STATEMENT OF CASH FLOWS (continued)
Year Ended June 30, 2017

RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTVITIES	
Operating (loss)	$ (3,664,995)
Adjustments to reconcile operating (loss) to net cash (used) by operating activities:	
Depreciation	1,088,279
Changes in assets, deferred outflows, liabilities, and deferred inflows:	
Receivables, net	(8,219)
Other receivables	109,805
Prepaid expenditures	20,054
Other current assets	16,817
Deferred pension outflows	(1,534,558)
Accounts payable	(371,590)
Accrued and other liabilities	20,612
Unearned revenues	434,253
Net pension liability	1,617,493
Compensated absences payable	51,688
Post-employment benefit liability	42,000
Deferred pension inflows	173,552
Title IV adjustment payable	(213,533)
NET CASH (USED) BY OPERATING ACTIVITIES	$ (2,218,342)

See accompanying notes.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

North Central Missouri College was created in 1925, as Trenton Junior College and operates under an elected Board of Trustees form of government. North Central Missouri College is comprised of all or a part of the following counties: Andrew, Atchison, Caldwell, Clinton, Daviess, Dekalb, Gentry, Grundy, Harrison, Holt, Linn, Livingston, Mercer, Nodaway, Putnam, and Sullivan.

The accounting methods and procedures adopted by the College conform to accounting principles generally accepted in the United States of America as applied to governmental entities. The following notes to the basic financial statements are an integral part of the College's basic financial statements.

Financial Reporting Entity

The financial reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. Financially accountable means the primary government is accountable for the component unit and the primary government is able to impose its will or the component unit may provide financial benefits or impose a burden on the primary government. In addition, component units can be other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The College is a primary government, which is governed by an elected six-member board. As required by accounting principles generally accepted in the United States of America, the College has evaluated the above criteria to determine whether any other entity meets the definition of a component unit and must be included in these financial statements. The component units discussed below are included in the College's reporting entity because of the significance of its operational or financial relationships with the College.

Component Units

Blended Component Units

The North Central Missouri College Public Building Corporation is governed by a five-member board appointed by the College. Although it is legally separate from the College, the Public Building Corporation is reported as if it were part of the primary government because its sole purpose is for the planning, development, acquisition, construction, reconstruction, improvement, extension, repair, remodeling, renovation and financing of sites, buildings, structures, facilities, furnishings and equipment for the benefit or use of the College.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Although legally separate from the College, the North Central Missouri College Foundation is reported as if it were part of the primary government because its sole purpose is to raise monies for scholarships and the benefit of the College.

Basis of Accounting and Measurement Focus

For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities. Accordingly, the College's financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, which is similar to that often found in the private sector. The measurement focus is upon income determination, financial position and cash flows.

The College adopted GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis - for Public Colleges and Universities*, during the year ended June 30, 2003. GASB Statement No. 35 established standards for external financial reporting for public colleges and universities, which is meant to present information in a format that more closely resembles that of the private sector. The College reports as a business-type activity, as defined by GASB Statement No. 35

The basic financial statements are presented using the current financial resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The College's resources are classified for accounting and reporting purposes into the following net position categories:

Net Investment in Capital Assets – Capital assets, net of accumulated depreciation and outstanding principal balances of debt attributable to the acquisition, construction or improvement of those assets.

Restricted – Net position whose use by the College is subject to externally imposed stipulations that they can be fulfilled by actions of the College pursuant to those stipulations or that expire by the passage of time. When the College is able to utilize restricted expendable assets or unrestricted assets, it utilizes the restricted assets first. The College's restricted net position reflect unspent tax levy proceeds restricted for debt service and unspent contributions with purpose restrictions.

Unrestricted – Net position that is not subject to externally imposed stipulations. Unrestricted net position may be designated for specific purposes by action of management or the Board of Trustees or may otherwise be limited by contractual agreements with outside parties.

It is the College's policy to first use restricted net position prior to the use of unrestricted net position when expenditures are made for purposes for which both restricted and unrestricted net position are available.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating Activities

Operating revenues and expenses are distinguished from non-operating items. Operating revenues generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues of the College are tuition and fees, federal grants and contracts, state and local grants and contracts and auxiliary service revenues. Operating expenses include the cost of instruction, the learning resource center, academic support, student services, institutional support, auxiliary services, scholarships and fellowships, plant expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Certain significant revenue streams relied upon for operations are recorded as nonoperating revenues, as defined by GASB Statement No. 35, including state appropriations and local property taxes.

Cash and Cash Equivalents

For purposes of the statement of cash flows, all highly liquid investments with a maturity of three months or less when purchased are considered to be cash and cash equivalents.

Investments

Investments are carried at fair value, which approximates market value.

Use of Estimates

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

Capital Assets

Capital assets, including land, buildings, improvements, infrastructure, and equipment assets, are reported in the business-type activities. Capital assets are defined by the College as assets with an initial, individual cost of more than $5,000 and an initial useful life of one year or greater. Such assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets is included as part of the capitalized value of the assets constructed less interest income earned on debt proceeds.

Buildings, improvements, infrastructure and equipment assets are depreciated using the modified half-month depreciation method, (straight line depreciation with a half month depreciation if placed in service before the middle of the month, otherwise no depreciation until the next full month) over the following estimated useful lives:

Assets	Years
Buildings	40
Land improvements	20 - 25
Equipment	5 - 7
Vehicles	6

Compensated Absences

Vacation time, personal business days, and sick leave are recorded as expenses and liabilities in the fiscal year earned.

Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Inventories

Bookstore materials and supplies are carried in an inventory account at average cost and are subsequently charged to supplies and other services when sold or when consumed.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Unearned Revenues

This is future revenue received primarily from early enrollments for the Fall 2018 semester. This revenue will be recognized as income when earned at the beginning of the 2017-2018 fiscal year. At June 30, 2017, unearned revenues consisted of unearned tuition of $2,089,230.

Classification of Revenues

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

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees net of scholarship discounts and allowances; sales and services of auxiliary enterprises; most federal, state, and local grants and contracts and federal appropriations; and interest on student loans. Revenue from operating sources is recognized when earned.

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

Scholarship Allowance

Student tuition and fee revenues are presented net of financial assistance and scholarships applied to student accounts.

Post-Employment Health Care Benefits

Retiree Benefits – The College offers post-employment health care benefits to all employees who retire from the College. Retirees are eligible as long as they receive retirement benefits under the Public School Retirement System. Retirees pay 100% of their own premiums.

COBRA Benefits – Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the College makes health care benefits available to eligible former employees and their eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured each month. This program is offered for a duration of 18 months after the employee's termination date. There is no associated cost to the College under this program.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair Value

The fair value measurement and disclosure framework provides for a fair value hierarchy that gives highest priority to quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. There have been no significant changes from the prior year in the methodologies used to measure fair value. The levels of the fair value hierarchy are described below:

Level 1 – Inputs using quoted prices in active markets for identical assets or liabilities

Level 2 – Inputs using significant other observable inputs including quoted prices for similar assets or liabilities

Level 3 – Inputs are significant unobservable inputs

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Currently, the College has one item that qualifies for reporting in this category, deferred amounts relating to employer contributions to the retirement plan.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has only one type of item that qualifies for reporting in this category, deferred pension inflows relating to the retirement plan. These amounts are recognized as an inflow of resources in the period that the amounts become available.

Income Tax Status

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

NOTE B – CASH, CASH EQUIVALENTS, AND INVESTMENTS

College

By State statute, the College may invest in Certificates of Deposit, U.S. Treasury Bills, and other obligations of the U.S. Government, U.S. Government Agency, or a corporation guaranteed by the full faith and credit of the U.S. Government.

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2017, the College had the following investments:

Investments	Maturity	Not Subject to Fair Value
Certificates of Deposit	8/3/2017 - 5/10/2021	$2,684,295

Interest Rate Risk and Credit Risk

State law permits public colleges to invest in obligations of the State of Missouri or U.S. Government and obligations of government agencies. The College does not have a formal investment policy that limits investments and maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Custodial Credit Risk

For an investment, custodial rate risk is the risk that, in the event of failure of the counter party, the College will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. State statutes require that the College's deposits with financial institutions must be collateralized in the name of the College by the trust department of a bank that does not hold the collateralized deposits.

As of June 30, 2017, all bank balances on deposit were fully insured or collateralized with appropriate securities. At June 30, 2017, the bank balances and certificates of deposit of the College totaled $8,780,937. Of this amount, $1,500,000 was covered by FDIC Insurance and the remaining was supported by collateral, held by banks in the College's name that do not hold the collateralized deposit.

NOTE B – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

Certificates of Deposit

All certificates of deposit are at various financial institutions and are fully collateralized in the name of the College.

Concentration of Credit Risk

The College places no limit on the amount the College may place at any one institution. More than 5% of the total cash and investments are in the following institutions as of June 30, 2017:

- Citizens Banks - $1,014,121
- Farmers State Bank - $2,004,876
- Farmers Bank of Northern Missouri - $2,900,240
- Investor's Community Bank - $756,045
- Home Exchange Bank - $1,860,616

Foundation

Investments at June 30, 2017, consisted of the following:

Investments	Maturity	Not Subject to Fair Value	Fair Value Level 1	Fair Value Level 2	Total
Certificates of Deposit	10/30/2018	$ 30,000	$ -	$ -	$ 30,000
Multi-strategy Equity Funds	N/A	-	2,951,370	-	2,951,370
Multi-strategy Bond Funds	N/A	-	-	1,102,093	1,102,093
		$ 30,000	$ 2,951,370	$ 1,102,093	$ 4,083,463

Interest Rate Risk

The Foundation does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

NOTE B – CASH, CASH EQUIVALENTS, AND INVESTMENTS (continued)

Custodial Credit Risk

At June 30, 2017, the bank balances and certificates of deposit of the Foundation totaled $4,487,677. Of this balance, $434,264 is secured by FDIC insurance. Other investments are invested in multi-strategy equity funds and bond funds and are subject to custodial credit risk. Custodial risk is the risk that, in the event of failure, the Foundation's deposits may not be recovered.

Credit Risk

The Foundation has no investment policy that would limit its investment choices. The Foundation's investment objectives would be conservative to moderate with a return objective of current income and capital appreciation.

Certificates of Deposit

All certificates of deposit are at various financial institutions and are fully collateralized in the name of the College.

Multi-strategy Equity and Bond Funds

The Foundation has $2,951,370 invested in multi-strategy equity funds and $1,102,093 invested in multi-strategy bond funds with Commonfund. Multi-strategy funds are not rated as they are made up of a pool of funds.

Concentration of Credit Risk

The Foundation places no limit on the amount the Foundation may invest in any one issuer. The Foundation's investments are in mutual funds that meet the Foundation's investment and return objectives.

Public Building Corporation

Cash balances of the Public Building Corporation as of June 30, 2017, consist of $170,515 held in trust by United Missouri Bank for the bond issues and are maintained in US Government backed securities; therefore, there is limited credit risk involved.

NOTE C – TAXES

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on November 1 and payable by December 31. The counties collect the property tax and remit it to the College.

The assessed valuation of the tangible taxable property for the calendar year 2016 for purposes of local taxation was:

Real Estate	$	49,226,750
Personal property		25,499,243
TOTAL ASSESSED VALUATION	$	74,725,993

The tax levy per $100 of the assessed valuation of tangible taxable property for the calendar year 2016 for purposes of local taxation was:

General Fund	$	.3968

Article VI, Section 26(b), Constitution of Missouri, limits the outstanding amount of authorized general obligation bonds of a district to 5 percent of the assessed valuation of the district. The legal debt margin of the College at June 30, 2017, was:

Constitutional debt limit	$	3,736,300
General obligation bonds payable		-
Funds available and restricted for debt service		-
	$	3,736,300

NOTE D – RETIREMENT PLAN

Public School Retirement System of Missouri and Public Education Employee Retirement System of Missouri

Summary of Significant Accounting Policies

Financial reporting information included in the notes to the financial statements pertaining to the College's participation in the Public School Retirement System of Missouri and the Public Education Employee Retirement System of Missouri (PSRS and PEERS, also referred to as the Systems) are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions,* as amended by GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date* as applicable to the College's accrual basis of accounting.

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

General Information about the Pension Plan

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

NOTE D – RETIREMENT PLAN (continued)

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

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

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

NOTE D – RETIREMENT PLAN (continued)

Summary Plan descriptions detailing the provisions of the plans can be found on the Systems' website at www.psrs-peers.org.

Cost-of-Living Adjustments ("COLA"). The Board of Trustees has established a policy of providing a 0% COLA for years in which the CPI increases between 0.00% and 2.00%, a 2.00% COLA for years in which the CPI increases between 2.00% and 5.00%, and a COLA of 5.00% if the CPI increase is greater than 5.00%. If the CPI decreases, no COLA is provided. For any PSRS member retiring on or after July 1, 2001, such adjustments commence on the second January after commencement of benefits and occur annually thereafter. For PEERS members, such adjustments commence on the fourth January after commencement of benefits and occur annually thereafter. The total of such increases may not exceed 80% of the original benefit for any member.

Contributions. PSRS members were required to contribute 14.5% of their annual covered salary during fiscal year 2017. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 1% of pay. Contributions for employees of the State of Missouri were made by the state in accordance with the actuarially determined contribution rate needed to fund current costs and prior service costs of state employees as authorized in Section 104.342.8 RSMo.

Contributions. PEERS members were required to contribute 6.86% of their annual covered salary during fiscal year 2017. Employers were required to match the contributions made by employees. The contribution rate is set each year by the PSRS Board of Trustees upon the recommendation of the independent actuary within the contribution restrictions set in Section 169.030 RSMo. The annual statutory increase in the total contribution rate may not exceed 0.5% of pay.

The College's contributions to PSRS and PEERS were $499,874 and $256,749, respectively, for the year ended June 30, 2017.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the College had a liability of $5,669,774 for its proportionate share of PSRS' net pension liability and $1,838,150 for its proportionate share of PEERS' net pension liability. In total the College had a net pension liability of $7,507,924. The net pension liability for the plans in total was measured as of June 30, 2016, and determined by an actuarial valuation as of that date. The College's proportionate share of the total net pension liability was based on the ratio of its actual contributions paid to PSRS and PEERS of $510,335 and $242,661, respectively, for the year ended June 30, 2016, relative to the actual contributions of $669,858,142 for PSRS and $105,934,385 for PEERS from all participating employers. At June 30, 2017, the College's proportionate share was 0.0762% for PSRS and 0.2291% for PEERS.

NOTE D – RETIREMENT PLAN (continued)

For the year ended June 30, 2017, the College recognized pension expense of $640,006 for PSRS and $349,949 for PEERS, its proportionate share of the total pension expense.

At June 30, 2017, the College reported deferred outflows of resources and deferred inflows of resources from the following sources related to PSRS and PEERS pension benefits:

	PSRS		PEERS		College Totals	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Balance of Deferred Outflows and Inflows Due to:						
Differences between expected and actual experience	$ 407,938	$ 433,206	$ 53,207	$ 107,732	$ 461,145	$ 540,938
Changes of assumptions	64,127	-	109,480	-	173,607	-
Net difference between projected and actual earnings on pension plan investments	1,926,638	751,731	668,168	249,152	2,594,806	1,000,883
Changes in proportion and differences between Employer contributions and proportionate share of contributions	-	351,807	12,446	6,461	12,446	358,268
Employer contributions subsequent to the measurement date	499,874	-	256,749	-	756,623	-
Total	$ 2,898,577	$ 1,536,744	$ 1,100,050	$ 363,345	$ 3,998,627	$ 1,900,089

NOTE D – RETIREMENT PLAN (continued)

Amounts reported as deferred outflows of resources resulting from contribution subsequent to the measurement date of June 30, 2016, will be recognized as a reduction to the net pension liability in the year ended June 30, 2017. Other amounts reported as collective deferred (inflows) / outflows of resources are to be recognized in pension expense as follows:

Year Ending June 30,	PSRS	PEERS	Total
2018	$ 604,818	$ 341,654	$ 946,472
2019	104,945	89,619	194,564
2020	480,811	187,582	668,393
2021	281,431	117,850	399,281
2022	(84,257)	-	(84,257)
Thereafter	(25,915)	-	(25,915)
	$ 1,361,833	$ 736,705	$ 2,098,538

Actuarial Assumptions

Actuarial valuations of the Systems involves estimates of the reported amount and assumptions about probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and future salary increases. Amounts determined regarding the net pension liability are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Board of Trustees adopts actuarial assumptions, each of which individually represents a reasonable long-term estimate of anticipated experience for the Systems, derived from experience studies conducted every fifth year. The most recent comprehensive experience studies were completed in June 2016. All economic and demographic assumptions were reviewed and updated, where appropriate, based on the results of the study and effective with the June 30, 2016 valuation. Significant actuarial assumption and method changes are detailed below. For additional information, please refer to the Systems' CAFR. The next experience studies are scheduled for 2021.

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

- Measurement Date – June 30, 2016
- Valuation Date – June 30, 2016
- Expected Return on Investments – 7.75%, net of investment expenses and including 2.5% inflation
- Inflation – 2.25%

NOTE D – RETIREMENT PLAN (continued)

- Total Payroll Growth
  - PSRS – 2.75% per annum, consisting of 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
  - PEERS – 3.25% per annum, consisting of 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Future Salary Increases
  - PSRS – 3.00% - 9.50%, depending on service and including 2.25% inflation, 0.25% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.25% of real wage growth due to productivity.
  - PEERS – 4.00% - 11.00%, depending on service and including 2.25% inflation, 0.50% real wage growth due to the inclusion of active health care costs in pensionable earnings, and 0.50% of real wage growth due to productivity.
- Cost-Of-Living Increases
  - PSRS & PEERS – The long-term cost-of-living adjustment (COLA) assumed in the valuation is 1.50% per year, based on the current policy of the Board to grant a 0.00% COLA when annual inflation, as measured by the CPI-U index for a fiscal year, increases between 0.00% and 2.00% and to grant 2.00% when the increase is between 2.00% and 5.00%. The actuarial assumption increases from 1.00% to 1.50% over ten years (from fiscal year 2017 to fiscal year 2027). The COLA applies to service retirements and beneficiary annuities. The COLA does not apply to the benefits for in-service death payable to spouses (where the spouse is over age 60), and does not apply to the spouse with children pre-retirement death benefit, the dependent children pre-retirement death benefit, or the dependent parent death benefit. The total lifetime COLA cannot exceed 80% of the original benefit. PSRS members receive a COLA on the second January after retirement, while PEERS members receive a COLA on the fourth January after retirement.
- Mortality Assumption
  - Actives
    - PSRS – RP 2006 White Collar Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.
    - PEERS – RP 2006 Total Dataset Employee Mortality Table, multiplied by an adjustment factor of 0.75 at all ages for both males and females, with static projection using the 2014 SSA Improvement Scale to 2028.

NOTE D – RETIREMENT PLAN (continued)

- Non-Disabled Retirees, Beneficiaries and Survivors
  - PSRS – RP 2006 White Collar Employee Mortality Tables with plan specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
  - PEERS – RP 2006 Total Dataset Employee Mortality Tables with plan specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
- Disabled Retirees
  - PSRS & PEERS – RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

- Changes in Actuarial Assumptions and Methods – An experience study was completed in June 2016 resulting in an update to the following assumption:
  - PSRS & PEERS – The inflation assumption decreased from 2.50% to 2.25% per year.
  - PSRS & PEERS – In addition, the Board adopted a new COLA policy during fiscal 2016 resulting in a decrease in the future COLA assumption from 2.00% per year to a variable, increasing assumption of 1.00% to 1.50% over ten years beginning January 1, 2018.
  - PSRS
    - The payroll growth assumption decreased from 3.50% to 2.75% per year.
    - The future salary increase assumption decreased from 4.00% to 10.00%, depending on service to 3.00% to 9.50%, depending on service.
    - The investment return assumption decreased from 8.00% to 7.75% per year.
    - The active mortality assumption changed from the RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA to 75% of the RP 2006 White Collar Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
    - The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set back one year for both males and females, then projected to 2016 using Scale AA to the RP 2006 White Collar Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
    - The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

NOTE D – RETIREMENT PLAN (continued)

- PEERS
  - The payroll growth assumption decreased from 3.75% to 3.25% per year.
  - The future salary increase assumption decreased from 5.00% to 12.00%, depending on service to 4.00% to 11.00%, depending on service.
  - The investment return assumption decreased from 8.00% to 7.75% per year.
  - The active mortality assumption changed from the RP 2000 Mortality Table set back one year for males and six years for females, then projected to 2016 using Scale AA to 75% of the RP 2006 Total Dataset Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.
  - The non-disabled retiree mortality assumption changed from the RP 2000 Mortality Table set forward one year for males and no set back/forward for females, then projected to 2016 using Scale AA to the RP 2006 Total Dataset Mortality Tables with plan-specific experience adjustments and static projection to 2028 using the 2014 SSA Improvement Scale.
  - The disabled retiree mortality assumption changed from the RP 2000 Disabled Retiree Mortality Table to the RP 2006 Disabled Retiree Mortality Tables with static projection to 2028 using the 2014 SSA Improvement Scale.

- Fiduciary Net Position – The Systems issue a publicly available financial report that can be obtained at www.psrs-peers.org.
- Expected Rate of Return – The long-term expected rate of return on investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed rate of return. The long-term expected rate of return on the Systems' investments was determined using a building-block method in which best-estimate ranges of expected future real rates of returns (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target allocation as of June 30, 2016, are summarized below along with the long term geometric return. Geometric return (also referred to as the time weighted return) is considered standard practice within the investment management industry. Geometric returns represent the compounded rate of growth of a portfolio. The method eliminates the effects created by cash flows.

NOTE D – RETIREMENT PLAN (continued)

Asset Class	Target Asset Allocation	Long-Term Expected Real Return Arithmetic Basis	Weighted Long-Term Expected Real Return Arithmetic Basis
U.S. Public Equity	27.0%	5.16%	1.39%
Public Credit	7.0%	2.17%	0.15%
Hedged Assets	6.0%	4.42%	0.27%
Non-U.S. Public Equity	15.0%	6.01%	0.90%
U.S. Treasuries	16.0%	0.96%	0.15%
U.S. TIPS	4.0%	0.80%	0.03%
Private Credit	4.0%	5.60%	0.22%
Private Equity	12.0%	9.86%	1.18%
Private Real Estate	9.0%	3.56%	0.32%
Total	100.0%		4.61%
		Inflation	2.25%
		Long-term arithmetical nominal return	6.86%
		Effect of covariance matrix	0.89%
		Long-term expected geometric return	7.75%

- Discount Rate – The long-term expected rate of return used to measure the total pension liability was 7.75% as of June 30, 2016, and is consistent with the long-term expected geometric return on plan investments. The actuarial assumed rate of return was 8.0% from 1980 through fiscal year 2016. The Board of Trustees adopted a new actuarial assumed rate of return on 7.75% based on the actuarial experience studies and asset-liability study conducted during the current year. The projection of cash flows used to determine the discount rate assumed that employer contributions would be made at the actuarially calculated rate computed in accordance with assumptions and methods stated in the funding policy adopted by the Board of Trustees, which requires payment of the normal cost and amortization of the unfunded actuarially accrued liability in level percent of employee payroll installments over 30 years utilizing a closed period, layered approach. Based on this assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members.
- Discount Rate Sensitivity – The sensitivity of the College's net pension liability to changes in the discount rate is presented below. The College's net pension liability calculated using the discount rate of 7.75% is presented as well as the net pension liability using a discount rate that is 1.0% lower (6.75%) or 1.0% higher (8.75%) than the current rate.

NOTE D – RETIREMENT PLAN (continued)

The sensitivity of the College's net pension liabilities to changes in the discount rate is presented below. The College's net pension liabilities calculated using the discount rate of 7.75% is presented as well as the net pension liabilities using a discount rate that is 1.0% lower (6.75%) or 1.0% higher (8.75%) than the current rate.

PSRS

Discount Rate	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the Net Pension Liability / (Asset)	$ 9,618,537	$ 5,669,774	$ 2,381,829

PEERS

Discount Rate	1% Decrease (6.75%)	Current Rate (7.75%)	1% Increase (8.75%)
Proportionate share of the Net Pension Liability / (Asset)	$ 3,196,607	$ 1,838,150	$ 698,070

Payable to the Pension Plan

At June 30, 2017, the College reported a payable of $154,087 for the outstanding amount of PSRS contributions and $30,620 for the outstanding amount of PEERS contributions to the pension plan required for the year ended June 30, 2017.

NOTE E – ACCOUNTS RECEIVABLE

Accounts receivable are presented net of allowances for uncollectible accounts receivable. As of June 30, 2017, these amounts were as follows:

	College	Building Corporation	Foundation	Total
Accounts Receivable	$ 3,430,536	$ -	$ -	$ 3,430,536
Allowance	(58,102)	-	-	(58,102)
Net Accounts Receivable	$ 3,372,434	$ -	$ -	$ 3,372,434

NOTE F – CLAIMS AND ADJUSTMENTS

The College participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulation, the college may be required to reimburse the grantor government. As of June 30, 2017, significant amounts of expenditures have not been audited by grantor governments, but the College believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual government funds or the overall financial position of the College.

NOTE G – BONDS PAYABLE

Bonded debt activity for the year ended June 30, 2017, is as follows:

Outstanding Balance, July 1, 2016	$ 1,530,000
Additions	-
Retirements	(355,000)
Outstanding Balance, June 30, 2017	$ 1,175,000

Leasehold revenue bonds of the Public Building Corporation, payable from lease proceeds from the College, consist of the following at June 30, 2017:

$1,705,000, Series 2010B, Taxable Leasehold Revenue Bonds (North Central Missouri College Project) (Build America Bonds). Principal is due in annual installments and interest is due in semi-annual installments from June 1, 2011 to June 1, 2026. Interest ranges from 1.80% to 6.60% with interest subsidy payments expected to be at 35% of each interest payment.	$ 1,175,000

NOTE G – BONDS PAYABLE (continued)

Debt Service Requirements

The amount available in the Public Building Corporation to service the leasehold revenue bonds at June 30, 2017, is $170,515. The debt service requirements are as follows:

Year Ended June 30,	Principal	Interest	Expected Federal Interest Subsidy	Total
2018	$ 95,000	$ 69,157	$ (24,205)	$ 139,952
2019	100,000	64,655	(22,626)	142,029
2020	105,000	59,645	(20,876)	143,769
2021	105,000	54,185	(18,964)	140,221
2022	110,000	48,410	(16,944)	141,466
2023	115,000	42,140	(14,749)	142,391
2024	120,000	35,240	(12,334)	142,906
2025	125,000	27,800	(9,730)	143,070
2026	300,000	19,800	(6,930)	312,870
	$ 1,175,000	$ 421,032	$ (147,358)	$ 1,448,674

NOTE H – NOTES PAYABLE

Notes payable activity for the year ended June 30, 2017, is as follows:

Outstanding Balance, July 1, 2016	$ 669,942
Additions	-
Retirements	(202,512)
Outstanding Balance, June 30, 2017	$ 467,430

On August 29, 2008, the Foundation entered into a Rural Economic Development loan agreement with Grundy Electric Cooperative, Inc. in the amount of $740,000 for the purpose of rural economic development. Monthly payments of $6,167 are required until paid off. The loan is non-interest bearing.

NOTE H – NOTES PAYABLE (continued)

Also on August 29, 2008, the Foundation entered into an additional Rural Economic Development loan agreement with Grundy Electric Cooperative, Inc. in the amount of $360,000 for the purpose of rural economic development. Monthly payments of $3,000 are required until paid off. The loan is non-interest bearing.

On March 31, 2011, the Foundation entered into a Rural Economic Development loan agreement with Grundy Electric Cooperative in the amount of $740,000 for the purpose of rural economic development. Monthly payments of $7,709 are required until paid off. The loan is non-interest bearing.

Debt Service Requirements

Year Ended June 30,	Principal	Interest	Total
2018	$ 202,512	$ -	$ 202,512
2019	110,802	-	110,802
2020	92,508	-	92,508
2021	61,608	-	61,608
	$ 467,430	$ -	$ 467,430

NOTE I – TITLE IV ADJUSTMENT PAYABLE

Title IV Adjustment payable activity for the year ended June 30, 2017, is as follows:

Outstanding Balance, July 1, 2016	$ 811,877
Additions	-
Retirements	(213,533)
Outstanding Balance, June 30, 2017	$ 598,344

The Department of Education conducted a program review for federal student financial assistance programs under Title IV for the period July 1, 2010, through June 30, 2011. The final determination of the findings of the program review resulted in a liability of $1,350,912 owed to the Department of Education. Monthly payments of $18,390 are required through April 1, 2020, with interest at 1.0%. A down payment of $275,102 was required and was paid in April 2015.

NOTE I – TITLE IV ADJUSTMENT PAYABLE (continued)

Debt Service Requirements

Year Ended June 30,	Principal	Interest	Total
2018	$ 215,679	$ 4,997	$ 220,676
2019	217,845	2,831	220,676
2020	164,820	687	165,507
	$ 598,344	$ 8,515	$ 606,859

NOTE J – CAPITAL ASSETS

The College's capital assets consist of the following as of June 30, 2017:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Non-depreciable Capital Assets				
Land	$ 2,602,829	$ -	$ -	$ 2,602,829
Construction in progress	4,681,800	-	4,681,800	-
Total Non-depreciable Capital Assets	7,284,629	$ -	$ 4,681,800	2,602,829
Depreciable Capital Assets				
Buildings and improvements	20,078,661	$ 5,257,124	$ -	25,335,785
Furniture and equipment	6,858,639	759,966	-	7,618,605
Total Depreciable Capital Assets	26,937,300	$ 6,017,090	$ -	32,954,390
Less accumulated depreciation	(12,282,679)	$ (1,025,641)	$ -	(13,308,320)
Total Depreciable Capital Assets, net	14,654,621			19,646,070
Capital Assets, net	$ 21,939,250			$ 22,248,899

NOTE J – PROPERTY AND EQUIPMENT (continued)

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

The Public Building Corporation's capital assets consist of the following as of June 30, 2017:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Depreciable Capital Assets				
Buildings and improvements	$ 3,131,878	$ -	$ -	$ 3,131,878
Less accumulated depreciation	(798,823)	(62,638)	-	(861,461)
Capital Assets, net	$ 2,333,055	$ (62,638)	$ -	$ 2,270,417

The Foundation capital assets consist of the following as of June 30, 2017:

	Balance July 1, 2016	Additions	Retirements	Balance June 30, 2017
Nondepreciable Capital Assets				
Land	$ 1,337,000	$ -	$ -	$ 1,337,000

NOTE K – RESTRICTED ASSETS AND NET POSITION

Cash and investments and net position is reported as restricted when there are limitations imposed on its use either through enabling action adopted by the College or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. At June 30, 2017, restricted cash and investments consisted of $170,515 through the Public Building Corporation for bond reserves and $4,471,563 through the Foundation for restricted Foundation activities. At June 30, 2017, restricted net position consisted of the following:

NOTE K – RESTRICTED ASSETS AND NET POSITION (continued)

	College	Public Building Corporation	Foundation	Total
Restricted Bond Reserves	$ -	$ 170,515	$ -	$ 170,515
Temporarily Restricted	-	-	45,887	45,887
Permanently Restricted	-	-	3,958,246	3,958,246
Total Restricted Net Position	$ -	$ 170,515	$ 4,004,133	$ 4,174,648

NOTE L – RISK MANAGEMENT

The College is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Since its inception, the College has transferred its risk by obtaining coverage from commercial insurance companies or a public risk entity pool. In addition, it has effectively managed risk through various employee education and prevention programs. There has been no significant reduction in insurance coverage from the previous year.

NOTE M – EXPENSES BY NATURAL CLASSIFICATION

Expenses by natural classification for the year ended June 30, 2017, were as follows:

	College	Public Building Corporation	Foundation	Eliminations	Combined
Salaries	$ 6,889,425	$ -	$ -	$ -	$ 6,889,425
Fringe benefits	2,210,641	-	-	-	2,210,641
Supplies and services	5,890,807	-	699,770	(929,781)	5,660,796
Scholarships and fellowships	3,504,629	-	155,719	-	3,660,348
Utilities	381,669	-	-	-	381,669
Depreciation	1,025,641	62,638	-	-	1,088,279
	$ 19,902,812	$ 62,638	$ 855,489	$ (929,781)	$ 19,891,158

NOTE N – POSTEMPLOYMENT HEALTH CARE PLAN

Plan Description – The College's postemployment health care plan is a single-employer defined benefit medical and dental plan. To be eligible for participation in the plan, retirees must meet the retirement eligibility requirements as set by the Public School Retirement System of Missouri (PSRS) or the Public Education Employee Retirement System of Missouri (PEERS). Eligible participants receive benefits in the form of an implicit rare subsidy where participants receive health insurance coverage by paying a blended retiree/active rate.

Funding Policy – The contribution requirements of plan members and the College are established and may be amended by the Board of Trustees. Current contribution requirements require participants to pay the full blended premium. The College funds the plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution (ARC) of the College, an amount actuarially determined in accordance with the parameters of GASB-45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost 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 annual OPEB cost for the year ended June 30, 2017:

ARC	$ 66,100
Interest on net OPEB obligation	14,300
Adjustment to ARC	(14,600)
Annual OPEB cost (expense)	$ 65,800

The change in net OPEB obligation was as follows:

Balance July 1, 2016 Net OPEB Obligation	Annual OPEB Cost	Employer Contributions	Balance June 30, 2017 Net OPEB Obligation
$ 407,100	$ 65,800	$ 23,800	$ 449,100

NOTE N – POSTEMPLOYMENT HEALTH CARE PLAN (continued)

Funding Status and Funding Progress – As a pay-as-you-go plan, the plan was 0% funded at June 30, 2017.

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2017	$ -	$ 598,000	$ 598,000	0%	$ 5,430,400	11.0%

Actuarial Methods and Assumptions – The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities, consistent with the long-term perspective of the calculations. The most recent OPEB liability actuarial valuation was completed for the year ended June 30, 2017. In the 2017 actuarial valuation, the projected unit credit cost method was used, and the interest rate used for discounting liabilities was 3.50%. The actuarial valuation assumed a medical premium inflation rate based on long term health care trends generated by the Getzen Model. The medical premium inflation rate was 7.7% for 2017, with annual rate reductions to an ultimate rate of 4.1% in 2083. The unfunded actuarial accrued liability is amortized over the maximum acceptable period of 30 years, and the valuation assumed that 40% of all future retirees will elect medical coverage and 25% will elect medical coverage for spouses.

NOTE O – CONCENTRATIONS OF CREDIT RISK

The College grants credit without collateral to its students for tuition and fees.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH CENTRAL MISSOURI COLLEGE
SCHEDULES OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY AND RELATED RATIOS – PSRS AND PEERS
Year Ended June 30, 2017

Public School Retirement System (PSRS)

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2015	0.0828%	$ 3,396,932	$ 3,675,870	92.41%	89.34%
6/30/2016	0.0809%	4,670,244	3,665,202	127.42%	85.78%
6/30/2017	0.0762%	5,669,774	3,519,550	161.09%	82.18%

Public Education Employee Retirement System (PEERS)

Year Ended*	Proportion of the Net Pension Liability (Asset)	Proportionate Share of the Net Pension Liability (Asset)	Actual Covered Member Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability
6/30/2015	0.2275%	$ 830,753	$ 3,317,848	25.04%	91.33%
6/30/2016	0.2307%	1,220,187	3,459,620	35.27%	88.28%
6/30/2017	0.2291%	1,838,150	3,537,332	51.96%	83.32%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

*The data provided in these schedules is based as of the measurement date of the Systems' net pension liability, which is as of the beginning of the College's fiscal year.

NORTH CENTRAL MISSOURI COLLEGE
SCHEDULES OF EMPLOYER CONTRIBUTIONS – PSRS AND PEERS
Year Ended June 30, 2017

Public School Retirement System (PSRS)

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	$ 530,401	$ 530,401	$ -	$ 3,657,938	14.50%
6/30/2014	533,001	533,001	-	3,675,870	14.50%
6/30/2015	531,454	531,454	-	3,665,202	14.50%
6/30/2016	510,335	510,335	-	3,519,550	14.50%
6/30/2017	499,874	499,874	-	3,447,401	14.50%

Public Education Employee Retirement System (PEERS)

Year Ended	Statutorily Required Contribution	Actual Employer Contributions	Contribution Excess / (Deficiency)	Actual Covered Member Payroll	Contributions as a Percentage of Covered Payroll
6/30/2013	$ 217,844	$ 217,844	$ -	$ 3,175,565	6.86%
6/30/2014	227,605	227,605	-	3,317,848	6.86%
6/30/2015	237,330	237,330	-	3,459,620	6.86%
6/30/2016	242,661	242,661	-	3,537,332	6.86%
6/30/2017	256,749	256,749	-	3,742,692	6.86%

Note: These schedules are intended to show information for ten years. Additional years will be displayed as they become available.

NORTH CENTRAL MISSOURI COLLEGE
SCHEDULE OF FUNDING PROGRESS – POSTEMPLOYMENT HEALTH CARE PLAN
Year Ended June 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (b)	Unfunded Actuarial Accrued Liability (UAAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6/30/2009	$ -	$ 955,600	$ 955,600	0%	$ 6,400,000	14.9%
6/30/2011	-	795,400	795,400	0%	6,899,200	11.5%
6/30/2013	-	701,900	701,900	0%	7,785,000	9.0%
6/30/2015	-	700,800	700,800	0%	5,124,300	13.7%
6/30/2017	-	598,000	598,000	0%	5,430,400	11.0%

NORTH CENTRAL MISSOURI COLLEGE
SCHEDULE OF EMPLOYER CONTRIBUTIONS – POSTEMPLOYMENT HEALTH CARE PLAN
Year Ended June 30, 2017

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
2009	$ 83,600	$ -	$ -	$ 83,600	$ 27,300	$ 56,300
2010	83,600	-	-	83,600	30,000	109,900
2011	81,900	4,400	3,700	82,600	23,400	169,100
2012	81,900	6,800	5,600	83,100	36,600	215,600
2013	73,100	8,100	7,200	74,000	15,900	273,700
2014	73,100	10,300	9,400	74,000	24,600	323,100
2015	72,900	12,100	11,900	73,100	31,100	365,100
2016	72,900	13,700	13,900	72,700	28,800	409,000
2017	66,100	14,300	14,600	65,800	25,700	449,100

OTHER FINANCIAL INFORMATION

NORTH CENTRAL MISSOURI COLLEGE
COMBINING STATEMENT OF NET POSITION
June 30, 2017

	College	Public Building Corporation	Foundation	Eliminations	Combined
ASSETS					
Current Assets					
Cash and cash equivalents	$ 5,685,250	$ -	$ -	$ -	$ 5,685,250
Investments	2,684,295	-	-	-	2,684,295
Accounts receivable, net	3,372,434	-	-	-	3,372,434
Other receivables	108,472	-	-	-	108,472
Prepaid expenses	97,907	-	-	-	97,907
Inventory	390,601	-	-	-	390,601
TOTAL CURRENT ASSETS	12,338,959	-	-	-	12,338,959
Restricted Assets					
Cash and cash equivalents	-	170,515	388,100	-	558,615
Investments	-	-	4,083,463	-	4,083,463
TOTAL RESTRICTED ASSETS	-	170,515	4,471,563	-	4,642,078
Noncurrent Assets					
Capital assests:					
Nondepreciable	2,602,829	-	1,337,000	-	3,939,829
Depreciable assets, net	19,646,070	2,270,417	-	-	21,916,487
TOTAL NONCURRENT ASSETS	22,248,899	2,270,417	1,337,000	-	25,856,316
TOTAL ASSETS	34,587,858	2,440,932	5,808,563	-	42,837,353
DEFERRED OUTFLOW OF RESOURCES					
Deferred pension outflows	3,998,627	-	-	-	3,998,627
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 38,586,485	$ 2,440,932	$ 5,808,563	$ -	$ 46,835,980
LIABILITIES					
Current Liabilities					
Accounts payable	$ 530,839	$ 5,833	$ -	$ -	$ 536,672
Accrued and other liabilities	233,046	-	-	-	233,046
Unearned revenues	2,089,230	-	-	-	2,089,230
Current maturities of long-term debt	215,679	95,000	202,512	-	513,191
TOTAL CURRENT LIABILITIES	3,068,794	100,833	202,512	-	3,372,139
Noncurrent Liabilities					
Net pension liability	7,507,924	-	-	-	7,507,924
Post-employment benefit liability	449,100	-	-	-	449,100
Notes payable	-	-	264,918	-	264,918
Title IV adjustment payable	382,665	-	-	-	382,665
Bonds payable	-	1,080,000	-	-	1,080,000
Compensated absences payable	510,951	-	-	-	510,951
TOTAL NONCURRENT LIABILITIES	8,850,640	1,080,000	264,918	-	10,195,558
TOTAL LIABILITIES	11,919,434	1,180,833	467,430	-	13,567,697
DEFERRED INFLOW OF RESOURCES					
Deferred pension inflows	1,900,089	-	-	-	1,900,089
NET POSITION					
Net investment in capital assets	22,248,899	1,089,584	1,337,000	-	24,675,483
Restricted	-	170,515	4,004,133	-	4,174,648
Unrestricted	2,518,063	-	-	-	2,518,063
TOTAL NET POSITION	24,766,962	1,260,099	5,341,133	-	31,368,194
TOTAL LIABILITIES, DEFERRED INFLOW OF RESOURCES, AND NET POSITION	$ 38,586,485	$ 2,440,932	$ 5,808,563	$ -	$ 46,835,980

NORTH CENTRAL MISSOURI COLLEGE
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year Ended June 30, 2017

	College	Public Building Corporation	Foundation	Eliminations	Combined
OPERATING REVENUES					
Student tuition and fees (net of scholarship allowance of $3,585,582)	$ 2,165,382	$ -	$ -	$ -	$ 2,165,382
Federal grants and contracts	10,235,988	-	-	-	10,235,988
State and local grants and contracts	1,525,082	-	-	-	1,525,082
Auxiliary services revenues	1,822,383	-	221,871	-	2,044,254
Other operating revenues	255,457	251,070	110,004	(361,074)	255,457
TOTAL OPERATING REVENUES	16,004,292	251,070	331,875	(361,074)	16,226,163
OPERATING EXPENSES					
Instruction	7,813,998	-	-	-	7,813,998
Academic support	574,044	-	-	-	574,044
Student services	1,123,550	-	699,770	(568,707)	1,254,613
Institutional support	2,801,817	-	-	-	2,801,817
Auxiliary Services	1,666,597	-	-	-	1,666,597
Scholarships and fellowships	3,552,219	-	155,719	-	3,707,938
Depreciation	1,025,641	62,638	-	-	1,088,279
Plant operating expenses	1,344,946	-	-	(361,074)	983,872
TOTAL OPERATING EXPENSES	19,902,812	62,638	855,489	(929,781)	19,891,158
OPERATING INCOME (LOSS)	(3,898,520)	188,432	(523,614)	568,707	(3,664,995)
NONOPERATING REVENUES (EXPENSES)					
State appropriations	2,637,366	-	-	-	2,637,366
County property tax revenue	349,161	-	-	-	349,161
Gifts and donations	925,156	-	231,962	(568,707)	588,411
Investment income	58,185	-	499,670	-	557,855
Unrealized gain on investments	17,152	-	5,427	-	22,579
Interest on debt related to capital assets	-	(81,075)	-	-	(81,075)
TOTAL NONOPERATING REVENUES (EXPENSES)	3,987,020	(81,075)	737,059	(568,707)	4,074,297
INCREASE IN NET POSITION	88,500	107,357	213,445	-	409,302
NET POSITION, Beginning of year	24,678,462	1,152,742	5,127,688	-	30,958,892
NET POSITION, End of year	$ 24,766,962	$ 1,260,099	$ 5,341,133	$ -	$ 31,368,194

NORTH CENTRAL MISSOURI COLLEGE
COMBINING STATEMENT OF CASH FLOWS
Year Ended June 30, 2017

	College	Public Building Corporation	Foundation	Eliminations	Combined
CASH FLOWS FROM OPERATING ACTIVITIES					
Student tuition and fees	$ 2,701,221	$ -	$ -	$ -	$ 2,701,221
Payments to suppliers	(6,224,519)	(1,007)	(699,770)	929,781	(5,995,515)
Payments for utilities	(381,669)	-	-	-	(381,669)
Payments for employees	(6,775,125)	-	-	-	(6,775,125)
Payments for benefits	(1,954,154)	-	-	-	(1,954,154)
Payments for financial aid and scholarships	(3,718,162)	-	(155,719)	-	(3,873,881)
Auxiliary enterprises charges, bookstore and vending	1,822,383	-	-	-	1,822,383
Contracts and grants	11,761,070	-	-	-	11,761,070
Other revenues	255,457	251,070	331,875	(361,074)	477,328
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	(2,513,498)	250,063	(523,614)	568,707	(2,218,342)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State aid and grants appropriations	2,637,366	-	-	-	2,637,366
County property tax revenue	349,161	-	-	-	349,161
Donations	925,156	-	231,962	(568,707)	588,411
NET CASH PROVIDED BY NONCAPITAL FINANCING ACTIVITIES	3,911,683	-	231,962	(568,707)	3,574,938
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES					
Purchase of property and equipment	(1,335,290)	-	-	-	(1,335,290)
Principal paid on debt related to property and equipment	-	(355,000)	(202,512)	-	(557,512)
Interest paid on debt related to property and equipment	-	(81,075)	-	-	(81,075)
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITY	(1,335,290)	(436,075)	(202,512)	-	(1,973,877)
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	58,185	-	499,670	-	557,855
Purchase of investments	(95,619)	-	(482,300)	-	(577,919)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITES	(37,434)	-	17,370	-	(20,064)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	25,461	(186,012)	(476,794)	-	(637,345)
NET CASH AND CASH EQUIVALENTS, Beginning of year	5,659,789	356,527	864,894	-	6,881,210
NET CASH AND CASH EQUIVALENTS, End of year	5,685,250	170,515	388,100	-	6,243,865
LESS RESTRICTED CASH AND CASH EQUIVALENTS	-	170,515	388,100	-	558,615
UNRESTRICTED CASH AND CASH EQUIVALENTS	$ 5,685,250	$ -	$ -	$ -	$ 5,685,250

NORTH CENTRAL MISSOURI COLLEGE
COMBINING STATEMENT OF CASH FLOWS (continued)
Year Ended June 30, 2017

	College	Public Building Corporation	Foundation	Eliminations	Combined
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES					
Operating income (loss)	$ (3,898,520)	$ 188,432	$ (523,614)	$ 568,707	$ (3,664,995)
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:					
Depreciation	1,025,641	62,638	-	-	1,088,279
Changes in assets, deferred outflows, liabilities, and deferred inflows:					
Receivables, net	(8,219)	-	-	-	(8,219)
Other receivables	109,805	-	-	-	109,805
Prepaid expenditures	20,054	-	-	-	20,054
Inventory	16,817	-	-	-	16,817
Deferred pension outflows	(1,534,558)	-	-	-	(1,534,558)
Accounts payable	(370,583)	(1,007)	-	-	(371,590)
Accrued and other liabilities	20,612	-	-	-	20,612
Unearned revenues	434,253	-	-	-	434,253
Net pension liability	1,617,493	-	-	-	1,617,493
Compensated absences payable	51,688	-	-	-	51,688
Post-employment benefit liability	42,000	-	-	-	42,000
Deferred pension inflows	173,552	-	-	-	173,552
Title IV adjustment payable	(213,533)	-	-	-	(213,533)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	$ (2,513,498)	$ 250,063	$ (523,614)	$ 568,707	$ (2,218,342)

OTHER REPORTING REQUIREMENTS

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

Board of Trustees
North Central Missouri College
Trenton, Missouri

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 financial statements of the business-type activities of North Central Missouri College, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise North Central Missouri College's financial statements, and have issued our report thereon, dated December 1, 2017.

Internal Control over Financial Reporting

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

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

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Board of Trustees
North Central Missouri College
Trenton, Missouri

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Central Missouri 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 North Central Missouri College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Central Missouri College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 1, 2017

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

Board of Trustees
North Central Missouri College
Trenton, Missouri

Report on Compliance for Each Major Federal Program

We have audited North Central Missouri College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on North Central Missouri College's major federal program for the year ended June 30, 2017. North Central Missouri College's major federal program is 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.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for North Central Missouri College's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program occurred. An audit includes examining, on a test basis, evidence about North Central Missouri 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 the major federal program. However, our audit does not provide a legal determination on the North Central Missouri College's compliance.

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Opinion on the Major Federal Program

In our opinion, North Central Missouri College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2017.

Report on Internal Control Over Compliance

Management of North Central Missouri 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 North Central Missouri College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District'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 that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

Board of Trustees
North Central Missouri College
Trenton, Missouri

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

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 1, 2017

NORTH CENTRAL MISSOURI COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2017

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Direct				
Student Financial Assistance Cluster				
Federal Pell Grant Program	84.063	N/A	$ -	$ 2,586,447
Federal Supplemental Educational Opportunity Grants	84.007	N/A	-	29,600
Federal Work-Study Program	84.033	N/A	-	47,591
Federal Direct Student Loans	84.268	N/A	-	2,710,782
TOTAL STUDENT FINANCIAL ASSISTANCE CLUSTER			-	5,374,420
Trio Cluster				
Trio-Student Support Services	84.042	N/A	-	242,944
Trio-Upward Bound	84.047	N/A	-	254,970
TOTAL TRIO CLUSTER			-	497,914
Passed Through Missouri Department of Elementary and Secondary Education				
Career and Technical Education - Basic Grants to States	84.048	V048A160025	-	141,829
TOTAL U.S. DEPARTMENT OF EDUCATION			-	6,014,163
U.S. DEPARTMENT OF AGRICULTURE				
Passed Through Missouri Department of Health and Senior Services				
Child and Adult Care Food Program	10.558	ERS46110149	-	83,186
Passed Through Missouri Division of Workforce Development				
Supplemental Nutrition Assistance Program	10.561	10-01-01-15	17,046	18,354
TOTAL U.S. DEPARTMENT OF AGRICULTURE			17,046	101,540
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Direct				
Head Start	93.600	N/A	-	1,946,877
Passed Through Missouri Department of Health and Senior Services				
Temporary Assistance for Needy Families	93.558	42-01-01-16	73,827	87,609
Passed Through Missouri Department of Elementary and Secondary Education				
Child Care and Development Block Grant	93.575	1701MOCCDF	-	14,000
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			73,827	2,048,486

NORTH CENTRAL MISSOURI COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year Ended June 30, 2017

Federal Grantor Pass Through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Passed-through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF LABOR				
Passed Through Missouri Division of Workforce Development				
WIOA Cluster				
WIOA Adult Program	17.258	10-01-01-16	52,988	131,688
		10-01-01-17	201,101	456,645
WIOA Youth Activities	17.259	10-01-01-15	148,418	168,109
		10-01-01-16	314,180	397,839
WIOA Dislocated Worker Formula Grants	17.278	10-01-01-15	-	310,460
		10-01-01-16	58,247	69,640
		10-01-01-17	107,500	221,951
TOTAL WIOA CLUSTER			882,434	1,756,332
Passed Through Metropolitan Community College				
Trade Adjustment Assistance Community College and Career Training Grants	17.282	TC-26470-14-60-A-29	-	271,814
Passed Through Missouri Division of Workforce Development				
WIOA National Emergency Grants	17.277	MO-40 01	16,433	43,664
TOTAL U.S. DEPARTMENT OF LABOR			898,867	2,071,810
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 989,740	$ 10,235,999

N/A - Not applicable

See accompanying notes to the Schedule of Expenditures of Federal Awards.

NOTE A – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of North Central Missouri College under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of North Central Missouri College, it is not intended to and does not present the financial position, changes in net position, or cash flows of North Central Missouri College.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Expenditures reported in the Schedule are reported on the accrual basis of accounting, which is described in Note A to the College's basic financial statements.

2. Pass-through entity identifying numbers are presented where available.

3. The College elected not to use the 10% de minimis indirect cost rate.

NOTE C – SUBRECIPIENTS

The College provided the following to subrecipients during the year ended June 30, 2017:

Pass-through Grant Expenditures	Federal CFDA Number	Amount
St. Joseph Youth Alliance		
WIOA Youth Activities	17.259	$ 233,359
Temporary Assistance for Needy Families	93.558	19,992
Green Hills Regional Planning Commission		
WIOA Adult Program	17.258	95,892
WIOA Dislocated Worker Formula Grants	17.278	18,646
Temporary Assistance for Needy Families	93.558	36,174
WIOA Youth Activities	17.259	142,855
Supplemental Nutrition Assistance Program	10.561	1,525

Pass-through Grant Expenditures	Federal CFDA Number	Amount
Northwest Regional Council of Governments		
WIOA Adult Program	17.258	58,310
WIOA Dislocated Worker Formula Grants	17.278	17,601
WIOA Youth Activities	17.259	86,384
Temporary Assistance for Needy Families	93.558	17,661
Supplemental Nutrition Assistance Program	10.561	4,596
Mo-Kan Regional Council		
WIOA Adult Program	17.258	99,887
WIOA Dislocated Worker Formula Grants	17.278	129,500
WIOA National Emergency Grants	17.277	16,433
Supplemental Nutrition Assistance Program	10.561	10,925
TOTAL PASS-THROUGH GRANT EXPENDITURES		$ 989,740

NORTH CENTRAL MISSOURI COLLEGE
SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2017

Section I – Summary of Audit Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	______ yes __X__ no
• Significant deficiency(ies) identified:	______ yes __X__ none reported
Noncompliance material to financial statements noted?	______ yes __X__ no

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	______ yes __X__ no
• Significant deficiency(ies) identified:	______ yes __X__ none reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	______ yes __X__ no

Identification of the major federal program:

CFDA Number(s)	Name of Federal Program or Cluster
84.063, 84.007, 84.033, & 84.268	Student Financial Assistance Cluster

Dollar threshold used to distinguish between type A and type B programs:	$ 750,000
Auditee qualified as low-risk auditee?	______ yes __X__ no

Section II – Financial Statement Findings

None

Section III – Findings Required to be Reported by the Uniform Guidance

None.

Federal Award Findings and Questioned Costs

2016-001 Special Tests and Provisions – Enrollment Reporting

Auditor's Recommendation:

We recommend the College implement procedures in order to strictly comply with the requirements of 34 CFR 682.610 and 685.309 as it relates to reporting required to the NSLDS. We further recommend that the College follow the guidance provided in the NSLDS Enrollment Reporting Guide and stay abreast of new guidance as published by the Department of Education.

Status:

Corrected.

Board of Trustees
North Central Missouri College
Trenton, Missouri

In planning and performing our audit of the basic financial statements of North Central Missouri College for the year ended June 30, 2017, we considered the College's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on the internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed in the 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*, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

In addition to the 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*, we became aware of an additional matter to bring to your attention. The following paragraphs summarize our comments regarding this matter.

New Pronouncement

The Governmental Accounting Standards Board (GASB) has issued the following pronouncement that may affect the College in future years:

GASB Statement No. 75 – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* – This Statement replaces GASB Statement Nos. 43 and 57. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expenses. This Statement is effective for fiscal year ending June 30, 2018, with earlier application encouraged.

We Recommend:

Management examine the new pronouncements to determine the effect these will have on future financial reporting.

We will review the status of these comments during our next audit engagement. We have already discussed these comments with the College's administrative personnel, and we will be pleased to discuss them in further detail at your convenience.

We appreciate this opportunity to serve as North Central Missouri College’s independent auditors and the courtesies and assistance extended to us by the College's employees.

Respectfully submitted,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 1, 2017

Board of Trustees
North Central Missouri College
Trenton, Missouri

We have audited the financial statements of North Central Missouri College for the year ended June 30, 2017. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 6, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by North Central Missouri College are described in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2016-2017. We noted no transactions entered into by the College for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

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

> Management's estimate of the allowance for doubtful accounts for student accounts receivable, which is based on the aged accounts receivable balance. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts in determining that it is reasonable to the financial statement taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

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Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Material misclassifications detected as a result of audit procedures were corrected by management for the following:

- Reporting and accounting of the North Central Missouri College Public Building Corporation and the North Central Missouri College Foundation as component units of the College.
- Net pension activity for the current year

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 1, 2017.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

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

Very truly yours,

KPM CPAs, PC

KPM CPAs, PC
Springfield, Missouri
December 1, 2017