

**NEOSHO COUNTY  
COMMUNITY COLLEGE**  
Chanute, Kansas

Independent Auditors' Report and  
Financial Statements with  
Supplementary Information

For the Year Ended June 30, 2018

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

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**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

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

### **Introduction:**

The following discussion and analysis of the financial performance and activity of Neosho County Community College (The College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2018 with selected comparative information for the year ended June 30, 2017. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness of this information.

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

GASB 34 required a change in the way financial information is presented for state and local governments. GASB 35 merely amended GASB 34 and made it apply to public colleges and universities. The purpose of GASB 34/35 is to make the financial statement presentation of public entities more closely resemble or emulate that of non-public for-profit enterprises. The hope is that it will "enhance the understandability of the general purpose external financial reports." One way the new model enhanced understandability was by bringing the activities under one consolidated total known as the Government-Wide Financial Statements. The annual financial report will include the basic financial statements and required supplementary information.

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

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

### Required Supplementary Information:

Management Discussion & Analysis (MD&A) - This is information that is required by standards to be presented but is not part of the basic financial statements.

The purpose for conversion to the GASB 34/35 model was usability and understandability.

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

Neosho County Community College completed a solid performance for the fiscal year ended June 30, 2018. At year end, the College's position exceeded its liabilities by \$12,600,645. Of this amount, \$7,705,717 is classified as unrestricted net position. This unrestricted net position may be used to meet the College's ongoing obligations. Cash and fund balances increased or remained approximately equal to the 2017 level in almost all funds. Total credit hours generated in 2018 were 37,851. While funding levels will be a concern for the College into the foreseeable future, since our three major sources of revenue are dependent upon student enrollment, state aid appropriations and assessed property valuation, the revenues in the 2018 year helped to maintain the College's strong financial condition.

**Statement of Net Position**

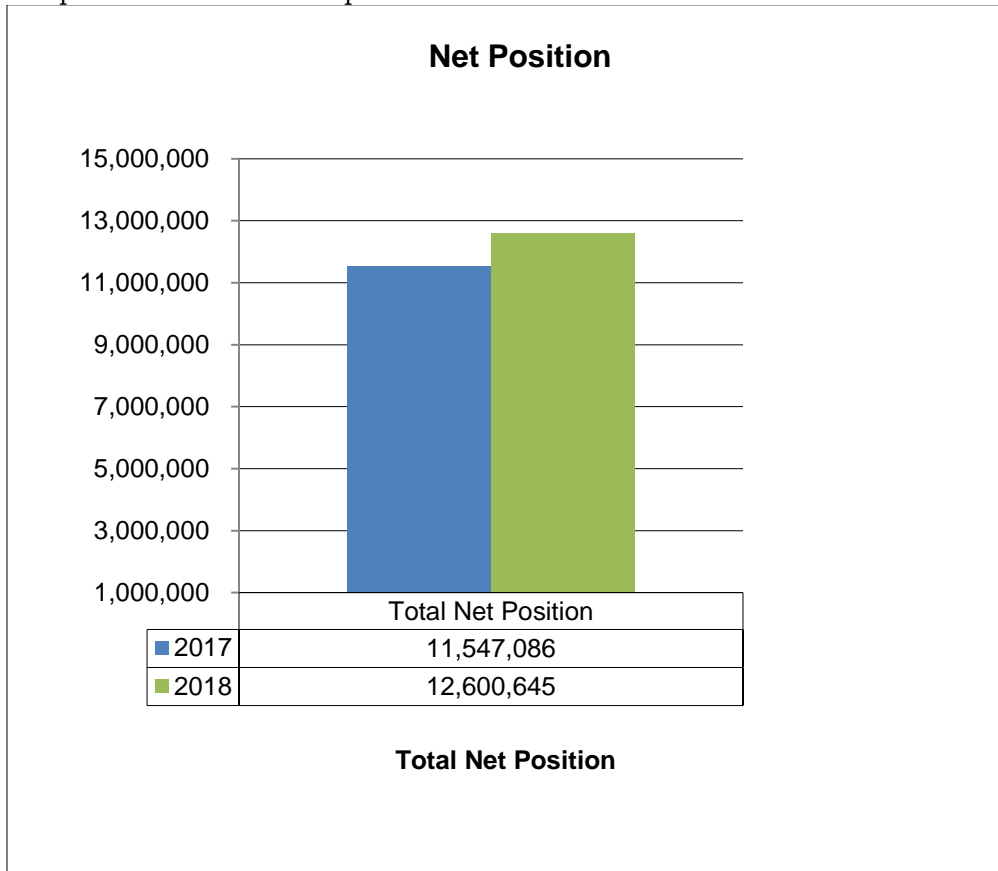
The statement of net position presents the assets, liabilities, and net position of the College at June 30, 2018. The purpose of the statement of net position is to present the financial condition of the College.

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

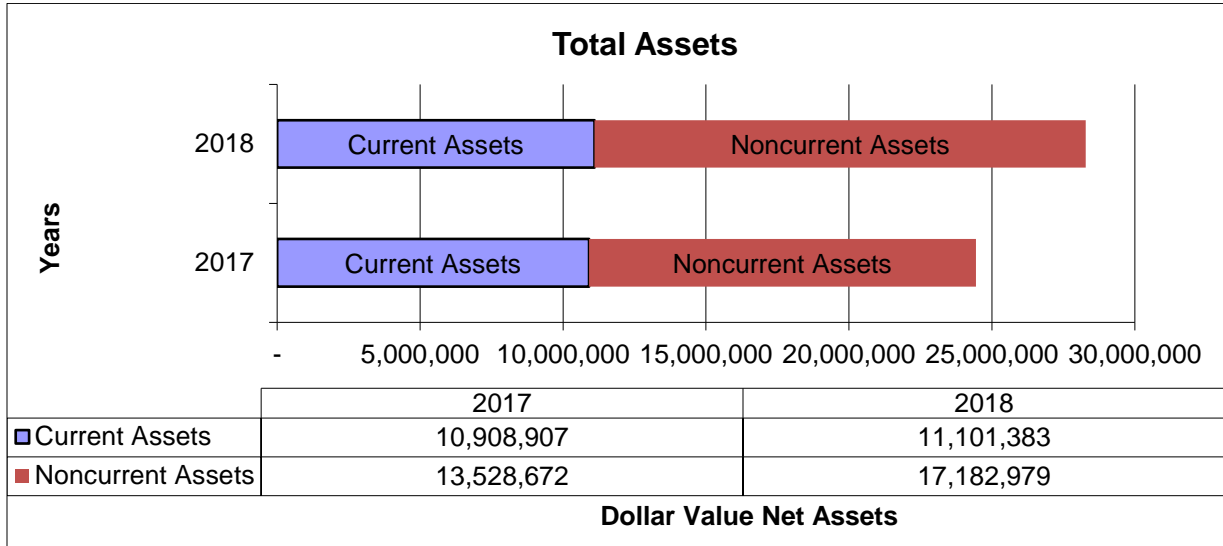
**Comparison of Position – Fiscal Year 2017 to 2018**

Net position is presented in three major categories. The first is invested in capital assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is restricted and the third is unrestricted. Net position increased during the current fiscal year from \$11,547,066 to \$12,600,645 for a total increase of \$1,053,559; on a percentage basis this is a 9.12% increase.

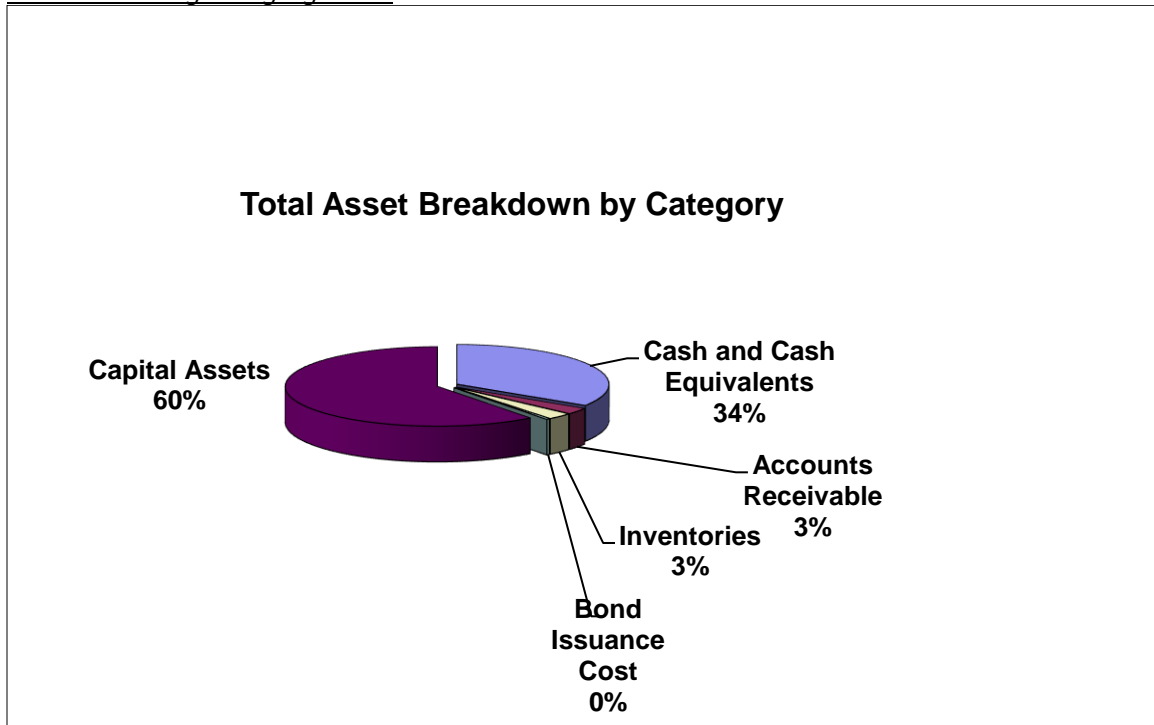
Net position for 2017 compared to 2018:



Total breakdown of assets between current and noncurrent classification is as follows:



*Total assets by category 2018*



Neosho County Community College  
 Management's Discussion and Analysis  
 Fiscal year ended June 30, 2018

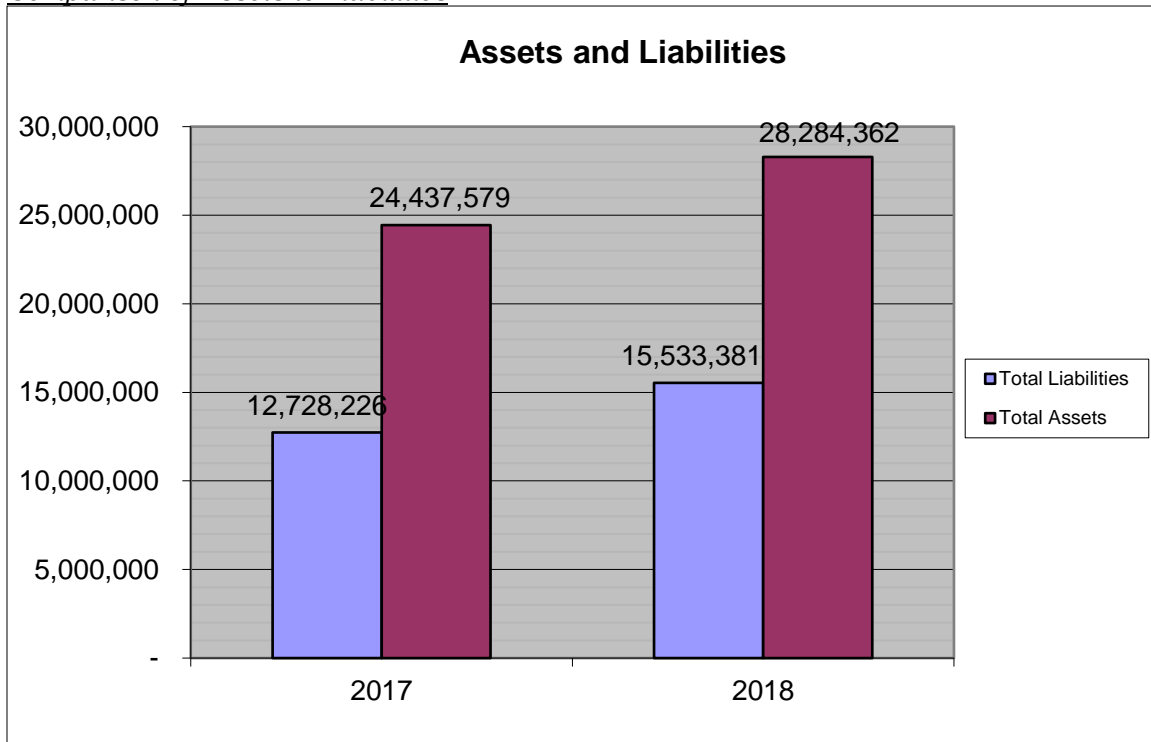
Of the \$28,284,362 in total assets, approximately 34% are in cash and cash equivalents. Capital assets represent 60% of total assets.

*Comparison of Liabilities – Fiscal Year 2017 to 2018*

	2017	% Total 2017	2018	% Total 2018
Current Liabilities	1,855,618	14.58%	2,417,163	15.56%
Noncurrent Liabilities	10,872,608	85.42%	13,116,218	84.44%
Total Liabilities	12,728,226	100.00%	15,533,381	100.00%

The liabilities are categorized between current and noncurrent. For example, the College's current liabilities consist primarily of accounts payable, accrued liabilities, and deferred revenue. The noncurrent liabilities portion is due to the accrued vacation, OBEB obligations, Bond premium and capital lease payable.

*Comparison of Assets to Liabilities*



Total liabilities increased \$2,933,604 from \$12,728,226 in 2017 to \$15,533,381 in 2018. This represents a 23.05% increase in total liabilities. Assets increased \$3,846,783 from \$24,437,579 to \$28,284,362 for a 15.74% increase. The asset to liability ratio was 1.92 (\$24,437,579/\$12,728,226) in 2017 and 1.82 (\$28,284,362/15,533,381) in 2018. In summary, assets increased \$3,846,783 while liabilities increased by \$2,933,604.

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

The statement of revenues, expenses, and changes in net position present the College's financial results for the fiscal year ending June 30, 2018. The statements include the College's revenue and expenses, both operating and nonoperating.

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

**Results of Operations Fiscal Year 2018**

	2017	% Total 2017	2018	% Total 2018
Student tuition and fees	4,391,757	21.75%	4,821,018	23.47%
Federal grants and contracts	3,794,525	18.79%	3,810,739	18.55%
State grants and contracts	1,263,690	6.26%	1,319,022	6.42%
Auxiliary enterprises	2,648,879	13.12%	2,416,080	11.76%
State appropriations	2,746,987	13.60%	2,746,987	13.37%
Property taxes	4,581,862	22.69%	4,892,140	23.81%
Other revenue	766,974	3.80%	537,167	2.61%
Total revenue	20,194,674	100.00%	20,543,153	100.00%

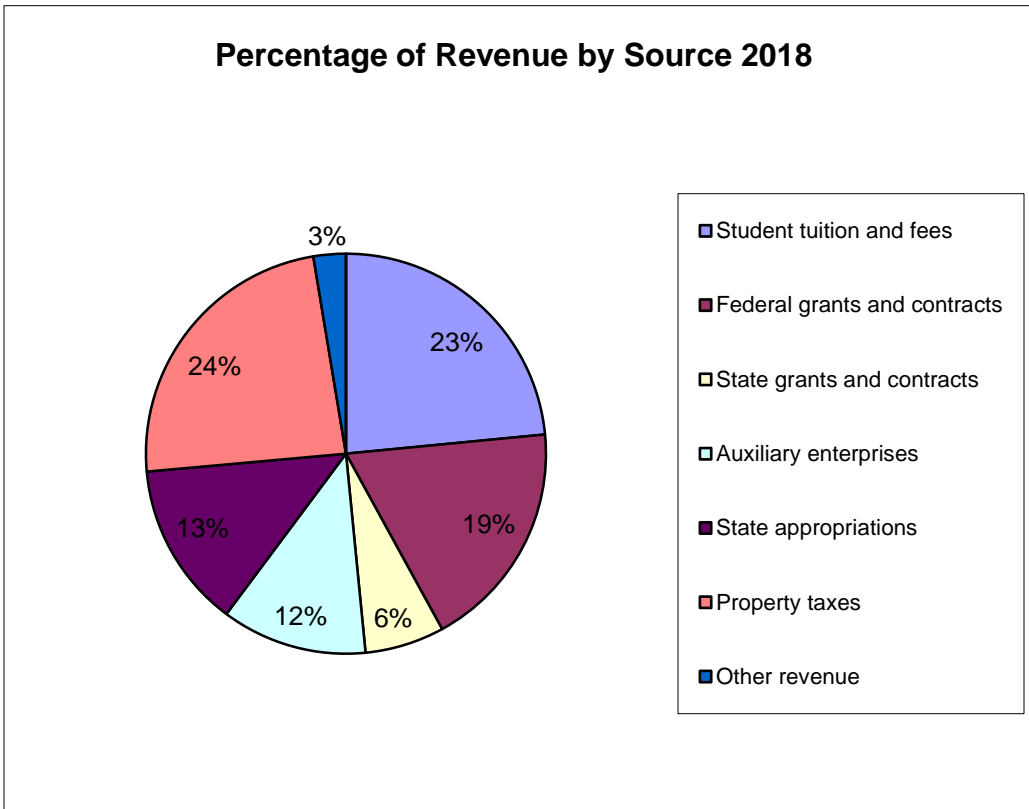
**Revenue**

Detail of the 2017 and 2018 expenditures:

Components and sources of revenue:

Neosho County Community College receives revenue from five major sources. They are: The State of Kansas; Federal Government; students, in the form of tuition and fees; local taxpayers, by way of property taxes; and through business style auxiliary enterprises. The percentage of state appropriation decreased .23% and the percentage of student tuition and fees increased 1.72% in 2018.

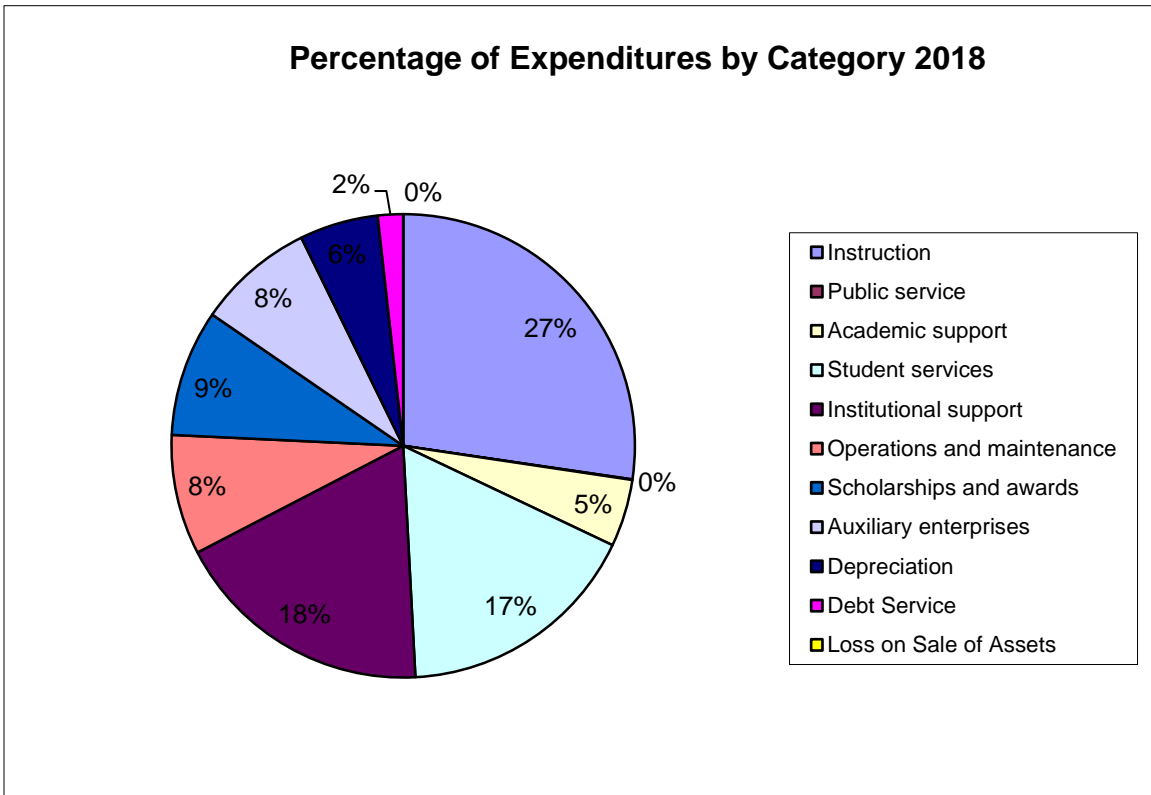




Expenditures

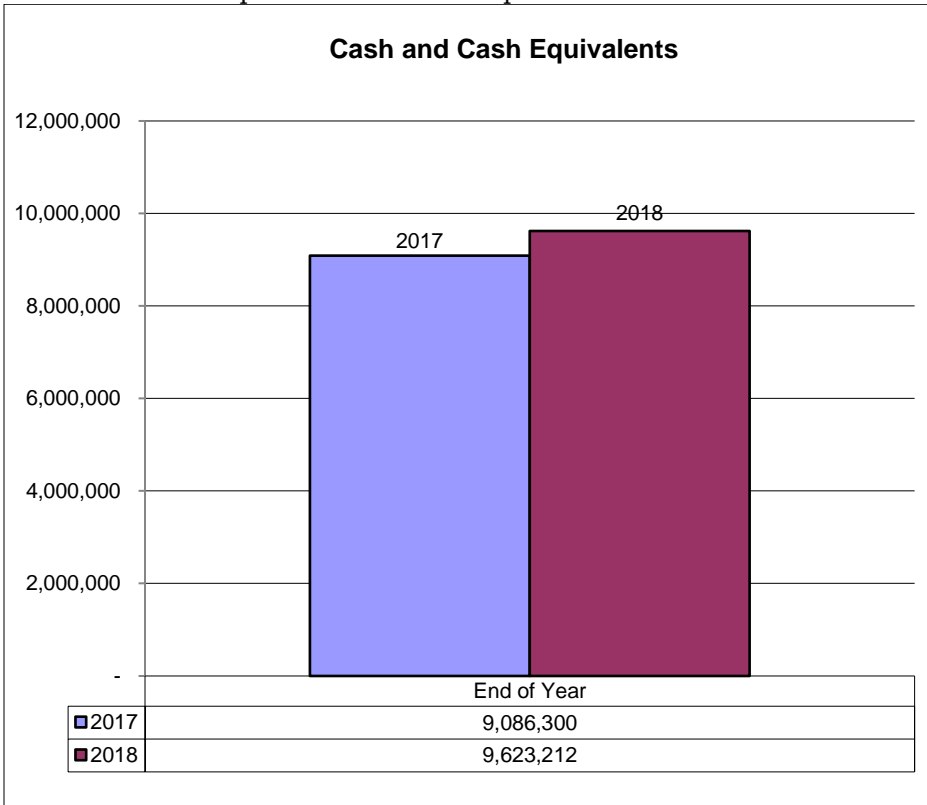
Detail of the 2017 and 2018 Education and General expenditures:

	2018	% Total 2018	2018	% Total 2018
Instruction	5,349,629	27.99%	5,323,642	27.32%
Public service	8,760	0.05%	8,184	0.04%
Academic support	834,177	4.36%	915,298	4.70%
Student services	3,428,798	17.94%	3,334,105	17.11%
Institutional support	3,557,702	18.62%	3,552,745	18.23%
Operations and maintenance	1,225,845	6.41%	1,629,833	8.36%
Scholarships and awards	1,850,370	9.68%	1,721,654	8.83%
Auxiliary enterprises	1,651,742	8.64%	1,592,254	8.17%
Depreciation	950,481	4.97%	1,068,934	5.48%
Debt Service	253326	1.33%	342,944	1.76%
Loss on Sale of Assets	-	0.00%	-	0.00%
Total expenditures	19,110,830	100.00%	19,489,593	100.00%



**Statement of Cash Flows**

Cash and Cash Equivalents 2017 compared to 2018:



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

### **Summary of Overall Performance**

Neosho County Community College's financial condition remained stable overall this fiscal year. Net position increased, on an accrual basis, in 2018 from 2017 by \$1,053,559. Cash and cash equivalents increased by \$536,812 (\$9,623,212-\$9,086,300. Fund balances on a budget basis (presented in supplementary information schedules 4-10) decreased by \$361,193 from \$8,010,873 to \$7,649,680 during the 2018 fiscal year.

### **Current Factors Having Probable Future Financial Significance**

Since the new dorm was built, the College has not been able to fill all 244 beds in the two dorms. In fall 2004 the College had 200 residents. The occupancy dropped to 175 in the spring of 2005. In the fall 2005 the College had 204 residents. The occupancy dropped to 172 in the spring of 2006. In the fall 2006 the College had 219 residents. The occupancy decreased to 184 in the spring of 2007. In fall 2007 the College had 223 residents. The occupancy dropped to 208 in the spring of 2008. In fall 2008 the College had 220 residents. The occupancy dropped to 206 in the spring of 2009. In the fall 2009 the College had 230 residents. The occupancy dropped to 201 in the spring of 2010. In the fall of 2010 the College had 240 residents. The occupancy decreased to 192 in the spring of 2011. In fall 2011 the College had 254 residents. The occupancy decreased to 242 in the spring of 2012. In fall 2012 the College had 272 residents, In the spring of 2013 the occupancy decreased to 244. In the fall of 2013 the College had 288 residents. The occupancy dropped to 245 in the spring of 2014. In the fall of 2014 the College had 272 residents. The occupancy dropped to 241 in the spring of 2015. In the fall of 2015 the College had 271 residents. The occupancy dropped to 234. In the fall of 2016 the College had 284 residents. The occupancy dropped to 243. In the fall of 2017 the College had 255 residents. The occupancy decreased to 224 in the spring of 2018. The College had enough money from housing contracts, profits from the bookstore, and the student union fee paid on each credit hour by the Chanute students to cover annual expenditures. As a result, nothing was transferred from agency funds as of June 30, 2018. The College has not had to transfer from agency funds for the past three years.

### **Economic Outlook**

Neosho County Community College shows relatively steady cash reserves and continued enrollment growth. Credit hour enrollments increased by 30.47% between FY2003 and FY2018. In March 2011 the Ottawa educational facility relocated from an 18,000 square foot facility to a new 52,000 square foot facility which includes a simulated hospital wing and has attracted an increased number of traditional age students. Fall 2011 credit hour enrollment at the Ottawa campus increased 20% over fall 2010.

**Additional Funding Sources**

The College has been very successful in receiving grant monies to help leverage taxes received from Neosho County taxpayers. In FY 2018-19 a grant proposal has been submitted to the Kansas Department of Commerce for Jobs and Innovative Industry Skills Training (JIIST) funding.

**Request for Information**

This discussion and analysis is designed to provide a general overview of Neosho County Community College's finances for all those with an interest in such matters. Questions concerning any of the information provided in this audit report or request for additional information should be addressed to the office of Chief Financial Officer, Neosho County Community College, 800 West 14<sup>th</sup>, Chanute, Kansas 66720.



Signed: \_\_\_\_\_

Title: \_\_\_\_\_ President \_\_\_\_\_

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

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Neosho County Community College  
Chanute, Kansas

**Report on the Financial Statements**

We have audited the accompanying financial statements of Neosho County Community College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Neosho County Community College's basic financial statements as listed in the table of contents.

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

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

**Auditors' Responsibility**

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

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

***Emphasis of Matter – Change in Accounting Principle***

As discussed in Note 16 and 24 to the financial statements, the June 30, 2017 financial statements have been restated to adopted new accounting guidance with implementation of GASB Statement 75, Accounting and financial reporting for postemployment Benefits other than Pensions, which replaces GASB Statement No. 45. Our opinion is not modified with respect to this matter.

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Neosho County Community College, as of June 30, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-ix and schedule of funding progress on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Neosho County Community College's basic financial statements. The supplementary information, as listed in the table of content as pages 34 to 46, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and is also not a required part of the basic financial statements.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Neosho County Community College as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated October 9, 2017, which contained an unmodified opinion on the basic financial statement. The 2017 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. The 2017 actual column (2017 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures-actual and budget for the year ended June 30, 2018 (Schedules 4 to 9 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial

statement. Such 2017 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2017 basic financial statement. The 2017 comparative information was subjected to the auditing procedures applied in the audit of the 2017 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2017 basic financial statement or to the 2017 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2017 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2017, on the basis of accounting described in Note 1.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018, on our consideration of Neosho County Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Neosho County Community College's 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 Neosho County Community College's internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
December 3, 2018

**NEOSHO COUNTY COMMUNITY COLLEGE**Chanute, Kansas  
Statement of Net Position  
June 30, 2018

	Primary Institution	Component Unit- Foundation
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 9,623,211.58	\$ 306,176.05
Investments	-	3,078,532.98
Accounts Receivable	735,201.83	9,300.00
Inventories	742,969.83	-
Total Current Assets	<u>11,101,383.24</u>	<u>3,394,009.03</u>
Noncurrent Assets		
Bond Issuance Costs, net	98,359.62	-
Capital Assets, Net of Accumulated Depreciation	17,084,619.12	81,445.63
Total Noncurrent Assets	<u>17,182,978.74</u>	<u>81,445.63</u>
<b>TOTAL ASSETS</b>	<u><u>28,284,361.98</u></u>	<u><u>3,475,454.66</u></u>
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Pension Related Deferred Outflows	<u>3,043.00</u>	<u>-</u>
 <b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	1,814,987.23	-
Deferred Revenue	58,277.00	-
Accrued Interest Expense	33,774.11	1,803.03
Deposits Held in Custody for Others	510,124.70	111,245.14
Total Current Liabilities	<u>2,417,163.04</u>	<u>113,048.17</u>
Noncurrent Liabilities		
Accrued Vacation	299,759.39	-
OPEB Obligations	427,015.00	-
Bond Premium	199,752.31	-
Notes Payable	-	75,513.99
Capital Leases Payable	12,189,690.86	-
Total Noncurrent Liabilities	<u>13,116,217.56</u>	<u>75,513.99</u>
<b>TOTAL LIABILITIES</b>	<u><u>15,533,380.60</u></u>	<u><u>188,562.16</u></u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>		
Pension Related Deferred Inflows	<u>153,379.00</u>	<u>-</u>
 <b>NET POSITION</b>		
Invested in Capital Assets, Net of Related Debt	4,894,928.26	-
Restricted Net Position		
Restricted Net Position - Expendable	-	815,859.70
Restricted Net Position - Nonexpendable	-	1,650,401.99
Unrestricted Net Position	7,705,717.12	820,630.81
<b>TOTAL NET POSITION</b>	<u><u>\$ 12,600,645.38</u></u>	<u><u>\$ 3,286,892.50</u></u>

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



**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2018

	Primary Institution	Component Unit- Foundation
<b>REVENUES</b>		
Operating Revenues		
Student Tuition and Fees, Net of Scholarship		
Discounts and Allowances of \$1,275,440.38	\$ 4,821,017.68	\$ -
Federal Grants and Contracts	1,465,663.07	-
State Grants and Contracts	1,319,021.55	-
Sales and Services of Auxiliary Enterprises	2,416,080.03	-
Other Operating Revenues	524,937.48	9,601.89
Total Operating Revenues	<u>10,546,719.81</u>	<u>9,601.89</u>
<b>EXPENSES</b>		
Educational and General		
Instruction	5,323,642.18	-
Public Service	8,183.72	-
Academic Support	915,297.43	-
Student Services	3,334,105.22	-
Institutional Support	3,552,744.99	393,958.97
Operation and Maintenance	1,629,833.15	-
Scholarships and Awards	1,721,654.21	106,547.50
Auxiliary Enterprises	1,592,254.15	-
Depreciation Expense	1,068,934.29	31,795.72
Total Operating Expenses	<u>19,146,649.34</u>	<u>532,302.19</u>
Operating Income (Loss)	<u>(8,599,929.53)</u>	<u>(522,700.30)</u>
Nonoperating Revenues (Expenses)		
State Appropriations	2,746,987.00	-
Federal Pell Grants	2,345,076.00	-
County Appropriations	4,892,140.21	-
Gifts	-	408,251.49
Investment Income	10,025.50	256,037.61
Debt Service	(342,944.16)	(4,944.63)
Gain (Loss) on Sale of Assets	2,204.39	-
Net Nonoperating Revenues (Expenses)	<u>9,653,488.94</u>	<u>659,344.47</u>
Increase (Decrease) in Net Position	1,053,559.41	136,644.17
Net Position - Beginning of Year, As Previously Reported	11,837,802.97	3,150,248.33
Prior Period Adjustment (Note 24)	(290,717.00)	-
Net Position - Beginning of Year, As Restated	<u>11,547,085.97</u>	<u>3,150,248.33</u>
Net Position - End of Year	<u>\$ 12,600,645.38</u>	<u>\$ 3,286,892.50</u>

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

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

## Statement of Cash Flows

For the Year Ended June 30, 2018

	Primary Institution	Component Unit- Foundation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student Tuition and Fees	\$ 5,061,699.77	\$ -
Federal Grants and Contracts	1,465,663.07	-
State Grants and Contracts	1,319,021.55	-
Sales and Services of Auxiliary Enterprises	2,416,080.03	-
Miscellaneous Income	524,937.48	9,601.89
Payments on Behalf of Employees	(10,085,591.35)	-
Payments for Supplies and Materials	(462,972.52)	-
Payments for Other Expenses	(6,990,701.09)	(565,729.35)
Net cash provided by (used in) operating activities	<u>(6,751,863.06)</u>	<u>(556,127.46)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	2,746,987.00	-
Federal Pell Grants	2,345,076.00	-
Federal Direct Loans	2,182,280.00	-
Federal Direct Loans Paid	(2,182,280.00)	-
County Appropriations	4,892,140.21	-
Gifts	-	480,587.27
Net cash provided by (used in) noncapital financing activities	<u>9,984,203.21</u>	<u>480,587.27</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Payments for Purchase of Capital Assets	(4,736,406.21)	(5,809.75)
Proceeds on Sale of Assets	7,114.56	-
Interest Paid on Debt	(340,853.06)	(5,762.23)
Payments for Bond Issuance Costs	-	-
Proceeds from the Issuance on Debt	3,221,684.95	-
Principal Payments on Debt	(856,994.09)	(34,242.77)
Net cash provided by (used in) capital financing activities	<u>(2,705,453.85)</u>	<u>(45,814.75)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturities of Investments	-	460,320.61
Purchase of Investments	-	(467,259.63)
Interest Earned on Investments	10,025.50	136,117.32
Net cash provided by (used in) investing activities	<u>10,025.50</u>	<u>129,178.30</u>
Net Increase (Decrease) in Cash and Cash Equivalents	536,911.80	7,823.36
Cash and Cash Equivalents, Beginning of Year	<u>9,086,299.78</u>	<u>298,352.69</u>
Cash and Cash Equivalents, End of Year	<u>\$ 9,623,211.58</u>	<u>\$ 306,176.05</u>

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

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2018

	<u>Primary Institution</u>	<u>Component Unit- Foundation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (8,599,929.53)	\$ (522,700.30)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:		
Depreciation Expense	1,068,934.29	31,795.72
Bond Amortization	(21,098.66)	-
Donation of Capital Assets	-	-
(Increase) Decrease in Receivables	372,136.09	-
(Increase) Decrease in Inventory	(27,700.24)	-
Increase (Decrease) in Accounts Payable	1,045,314.22	(91,737.00)
Increase (Decrease) in Deferred Outflows	242.00	-
Increase (Decrease) in Deferred Revenue	(131,454.00)	-
Increase (Decrease) in Compensated Absences	50,187.74	-
Increase (Decrease) in OPEB Obligations	(141,915.00)	-
Increase (Decrease) in Deferred Inflows	(12,174.00)	-
Increase (Decrease) in Deposits Held for Others	(354,405.97)	26,514.12
Net cash provided by (used in) operating activities	<u>\$ (6,751,863.06)</u>	<u>\$ (556,127.46)</u>
 Supplementary Information:		
Non Cash Contributions - Management and General	\$ -	\$ 121,015.26
Non Cash Contributions - Capital Assets	-	-
Cash Paid for Interest	353,651.72	9,541.64

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

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

Notes to the Financial Statements  
For the Year Ended June 30, 2018

**1. NATURE OF ACTIVITIES**

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

Reporting Entity

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

Component Units

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

The College's component unit is a private not-for-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component unit's financial information in the College's financial report for these differences. The component unit's financial data has, however, been aggregated into like categories for presentation purposes.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

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

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

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments including certificates of deposit to be cash equivalents.

### Investments

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

### Accounts Receivable and Deferred Revenue

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Kansas. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts. Accounts receivable also include taxes in process of collection for property taxes assessed and collected for the calendar year ending December 31, 2018.

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 14th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year.

Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in November 2017 are recorded as taxes receivable. Approximately 10% of these taxes are normally distributed after June 30, 2018, and are presented as accounts receivable—taxes in process and deferred revenue to indicate that they are not appropriable. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

### Inventories

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

### Noncurrent Cash and Cash Equivalents

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

### Capital Assets

Capital assets include land, buildings, furniture, equipment, and vehicles. Capital assets are defined as assets with an initial individual cost of more than \$1,000.00 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated fixed assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Major additions and improvements are capitalized. The College capitalizes interest on the construction of capital assets when material.

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

Capital Assets (Continued)

The College's capital assets are depreciated using the straight line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

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

Compensated Absences

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

Noncurrent Liabilities

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

Net position

The College's net position are classified as follows:

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

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

Restricted Net Position – Nonexpendable: Nonexpendable restricted net position consist of endowment and similar type funds in which donors or other outside sources have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

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

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

### Income Taxes

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

### Classification of Revenues

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

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

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

### Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference between the stated charge and the goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

### Accounting Estimates

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

### Pension Plan

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

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

### Budgetary Information

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

1. Preparation of the budget for the succeeding fiscal year on or before August 1st.
2. Publication in local newspaper of the proposed budget and notice of public hearing on the budget on or before August 5th.
3. Public hearing on or before August 15th, but at least ten days after publication of notice of hearing.
4. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

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

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

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

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

### Compliance with Kansas Statutes

Supplementary Schedules 4 to 9 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. Based upon these schedules, the College was in apparent violation of K.S.A. 79-2934, as the College has obligated expenditures in excess of budgetary limits in the Postsecondary Technical Education Fund (Schedule 5) and the Retirement of Indebtedness (Bond and Interest) Fund (Schedule 9), all other Schedules were in compliance with Kansas cash basis and budget laws.



**4. DEPOSITS**

K.S.A 9-1401 establishes the depositories which may be used by the College. The statute requires banks eligible to hold the College's funds have a main branch or branch bank in the county in which the College is located and the bank provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The College has no other policies that would further limit interest rate risk.

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

*Concentration of credit risk.* State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2018.

At year-end, the College's carrying amount of the deposits was \$9,621,611.85 and the bank balance was \$10,047,604.49. The bank balance was held by six institutions resulting in a concentration of credit risk. Of the bank balance, \$1,499,888.51, was covered by FDIC insurance, \$8,547,715.98, was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name, and the remaining \$287.62 was held in trust with Security Bank of Kansas City.

Component Unit:

At year-end, the carrying amount of the Foundation's deposits, including certificates of deposit were \$306,176.05. The bank balances were \$363,906.93. The bank balance was held by seven banks and one investment company resulting in a concentration of credit risk. Of the bank balances, \$240,153.79 was covered by FDIC insurance and the remaining \$123,753.14 was covered with SIPC insurance.

## 5. **INVESTMENTS**

### Component Unit:

#### Investment Policy

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

The investment objective requires a disciplined and consistent management philosophy. The objectives do not call for a philosophy which represents extreme positions or opportunistic styles. The portfolio shall be diversified with both fixed income and equity holdings. The purpose of such diversification is to provide reasonable assurance that not one single security or class of securities will have a disproportionate impact of the total portfolio.

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

Investments at June 30, 2018, are comprised of the following:

	<u>FAIR VALUE</u>
Mutual Funds	\$ 2,753,032.78
Unit Trusts	215,142.91
Certificates of Deposit	<u>110,357.29</u>
Total Investments	<u>\$ 3,078,532.98</u>

## 6. **FAIR VALUE MEASUREMENTS**

### Component Unit:

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

- Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

**6. FAIR VALUE MEASUREMENTS** (Continued)

Level 2. Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2018.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Unit Trust Fund: Valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchased and sales) may occur daily. Were the Foundation to initiate a full redemption of the unit trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

Certificates of Deposit: The certificates bear interest between 1.15% and 1.65% and have maturities over twelve months, with penalty for early withdrawal. Any penalties for early withdrawal would not have a material effect on the financial statements. At year end, cost approximates fair value.

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$2,753,032.78	\$ - -	\$ - -	\$ 2,753,032.78
Unit Trusts	- -	215,142.91	- -	215,142.91
Certificates of Deposit	- -	110,357.29	- -	110,357.29
Totals	<u>\$2,753,032.78</u>	<u>\$ 325,500.20</u>	<u>\$ - -</u>	<u>\$ 3,078,532.98</u>

There were no significant transfers between level 1 and level 2 investments.

**7. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2018, consisted of the amounts due under the following programs:

	<u>Primary Institution</u>
Current:	
Federal Grants	\$ 145,521.24
State Grants	30,629.15
Taxes in Process	58,277.00
Student Accounts	<u>500,774.44</u>
 Total Accounts Receivable	 <u>\$ 735,201.83</u>

All receivables are considered collectible at June 30, 2018. The College has elected to record bad debts using the direct write off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. However, the effect, if using the direct write-off method, is not materially different from the results that would have been obtained under the allowance method.

**8. INVENTORIES**

Inventories consisted of the following at June 30, 2018:

College Bookstore	
Rental and Consumable Textbooks	\$ 716,283.17
Garments	16,420.18
Other Supplies	<u>10,266.48</u>
 Total Inventories	 <u>\$ 742,969.83</u>

**9. UNCONDITIONAL PROMISES TO GIVE**

Component Unit:

Unconditional promises to give at June 30, 2018, consist of the following:

Baseball Turf:	
Due within one year	\$ 4,300.00
Due within next five years	<u>5,000.00</u>
 Total	 <u>\$ 9,300.00</u>

Amounts are shown net of an allowance for uncollectible pledges of \$12,040.00.

## 10. CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2018:

### Primary Institution:

	Balance 06/30/2017	Additions	Retirements	Transfers	Balance 06/30/2018
Other Capital Assets					
Construction in Progress	\$ 352,860.02	\$ 283,665.15	\$ -	\$ (352,860.02)	\$ 283,665.15
Buildings and Improvements	11,885,559.68	809,328.12	-	352,860.02	13,047,747.82
Buildings and Improvements Under					
Capital Lease	9,252,476.05	3,337,545.09	-	-	12,590,021.14
Equipment	4,611,627.82	246,226.90	(113,322.48)	-	4,744,532.24
Equipment Under Capital Lease	-	59,640.95	-	-	59,640.95
Total Other Capital Assets	<u>26,102,523.57</u>	<u>4,736,406.21</u>	<u>(113,322.48)</u>	<u>-</u>	<u>30,725,607.30</u>
Accumulated Depreciation					
Buildings and Improvements	6,832,569.65	481,603.41	-	-	7,314,173.06
Buildings and Improvements Under					
Capital Lease	2,117,424.87	286,937.65	-	-	2,404,362.52
Equipment Under Capital Lease	-	4,970.08	-	-	4,970.08
Equipment	3,730,471.68	295,423.15	(108,412.31)	-	3,917,482.52
Total Accumulated Depreciation	<u>12,680,466.20</u>	<u>1,068,934.29</u>	<u>(108,412.31)</u>	<u>-</u>	<u>13,640,988.18</u>
Net Capital Assets	<u>\$ 13,422,057.37</u>	<u>\$ 3,667,471.92</u>	<u>\$ (4,910.17)</u>	<u>\$ -</u>	<u>\$ 17,084,619.12</u>

### Component Unit:

	Balance 06/30/2017	Additions	Retirements	Balance 06/30/2018
Capital Assets not being depreciated				
Land	\$ 8,020.00	\$ -	\$ -	\$ 8,020.00
Other Capital Assets				
Buildings and Property	311,431.30	-	-	311,431.30
Leasehold Improvements	13,767.99	5,809.75	-	19,577.74
Equipment	4,009.00	-	-	4,009.00
Total Other Capital Assets	<u>337,228.29</u>	<u>5,809.75</u>	<u>-</u>	<u>343,038.04</u>
Accumulated Depreciation				
Buildings and Property	225,787.69	31,143.13	-	256,930.82
Leasehold Improvements	-	652.59	-	652.59
Equipment	4,009.00	-	-	4,009.00
Total Accumulated Depreciation	<u>229,796.69</u>	<u>31,795.72</u>	<u>-</u>	<u>261,592.41</u>
Net Capital Assets	<u>\$ 107,431.60</u>	<u>\$ (25,985.97)</u>	<u>\$ -</u>	<u>\$ 81,445.63</u>

**11. LONG-TERM DEBT**

Component Unit:

Long-term debt of the Foundation consists of the following as of June 30, 2018:

The Foundation has entered into an agreement dated April 20, 2010 with Bank of Commerce for the purchase of baseball field artificial turf. Originally for \$309,000.00, requiring annual payments of \$40,504.19, including annual interest at 5.25% per annum (adjusted yearly), with a scheduled maturity in April 1, 2020. This note is unsecured with a covenant to keep investments in its portfolio in an amount not less than the unpaid balance.

\$ 75,513.99

Total Long-Term Debt

\$ 75,513.99

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2018:

Obligations:	PRINCIPAL JUNE 30, 2017	PRINCIPAL RECEIVED (PAID)	PRINCIPAL JUNE 30, 2018	INTEREST PAID
Baseball Turf	\$ 109,756.76	\$ (34,242.77)	\$ 75,513.99	\$ 5,762.23

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

FISCAL YEAR JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2019	\$ 36,040.52	\$ 3,964.48	\$ 40,005.00
2020	<u>39,473.47</u>	<u>2,072.36</u>	<u>41,545.83</u>
	<u>\$ 75,513.99</u>	<u>\$ 6,036.84</u>	<u>\$ 81,550.83</u>

## 12. CAPITAL LEASES

The College entered into a capital lease/certificate of participation with Security Bank of Kansas City, dated April 15, 2015; requiring semi-annual interest only payments until May 15, 2018, then annual principal payments and semi-annual interest payments of between 2% and 4% through May 15, 2030, secured by dormitory and said revenues.

<u>Capital Lease – Dorms and Improvements</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2019	\$ 524,031.26
2020	521,731.26
2021	525,631.26
2022	524,081.26
2023	522,231.26
2024-2028	2,623,543.78
2029-2030	<u>1,028,500.00</u>
Total Net Minimum Lease Payments	6,269,750.08
Less: Imputed Interest	<u>(1,144,750.08)</u>
Net Present Value of Capital Lease	5,125,000.00
Less: Current Maturities	<u>(365,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 4,760,000.00</u>

The College entered into a capital lease/certificate of participation with Security Bank of Kansas City, dated June 30, 2017; requiring annual principal payments and semi-annual interest payments of between 2% and 3% through April 15, 2030, secured by real property located in Ottawa, Kansas.

<u>Capital Lease – Ottawa Campus</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2019	\$ 407,118.76
2020	406,218.76
2021	407,218.76
2022	402,918.76
2023	403,468.76
2024-2028	2,020,468.80
2029-2030	<u>810,843.76</u>
Total Net Minimum Lease Payments	4,858,256.35
Less: Imputed Interest	<u>(758,256.35)</u>
Net Present Value of Capital Lease	4,100,000.00
Less: Current Maturities	<u>(295,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 3,805,000.00</u>

**12. CAPITAL LEASES** (Continued)

The College entered into a capital lease purchase agreement for the financing of various energy conservation measures at the College, dated June 16, 2017; requiring monthly payments including interest of 2.11% through December 15, 2027, secured by energy equipment purchased.

<u>Capital Lease – Energy Conservation</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2019	\$ 313,520.79
2020	342,022.68
2021	342,022.68
2022	342,022.68
2023	342,022.68
2024-2028	<u>1,539,102.06</u>
Total Net Minimum Lease Payments	3,220,713.57
Less: Imputed Interest	<u>(302,104.07)</u>
Net Present Value of Capital Lease	2,918,609.50
Less: Current Maturities	<u>(259,301.03)</u>
Long-Term Capital Lease Obligations	<u>\$ 2,659,308.47</u>

The College entered into a capital lease purchase agreement for the financing of a backup server, dated November 21, 2017; requiring annual principal and interest payments of 8.201% through February 2, 2023, secured by the recovery appliance.

<u>Capital Lease – Backup Server</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2019	\$ 13,975.00
2020	13,975.00
2021	13,975.00
2025	<u>13,975.00</u>
Total Net Minimum Lease Payments	55,900.00
Less: Imputed Interest	<u>(9,819.65)</u>
Net Present Value of Capital Lease	46,081.36
Less: Current Maturities	<u>(10,195.89)</u>
Long-Term Capital Lease Obligations	<u>\$ 35,885.47</u>



**13. OPERATING LEASES**

The College has entered into a number of operating leases for space, vehicles and office equipment. Total rent expense paid under the current operating leases was \$23,860.32 for the year ended June 30, 2018. Future minimum rental payments due under the operating leases are as follows:

FISCAL YEAR		TOTAL
<u>JUNE 30,</u>		
2019	\$	23,860.32
2020		20,707.74
2021		11,250.00

**14. RESTRICTED NET POSITION - EXPENDABLE**

Component Unit:  
 Restricted Net Position – Expendable consist of donations received and are restricted to use and are presented as follows:

Mary Lee Johnson – Donor use restrictions	\$ 155,512.52
Bethel Evangelical Lutheran Church – Donor use restrictions	6,500.00
Title III Grant and Match – 50% of interest only for 20 years (expires 06/2030)	<u>653,859.70</u>
 Total Temporarily Restricted Net Assets	 <u>\$ 815,859.70</u>

**15. NET POSITION - NONEXPENDABLE**

Component Unit:  
 On June 30, 2018 the Foundation Endowments are summarized in the following table:

	<u>Nonexpendable</u>
Donor-Restricted Endowment Funds	\$ 1,650,401.99
Board-Designated Endowment Funds	-
Total Funds	<u>\$ 1,650,401.99</u>

Changes in endowments as of June 30, 2018 are as follows:

	<u>Nonexpendable</u>
Endowment Net position, Beginning of Year	\$ 1,549,047.77
Contributions	<u>101,354.22</u>
Endowment Net position, End of Year	<u>\$ 1,650,401.99</u>

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

## 16. **OTHER POST EMPLOYMENT BENEFITS**

### *Description of Pension Plan*

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

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

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

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

### *Special Funding Situation*

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

### *Benefits*

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

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

**16. OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

*Contributions*

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rates and the statutory contribution rates for school employees are 16.03 % and 10.81%, respectively. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

*Employer and Nonemployer Allocations*

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

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

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

**16. OTHER POST EMPLOYMENT BENEFITS** (Continued)

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

At June 30, 2017, the proportion recognized by the State of Kansas on behalf of the College was .1592%, which was an decrease of .180% from the proportion measured at June 30, 2017.

*Net Pension Liability*

At June 30, 2017 and 2016, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was \$10,695,855 and \$10,756,805, respectively.

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017, using the following actuarial assumptions:

Price inflation	2.75%
Wage inflation	2.75%
Salary increases, including wage increases	3.50 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2015.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

**16. OTHER POST EMPLOYMENT BENEFITS** (Continued)

Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2016 are summarized in the following table:

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47.00%	6.80%
Fixed income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	2.00	(0.25)
Total	100.00%	

*Discount Rate:* The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Revenue and Pension Expense Recorded by the College:* For the year ended June 30, 2018, the College recognized revenue and pension expense in an equal amount of \$891,767.85.

*Health Insurance:* Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

*Early Retiree Health Insurance:*

On July 1, 2017, the College implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions, which replaces the requirements of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, as amended, and GASB Statement No. 57, OPEB Measurement by Agent Employers and Agent Multiple-Employer Plans. Specifically, Statement No. 75 recognizes the long-term obligation for health and life insurance benefits offered to retirees. The accounting change adopted to conform to the provisions of GASB 75 has been applied retroactively by restating the beginning net position for the fiscal year ended June 30, 2017 by \$290,717, which included recording an adjustment to the Other Postemployment Benefits obligation of \$128,449, an initial deferred outflow of resources of \$165,553, and an initial deferred inflow of resources of \$3,285. As the data needed to implement this standard for all periods presented was not available for periods prior to July 1, 2017, the College has elected to not restate information presented for the period ended June 30, 2017.

**16. OTHER POST EMPLOYMENT BENEFITS** (Continued)

*Plan Description:* The College sponsors Medical and Dental insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured contracts that collectively operate as a single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate retirement benefits under the Kansas Public Employees Retirement System and retire prior to age 65. Retirees and spouses may continue coverage with the College until their Medicare eligibility (i.e. age 65). Participants are required to contribute 100% of group insurance premiums to maintain coverage. Age-adjusted costs may exceed group insurance premiums thus creating an age-subsidy or benefit that forms the basis for the valuation. The plan is identifiable as a single-employer plan. There are 161 total active employees and 6 retirees who are participating in the plan as of July 1, 2017, the census date used for the actuarial valuation.

*Funding policy:* Costs under the College’s group insurance program are paid from general operating assets on a pay-as-you-go basis. This arrangement does not qualify as an “OPEB Plan” under GASB requirements and thus these assets may not be reported as an offset to GASB liabilities. The Board has the authority for establishing and amending the funding policy.

*Total OPEB Liability:* The College’s total OPEB liability of \$427,015 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs:* The total OPEB liability in the June 30, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
Measurement Date (End of Year)	June 30, 2018
Reporting Date	June 30, 2018
Discount Rate	3.30% (Measurement Date)
	3.40% (Year Preceding Measurement Date)
Salary Scale	4.0%
Actuarial Cost Method	Entry Age – Level Percent-of-Pay
Health Care Cost Trend Rates	8% decreasing 0.5% per year until reaching an ultimate trend rate of 5%

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 3.40% (beginning-of-year measurement) and 3.30% (end-of-year measurement).

The assumed mortality was changed to the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement. The prior valuation utilized the MP-2015 mortality improvement scale.

Annual OPEB cost and net OPEB obligation:

GASB 75 Implementation Adjustment	
I. Net OPEB Liability (GASB 75) – Beginning of FY 2017-18	\$ 569,930
II. Net OPEB Obligation / (Asset) (GASB 45) – End of FY 2016-17	<u>440,481</u>
III. Increase / (Decrease) in Liability (I minus II)	<u>128,449</u>
Net OPEB Liability	
I. Total OPEB Liability	427,015
II. Plan Fiduciary Net Position (Trust Assets)	<u>0</u>
III. Net OPEB Liability at June 30, 2018 (I minus II)	<u>427,015</u>

**16. OTHER POST EMPLOYMENT BENEFITS** (Continued)

OPEB Liability Changes	
Total OPEB Liability – Beginning of Year	\$ 568,930
1. Service Cost	49,757
2. Interest Cost	20,491
3. Changes in Benefit Terms	(17,890)
4. Differences between actual and expected experience	(165,557)
5. Changes in assumptions and inputs	3,284
6. Employer Contributions (Benefit Payments)	<u>32,000</u>
Net Changes (1 + 2 + 3 + 4 + 5 – 6)	<u>(141,915)</u>
Total OPEB Liability – End of Year	<u>427,015</u>

OPEB Expense – Fiscal Year 2017-18	
1. Service Cost	49,757
2. Interest on Total OPEB Liability	20,491
3. Differences between expected and actual experience	(12,173)
4. Changes of assumptions and inputs	241
5. Changes in Benefit Terms	(17,890)
6. Projected earnings on OPEB plan investments	0
7. Differences between projected & actual earnings on OPEB investments	<u>0</u>
OPEB Expense (1 + 2 + 3 + 4 + 5 - 6+7)	<u>40,426</u>

OPEB Liability as a percentage of payroll	
Total OPEB Liability	427,015
Payroll	*5,708,478
Percent of Payroll	7.5%

\* Annualized pay as of July 1, 2017 of active employees included in the valuation

Sensitivity of Total OPEB Liability to changes in the Discount Rate

	1% Decrease 2.30%	Current Single Discount Rate Assumption 3.30%	1% Increase 4.30%
Total OPEB Liability	461,232	427,015	395,328
Increase/(Decrease) from Baseline	34,217		(31,687)

Sensitivity of Total OPEB Liability to changes in Healthcare Cost Trend Rate

	1% Decrease	Current Trend Assumption	1% Increase
Total OPEB Liability	375,651	427,015	488,989
Increase/(Decrease) from Baseline	(51,364)		61,974

**16. OTHER POST EMPLOYMENT BENEFITS** (Continued)

*Deferred Outflows and Inflows of Resources:* The accumulated amount of Deferred Outflows and Inflows of Resources as of June 30, 2018 are shown below.

Category	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience (1)	0	153,384
Changes in Assumptions (2)	3,043	0
Contributions Subsequent to Measurement Date (3)	0	0

(1) Actual 2017-18 plan year retiree contribution premium rates were higher than expected causing a reduction in the actuarial accrued liability.

(2) The discount rate was changed from 3.40% to 3.30%.

(3) Expected Employer Contributions between Measurement date and Reporting date – Does not apply.

Amounts reported as deferred outflows / inflows of resources related to OPEB will be recognized as an expense / (income) item in OPEB expense as follows:

Fiscal Year Ending	Amount
2019	(11,932)
2020	(11,932)
2021	(11,932)
2022	(11,932)
2023	(11,932)
2024 & Thereafter	(90,681)

Average Expected Remaining Service Life: 13.6 years

*Changes in Benefit Terms:* The College added a HDHP during the year. This decreased the actuarial accrued liability by \$17,890 and is fully recognized into income during fiscal year 2017-18.



**16. OTHER POST EMPLOYMENT BENEFITS (Continued)**

*Early Retirement Benefits:* The College provides an early retirement program for certain eligible employees. The early retirement benefit shall be an annual payment made in the retired employee's name to the college's identified 403 (b) plan provider. The payment will be determined by utilization of the percentage opposite the year of benefit on the following table. The percentage of the year shall be multiplied by the Full-time Employee's last annual contract salary. The payment shall be paid annually in either January or July through the college contract year in which the Full-time Employee reaches age sixty-four (64) or for a period of five (5) years, whichever occurs first. The initial date selected for first year payment (January/July) shall then become the anniversary date for subsequent payments. Early retirement benefits shall be based on KPERs retirement eligibility and years of service after eligibility according to the chart below.

KPERs Eligible .....	21%
Eligibility + 1 year service .....	18%
Eligibility + 2 years' service .....	15%
Eligibility + 3 years' service .....	12%
Eligibility + 4 years' service .....	9%
Eligibility + 5 years' service .....	6%
Eligibility + 6 years' service .....	3%

The following is a schedule of benefits payable for eligible employees which have taken early retirement as of June 30, 2018:

<u>Paid or Payable</u>	<u>Year Ended June 30<sup>th</sup></u>	<u>Amount</u>
Paid	2018	\$ 86,262.29
Payable	2019	106,364.91
Payable	2020	139,065.89
Payable	2021	142,081.52

**17. COMPENSATED ABSENCES**

Full time employees are entitled to vacation pay based upon employment classification and years of services. If an employee terminates before the end of the contract year, the vacation period will be prorated based upon the number of contract days in such year employed prior to termination. All vacations must receive prior approval from the employee’s immediate supervisor, and the employee must complete an absence report. Vacation days not scheduled and used within twelve (12) months from the end of the contract year in which earned will be forfeited.

Schedule of Vacation Hours (Days)

	<u>1 – 5 yrs</u>	<u>6 – 10 yrs</u>	<u>11 – 15 yrs</u>	<u>16 + yrs</u>
Clerical/Maintenance	80 (10)	120 (15)	160 (20)	200 (25)
Management Support	80 (10)	120 (15)	160 (20)	200 (25)
Administrator	160 (20)	168 (21)	184 (23)	200 (25)
Senior Administrator	160 (20)	176 (22)	200 (25)	200 (25)
Executive Administrator	160 (20)	200 (25)	240 (30)	240 (30)

Each full-time employee shall receive eight sick hours per month. A full-time employee may not accumulate in excess of 720 hours accumulated sick leave. Employees shall be compensated for all accumulated unused sick leave at the time of that employee’s retirement. Compensation will be set at a rate of six dollars (\$6) per hour for each hour of accumulated unused sick leave at the time of retirement.

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

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

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

**18. CONTINGENT LIABILITIES**

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

**19. CONCENTRATION OF RISK**

Component Unit

70.11% of the Foundation’s cash and investments are invested in growth and income funds at June 30, 2018. The effect in the future on the Foundation’s portfolio is unknown and is subject to market economic conditions.

**20. RISK MANAGEMENT**

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

**21. EMPLOYEE BENEFIT PLANS**

The College has established a 403(B) plan available for its employees. An employee is eligible on the date of hire to contribute and receive employer match. The College has approved a match of not less than \$25.00 per month. Total contributions made by the Organization into the plan on behalf of the employees for the year ended June 30, 2018 was \$47,374.07.

**22. RELATED PARTY TRANSACTIONS**

The Neosho County Community College Foundation was formed to promote and foster the educational purposes of the College, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the College. The Foundation acts largely as a fund raising organization, soliciting, receiving, managing and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation's board of directors. The Foundation disbursed to the College for the year ended June 30, 2018, \$106,547.50 for scholarships and \$206,982.72 in donations for capital projects. The Foundation disbursed on behalf of the College, through its activities funds for the year-ended June 30, 2018, \$252,578.73. The College disbursed on behalf of the Foundation donated services and facilities for the year ended June 30, 2018, \$124,687.91.

**23. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Amount</u>
General Fund	Adult Education Fund	\$ 27,400.00
General Fund	Postsecondary Technical Education Fund	606,137.15

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

**24. PRIOR PERIOD ADJUSTMENT**

Also during the fiscal year, the College has implemented GASB 75 “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions” replacing GASB 45. The accounting change adopted to conform to the provisions of GASB 75 has been applied retroactively by restating the beginning net position for the fiscal year ended June 30, 2017 by \$290,717, which included recording an adjustment to the Other Postemployment Benefits obligation of \$128,449, an initial deferred outflow of resources of \$165,553, and an initial deferred inflow of resources of \$3,285. As the data needed to implement this standard for all periods presented was not available for periods prior to July 1, 2017, the College has elected to not restate information presented for the period ended June 30, 2017. See footnote 16 for additional funding information.

**25. SUBSEQUENT EVENTS**

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

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**Schedule 1**

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

Schedule of Funding Progress

For the Year Ended June 30, 2018\*

OPEB Liability Changes	
Total OPEB Liability – Beginning of Year	\$ 568,930
1. Service Cost	49,757
2. Interest Cost	20,491
3. Changes in Benefit Terms	(17,890)
4. Differences between actual and expected experience	(165,557)
5. Changes in assumptions and inputs	3,284
6. Employer Contributions (Benefit Payments)	<u>32,000</u>
Net Changes (1 + 2 + 3 + 4 + 5 – 6)	<u>(141,915)</u>
Total OPEB Liability – End of Year	<u>427,015</u>
OPEB Liability as a percentage of payroll	
Total OPEB Liability	427,015
Payroll	5,708,478
Percent of Payroll	7.5%

\* This schedule is to be built prospectively until it contains ten years of data

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:**

*Funding policy:* Costs under the College's group insurance program are paid from general operating assets on a pay-as-you-go basis, not assets are accumulated to pay related benefits.

*Changes in Assumptions:* Changes in assumptions or other inputs reflect a change in the discount rate from 3.40% (beginning-of-year measurement) to 3.30% (end-of-year measurement).

## **SUPPLEMENTARY INFORMATION**

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Combining Schedule of Net Position - Primary Institution

June 30, 2018

ASSETS	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE STUDENT UNION	AUXILIARY ENTERPRISE BOOKSTORE	FEDERAL WORK STUDY	SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT	PELL GRANT
Current Assets									
Cash and Cash Equivalents	\$ 5,642,605.49	\$ 368,451.57	\$ 15,633.00	\$ 46,349.61	\$ 2,136,484.18	\$ 953,267.93	\$ 174.48	\$ -	\$ 402.00
Receivables									
Taxes in Process	58,277.00	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-	6,881.00
Other	116,722.39	40,470.53	-	-	98,799.13	67,467.26	-	-	-
Inventories	-	-	-	-	-	742,969.83	-	-	-
Total Current Assets	5,817,604.88	408,922.10	15,633.00	46,349.61	2,235,283.31	1,763,705.02	174.48	-	7,283.00
Noncurrent Assets									
Bond Issuance Costs, net	-	-	-	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>5,817,604.88</b>	<b>408,922.10</b>	<b>15,633.00</b>	<b>46,349.61</b>	<b>2,235,283.31</b>	<b>1,763,705.02</b>	<b>174.48</b>	<b>-</b>	<b>7,283.00</b>
DEFERRED OUTFLOWS OF RESOURCES									
Pension Related Deferred Outflows	3,043.00	-	-	-	-	-	-	-	-
<b>LIABILITIES</b>									
Current Liabilities									
Accounts Payable	1,393,752.25	102,606.48	1,874.90	531.11	77,156.15	2,072.37	71.00	-	6,881.00
Deferred Revenue	58,277.00	-	-	-	-	-	-	-	-
Accrued Interest Expense	-	-	-	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	8,203.92	-	-	-	-
Total Current Liabilities	1,452,029.25	102,606.48	1,874.90	531.11	85,360.07	2,072.37	71.00	-	6,881.00
Noncurrent Liabilities									
Accrued Vacation	232,748.04	38,924.63	15,696.35	-	7,313.28	5,077.09	-	-	-
Bond Premium	-	-	-	-	-	-	-	-	-
OPEB Obligations	427,015.00	-	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	659,763.04	38,924.63	15,696.35	-	7,313.28	5,077.09	-	-	-
<b>TOTAL LIABILITIES</b>	<b>2,111,792.29</b>	<b>141,531.11</b>	<b>17,571.25</b>	<b>531.11</b>	<b>92,673.35</b>	<b>7,149.46</b>	<b>71.00</b>	<b>-</b>	<b>6,881.00</b>
DEFERRED INFLOWS OF RESOURCES									
Pension Related Deferred Inflows	153,379.00	-	-	-	-	-	-	-	-
<b>NET POSITION</b>									
Invested in Capital Assets,	-	-	-	-	-	-	-	-	-
Net of Related Debt	-	-	-	-	-	-	-	-	-
Unrestricted Net Position	3,555,476.59	267,390.99	(1,938.25)	45,818.50	2,142,609.96	1,756,555.56	103.48	-	402.00
<b>TOTAL NET POSITION</b>	<b>\$ 3,555,476.59</b>	<b>\$ 267,390.99</b>	<b>\$ (1,938.25)</b>	<b>\$ 45,818.50</b>	<b>\$ 2,142,609.96</b>	<b>\$ 1,756,555.56</b>	<b>\$ 103.48</b>	<b>\$ -</b>	<b>\$ 402.00</b>



**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Combining Schedule of Net Position - Primary Institution

June 30, 2018

ASSETS	DIRECT LOANS	OTHER GRANT FUNDS	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
Current Assets								
Cash and Cash Equivalents	\$ -	\$ 61,529.23	\$ 1,029.96	\$ 205.64	\$ 64,881.36	\$ -	\$ 332,197.13	\$ 9,623,211.58
Receivables								
Federal	-	-	-	-	-	-	-	58,277.00
Federal	65,906.00	103,363.39	-	-	-	-	-	176,150.39
Other	-	-	-	-	-	-	177,315.13	500,774.44
Inventories	-	-	-	-	-	-	-	742,969.83
Total Current Assets	65,906.00	164,892.62	1,029.96	205.64	64,881.36	-	509,512.26	11,101,383.24
Noncurrent Assets								
Bond Issuance Costs, net	-	-	-	-	98,359.62	-	-	98,359.62
Capital Assets	-	-	-	-	-	30,725,607.30	-	30,725,607.30
Accumulated Depreciation	-	-	-	-	-	(13,640,988.18)	-	(13,640,988.18)
Total Noncurrent Assets	-	-	-	-	98,359.62	17,084,619.12	-	17,182,978.74
TOTAL ASSETS	65,906.00	164,892.62	1,029.96	205.64	163,240.98	17,084,619.12	509,512.26	28,284,361.98
DEFERRED OUTFLOWS OF RESOURCES								
Pension Related Deferred Outflows	-	-	-	-	-	-	-	3,043.00
LIABILITIES								
Current Liabilities								
Accounts Payable	65,906.00	156,544.49	-	-	-	-	7,591.48	1,814,987.23
Deferred Revenue	-	-	-	-	-	-	-	58,277.00
Accrued Interest Expense	-	-	-	-	33,774.11	-	-	33,774.11
Deposits Held in Custody for Others	-	-	-	-	-	-	501,920.78	510,124.70
Total Current Liabilities	65,906.00	156,544.49	-	-	33,774.11	-	509,512.26	2,417,163.04
Noncurrent Liabilities								
Accrued Vacation	-	-	-	-	-	-	-	299,759.39
Bond Premium	-	-	-	-	199,752.31	-	-	199,752.31
OPEB Obligations	-	-	-	-	-	-	-	427,015.00
Capital Leases Payable	-	-	-	-	-	12,189,690.86	-	12,189,690.86
Total Noncurrent Liabilities	-	-	-	-	199,752.31	12,189,690.86	-	13,116,217.56
TOTAL LIABILITIES	65,906.00	156,544.49	-	-	233,526.42	12,189,690.86	509,512.26	15,533,380.60
NET POSITION								
Invested in Capital Assets,	-	-	-	-	-	4,894,928.26	-	4,894,928.26
Net of Related Debt	-	8,348.13	1,029.96	205.64	(70,285.44)	-	-	7,705,717.12
Unrestricted Net Position	-	8,348.13	1,029.96	205.64	(70,285.44)	\$ 4,894,928.26	-	\$12,600,645.38
TOTAL NET POSITION	\$ -	\$ 8,348.13	\$ 1,029.96	\$ 205.64	\$ (70,285.44)	\$ 4,894,928.26	\$ -	\$12,600,645.38

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution

For the Year Ended June 30, 2018

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE STUDENT UNION	AUXILIARY ENTERPRISE BOOKSTORE	FEDERAL WORK STUDY	SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT	PELL GRANT
<b>REVENUES</b>									
Operating Revenues									
Student Tuition and Fees	\$ 3,336,393.42	\$ 2,645,258.43	\$ 5,082.00	\$ 32,635.96	\$ 77,088.25	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	80,911.07	-	287,373.48	-	-	-	28,643.07	37,229.00	-
State Grants and Contracts	891,676.85	-	69,938.00	-	-	-	-	-	-
Sales and Services of Auxiliary Enterprises	-	-	-	-	1,512,260.54	903,819.49	-	-	-
Other Operating Revenues	333,257.41	-	186,564.00	-	-	-	-	-	-
Total Operating Revenues	4,642,238.75	2,645,258.43	548,957.48	32,635.96	1,589,348.79	903,819.49	28,643.07	37,229.00	-
<b>EXPENSES</b>									
Educational and General									
Instruction	1,895,078.88	2,998,879.01	560,810.17	28,807.31	-	-	-	-	-
Public Service	8,183.72	-	-	-	-	-	-	-	-
Academic Support	750,742.13	164,555.30	-	-	-	-	-	-	-
Student Services	1,715,396.54	224,558.88	-	-	-	-	-	-	-
Institutional Support	3,180,961.29	440,337.69	-	-	-	-	-	-	-
Operation and Maintenance	1,983,146.39	396,320.42	-	-	-	-	-	-	-
Scholarships and Awards	322,293.84	263,956.16	-	-	-	-	28,539.59	37,229.00	2,345,076.00
Auxiliary Enterprises	-	-	-	-	1,463,878.88	724,616.64	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-
Total Operating Expenses	9,855,802.79	4,488,607.46	560,810.17	28,807.31	1,463,878.88	724,616.64	28,539.59	37,229.00	2,345,076.00
Operating Income (Loss)	(5,213,564.04)	(1,843,349.03)	(11,852.69)	3,828.65	125,469.91	179,202.85	103.48	-	(2,345,076.00)
Nonoperating Revenues (Expenses)									
State Appropriations	1,454,815.00	1,292,172.00	-	-	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-	-	-	-
County Appropriations	4,892,125.10	-	15.11	-	-	-	-	-	-
Investment Income	9,694.06	-	-	-	331.44	-	-	-	-
Debt Service	(675,684.26)	-	-	-	(475,320.60)	-	-	-	-
Gain (Loss) on Sale of Asset	7,114.56	-	-	-	-	-	-	-	-
Operating Transfers	(633,537.15)	606,137.15	27,400.00	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	5,054,527.31	1,898,309.15	27,415.11	-	(474,989.16)	-	-	-	2,345,076.00
Increase (Decrease) in Net Position	(159,036.73)	54,960.12	15,562.42	3,828.65	(349,519.25)	179,202.85	103.48	-	-
Net Position - Beginning of Year	3,714,513.32	212,430.87	(17,500.67)	41,989.85	2,492,129.21	1,577,352.71	-	-	402.00
Net Position - End of Year	\$ 3,555,476.59	\$ 267,390.99	\$ (1,938.25)	\$ 45,818.50	\$ 2,142,609.96	\$ 1,756,555.56	\$ 103.48	\$ -	\$ 402.00

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution  
For the Year Ended June 30, 2018

	DIRECT LOANS	OTHER GRANT FUNDS	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	SUB-TOTAL PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
<b>REVENUES</b>									
Operating Revenues									
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,096,458.06	\$ (1,275,440.38)	\$ 4,821,017.68
Federal Grants and Contracts	2,182,280.00	1,031,506.45	-	-	-	-	3,647,943.07	(2,182,280.00)	1,465,663.07
State Grants and Contracts	-	357,406.70	-	-	-	-	1,319,021.55	-	1,319,021.55
Sales and Services of Auxiliary Enterprises	-	-	-	-	-	-	2,416,080.03	-	2,416,080.03
Other Operating Revenues	-	5,116.07	-	-	-	-	524,937.48	-	524,937.48
Total Operating Revenues	2,182,280.00	1,394,029.22	-	-	-	-	14,004,440.19	(3,457,720.38)	10,546,719.81
<b>EXPENSES</b>									
Educational and General Instruction	-	-	-	-	-	(159,933.19)	5,323,642.18	-	5,323,642.18
Public Service	-	-	-	-	-	-	8,183.72	-	8,183.72
Academic Support	-	-	-	-	-	-	915,297.43	-	915,297.43
Student Services	-	1,394,149.80	-	-	-	-	3,334,105.22	-	3,334,105.22
Institutional Support	-	-	-	-	-	(68,553.99)	3,552,744.99	-	3,552,744.99
Operation and Maintenance	-	-	-	3,162,044.00	-	(3,911,677.66)	1,629,833.15	-	1,629,833.15
Scholarships and Awards	2,182,280.00	-	-	-	-	(596,241.37)	5,179,374.59	(3,457,720.38)	1,721,654.21
Auxiliary Enterprises	-	-	-	-	-	(596,241.37)	1,592,254.15	-	1,592,254.15
Depreciation Expense	-	-	-	-	-	1,068,934.29	1,068,934.29	-	1,068,934.29
Total Operating Expenses	2,182,280.00	1,394,149.80	-	3,162,044.00	-	(3,667,471.92)	22,604,369.72	(3,457,720.38)	19,146,649.34
Operating Income (Loss)	-	(120.58)	-	(3,162,044.00)	-	3,667,471.92	(8,599,929.53)	-	(8,599,929.53)
Nonoperating Revenues (Expenses)									
State Appropriations	-	-	-	-	-	-	2,746,987.00	-	2,746,987.00
Federal Pell Grants	-	-	-	-	-	-	2,345,076.00	-	2,345,076.00
County Appropriations	-	-	-	-	-	-	4,892,140.21	-	4,892,140.21
Investment Income	-	-	-	-	-	-	10,025.50	-	10,025.50
Debt Service	-	-	-	3,172,751.56	-	(2,364,690.86)	(342,944.16)	-	(342,944.16)
Gain (Loss) on Sale of Asset	-	-	-	-	-	(4,910.17)	2,204.39	-	2,204.39
Operating Transfers	-	-	-	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	3,172,751.56	-	(2,369,601.03)	9,653,488.94	-	9,653,488.94
Increase (Decrease) in Net Position	-	(120.58)	-	10,707.56	-	1,297,870.89	1,053,559.41	-	1,053,559.41
Net Position - Beginning of Year	-	8,468.71	1,029.96	205.64	(80,993.00)	3,597,057.37	11,547,085.97	-	11,547,085.97
Net Position - End of Year	\$ -	\$ 8,348.13	\$ 1,029.96	\$ 205.64	\$ (70,285.44)	\$ 4,894,928.26	\$ 12,600,645.38	\$ -	\$ 12,600,645.38

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

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

For the Year Ended June 30, 2018

Schedules 4 to 9 are prepared in accordance with Kansas cash basis and budget laws (Budget Basis), which differs from generally accepted accounting principles (GAAP Basis). Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund in which the cash is transferred. Expenditures include cash disbursements, transfers, accounts payable and encumbrances – that is, commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

General Fund - Regulatory Basis

For the Year Ended June 30, 2018

(With Comparative Actual Totals for the Year Ended June 30, 2017)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
<b>REVENUES</b>						
Student Tuition and Fees						
Student Tuition	\$ 1,603,543.26	\$ 1,580,898.84	\$ (19,875.61)	\$ 1,561,023.23	\$ 2,238,781.00	\$ (677,757.77)
Other Student Fees	1,343,156.69	1,755,494.58	-	1,755,494.58	1,454,815.00	300,679.58
Total Student Tuition and Fees	2,946,699.95	3,336,393.42	(19,875.61)	3,316,517.81	3,693,596.00	(377,078.19)
Federal Sources						
Federal Grant Administration	-	80,911.07	-	80,911.07	-	80,911.07
State Sources						
State Operating Grant	1,454,815.00	1,454,815.00	-	1,454,815.00	1,454,815.00	-
Other State Sources	-	891,676.85	(891,676.85)	-	-	-
Total State Sources	1,454,815.00	2,346,491.85	(891,676.85)	1,454,815.00	1,454,815.00	-
Local Sources						
Ad Valorem Tax	3,873,732.89	4,270,691.18	-	4,270,691.18	4,913,980.00	(643,288.82)
Motor Vehicle Tax	542,116.96	431,299.12	-	431,299.12	599,419.00	(168,119.88)
Commercial Vehicle Tax	36,493.86	41,560.57	-	41,560.57	-	41,560.57
Rental Motor Vehicle Tax	142.23	91.41	-	91.41	-	91.41
Recreational Vehicle Tax	8,253.04	7,363.77	-	7,363.77	5,311.00	2,052.77
16M-20M Truck Tax	20,998.06	20,402.07	-	20,402.07	-	20,402.07
Delinquent Tax	100,120.49	120,716.98	-	120,716.98	123,373.00	(2,656.02)
Total Local Sources	4,581,857.53	4,892,125.10	-	4,892,125.10	5,642,083.00	(749,957.90)
Use of Property and Money						
Interest	7,208.20	8,794.06	-	8,794.06	4,600.00	4,194.06
Facilities Use	1,830.00	900.00	-	900.00	-	900.00
Capital Lease Proceeds	-	59,640.95	-	59,640.95	-	59,640.95
Sale of Property	660.67	7,114.56	-	7,114.56	-	7,114.56
Total Use of Property and Money	9,698.87	76,449.57	-	76,449.57	4,600.00	71,849.57
Other Sources						
Commissions	8,393.95	7,685.28	-	7,685.28	-	7,685.28
Gifts	313,522.00	203,500.00	-	203,500.00	20,000.00	183,500.00
Miscellaneous	225,637.52	122,072.13	-	122,072.13	238,555.00	(116,482.87)
Total Other Sources	547,553.47	333,257.41	-	333,257.41	258,555.00	74,702.41
<b>TOTAL REVENUES</b>	<b>9,540,624.82</b>	<b>11,065,628.42</b>	<b>(911,552.46)</b>	<b>10,154,075.96</b>	<b>11,053,649.00</b>	<b>(899,573.04)</b>

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

General Fund - Regulatory Basis

For the Year Ended June 30, 2018

(With Comparative Actual Totals for the Year Ended June 30, 2017)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
EXPENDITURES						
Instruction	\$ 2,172,848.32	\$ 1,895,078.88	\$ (5,553.82)	\$ 1,889,525.06	\$ 2,487,993.00	\$ (598,467.94)
Public Service	8,759.71	8,183.72	-	8,183.72	9,150.00	(966.28)
Academic Support	699,842.97	750,742.13	(10,410.25)	740,331.88	918,111.00	(177,779.12)
Student Services	1,680,054.74	1,715,396.54	(2,874.66)	1,712,521.88	2,030,576.00	(318,054.12)
Institutional Support	2,409,605.39	3,180,961.29	(754,437.49)	2,426,523.80	3,556,847.00	(1,130,323.20)
Operation and Maintenance	1,682,966.85	1,983,146.39	(7,470.40)	1,975,675.99	1,495,961.00	479,714.99
Scholarships	332,245.75	322,293.84	-	322,293.84	475,040.00	(152,746.16)
Debt Service						
Principal	145,000.00	546,994.09	-	546,994.09	-	546,994.09
Interest	95,648.18	188,331.12	-	188,331.12	-	188,331.12
Operating Transfers to:						
Postsecondary Technical						
Education Fund	323,272.12	606,137.15	-	606,137.15	1,729,700.00	(1,123,562.85)
Adult Education Fund	29,995.95	27,400.00	-	27,400.00	-	27,400.00
Other Grant Funds	158,702.00	-	-	-	-	-
TOTAL EXPENDITURES	<u>9,738,941.98</u>	<u>11,224,665.15</u>	<u>(780,746.62)</u>	<u>10,443,918.53</u>	<u>12,703,378.00</u>	<u>(2,259,459.47)</u>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(198,317.16)	(159,036.73)	(130,805.84)	(289,842.57)	(1,649,729.00)	1,359,886.43
Unencumbered Cash -						
Beginning of Year	4,737,012.97	3,714,513.32	824,182.49	4,538,695.81	5,191,418.00	(652,722.19)
End of Year	<u>\$ 4,538,695.81</u>	<u>\$ 3,555,476.59</u>	<u>\$ 693,376.65</u>	<u>\$ 4,248,853.24</u>	<u>\$ 3,541,689.00</u>	<u>\$ 2,012,608.62</u>

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

Postsecondary Technical Education Fund - Regulatory Basis

For the Year Ended June 30, 2018

(With Comparative Actual Totals for the Year Ended June 30, 2017)

	Prior Year Budget Basis	Current Year			Budget	Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
<b>REVENUES</b>						
Student Tuition and Fees						
Student Tuition	\$ 1,688,674.58	\$ 1,873,134.31	\$ 67,463.03	\$ 1,940,597.34	\$ 2,248,885.00	\$ (308,287.66)
Other Student Fees	845,191.58	772,124.12	-	772,124.12	731,450.00	40,674.12
Total Student Tuition and Fees	2,533,866.16	2,645,258.43	67,463.03	2,712,721.46	2,980,335.00	(267,613.54)
State Sources						
State Operating Grant	1,292,172.00	1,292,172.00	-	1,292,172.00	1,292,172.00	-
Operating Transfer from General Fund	323,272.12	606,137.15	-	606,137.15	-	606,137.15
<b>TOTAL REVENUES</b>	<b>4,149,310.28</b>	<b>4,543,567.58</b>	<b>67,463.03</b>	<b>4,611,030.61</b>	<b>4,272,507.00</b>	<b>338,523.61</b>
<b>EXPENDITURES</b>						
Instruction	2,620,050.87	2,998,879.01	-	2,998,879.01	3,069,328.00	(70,448.99)
Academic Support	128,715.30	164,555.30	-	164,555.30	109,000.00	55,555.30
Student Services	222,147.80	224,558.88	-	224,558.88	214,000.00	10,558.88
Institutional Support	420,713.60	440,337.69	(4,839.58)	435,498.11	364,000.00	71,498.11
Operation and Maintenance	425,809.61	396,320.42	-	396,320.42	364,000.00	32,320.42
Scholarships	254,947.08	263,956.16	-	263,956.16	156,000.00	107,956.16
<b>TOTAL EXPENDITURES</b>	<b>4,072,384.26</b>	<b>4,488,607.46</b>	<b>(4,839.58)</b>	<b>4,483,767.88</b>	<b>4,276,328.00</b>	<b>207,439.88</b>
Excess of Revenues Over (Under) Expenditures	76,926.02	54,960.12	72,302.61	127,262.73	(3,821.00)	131,083.73
Unencumbered Cash - Beginning of Year	61,656.34	212,430.87	(73,848.51)	138,582.36	3,821.00	134,761.36
End of Year	\$ 138,582.36	\$ 267,390.99	\$ (1,545.90)	\$ 265,845.09	\$ -	\$ 265,845.09

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

Adult Education Fund - Regulatory Basis

For the Year Ended June 30, 2018

(With Comparative Actual Totals for the Year Ended June 30, 2017)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
REVENUES						
Student Tuition and Fees						
Other Student Fees	\$ 3,375.50	\$ 5,082.00	\$ -	\$ 5,082.00	\$ 19,000.00	\$ (13,918.00)
Federal Sources						
Adult Basic Education Grant	235,394.00	287,373.48	-	287,373.48	288,750.00	(1,376.52)
State Sources						
Adult Basic Education Grant	81,273.10	69,938.00	-	69,938.00	79,000.00	(9,062.00)
Local Sources						
Delinquent Tax	4.57	15.11	-	15.11	-	15.11
Other Sources:						
Miscellaneous	186,564.00	186,564.00	-	186,564.00	315,150.00	(128,586.00)
Operating Transfers from General Fund						
	29,995.95	27,400.00	-	27,400.00	-	27,400.00
TOTAL REVENUES	536,607.12	576,372.59	-	576,372.59	701,900.00	(125,527.41)
EXPENDITURES						
Instruction	540,271.07	560,810.17	1,804.32	562,614.49	701,900.00	(139,285.51)
TOTAL EXPENDITURES	540,271.07	560,810.17	1,804.32	562,614.49	701,900.00	(139,285.51)
Excess of Revenues Over (Under) Expenditures	(3,663.95)	15,562.42	(1,804.32)	13,758.10	-	13,758.10
Unencumbered Cash						
Beginning of Year	3,663.95	(17,500.67)	17,500.67	-	-	-
End of Year	\$ -	\$ (1,938.25)	\$ 15,696.35	\$ 13,758.10	\$ -	\$ 13,758.10



## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

Adult Supplemental Education Fund - Regulatory Basis

For the Year Ended June 30, 2018

(With Comparative Actual Totals for the Year Ended June 30, 2017)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
REVENUES						
Student Tuition and Fees						
Course Fees	\$ 39,291.52	\$ 32,635.96	\$ -	\$ 32,635.96	\$ 40,000.00	\$ (7,364.04)
TOTAL REVENUES	39,291.52	32,635.96	-	32,635.96	40,000.00	(7,364.04)
EXPENDITURES						
Instruction	47,940.31	28,807.31	-	28,807.31	82,487.00	(53,679.69)
TOTAL EXPENDITURES	47,940.31	28,807.31	-	28,807.31	82,487.00	(53,679.69)
Excess of Revenues Over (Under) Expenditures	(8,648.79)	3,828.65	-	3,828.65	(42,487.00)	46,315.65
Unencumbered Cash						
Beginning of Year	50,638.64	41,989.85	-	41,989.85	42,487.00	84,476.85
End of Year	\$ 41,989.85	\$ 45,818.50	\$ -	\$ 45,818.50	\$ -	\$ (38,161.20)

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

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

Current Funds - Unrestricted

Auxiliary Enterprise Funds (Regulatory Basis)

For the Year Ended June 30, 2018

(With Comparative Actual Totals for the Year Ended June 30, 2017)

	Prior Year		Current Year				Variance Under (Over)	
	Total Auxiliary Enterprise Funds Budget Basis	Bookstore GAAP	Student Union And Dorm GAAP	Total Auxiliary Enterprise Funds GAAP	Adjustments To Budget Basis	Total Auxiliary Enterprise Funds Budget Basis		Final Budget
<b>REVENUES</b>								
Sales and Services of Auxiliary Enterprises	\$ 2,489,622.19	\$ 872,392.26	\$ 1,458,743.30	\$ 2,331,135.56	\$ (14,119.81)	\$ 2,317,015.75	\$ 3,043,971.00	\$ (726,955.25)
Student Sources								
Student Fees	53,718.57	-	77,088.25	77,088.25	-	77,088.25	-	77,088.25
Use of Property and Money								
Interest	11.75	-	331.44	331.44	-	331.44	-	331.44
Other Sources								
Miscellaneous	103,655.43	31,427.23	50,944.83	82,372.06	-	82,372.06	75,000.00	7,372.06
Commissions	2,236.52	-	2,572.41	2,572.41	-	2,572.41	-	2,572.41
<b>TOTAL REVENUES</b>	<b>2,649,244.46</b>	<b>903,819.49</b>	<b>1,589,680.23</b>	<b>2,493,499.72</b>	<b>(14,119.81)</b>	<b>2,479,379.91</b>	<b>3,118,971.00</b>	<b>(639,591.09)</b>
<b>EXPENDITURES</b>								
Auxiliary Enterprise								
Salaries and Benefits	250,320.67	127,322.01	135,300.70	262,622.71	(4,235.71)	258,387.00	269,377.00	(10,990.00)
General Operating Expense	1,458,555.22	593,613.54	732,971.77	1,326,585.31	27,700.24	1,354,285.55	4,994,524.00	(3,640,238.45)
Equipment	67,117.20	3,681.09	595,606.41	599,287.50	-	599,287.50	107,598.00	491,689.50
Debt Service	165,231.26	-	475,320.60	475,320.60	-	475,320.60	498,631.00	(23,310.40)
<b>TOTAL EXPENDITURES</b>	<b>1,941,224.35</b>	<b>724,616.64</b>	<b>1,939,199.48</b>	<b>2,663,816.12</b>	<b>23,464.53</b>	<b>2,687,280.65</b>	<b>5,870,130.00</b>	<b>(3,182,849.35)</b>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	708,020.11	179,202.85	(349,519.25)	(170,316.40)	(37,584.34)	(207,900.74)	(2,751,159.00)	2,543,258.26
Unencumbered Cash Beginning of Year	2,510,404.22	1,577,352.71	2,492,129.21	4,069,481.92	(851,057.59)	3,218,424.33	2,751,159.00	467,265.33
End of Year	\$ 3,218,424.33	\$ 1,756,555.56	\$ 2,142,609.96	\$ 3,899,165.52	\$ (888,641.93)	\$ 3,010,523.59	\$ -	\$ 3,010,523.59

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

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

Retirement of Indebtedness (Bond and Interest) Fund - Regulatory Basis

For the Year Ended June 30, 2018

(With Comparative Actual Totals for the Year Ended June 30, 2017)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
<b>REVENUES</b>						
Other Sources						
Interest	\$ 76.28	\$ -	\$ -	\$ -	\$ -	\$ -
Capital Lease Proceeds	-	3,162,044.00	-	3,162,044.00	-	3,162,044.00
<b>TOTAL REVENUES</b>	<b>76.28</b>	<b>3,162,044.00</b>	<b>-</b>	<b>3,162,044.00</b>	<b>-</b>	<b>3,162,044.00</b>
<b>EXPENDITURES</b>						
Capital Outlay	-	3,162,044.00	-	3,162,044.00	-	3,162,044.00
Debt Service						
Bond Interest	-	(27,263.01)	27,263.01	-	110,696.00	(110,696.00)
Other Debt Service Expense	39,770.50	16,555.45	(8,255.45)	8,300.00	-	8,300.00
<b>TOTAL EXPENDITURES</b>	<b>39,770.50</b>	<b>3,151,336.44</b>	<b>19,007.56</b>	<b>3,170,344.00</b>	<b>110,696.00</b>	<b>3,059,648.00</b>
Excess of Revenues and Transfers Over (Under) Expenditures	(39,694.22)	10,707.56	(19,007.56)	(8,300.00)	(110,696.00)	102,396.00
<b>Unencumbered Cash</b>						
Beginning of Year	112,875.58	(80,993.00)	154,174.36	73,181.36	110,696.00	(37,514.64)
End of Year	\$ 73,181.36	\$ (70,285.44)	\$ 135,166.80	\$ 64,881.36	\$ -	\$ 64,881.36

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

## Schedule of Changes in Assets and Liabilities

All Agency Funds

For the Year Ended June 30, 2018

Account Name	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
<b>ACTIVITY FUND</b>				
Student Services				
#Adulting	\$ -	\$ 814.60	\$ 814.60	\$ -
Art Club	-	2,904.60	2,904.60	-
Black Student Union	-	987.38	987.38	-
Circle K Club	-	744.23	744.23	-
Construction and Welding	2,698.58	-	-	2,698.58
Creative Writing	-	867.87	867.87	-
Culture Exchange Club	-	123.57	123.57	-
Fellowship for Christian Ath	-	1,610.00	409.56	1,200.44
International Club	-	998.46	998.46	-
International Student Application Fee	10,842.87	3,900.00	3,152.09	11,590.78
Literature Club	-	1,150.00	1,150.00	-
Music Club	-	959.66	959.66	-
National Technical Honor Society	-	1,551.74	1,551.74	-
Noon Hour Basketball	4,090.13	550.00	-	4,640.13
Occupational Therapy Assistance	-	1,343.96	1,343.96	-
Occupational Therapy Assistance Appl	8,747.15	4,167.00	1,972.00	10,942.15
Outdoor Adventure	-	109.96	109.96	-
Panther Historian Club	-	439.41	439.41	-
Panther Players	-	827.51	827.51	-
Phi Beta Lambda	-	33.60	33.60	-
PN Chanute	28,384.40	19,597.00	11,318.44	36,662.96
PN Ottawa	67,835.61	32,245.80	15,165.92	84,915.49
Reading and Creative Writing Club	-	697.74	697.74	-
RSVP Fundraising Activities	10,399.11	2,682.00	1,084.74	11,996.37
Science Club-Ottawa	19.75	696.67	696.67	19.75
Science Fair	2,302.00	140.00	-	2,442.00
SEK Art Exhibition Consortium	501.08	-	-	501.08
SNO Chanute	2,382.00	-	998.75	1,383.25
SNO Ottawa	-	1,032.35	1,032.35	-
SSS Poster Machine	388.53	111.35	391.91	107.97
Surgical Technician Application Fee	10,096.17	2,060.00	2,572.80	9,583.37
Surgical Technician Uniform	391.88	-	-	391.88
Surgical Technology Club	-	500.00	500.00	-
Weatherization	-	230.00	360.00	(130.00)
YFU Cultural Activities	24,616.41	8,683.96	3,959.36	29,341.01
Total Student Services	173,695.67	92,760.42	58,168.88	208,287.21
Scholarships				
Endowment Foundation Scholarships	-	91,680.00	91,680.00	-
NCCC JUCO CLUB Scholarships	-	109,481.00	109,481.00	-
ESI Camp	3,852.36	-	-	3,852.36
Total Scholarship Accounts	3,852.36	201,161.00	201,161.00	3,852.36

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

## Schedule of Changes in Assets and Liabilities

All Agency Funds

For the Year Ended June 30, 2018

Account Name	Balance June 30, 2017	Additions	Deductions	Balance June 30, 2018
Other Student Accounts				
Building Fee Ottawa	\$ -	\$ 200,200.00	\$ 200,200.00	\$ -
Cash Over/ Under	-	443.95	443.95	-
Dorm Damages	-	9,302.50	9,302.50	-
Gate Receipts	-	571,270.00	571,270.00	-
In/Out GED Testing	7,478.54	20,909.00	23,755.25	4,632.29
In/Out Bookstore Payroll Deduction	16,159.51	9,390.16	23,648.25	1,901.42
In/Out Chanute	190.24	857.28	952.10	95.42
In/Out Insurance	(887.04)	50,091.21	51,680.73	(2,476.56)
In/Out Fines	-	5,762.75	5,762.75	-
In/Out Youth for Understanding	77.00	-	-	77.00
Incidental Computer Fee Chanute	78,471.98	1,879,838.00	1,888,870.00	69,439.98
Incidental Computer Fee Ottawa	65,507.50	114,631.00	155,471.00	24,667.50
Incidental Fee Chanute	-	327,740.00	327,740.00	-
Incidental Fee Ottawa	-	278,103.00	287,077.34	(8,974.34)
Incidental Fee Outreach	(0.10)	143,642.10	143,642.00	-
Library	3,770.92	-	-	3,770.92
NSF Check Fees	-	-	-	-
Out-District Fee	502,884.09	462,099.64	769,336.15	195,647.58
Payment Plan Administrative Fee	-	3,990.00	3,990.00	-
SB155 Tuition Waiver	(996.00)	316,706.00	315,710.00	-
Student Senate	(3.00)	28,348.89	28,345.89	-
Student Senate-Ottawa	-	9,243.59	9,243.59	-
Student Union Fee	-	55,448.00	54,448.00	1,000.00
Web Fee	-	360,995.50	360,995.50	-
Total Other Student Accounts	672,653.64	4,849,012.57	5,231,885.00	289,781.21
TOTAL ACTIVITY FUND	\$ 850,201.67	\$ 5,142,933.99	\$ 5,491,214.88	\$ 501,920.78
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 597,581.38	\$ 5,219,478.75	\$ 5,484,863.00	\$ 332,197.13
Other Receivables	253,859.89	177,315.13	253,859.89	177,315.13
TOTAL ASSETS	\$ 851,441.27	\$ 5,396,793.88	\$ 5,738,722.89	\$ 509,512.26
Liabilities				
Accounts Payable	\$ 1,239.60	\$ 7,591.48	\$ 1,239.60	\$ 7,591.48
Deposits Held For Others	850,201.67	5,142,933.99	5,497,566.76	501,920.78
TOTAL LIABILITIES	\$ 851,441.27	\$ 5,150,525.47	\$ 5,498,806.36	\$ 509,512.26

**NEOSHO COUNTY COMMUNITY COLLEGE  
CHANUTE, KANSAS**

**FEDERAL COMPLIANCE SECTION**

For the Year Ended June 30, 2018

EIN NUMBER: 480698341  
OPE ID NUMBER: 00193600  
DUNS NUMBER: 789599172

COMPLIANCE ATTESTATION EXAMINATION  
INCLUDING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

CHANUTE, KANSAS  
OTTAWA, KANSAS  
INDEPENDENCE, KANSAS  
GARNETT, KANSAS  
LAWRENCE, KANSAS

FEDERAL PELL GRANT PROGRAM (PELL) (84.063)  
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (FSEOG) (84.007)  
FEDERAL DIRECT STUDENT LOAN PROGRAM (DIRECT LOAN) (84.268)  
FEDERAL WORK-STUDY PROGRAM (FWS) (84.033)  
TRIO – TALENT SEARCH (TRIO – TALENT SEARCH) (84.044(a))  
TRIO – STUDENT SUPPORT SERVICES (TRIO – SSS) (84.042(a))  
TRIO – UPWARD BOUND (TRIO – UPWARD BOUND) (84.047(a))

**AUDITOR INFORMATION SHEET**

**NEOSHO COUNTY COMMUNITY COLLEGE**

800 W. 14<sup>th</sup>  
CHANUTE, KANSAS 66720

EIN NUMBER: 480698341  
OPE ID NUMBER: 00193600  
DUNS NUMBER: 789599172

TELEPHONE: (620) 431-6222  
FAX: (620) 431-0082

PRESIDENT: Dr. Brian Inbody  
CONTACT PERSON & TITLE: Sondra K. Solander, Chief Financial Officer

LEAD AUDITOR: Neil L. Phillips, CPA  
EMAIL ADDRESS: nphillips@jgppa.com  
LICENSE NUMBER & HOME STATE: 5705 KS  
FIRM'S NAME & ADDRESS: JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants  
1815 S. Santa Fe  
PO Box 779  
Chanute, Kansas 66720  
FIRM'S FEDERAL ID NUMBER : 20-3906022  
TELEPHONE: (620) 431-6342  
FAX: (620) 431-0724

PROGRAMS EXAMINED:	PELL	84.063
	FSEOG	84.007
	DIRECT LOAN	84.268
	FWS	84.033
	TRIO - Talent Search	84.044(a)
	TRIO - SSS	84.042(a)
	TRIO - Upward Bound	84.047(a)

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

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

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

ALL LOCATIONS	> 50% OF PROGRAM OFFERED @ SITE	LOCATION ON ELIGIBILITY LETTER	NOTICE TO ED PRIOR TO OFFERING INSTRUCTION	DATE OPENED	DATE CLOSED	DATE OF CPA'S LAST VISIT	EXCLUSION REASON
Chanute, KS	Yes	Yes	Yes	1936	N/A	2017	N/A
Ottawa, KS	Yes	Yes	Yes	1991	N/A	2017	N/A
Independence, KS	Yes	Yes	Yes	2007	N/A	2017	N/A
Garnett, KS	Yes	Yes	Yes	2013	N/A	2017	N/A
Lawrence, KS	Yes	Yes	Yes	2016	N/A	2017	N/A

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

The College does not use a servicer.

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

NEOSHO COUNTY COMMUNITY COLLEGE  
 800 W. 14<sup>th</sup>  
 CHANUTE, KANSAS 66720

For Close-Out Examination only:  
 None



**NEOSHO COUNTY COMMUNITY COLLEGE**  
 Chanute, Kansas  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2018

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through Entity Identifying Number	FEDERAL CFDA NUMBER	DISBURSE- MENTS/ EXPENDITURES
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>			
Direct Programs:			
Retired and Senior Volunteer Program	N/A	94.002	\$ 49,711.89
Total Corporation for National and Community Service			49,711.89
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity	N/A	84.007	37,229.00
Federal Direct Student Loan Program	N/A	84.268	2,182,280.00
Federal Work-Study Program	N/A	84.033	28,643.07
Federal Work-Study Program - Admin	N/A	84.033	2,538.77
Federal Pell Grant	N/A	Total 84.033	31,181.84
Federal Pell Grant - Admin	N/A	84.063	2,345,076.00
Total Student Financial Aid Cluster		84.063	2,925.00
		Total 84.063	2,348,001.00
		(M)	4,598,691.84
TRIO Cluster			
TRIO - Talent Search	N/A	84.044(a)	309,620.30
TRIO - Student Support Services	N/A	84.042(a)	287,138.60
TRIO - Upward Bound	N/A	84.047(a)	259,830.45
Total TRIO Cluster		(M)	856,589.35
Passed through the State of Kansas Department of Education Adult Basic Education Program	Fy18-ABE	84.002	287,373.48

**Schedule 11 (Continued)**

**NEOSHO COUNTY COMMUNITY COLLEGE**  
 Chanute, Kansas  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2018

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through Entity Identifying Number	FEDERAL CFDA NUMBER	DISBURSE- MENTS/ EXPENDITURES
<b><u>U.S. DEPARTMENT OF EDUCATION (Continued)</u></b>			
Passed through the State of Kansas Department of Education			
Carl Perkins Vocational Education Grants:			
Program Improvement	Fy18-Carl Perkins	84.048	\$ 125,205.21
Program Improvement - Workforce	Fy18-Carl Perkins	84.048	2,300.00
	Total	84.048	127,505.21
Total U.S. Department of Education			<u>5,870,159.88</u>
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
Passed through Heartland Works, Inc.			
WIA/WIOA Youth Activities	WIOAY-15-04	17.259	150,866.33
Total U.S. Department of Labor			<u>150,866.33</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
Passed through the Kansas Department of Education			
Summer Food Service Program for Children	J0816	10.559	4,068.50
Total U.S. Department of Agriculture			<u>4,068.50</u>
FEDERAL ASSISTANCE TOTALS			<u>\$ 6,074,806.60</u>

**NOTE A -- BASIS OF PRESENTATION**

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

**NOTE B --INDIRECT COST RATE**

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

(M) Major Program

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

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

Board of Trustees  
Neosho County Community College  
Chanute, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Neosho County Community College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Neosho County Community College's basic financial statements, and have issued our report thereon dated December 3, 2018.

**Internal Control over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

**Purpose of this Report**

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
December 3, 2018

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

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

Board of Trustees  
Neosho County Community College  
Chanute, Kansas

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

We have audited the Neosho County Community College's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have direct and material effect on each of the Neosho County Community College's major federal programs for the year ended June 30, 2018. Neosho County Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the Neosho County Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Neosho County Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our qualified and unmodified opinions on compliance for major federal programs. However, our audit does not provide a legal determination of the Neosho County Community College's compliance.

**Basis for Qualified Opinion on Student Financial Aid Cluster**

As described in the accompanying schedule of findings and questioned costs, the Neosho County Community College did not comply with requirements regarding Student Financial Aid Cluster, CDFA 84.007, 84.268, 84.033, and 84.063 as described in finding numbers 2018-001 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for the Neosho County Community College to comply with the requirements applicable to that program.

### **Qualified Opinion on Student Financial Aid Cluster**

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, the Neosho County Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Student Financial Aid Cluster for the year ended June 30, 2018.

### **Unmodified Opinion on Each of the Other Major Federal Programs**

In our opinion, the Neosho County Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2018.

### **Other Matters**

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

### **Report on Internal Control over Compliance**

Management of the Neosho County Community College, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Neosho County Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Neosho County Community College's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2018-001 to be a material weakness.

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

**Purpose of this Report**

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
December 3, 2018

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

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

**Internal Control over Financial Reporting:**

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

**Federal Awards:**

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

The auditors' report on compliance for the major federal award programs for Neosho County Community College expresses an modified opinion.

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____	<u>X</u>	Yes	_____	No
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Identification of major programs:

**U.S. DEPARTMENT OF EDUCATION**

- Student Financial Aid Cluster
  - Federal Pell Grant Program – CFDA No. 84.063
  - Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
  - Federal Work-Study Program – CFDA No. 84.033
  - Federal Direct Student Loan Program – CFDA No. 84.268
- TRIO Cluster
  - TRIO- Talent Search – CFDA No. 84.044(a)
  - TRIO – Student Support Services – CFDA No. 84.042(a)
  - TRIO – Upward Bound – CFDA No. 84.047(a)

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

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

NONE



**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2018

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

**Finding: 2018-001** – Special Tests and Provisions – Disbursements to or on Behalf of Students

*Information of Federal Program:*

Student Financial Aid Cluster

Federal Pell Grant Program – CFDA No. 84.063

Federal Direct Student Loans – CFDA No. 84.268

Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007

Federal Work-Study Program – CFDA No. 84.033

*Criteria:*

34 CFR 668.164(h)(2) requires that whenever the amount of Title IV funds credited to a student's account exceeds the allowable charges, the College must pay directly to the student or parent as soon as possible but no later than 14 days after the credit occurs.

*Condition:*

During our testing of the disbursements 'to or on behalf of students', it was noted that Neosho County Community College does not have adequate controls in place to ensure a student is refunded a credit balance on account within the required time frame.

*Effect:*

The deficiencies in the design and operation of the internal controls in this area could result in the Federal monies being held by the College longer than allowed.

*Cause:*

The College did not have proper procedures in place when a distribution is made outside the normal process to a student.

*Recommendation:*

Policies and procedures should be written to provide internal control over the distribution of student financial aid, that includes a review of a student's account when a disbursement is made outside the normal process.

*Views of responsible officials and planned corrective action:*

See the Corrective Action Plan on page 59 of the current year audit.

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

Schedule of Resolution of Prior Year's Findings and Questioned Costs  
For the Year Ended June 30, 2018

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Period Year Ended/Findings:

None

December 3, 2018

Cognizant or Oversight Agency for Audit

Neosho County Community College respectfully submits the following corrective action plan for the year ended June 30, 2018.

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

Audit period: Year ended June 30, 2018.

The findings from the December 3, 2018 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**Finding: 2018-001** – Special Tests and Provisions – Disbursements to or on Behalf of Students

*Recommendation:*

Policies and procedures should be written to provide internal control over the distribution of student financial aid, that includes a review of a student's account when a disbursement is made outside the normal process.

*Views of responsible officials and planned corrective action:*

Since year end the business office has implemented a verification procedure for each student Title IV funds disbursement. Training has been held and controls are now in place to ensure a student is refunded a credit balance on account within the required time frame. The new procedure was in place at the time the testing of disbursements 'to or on behalf of students' for the 2017-18 award year occurred. Beginning with the 2018-19 award year a download from Powerfaids of each student aid disbursement is saved into an Excel spreadsheet and compared to the balance due by year and term before the transfer is made to the student account. A formula in the spreadsheet calculates the expected refund due to the student. The cashier follows this verification procedure each time a disbursement roster is recorded to a student account to minimize the chance of human error, and increase controls over the credit balance of Title IV funds on account being refunded to students within the required 14 day time frame.

If the Oversight Agency for Audit has questions regarding this plan, please call Sandra Solander, Chief Financial Officer, at (620) 432-0303,

Sincerely,

*Neosho County Community College*

Neosho County Community College