LABETTE
COMMUNITY COLLEGE

Parsons, Kansas

Independent Auditors' Report and
Financial Statements with
Supplementary Information

For the Year Ended June 30, 2018

LABETTE COMMUNITY COLLEGE
Parsons, Kansas

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Management's Discussion and Analysis

Introduction:

The following discussion and analysis of the financial performance and activity of Labette 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. A separate audit is issued for the Labette Community College Foundation and Alumni Association.

Using the Annual Report:

The audit is conducted in accordance with auditing standards applicable to financial audits contained in Government Auditing standards, specifically GASB 34/35, issued by the Comptroller of the United States. 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." To that end the annual financial report will include basic financial statements and required supplementary information.

<u>Basic financial statements are comprised of two parts:</u>

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.

<u>Required Supplementary Information:</u>

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

Highlights to the Financial Statements:

Labette Community College completed a solid performance for the fiscal year ended June 30, 2018. At year end, the College's total assets exceeded its liabilities by $14,796,039. Of this amount, $3,952,706 is classified expendable or unrestricted net position. These unrestricted assets may be used to meet the College's ongoing obligations. For 2018 net current position (current assets less current liabilities) decreased $78,477.84. The coverage ratio of current assets to current liabilities (the ability to pay current liabilities from current assets) remained at approximately the same level 2.76 in 2017 and 2.55 in 2018. Overall cash and cash equivalents increased by $242,301 to $4,526,731. Despite challenges over the last few years we have been able to keep the reserves at an adequate level. The College's overall debt is relatively low $449,298.

Statement of Net Position

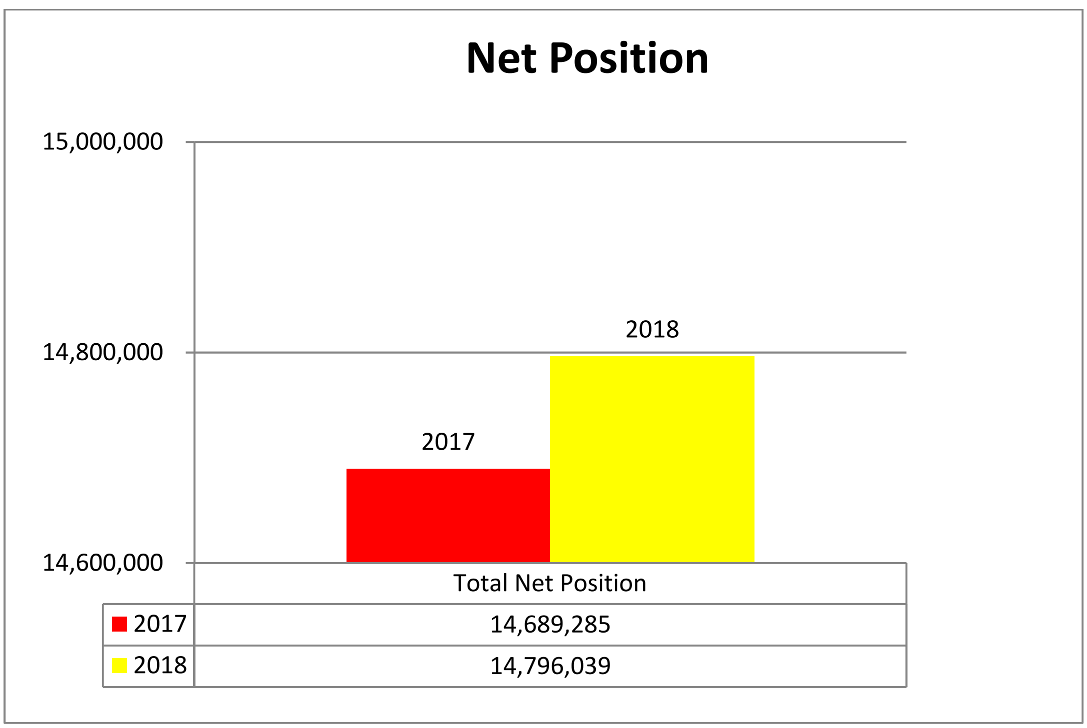
The statements of net position present the assets, liabilities, and net position of the College at June 30, 2018. The purpose of the statements of net position is to present the financial condition of the College.

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.

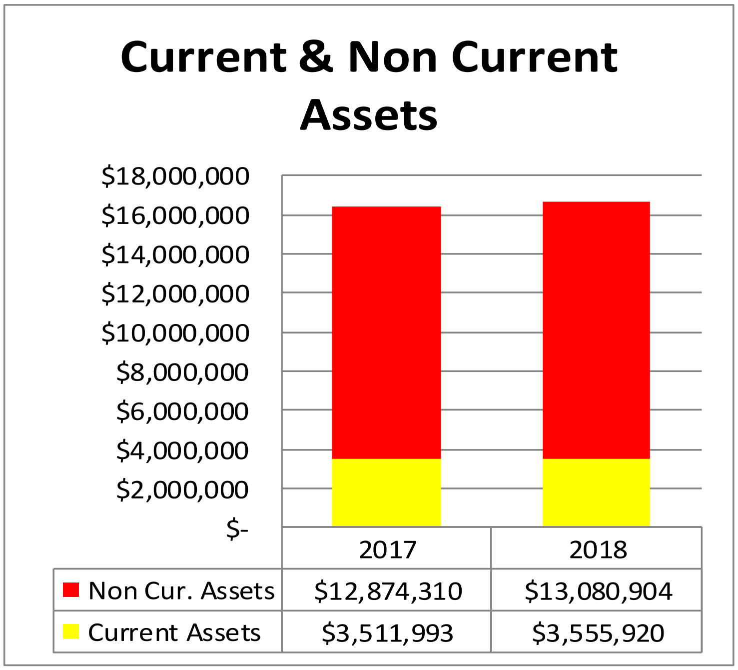
Comparison of Assets – Fiscal Year 2017 to 2018

Net assets are 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. The net position increased during the current fiscal year from $14,689,285 to $14,796,039 which was a $106,754 increase.

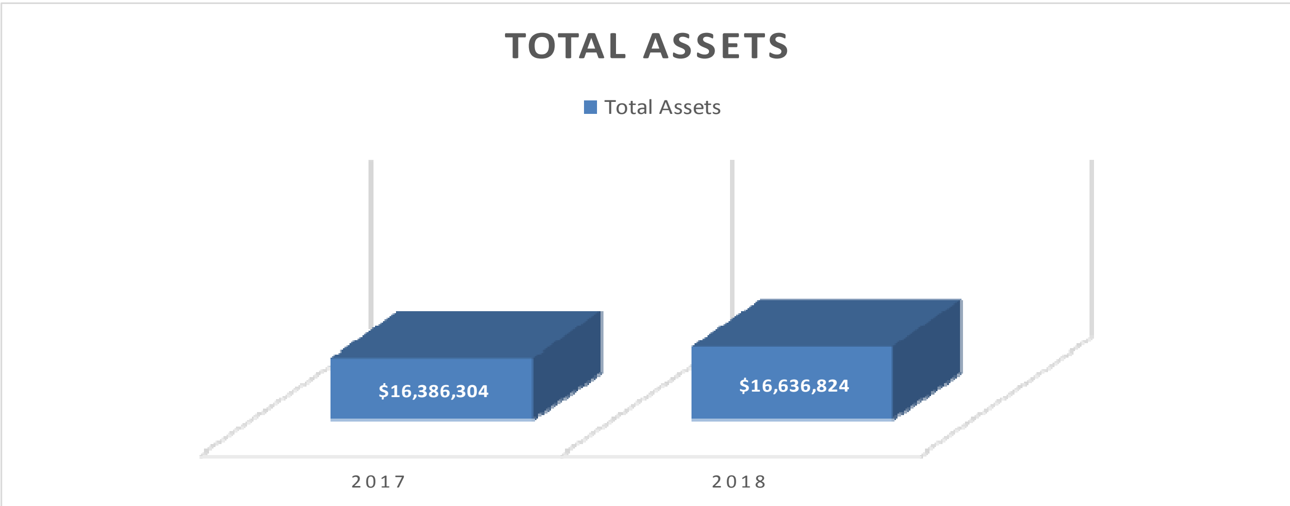
The net position for 2017 compared to 2018:



The College's current assets consist primarily of cash, short-term investments and accounts receivables, while noncurrent assets consist mainly of capital assets. The total breakdown of assets between current and noncurrent classification is as follows:



Total assets increased by $250,520 and the net position increased by $106,753.



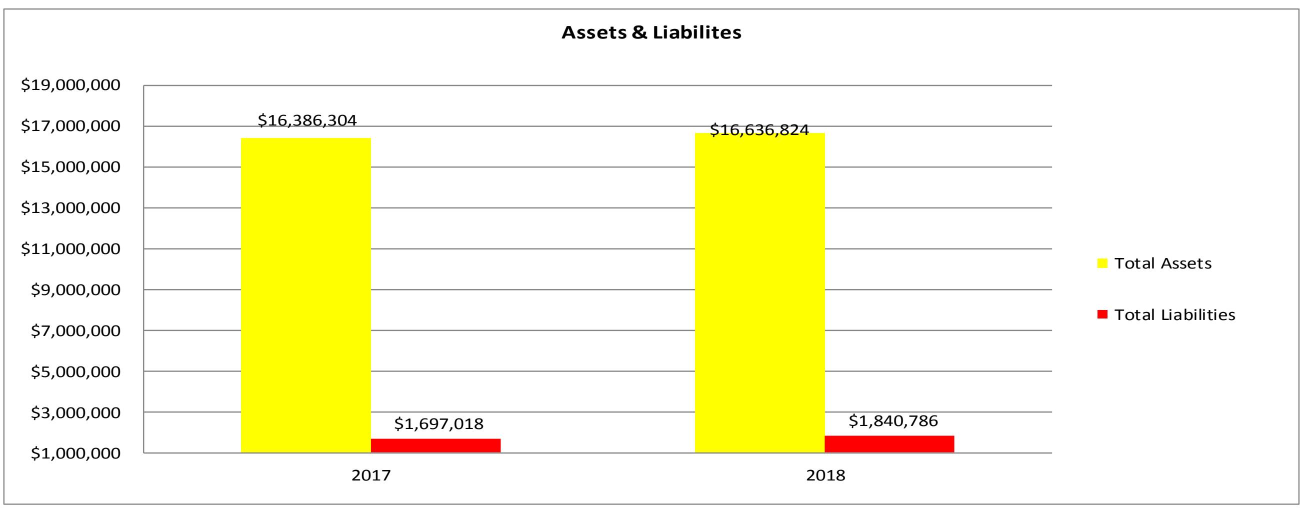
Of the $16,636,824 in total assets, approximately 31% is in cash and cash equivalents, receivables, and investments. Capital assets represent 68% of total assets.

Comparison of Liabilities – Fiscal Year 2017 to 2018

Current Liabilities	$ 1,269,083	74.78%	$ 1,391,488	75.59%
Noncurrent	$ 427,935	25.22%	$ 449,298	24.41%
Total Liabilities	$ 1,697,018	100.00%	$ 1,840,786	100.00%

The liabilities are categorized between current and noncurrent. For example, the College's current liabilities consist primarily of accounts payable, accrued liabilities, deferred revenue and agency funds held for college clubs and organizations. The noncurrent liabilities portion is comprised of notes payable and capital leases payable.

Comparison of Assets to Liabilities



Total liabilities increased $143,768 from $1,697,018 in 2017 to $1,840,786 while total assets increased $250,520 from $16,386,304 to $16,636,824. The asset to liability ratio held steady from 9.66 ($16,386,304/$1,697,018) in 2017 to 9.04 ($16,636,824/$1,840,786). Assets exceeded liabilities by $14,796,039.

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 statement includes the College's revenue and expenses, both operating and non-operating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Non-operating revenues and expenses are those that exclude specific goods and services. Examples of non-operating 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.

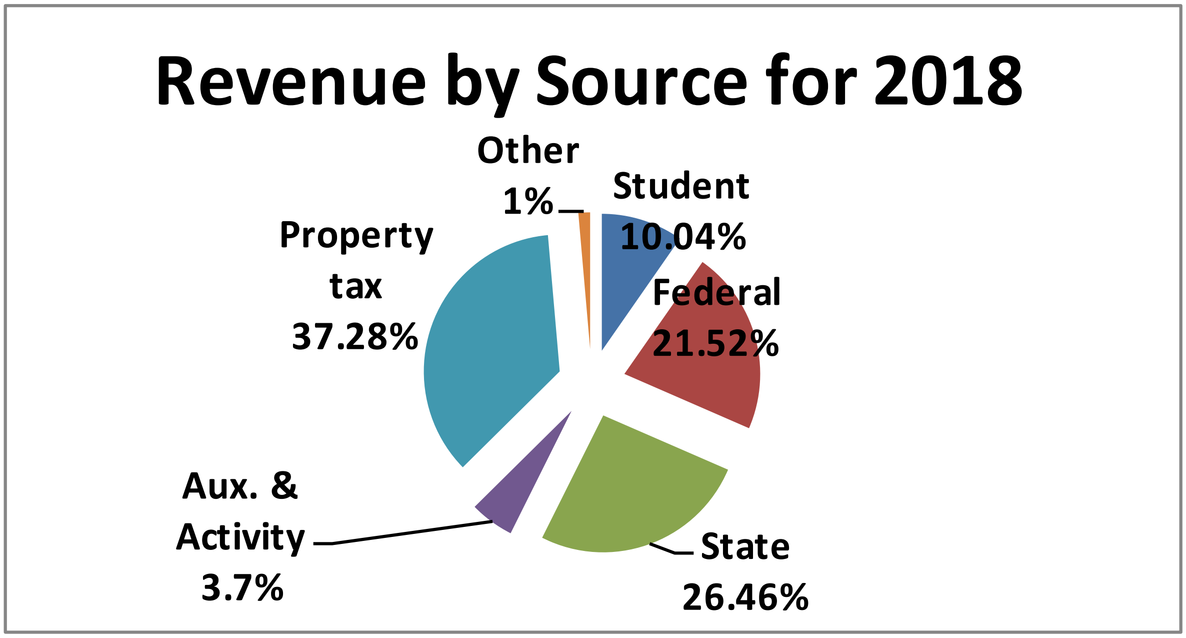
Results of Operations Fiscal Year 2018

Revenue

Components and sources of revenue:

Labette Community College receives revenue from five major sources. They are: The State of Kansas; Federal Government (including Pell Grants); students, in the form of tuition and fees; local taxpayers, by way of property taxes; and through business style auxiliary enterprises. These sources are relatively stable year over year as a percentage of the total.

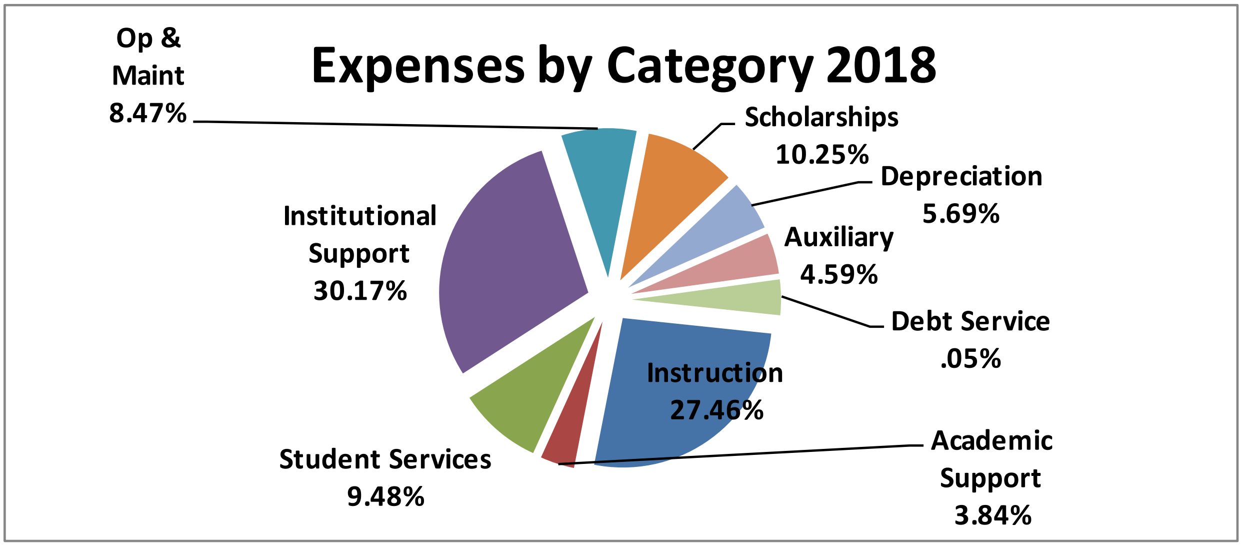
	2017	% Total 2017	2018	% Total 2018
Student Revenue	$1,307,558	10.37%	$1,405,972	10.04%
Federal	$2,635,152	20.9%	$3,007,550	21.52%
State	$2,812,051	22.3%	$3,698,631	26.46%
Auxiliary & Activity	$492,972	3.91%	$516,859	3.7%
Property Tax	$5,162,223	40.94%	$5,211,079	37.28%
Other	$199,895	1.58%	$138,467	1%
Total Revenue	$12,609,851	100.00%	$13,978,558	100.00%



Expenditures

Detail of the 2017 and 2018 Education and General expenditures:

	2017	% Total 2017	2018	% Total 2018
Instruction	$ 3,724,386	29.03%	$ 3,809,168	27.46%
Academic Support	$ 520,309	4.06%	$ 532,442	3.84%
Student Services	$ 1,277,362	9.96%	$ 1,314,910	9.48%
Institutional Support	$ 3,544,456	27.63%	$ 4,185,172	30.17%
OP. & Maintenance	$ 1,169,504	9.12%	$ 1,175,464	8.47%
Scholarships	$ 1,216,592	9.48%	$ 1,422,054	10.25%
Deprecation	$ 830,110	6.47%	$ 789,951	5.69%
Auxiliary	$ 534,158	4.16%	$ 636,828	4.59%
Debt Service	$ 13,017	0.10%	$ 5,816	0.05%
Total	$ 12,829,894	100.00%	$ 13,871,805	100.00%



Statement of Cash Flows

The statement of cash flows presents 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. In 2018 overall, cash and cash equivalents increased by $242,301 to $4,526,731.

Capital Assets and Debt Administration

During the year ended June 30, 2018, capital assets increased $161,844 bringing the capital assets net of accumulated depreciation to $11,292,630. The college's long term debt increased slightly during the year $21,362 bringing the total long-term debt to $449,298.

Summary of Overall Performance

Labette Community College's financial condition was impacted by a number of factors in 2018 not limited to:

- State funding has been flat or diminishing for several years
- Beginning to recover from a period of declining enrollment
- The declining state of the Kansas economy
- Dwindling long term debt

Through all of this the College's financial position has stayed at approximately the same level this past year.

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Labette Community College
Parsons, Kansas

Report on the Financial Statements
We have audited the accompanying financial statements of Labette Community College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Labette 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 opinions.

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Labette 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.

Emphasis of Matter – Component Unit
As discussed in Note 26 to the financial statements, the June 30, 2017 financial statements have been restated to correct a prior year misstatement for the Foundation, a component unit of the College. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-vii 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 Labette Community College's basic financial statements. The supplementary information, as listed in the table of contents as pages 28 to 41, 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* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 "Municipality", Kansas as of and for the year ended June 30, 2017 (not presented herein), and have issued our report thereon dated November 28, 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://www.admin.ks.gov/offices/chieffinancial-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 3 to 7, 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 2.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 14, 2019, on our consideration of Labette 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 solely 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 Labette 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 Labette Community College's internal control over financial reporting and compliance.

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
January 14, 2019

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Statement of Net Position
June 30, 2018

	Primary Institution	Component Unit - Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	$ 2,738,456.69	$ 1,276,572.15
Beneficial Interest in Assets Held by Parsons Area Community Foundation	-	1,283,415.63
Accounts Receivable, Net	606,686.18	4,309.27
Inventories	80,156.36	-
Investments	-	238,214.85
Prepaid Expenses	130,620.65	-
Notes Receivable, Current	-	121,000.00
Unconditional Promises to Give	-	241,073.00
Total Current Assets	3,555,919.88	3,164,584.90
Noncurrent Assets		
Cash and Cash Equivalents	1,788,273.99	-
Capital Assets, Net of Accumulated Depreciation	11,292,629.85	103,763.38
Notes Receivable, Long Term Portion	-	242,000.00
Unconditional Promises to Give	-	394,312.00
Total Noncurrent Assets	13,080,903.84	740,075.38
TOTAL ASSETS	$ 16,636,823.72	$ 3,904,660.28
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	$ 261,240.86	$ -
Accrued Wages	252,757.58	-
Accrued Interest	-	11,308.69
Deferred Revenue	399,051.02	-
Grant Advance	-	-
Compensated Absences	319,502.41	-
Deposits Held in Custody for Others	158,935.70	32,134.85
Total Current Liabilities	1,391,487.57	43,443.54
Noncurrent Liabilities		
Notes Payable	-	331,390.25
Capital Lease Payable	449,297.54	-
Total Noncurrent Liabilities	449,297.54	331,390.25
TOTAL LIABILITIES	1,840,785.11	374,833.79
NET POSITION		
Investment in Capital Assets, Net of Related Debt	10,843,332.31	-
Restricted- Expendable:		
Other Temporarily Restricted	-	1,403,617.92
Restricted- Nonexpendable	-	604,054.49
Unrestricted	3,952,706.30	1,522,154.08
TOTAL NET POSITION	14,796,038.61	3,529,826.49
TOTAL LIABILITIES AND NET POSITION	$ 16,636,823.72	$ 3,904,660.28

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

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2018

	Primary Institution	Component Unit - Foundation
REVENUES		
Operating Revenues		
Student Tuition and Fees,		
(net of scholarship discounts and allowances of $956,155.22)	$ 1,405,971.74	$ -
Federal Grants and Contracts	691,858.13	-
State Grants and Contracts	775,542.20	-
Sales and Services of Auxiliary Enterprises	429,994.31	-
Activity Fund Revenues	86,864.82	-
Miscellaneous Operating Income	82,927.21	121,000.00
Total Operating Revenues	3,473,158.41	121,000.00
EXPENSES		
Operating Expenses		
Educational and General		
Instruction	3,809,168.45	-
Academic Support	532,442.16	-
Student Services	1,314,909.88	-
Institutional Support	4,185,172.42	11,056.77
Operation and Maintenance	1,175,463.75	465,495.16
Scholarships, Grants and Awards	1,422,053.78	107,994.74
Fundraising	-	44,961.79
Auxiliary Enterprises	636,827.98	-
Depreciation Expense	789,951.11	29,693.23
Total Operating Expenses	13,865,989.53	659,201.69
Operating Income (Loss)	(10,392,831.12)	(538,201.69)
Nonoperating Revenues (Expenses)		
State Appropriations	2,923,089.00	-
County Appropriations	5,211,079.20	-
Federal Pell Grants	2,315,692.00	-
Gifts and Contributions	44,750.00	1,080,381.44
Investment Income	10,790.00	76,564.69
Gain (Loss) on Sale of Assets	-	(517,131.95)
Debt Service	(5,815.69)	-
Net Nonoperating Revenues (Expenses)	10,499,584.51	639,814.18
Increase (Decrease) in Net Position	106,753.39	101,612.49
Net Position - Beginning of Year, As Previously Reported	14,689,285.22	2,175,261.04
Prior Period Adjustment, Note 26	-	1,252,952.96
Net Position - Beginning of Year, As Restated	14,689,285.22	3,428,214.00
Net Position - End of Year	$ 14,796,038.61	$ 3,529,826.49

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

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Statement of Cash Flows
For the Year Ended June 30, 2018

	Primary Institution	Component Unit - Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	$ 1,354,231.47	$ -
Federal Grants and Contracts	691,858.13	-
State Grants and Contracts	775,542.20	-
Sales and Services of Auxiliary Enterprises	429,994.31	-
Activity Fund Revenues	86,864.82	-
Miscellaneous Income	82,927.21	121,000.00
Payments on Behalf of Employees	(8,356,393.48)	-
Payments for Supplies and Materials	(414,192.44)	-
Payments for Other Expenses	(3,977,683.90)	(504,819.15)
Net cash provided by (used in) operating activities	(9,326,851.68)	(383,819.15)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	2,923,089.00	-
County Appropriations	5,211,079.20	-
Federal Pell Grant	2,315,692.00	-
Federal Direct Loans	1,259,360.00	-
Federal Direct Loans Payments	(1,259,360.00)	-
Gifts and Contributions	44,750.00	512,787.04
Net cash provided by (used in) noncapital financing activities	10,494,610.20	512,787.04
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments for Purchase of Capital Assets	(951,794.63)	-
Interest Paid on Long Term Debt	(5,815.69)	-
Proceeds from the Issuacnce of Long-Term Debt	363,000.00	-
Principal Payments on Long Term Debt	(341,637.71)	(101,078.45)
Net cash provided by (used in) capital financing activities	(936,248.03)	(101,078.45)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Earned on Investments	10,790.00	50,792.58
Purchase of Investments	-	(63,650.95)
Proceeds from Investments Sold	-	58,681.05
Payments Received from Notes Receivable	-	-
Net cash provided by (used in) investing activities	10,790.00	45,822.68
Net Increase (Decrease) in Cash and Cash Equivalents	242,300.49	73,712.12
Cash and Cash Equivalents, Beginning of Year	4,284,430.19	1,202,860.03
Cash and Cash Equivalents, End of Year	$ 4,526,730.68	$ 1,276,572.15

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

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Statement of Cash Flows
For the Year Ended June 30, 2018

	Primary Institution	Component Unit - Foundation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	$ (10,392,831.12)	$ (538,201.69)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:		
Depreciation Expense	789,951.11	29,693.23
Non-cash Donations	-	120,187.65
(Increase) Decrease in Receivables	(76,417.78)	-
(Increase) Decrease in Prepaid Expenses	3,792.35	-
(Increase) Decrease in Inventory	226,249.24	-
Increase (Decrease) in Accounts Payable	65,386.84	-
Increase (Decrease) in Accrued Wages	7,375.98	-
Increase (Decrease) in Accrued Interest	-	-
Increase (Decrease) in Deferred Revenue	24,677.51	(3,449.30)
Increase (Decrease) in Grant Advance	-	-
Increase (Decrease) in Compensated Absences	21,433.28	-
Increase (Decrease) in Deposits Held for Others	3,530.91	7,950.96
Net cash provided by (used in) operating activities	$ (9,326,851.68)	$ (383,819.15)
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents classified as current assets	$ 2,738,456.69	$ 1,276,572.15
Cash and Cash Equivalents classified as noncurrent assets	1,788,273.99	-
Total Cash and Cash Equivalents	$ 4,526,730.68	$ 1,276,572.15

Supplemental Information

	Primary Institution	Component Unit - Foundation
Cash Paid During the Period for:		
Interest Expense	$ 5,815.69	$ 19,677.33
Non-Cash Donations:		
Management and General	$ -	$ 79,663.66
Items for Annual Auction	-	40,523.99

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

1. NATURE OF ACTIVITIES

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

Component Unit
The component unit section of the financial statements includes the financial data of the discretely presented component unit, the Labette Community College Foundation and Alumni Association. 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 Labette Community College Foundation and Alumni Association 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 fundraising 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.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

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 assets.

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, 2017.

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in December 2017 are recorded as taxes receivable. Approximately 2% to 7% 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 assets.

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

Capital Assets

Capital assets are stated at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $2,500.00 or more, and an estimated useful life of greater than one year. Renovations to building, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is provided on straight-line method over the estimated useful lives of the respective classes of property. Estimated useful lives are as follows:

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

Accounts Receivable and Allowance for Doubtful Accounts

The College regularly extends unsecured credit to various students. The College uses the allowance method to account for uncollectible accounts receivable.

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 assets, and a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net assets.

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.

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

Net Position (Continued)

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

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

Income Taxes

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

Classification of Revenues

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

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

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

Scholarship Discounts and Allowances

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

Accounting Estimates

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

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

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

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). 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 for this year.

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

Annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenue is recognized when cash is received. Expenditures include cash disbursements, 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. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

A legal operating budget is not required for a Current Fund – Agency Funds.

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

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

Compliance with Kansas Statutes

Supplementary Schedules 3 to 7 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 compliance with Kansas cash basis and budget laws.

4. **DEPOSITS**

Primary Institution:
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 $4,505,631.37 and the bank balance was $4,724,595.26. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000.00 was covered by FDIC insurance and $4,474,595.26 was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name.

Component Unit:
At year-end, the Foundation's carrying amount of the deposits including certificates of deposit was $1,276,572.15 and the bank balance was $1,199,920.48. The bank balance was held by three banks and one investment company resulting in a concentration of credit risk. Of the bank balance, $1,196,500.12 was covered by FDIC insurance and the remaining amount $3,420.36 was covered by SIPC.

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 no single security or class of securities will have a disproportionate impact of the total portfolio.

5. **INVESTMENTS** (Continued)

Component Unit:
Investment Policy (Continued)
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:

Investment	Fair Value
Corporate Bonds	$ 163,226.90
U.S. Treasury Securities	74,987.95
	$ 238,214.72

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.

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.

The 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.

U.S. government securities: Valued using pricing models maximizing the use of observable inputs for similar securities.

6. FAIR VALUE MEASUREMENTS (Continued)

Component Unit (Continued)
Corporate Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit rates.

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Corporate Bonds	$ - -	$ 163,226.90	$ - -	$ 163,226.90
U.S. Treasury Securities	- -	74,987.95	- -	74,987.95
Totals	$ - -	$ 238,214.85	$ - -	$ 238,214.85

7. INVESTMENTS IN PARSONS AREA COMMUNITY FOUNDATION

Component Unit
The Foundation has established a fund with the Parsons Area Community Foundation as a vehicle for donors to donate for the benefit of the Foundation. Donor contributions are held at the Parsons Area Community Foundation, who will invest the funds and make distributions available upon request on an annual basis. If the income is not distributed in a particular calendar year, the undistributed net income for such year shall be added to the principal. The value of the funds held as Agency funds at June 30, 2018 is $1,283,415.63.

8. ACCOUNTS RECEIVABLE, NET

Accounts receivable at June 30, 2018, consisted of the following:

	Primary Institution
Current:	
Taxes in Process	$ 324,344.44
Federal Grants	60,911.19
Student Accounts	211,217.55
Bookstore Credits	10,213.00
Total Current	$ 606,686.18

The College uses the allowance method to account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for uncollectible accounts of $1,649,473.58 at June 30, 2018.

9. INVENTORIES

Inventories consisted of the following at June 30, 2018:

Book Store Inventory	
Labette Retail	$ 69,485.70
Cherokee Retail	1,323.44
Food Service	9,347.22
	$ 80,156.36

10. NOTES RECEIVABLE

Component Unit

The Foundation has entered into a capital lease agreement with Labette County Community College. The capital lease agreement is dated June 25, 2018, and is for the purchase of the Cherokee County Campus. The lease requires three annual payments of $121,000.00 with zero interest. The lease payments start in August 15, 2018 and reach maturity at August 15, 2020. Payments to be received are as follows:

Year Ended June 30,		
2019	$	121,000.00
2020		121,000.00
2020		121,000.00
Total Net Minimum Lease Payments		363,000.00
Less: Current Maturities		(121,000.00)
Long-Term Note Receivable	$	242,000.00

All notes receivable at June 30, 2018 is considered collectible, therefore the allowance for uncollectibility is zero.

11. UNCONDITIONAL PROMISES TO GIVE

Component Unit:

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

Capital Campaign		
Less than one year	$	241,073.00
One to five years		394,312.00
	$	635,385.00

Uncollectible amounts for unconditional promises to give are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

12. CAPITAL ASSETS

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

	Balance 06/30/2017	Additions	Retirements	Balance 06/30/2018
Capital assets not being depreciated				
Construction in progress	$ -	$ 20,672.36	$ -	$ 20,672.36
Other capital assets				
Buildings, land, and improvements	13,915,650.47	344,990.70	-	14,260,641.17
Buildings under capital lease	5,947,380.57	363,000.00	-	6,310,380.57
Leasehold improvements under capital lease	-	2,950.00	-	2,950.00
Equipment	1,644,840.95	193,097.18	-	1,837,938.13
Software	629,003.27	-	-	629,003.27
Vehicles	188,510.34	27,084.39	(20,089.00)	195,505.73
Total other capital assets	22,325,385.60	931,122.27	(20,089.00)	23,236,418.87
Accumulated depreciation				
Buildings, land, and improvements	8,528,638.19	502,803.42	-	9,031,441.61
Building under capital lease	569,957.30	148,684.52	-	718,641.82
Leasehold improvements under capital lease	-	16.39	-	16.39
Equipment	1,299,769.34	131,534.15	-	1,431,303.49
Software	629,003.27	-	-	629,003.27
Vehicles	167,231.17	6,912.63	(20,089.00)	154,054.80
Total accumulated depreciation	11,194,599.27	789,951.11	(20,089.00)	11,964,461.38
Total net capital assets	$ 11,130,786.33	$ 141,171.16	$ -	$ 11,292,629.85

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

	Audit Balance 06/30/2017	Additions	Retirements	Audit Balance 06/30/2018
Capital Assets Not being Depreciated				
Land	$ 120,000.00	$ -	$ (100,000.00)	$ 20,000.00
Sub-Total	120,000.00	-	(100,000.00)	20,000.00
Other Capital Assets				
Buildings and Improvements	1,158,035.37	-	(1,049,142.97)	108,892.40
Sub-Total	1,158,035.37	-	(1,049,142.97)	108,892.40
Total Capital Assets	1,278,035.37	-	(1,149,142.97)	128,892.40
Accumulated Depreciation				
Buildings and Improvements	(264,446.81)	(29,693.23)	269,011.02	(25,129.02)
	(264,446.81)	(29,693.23)	269,011.02	(25,129.02)
Net Capital Assets	$ 1,013,588.56	$ (29,693.23)	$ (880,131.95)	$ 103,763.38

13. NOTES PAYABLE

Component Unit

The Foundation signed an agreement dated August 29, 2007, with Labette Bank to assist in the purchase of a building to be used as classroom space for the College, which requires 12 annual principal and interest payments at $120,755.78 each, beginning September 1, 2008, including interest at 4.550% through September 2020. The note is secured by real property located in Pittsburg, Kansas. The balance on this note at June 30, 2018, is: $ 331,390.25

Changes in notes payable are as follows:

OBILGATIONS	PRINCIPAL JUNE 30, 2017	PRINCIPAL RECEIVED (PAID)	PRINCIPAL JUNE 30, 2018	INTEREST PAID
Notes Payable				
Labette Bank	$ 432,468.70	$ (101,078.45)	$ 331,390.25	$ 19,677.33

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

FISCAL YEAR JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2019	$ 105,684.56	$ 15,071.22	$ 120,755.78
2020	110,493.21	10,262.57	120,755.78
2021	115,212.48	5,080.44	120,292.92
	$ 331,390.25	$ 30,414.23	$ 361,804.48

14. CAPITAL LEASES

The College entered into a lease purchase agreement dated January 16, 2013, with First Neodesha Bank, Neodesha, Kansas for the construction of the Zetmeir Health Science Building. The total cost was $1,595,813.68. The lease calls for monthly payments, including interest at 2.14% per annum, maturing October 1, 2018.

Capital Lease – Zetmeir Health Science Building	
Debt requirements are as follows:	
June 30,	
2019	$ 86,863.13
Total Net Minimum Lease Payments	86,863.13
Less: Imputed Interest	(565.59)
Net Present Value of Capital Lease	86,297.54
Less: Current Maturities	(86,297.54)
Long-Term Capital Lease Obligations	$ 0.00

14. **CAPITAL LEASES** (Continued)

The College entered into a lease purchase agreement dated June 25, 2018, with Labette Community College and Alumni Association for the acquisition of the Cherokee County Campus. The lease requires three annual payments of $121,000.00 with zero interest. The lease payments start in August 15, 2018 and reach maturity at August 15, 2020. The lease calls for monthly payments as follows:

Capital Lease – Zetmeir Health Science Building		
Debt requirements are as follows:		
June 30,		
2019	$	121,000.00
2020		121,000.00
2021		121,000.00
Net Present Value of Capital Lease		363,000.00
Less: Current Maturities		(121,000.00)
Long-Term Capital Lease Obligations	$	242,000.00

15. **LEASE AGREEMENTS**

The College has entered into a lease agreement with Community Health Center of Southeast Kansas, Inc. to lease property and equipment located at 924 N. Broadway, Pittsburg, Kansas. The agreement calls for rental payments in the amount of $500.00 per month. The total payments made under this lease agreement during the year ended June 30, 2018 was $2,000.00.

The College has entered into various other rental agreements for the rental of office equipment. Total rent payments made under these agreements during the year ended June 30, 2018, was $4,151.13. Future minimum rental payments are as follows:

06/30/2019	$	5,108.52
06/30/2020		5,108.52
06/30/2021		5,108.52
06/30/2022		5,108.52
06/30/2023		3,831.39

The College has entered into a lease agreement with Labette Community College Foundation and Alumni Association for the lease of the Cherokee County Campus, which the Foundation owns, with a rental of $121,000.00 per year from July 1, 2008, to June 30, 2018, renewable annually. Amounts collected in fiscal year ended June 30, 2018, was $121,000.00.

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.

Special Funding Situation

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

Benefits

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

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

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

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

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.

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 .1223%, which was an decrease of .0042% from the proportion measured at June 30, 2016.

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

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 $8,218,664.00 and $8,504,116.00, 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:

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 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, 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%	

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

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 $665,368.20.

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

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.

17. **COMPENSATED ABSENCES**

Administrators and professional staff hired to work 12 months per year on a one-half time or more basis, earn vacation time according to the following schedule:

0 to 4 years of service – 12 workdays per year
5 + years of service – 20 workdays per year

Administrators and professional staff hired to work 9 to 11 months per year on a one-half time or more basis will not be granted vacation time. Instead of vacation, they will be granted four personal days per contract year that may be used in the same manner as vacation.

Vacation leave and personal days may be accumulated to a maximum of 30 days. At the termination of employment, the employee will be compensated at their current rate of pay for earned but unused vacation or personal days.

The provision for and accumulation of sick leave is based upon employment classification and years of service. Employees are not paid for accumulated sick leave upon termination.

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.

17. COMPENSATED ABSENCES (Continued)

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

18. EMPLOYEE BENEFIT PLANS

The College has a 403(b) plan available for its employees. An employee is eligible to participate from the date of hire. The College will match contributions of up to $40.00 per month or $480.00 per year to the plan. Employer contributions will vest according to the following schedule:

Years of Service (from date of hire)	Vesting %
5	25%
6	40%
7	55%
8	70%
9	85%
10	100%

Total contributions made by the College into the plan on behalf of the employees for the year ended June 30, 2018, was $48,135.00.

19. 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.

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 insurance policies.

21. CONCENTRATION OF RISK

Component Unit:
15.73% of the Foundation's monies are invested in corporate bonds and US treasury securities. The effect in the future on the Foundation's portfolio is unknown and is subject to market economic conditions.

22. RELATED PARTY TRANSACTIONS

The Foundation was formed to promote and foster the educational purposes of the Labette Community 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 collected capital campaign money and disbursed to the College for the year ended June 30, 2018, $40,750.00. The Foundation disbursed to the College for scholarships for the year ended June 30, 2018, $107,994.74. The College disbursed on behalf of the Foundation donated services and facilities for the year ended June 30, 2018, $79,663.66.

The Foundation has entered into an operating lease with Labette Community College for the lease of the Cherokee County Campus, which the Foundation owns, with a rental of $121,000.00 per year from July 1, 2008, to June 30, 2018, renewable annually. Amounts collected in fiscal year ended June 30, 2018, was $121,000.00. On June 25, 2018 the College signed a capital lease agreement with the Foundation to acquire the Cherokee County Campus, see note 10 and 14 for additional information.

23. INVESTMENTS IN PARSONS AREA COMMUNITY FOUNDATION

Component Unit:
The Foundation has established a fund with the Parsons Area Community Foundation as a vehicle for donors to donate for the benefit of the Foundation. Donor contributions are held at the Parsons Area Community Foundation, who will invest the funds and make distributions available upon request on an annual basis. If the income is not distributed in a particular calendar year, the undistributed net income for such year shall be added to the principal. The value of the funds held as Agency funds at June 30, 2018 is $1,283,415.63.

24. TEMPORARILY RESTRICTED NET ASSETS

Component Unit:
Temporarily restricted net assets include principal totaling $125,075.00 from the U.S. Department of Education in connection with Federal grants. The principal and fifty percent of the earned interest cannot be expended until twenty years after receipt of the grant money. Forty-five percent of the earned interest shall be distributed for the purposes designated by College and the remaining five percent shall be transferred for administrative costs to the Foundation's general fund. The remaining temporarily restricted net assets include contributions restricted for specific use by the donor.

Temporarily Restricted Net Assets as of June 30, 2018:	
Scholarships	$ 536,533.64
Gribben Funds	269,432.18
Capital Campaign	383,484.52
Union Pacific Art Grant	3,314.20
Title III	210,853.38
Total Temporarily Restricted Net Assets as of June 30, 2018	$ 1,403,617.92

25. **ENDOWMENTS**

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

		Permanently Restricted
Donor-Restricted Endowment Funds	$	604,054.49
Board-Designated Endowment Funds		- -
Total Funds	$	604,054.49

Changes in endowment net assets as of June 30, 2018 are as follows:

		Permanently Restricted
Endowment Net Assets, Beginning of the Year	$	601,756.84
Contributions		2,297.65
Endowment Net Assets, End of Year	$	604,054.49

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

26. **PRIOR PERIOD ADJUSTMENT**

Component Unit
During the fiscal year ended June 30, 2018, it was discovered that a relationship between the Foundation and Parsons Area Community Foundation was misclassified in the prior year. It was determined that the Foundation has variance power over this charitable advised endowment fund. Beginning balances have been restated to include the Beneficial Interest in Assets Held by the Parsons Area Community Foundation. The effect on the financial statements is as follows:

Beginning net assets have been restated as follows:		
Net Assets, Beginning of the Year June 30, 2017, As Reported	$	2,175,261.04
Beneficial Interest balance June 30, 2017		1,252,952.96
Net Assets, Beginning of the Year June 30, 2017, As Restated	$	3,428,214.00

The retrospective application of the change increased investment income $129,706.43 and increased expenses associated with the beneficial interest by $57,299.92 for the year ended June 30, 2017.

27. INTERFUND TRANSFERS

Operating transfers were as follows:

From Fund:	To Fund:	Reason	Amount
General	Postsecondary Technical Education	Operating Expenses	$ 806,210.81
General	Capital Outlay	Operating Expenses	1,500,000.00
General	Miscellaneous Grants	Operating Expenses	96,536.87
General	Talent Search Grant	Operating Expenses	2,326.96

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.

28. SUBSEQUENT EVENTS

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

SUPPLEMENTARY INFORMATION

Schedule 1

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Combining Schedule of Net Position - Primary Institution
June 30, 2018

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	UNEXPENDED (CAPITAL OUTLAY)	AUXILIARY ENTERPRISE	FEDERAL PELL GRANTS
ASSETS						
Current Assets						
Cash and Cash Equivalents	$ 2,167,087.92	$ 156,637.43	$ 44,596.32	$ -	$ 139,533.60	$ 5,565.73
Receivables - Taxes in Process	320,681.36	-	3,663.08	-	-	-
Receivables - Federal	-	-	-	-	-	25,375.00
Receivables - Other Receivables	211,217.55	-	-	-	10,213.00	-
Inventories	-	-	-	-	80,156.36	-
Prepaid Expenses	130,620.65	-	-	-	-	-
Total Current Assets	2,829,607.48	156,637.43	48,259.40	-	229,902.96	30,940.73
Noncurrent Assets						
Cash and Cash Equivalents	-	-	-	1,788,273.99	-	-
Capital Assets	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	1,788,273.99	-	-
TOTAL ASSETS	$ 2,829,607.48	$ 156,637.43	$ 48,259.40	$ 1,788,273.99	$ 229,902.96	$ 30,940.73
LIABILITIES AND NET POSITION						
LIABILITIES						
Current Liabilities						
Accounts Payable	$ 181,244.64	$ 4,687.52	$ -	$ -	$ 3,876.45	$ 25,375.00
Accrued Wages	153,091.66	99,665.92	-	-	-	-
Deferred Revenue	395,387.94	-	3,663.08	-	-	-
Grant Advance	-	-	-	-	-	-
Compensated Absences	263,570.09	52,283.99	-	-	3,648.33	-
Deposits Held in Custody for Others	-	-	-	-	-	-
Total Current Liabilities	993,294.33	156,637.43	3,663.08	-	7,524.78	25,375.00
Noncurrent Liabilities						
Capital Lease Payable	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	993,294.33	156,637.43	3,663.08	-	7,524.78	25,375.00
NET POSITION						
Investment in capital assets, net of related debt	-	-	-	-	-	-
Unrestricted	1,836,313.15	-	44,596.32	1,788,273.99	222,378.18	5,565.73
TOTAL NET POSITION	1,836,313.15	-	44,596.32	1,788,273.99	222,378.18	5,565.73
TOTAL LIABILITIES AND NET POSITION	$ 2,829,607.48	$ 156,637.43	$ 48,259.40	$ 1,788,273.99	$ 229,902.96	$ 30,940.73

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Combining Schedule of Net Position - Primary Institution
June 30, 2018

	FEDERAL DIRECT LOANS	FEDERAL SEOG GRANTS	FEDERAL WORK STUDY	MISCELLANEOUS GRANTS	TRIO- STUDENT SUPPORT SERVICES GRANT	TALENT SEARCH GRANT
ASSETS						
Current Assets						
Cash and Cash Equivalents	$ 1,594.25	$ -	$ -	$ 5,067.83	$ 2,504.21	$ (1,538.44)
Receivables - Taxes in Process	-	-	-	-	-	-
Receivables - Federal	33,386.00	-	-	-	611.75	1,538.44
Receivables - Other Receivables	-	-	-	-	-	-
Inventories	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-
Total Current Assets	34,980.25	-	-	5,067.83	3,115.96	-
Noncurrent Assets						
Cash and Cash Equivalents	-	-	-	-	-	$ -
Capital Assets	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-
TOTAL ASSETS	$ 34,980.25	$ -	$ -	$ 5,067.83	$ 3,115.96	$ -
LIABILITIES AND NET POSITION						
LIABILITIES						
Current Liabilities						
Accounts Payable	$ 33,386.00	$ -	$ -	$ 5,067.83	$ -	$ -
Accrued Wages	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-
Grant Advance	-	-	-	-	-	-
Compensated Absences	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-
Total Current Liabilities	33,386.00	-	-	5,067.83	-	-
Noncurrent Liabilities						
Capital Lease Payable	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	33,386.00	-	-	5,067.83	-	-
NET POSITION						
Investment in capital assets, net of related debt	-	-	-	-	-	-
Unrestricted	1,594.25	-	-	-	3,115.96	-
TOTAL NET POSITION	1,594.25	-	-	-	3,115.96	-
TOTAL LIABILITIES AND NET POSITION	$ 34,980.25	$ -	$ -	$ 5,067.83	$ 3,115.96	$ -

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Combining Schedule of Net Position - Primary Institution
June 30, 2018

	LABETTE COMMUNITY COLLEGE ACTIVITY	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
ASSETS				
Current Assets				
Cash and Cash Equivalents	$ 58,472.14	$ -	$ 158,935.70	$ 2,738,456.69
Receivables - Taxes in Process	-	-	-	324,344.44
Receivables - Federal	-	-	-	60,911.19
Receivables - Other Receivables	-	-	-	221,430.55
Inventories	-	-	-	80,156.36
Prepaid Expenses	-	-	-	130,620.65
Total Current Assets	58,472.14	-	158,935.70	3,555,919.88
Noncurrent Assets				
Cash and Cash Equivalents	-	-	-	1,788,273.99
Capital Assets	-	23,257,091.23	-	23,257,091.23
Accumulated Depreciation	-	(11,964,461.38)	-	(11,964,461.38)
Total Noncurrent Assets	-	11,292,629.85	-	13,080,903.84
TOTAL ASSETS	$ 58,472.14	$ 11,292,629.85	$ 158,935.70	$ 16,636,823.72
LIABILITIES AND NET POSITION				
LIABILITIES				
Current Liabilities				
Accounts Payable	$ 7,603.42	$ -	$ -	$ 261,240.86
Accrued Wages	-	-	-	252,757.58
Deferred Revenue	-	-	-	399,051.02
Grant Advance	-	-	-	-
Compensated Absences	-	-	-	319,502.41
Deposits Held in Custody for Others	-	-	158,935.70	158,935.70
Total Current Liabilities	7,603.42	-	158,935.70	1,391,487.57
Noncurrent Liabilities				
Capital Lease Payable	-	449,297.54	-	449,297.54
Total Noncurrent Liabilities	-	449,297.54	-	449,297.54
TOTAL LIABILITIES	7,603.42	449,297.54	158,935.70	1,840,785.11
NET POSITION				
Investment in capital assets, net of related debt	-	10,843,332.31	-	10,843,332.31
Unrestricted	50,868.72	-	-	3,952,706.30
TOTAL NET POSITION	50,868.72	10,843,332.31	-	14,796,038.61
TOTAL LIABILITIES AND NET POSITION	$ 58,472.14	$ 11,292,629.85	$ 158,935.70	$ 16,636,823.72

Schedule 2

LABETTE COMMUNITY COLLEGE
Parsons, 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	AUXILIARY ENTERPRISE	UNEXPENDED (CAPITAL OUTLAY)	FEDERAL PELL GRANTS
REVENUES						
Operating Revenues						
Student Tuition and Fees	$ 1,788,414.96	$ 573,712.00	$ -	$ -	$ -	$ -
Federal Grants and Contracts	-	106,285.13	-	-	-	-
State Grants and Contracts	678,971.20	-	-	-	-	-
Sales and Services of						
Auxiliary Enterprises	-	-	-	429,994.31	-	-
Activity Fund Revenues	-	-	-	-	-	-
Miscellaneous Income	77,488.71	-	-	-	-	-
Total Operating Revenues	2,544,874.87	679,997.13	-	429,994.31	-	-
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	1,827,788.42	1,593,259.92	48,182.00	-	-	-
Academic Support	322,574.01	209,868.15	-	-	-	-
Student Services	1,208,846.42	110,213.45	-	-	-	-
Institutional Support	3,745,056.51	809,779.15	-	-	-	-
Operation and Maintenance	826,454.95	137,747.27	-	-	363,000.00	-
Scholarships and Awards	16,255.00	-	-	-	-	2,315,692.00
Depreciation Expense	-	-	-	-	-	-
Auxiliary Enterprises	-	-	-	640,777.98	-	-
Total Operating Expenses	7,946,975.31	2,860,867.94	48,182.00	640,777.98	363,000.00	2,315,692.00
Operating Income (Loss)	(5,402,100.44)	(2,180,870.81)	(48,182.00)	(210,783.67)	(363,000.00)	(2,315,692.00)
Nonoperating Revenues (Expenses)						
State Appropriations	1,548,429.00	1,374,660.00	-	-	-	-
County Appropriations	5,152,240.69	-	58,838.51	-	-	-
Federal Pell Grants	-	-	-	-	-	2,315,692.00
Gifts and Contributions	-	-	-	-	44,750.00	-
Interest Income	10,790.00	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-
Debt Service	(347,453.40)	-	-	-	363,000.00	-
Operating Transfers	(2,405,074.64)	806,210.81	-	-	1,500,000.00	-
Increase (Decrease) in Net Position	(1,443,168.79)	-	10,656.51	(210,783.67)	1,544,750.00	-
Net Position - Beginning of Year	3,279,481.94	-	33,939.81	433,161.85	243,523.99	5,565.73
Net Position - End of Year	$ 1,836,313.15	$ -	$ 44,596.32	$ 222,378.18	$ 1,788,273.99	$ 5,565.73

Schedule 2 (Continued)

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

	FEDERAL DIRECT LOANS	FEDERAL SEOG GRANTS	FEDERAL WORK STUDY	MISCELLANEOUS GRANTS	TRIO- STUDENT SUPPORT SERVICES GRANT	TALENT SEARCH GRANT
REVENUES						
Operating Revenues						
Student Tuition and Fees	$ -	$ -	$ -	$ -	$ -	$ -
Federal Grants and Contracts	1,259,360.00	19,115.00	27,147.00	-	298,934.22	240,376.78
State Grants and Contracts	-	-	-	96,571.00	-	-
Sales and Services of				-		
Auxiliary Enterprises	-	-	-	-	-	-
Activity Fund Revenues	-	-	-	-	-	-
Miscellaneous Income	-	-	-	5,438.50	-	-
Total Operating Revenues	1,259,360.00	19,115.00	27,147.00	102,009.50	298,934.22	240,376.78
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	-	-	-	148,942.78	298,934.22	-
Academic Support	-	-	-	-	-	-
Student Services	-	-	-	-	-	-
Institutional Support	-	-	-	-	-	-
Operation and Maintenance	-	-	-	-	-	241,391.65
Scholarships and Awards	1,259,360.00	19,115.00	27,147.00	-	-	-
Depreciation Expense	-	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-
Total Operating Expenses	1,259,360.00	19,115.00	27,147.00	148,942.78	298,934.22	241,391.65
Operating Income (Loss)	-	-	-	(46,933.28)	-	(1,014.87)
Nonoperating Revenues (Expenses)						
State Appropriations	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-
Operating Transfers	-	-	-	96,536.87	-	2,326.96
Increase (Decrease) in Net Position	-	-	-	49,603.59	-	1,312.09
Net Position - Beginning of Year	1,594.25	-	-	(49,603.59)	3,115.96	(1,312.09)
Net Position - End of Year	$ 1,594.25	$ -	$ -	$ -	$ 3,115.96	$ -

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

	COMMUNITY COLLEGE ACTIVITY	INVESTMENT IN PLANT	SUB-TOTAL PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
REVENUES					
Operating Revenues					
Student Tuition and Fees	$ -	$ -	$ 2,362,126.96	$ (956,155.22)	$ 1,405,971.74
Federal Grants and Contracts	-	-	1,951,218.13	(1,259,360.00)	691,858.13
State Grants and Contracts	-	-	775,542.20	-	775,542.20
Sales and Services of Auxiliary Enterprises	-	-	429,994.31	-	429,994.31
Activity Fund Revenues	86,864.82	-	86,864.82	-	86,864.82
Miscellaneous Income	-	-	82,927.21	-	82,927.21
Total Operating Revenues	86,864.82	-	5,688,673.63	(2,215,515.22)	3,473,158.41
EXPENSES					
Operating Expenses					
Educational and General					
Instruction	72,962.39	(180,901.28)	3,809,168.45	-	3,809,168.45
Academic Support	-	-	532,442.16	-	532,442.16
Student Services	-	(4,149.99)	1,314,909.88	-	1,314,909.88
Institutional Support	-	(369,663.24)	4,185,172.42	-	4,185,172.42
Operation and Maintenance	-	(393,130.12)	1,175,463.75	-	1,175,463.75
Scholarships and Awards	-	-	3,637,569.00	(2,215,515.22)	1,422,053.78
Depreciation Expense	-	789,951.11	789,951.11	-	789,951.11
Auxiliary Enterprises	-	(3,950.00)	636,827.98	-	636,827.98
Total Operating Expenses	72,962.39	(161,843.52)	16,081,504.75	(2,215,515.22)	13,865,989.53
Operating Income (Loss)	13,902.43	161,843.52	(10,392,831.12)	-	(10,392,831.12)
Nonoperating Revenues (Expenses)					
State Appropriations	-	-	2,923,089.00	-	2,923,089.00
County Appropriations	-	-	5,211,079.20	-	5,211,079.20
Federal Pell Grants	-	-	2,315,692.00	-	2,315,692.00
Gifts and Contributions	-	-	44,750.00	-	44,750.00
Interest Income	-	-	10,790.00	-	10,790.00
Gain (Loss) on Sale of Assets	-	-	-	-	-
Debt Service	-	(21,362.29)	(5,815.69)	-	(5,815.69)
Operating Transfers	-	-	-	-	-
Increase (Decrease) in Net Position	13,902.43	140,481.23	106,753.39	-	106,753.39
Net Position - Beginning of Year	36,966.29	10,702,851.08	14,689,285.22	-	14,689,285.22
Net Position - End of Year	$ 50,868.72	$ 10,843,332.31	$ 14,796,038.61	$ -	$ 14,796,038.61

LABETTE COMMUNITY COLLEGE
Parsons, Kansas

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

For the Year Ended June 30, 2018

Schedules 3 to 7 are prepared in accordance with Kansas cash basis and budget laws (Regulatory Basis), which differs from generally accepted accounting principles (GAAP Basis). Cash receipts are recognized when the cash balance of a fund in increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund in which the cash is transferred. Expenditures include cash disbursements, transfers, accounts payable and encumbrances – that is, commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

Schedule 3

LABETTE COMMUNITY COLLEGE
Parsons, 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 Budget Basis Actual Amounts for the Year Ended June 30, 2017)

		Current Year				
	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
REVENUES						
Student Tuition and Fees						
Tuition	$ 852,482.56	$ 976,312.86	$ (19,273.74)	$ 957,039.12	$ 1,496,455.00	$ (539,415.88)
Student Fees	849,157.58	812,102.10	-	812,102.10	989,922.00	(177,819.90)
Total Student Tuition and Fees	1,701,640.14	1,788,414.96	(19,273.74)	1,769,141.22	2,486,377.00	(717,235.78)
State Sources						
State Operating Grant	1,548,429.00	1,548,429.00	-	1,548,429.00	1,548,429.00	-
Other State Sources	13,603.00	678,971.20	(665,368.20)	13,603.00	13,603.00	-
Total State Sources	1,562,032.00	2,227,400.20	(665,368.20)	1,562,032.00	1,562,032.00	-
Local Sources						
Ad Valorem Tax	4,291,500.82	4,316,880.23	-	4,316,880.23	4,835,961.00	(519,080.77)
Motor Vehicle Tax	676,444.92	703,629.68	-	703,629.68	633,254.00	70,375.68
Recreational Vehicle	7,231.06	7,923.17	-	7,923.17	6,915.00	1,008.17
Delinquent Tax	107,802.68	99,860.21	-	99,860.21	20,706.00	79,154.21
In Lieu of Tax	21,025.96	23,947.40	-	23,947.40	19,469.00	4,478.40
Total Local Sources	5,104,005.44	5,152,240.69	-	5,152,240.69	5,516,305.00	(364,064.31)
Other Sources						
Interest Income	4,526.19	10,790.00	-	10,790.00	5,760.00	5,030.00
Miscellaneous	57,549.04	77,488.71	-	77,488.71	106,350.00	(28,861.29)
Total Other Sources	62,075.23	88,278.71	-	88,278.71	112,110.00	(23,831.29)
TOTAL REVENUES	8,429,752.81	9,256,334.56	(684,641.94)	8,571,692.62	9,676,824.00	(1,105,131.38)

Schedule 3 (Continued)

LABETTE COMMUNITY COLLEGE
Parsons, 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 Budget Basis Actual Amounts for the Year Ended June 30, 2017)

		Current Year				
	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
EXPENDITURES						
Education and General						
Instruction	$ 1,723,790.66	$ 1,827,788.42	$ -	$ 1,827,788.42	$ 2,857,539.00	$ (1,029,750.58)
Academic Support	300,476.83	322,574.01	-	322,574.01	510,289.00	(187,714.99)
Student Services	1,143,225.22	1,208,846.42	-	1,208,846.42	1,335,724.00	(126,877.58)
Institutional Support	2,757,642.67	3,745,056.51	(693,537.48)	3,051,519.03	4,543,978.00	(1,492,458.97)
Operation and Maintenance	763,999.29	826,454.95	-	826,454.95	1,008,812.00	(182,357.05)
Scholarships and Awards	17,683.87	16,255.00	-	16,255.00	-	16,255.00
Debt Service						
Principal Payments	334,436.61	341,388.84	-	341,388.84	-	341,388.84
Interest Payments	13,016.79	6,064.56	-	6,064.56	-	6,064.56
Operating Transfers:						
Capital Outlay Fund	-	1,500,000.00	-	1,500,000.00	15,880.00	1,484,120.00
Postsecondary Technical Education Fund	1,305,411.71	806,210.81	-	806,210.81	-	806,210.81
Miscellaneous Grants Fund	-	96,536.87	-	96,536.87	-	96,536.87
Talent Search Grant Fund	-	2,326.96	-	2,326.96	-	2,326.96
TOTAL EXPENDITURES	8,359,683.65	10,699,503.35	(693,537.48)	10,005,965.87	10,272,222.00	(266,256.13)
Excess of Revenues Over (Under) Expenditures	70,069.16	(1,443,168.79)	8,895.54	(1,434,273.25)	(595,398.00)	(838,875.25)
Unencumbered Cash Beginning of Year	3,196,955.71	3,279,481.94	(12,457.07)	3,267,024.87	3,351,823.00	(84,798.13)
End of Year	$ 3,267,024.87	$ 1,836,313.15	$ (3,561.53)	$ 1,832,751.62	$ 2,756,425.00	$ (923,673.38)

Schedule 4

LABETTE COMMUNITY COLLEGE
Parsons, 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 Budget Basis Actual Amounts for the Year Ended June 30, 2017)

		Current Year				
	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
REVENUES						
Student Tuition and Fees						
Tuition	$ 342,115.00	$ 306,817.00	$ -	$ 306,817.00	$ 335,102.00	$ (28,285.00)
Student Fees	123,320.75	266,895.00	-	266,895.00	100,540.00	166,355.00
Federal Sources						
Federal Grants	77,364.00	106,285.13	-	106,285.13	63,385.00	42,900.13
State Sources						
State Operating Grant	1,222,242.00	1,374,660.00	-	1,374,660.00	1,084,010.00	290,650.00
Operating Transfers from General Fund	1,305,411.71	806,210.81	-	806,210.81	-	806,210.81
TOTAL REVENUES	3,070,453.46	2,860,867.94	-	2,860,867.94	1,583,037.00	1,277,830.94
EXPENDITURES						
Education and General						
Instruction	1,590,971.15	1,593,259.92	(6,853.90)	1,586,406.02	3,540,980.00	(1,954,573.98)
Academic Support	218,794.25	209,868.15	-	209,868.15	151,532.00	58,336.15
Student Services	128,141.84	110,213.45	-	110,213.45	-	110,213.45
Institutional Support	957,905.11	809,779.15	-	809,779.15	40,565.00	769,214.15
Operation and Maintenance	165,879.42	137,747.27	-	137,747.27	-	137,747.27
TOTAL EXPENDITURES	3,061,691.77	2,860,867.94	(6,853.90)	2,854,014.04	3,733,077.00	(879,062.96)
Excess of Revenues Over (Under) Expenditures	8,761.69	-	6,853.90	6,853.90	(2,150,040.00)	2,156,893.90
Unencumbered Cash						
Beginning of Year	36,668.40	-	45,430.09	45,430.09	631,723.00	(586,292.91)
End of Year	$ 45,430.09	$ -	$ 52,283.99	$ 52,283.99	$ (1,518,317.00)	$ 1,570,600.99

Schedule 5

LABETTE COMMUNITY COLLEGE
Parsons, 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 Budget Basis Actual Amounts for the Year Ended June 30, 2017)

		Current Year				
	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
REVENUES						
Local Sources						
Ad Valorem Tax	$ 49,027.47	$ 49,937.55	$ -	$ 49,937.55	$ 55,324.00	$ (5,386.45)
Motor Vehicle Tax	7,707.81	7,404.18	-	7,404.18	7,235.00	169.18
Recreational Vehicle	82.39	90.45	-	90.45	79.00	11.45
Delinquent Tax	1,160.07	1,132.73	-	1,132.73	237.00	895.73
In Lieu of Tax	239.89	273.60	-	273.60	222.00	51.60
Total Local Sources	58,217.63	58,838.51	-	58,838.51	63,097.00	(4,258.49)
TOTAL REVENUES	58,217.63	58,838.51	-	58,838.51	63,097.00	(4,258.49)
EXPENDITURES						
Education and General						
Instruction	48,182.00	48,182.00	-	48,182.00	60,882.00	(12,700.00)
TOTAL EXPENDITURES	48,182.00	48,182.00	-	48,182.00	60,882.00	(12,700.00)
Excess of Revenues Over (Under) Expenditures	10,035.63	10,656.51	-	10,656.51	2,215.00	8,441.51
Unencumbered Cash						
Beginning of Year	23,904.18	33,939.81	-	33,939.81	24,806.00	9,133.81
End of Year	$ 33,939.81	$ 44,596.32	$ -	$ 44,596.32	$ 27,021.00	$ 17,575.32

Schedule 6

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Schedule of Revenues, Expenditures, and Changes
in Unencumbered Cash - Budget and Actual
Current Funds - Unrestricted
Auxiliary Enterprise Fund (Regulatory Basis)
For the Year Ended June 30, 2018
(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2017)

		Current Year				
	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
REVENUES						
Sales and Services of						
Auxiliary Enterprises	$ 512,955.86	$ 429,994.31	$ (6,124.62)	$ 423,869.69	$ 925,014.00	$ (501,144.31)
Student Sources						
Other Student Fees	-	-	-	-	50,950.00	(50,950.00)
Other Revenue						
Miscellaneous	-	-	-	-	22,000.00	(22,000.00)
TOTAL REVENUES	512,955.86	429,994.31	(6,124.62)	423,869.69	997,964.00	(574,094.31)
EXPENDITURES						
Auxiliary Enterprise						
Salaries and Benefits	77,788.87	76,968.23	4,764.70	81,732.93	108,314.00	(26,581.07)
General Operating Expense	13,926.04	12,768.73	-	12,768.73	41,250.00	(28,481.27)
Supplies	19,358.00	15,953.26	-	15,953.26	16,700.00	(746.74)
Cost of Goods Sold	355,125.83	530,921.06	(226,249.24)	304,671.82	825,500.00	(520,828.18)
Equipment	411.94	4,166.70	-	4,166.70	6,200.00	(2,033.30)
TOTAL EXPENDITURES	466,610.68	640,777.98	(221,484.54)	419,293.44	997,964.00	(578,670.56)
Excess of Revenues Over (Under) Expenditures	46,345.18	(210,783.67)	215,359.92	4,576.25	-	(4,576.25)
Unencumbered Cash						
Beginning of Year	84,735.72	433,161.85	(302,080.95)	131,080.90	525,896.00	394,815.10
End of Year	$ 131,080.90	$ 222,378.18	$ (86,721.03)	$ 135,657.15	$ 525,896.00	$ 390,238.85

Schedule 7

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Schedule of Revenues, Expenditures, and Changes
in Unencumbered Cash - Budget and Actual
Plant Funds
Unexpended (Capital Outlay) Fund (Regulatory Basis)
For the Year Ended June 30, 2018
(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2017)

		Current Year				
	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
REVENUES						
Local Sources						
Donations	$ 36,173.34	$ 44,750.00	$ -	$ 44,750.00	$ -	$ 44,750.00
Use of Money and Property						
Capital Lease Proceeds	-	363,000.00	-	363,000.00	-	363,000.00
Operating Transfers from						
General Fund	-	1,500,000.00	-	1,500,000.00	1,500,000.00	-
TOTAL REVENUES	36,173.34	1,907,750.00	-	1,907,750.00	1,500,000.00	407,750.00
EXPENDITURES						
Plant, Equipment and Facility						
Capital Outlay	-	363,000.00	-	363,000.00	1,500,000.00	(1,137,000.00)
TOTAL EXPENDITURES	-	363,000.00	-	363,000.00	1,500,000.00	(1,137,000.00)
Excess of Revenues and Transfers Over (Under) Expenditures	36,173.34	1,544,750.00	-	1,544,750.00	-	1,544,750.00
Unencumbered Cash						
Beginning of Year	207,350.65	243,523.99	-	243,523.99	-	243,523.99
End of Year	$ 243,523.99	$ 1,788,273.99	$ -	$ 1,788,273.99	$ -	$ 1,788,273.99

Schedule 8

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds - Primary Institution
For the Year Ended June 30, 2018

	Primary Institution			
ACCOUNT NAME	BALANCE JUNE 30, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
AGENCY FUND				
School Projects Accounts				
Akccop	$ 725.45	$ -	$ 614.36	$ 111.09
Athletic Director	453.03	13,547.00	12,433.95	1,566.08
Athletic Trainer	131.06	-	-	131.06
TEAS Tests	405.09	12,350.00	11,768.00	987.09
Community Band & Orchestra	5,527.42	9,000.00	8,847.98	5,679.44
Computer Purchases	265.17	-	-	265.17
Concessions	2,875.19	1,780.35	1,716.94	2,938.60
Continuing Education Works	1,415.67	35,592.22	20,186.40	16,821.49
Cookbook	144.57	-	-	144.57
Educational Support Staff	1,066.88	-	-	1,066.88
Financial Aid	5,361.52	750.00	-	6,111.52
Dental Fees	1,050.00	2,145.00	130.00	3,065.00
Gate Receipts	3,211.13	3,834.91	2,355.58	4,690.46
Library	4,504.81	9,461.06	9,114.68	4,851.19
Math Day	390.31	-	-	390.31
Nursing Academics	9,551.44	9,208.40	6,336.77	12,423.07
Professional Staff	591.19	-	-	591.19
Seminar Account	4,659.00	3,157.00	4,450.64	3,365.36
Theatre	329.99	-	-	329.99
Education To Go	2,336.70	552.25	2,591.00	297.95
Child Care Provider	3,854.31	-	1,322.25	2,532.06
Christmas Baskets	366.19	20.00	90.09	296.10
Food Bank	6,301.27	1,942.80	4,206.08	4,037.99
Scholarships	-	778,528.00	778,528.00	-
Total School Projects	55,517.39	881,868.99	864,692.72	72,693.66
Student Organization Accounts				
Baseball	6,928.02	23,879.77	25,196.54	5,611.25
Biology Clun	229.71	-	-	229.71
Campus Activity	20,587.30	18,126.42	23,289.58	15,424.14
Criminal Justice	3,171.69	-	2,191.76	979.93
Gay/Straight Alliance	-	250.00	39.64	210.36
Graphic Design	1,232.34	307.00	730.70	808.64
Men's Basketball	107.00	2,770.00	1,624.45	1,252.55
English Club	44.97	-	-	44.97
Music Club	1,799.73	1,079.95	1,530.90	1,348.78
Phi Theta Lambda	13,677.19	9,611.49	7,767.67	15,521.01
Phi Theta Kappa	1,404.64	20,126.61	22,562.86	(1,031.61)
Radiography Club	6,398.05	5,876.00	8,017.75	4,256.30
Respiratory Care	171.34	6,031.30	5,300.67	901.97
SGA	8,286.31	15,000.00	14,352.45	8,933.86

Schedule 8 (Continued)

LABETTE COMMUNITY COLLEGE
Parsons, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds - Primary Institution
For the Year Ended June 30, 2018

ACCOUNT NAME	Primary Institution: BALANCE JUNE 30, 2017	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2018
AGENCY FUND (Continued)				
Student Organization Accounts (Continued)				
Skills USA	$ -	$ -	$ -	$ -
Spirit Squad	1,468.66	-	-	1,468.66
Student Ambassadors	-	442.25	442.25	-
Student Nurses	1,331.50	1,842.30	2,988.40	185.40
Volleyball	4,063.08	9,899.62	11,872.17	2,090.53
Women's Basketball	4,436.09	619.63	2,627.29	2,428.43
Women's Softball	4,169.55	15,324.00	15,415.07	4,078.48
Wrestling	8,541.48	3,943.50	3,639.89	8,845.09
Debate/Forensics	98.00	430.00	426.23	101.77
Radiography Fees and Testing	7,782.74	9,584.40	9,276.33	8,090.81
Kansas Regional PTK	0.03	-	-	0.03
Kansas Regional PTK Alumni	2,106.72	2,018.08	2,072.75	2,052.05
Sonography	1,496.62	1,923.00	2,674.48	745.14
Dental Assisting	354.64	636.00	969.79	20.85
Physical Therapist Assisting	-	270.00	255.24	14.76
Salute Veterans NHS	-	160.00	80.00	80.00
Student Veterans	-	3,382.00	1,833.82	1,548.18
Total Student Organizations	99,887.40	153,533.32	167,178.68	86,242.04
Total Agency Funds	$ 155,404.79	$ 1,035,402.31	$ 1,031,871.40	$ 158,935.70
Assets				
Cash and Investments	$ 155,404.79	$ 1,035,402.31	$ 1,031,871.40	$ 158,935.70
Total Assets	$ 155,404.79	$ 1,035,402.31	$ 1,031,871.40	$ 158,935.70
Liabilities				
Deposits Held For Others	$ 155,404.79	$ 1,035,402.31	$ 1,031,871.40	$ 158,935.70
Total Liabilities	$ 155,404.79	$ 1,035,402.31	$ 1,031,871.40	$ 158,935.70

LABETTE COMMUNITY COLLEGE
PARSONS, KANSAS

FEDERAL COMPLIANCE SECTION
For the Year Ended June 30, 2018

EIN NUMBER: 48-0698218
OPE ID NUMBER: 00193000
DUNS NUMBER: 083119693

COMPLIANCE ATTESTATION EXAMINATION
INCLUDING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

PARSONS, KANSAS

FEDERAL PELL GRANT PROGRAM (PELL) (84.063)
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (FSEOG) (84.007)
FEDERAL WORK-STUDY PROGRAM (FWS) (84.033)
FEDERAL DIRECT STUDENT LOANS (DIRECT LOAN) (84.268)
STUDENT SUPPORT SERVICES (SSS) (84.042(a))
TALENT SEARCH (TS) (84.044(a))

AUDITOR INFORMATION SHEET

LABETTE COMMUNITY COLLEGE
200 S. 14TH SREET
PARSONS, KANSAS 67357

EIN NUMBER: 48-0698218
OPE ID NUMBER: 00193000
DUNS NUMBER: 083119693

TELEPHONE: (620) 421-6700
FAX: (620) 421-0180

PRESIDENT: Dr. Mark Watkins
CONTACT PERSON & TITLE: Leanna Doherty, Vice President of Finance and Operations

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
P.O. 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
	FWS	84.033
	FDL	84.268
	SSS	84.042(a)
	TS	84.044(a)

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

Correspondence or telecommunication 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
Parsons	Yes	Yes	Yes	1966	N/A	2018	N/A
Pittsburg	Yes	Yes	Yes	2008	N/A	2018	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:

LABETTE COMMUNITY COLLEGE
200 S. 14TH STREET
PARSONS, KANSAS 67357

For Close-Out Examination only: N/A

LABETTE COMMUNITY COLLEGE

Parsons, Kansas

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2018

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER		EXPENDITURES
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Education Opportunity Grants	84.007	N/A		$ 19,115.00
Federal Direct Loan Program	84.268	N/A	(1)	1,259,360.00
Federal Work-Study Program	84.033	N/A		27,147.00
Federal Pell Grant Program	84.063	N/A		2,315,692.00
Federal Pell Grant Program - Admin	84.063	N/A		250.00
		Total 84.063		2,315,942.00
Total Student Financial Aid Cluster			(M)	3,621,564.00
TRIO Cluster				
TRIO - Student Support Services	84.042(a)	N/A		298,934.22
TRIO - Talent Search	84.044(a)	N/A		240,376.78
Total TRIO Cluster			(M)	539,311.00
Passed through the Kansas Board of Regents:				
Carl Perkins Vocational Education Grants:				
Post Secondary Improvements	84.048	2018 Carl Perkins		106,285.13
Total U.S. Department of Education				4,267,160.13
FEDERAL ASSISTANCE TOTALS				$ 4,267,160.13

NOTE A:

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:

Labette Community College has not elected to use the 10% de minimis cost rate.

(1) These are subsidized and unsubsidized loans to students and parents at the College and are not included in the College's revenues and expenditures.

(M) Major Programs

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
Labette Community College
Parsons, 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 Labette Community College, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise Labette Community College's basic financial statements, and have issued our report thereon dated January 14, 2019.

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

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
January 14, 2019

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
Labette Community College
Parsons, Kansas

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditors' Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Labette 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 major federal programs for the year ended June 30, 2018.

Report on Internal Control over Compliance

Management of Labette 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 Labette 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 Labette Community College's internal control over compliance.

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

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

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

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
January 14, 2019

LABETTE COMMUNITY COLLEGE
Parsons, 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 Labette Community College.

Internal Control over Financial Reporting:

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

Federal Awards:
Internal control over major programs:

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

The auditors' report on compliance for the major federal award programs for Labette Community College expresses an unmodified opinion.

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

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 – Student Support Services – CFDA No. 84.042(a)
TRIO – Talent Search – CFDA No. 84.044(a)

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

Auditee qualified as a low risk auditee?	X	Yes	___	No

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

NONE

LABETTE COMMUNITY COLLEGE
Parsons, Kansas

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

None