OFFICIAL STATEMENT

NEW ISSUE – BOOK-ENTRY ONLY **RATING: S&P Global "AA+"**
BANK QUALIFIED **See "RATING" herein**

In the opinion of Gilmore & Bell, P.C., Bond Counsel to the Issuer, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the interest on the Series 2019 Bonds is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; (2) the interest on the Series 2019 Bonds is exempt from income taxation by the State of Kansas; and (3) the Series 2019 Bonds are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3). See "TAX MATTERS – Opinion of Bond Counsel" in this Official Statement.

$8,565,000
JOHNSON COUNTY COMMUNITY COLLEGE
JOHNSON COUNTY, KANSAS
STUDENT COMMONS AND PARKING SYSTEM REFUNDING REVENUE BONDS
SERIES 2019

Dated: Date of Delivery **Due: November 15, as shown on the inside cover**

The Series 2019 Bonds (the "Series 2019 Bonds") will be issued by Johnson County Community College, Johnson County, Kansas, (the "Issuer" or the "College"), as fully registered bonds without coupons, and, when issued, will be registered in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Series 2019 Bonds. Purchases of the Series 2019 Bonds will be made in book-entry form, in denominations of $5,000 or any integral multiple thereof (the "Authorized Denomination"). Purchasers will not receive certificates representing their interests in Series 2019 Bonds purchased. So long as Cede & Co. is the registered owner of the Series 2019 Bonds, as nominee of DTC, references herein to the Series 2019 Bond owners or registered owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (as herein defined) of the Series 2019 Bonds. Principal will be payable annually on November 15 as shown on the inside cover, and semiannual interest will be payable on May 15 and November 15, beginning May 15, 2020 (the "Interest Payment Dates"). Principal will be paid on the Series 2019 Bonds by UMB Bank, N.A., Kansas City, Missouri as bond registrar and paying agent (the "Bond Registrar" and "Paying Agent"). Interest payable on each Series 2019 Bond shall be paid to the persons who are the registered owners of the Series 2019 Bonds as of the close of business on the first day (whether or not a business day) of the calendar month of such interest payment date by check or draft of the Paying Agent mailed to such registered owner, or in the case of an interest payment to a registered owner of $500,000 or more in aggregate principal amount of Series 2019 Bonds, by electronic transfer. So long as DTC or its nominee, Cede & Co., is the Owner of the Series 2019 Bonds, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners.

The Series 2019 Bonds and the interest thereon are special obligations of the College, payable solely from the net revenues (the "Net Revenues," as more fully defined herein), including rents, charges, fees, income and revenues derived by the College from the operation of facilities in its Student Commons and Parking System (the "System"). THE SERIES 2019 BONDS DO NOT CONSTITUTE A GENERAL OBLIGATION OF THE COLLEGE AND WILL NOT CONSTITUTE AN INDEBTEDNESS OF THE COLLEGE WITHIN THE MEANING OF ANY CONSTITUTIONAL, STATUTORY OR CHARTER PROVISION, LIMITATION OR RESTRICTION. THE TAXING POWER OF THE COLLEGE IS NOT PLEDGED TO THE PAYMENT OF THE SERIES 2019 BONDS OR THE INTEREST THEREON. See "THE SERIES 2019 BONDS -- Security for the Series 2019 Bonds" herein. Under the Bond Resolution (as herein defined), additional bonds may be issued by the College on a parity with the Series 2019 Bonds. The payment of the principal of, redemption premium, if any, and interest on the Series 2019 Bonds is subject to certain risk factors and investment considerations as described under the caption "RISK FACTORS AND INVESTMENT CONSIDERATIONS" herein.

MATURITY SCHEDULE LISTED ON INSIDE COVER PAGE

The Series 2019 Bonds are subject to redemption prior to maturity as described herein. See "THE SERIES 2019 BONDS – Redemption Provisions" herein.

The Series 2019 Bonds are offered when, as and if issued by the College, subject to the approval of legality by Gilmore & Bell, P.C., Kansas City, Missouri, Bond Counsel to the College. It is expected that the Series 2019 Bonds will be available for delivery through the facilities of DTC on or about November 13, 2019.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION.

The date of this Official Statement is November 7, 2019.

$8,565,000
JOHNSON COUNTY COMMUNITY COLLEGE
JOHNSON COUNTY, KANSAS
STUDENT COMMONS AND PARKING SYSTEM REFUNDING REVENUE BONDS
SERIES 2019

MATURITY SCHEDULE

SERIAL BONDS

Stated Maturity (November 15)	Principal Amount	Interest Rate	Yield	CUSIP[1] (Base: 478459)
2020	$205,000	4.000%	1.230%	FR6
2021	210,000	4.000	1.250	FS4
2022	1,220,000	4.000	1.260	FT2
2023	1,270,000	4.000	1.280	FU9
2024	1,330,000	4.000	1.330	FV7
2025	1,380,000	4.000	1.380	FW5
2026	1,445,000	4.000	1.480	FX3
2027	1,505,000	2.000	1.600	FY1

[1] CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a subsidiary of The McGraw-Hill Companies, Inc, and is included solely for the convenience of the Owners of the Bonds. Neither the Issuer nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE BONDS AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE SERIES 2019 BONDS HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THE SERIES 2019 BONDS ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE SERIES 2019 BONDS IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE SERIES 2019 BONDS AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS "ESTIMATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE ISSUER AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

JOHNSON COUNTY COMMUNITY COLLEGE
Johnson County, Kansas
12345 College Boulevard
Overland Park, Kansas 66210

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TRUSTEE

UMB Bank, N.A.
Kansas City, Missouri

BOND COUNSEL

Gilmore & Bell, P.C.
Kansas City, Missouri

INDEPENDENT AUDITOR

RubinBrown LLP
Kansas City, Missouri

MUNICIPAL ADVISOR

Piper Jaffray & Co.
Leawood, Kansas

No dealer, broker, salesman or other person has been authorized by the Issuer or the Underwriter to give any information or to make any representations with respect to the Series 2019 Bonds other than those contained in this Official Statement, and, if given or made, such other information or representations must not be relied upon as having been authorized by any of the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy the Series 2019 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein concerning the Issuer has been furnished by the Issuer and other sources which are believed to be reliable, but such information is not guaranteed as to accuracy or completeness. The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of, its responsibilities to investors under the Federal Securities Laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof. This Official Statement does not constitute a contract between the Issuer or the Underwriter and any one or more of the purchasers, Owners or Beneficial Owners of the Series 2019 Bonds.

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JOHNSON COUNTY COMMUNITY COLLEGE, JOHNSON COUNTY, KANSAS
STUDENT COMMONS AND PARKING SYSTEM REFUNDING REVENUE BONDS
SERIES 2019

INTRODUCTION

This Official Statement is provided by Johnson County Community College, Johnson County, Kansas (the "Issuer" or the "College") to furnish information regarding the College, its Student Commons and Parking System (the "System," as more fully described herein), and its issuance of the above-referenced bonds (the "Series 2019 Bonds"), the proceeds of which will be used by the College (a) to refund the College's Series 2011 Bonds and (b) to pay the costs of issuing the Series 2019 Bonds. The Series 2019 Bonds are payable solely from, and are secured by a pledge of, the Net Revenues of the System, including rents, charges, fees, income and revenues as more fully described in "THE SERIES 2019 BONDS – Security for the Series 2019 Bonds."

This Official Statement contains brief descriptions of the Series 2019 Bonds, the College, the System, and selected regional, economic and demographic information. All descriptions of documents contained herein are only summaries and are qualified in their entirety by reference to each such document. The Appendices to this Official Statement are an integral part of this document, to be read in their entirety. Except for the information expressly attributed to other sources, all information has been provided by the College. The presentation of information herein, including tables of receipts from various taxes, is intended to show recent historic information, and is not intended to indicate future or continuing trends in the financial position or other affairs of the College. No representation is made that past experience, as might be shown by such financial or other financial information, will necessarily continue or be repeated in the future. Except to the extent described under the section captioned "LEGAL MATTERS," Bond Counsel expresses no opinion as to the accuracy or sufficiency of any other information contained herein.

Additional information with respect to the College and the Series 2019 Bonds may be obtained upon request from Johnson County Community College, 12345 College Boulevard, Overland Park, Kansas 66210, Attention: Associate Vice President for Financial Services/Chief Financial Officer, or from the Municipal Advisor, Piper Jaffray & Co., Leawood, Kansas.

THE SERIES 2019 BONDS

Authority

The Series 2019 Bonds are being issued pursuant to and in full compliance with the Constitution and laws of the State of Kansas, including K.S.A. 10-101 *et seq*., and particularly K.S.A. 10-116a, and a resolution adopted by the Board of Trustees of the College (the "Bond Resolution").

Description of the Series 2019 Bonds

The Series 2019 Bonds shall be dated as of the date of delivery, and issued in the denomination of $5,000 or any integral multiple thereof, and numbered in such manner as the Bond Registrar shall determine. The Series 2019 Bonds will mature on November 15 in the years and in the principal amounts set forth on the inside cover page of this Official Statement. Interest on the Series 2019 Bonds will be payable semiannually on May 15 and November 15 in each year, beginning May 15, 2020. The principal of, redemption premium, if any, and interest on the Series 2019 Bonds shall be payable in any coin or currency which, on the respective dates of payment thereof, is legal tender for the payment of public and private debts. Principal on the Series 2019 Bonds will be payable upon presentation and surrender of the Series 2019 Bonds by the registered owners thereof (the "Owners") at the principal office of the Paying Agent. Interest on the Series 2019 Bonds will be payable (a) by check or draft of the Paying Agent mailed to the persons who are the registered owners of the Series 2019 Bonds as of the close of business on the first day (whether or not a business day) of the calendar month in which an interest payment date occurs (the "Record Date") or (b) in the case of an interest payment to Cede & Co. or any Owner of $500,000 or more in aggregate principal amount of Series 2019 Bonds, by electronic transfer to such Owner upon written notice given to the Bond Registrar by such Owner, not less than 15 days prior to the Record Date for such interest, containing the electronic transfer instructions including the bank (which shall be in the continental United States), ABA routing number and account number to which such Owner wishes to have such transfer directed.

Notwithstanding the foregoing, interest on any Series 2019 Bond which is payable but not paid on any interest payment date (the "Defaulted Interest") shall cease to be payable to the Owner of such Series 2019 Bond on the relevant Record Date and shall be payable to the Owner in whose name such Series 2019 Bond is registered at the close of business on the Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed as hereinafter specified. The Issuer shall notify the Paying Agent in writing of the amount of Defaulted Interest proposed to be paid on each Series 2019 Bond and the date of the proposed payment (which date shall be at least 30 days after receipt of such notice by the Paying Agent) and shall deposit with the Paying Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest. Following receipt of such funds the Paying Agent shall fix a Special Record Date for the payment of such Defaulted Interest which shall be not more than 15 nor less than 10 days prior to the date of the proposed payment. The Paying Agent shall notify the Issuer of such Special Record Date and shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, by first class mail, postage prepaid, to each Owner of a Series 2019 Bond entitled to such notice not less than 10 days prior to such Special Record Date.

Security for the Series 2019 Bonds

The Series 2019 Bonds will be secured by a pledge of the Net Revenues (hereinafter defined) derived by the College from the operation of the System, and funds to be deposited in various accounts, all as defined in and to the extent provided for by the Bond Resolution (see "*APPENDIX D* – SUMMARY OF FINANCING DOCUMENTS").

"Net Revenues" are defined as Revenues less Current Expenses.

"Revenues" means all rentals, charges, fees, income and revenues derived and collected by the College from the operation and ownership of the System, including specifically the proceeds derived from a student commons and parking fee charged each enrolled student.

"Current Expense" means all necessary expenses of operation, maintenance and repair of the System, including current maintenance charges, cost of food service, cost of inventory for the bookstore, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance, and all other expenses incident to the operation of the System, but shall exclude depreciation and amortization charges, capital expenditures, principal and interest paid on revenue bonds or capital lease obligations and all general administrative expenses of the College not related to the operation of the System.

The College has covenanted under the Bond Resolution to fix and maintain rates, fees and other charges of the System (including specifically the student commons and parking fee charged each enrolled student) which are sufficient, after payment of costs of operating and maintaining the System, giving credit to certain student fees and other available funds to pay of such operation and maintenance costs, to produce Net Revenues each fiscal year equal to not less than 110% of the System's debt service in such fiscal year (see "*APPENDIX D* – SUMMARY OF FINANCING DOCUMENTS – Particular Covenants of the College"), and to apply available monies to maintain minimum required balances in certain of the funds and accounts created under the Bond Resolution .

Under conditions set forth in the Bond Resolution, the College may issue additional bonds payable from and secured by Net Revenues. (See "APPENDIX D – SUMMARY OF FINANCING DOCUMENTS – Additional Bonds.")

The Series 2019 Bonds shall stand on a parity and will be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues derived from the operation of the System and in all other respects with the $2,300,000 outstanding principal amount of Student Commons and Parking System Refunding Revenue Bonds, Series 2012 (the "Series 2012 Bonds"), the $2,210,000 outstanding principal amount of Student Commons and Parking System Refunding Revenue Bonds, Series 2015 (the "Series 2015 Bonds"), and any other additional bonds issued on parity with the Series 2019 Bonds.

THE SERIES 2019 BONDS DO NOT CONSTITUTE AN INDEBTEDNESS OF THE COLLEGE WITHIN THE MEANING OF THE CONSTITUTION AND LAWS OF THE STATE OF KANSAS OR A

PLEDGE OF THE FAITH AND CREDIT OF THE COLLEGE OR THE STATE OF KANSAS, BUT ARE PAYABLE SOLELY FROM THE NET REVENUES OF THE SYSTEM.

Designation of Paying Agent and Bond Registrar

The College will at all times maintain a paying agent or bond registrar meeting the qualifications set forth in the Bond Resolution. The College reserves the right to appoint a successor paying agent or bond registrar. No resignation or removal of the paying agent or bond registrar shall become effective until a successor has been appointed and has accepted the duties of paying agent or bond registrar. Every paying agent or bond registrar appointed by the College shall at all times meet the requirements of Kansas law.

UMB Bank, N.A., Kansas City, Missouri (the "Bond Registrar" and "Paying Agent"), has been designated by the College as Paying Agent for the payment of principal of and interest on the Series 2019 Bonds and Bond Registrar with respect to the registration, transfer and exchange of Series 2019 Bonds.

Registration, Transfer and Exchange of Series 2019 Bonds

Series 2019 Bonds are transferable only upon the books of the Bond Registrar upon presentation and surrender of the Series 2019 Bonds, together with instructions for transfer. Series 2019 Bonds may be exchanged for Series 2019 Bonds in the same aggregate principal amount and maturity upon presentation to the Bond Registrar, subject to the terms, conditions and limitations set forth in the Bond Resolution, and upon payment of any tax, fee or other governmental charge required to be paid with respect to any such registration, exchange or transfer.

Mutilated, Lost, Stolen or Destroyed Series 2019 Bonds

If (a) any mutilated Series 2019 Bond is surrendered to the Bond Registrar or the Bond Registrar receives evidence to its satisfaction of the destruction, loss or theft of any Series 2019 Bond, and (b) there is delivered to the Issuer and the Bond Registrar such security or indemnity as may be required by each of them, then, in the absence of notice to the Issuer or the Bond Registrar that such Series 2019 Bond has been acquired by a bona fide purchaser, the Issuer shall execute and the Bond Registrar shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Series 2019 Bond, a new Series 2019 Bond of the same Stated Maturity and of like tenor and principal amount. If any such mutilated, destroyed, lost or stolen Series 2019 Bond has become or is about to become due and payable, the Bond Registrar, in its discretion, may pay such Series 2019 Bond instead of issuing a new Series 2019 Bond. Upon the issuance of any new Series 2019 Bond, the Issuer and the Bond Registrar may require the payment by the Owner of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto and any other expenses (including the fees and expenses of the Paying Agent) connected therewith.

Nonpresentment of Series 2019 Bonds

If any Series 2019 Bond is not presented for payment when the principal thereof becomes due at maturity, if funds sufficient to pay such Series 2019 Bond have been made available to the Paying Agent all liability of the Issuer to the Owner thereof for the payment of such Series 2019 Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent to hold such funds, without liability for interest thereon, for the benefit of the Owner of such Series 2019 Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under this Bond Resolution or on, or with respect to, said Series 2019 Bond. If any Series 2019 Bond is not presented for payment within four (4) years following the date when such Series 2019 Bond becomes due at maturity, the Paying Agent shall repay to the Issuer the funds theretofore held by it for payment of such Series 2019 Bond, and such Series 2019 Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the Issuer, and the Owner thereof shall be entitled to look only to the Issuer for payment, and then only to the extent of the amount so repaid to it by the Paying Agent, and the Issuer shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE SERIES 2019 BONDS, THE PAYING AGENT SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See "THE SERIES 2019 BONDS – Book-Entry Bonds; Securities Depository."

Payments Due on Saturdays, Sundays and Holidays

In any case where a date for the payment of the principal of, redemption premium, if any, or interest on the Series 2019 Bonds is not a Business Day, then payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the scheduled payment date, and no interest shall accrue for the period after such bond payment date.

Redemption Provisions

Optional Redemption. At the option of the Issuer, Series 2019 Bonds maturing on November 15, 2027 will be subject to redemption and payment prior to their Stated Maturity on November 15, 2026, and thereafter, as a whole or in part (selection of maturities and the amount of Series 2019 Bonds of each maturity to be redeemed to be determined by the Issuer in such equitable manner as it may determine) at any time, at the Redemption Price of 100% (expressed as a percentage of the principal amount), plus accrued interest to the Redemption Date.

Selection of Bonds to be Redeemed. Series 2019 Bonds shall be redeemed only in an Authorized Denomination. When less than all of the Series 2019 Bonds are to be redeemed and paid prior to their Stated Maturity, such Series 2019 Bonds shall be redeemed in such manner as the Issuer shall determine, Series 2019 Bonds of less than a full Stated Maturity shall be selected by the Bond Registrar in minimum Authorized Denomination in such equitable manner as the Bond Registrar may determine. In the case of a partial redemption of Series 2019 Bonds by lot when Series 2019 Bonds of denominations greater than a minimum Authorized Denomination are then Outstanding, then for all purposes in connection with such redemption each minimum Authorized Denomination of face value shall be treated as though it were a separate Series 2019 Bond of a minimum Authorized Denomination. If it is determined that one or more, but not all, of the minimum Authorized Denomination value represented by any Series 2019 Bond is selected for redemption, then upon notice of intention to redeem such minimum Authorized Denomination, the Owner or the Owner's duly authorized agent shall forthwith present and surrender such Series 2019 Bond to the Bond Registrar: (1) for payment of the Redemption Price and interest to the Redemption Date of such minimum Authorized Denomination value called for redemption, and (2) for exchange, without charge to the Owner thereof, for a new Series 2019 Bond or Series 2019 Bonds of the aggregate principal amount of the unredeemed portion of the principal amount of such Series 2019 Bond. If the Owner of any such Series 2019 Bond fails to present such Series 2019 Bond to the Paying Agent for payment and exchange as aforesaid, such Series 2019 Bond shall, nevertheless, become due and payable on the redemption date to the extent of the minimum Authorized Denomination value called for redemption (and to that extent only).

Notice and Effect of Call for Redemption. Unless waived by any Owner of Series 2019 Bonds to be redeemed, if the Issuer shall call any Series 2019 Bonds for redemption and payment prior to the Stated Maturity thereof, the Issuer shall give written notice of its intention to call and pay said Series 2019 Bonds to the Paying Agent, Bond Registrar and the State Treasurer. In addition, the Issuer shall cause the Bond Registrar to give written notice of redemption to the Owners of said Series 2019 Bonds. Each of said written notices shall be deposited in the United States first class mail not less than 30 days prior to the Redemption Date.

All official notices of redemption shall be dated and shall contain the following information: (a) the Redemption Date; (b) the Redemption Price; (c) if less than all Outstanding Series 2019 Bonds are to be redeemed, the identification (and, in the case of partial redemption of any Series 2019 Bonds, the respective principal amounts) of the Series 2019 Bonds to be redeemed; (d) a statement that on the Redemption Date the Redemption Price will become due and payable upon each such Series 2019 Bond or portion thereof called for redemption and that interest thereon shall cease to accrue from and after the Redemption Date; and (e) the place where such Series 2019 Bonds are to be surrendered for payment of the Redemption Price, which shall be the principal office of the Paying Agent. The failure of any Owner to receive notice given as heretofore provided or an immaterial defect therein shall not invalidate any redemption.

Prior to any Redemption Date, the Issuer shall deposit with the Paying Agent an amount of money sufficient to pay the Redemption Price of all the Bonds or portions of Series 2019 Bonds that are to be redeemed on such Redemption Date. Official notice of redemption having been given as aforesaid, the Series 2019 Bonds or portions of Series 2019 Bonds to be redeemed shall become due and payable on the Redemption Date, at the Redemption Price therein specified, and from and after the Redemption Date (unless the Issuer defaults in the payment of the Redemption Price) such Series 2019 Bonds or portion of Bonds shall cease to bear interest.

For so long as the Securities Depository is effecting book-entry transfers of the Series 2019 Bonds, the Bond Registrar shall provide the notices specified to the Securities Depository. It is expected that the Securities Depository shall, in turn, notify its Participants and that the Participants, in turn, will notify or cause to be notified the Beneficial Owners. Any failure on the part of the Securities Depository or a Participant, or failure on the part of a nominee of a Beneficial Owner of a Series 2019 Bond (having been mailed notice from the Bond Registrar, the Securities Depository, a Participant or otherwise) to notify the Beneficial Owner of the Series 2019 Bond so affected, shall not affect the validity of the redemption of such Series 2019 Bond.

In addition to the foregoing notice, the College shall provide such notices of redemption as are required by the Disclosure Undertaking. The Paying Agent is also directed to comply with any mandatory or voluntary standards then in effect for processing redemptions of municipal securities established by the State or the Securities and Exchange Commission. Failure to comply with such standards shall not affect or invalidate the redemption of any Series 2019 Bond.

Book-Entry Bonds: Securities Depository

The Series 2019 Bonds shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive Series 2019 Bonds representing their respective interests in the Series 2019 Bonds, except in the event the Bond Registrar issues Replacement Bonds as hereinafter provided. It is anticipated that during the term of the Series 2019 Bonds, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Series 2019 Bonds to the Participants until and unless the Bond Registrar authenticates and delivers Replacement Bonds to the Beneficial Owners as described in the following paragraphs.

The Issuer may decide, subject to the requirements of the Operational Arrangements of DTC (or a successor Securities Depository), and the following provisions of this section to discontinue use of the system of book-entry transfers through DTC (or a successor Securities Depository):

(a) If the Issuer determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Series 2019 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2019 Bonds; or

(b) if the Bond Registrar receives written notice from Participants having interest in not less than 50% of the Series 2019 Bonds Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Series 2019 Bonds being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Series 2019 Bonds, then the Bond Registrar shall notify the Owners of such determination or such notice and of the availability of Series 2019 Bonds to owners requesting the same, and the Bond Registrar shall register in the name of and authenticate and deliver Replacement Bonds to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the Issuer, with the consent of the Bond Registrar, may select a successor securities depository in accordance with the provisions hereafter set forth.

In such event, all references to the Securities Depository herein shall relate to the period of time when at least one Series 2019 Bond is registered in the name of the Securities Depository or its nominee. Upon the issuance of Replacement Bonds, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Bond Registrar, to the extent applicable with respect to such Replacement Bonds. If the Securities Depository resigns and the Issuer, the Bond Registrar or Owners are unable to locate a qualified successor of the Securities Depository, then the Bond Registrar shall authenticate and cause delivery of Replacement Bonds to Owners, as provided herein. The Bond Registrar may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the

Series 2019 Bonds. The cost of printing, registration, authentication, and delivery of Replacement Bonds shall be paid for by the Issuer.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the Issuer may appoint a successor Securities Depository provided the Bond Registrar receives written evidence satisfactory to the Bond Registrar with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Bond Registrar upon its receipt of a Series 2019 Bond or Series 2019 Bonds for cancellation shall cause the delivery of the Series 2019 Bonds to the successor Securities Depository in appropriate denominations and form as provided in the Bond Resolution.

THE DEPOSITORY TRUST COMPANY

Prepared by DTC

1. The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each scheduled maturity of the Bonds, and will be deposited with DTC.

2. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has a Standard & Poor's rating of "AA+". The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

4. To facilitate subsequent transfers, all Bonds deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual

Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

6. Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Issuer or Paying Agent, on the payment date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee, the Paying Agent, or the Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Issuer or Paying Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. A Beneficial Owner shall give notice to elect to have its Bonds purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Bonds by causing the Direct Participant to transfer the Participant's interest in the Bonds, on DTC's records, to the Paying Agent. The requirement for physical delivery of the Bonds in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Bonds are transferred by Direct Participants on DTC's records and followed by a book-entry credit of tendered Bonds to the Paying Agent's DTC account.

10. DTC may discontinue providing its services as depository with respect to the Bonds at any time by giving reasonable notice to the Issuer or Paying Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Bond certificates are required to be printed and delivered.

11. The Issuer may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Bond certificates will be printed and delivered to DTC.

12. The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Issuer believes to be reliable, but the Issuer takes no responsibility for the accuracy thereof.

CONTINUING DISCLOSURE

Securities and Exchange Commission (the "SEC") Rule 15c2-12 (the "Rule"), requires continuous secondary market disclosure respecting certain municipal securities issues. In the Bond Resolution, hereinafter defined, the College has covenanted to provide annually certain financial information and operating data and other information necessary to comply with the Rule, and to transmit the same to certain repositories and the Municipal Securities Rulemaking Board, as applicable. This covenant is for the benefit of and is enforceable by the owners of the Series 2019 Bonds.

The College has previously entered into disclosure undertakings pursuant to the Rule (the "Prior Undertakings"). For the past five years the Issuer has filed its financial information and operating data within the time period prescribed by the Prior Undertakings.

For more information regarding the College's continuing disclosure undertaking, see *APPENDIX E* – Form of Continuing Disclosure Undertaking."

PLAN OF FINANCE

The proceeds from the sale of the Series 2019 Bonds will be used to retire the College's Student Commons and Parking System Refunding Revenue Bonds, Series 2011, maturing November 15, 2019 thru November 15, 2027 in an outstanding amount of $9,425,000 (the "Refunded Bonds"). The Refunded Bonds will be redeemed November 15, 2019 at par. The College has adopted this plan of refunding the Refunded Bonds in order to provide economic benefits to the College derived from lower interest rates.

Pursuant to the Refunding Plan, the Refunded Bonds maturing in the years set forth below will be paid at maturity or redeemed at the optional redemption date and price as follows:

Series	Maturities	Par Amount	Redemption Date	Redemption Price
2011	2019–2027	$9,425,000	11/15/19	100%

SOURCES AND USES OF FUNDS

Sources of Funds:	
Principal Amount	$8,565,000.00
Reoffering Premium	910,086.85
Other Available Funds	234,375.00
Total Sources of Funds	$9,709,461.85
Uses of Funds:	
Redemption of Refunded Bonds	$9,604,375.00
Underwriter's Discount	33,429.39
Costs of Issuance	71,657.46
Total Uses of Funds	$9,709,461.85

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE SERIES 2019 BONDS DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE SERIES 2019 BONDS WHICH MUST BE RECOGNIZED. THE FOLLOWING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2019 BONDS. PROSPECTIVE PURCHASERS OF THE SERIES 2019 BONDS SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE ISSUER OR THE UNDERWRITER.

Special Obligations

The Series 2019 Bonds are special, limited obligations of the College. Neither the Series 2019 Bonds nor the interest thereon constitute a general obligation or indebtedness of, nor is the payment thereof guaranteed by the

College, or any governmental subdivision, agency or instrumentality. The Series 2019 Bonds are not payable in any manner from tax revenues.

Debt Service Source

The Series 2019 Bonds are payable solely from the Net Revenues of the College arising out of or in connection with its interest in the System, on a parity of lien basis with other Parity Bonds. While the future ability of the College to meet its obligations under the Bond Resolution is based upon assumptions and judgments that the College believes are reasonable and appropriate, they are subject to conditions which may change in the future to an extent that presently cannot be determined. Thus, no assurance can be given that Net Revenues will be realized by the College in amounts sufficient to pay the principal of and interest on the Series 2019 Bonds and other Parity Bonds as they become due.

No Debt Service Reserve Account

No debt service reserve account will be established in relation to the Series 2019 Bonds.

Taxation of Interest on the Series 2019 Bonds

An opinion of Bond Counsel will be obtained to the effect that interest earned on the Series 2019 Bonds is excludable from gross income for federal income tax purposes under current provisions of the Code, and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the interest earned on the Series 2019 Bonds includable in gross income for federal income tax purposes.

The College has covenanted in the Bond Resolution and in other documents to be delivered in connection with the issuance of the Series 2019 Bonds to comply with the provisions of the Code, including those which require the College to take or omit to take certain actions after the issuance of the Series 2019 Bonds. Because the existence and continuation of the excludability of the interest on the Series 2019 Bonds depends upon events occurring after the date of issuance of the Series 2019 Bonds, the opinion of Bond Counsel described under "TAX MATTERS" assumes the compliance by the College with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Bond Counsel with respect to the excludability of the interest on the Series 2019 Bonds in the event of noncompliance with such provisions. The failure of the College to comply with the provisions described above may cause the interest on the Series 2019 Bonds to become includable in gross income as of the date of issuance.

No Additional Interest or Mandatory Redemption upon Event of Taxability

The Bond Resolution does not provide for the payment of additional interest or penalty on the Series 2019 Bonds or the mandatory redemption thereof if the interest thereon becomes includable in gross income for federal income tax purposes. Likewise, the Bond Resolution does not provide for the payment of any additional interest or penalty on the Series 2019 Bonds if the interest thereon becomes subject to income taxation by the State.

Kansas Public Employees Retirement System

As described in "***APPENDIX A*** – GENERAL INFORMATION CONCERNING THE COLLEGE – Kansas Public Employees Retirement System (KPERS)," the Issuer participates in the Kansas Public Employees Retirement System ("KPERS"), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERS administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Issuer participates in the Public Employees Retirement System – Local Group (the "Plan"). Under existing law, employees make contributions and the Issuer makes all employer contributions to the Plan; neither the employees nor the Issuer are directly responsible for any unfunded accrued actuarial liability ("UAAL"). However, the Plan contribution rates may be adjusted by legislative action over time to address any UAAL. According to KPERS' Valuation Report, the Local Group had an UAAL of approximately $1.501 billion in calendar year 2018.

Market for the Series 2019 Bonds

Bond Rating. The Series 2019 Bonds have been assigned the financial rating set forth in the section hereof entitled "RATING." There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Series 2019 Bonds.

Secondary Market. There is no assurance that a secondary market will develop for the purchase and sale of the Series 2019 Bonds. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Series 2019 Bonds as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the Issuer, or a material adverse change in the financial condition of the Issuer, whether or not the Series 2019 Bonds are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Legal Factors

Various state and federal laws, regulations and constitutional provisions apply to the operations of the System by the College and to the obligations created by the Series 2019 Bonds. There is no assurance that there will not be any change in, interpretation of, or addition to such applicable laws, provisions and regulations which would have a material effect, either directly or indirectly, on the College and the System.

Limitations on Remedies Available to Owners of the Series 2019 Bonds

The enforceability of the rights and remedies of the owners of Series 2019 Bonds, and the obligations incurred by the College in issuing the Series 2019 Bonds, are subject to the following: the federal Bankruptcy Code and applicable bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or affecting the enforcement of creditors' rights generally, now or hereafter in effect; usual equity principles which may limit the specific enforcement under state law of certain remedies; the exercise by the United States of America of the powers delegated to it by the United States Constitution; and the reasonable and necessary exercise, in certain unusual situations, of the police power inherent in the State of Kansas and its governmental subdivisions in the interest of serving a legitimate and significant public purpose. Bankruptcy proceedings, or the exercise of powers by the federal or state government, if initiated, could subject the owners of the Series 2019 Bonds to judicial discretion and interpretation of their rights in bankruptcy and otherwise, and consequently may involve risks of delay, limitation or modification of their rights.

Premium on Series 2019 Bonds

The initial offering prices of certain maturities of the Series 2019 Bonds that are subject to optional redemption may be in excess of the respective principal amounts thereof. Any person who purchases a Series 2019 Bond in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Series 2019 Bonds may be subject to redemption at par under the various circumstances described under "THE SERIES 2019 BONDS – Redemption Provisions."

Suitability of Investment

An investment in the Series 2019 Bonds involves a certain degree of risk. The interest rate borne by the Series 2019 Bonds (as compared to prevailing interest rates on more secure tax exempt bonds such as those which constitute general obligations of fiscally sound municipalities) is intended to compensate the investor for assuming this element of risk. Furthermore, the tax exempt feature of the Series 2019 Bonds is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Series 2019 Bonds are an appropriate investment.

Cybersecurity Risks

Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the Issuer and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If a security breach occurs, the Issuer may incur significant costs to remediate possible injury to the affected persons, and the Issuer may be subject to sanctions and civil penalties. Any failure to maintain proper functionality and security of information systems could interrupt the Issuer's operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

Terrorist Attacks or Natural Disasters

The occurrence of a terrorist attack or natural disasters, such as fires, tornados, earthquakes, floods or droughts, could damage the Issuer and its systems and infrastructure, and interrupt services or otherwise impair operations of the Issuer.

NO REPRESENTATION OR ASSURANCE CAN BE MADE OR GIVEN THAT REVENUES WILL BE REALIZED BY THE COLLEGE FROM THE SYSTEM IN AMOUNTS SUFFICIENT TO PAY THE PRINCIPAL OF, REDEMPTION PREMIUM, IF ANY, AND INTEREST ON THE SERIES 2019 BONDS.

THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE SERIES 2019 BONDS.

Prospective purchasers of the Series 2019 Bonds should analyze carefully the information contained in this Official Statement and additional information in the form of the complete documents summarized herein, copies of which are available and may be obtained from the Municipal Advisor.

THE SYSTEM

The "System" means the student commons and parking system which includes the student commons (including without limitation the bookstore), student commons annex (the child care center), the parking structures adjacent to the College's Carlsen Center and at Galileo's Pavilion, the parking structures adjacent to the Regnier Center on the campus, and all housing, dining, student union, parking or other auxiliary enterprises owned or operated by the College which may be added to the System while any of the Bonds or additional bonds issued under the terms of this Resolution are outstanding. The System does not include any facilities hereafter constructed or acquired, which are not financed with the proceeds of revenue bonds payable from the income and revenues of the System, and for which the College maintains separate and distinct operations, facilities and records.

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FINANCIAL INFORMATION CONCERNING THE SYSTEM

The following table summarizes the revenues and expenditures of the System for the following fiscal years ending June 30.

System Revenue and Expenditures Schedule

	2018-2019 ACTUAL	2017-2018 ACTUAL	2016-2017 ACTUAL	2015-2016 ACTUAL	2014-2015 ACTUAL
REVENUES					
Commons/Parking Fee	$2,636,747	$2,751,825	$2,804,456	$2,796,373	$2,861,490
Bookstore	6,057,174	6,693,498	7,111,308	6,941,740	7,640,276
Cosmetology	29,784	26,511	29,183	27,788	27,764
Concessions	5,034	7,396	7,026	10,482	7,056
Dining Services, Café	2,299,604	2,183,574	2,225,823	2,274,058	2,440,001
Vending/Coffee Bars	727,688	842,600	864,852	872,614	936,537
Hiersteiner Center	1,122,498	1,079,948	1,093,308	1,035,883	870,390
TOTAL REVENUES	$12,878,529	$13,585,352	$14,135,957	$13,958,938	$14,783,514
CURRENT EXPENSES					
Bookstore	$5,207,241	$5,558,349	$5,954,154	$6,405,405	$6,103,454
Cosmetology	30,048	21,986	24,390	23,395	25,120
Concessions	4,719	4,774	4,463	7,133	7,115
Dining Services, Café	3,192,688	2,939,409	3,016,965	2,379,240	2,491,547
Vending/Coffee Bars	807,467	963,011	1,022,307	840,359	911,629
Hiersteiner Center	1,492,137	1,472,303	1,489,249	1,079,543	1,089,148
TOTAL CURRENT EXPENSES	$10,734,300	$10,959,832	$11,511,528	$10,735,075	$10,628,013
NET REVENUES	$2,144,229	$2,625,520	$2,624,429	$3,223,863	$4,155,501

Debt Service Coverage Ratios

Revenue Available for Debt Service (FYE June 30, 2019)	$2,144,229
Maximum Annual Debt Service on Parity Bonds*	$1,727,100
Pro Forma Maximum Annual Debt Service Coverage Ratio	1.24x
Total annual debt service on Parity Bonds (FYE June 30, 2019)	$1,711,700
Annual debt service coverage ratio (FYE June 30, 2019)	1.25x

*Includes November 15, 2019 principal and interest payments on the Refunded Bonds, the Series 2012 Bonds, the Series 2015 Bonds and the Series 2019 Bonds.

Source: The College

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Debt Service Requirements

The following sets forth the debt service on the System Parity Bonds, including the November 15, 2019 principal and interest payments due on the Refunded Bonds.

Fiscal Year Ended June 30	Series 2011	Series 2012	Series 2015	Series 2019	Total
2020	$234,375	$545,950	$761,950	$157,986	$1,700,261
2021	--	332,900	757,350	513,400	1,603,650
2022	--	336,800	757,500	510,100	1,604,400
2023	--	211,800	--	1,491,500	1,703,300
2024	--	212,950	--	1,491,700	1,704,650
2025	--	214,000	--	1,499,700	1,713,700
2026	--	210,000	--	1,495,500	1,705,500
2027	--	201,050	--	1,504,000	1,705,050
2028	--	207,050	--	1,520,050	1,727,100
TOTAL =	**$234,375**	**$2,472,500**	**$2,276,800**	**$10,183,936**	**$15,167,611**

Authority to Issue Revenue Obligations

The College was authorized under the provisions of K.S.A. 76-6a13 *et seq*., to issue and sell revenue bonds for the purpose of acquiring, constricting, furnishing and equipping the Project financed by the Refunded Bonds, provided that the principal of and interest on such revenue bonds was payable solely from the revenues derived by the College from the operation of the system and certain student fees.

Previous Defaults

The College has never defaulted in the payment of principal and interest on a revenue bond issue or on any other financial obligation.

ABSENCE OF LITIGATION

There is no controversy, suit or other proceedings of any kind pending or threatened wherein or whereby any question is raised or may be raised, questioning, disputing or affecting in any way the legal organization of the College or its boundaries, or the right or title of any of its officers to their respective offices, or the legality of any official act shown to have been done in the transcript leading up to the issuance of the Series 2019 Bonds, or the constitutionality or validity of the indebtedness represented by the Series 2019 Bonds shown to be authorized in the transcript, or the validity of the Series 2019 Bonds or any of the proceedings in relation to the issuance or sale thereof, or the pledging of the revenues of the System to pay the principal of and interest thereon.

LEGAL MATTERS

All matters incident to the authorization and issuance of the Series 2019 Bonds are subject to the approval of Gilmore & Bell, P.C., Bond Counsel to the Issuer, Kansas City, Missouri. The factual and financial information appearing herein has been supplied or reviewed by certain officials of the Issuer and its certified public accountants, as referred to herein, and Bond Counsel expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE SERIES 2019 BONDS," "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX D – SUMMARY OF FINANCING DOCUMENTS."

TAX MATTERS

The following is a summary of the material federal and State of Kansas income tax consequences of holding and disposing of the Series 2019 Bonds. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Series 2019 Bonds as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Series 2019 Bonds in the secondary market. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Series 2019 Bonds.

Opinion of Bond Counsel

In the opinion of Bond Counsel, under the law existing as of the issue date of the Series 2019 Bonds:

Federal Tax Exemption. The interest on the Series 2019 Bonds is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. Interest on the Series 2019 Bonds is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The Series 2019 Bonds are "qualified tax-exempt obligations" within the meaning of Code § 265(b)(3).

Kansas Tax Exemption. The interest on the Series 2019 Bonds is exempt from income taxation by the State of Kansas.

Bond Counsel's opinions are provided as of the date of the original issue of the Series 2019 Bonds, subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Series 2019 Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of interest on the Series 2019 Bonds in gross income for federal income tax purposes retroactive to the date of issuance of the Series 2019 Bonds. Bond Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Series 2019 Bonds.

Other Tax Consequences

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Series 2019 Bond over its stated redemption price at maturity. The issue price of a Series 2019 Bond is generally the first price at which a substantial amount of the Series 2019 Bonds of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Series 2019 Bond using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Series 2019 Bond and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Series 2019 Bond prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange or Retirement of Bonds. Upon the sale, exchange or retirement (including redemption) of a Series 2019 Bond, an owner of the Series 2019 Bond generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Series 2019 Bond (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Series 2019 Bond. To the extent the Series 2019 Bonds are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Series 2019 Bond has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Series 2019 Bonds, and to the proceeds paid on the sale of Series 2019 Bonds, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Series 2019 Bonds should be aware that ownership of the Series 2019 Bonds may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Series 2019 Bonds. Bond Counsel expresses no opinion regarding these tax consequences. Purchasers of Series 2019 Bonds should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Series 2019 Bonds, including the possible application of state, local, foreign and other tax laws.

RATING

S&P Global Ratings, a division of S&P Global Inc., has assigned an independent rating of "AA+" to the Series 2019 Bonds.

Such rating reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any bonds, including the Series 2019 Bonds, or as to the market price or suitability thereof for a particular investor. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse effect on the market price of the Series 2019 Bonds.

MUNICIPAL ADVISOR

Piper Jaffray & Co., Leawood, Kansas has served as a Municipal Advisor to the Issuer in connection with the sale of the Series 2019 Bonds. The Municipal Advisor has assisted the Issuer in the preparation of this Official Statement and in other matters relating to the issuance of the Series 2019 Bonds. The Municipal Advisor has not, however, independently verified the factual information contained in the Official Statement.

UNDERWRITING

The Series 2019 Bonds have been sold at public sale by the Issuer to Robert W. Baird & Co., Inc., Milwaukee, Wisconsin (the "Underwriter") on the basis of lowest true interest cost. Eight (8) bids were received by the Issuer. The Underwriter has agreed, subject to certain conditions, to purchase the Series 2019 Bonds at a price equal to the principal amount of the Series 2019 Bonds, plus accrued interest from the Dated Date to the Issue Date, plus a premium of $910,086.85, less an underwriting discount of $33,429.39.

The Series 2019 Bonds will be offered to the public initially at the prices determined to produce the yield to maturity or applicable redemption date set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Series 2019 Bonds to certain dealers (including dealers depositing the Series 2019 Bonds into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriter may overallot or effect transactions which stabilize or maintain the market price of the Series 2019 Bonds at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

AUTHORIZATION OF OFFICIAL STATEMENT

The preparation of this Official Statement and its distribution has been authorized by the Issuer. This Official Statement is approved by the governing body of the College as of the date on the cover page hereof.

JOHNSON COUNTY COMMUNITY COLLEGE
JOHNSON COUNTY, KANSAS

APPENDIX A

GENERAL INFORMATION CONCERNING THE COLLEGE

The Johnson County Community College District includes all of Johnson County, Kansas, which is located immediately west of Kansas City, Missouri, and immediately south of Kansas City, Kansas. The College was organized and established in 1967 under the provisions of then Section 72-6901 *et seq*. of Kansas Statutes Annotated (now K.S.A. 71-201 *et seq*.). Formal organization and establishment was preceded by a comprehensive written study report completed by citizens of the county in 1966, which report recognized the need for a community college and recommended its formation. The voters of Johnson County voted to create the district at a special election in May 1967. Currently, the College offers an associate of arts degree, an associate of science degree, an associate of general studies degree, an associate of applied science degree, numerous career program certificates, and credit transfer courses, along with more than 2,600 continuing education/non-credit courses and programs that enhance career development and personal enrichment.

The College is governed by a Board of Trustees (the "Board") of seven members, all being elected at large to overlapping four-year terms. The Board sets the budget and local tax levy and governs the college by adopting recommended College policies. The list of the Trustees is as follows:

Dr. Jerry Cook, Chair of the Board and Trustee
Ms. Nancy Ingram, Vice Chair of the Board and Trustee
Mr. Greg Musil, Treasurer and Trustee
Mr. David Lindstrom, Secretary and Trustee
Mr. Gerald Lee Cross, Jr., Trustee
Ms. Angeliina Lawson, Trustee
Mr. Paul Snider, Trustee

The College's primary administrators are:

Dr. Joseph M. Sopcich, President
Ms. Becky Centlivre, Vice President for Human Resources
Ms. Karen Martley, Vice President for Continuing Education and Organizational Development
Dr. L. Michael McCloud, Vice President for Instruction/Chief Academic Officer
Mr. Thomas Pagano, Vice President for Information Services/Chief Information Officer
Dr. Randy Weber, Vice President for Student Success and Engagement and Interim Executive Vice President for Finance and Administrative Services
Mr. John Clayton, Executive Director for Institutional Effectiveness
Mr. Chris Gray, Associate Vice President for Strategic Communications and Marketing

Dr. Sopcich has announced his intention to retire as President of the College effective July 2020.

Accreditation and Memberships

Johnson County Community College is accredited by The Higher Learning Commission of the North Central Association of Colleges and Schools, 230 South LaSalle Street, Suite 7-500, Chicago, IL 60604, www.hlcommission.org, (800) 621-7440. Accreditation was most recently reaffirmed in August 2018. In addition, individual programs are accredited/approved by specialized or programmatic accrediting/professional entities as follows:

- Accounting, Business Office Technology, Entrepreneurship, Business Administration and Marketing and Management, and Paralegal – Accreditation Council of Business Schools and Programs
- ASL-English Interpreter Preparation – Commission on Collegiate Interpreter Education
- Automotive Technology – National Automotive Technicians Education Foundation (NATEF), Master Automobile Service Technician
- College Now – National Alliance of Concurrent Enrollment Partnerships (NACEP)
- Dental Hygiene – American Dental Association Commission on Dental Accreditation (CODA)
- Dietary Manager – Association of Nutrition & Foodservice Professionals
- Fire Service Administration – International Fire Service Accreditation Congress (IFSAC)
- Health Information Systems – Healthcare Information and Management Systems Society (HIMSS)

- Heating, Ventilation and Air-Conditioning – Partnership for Air-Conditioning, Heating, Refrigeration Accreditation (PAHRA), Residential Heating and Air-Conditioning
- Hospitality Food and Beverage and Chef Apprentice – American Culinary Federation
- Nursing – Kansas State Board of Nursing and Accreditation Commission for Education in Nursing, Inc.
- Paralegal– Approved by the American Bar Association
- Paramedic – Commission on Accreditation of Allied Health Education Programs (www.caahep.org) upon the recommendation of the Committee on Accreditation of Educational Programs for the Emergency Medical Services Professions (CoAEMSP)
- Police Academy – University of Kansas
- Practical Nursing – Approved by the Kansas State Board of Nursing
- Respiratory Care – Commission on Accreditation for Respiratory Care (CoARC)

The College holds memberships in various organizations, including the American Association of Community Colleges, the Kansas Association of Community College Trustees, and the League for Innovation in the Community College.

Enrollment

The following table provides the College's fall semester credit enrollment statistics for the last ten years:

Year	Full-Time Students	Part-Time Students	Full-Time Equivalency	Total Students
2018	5,551	12,822	9,888	18,373
2017	5,792	12,846	10,153	18,638
2016	6,066	13,073	10,493	19,139
2015	6,075	13,016	10,523	19,091
2014	6,332	13,097	10,745	19,429
2013	6,331	13,341	10,862	19,672
2012	6,728	13,715	11,351	20,443
2011	7,021	14,012	11,693	21,033
2010	7,455	13,414	11,764	20,869
2009	7,433	12,968	11,551	20,401

The College is currently the third largest educational institution in the State of Kansas and the largest of the state's 19 community colleges. In addition, the College's Continuing Education branch offers more than 2,600 courses and programs that enhance career development and personal enrichment. Non-credit courses and contract training increase knowledge and skills while boosting job productivity and career potential. Traditional credits are not earned toward a degree, but students may earn CEUs (continuing education units), certifications and licensure within various professional education programs.

College Facilities

The primary College campus, composed of approximately 235 acres, is located at 12345 College Boulevard, at the southwest corner of the intersection of College Boulevard and Quivira in Overland Park, Kansas. The campus is served by interstate highways (I-435, I-35) and Highway 69 and is on the College Boulevard corridor, which is one of the Kansas City metropolitan area's premier office and commercial areas. The following table lists the College facilities, their primary use and construction date:

Year	Description
1970 & 1972	220-acre campus acquired (additional 15 acres acquired in 1983) and construction of first five buildings to house General Education, Science, Billington Library, Gymnasium and Campus Services.
1971	Construction of College Commons.

1981 Construction of Arts & Technology Building which contains studios for drawing, painting, ceramics, sculpture and silversmithing. Also included are photography darkrooms and studios and faculty offices. On the south end of the building are specialized facilities for industrial programs such as automotive technology.

1984 Construction of Office and Classroom Building (OCB) which contains classrooms and offices for a variety of degree and certificate programs. The OCB also houses computer labs; sound-proofed music rooms; the writing literature and media communications program; the speech, language and academic enhancement program; and offices for faculty.

1987 Construction of Industrial Technical Center (ITC) which serves as a national training center for the BNSF Railway Company. The shared facility includes specialized mechanical, communication, electronic, signal and locomotive engineering laboratories. It also provides office space for BNSF and general classrooms for the College.

1989 Construction of Hiersteiner Child Development Center which is located on the west side of campus and is a licensed day-care facility for the children of students, faculty and staff.

1990 Construction of Carlsen Center's Parking Garage.

1990 Construction of Carlsen Center which offers a first floor with three theaters, including the 1,250 seat Yardley Hall and the 400-seat Polsky Theatre, a recital hall, box office, switchboard and Campus Police department. Upper floors house continuing education classrooms, conference rooms, the offices of the JCCC Foundation, and faculty and staff offices.

1992 Construction of the ITC addition which offers additional office space, classrooms and laboratories for BNSF and the electronics technology program.

1993 Construction of the Welding Laboratory building which has 24,000 square feet of indoor and outdoor welding labs, used primarily as training facilities for BNSF students.

1993 Construction of the Classroom Laboratory Building which features classrooms; anatomy, chemistry, earth science and environmental science laboratories; and the latest equipment for the math, science and health career programs.

2000 Construction of the Student Center which houses all of the College's Student Services, beginning with the Student Information Desk on the first floor. The Student Success Center on the second floor includes counseling and Advising Services, Career Services, Access Services for Students with Disabilities, Admissions, Registration, Student Records and Financial Aid. The third floor houses Testing Services, administrative offices and the office of the vice president of Student Success/Engagement. The College bookstore, cafeteria and food court, as well as the on campus bank, are also on the first floor.

2001 Construction of the Gymnasium addition which houses a basketball court that converts to a 2,300-seat auditorium; three full-size practice courts; baseball and softball hitting areas; offices and general classrooms; a six-lane indoor running track; a training room; a fitness center, and other exercise/dance rooms.

2001 Construction of the Warehouse which is the delivery point for most goods and equipment purchased by the College. It also houses the College's postal services.

2001 Construction of the Horticulture Science Center which houses the College's horticulture program, faculty offices, three state-of-the art greenhouses, a plant propagation room and a head house.

2001 Construction of the Police Academy which is used to train full-time officers employed by more than 30 law enforcement agencies in northeastern Kansas and offers in-service training for law enforcement personnel in a four-state region.

2004 Construction of a 1,158 space parking garage at the Quivira entrance.

2007 Construction of the Regnier Center which contains a technology core housing the Center for Business and Technology, the Small Business Development Center, the College's Information Services staff and both credit and continuing education classes and labs in computer applications and information technology.

2007 Construction of the Nerman Museum of Contemporary Art (38,000 square feet) which features more than 12,000 square feet of exhibition space, a 200-seat auditorium, two art education classrooms, art storage and preparation areas and Café Tempo with seating for 110. Joining the museum and the Regnier Center is a glass and metal atrium that provides additional space for the Café and public receptions.

2008 Construction of the Science Building addition provided an expansion of the Dental Hygiene clinic, healthcare related occupational training and related faculty offices.

2010 Construction of the Bookstore Warehouse addition, including an interior connection to the Bookstore's existing warehouse and additional office and retail space.

2010 Construction of the Olathe Health Education Center, near the intersection of I-35 and 151st Street in Olathe, Kansas, approximately five miles from the College's primary campus. This 50,000 square foot facility features a 300-seat multipurpose conference room that can be divided into four rooms for meetings or classes, classrooms for anatomy, physiology, practical nursing, health occupations and dietary manager programs, along with patient care beds, skills labs and patient simulators, computer labs, common areas for study and rest breaks and offices for faculty and staff, including security, counseling and student services.

2012 Construction of Galileo's Pavilion, a 3,000 square foot LEED platinum certified facility that houses two classrooms, a lounge and exhibition/display space. Clad in reclaimed gray slate chalkboards, the building incorporates such energy saving features as photovoltaic solar panels on the roof, a small 2-kilowatt wind turbine, LED lighting, sedum rooftop plants and a rain collecting cistern that is used to water living walls of plants on the north sides of both classrooms as well as the lounge.

2013	Construction of the Wylie Hospitality and Culinary Academy, located on the east side of the college campus, just south of the Regnier Center. This 36,000 square foot facility houses five culinary labs, an innovation kitchen and a demonstration kitchen in a 76-seat culinary theater, as well as three classrooms. Hospitality management faculty and staff are housed in the building within an office suite that includes work space, a conference room and a library.
2019	Construction of the Fine Arts and Design Studios facility, a 37,000 square foot facility located near the Carlsen Center and Nerman Museum on the eastern portion of campus. This facility opened for classes in spring 2019 and contains graphic design, photography, film and media studies, and other fine art programs. Construction of the Hugh L. Libby Career and Technical Education Center, a 69,000 square foot facility with 14 labs located on the western portion of campus. This facility opened for classes in summer 2019 and houses automotive technology, automation engineer technology, electrical technology, heating, ventilation and air conditioning technology, and workforce development curriculum.

Curriculum

Curriculum offerings are comprehensive, with liberal arts and sciences, as well as vocational and technical programs. Credit programs count toward a certificate or degree and can be transferred to a four-year college or university. Students may select from over 60 different programs in the following academic areas::

Agriculture	Arts & Design
Business	Communications & English
Computers	Education
Foreign Language	Health
Hospitality & Culinary	Humanities & Social Science
Industrial Technology	Law
Math & Science	Public Safety
Transportation	

The College has credit program offerings for specific populations including adults over age 60 and high school students. Through its CLEAR (College Learning Experiences, Activities and Resources) program, the College also provides non-credit continuing education classes for adults with mild developmental disabilities or other cognitive disabilities.

Faculty and Administration

The College employs approximately 350 full-time faculty members, 900 adjunct faculty members, 600 full time staff and 850 part time and temporary staff. Approximately 86% of the full-time faculty have a master's degree or higher.

Kansas Public Employees Retirement System (KPERS)

The College participates in the Kansas Public Employees Retirement System ("KPERS") established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERS is governed by a board of trustees consisting of nine members each of whom serve four-year terms. The board of trustees appoints an executive director to serve as the managing officer of KPERS and manage a staff to carry out daily operations of the system.

As of June 30, 2018, KPERS serves approximately 312,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

(a) Kansas Public Employees Retirement System;
(b) Kansas Police and Firemen's Retirement System; and
(c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for approximately 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

(a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.

(b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

KPERS is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The College's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009), KPERS Tier 2 members (covered employment on or after July 1, 2009), or KPERS Tier 3 members (covered employment on or after January 1, 2015).

The State's contribution for school employees varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The State's contribution is 13.21% of the employee's gross salary for the period beginning July 1, 2018, through June 30, 2019, and is projected to change to 14.41% for the period beginning July 1, 2019, through June 30, 2020, and 14.23% for the period beginning July 1, 2020, through June 30, 2021. In addition, the College contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees.

According to the Valuation Report as of December 31, 2017 (the "2017 Valuation Report") the KPERS School Group, of which the College is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately $5.712 billion at the end of 2017. The amount of the UAAL in 2017 changed from the previous year's amount due to the factors discussed in the 2017 Valuation Report; such report also includes additional information relating to the funded status of the KPERS School Group, including recent trends in the funded status of the KPERS School Group. A copy of the 2017 Valuation Report is available on the KPERS website at kpers.org/about/reports.html. The College has no means to independently verify any of the information set forth on the KPERS website or in the 2017 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS School Group. The 2017 Valuation Report sets the employer contribution rate for the period beginning July 1, 2020, for the KPERS School Group, and KPERS' actuaries identified that an employer contribution rate of 15.59% of covered payroll would be necessary, in addition to additional employer contributions of 0.68% for the period beginning July 1, 2020 (related to contribution reductions for the KPERS School Group approved by the Legislature), and statutory contributions by covered employees to eliminate the UAAL by the end of the actuarial periods set forth in the 2017 Valuation Report. Because the annual growth in employer contribution rates is limited by State law, the actual contribution rate permitted at the time of calculation was only 14.23%. As a result, members of the School Group are underfunding their projected actuarial liabilities and the UAAL can be expected to grow over time. KPERS' actuaries project the required employer contribution rate to increase by the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter, until such time as the permitted rate equals the actuarial rate.

The College is required to implement GASB 68 – Accounting and Financial Reporting for Pensions. KPERS produces a Schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer (the "GASB 68 Report") which provides the net pension liability allocated to each KPERS participant, including the College. The GASB 68 Report is available on the KPERS website at kpers.org/about/reports.html. The College has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. It is important to note that under existing State law, the College has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

Employee Benefit Plans

The College has two benefit groups; full-time employees hired prior to April 21, 2014 are Group 1 and full-time employees hired on or after April 21, 2014 are Group 2. The College is obligated to fund contributions to 403(b) retirement plans equal to 7% of each Group 1 full-time employee's base salary and 8% of each Group 2 full-time employee's base salary. A cafeteria plan organized under Section 125 of the Internal Revenue Code has been established for all full-time employees. The College is also obligated to fund $1,108.94 per Group 1 employee on a monthly basis from the General Fund. The Group 1 employee then selects a combination of the following benefit programs:

- Health, life, dental and vision insurance coverage.
- Reimbursement of medical care costs and/or dependent care costs.
- Cash.

Any costs attributed to the employee's coverage in excess of the College's contribution are covered by salary reductions.

FINANCIAL INFORMATION CONCERNING THE COLLEGE

Community colleges in the State of Kansas finance their operations through student tuition and fees, auxiliary operations, and a property tax levy, as well as State aid and grants. For the fiscal year ending June 30, 2018, the College received approximately 51% of its total revenue from ad valorem property taxes, 16% from State aid and grants, 17% from student tuition and fees, 5% from auxiliary operations, and an additional 11% from other miscellaneous revenue sources.

Under K.S.A. 71-601 *et seq*. and K.S.A. 71-1801 *et seq*., the community college State funding is on the basis of an annual operating grant and State aid from the State general fund, in an amount determined by the State Board of Education. The operating grant relates to students who are Kansas residents and to "non-tiered" course credit hours, with "non-tiered" representing courses that are not technical in nature and are instead generally designed to contribute to academic knowledge or skills across multiple disciplines, such as mathematics, writing, humanities and sciences. The State aid relates to students who are Kansas residents and to "tiered technical" course credit hours and is determined by considering (1) costs of high-demand, high-tech training, (2) target industries critical to Kansas, (3) program growth, (4) local taxing authority for credit hours generated by students from the college taxing district and (5) other factors deemed necessary or advisable by the State Board of Education. The operating grant is distributed by method established by the State Board of Education, while the State aid is distributed on each August 1 and January 1, with one half of the aid being distributed on each of such dates.

Budgeting, Accounting and Auditing Procedures

Kansas law prescribes the policies and procedures by which the College prepares its annual budget of both revenues and expenditures. By August 25th of each year, the Board must adopt and file the College's budget with the County Clerk and appropriate state agencies. The budget adopted by the Board is only adopted after publication of a proposed budget and published notice of a public budget hearing. The budget as adopted cannot exceed that published in the proposed budget. The budget contains an itemized estimate of the anticipated revenue and the proposed expenditures necessary to meet the College's financial needs detailed by program and object of expenditures. In the event the Board votes to approve any appropriation or budget which may be funded by revenue produced from property taxes, and which provides for funding with such revenue in an amount exceeding that of the previous year, notice of such vote and the Board's vote to approve such appropriation or budget must be published.

In order to insure that Kansas public agencies will conduct their financial affairs in a fiscally responsible manner, the legislature of the state enacted a cash-basis law in 1933 (K.S.A. 10-1101 *et seq.*) which states that it shall be unlawful "for the governing body of any municipality to create any indebtedness in excess of the amount of funds actually on hand in the treasury of such municipality at the time for such purpose, or to authorize the issuance of any order, warrant, or check, or other evidence of such indebtedness of such municipality in excess of the funds actually on hand in the treasury of such municipality at the time for such purpose." Thus, the cash-basis law prohibits the College, as a municipality, from spending more than the amount of cash on hand and it also prevents the issuance of short-term debt or tax anticipation bonds or borrowings to cover operating expenditures.

Financial Information

The total revenues and expenditures of the College for the last ten years were:

Year	Revenue	Expenditures	Prior Period Adjustment	Net Position
2017-2018	$202,073,639	$181,909,790	--	$249,659,704
2016-2017	195,545,289	179,572,841	*$(6,258,752)	229,495,855
2015-2016	192,361,628	180,586,479	--	219,782,159
2014-2015	185,966,903	176,414,309	--	208,007,010
2013-2014	182,756,549	180,579,972	--	198,454,416
2012-2013	177,285,754	181,370,810	--	196,277,839
2011-2012	175,436,250	183,994,509	--	200,362,895
2010-2011	174,918,058	179,947,508	--	208,921,154
2009-2010	172,351,476	175,928,697	--	213,950,604
2008-2009	166,760,495	167,620,865	--	217,527,825

* Relates to the College's implementation of GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*.

Total net position of the College as of June 30, 2018 was $249,659,704, an increase of $20,163,849 from the prior fiscal year.

The laws of Kansas and the State Municipal Accounting Board provide for municipal and thus College recordkeeping in conformance with the cash basis and budget laws of the State of Kansas. Separate funds are maintained for specific purposes and projects in accordance with State law, the State Division of Accounts and Reports, Department of Administration, Board of Regents, bond covenants, tax levies, commitments for grants, and ordinances and resolutions passed by the Board. The accounting records of the College are maintained in accordance with the above-mentioned budget and cash basis laws of the State of Kansas. The College's fiscal year is July 1 to June 30. Annual audits of the College's financial statements are performed by a certified public accounting firm in accordance with generally accepted auditing standards. Such annual financial statements are prepared in conformity with accounting principles generally accepted in the United States.

Tuition and Fees

The following table provides the history of tuition and fee rates per credit hour for Johnson County, Kansas residents for the last ten years:

Fall	Tuition	Commons & Parking Fee	Student Activity Fee	Sustainability Fee	Total
2019	$78	$8	$7	$1	$94
2018	77	8	7	1	93
2017	77	8	7	1	93
2016	77	8	7	1	93
2015	75	8	7	1	91
2014	72	8	7	1	88
2013	69	8	7	1	85
2012	69	8	6	1	84
2011	66	8	6	1	81
2010	60	8	6	1	75

Revenue Bonds

As of the Dated Date, the College has three outstanding revenue bond issues: the Series 2012 Bonds, Series 2015 Bonds, and Series 2019 Bonds. Such revenue bonds are payable from the net revenues of the College's Student Commons and Parking System. The following table summarizes the outstanding revenue bond issues as the Dated Date, excluding the Refunded Bonds:

Description	Original Issue Date	Final Payment Date	[(1)]Outstanding Principal Balance
Student Commons and Parking System Refunding Revenue Bonds, Series 2012	11/08/2012	11/15/2027	$2,300,000
Student Commons and Parking System Refunding Revenue Bonds, Series 2015	08/18/2015	11/15/2021	2,210,000
Student Commons and Parking System Refunding Revenue Bonds, Series 2019	11/13/2019	11/15/2027	8,565,000
		Total:	**$13,075,000**

(1) Includes principal payments due November 15, 2019.

Certificates of Participation

Below is a list of the College's outstanding certificates of participation as of the Dated Date:

Description	Original Issue Date	Final Payment Date	Outstanding Principal Balance
Certificates of Participation, Series 2017	10/04/2017	10/01/2037	$49,780,000

General Obligation Capital Outlay Bonds

Below is a list of the College's outstanding general obligation capital outlay bond issues as of the Dated Date:

Description	Original Issue Date	Final Payment Date	Outstanding Principal Balance
General Obligation Capital Outlay Bonds, Series 2016	01/06/2016	09/01/2020	$1,930,000

Future Indebtedness

The College has no plans to incur indebtedness in the form of notes, general obligation bonds, revenue bonds or leases to finance projects within the next three years.

Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in the years ended June 30, 2018 and 2017.

Other Affiliated Organization

The Trustees of the College established the Johnson County Community College Foundation, Inc. (the "Foundation") in 1971. Two members of the College's Board and the College President serve on the 32-member board of directors of the Foundation. The other five members of the College's Board serve as members of the Foundation. In addition, the directors of the Foundation approve the election of additional Foundation members not to exceed 250 members. The Foundation has been qualified as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The charitable, community, cultural, educational and scientific activities coordinated by the Foundation support students desiring quality education and help to position the College as a valuable community resource and respected institute of higher education. More specifically, this includes support of student scholarships, academic programs, the Performing Arts Series and the Nerman Museum of Contemporary Art.

Total expenses by the Foundation for fiscal year 2018 were $3,241,051, including $1,232,873 for scholarships and $422,982 for educational program support. The Foundation had total net assets at June 30, 2018 of $44,480,871. The assets of the Foundation are not available for repayment of College indebtedness.

ECONOMIC AND DEMOGRAPHIC INFORMATION

Johnson County, Kansas is a suburb of Kansas City, Missouri, and is one of the Kansas City metropolitan area's primary areas of growth. Located in the geographic center of the nation, it possesses the attributes necessary for economic growth and success, including nationally ranked schools, a low crime rate, high-quality neighborhoods, a low cost of living and a variety of cultural and entertainment amenities.

In Money magazine's 2018 annual list of best places to live in America, Overland Park—located in Johnson County—ranked 15th. Within the Kansas City Metropolitan Area, there are over 50 museums and historic sites and more than 85 golf courses—over 30 of which are in Johnson County. The Johnson County Parks and Recreation District operates and maintains twelve developed park areas, four future park sites and a streamway parks system. This district is comprised of more than 10,000 acres, which generated more than 7.5 million park visitations in 2018, according to the district's annual report.

Johnson County's population ranks among the most highly educated in the nation, making the local labor pool one of the best in the United States. Approximately 95% of Johnson County residents age 25 years and older have earned at least a high school diploma and approximately 55% have a bachelor's degree or higher, compared to the national average of 31%. (Source: U.S. Census Bureau) There are approximately 26 four-year colleges and universities and 14 two-year colleges offering classes in the Kansas City metropolitan area.

Population Statistics

As the table below illustrates, Johnson County's population has shown continued growth in the past decade. Johnson County is the State's largest county and represents approximately 20% of the state of Kansas' population. Johnson County also leads the State in population density with more than 1,200 residents per square mile.

Year	Population	Annual Increase	Annual Growth Rate
2018	597,555	6,271	1.1%
2017	591,284	5,363	0.9
2016	585,921	6,213	0.9
2015	579,708	6,665	1.0
2014	573,043	6,632	1.0
2013	566,411	6,960	1.0
2012	559,451	6,579	0.8
2011	552,872	8,693	1.1
2010	544,179	1,422	0.2
2009	542,737	8,737	1.1

Sources: Kansas Statistical Abstract, US Census Bureau Quick Facts, and www.jocogov.org.

Johnson County K-12 Education Statistics

The following table details K-12 school enrollment in Johnson County over the last ten years. The County has 6 public school districts (K-12) totaling over 106,000 students during the 2018-19 school year.

School Year	Public School Enrollment(1)	Non-Public School Enrollment(2)	Total School Enrollment
2018-19	97,284	8,873	106,157
2017-18	96,679	9,005	105,684
2016-17	95,949	9,133	105,082
2015-16	95,600	9,120	104,720
2014-15	94,565	9,066	103,631
2013-14	93,890	9,269	103,159
2012-13	92,833	9,086	101,919
2011-12	92,225	9,624	101,849
2010-11	91,987	9,561	101,548
2009-10	90,147	9,746	99,893

(1) Includes Blue Valley, De Soto, Gardner-Edgerton, Olathe, Shawnee Mission and Spring Hill school districts.
(2) Includes primarily the private elementary and secondary schools as well as the Kansas State School for the Deaf.

Source: Kansas Department of Education online reports

Property Valuations

The following table shows the total assessed valuation, by category, of all taxable tangible property situated in the County according to the assessment as of November 1, in each of the previous five years. Assessed valuation, for purposes of this Official Statement, refers to the sum of Real, Personal and Utility valuations. In 2017, Johnson County had the highest assessed valuation in the State of Kansas.

Year	Real Property	Personal Property	Utilities	Motor Vehicle	Recreational Vehicle	Total
2018	$10,210,064,665	$93,893,548	$254,416,422	$969,135,376	$3,660,159	$11,531,170,170
2017	9,517,381,583	104,554,778	236,537,036	933,587,337	3,400,027	10,795,460,758
2016	8,890,885,708	105,767,510	233,227,090	896,326,571	3,245,520	10,129,452,399
2015	8,252,498,338	114,802,168	229,292,984	852,835,812	3,058,590	9,452,487,892
2014	7,613,700,757	135,950,467	232,006,803	816,754,012	2,923,997	8,801,336,036

Source: Johnson County Abstracts

The 2006 Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business. As a result, future decreases in total personal property values are expected in the future.

Valuation Procedure

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties under the direction of state statutes. The Johnson County Appraiser's office determines the assessed valuation that is to be used as a basis for the mill levy on property located in the District. The Appraiser's determination is based on criteria established by Kansas Statute.

Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not for profit organization not subject to federal income taxation, pursuant to Code §501, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 30%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven year straight line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

The Kansas Legislature (the "Legislature") reduced the applicable assessment rates on motor vehicles from 30% of market value to 20% of market value as of January 1, 2000.

The 2006 Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business. As a result, future decreases in total personal property values are expected in the future.

The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the College's property tax collections. If a taxpayer valuation challenge is successful, the liability of the College to refund property taxes previously paid under protest may have a material impact on the College's financial situation.

Tax Collection Record

The following is a summary of tax collections of the College for the previous five years.

Property Tax Collections*

Tax Year	Taxes Levied	Current Taxes Collected	Current Percent Collected
2018 for 2019	$96,500,430	$95,707,926	99.18%
2017 for 2018	93,686,523	$92,969,822	99.24
2016 for 2017	86,793,964	86,128,255	99.23
2015 for 2016	81,433,469	80,754,314	99.17
2014 for 2015	76,896,306	76,099,661	98.96

* Does not include delinquent taxes received or motor vehicle tax.

Tax Levies

The College may levy taxes in accordance with the requirements of its adopted budget and the assessed valuations provided by the County Appraiser. Listed below are the tax levy rates expressed in mills per $1,000 assessed valuation for the College for the last five years.

Year	General Fund	Capital Outlay	Special Assessment	Total
2018	8.731	.501	.034	9.266
2017	8.966	.503	.034	9.503
2016	8.938	.501	.034	9.473
2015	8.934	.501	.034	9.469
2014	8.926	.501	.034	9.461

Tax Collection

Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are considered delinquent and accrue interest at a per annum rate established by State law until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale on or before August 1 of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, and after written notice, warrants are issued and placed in the hands of the Sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

Motor vehicle taxes are collected periodically throughout the year concurrently with the renewal of motor vehicle tags based upon the value of such vehicles. Such tax receipts are distributed to all taxing subdivisions, including the State of Kansas, in proportion to the number of mills levied within each taxpayer's tax levy unit.

The College's fiscal year is mandated to run from July 1 to June 30. An annual budget for the coming twelve months is required to be prepared by the College, for all funds not exempt from the budget requirement. A computation of estimated receipts and disbursements is prepared and presented to the governing body of the College prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the College prior to August 25 of each year.

The College may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the College and the assessed valuations provided by the County appraiser.

The Kansas Legislature passed legislation in 2015 and 2016 that, among other things, imposes an additional limit on the aggregate amount of property taxes that may be imposed by cities and counties, without a majority vote of qualified electors of the city or county (the "Tax Lid"). The Tax Lid became effective on January 1, 2017.

The Tax Lid provides that, subject to certain exceptions, no city or county may increase the amount of ad valorem tax to be levied over the amount levied in the prior year by an amount greater than an average of the consumer price index without a majority vote of electors. The Tax Lid only applies to cities and counties, and therefore the provisions of the Tax Lid are not applicable to the College.

Labor Force

The following graph shows the unemployment figures for Johnson County and the State of Kansas:

	Johnson County		State of Kansas	
Year	Unemployment Rate	Labor Force	Unemployment Rate	Labor Force
2019*	2.7%	344,227	3.4%	1,479,493
2018	2.9	336,677	3.4	1,482,220
2017	3.1	324,368	3.7	1,485,263
2016	3.3	325,758	4.2	1,484,001
2015	3.4	325,010	4.2	1,489,165

Source: Kansas Department of Labor
* As of May 2019

Retail Sales Tax Collections

The following table lists Johnson County's state sales tax collections over a five-year period.

Year	Sales Tax Collections	Per Capita Sales Tax
2018	$732,390,863	$1,239
2017	724,610,436	1,227
2016	713,544,502	1,210
2015	681,334,465	1,136
2014	640,502,450	1,110

Source: Kansas Statistical Abstract

The statewide sales and use tax was increased from 4.90% to 5.30% effective July 1, 2002. It was subsequently increased to 6.3%, effective July 1, 2010, and decreased to 6.15%, effective July 1, 2013. Effective July 1, 2015, the statewide sales and use tax was increased to 6.50%.

Personal Income Trends

Johnson County per capita income and the State of Kansas per capita income are listed for the years indicated in the following table.

Year	Johnson County Per Capita Income	State Per Capita Income
2018	n/a	$50,155
2017	$69,977	48,600
2016	68,731	47,228
2015	66,294	47,587
2014	62,832	44,891
2013	59,499	44,311

Source: Kansas Statistical Abstract

Transportation and Communication Facilities

Residents of Johnson County have access to all of the transportation and communication systems serving the Kansas City Metropolitan Area. I-435 borders the County on the north and US-69 spans the County from north to south. The Johnson County Executive Airport and the New Century AirCenter provide private and corporate air services. Kansas City International Airport is located approximately 30 minutes from Johnson County. There are four distinct rail services and a substantial number of certified motor freight carriers that serve Johnson County.

Municipal Utilities

Electrical power is supplied under franchises by Westar Energy, which serves the western area of Olathe, the communities and the unincorporated areas in the western part of the County, and by Kansas City Power & Light Company, which primarily serves the eastern urbanized portion of the County. Westar Energy and Kansas City Power & Light Company have agreed to merge to form a combined company titled Evergy, Inc. The merger is expected to be finalized in 2019. The City of Gardner provides its own electrical service.

Kansas Gas Service and Atmos Energy supply natural gas. Water is supplied by the water districts and city water departments located throughout Johnson County. Sewer services are provided by the Johnson County Wastewater District and individual cities. A wide variety of telecommunications firms provide telephone service. All utilities are capable of meeting the demands of new and expanding business and industry.

Medical and Health Facilities

Medical facilities located in Johnson County include acute care facilities Olathe Medical Center, Overland Park Regional Medical Center, Menorah Medical Center, St. Luke's South Hospital and several AdventHealth facilities. Children's Mercy South, a pediatric specialty hospital, is a 54-bed facility offering specialty clinics, laboratory space, radiology services, an urgent care center and a community level emergency room. In 2018, the University of Kansas Health System completed construction of a new hospital at its Indian Creek campus located in Johnson County. There are also numerous outpatient ambulatory facilities operated in the County.

In November of 2008, voters in Johnson County passed a one-eight percent sales tax for the development of the Johnson County Education Research Triangle. Revenue from the tax is divided among the University of Kansas Cancer Clinical Research Center, Kansas University Edwards Campus, and the Kansas University Innovation Center in Olathe.

Recreation and Culture

Residents of Johnson County enjoy access to a wide variety of cultural and recreational activities both within the County and throughout the Kansas City Metropolitan Area. Sports enthusiasts have access to professional teams including the Kansas City Chiefs football club, the Kansas City Royals baseball team, Sporting Kansas City MLS soccer club, the Missouri Mavericks hockey team and NASCAR events at the Kansas Speedway. Additionally, Overland Park and Olathe each are home to state-of-the-art soccer complexes. The facilities attract local, regional and national soccer tournament competition.

Additional attractions within the Kansas City Metropolitan Area include the Kansas City Zoo, the American Royal, the Country Club Plaza district, Crown Center, the Sprint Center arena, the Power & Light District, the Nelson Atkins Museum of Art, Museum of Prairie Fire, Starlight Theater, the National World War I Museum, Worlds of Fun amusement park, Oceans of Fun water park, Union Station and the Science City Museum, the Harry S. Truman Presidential Library and Museum, the Lyric Opera, and the Kauffman Center for the Performing Arts.

The Johnson County Library system has increased its services and facilities in recent years. The administrative offices are located at the Central Library and serve as an information and communications center for 14 branches.

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APPENDIX B

FYE June 30, 2018 Financial Statements and Report of Independent Certified Accountant

JOHNSON COUNTY COMMUNITY COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 2018

Contents

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Independent Auditors' Report

Board of Trustees
Johnson County Community College
Overland Park, Kansas

Report On The Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Johnson County Community College (the College) as of and for the years ended June 30, 2018 and 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Johnson County Community College Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Johnson County Community College as of June 30, 2018 and 2017, and the results of its changes in financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Emphasis Of Matters

As discussed in Note 1 to the financial statements, in 2018 Johnson County Community College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. Our opinion is not modified with respect to these matters.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of College's Proportionate Share of the Net Pension Liability, Schedule of the College's Contributions to Defined Benefit Pension Plan, Schedule of College's Net OPEB Liability – Medical and Prescription Drug Plan, and Schedule of College's Net OPEB Liability – KPERS Long-term Disability and Life Insurance Benefit Plans on pages 3 - 13, 55, 56, 57, and 58, respectively, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise Johnson County Community College's basic financial statements. The accompanying supplemental schedule of budgetary expenditures with appropriations, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2018 on our consideration of Johnson County Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson County Community College's internal control over financial reporting and compliance.

RubinBrown LLP

November 8, 2018

Introduction and Background

This section of Johnson County Community College's (the College) annual financial report presents management's discussion and analysis (MD&A) of the College's financial activity during the fiscal years ended June 30, 2018 and 2017. This discussion has been prepared by management along with the financial statements and related note disclosures and should be read in conjunction with them. Responsibility for the completeness and fairness of this information rests with the College.

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

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the College, as well as its discretely presented component unit, the Johnson County Community College Foundation.

Using This Annual Report

The financial statements focus on the College as a whole and are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The financial statements consist of four primary parts: (1) the statements of net position, (2) statements of revenues, expenses, and changes in net position, (3) statements of cash flow and (4) notes to the financial statements. The financial statements are prepared on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, expenses are recorded when incurred, and all revenues are recognized when earned in accordance with generally accepted accounting principles.

The Statement of Net Position is presented in the format where assets plus deferred outflows of resources equal liabilities plus deferred inflows of resources plus net position. Assets and liabilities are presented in order of liquidity and are classified as current (convertible into cash within one year) and non-current. This statement combines and consolidates current financial resources (short-term spendable resources) with long-term capital assets and deferred inflows and outflows of resources. The focus of this statement is to show the overall liquidity and health of the College as of the end of the fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross and net costs of College activities, which are supported substantially by property taxes, state and federal grants and contracts, student tuition and fees, and auxiliary enterprises revenues. This approach is intended to summarize and simplify the user's analysis of the financial results of the various College services to students and the public.

The Statements of Cash Flows disclose net cash provided by or used for operating, non-capital financing, capital and related financing, and investing activities. This statement shows that the College's cash flows are sufficient to pay current liabilities.

The Notes to the Financial Statements are an integral part of the basic statements and describe the College's significant accounting policies. The reader is encouraged to review the notes in conjunction with management's discussion and analysis of the financial statements.

Financial Highlights

Statements of Net Position

The major components of the College's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2018, 2017 and 2016 are as follows (in millions of dollars):

	2018	2017	2016	Change 2018-17	Change 2017-16
ASSETS					
Current assets	$ 153.1	$ 135.9	$ 124.8	$ 17.2	$ 11.1
Capital assets, net	148.7	137.7	133.8	11.0	3.9
Other noncurrent assets	51.1	5.3	11.1	45.8	(5.8)
Total Assets	$ 352.9	$ 278.9	$ 269.7	$ 74.0	$ 9.2
DEFERRED OUTFLOWS OF RESOURCES	$ 1.2	$ 0.8	$ 0.7	$ 0.4	$ 0.1
LIABILITIES					
Current liabilities	$ 21.4	$ 14.8	$ 16.9	$ 6.6	$ (2.1)
Noncurrent liabilities	82.9	29.0	33.6	53.9	(4.6)
Total Liabilities	$ 104.3	$ 43.8	$ 50.5	$ 60.5	$ (6.7)
DEFERRED INFLOWS OF RESOURCES	$ 0.1	$ 0.1	$ 0.1	$ -	$ -
NET POSITION					
Net investment in capital assets	$ 117.9	$ 108.7	$ 99.5	$ 9.2	$ 9.2
Restricted	14.6	16.6	21.8	(2.0)	(5.2)
Unrestricted	117.2	110.5	98.5	6.7	12.0
Total Net Position	$ 249.7	$ 235.8	$ 219.8	$ 13.9	$ 16.0

Fiscal Year 2018 Compared to Fiscal Year 2017

Assets

Total current assets increased to $153.1 million as of June 30, 2018 from $135.9 million as of June 30, 2017, primarily due to a $16.5 million increase in cash and cash equivalents. This increase is due to favorable operating results.

Capital assets, net of accumulated depreciation, increased by $11 million during the fiscal year ending June 30, 2018. The total cost value of capital assets increased by $19.4 million due to various capital improvements to the College's campus connected to the Facilities Master Plan. During fiscal 2018, the major additions to capital assets (accumulated in construction in progress) were related to construction of the new Fine Arts and Design Studios and Career and Technical Education buildings on the campus. Accumulated depreciation increased by $8.4 million during the current year.

Other noncurrent assets increased to $51.1 million as of June 30, 2018 from $5.3 million as of June 30, 2017. This increase was primarily related to the receipt of proceeds from the issuance of the Series 2017

Certificates of Participation in the amount of $50 million in October of 2017. The net proceeds from the issuance, plus bond premium, were deposited into a Project Fund which is classified in restricted cash and cash equivalents and in restricted investments on the Statements of Net Position. The Certificates were issued to finance various capital projects on the campus.

Deferred outflows of resources increased by $0.4 million in the current year. The College recorded approximately $0.4 million in additional deferred contributions to the Kansas Public Employees Retirement System (KPERS) pension plan associated with certain KPERS retirees employed by the College. The College makes contributions directly to KPERS for the KPERS retirees filling these positions. The balances for these deferred charges will be recognized as pension expense in future years.

During fiscal 2018 the College implemented GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the College to recognize the long-term obligation for benefits under its defined benefit postemployment (OPEB) medical plans as a liability for the first time. Deferred outflows related to OPEB were $0.2 million as of June 30, 2018. The balances for these deferred charges will be recognized as benefits expense in future years.

Deferred charges on bond refunding decreased by approximately $0.2 million in the current year as those charges are amortized over the life of the bonds.

Liabilities

Total current liabilities increased to $21.4 million as of June 30, 2018 from $14.8 million as of June 30, 2017. This is primarily due to the $6 million increase in accounts payable related to amounts due for construction projects.

Total current assets at June 30, 2018 covered current liabilities 7.2 times. This means that for every dollar of current liabilities, the College has $7.20 in current assets, indicating that the College is capable of funding its current liabilities.

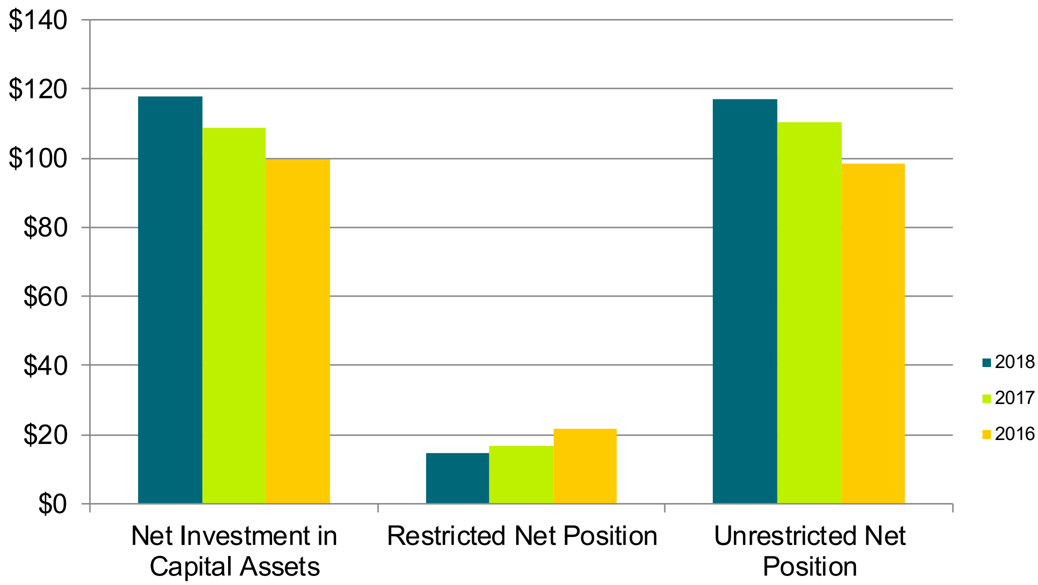
Noncurrent liabilities increased by $53.9 million in fiscal year 2018 compared to fiscal year 2017. This increase is primarily related to the issuance of the Series 2017 Certificates of Participation in the amount of $50 million in October of 2017.

Net Position

Total net position increased by $13.9 million over prior year, which is primarily due to higher revenues from property taxes. Net Position includes three primary categories: Net Investment in Capital Assets, Restricted, and Unrestricted. The first category, Net Investment in Capital Assets, provides the College's equity in capital assets – the property, plant and equipment owned by the College. The next category is Restricted, which is available for expenditure by the College but must be spent for purposes as specified by donors and/or external entities that have placed purpose restrictions on the use of the assets. The final category, Unrestricted, is not subject to externally imposed stipulations and is available for use by the College for any legal purpose. The College's Unrestricted Net Position increased by $6.7 million in the current year as a result of the net operating surplus.

Comparison of Net Position

The following table presents the comparisons of net investment in capital assets, restricted net position and unrestricted net position for the College for fiscal years 2018, 2017 and 2016 (in millions of dollars):



Statements of Revenues, Expenses and Changes in Net Position

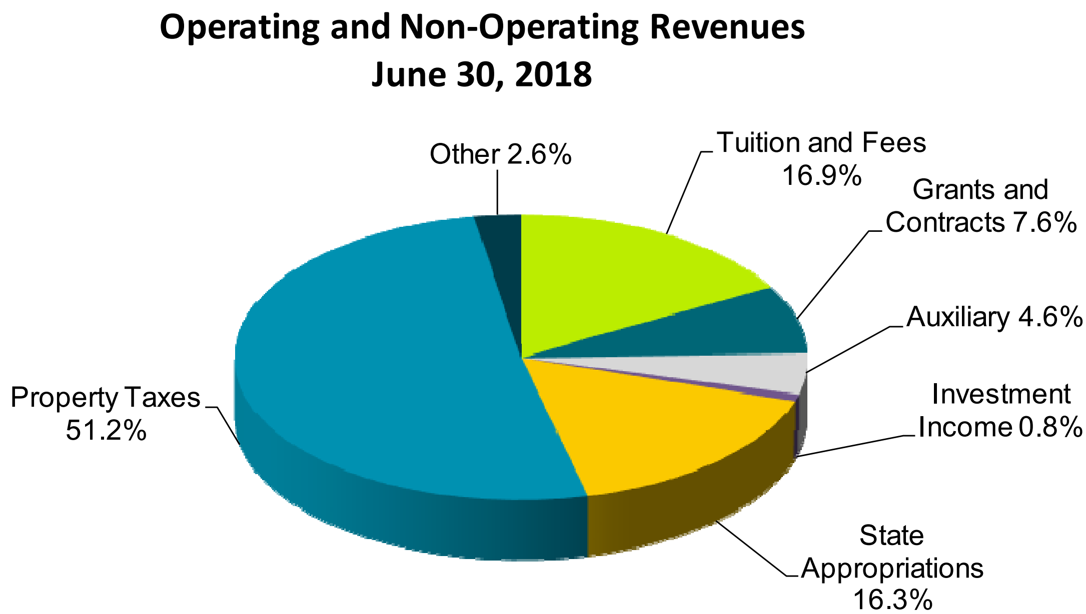
The following table presents the statements of revenues, expenses and changes in net position for the College for fiscal years 2018, 2017 and 2016 (in millions of dollars):

	2018	2017	2016	Change 2018-17	Change 2017-16
Operating Revenues					
Student tuition and fees	$ 34.2	$ 35.4	$ 35.0	$ (1.2)	$ 0.4
Gifts, grants and contracts	1.1	2.0	2.5	(0.9)	(0.5)
Auxiliary enterprises	9.6	9.9	10.3	(0.3)	(0.4)
Other operating revenues	5.4	5.5	5.7	(0.1)	(0.2)
Total Operating Revenues	$ 50.3	$ 52.8	$ 53.5	$ (2.5)	$ (0.7)
Less Operating Expenses	179.6	178.5	179.6	1.1	(1.1)
Operating Income (Loss)	$(129.3)	$(125.7)	$(126.1)	$ (3.6)	$ 0.4
Non-Operating Revenues (Expenses)					
County property taxes	$ 102.6	$ 96.0	$ 90.5	$ 6.6	$ 5.5
State appropriations	33.0	31.7	32.5	1.3	(0.8)
Gifts, grants and contracts	14.4	14.3	15.4	0.1	(1.1)
Investment & other income	1.7	0.8	0.5	0.9	0.3
Interest on capital asset debt	(2.3)	(1.1)	(1.0)	(1.2)	(0.1)
Total Nonoperating revenues, net	$ 149.4	$ 141.7	$ 137.9	$ 7.7	$ 3.8
Increase in Net Position	$ 20.1	$ 16.0	$ 11.8	$ 4.1	$ 4.2
Net Position, Beginning of Year	$ 235.8	$ 219.8	$ 208.0	$ 16.0	$ 11.8
Prior Period Adjustments	(6.2)	-	-	(6.2)	-
Net Position, Beginning of Year Restated	229.6	-	219.8	229.6	(219.8)
Net Position, End of Year	$ 249.7	$ 235.8	$ 219.8	$ 13.9	$ 16.0

Fiscal Year 2018 Compared to Fiscal Year 2017

Revenues

The College's operating and non-operating revenues were $199.7 million for fiscal 2018, an increase of $5.2 million from fiscal 2017. The College has three primary revenue sources that accounted for 84% of total revenues in fiscal 2018. Local property taxes continue to be the College's primary revenue source, accounting for $102.6 million, or 51.2%, of fiscal 2018 total revenues. The second largest source of revenue was student tuition and fees, totaling $34.2 million, or 16.9%, of total revenues in fiscal 2018. The third largest revenue source, state appropriations, totaled $33 million and accounted for 16.3% of fiscal 2018 total revenues.



Operating revenues from student tuition and fees decreased by $1.2 million in fiscal 2018, primarily due to a decline in student credit hour enrollment. Tuition and fee rates remained the same in fiscal 2018 as in fiscal 2017.

Non-operating revenues increased $7.7 million from the prior year to $149.4 million. Revenue from property taxes increased by 7%, or approximately $6.6 million due to the increase in assessed valuation in Johnson County for the 2017 tax year. The College's tax levy was adjusted slightly by the County from 9.473 mills in 2017 to 9.503 mills in 2018.

Revenue from the state of Kansas was $33.0 million in fiscal 2018 compared to $31.7 million in fiscal 2017, an increase of approximately $1.3 million. Contributions made by the state of Kansas on behalf of the College to KPERS were $10.3 million in fiscal 2018 compared to $9.3 million in fiscal 2017, an increase of $1.0 million. The College records a revenue and expense for the payments made by the State to KPERS. Additionally, state funding for the Excel in Career and Technical Education (CTE) Initiative increased from $1.6 million in fiscal 2017 to $2.0 million in fiscal 2018. The College's credit hour state operating grant revenue remined flat at $20.7 million in both fiscal 2018 and 2017.

Non-operating revenues are presented net of non-operating expenses (interest on capital asset debt), which increased by $1.2 million in fiscal 2018 related to interest expense on the Series 2017 Certificates of Participation which were issued in October of 2017.

Expenses

Total operating expenses for fiscal 2018 were $179.6 million, an increase of only 1%, or approximately $1.1 million compared to fiscal 2017.

As previously discussed, the State's KPERS pension contributions, which are included in operating expenses, increased by $1.0 million in the current year. The state of Kansas makes these contributions on behalf of the College. The College records an expense and revenue for the payments made by the State to KPERS.

The College's pension expense remained flat at approximately $0.1 million in fiscal 2018 and 2017. The pension expense is related to adjustment of the net pension liability for certain KPERS retirees that are employed by the College.

Instruction costs, which are the largest component of the College's operating expenses, increased by 2%, or approximately $1.5 million in fiscal 2018, primarily due to compensation increases provided to faculty.

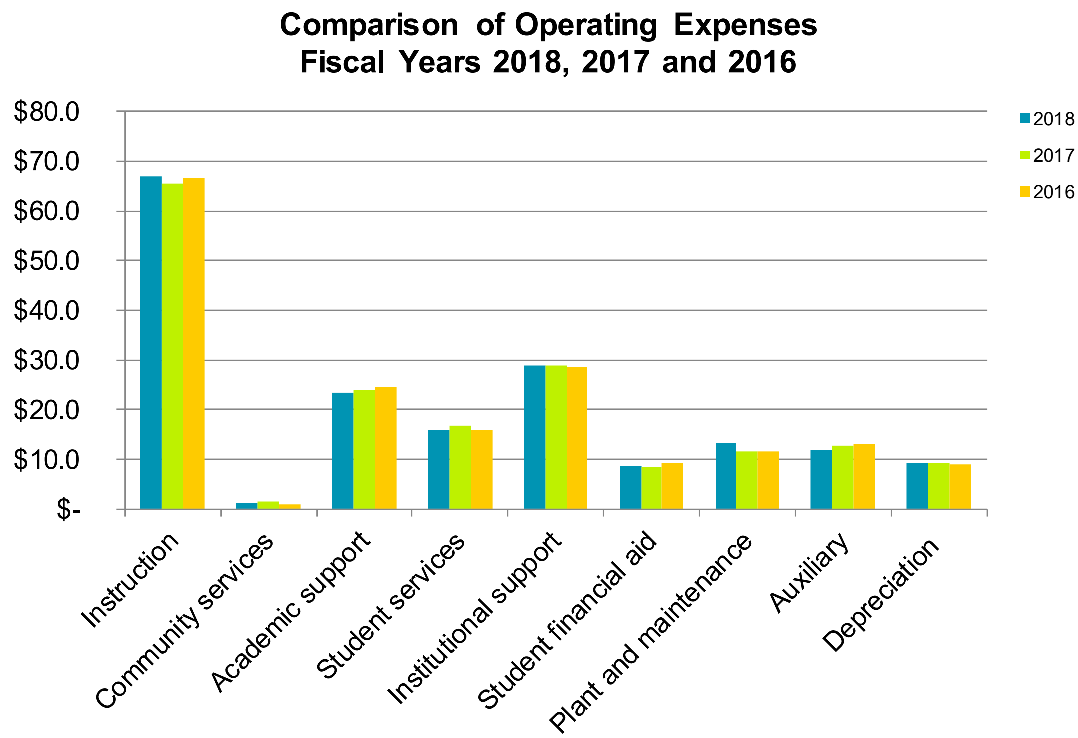
Plant and maintenance expenses increased to $13.4 million in fiscal 2018 from $11.5 million in fiscal 2017, an increase of $1.9 million. This is primarily due to the various campus capital improvement projects underway during fiscal 2018.

The increase in depreciation expense is consistent with the increase in capital assets in fiscal 2018 as compared to fiscal 2017.

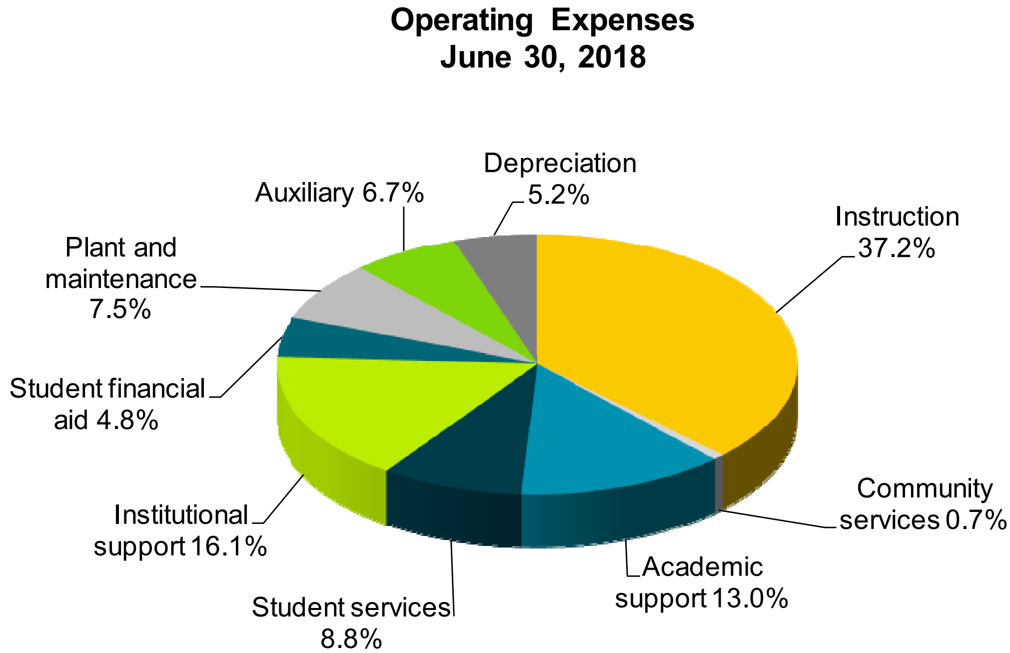
Operating Expenses

The following table presents the College's operating expenses by function for fiscal years 2018, 2017 and 2016 (in millions of dollars):

	2018	2017	2016	Change 2018-17	Change 2017-16
Operating Expenses					
Instruction	$ 66.9	$ 65.4	$ 66.6	$ 1.5	$ (1.2)
Community services	1.3	1.5	0.9	(0.2)	0.6
Academic support	23.3	24.0	24.7	(0.7)	(0.7)
Student services	15.8	16.8	15.9	(1.0)	0.9
Institutional support	28.9	29.0	28.6	(0.1)	0.4
Student financial aid	8.7	8.4	9.2	0.3	(0.8)
Plant and maintenance	13.4	11.5	11.5	1.9	-
Auxiliary	12.0	12.7	13.2	(0.7)	(0.5)
Depreciation	9.3	9.2	9.0	0.1	0.2
Total Operating Expenses	$ 179.6	$ 178.5	$ 179.6	$ 1.1	$ (1.1)



As shown in the charts above, fiscal 2018 Instruction costs were $66.9 million. This category represents the direct costs associated with teaching students and is the largest component of the College's operating expenses, accounting for 37.2% of the total operating expenses.



Statement of Capital Assets and Long-Term Debt

The College's Capital Assets and Long-Term Debt as of June 30, 2018, 2017 and 2016 were as follows (in millions of dollars):

	2018	2017	2016	Change 2018-17	Change 2017-16
Capital Assets					
Land	$ 1.0	$ 1.0	$ 1.0	$ -	$ -
Construction in progress	13.1	-	-	13.1	-
Works of art	3.8	3.8	3.7	-	0.1
Land improvements	39.7	39.0	38.3	0.7	0.7
Buildings and improvements	210.7	206.4	197.1	4.3	9.3
Equipment	30.8	29.5	28.6	1.3	0.9
Total Capital Assets	299.1	279.7	268.7	19.4	11.0
Less accumulated depreciation	150.4	142.0	134.9	8.4	7.1
Net Capital Assets	$ 148.7	$ 137.7	$ 133.8	$ 11.0	$ 3.9

	2018	2017	2016	Change 2018-17	Change 2017-16
Long-Term Debt					
Revenue bonds	$ 15.5	$ 16.8	$ 18.0	$ (1.3)	$ (1.2)
Certificates of participation	56.7	4.9	6.5	51.8	(1.6)
Loan obligations	-	-	0.7	-	(0.7)
General obligation capital outlay bonds	5.9	7.8	9.7	(1.9)	(1.9)
Total Long-Term Debt	$ 78.1	$ 29.5	$ 34.9	$ 48.6	$ (5.4)

Fiscal Year 2018 Compared to Fiscal Year 2017

As of June 30, 2018, the College had $299.1 million invested in capital assets and $150.4 million in accumulated depreciation, for total net capital assets of $148.7 million. Total net capital assets increased by $11 million in fiscal 2018 due to various capital improvement projects including campus infrastructure and energy upgrades, classroom updates and renovation of the food court.

The College's long-term debt increased by $48.6 million during fiscal 2018 to $78.1 million. This was related to the issuance of the Series 2017 Certificates of Participation in the amount of $50 million. The Certificates were rated Aa1 by Moody's Investors Service. Proceeds from the Certificates are being used to fund a portion of construction costs associated with various capital projects identified in the College's Facilities Master Plan, including new Career and Technical Education and Fine Arts and Design Studios buildings.

Detailed information about the College's long-term obligations is presented in Note 4 to the financial statements.

Current Issues

The College's Board of Trustees passed a $153 million general fund operating budget for fiscal year 2019. The budget included a reduction in the College's mill levy of .25 mills, which will reduce general fund property tax revenues in fiscal 2019 by approximately $2.5 million; however, this decrease is expected to be offset by continued increases in assessed property valuations in Johnson County.

The fiscal 2019 budget retained the existing per credit hour tuition rates of $93 for Johnson County resident students, $110 for Kansas resident students, $220 for out of state students, and the Metro Rate of $135 per credit hour for residents in an eligible metropolitan geographic area. Management has noted that student credit hour and full time equivalent (FTE) enrollment decreased by approximately 3% in fiscal 2018. The College administration will continue to monitor and respond to enrollment trends.

The State of Kansas' fiscal 2019 budget partially restored the 4% reduction in funding for the Kansas Board of Regents that was implemented back in fiscal 2017 and remained in place in fiscal 2018. The 4% reduction resulted in a decrease of approximately $0.8 million in the College's state appropriations in fiscal 2017 and in fiscal 2018. The College expects that the partial restoration of the previous funding cuts will increase its appropriations for credit hour state aid by approximately $0.6 million in fiscal 2019.

Management is not aware of any other currently known facts, decisions, or conditions that would have a significant impact on the College's financial position (net position) or results of operations (revenues, expenses, and other changes in net position).

Economic Factors That Will Affect the Future

The College continues to monitor the State of Kansas budget and consider the impact of the State's funding on the College's budget.

The employment rate of Johnson County, Kansas impacts the College's student credit hour enrollment. The Johnson County unemployment rate has been lower than state and national levels and was 3% in 2017. If Johnson County's unemployment rate remains low, the College's student credit hour enrollment levels may decline. The College administration continues to monitor the local economy and employment trends and consider the impact on the College budget.

Revenues from property taxes represent 51.2% of the revenues the College receives to support operations. The College administration continues to track residential and commercial property values and economic activity in the residential and commercial construction sectors to attempt to forecast the future funding impact on the College.

Contacting Financial Management

This financial report is designed to provide our bondholders, students, community members, and other interested parties with a general overview of Johnson County Community College's finances and to demonstrate the College's accountability for the funds it receives. Questions concerning any information provided in this report should be addressed to Rachel Lierz, Associate Vice President, Financial Services/Chief Financial Officer, 12345 College Blvd., Overland Park, Kansas 66210, (913) 469-8500.

Johnson County Community College

Statements of Net Position
June 30, 2018 and 2017

	2018	2017
ASSETS		
Current Assets		
Cash and cash equivalents	$ 144,924,511	$ 128,388,698
Accounts receivable, net of uncollectible accounts 2018 $4,053,803; 2017 $3,712,925	5,786,910	5,333,608
Inventories	1,680,741	2,021,436
Other assets	717,399	185,179
Student loans receivable, net of allowance for uncollectible loans 2018 $0; 2017 $62,080	-	56,129
Total Current Assets	153,109,561	135,985,050
Noncurrent Assets		
Restricted cash and cash equivalents	26,174,463	4,298,630
Restricted investments	24,939,476	-
Capital assets not being depreciated	17,906,751	4,804,792
Capital assets being depreciated	281,173,644	274,829,403
Less accumulated depreciation	(150,364,481)	(141,990,527)
OPEB assets	-	982,251
Total Noncurrent Assets	199,829,853	142,924,549
Total Assets	352,939,414	278,909,599
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	420,379	483,189
Deferred outflows - pension plan	533,422	334,876
Deferred outflows - postemployment benefit plan	227,675	-
Total Deferred Outflows of Resources	1,181,476	818,065
LIABILITIES		
Current Liabilities		
Accounts payable	7,816,678	1,809,514
Accrued salaries	3,969,322	3,372,891
Accrued compensated absences	393,502	393,522
Other accrued liabilities	1,002,760	648,337
Unearned student tuition and fee revenue	3,009,923	2,900,431
Deposits held in custody for others	455,046	1,263,031
Current portion of revenue bonds payable	1,250,000	1,220,000
Current portion of certificates of participation	1,745,000	1,595,000
Current portion of general obligation capital outlay bonds	1,755,000	1,685,000
Total Current Liabilities	21,397,231	14,887,726
Noncurrent Liabilities		
Accrued compensated absences	3,006,634	2,973,028
Net pension liability	1,349,639	1,027,865
Revenue bonds payable	14,244,077	15,533,684
Certificates of participation	54,908,475	3,337,961
General obligation capital outlay bonds	4,139,024	6,078,536
OPEB liability	5,286,603	-
Total Noncurrent Liabilities	82,934,452	28,951,074
Total Liabilities	104,331,683	43,838,800
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension plan	129,503	134,257
Total Deferred Inflows of Resources	129,503	134,257
NET POSITION		
Net investment in capital assets	117,931,029	108,691,293
Restricted, expendable for:		
Capital projects	10,285,072	13,104,408
Loan funds and other	4,222,033	3,441,970
Unrestricted	117,221,570	110,516,936
Total Net Position	$ 249,659,704	$ 235,754,607

See Notes to Financial Statements.

Johnson County Community College

Johnson County Community College Foundation - Component Unit

Statements of Financial Position
June 30, 2018 and 2017

	2018	2017
ASSETS		
Cash and cash equivalents	**$ 1,706,024**	$ 1,943,421
Promises to give, net	**10,557,192**	1,034,839
Investments	**27,187,332**	25,257,583
Accrued interest receivable	**63,091**	61,027
Inventory	**4,539**	7,023
Campus artwork	**4,776,535**	4,136,551
Other assets	**135,159**	142,809
Cash surrender value of life insurance	**8,984**	8,151
Intangible assets	**42,015**	45,835
Total Assets	**44,480,871**	32,637,239
LIABILITIES		
Accounts payable	**71,968**	254,283
Total Liabilities	**71,968**	254,283
NET ASSETS		
Unrestricted, undesignated	**2,050,341**	2,037,810
Unrestricted, designated for scholarships and program support	**2,585,158**	1,972,620
Temporarily restricted	**20,815,199**	9,786,278
Permanently restricted	**18,958,205**	18,586,248
Total Net Assets	**44,408,903**	32,382,956
Total Liabilities and Net Assets	**$ 44,480,871**	$ 32,637,239

See Notes to Financial Statements.

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2018 and 2017

	2018	2017
REVENUES		
Operating Revenues		
Student tuition and fees, net of scholarship allowances 2018 $4,541,262; 2017 $4,517,832	**$ 34,244,037**	$ 35,362,577
State grants and contracts	**276,576**	503,749
Private gifts, grants and contracts	**784,657**	1,410,812
Local grants and contracts	**68,670**	70,838
Auxiliary enterprises	**9,608,486**	9,920,009
Other operating revenue	**5,341,203**	5,570,428
Total Operating Revenues	**50,323,629**	52,838,413
EXPENSES		
Operating Expenses		
Salaries	**86,995,036**	86,757,139
Benefits	**37,011,811**	36,990,279
Contractual services	**10,507,516**	10,253,257
Supplies and other operating expenses	**16,361,878**	16,230,412
Auxiliary enterprises	**5,155,402**	5,536,282
Utilities	**3,425,311**	3,097,731
Repairs and maintenance to plant	**1,851,549**	1,614,709
Scholarship and financial aid	**9,018,348**	8,823,600
Depreciation	**9,252,429**	9,187,639
Total Operating Expenses	**179,579,280**	178,491,048
Operating Loss	**(129,255,651)**	(125,652,635)
NON-OPERATING REVENUES (EXPENSES)		
County property taxes	**102,601,880**	95,945,119
State appropriations	**32,992,924**	31,630,500
Federal grants and contracts	**14,446,146**	14,323,657
Investment income	**1,709,060**	623,857
Interest on student loans receivable	**-**	35,292
Interest on capital asset debt	**(2,330,510)**	(1,081,793)
Other nonoperating revenues	**-**	148,451
Total Nonoperating Revenues, Net	**149,419,500**	141,625,083
Increase in Net Position	**20,163,849**	15,972,448
Net Position at Beginning of Year	**235,754,607**	219,782,159
Prior period adjustment	**(6,258,752)**	-
Net Position at Beginning of Year - restated	**229,495,855**	-
Net Position at End of Year	**$ 249,659,704**	$ 235,754,607

See Notes to Financial Statements.

Johnson County Community College

Johnson County Community College Foundation - Component Unit
Statement of Activities
Year Ended June 30, 2018

	2018			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Gifts and contributions	$ 538,243	$ 11,775,041	$ 370,796	$ 12,684,080
Contributed services	643,314	-	-	643,314
Dividend and interest income	128,991	566,391	1,161	696,543
Net realized and unrealized gains (losses) on investments	64,466	1,178,595	-	1,243,061
Net assets released from restrictions	2,491,106	(2,491,106)	-	-
Change in donor designations	-	-	-	-
Total Support and Revenue	3,866,120	11,028,921	371,957	15,266,998
EXPENSES				
Program expenses:				
Scholarship programs	1,232,873	-	-	1,232,873
Foundation programming	49,756	-	-	49,756
Performing arts programs	393,465	-	-	393,465
Visual arts programs	66,703	-	-	66,703
Capital project programs	1,488	-	-	1,488
Educational program support	422,982	-	-	422,982
Other expenses	26,642	-	-	26,642
Total Program Expenses	2,193,909	-	-	2,193,909
Supporting Services				
Fundraising	679,353	-	-	679,353
Management and general	367,789	-	-	367,789
Total Supporting Services	1,047,142	-	-	1,047,142
Total Expenses	3,241,051	-	-	3,241,051
Change in Net Assets	625,069	11,028,921	371,957	12,025,947
Net Assets - Beginning of Year	4,010,430	9,786,278	18,586,248	32,382,956
Net Assets - End of Year	$ 4,635,499	$ 20,815,199	$ 18,958,205	$ 44,408,903

See Notes to Financial Statements.

Johnson County Community College

Johnson County Community College Foundation - Component Unit
Statement of Activities
Year Ended June 30, 2017

	2017			
	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
SUPPORT AND REVENUE				
Gifts and contributions	$ 423,050	$ 3,582,006	$ 264,223	$ 4,269,279
Contributed services	642,900	-	-	642,900
Dividend and interest income	112,419	527,210	-	639,629
Net realized and unrealized gains (losses) on investments	156,756	1,733,937	-	1,890,693
Net assets released from restrictions	2,947,388	(2,947,388)	-	-
Change in donor designations	-	(36,400)	36,400	-
Total Support and Revenue	4,282,513	2,859,365	300,623	7,442,501
EXPENSES				
Program expenses:				
Scholarship programs	1,177,995	-	-	1,177,995
Foundation programming	86,503	-	-	86,503
Performing arts programs	402,170	-	-	402,170
Visual arts programs	51,535	-	-	51,535
Capital project programs	274,996	-	-	274,996
Educational program support	609,011	-	-	609,011
Other expenses	948	-	-	948
Total Program Expenses	2,603,158	-	-	2,603,158
Supporting Services				
Fundraising	852,771	-	-	852,771
Management and general	339,724	-	-	339,724
Total Supporting Services	1,192,495	-	-	1,192,495
Total Expenses	3,795,653	-	-	3,795,653
Change in Net Assets	486,860	2,859,365	300,623	3,646,848
Net Assets - Beginning of Year	3,523,570	6,926,913	18,285,625	28,736,108
Net Assets - End of Year	$ 4,010,430	$ 9,786,278	$ 18,586,248	$ 32,382,956

See Notes to Financial Statements.

Johnson County Community College

Statements of Cash Flows
Years Ended June 30, 2018 and 2017

	2018	2017
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
Student tuition and fees	**$ 34,346,521**	$ 35,103,870
Payments to suppliers	**(28,097,551)**	(28,647,558)
Payments to employees	**(86,354,917)**	(87,639,504)
Payments for scholarships and financial aid	**(9,018,348)**	(8,823,600)
Payments for employee benefits	**(37,121,012)**	(37,455,543)
Payments for utilities	**(3,424,054)**	(3,098,718)
Auxiliary enterprises	**4,777,868**	3,467,271
Grants and contracts	**1,148,570**	1,963,960
Other receipts, net	**5,394,557**	6,002,503
Net Cash (Used in) Operating Activities	**(118,348,366)**	(119,127,319)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
County property taxes	**102,388,592**	96,729,933
State appropriations	**32,992,924**	31,630,500
Grants and contracts	**14,074,225**	14,626,820
Funds held for (returned to) others	**(807,985)**	758,108
Net Cash From Non-Capital Financing Activities	**148,647,756**	143,745,361
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	**(15,236,660)**	(13,424,840)
Proceeds from the sale of capital assets	**-**	148,451
Proceeds from certificates of participation	**50,000,000**	-
Principal paid on bonds payable	**(2,905,000)**	(2,945,000)
Principal paid on certificates of participation	**(1,595,000)**	(1,555,000)
Principal paid on loan obligations	**-**	(661,672)
Interest paid on bonds payable	**(1,029,436)**	(1,096,142)
Interest paid on certificates of participation	**(1,280,615)**	(320,929)
Issuance costs, fees and premiums	**3,495,940**	-
Net Cash From (Used in) Capital and Related Financing Activities	**31,449,229**	(19,855,132)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	**(24,939,476)**	-
Interest on investments	**1,602,503**	590,317
Net Cash From (Used In) Investing Activities	**(23,336,973)**	590,317
Increase in Cash and Cash Equivalents	**38,411,646**	5,353,227
Cash and Cash Equivalents - Beginning of Year	**132,687,328**	127,334,101
Cash and Cash Equivalents - Ending of Year	**$ 171,098,974**	$ 132,687,328

(Continued)

Johnson County Community College

Statements of Cash Flows (Continued)
Years Ended June 30, 2018 and 2017

	2018	2017
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating (loss)	**$ (129,255,651)**	**$ (125,652,635)**
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation expense	**9,252,429**	9,187,639
Changes in assets and liabilities:		
Accounts receivable, net	**294,592**	301,477
Other assets	**(532,220)**	(110,376)
Inventories	**340,695**	(1,030,584)
Accounts payable	**919,148**	(483,546)
Accrued salaries	**596,431**	(489,937)
Accrued compensated absences	**33,586**	(183,712)
Other accrued liabilities	**219,904**	(459,803)
Net pension liability	**321,774**	247,861
Unearned student tuition and fee revenue	**109,492**	(89,083)
Postemployment benefits	**10,102**	(208,716)
Deferred outflows of resources:	**(653,894)**	(213,396)
Deferred inflows of resources:	**(4,754)**	57,492
Net Cash (Used in) Operating Activities	**$ (118,348,366)**	$ (119,127,319)
Schedule of Noncash Capital and Related Items, accounts payable and other liabilities related to capital asset acquisitions	**$ 5,088,016**	$ 432,992

See Notes to Financial Statements.

Note 1. Organization and Summary of Significant Accounting Policies

The Johnson County Community College (the College) taxing district includes all of Johnson County, Kansas, which is located immediately west of Kansas City, Missouri, and immediately south of Kansas City, Kansas. The College was organized and established in 1967 under the provisions of then Section 72-6901 et seq. of Kansas Statutes Annotated (now K.S.A. 71-201 et seq.). The College is governed by a Board of Trustees of seven members, all being elected at large. The College is a public two-year community college offering a comprehensive curriculum with liberal arts and sciences, as well as vocational and technical programs for credit and noncredit students from Johnson County and surrounding communities.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The following is a summary of the more significant policies.

Reporting entity:

As defined by accounting principles generally accepted in the United States of America established by GASB, the financial reporting entity consists of the College, as well as its discretely presented component unit, the Johnson County Community College Foundation (the Foundation).

Discretely presented component unit:

The Foundation is considered to be a related organization to the College. The Foundation is a legally separate, tax-exempt organization that acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. Two members of the College's Board of Trustees also serve on the 35-member Board of Directors of the Foundation. The other five members of the College's Board of Trustees serve as members of the Foundation. In addition, the directors of the Foundation approve the election of the additional Foundation members, not to exceed 250 members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the College has determined it would be misleading to exclude the Foundation which is considered a component unit of the College and is discretely presented in the College's financial statements. During the years ended June 30, 2018 and 2017, the College received direct contributions from the Foundation of $2,117,511 and $2,515,707, respectively. Contributions are included in the statement of revenues, expenses and changes in net position in the private gifts, grants and contracts line and in the other operating revenue line in the operating revenues section.

The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below:

The Foundation is a private not-for-profit organization that reports its financial results under FASB standards. Most significant to the Foundation's operations and reporting model are FASB Codification ASC 958, *Not-for-Profit Entities*, and FASB Codification ASC 958-605, *Revenue Recognition -Contributions Received.* 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 Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (see Note 10) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Financial statements for the Foundation can be obtained by calling the Foundation at 913-469-3835.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting and financial statement presentation:

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

The College has classified revenues as either operating or nonoperating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of cost of goods sold, and (3) federal, state and local grants and contracts. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as state appropriations, federal grants and contracts, investment income and county property taxes.

The College maintains an encumbrance system for tracking outstanding purchase orders and other commitments for material or services not received during the year. Encumbrances at June 30, 2018 and 2017 were $40,004,944 and $10,239,238, respectively, which represent the estimated amount of expenses ultimately to result if unperformed contracts in process at fiscal year-end are completed. Encumbrances outstanding at June 30, 2018 and 2017 do not constitute expenses or liabilities and are not reflected in these basic financial statements.

The financial statements of the College are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Property taxes:

The County Treasurer is the tax collection agent for all taxing entities within the county. Valuations are established and taxes are assessed on a calendar year basis. Taxes are levied and become a lien on the property on November 1st in the year of assessment and are revenue for the fiscal year the following June 30.

Taxes levied on November 1 become due and payable, generally on the following December 20 and May 10, followed by major distributions to the taxing units on January 20 and June 5. Smaller distributions are made to taxing units in March, September and October each year. Substantially all tax revenues applicable to the proceeding calendar year are received by the College by each June 30. Property taxes are recognized as revenue in the period for which the taxes are levied. The College received approximately 51.2% and 49.4% of its financial support (exclusive of investment income) from property taxes during the years ended June 30, 2018 and 2017, respectively.

The tax rates for the fiscal years ended June 30, 2018 and 2017, expressed in mills per $1,000 of assessed valuation, are reflected in the following table:

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

	2018	2017
Fund		
General	8.966	8.938
Capital outlay	0.503	0.501
Special assessment	0.034	0.034
Total Mill Levy	9.503	9.473

Federal grants and state appropriations:

Funds from federal grants are recognized as revenue when eligibility requirements are met. Funds from state appropriations consist primarily of state grants and payments made by the state to the Kansas Public Employees Retirement System (KPERS) on behalf of the College. For state grants, the funds are recognized when eligibility requirements are met. The College recognizes the contributions made to KPERS by the state on behalf of the College as revenues and expenses in the Statements of Revenue, Expenses and Changes in Net Position (See Notes 5 and 6).

Student tuition and fees, net of scholarship allowances:

Tuition and fees revenue is earned over the length of the course. Unearned revenue represents student tuition and fees received before year-end which relate to subsequent periods. Student tuition and fees revenues are reported net of certain scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position.

Scholarship allowances and student aid:

Certain federal financial aid grants to students are reported as federal grants and contracts in non-operating revenue in the financial statements as prescribed by the National Association of College and University Business Officers (NACUBO). Since certain of these grants, including Pell and Supplement Educational Opportunity Grants (SEOG), are for the payment of students' tuition and fees, a like amount is reported as scholarship allowance which is reported as an operating expense in the financial statements. Federal Work-Study grant expenses are reported as operating expenses as students work for compensation. Certain other student aid sources (loans, funds provided to students as awarded by third parties and Federal Direct Lending) are paid directly to the students or credited to the students' account and do not impact revenues or expenses reported in the financial statements.

Operating and nonoperating activities:

Operating activities, as reported in the statement of revenues, expenses and changes in net position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include Federal grants consisting primarily of Pell grants and SEOG grants, state appropriations, property taxes and interest earnings.

Cash and cash equivalents:

Cash and cash equivalents include deposits held at banks and all highly liquid instruments purchased with an original maturity of three months or less, plus small amounts of cash maintained for change funds.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Investments:

It is the College's policy to invest in obligations of the U.S. Treasury, repurchase agreements, bank certificates of deposit, the Kansas Municipal Investment Pool and other instruments authorized by Kansas statutes. Investments in bank certificates of deposit are carried at cost and investments in the Kansas Municipal Investment Pool are carried at net asset value, which approximates fair value. Investments other than bank certificates of deposit and the Kansas Municipal Investment Pool are reported at fair value. Fair value is determined using quoted market prices or other observable inputs.

Accounts receivable:

Accounts receivable consists primarily of property taxes receivable and enrollment receivables. Accounts receivable are carried at the unpaid balance of the original amount billed to students and student loans receivable are carried at the amount of unpaid principal. Both property tax and enrollment receivables are net of an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by calculating a specific percent reserve on accounts based on historical experience. Property tax and enrollment receivable are written off when deemed uncollectible. Recoveries of property tax and enrollment previously written off are recorded when received.

Inventories:

Inventories consist primarily of items held for resale by the bookstore and supply inventories which are stated at the lower of cost (determined on a first-in, first-out basis) or market. The cost is recorded as expenses as the inventories are consumed.

Capital assets:

Capital assets include property, plant, equipment, infrastructure assets such as roads and sidewalks, and works of art. Capital assets are defined by the College as assets with an initial unit cost of $5,000 or more with an estimated useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The College has elected not to capitalize its collection of library books. This collection adheres to the College's policy to (a) maintain them for public exhibition, education or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items.

Works of art are stated at cost, or if donated, at acquisition value at the date of the donation. The College does not depreciate artwork, as management believes the value of such has not diminished.

Capital assets of the College are depreciated using the straight-line method over the following useful lives (see Note 3 for further detail).

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

	Years
Buildings	40
Building improvements	15
Land improvements	10
Furniture	10
Equipment	5
Computer technology	4

Deferred inflows and outflows of resources:

In addition to assets, the Statements of Net Position report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an expense until the future period. The College's deferred outflows include deferred charges on advanced refunding which represents the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Bond issuance costs are expensed at time of issuance.

The college reports deferred outflows of resources related to pensions as described in Note 5.

The college reports deferred outflows of resources related to postemployment benefits as described in Note 6.

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then. The College's deferred inflows of resources include deferred inflows of resources related to pensions as described in Note 5.

Compensated absences:

The College records a liability for employees' vacation leave earned but not taken. Employees are allowed to carry over a limited number of vacation days from year to year. At June 30, 2018 and 2017, the College had recorded a vacation liability of $3,400,136 and $3,366,550, respectively.

Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits that employees have earned, but not yet realized as these benefits do not vest.

Net position:

Net position is presented in three major categories. The first is net investment in capital assets, which represents the College's investment in its capital assets, net of debt used to acquire or construct the capital assets. The second is restricted, and the third is unrestricted.

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

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

endowments for which only the earnings can be spent. The College had no restricted nonexpendable net position at June 30, 2018 and 2017.

Unrestricted net position is available to the College for any lawful purpose. The College first applies restricted sources when an expense or outlay is incurred for purposes for which both restricted and unrestricted sources are available.

Use of estimates:

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

Recent accounting pronouncements:

In June 2015, the GASB issued Statement No. 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which requires governments providing defined benefit other postemployment benefits (OPEB) plans to recognize their long-term obligation for benefits as a liability for the first time and expands required disclosures. This statement was effective for the College's fiscal year ending June 30, 2018 and is the cause of the prior period adjustment included in the Statements of Revenue, Expenses and Changes in Net Position. The prior period adjustment is required in order to present the new OPEB balance properly in net position and is considered a change in accounting principle. The College did not deem it practical to restate all periods presented.

In August 2015, the GASB issued Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information, including the amount of taxes abated, for (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. This statement was effective for the College's fiscal year ending June 30, 2017.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The requirements of this Statement are effective for the College's fiscal year ending June 30, 2020. However, the College has elected to early apply the requirements of this Statement in the current year.

Reclassification:

Certain amounts in the June 30, 2017 Statements of Revenues, Expenses and Changes in Net Position have been reclassified with no effect on net position in order to conform to June 30, 2018 classifications.

Note 2. Deposits, Investments and Risk

Deposits:

Deposits, depending on the source of receipts, are pooled, except when legal requirements dictate the use of separate accounts. The carrying amount of the College's deposits at June 30, 2018 and 2017, are reflected in the following table at cost. Actual bank statement balances for total deposits at June 30, 2018 and 2017 were $96,261,044 and $126,944,781, respectively. The difference between carrying amounts and bank balances primarily represents checks which had not cleared the bank and deposits in transit. The deposit balances and cash float from outstanding checks are deposited in interest-bearing accounts.

	2018	2017
Cash	$ 27,043,564	$ 12,575,434
Certificates of Deposit:		
Bank of Kansas City	6,000,000	13,000,000
Capital City Bank	39,000,000	28,000,000
Capitol Federal Savings	15,000,000	37,000,000
Commerce Bank	9,000,000	-
UMB Bank	-	35,000,000
Total Deposits	$ 96,043,564	$ 125,575,434

Custodial credit risk:

Custodial credit risk is the risk that, in the event of a bank failure, an entity's deposits may not be returned to it. The College's deposit policy for custodial credit risk exceeds the provisions of state law by requiring depository banks to pledge qualified securities with a market value equal to 105% of deposits in excess of FDIC coverage.

The College had no bank balances exposed to custodial credit risk at June 30, 2018 and 2017. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the state of Kansas; bonds of any city, county school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction the College will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Of the investments subject to custodial credit risk, none are considered uncollateralized as the investments are held by a trust department at a bank and registered in the College's name.

Investments:

Funds available for investment are pooled to maximize return and minimize administrative cost, except for funds authorized by the College administration to be separately invested or which are separately invested to meet legal requirements. It is the practice of the College that investments ordinarily be held to maturity at which time the par value of the investments will be realized. Short-term investments are investments with an original maturity of one year or less.

Note 2. Deposits, Investments and Risk (Continued)

Kansas statute K.S.A. 12-1675 authorizes the College to invest in temporary notes, time deposits, open accounts, certificates of deposit, repurchase agreements, United States Treasury bills or notes, and the Kansas Municipal Investment Pool (MIP).

The State of Kansas Pooled Money Investment Board operates the MIP, which is invested in accordance with state statutes. The MIP is available for investment of funds administered by any Kansas municipality. All funds deposited in the MIP are classified as investments even though some could be withdrawn on a day's notice.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

At June 30, 2018 and 2017, the College had investments in the Kansas Municipal Investment Pool – Overnight Pool, which mature in less than one year, of $8,301,549 and $7,111,894, respectively. Included in the Kansas Municipal Investment Pool investment balance at June 30, 2018 and 2017 were unspent bond funds of $1,774,697 and $4,298,630, respectively. The Federal Home Loan Bank Agency Note, U.S. Treasury Bills, and U.S. Treasury Notes mature in less than one year.

A summary of deposits and investments at June 30, 2018 and 2017 is as follows:

	2018	2017
Deposits:		
Cash	$ 27,043,564	$ 12,575,434
Certificates of Deposit	69,000,000	113,000,000
Investments:		
Kansas Municipal Investment Pool	8,301,549	7,111,894
Federal Home Loan Bank Agency Note	4,985,850	-
U.S. Treasury Bills	56,757,362	-
U.S. Treasury Notes	29,950,125	-
Total Deposits and Investments	$ 196,038,450	$ 132,687,328

Credit risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The College's investments in the Kansas Municipal Investment Pool were rated AAAf/S1+ by Standard & Poor's at June 30, 2018 and 2017. The Federal Home Loan Bank Agency Note was rated Moody's Aaa and Standard & Poor's AA+ at June 30, 2018.

Note 2. Deposits, Investments and Risk (Continued)

Investments:

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The investments in the Kansas Municipal Investment Pool are not required to be included in the fair value leveling table. Agency notes and U.S. government obligations are valued at the closing price reported for similar assets on active markets.

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments				
Agency notes	$ -	$ 4,985,850	$ -	$ 4,985,850
U.S. government obligations	-	86,707,487	-	86,707,487
Total	$ -	$ 91,693,337	$ -	$ 91,693,337

At June 30, 2017, the College held no investments included within the fair value hierarchy.

Note 3. Capital Assets

The following tables present the changes in the various capital asset categories at June 30, 2018 and 2017:

	June 30, 2017 Ending Balance	Additions/ Transfers	Retirements	June 30, 2018 Ending Balance
Capital assets not being depreciated:				
Land	$ 1,028,265	$ -	$ -	$ 1,028,265
Construction in progress	-	13,100,259	-	13,100,259
Works of art	3,776,527	1,700	-	3,778,227
Total Assets not Being Depreciated	4,804,792	13,101,959	-	17,906,751
Capital assets being depreciated:				
Land improvements	38,962,757	697,975	-	39,660,732
Buildings and improvements	206,450,804	4,271,711	-	210,722,515
Equipment, furniture and computer technology	29,415,842	2,283,333	(908,778)	30,790,397
Total Assets Being Depreciated	274,829,403	7,253,019	(908,778)	281,173,644
Less accumulated depreciation:				
Land improvements	23,801,631	1,146,577	-	24,948,208
Buildings and improvements	94,097,124	6,179,582	-	100,276,706
Equipment, furniture and computer technology	24,091,772	1,907,104	(859,309)	25,139,567
Total Accumulated Depreciation	141,990,527	9,233,263	(859,309)	150,364,481
Capital Assets, Net	$ 137,643,668	$ 11,121,715	$ (49,469)	$ 148,715,914

Note 3. Capital Assets (Continued)

	June 30, 2016 Ending Balance	Additions/ Transfers	Retirements	June 30, 2017 Ending Balance
Capital assets not being depreciated:				
Land	$ 1,028,265	$ -	$ -	$ 1,028,265
Construction in progress	-	-	-	-
Works of art	3,749,527	27,000	-	3,776,527
Total Assets not Being Depreciated	4,777,792	27,000	-	4,804,792
Capital assets being depreciated:				
Land improvements	38,340,691	622,066	-	38,962,757
Buildings and improvements	197,069,062	9,381,742	-	206,450,804
Equipment, furniture and computer technology	28,548,684	2,980,494	(2,113,336)	29,415,842
Total Assets Being Depreciated	263,958,437	12,984,302	(2,113,336)	274,829,403
Less accumulated depreciation:				
Land improvements	22,073,569	1,728,062	-	23,801,631
Buildings and improvements	88,420,943	5,676,181	-	94,097,124
Equipment, furniture and computer technology	24,402,258	1,783,396	(2,093,882)	24,091,772
Total Accumulated Depreciation	134,896,770	9,187,639	(2,093,882)	141,990,527
Capital Assets, Net	$ 133,839,459	$ 3,823,663	$ (19,454)	$ 137,643,668

The College had no capitalized interest related to construction projects for the years ended June 30, 2018 and 2017, respectively.

As described in Note 1, the College elected to early apply GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* during the year ended June 30, 2018. The requirements of this Statement are applied prospectively.

Note 4. Long-Term Obligations

Long-term obligations consist of the following categories at June 30, 2018 and 2017:

Long-Term Obligations	July 1, 2017 Beginning Balance	Restatement (Note 6)	July 1, 2017 Adjusted Beginning Balance	Additions	Reductions	June 30, 2018 Ending Balance	Amounts Due Within One Year
Revenue Bonds:							
Series 2011	$ 9,525,000	$ -	$ 9,525,000	$ -	$ (50,000)	$ 9,475,000	$ 50,000
Series 2012	3,280,000	-	3,280,000	-	(485,000)	2,795,000	495,000
Series 2015	3,600,000	-	3,600,000	-	(685,000)	2,915,000	705,000
Premium on Series 2011 Bonds	127,209	-	127,209	-	(11,565)	115,644	-
Premium on Series 2012 Bonds	148,979	-	148,979	-	(13,544)	135,435	-
Premium on Series 2015 Bonds	72,496	-	72,496	-	(14,498)	57,998	-
Total Revenue Bonds	16,753,684	-	16,753,684	-	(1,259,607)	15,494,077	1,250,000
Certificates of Participation:							
Series 2009 COP	4,920,000	-	4,920,000	-	(1,595,000)	3,325,000	1,640,000
Series 2017 COP	-	-	-	50,000,000	-	50,000,000	105,000
Premium on Series 2009 COP	12,961	-	12,961	-	(5,629)	7,332	-
Premium on Series 2017 COP	-	-	-	3,495,940	(174,797)	3,321,143	-
Total Certificates of Participation	4,932,961	-	4,932,961	53,495,940	(1,775,426)	56,653,475	1,745,000
General Obligation Bonds:							
Series 2016 Capital Outlay	7,210,000	-	7,210,000	-	(1,685,000)	5,525,000	1,755,000
Premium on Series 2016 Capital Outlay	553,536	-	553,536	-	(184,512)	369,024	-
Total General Obligation Bonds	7,763,536	-	7,763,536	-	(1,869,512)	5,894,024	1,755,000
Other Accrued Liabilities:							
Compensated Absences	3,366,550	-	3,366,550	1,128,655	(1,095,069)	3,400,136	393,502
Net Pension Liability	1,027,865	-	1,027,865	321,774	-	1,349,639	-
Net OPEB Obligation (Asset)	(982,251)	6,258,752	5,276,501	657,078	(646,976)	5,286,603	-
Total Other Accrued Liabilities	3,412,164	6,258,752	9,670,916	2,107,507	(1,742,045)	10,036,378	393,502
Total Long-Term Obligations	$ 32,862,345	$ 6,258,752	$ 39,121,097	$ 55,603,447	$ (6,646,590)	$ 88,077,954	$ 5,143,502

Note 4. Long-Term Obligations (Continued)

Long-Term Obligations	July 1, 2016 Beginning Balance	Additions	Reductions	June 30, 2017 Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 2011	$ 9,575,000	$ -	$ (50,000)	$ 9,525,000	$ 50,000
Series 2012	3,765,000	-	(485,000)	3,280,000	485,000
Series 2015	4,250,000	-	(650,000)	3,600,000	685,000
Premium on Series 2011 Bonds	138,774	-	(11,565)	127,209	-
Premium on Series 2012 Bonds	162,523	-	(13,544)	148,979	-
Premium on Series 2015 Bonds	86,994	-	(14,498)	72,496	-
Total Revenue Bonds	17,978,291	-	(1,224,607)	16,753,684	1,220,000
Certificates of Participation:					
Series 2009 COP	6,475,000	-	(1,555,000)	4,920,000	1,595,000
Premium on Series 2009 COP	18,590	-	(5,629)	12,961	-
Total Certificates of Participation	6,493,590	-	(1,560,629)	4,932,961	1,595,000
Loan Obligation, KBOR PEI	661,672	-	(661,672)	-	-
General Obligation Bonds:					
Series 2016 Capital Outlay	8,970,000	-	(1,760,000)	7,210,000	1,685,000
Premium on Series 2016 Capital Outlay	738,048	-	(184,512)	553,536	-
Total General Obligation Bonds	9,708,048	-	(1,944,512)	7,763,536	1,685,000
Other Accrued Liabilities:					
Compensated Absences	3,550,262	1,083,267	(1,266,979)	3,366,550	393,522
Net Pension Liability	780,004	247,861	-	1,027,865	-
Net OPEB Obligation (Asset)	(773,535)	550,284	(759,000)	(982,251)	-
Total Other Accrued Liabilities	3,556,731	1,881,412	(2,025,979)	3,412,164	393,522
Total Long-Term Obligations	$ 38,398,332	$ 1,881,412	$ (7,417,399)	$ 32,862,345	$ 4,893,522

Note 4. Long-Term Obligations (Continued)

Revenue Bonds:

Revenue bonds payable as of June 30, 2018 and 2017, consist of the following:

	2018	2017
Student Commons and Parking System Refunding Revenue Bonds, Series 2011, $9,800,000, interest is paid semiannually on May 15 and November 15 at interest rates of 2% to 4%	$ 9,475,000	$ 9,525,000
Premium on Series 2011 Revenue Bonds	115,644	127,209
Student Commons and Parking System Refunding Revenue Bonds, Series 2012, $5,135,000, interest is paid semiannually on May 15 and November 15 at interest rates of 2%	2,795,000	3,280,000
Premium on Series 2012 Revenue Bonds	135,435	148,979
Student Commons and Parking System Refunding Revenue Bonds, Series 2015, $4,250,000, interest is paid semiannually on May 15 and November 15 at interest rates of 2%	2,915,000	3,600,000
Premium on Series 2015 Revenue Bonds	57,998	72,496
Total Revenue Bonds Payable	15,494,077	16,753,684
Less current portion of revenue bonds payable	1,250,000	1,220,000
Noncurrent Revenue Bonds Payable	$ 14,244,077	$ 15,533,684

Revenue bond rate covenants require the College to operate and maintain the Student Commons and Parking System in a manner which will generate net revenues in an amount not less than 110% of the amount required to meet both principal and interest on all outstanding revenue bonds (See Note 11). The College was in compliance with this covenant at June 30, 2018 and 2017.

Note 4. Long-Term Obligations (Continued)

Future annual maturities of revenue bonds payable are as follows:

	Principal	Interest	Total Revenue Bonds
Fiscal Year:			
2019	$ 1,250,000	$ 461,700	$ 1,711,700
2020	1,285,000	435,825	1,720,825
2021	1,340,000	407,775	1,747,775
2022	1,370,000	377,600	1,747,600
2023	1,510,000	339,825	1,849,825
2024-2028	8,430,000	818,550	9,248,550
Total Revenue Bonds	$ 15,185,000	$ 2,841,275	$ 18,026,275

General Obligation Capital Outlay Bonds:

General obligation capital outlay bonds payable as of June 30, 2018 and 2017, consist of the following:

	2018	2017
General Obligation Capital Outlay Bonds, Series 2016, $8,970,000, interest is paid semiannually on March 1 and September 1 at interest rates of 4% to 5%	$ 5,525,000	$ 7,210,000
Premium on Series 2016 General Obligation Capital Outlay Bonds	369,024	553,536
Total General Obligation Capital Outlay Bonds Payable	5,894,024	7,763,536
Less current portion of general obligation capital outlay bonds payable	1,755,000	1,685,000
Noncurrent General Obligation Capital Outlay Bonds Payable	$ 4,139,024	$ 6,078,536

Note 4. Long-Term Obligations (Continued)

Future annual maturities of general obligation capital outlay bonds payable are as follows:

	Principal	Interest	Total General Obligation Bonds
Fiscal Year:			
2019	$ 1,755,000	$ 232,375	$ 1,987,375
2020	1,840,000	142,500	1,982,500
2021	1,930,000	48,250	1,978,250
Total General Obligation Bonds	$ 5,525,000	$ 423,125	$ 5,948,125

Certificates of Participation:

Certificates of participation payable at June 30, 2018 and 2017, consist of the following:

	2018	2017
Health Science Education Center – Certificates of Participation, Series 2009, $15,100,000 in obligations for facilities (capital cost of $13,320,629 before accumulated depreciation of $2,331,110 and $1,998,094 as of June 30, 2018 and 2017, 3.50% to 4.55%, aggregate payments of $3,475,671, including interest of $150,671)	$ 3,325,000	$ 4,920,000
Premium on Series 2009 Certificates of Participation	7,332	12,961
Fine Arts and Design and Career and Technical Education Buildings - Certificates of Participation, Series 2017, $50,000,000 in obligations for facilities (capital cost of $11,392,966 with no accumulated depreciation as of June 30, 2018 as the buildings have not been placed into service, 3.00% to 5.00%, aggregate payments of $70,313,706, including interest of $20,313,706)	50,000,000	-
Premium on Series 2017 Certificates of Participation	3,321,143	-
Total Certificates of Participation	56,653,475	4,932,961
Less current portion of certificates of participation	1,745,000	1,555,000
Noncurrent Certificates of Participation	$ 54,908,475	$ 3,377,961

Note 4. Long-Term Obligations (Continued)

The College has recorded the cost of the equipment and facilities as assets and the corresponding obligations as liabilities.

The minimum lease commitments for certificates of participation at June 30, 2018 are as follows:

	Principal	Interest	Total Capital Leases
Fiscal Year:			
2019	$ 1,745,000	$ 1,979,200	$ 3,724,200
2020	1,800,000	1,899,696	3,699,696
2021	1,875,000	1,811,613	3,686,613
2022	1,970,000	1,715,488	3,685,488
2023	2,070,000	1,614,488	3,684,488
2024-2038	43,865,000	11,443,892	55,308,892
Total Certificates of Participation	$ 53,325,000	$ 20,464,377	$ 73,789,377

On October 4, 2017, the College issued the Series 2017 Certificates of Participation in the amount of $50,000,000 with premium of $3,495,940 at interest rates of 3% to 5%. Interest is payable semiannually through October 1, 2037. Proceeds from the sale of the Certificates are being used to finance various capital projects on the campus, including construction of a new Career and Technical Education Building and a Fine Arts and Design Studios Building.

The College leases office space under operating lease agreements that expire through fiscal year 2022. Rental expense totaled $392,365 and $386,806 for the years ended June 30, 2018 and 2017, respectively. Minimum rental commitments under these noncancelable operating leases with initial terms of one year or longer at June 30, 2018 are $345,621.

Arbitrage rebate liability:

The Tax Reform Act of 1986 placed restrictions on the nonpurpose investment earnings from the proceeds of qualified tax-exempt bonds issued after August 15, 1986. Specifically, the nonpurpose investment earnings on these bonds are limited to the yield on each individual bond issue (based on the initial offering price to the public). Nonpurpose investments earnings in excess of the bond yield limitations are subject to rebate to the federal government. The total arbitrage rebate liability was $0 as of June 30, 2018 and 2017.

Subsequent event:

On October 1, 2018 the College called for full redemption all remaining outstanding Series 2009 Certificates of Participation. The Certificates, with a maturity date of October 1, 2019, were redeemed in the amount of $1,685,000 plus accrued interest to October 1, 2018 at 4.55%.

Note 5. Defined Benefit Pension Plan

Plan description:

The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides benefit provisions to statewide pension groups for State/School employees, Local employees, Police and Firemen, and Judges under one plan. Those employees participating in the pension plan for the College are included in the State/School employee group.

KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the state General Assembly. Member employees 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 an employee's combined age and years of credited service equal 85 "points".

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

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee'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. The retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Funding policy:

K.S.A. 74-4919, as amended, establishes a three tier benefit structure. Tier 1 members include active members hired before July 1, 2009. Tier 2 members include active members hired between July 1, 2009 and December 31, 2014. Tier 3 members include those first employed in a KPERS covered position after January 1, 2015. The member-employee contribution rate is 6%. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutorily required employer's share. For fiscal year 2018, the State of Kansas contributed 12.01% for the period July 1, 2017 to March 31, 2018 and 13.21% for the period April 1, 2018 to June 30, 2018 of covered payroll. For fiscal year 2017, the State of Kansas contributed 10.81% for the period July 1, 2016 to March 31, 2017 and 12.01% for the period April 1, 2017 to June 30, 2017 of covered payroll.

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. To facilitate the separate 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.

Note 5. Defined Benefit Pension Plan (Continued)

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

At June 30, 2017, the College's proportion of the net pension liability was 1.882%, which was a decrease of .087% from the proportion measured of 1.969% at June 30, 2016. The proportion recognized by the State of Kansas on behalf of the College was 1.860% (special funding situation). The proportion recognized by the College for KPERS retirees was 0.022%.

Special Funding Situation:

The employer contributions for the College, as defined in K.S.A. 74-4931 (2) and (3), are funded 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.

The State of Kansas is treated as a non-employer contributing entity to KPERS and is required to recognize its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and expenses for the pension plan attributable to the College. At June 30, 2018 and 2017, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was $126,496,805 and $132,370,340, respectively.

The State of Kansas contributed $10,287,684 and $9,290,196 directly to KPERS on behalf of the College for the years ended June 30, 2018 and 2017, respectively. The payments made by the State of Kansas on behalf of the College have been recorded as both revenues and expenses in the Statements of Revenues, Expenses and Changes in Net Position.

Net Pension Liability:

The college makes contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937. During the years ended June 30, 2018 and June 30, 2017, the contribution made to KPERS for these employees was $82,321 and $100,759, respectively. The College reported a liability for its proportionate share of the net pension liability related to these employees of $1,349,639 and $1,027,865 at June 30, 2018 and 2017, respectively.

The June 30, 2018 net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. The June 30, 2017 net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016.

The College proportion of the net pension liability was based on the ratio of the College's actual contribution to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal years ended June 30, 2018 and 2017. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. The College's proportion was 0.022% and 0.012% at June 30, 2018 and 2017, respectively.

The College recognized pension expense of $136,837 and $91,957 for the years ended June 30, 2018 and 2017, respectively, related to the College's net pension liability.

Note 5. Defined Benefit Pension Plan (Continued)

At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2018		2017	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	**Deferred Outflows of Resources**	**Deferred Inflows of Resources**
Difference between expected and actual experience	$ -	$ (67,121)	$ -	$ (48,526)
Net difference between projected and actual earnings on pension plan investments	28,945	-	92,836	-
Change in proportion	440,751	(60,595)	242,040	(83,873)
Change in assumptions	63,726	(1,787)	-	(1,858)
Total	$ 533,422	$ (129,503)	$ 334,876	$ (134,257)

The net $403,919 of amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year:	
2019	$ 76,073
2020	115,994
2021	110,825
2022	72,982
2023	28,045
Total	$ 403,919

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 contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarially determined rate. 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.

Note 5. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions:

The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of December 31, 2016 which was rolled forward to June 30, 2017. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. These actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Wage inflation	3.5 percent
Salary increases, including wage increases	3.5 to 12.00 percent, including price inflation
Investment rate of return	7.75 percent compounded annually, net of investment expense, including price inflation

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 cost method is entry age normal. The amortization method is level percentage of payroll, closed.

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 and resulted in a reduction of the price inflation from 3.00% to 2.75%, a reduction of the wage inflation from 4.00% to 3.50% and a reduction in the long-term rate of return (net of investment expenses and including price inflation) from 8.00% to 7.75%.

The long-term expected rate of return on 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 included in the pension plan's target asset allocations as of June 30, 2017 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.80%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	(0.25%)
Total	100%	

Note 5. Defined Benefit Pension Plan (Continued)

Sensitivity to changes in the discount rate:

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability allocated to the State of Kansas	$ 170,447,843	$ 126,496,805	$ 91,898,817
College's proportionate share of the net pension liability allocated to the College	$ 1,799,370	$ 1,349,639	$ 970,150
Total	$ 172,247,213	$ 127,846,444	$ 92,868,967

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100, Topeka, Kansas 66603-3803) or by calling (888) 275-5737. The report is also available online at www.kpers.org.

Note 6. Other Postemployment Benefit Plans

The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions,* for the accounting related to other postemployment benefit plans. The plan does not issue a separate standalone financial report. This Statement establishes the following measurement and recognition disclosures:

Medical and Prescription Drug Plan

Plan description:

The College sponsors a single-employer other postemployment benefit plan (OPEB) that provides medical and prescription drug benefits to qualifying retirees and their dependents. Employees who qualify for pension benefits under the Kansas Public Employee Retirement System (KPERS) and are enrolled in the College's insurance benefits during the benefit plan year prior to retirement and retired prior to June 1, 2013 are eligible for benefits. Under KPERS, a participant must be at least age 55 with at least 10 years of service or meet Rule of 85 (age + service >= 85) at any age to be eligible. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Note 6. Other Postemployment Benefit Plans (Continued)

Benefits provided:

All benefits are provided through fully insured arrangements. Three medical plan options (PPO, HMO and HSA) are available to qualifying retirees. Benefits are the same as those available to active employees. Coverage is available until the retiree qualifies for Medicare. Spouses may continue coverage upon retiree death or attainment of Medicare eligibility age (i.e. age 65) under COBRA for up to 36 months not to exceed the spouse's own age 65. All benefits renew annually starting June 1.

Funding policy:

Retirees who retired prior to June 1, 2013 and either met the Rule of 85 or were age 59 with 15 years of service upon retirement pay no premiums for medical coverage including dependent coverage for up to 10 years or until the retiree attains age 65. Otherwise, retirees and dependents must pay COBRA rates to maintain medical coverage with the College. For dental and vision benefits, retirees and dependents must pay COBRA rates to maintain coverage with the College.

Employees covered by benefit terms:

At June 30, 2018, the following employees were covered by benefit terms:

Retirees currently receiving benefit payments	51
Retirees' spouses receiving benefit payments	19
Active employees	1,022
	1,092

Total OPEB liability:

The College's total OPEB liability of $5,286,603 was measured as of June 30, 2018, and was determined by an actuarial valuation as of that date. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75.

Actuarial assumptions and other inputs:

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.0 percent, average, including inflation
Discount rate	3.3 percent
Healthcare cost trend rates	7.0 percent for 2017-18, decreasing 0.25 percent per year to an ultimate rate of 5.0 percent for 2025-26 and later years
Retirees' share of benefit-related costs	38 percent of projected health insurance premiums for retirees
Actuarial cost method	Entry age normal

The discount rate was based on the S&P Municipal Bond 20- year High Grade and the Fidelity GO AA-20 Years indexes.

Mortality rates were based on the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement.

Note 6. Other Postemployment Benefit Plan (Continued)

Changes in the Total OPEB Liability/(Asset):

	Total OPEB Liability/(Asset)
Balances at 6/30/2016	$ (773,535)
Changes for the year:	
Service cost	267,300
Interest	(27,074)
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	310,058
Benefit payments	(759,000)
Net changes	(208,716)
Balances at 6/30/2017	(982,251)
Prior period adjustment	6,258,752
Balances at 6/30/2017, restated	5,276,501
Changes for the year:	
Service cost	199,797
Interest	175,654
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	254,651
Benefit payments	(620,000)
Net changes	10,102
Balances at 6/30/2018	$ 5,286,603

Changes of assumptions and other inputs reflect a change in the discount rate from 3.5 percent in fiscal year 2017 to 3.3 percent in 2018.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the College, calculated using the discount rate of 3.3%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.3%) or 1-percentage-point higher (4.3%) than the current discount rate:

	1% Decrease (2.3%)	Current Discount Rate (3.3%)	1% Increase (4.3%)
Total OPEB Liability	$ 5,641,841	$ 5,286,603	$ 4,954,877

Note 6. Other Postemployment Benefit Plan (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6% decreasing to 4%) or 1-percentage point higher (8% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 4%)	Healthcare Cost Trend Rates (7% decreasing to 5%)	1% Increase (8% decreasing to 6%)
Total OPEB Liability	$ 4,804,851	$ 5,286,603	$ 5,847,661

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2018, the College recognized OPEB expense of $402,427. At June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ -
Changes of assumptions or other inputs	227,675	-
Total	$ 227,675	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in benefits expense as follows:

Fiscal Year:	
2019	$ 26,976
2020	26,976
2021	26,976
2022	26,976
2023	26,976
Thereafter	92,795
Total	$ 227,675

Prior period adjustment

The implementation of GASB 75 resulted in a $6,258,752 increase to net OPEB liability and corresponding decrease to net position as of June 30, 2017.

Note 6. Other Postemployment Benefit Plan (Continued)

KPERS long-term disability and life insurance benefit plans

Plan description:

The College participates in a multiple-employer defined benefit OPEB plan which is administered by KPERS. This plan provides long-term disability benefits and a life insurance benefit for disabled members of KPERS, as provided by K.S.A. 74-04927. This plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Accordingly, this plan is considered to be administered on a pay-as-you-go basis.

Contributions:

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended June 30, 2018 totaled $0.

Special Funding Situation:

The employer contributions for the College, as defined by 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. Accordingly, the State of Kansas is required to recognize the total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense for the OPEB plan attributable to the College. The College records revenue and OPEB 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 be amended by the KPERS Board of Trustees. The KPERS Plan provides long-term disability benefits equal to 60 percent of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life

Note 6. Other Postemployment Benefit Plan (Continued)

expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees

The College has the following employees covered by the Plan as of June 30, 2018:

Inactive employees or beneficiaries currently receiving benefit payments	21
Active Employees	1,204
Total	1,225

Total OPEB Liability

At June 30, 2018, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $3,747,617.

Actuarial Assumptions

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

Price inflation	2.75 percent
Payroll Growth	3.00 percent
Wage Inflation	3.5 percent, average, including inflation
Discount rate (based on the 20 year Tax-Exempt Municipal Bond Yield)	3.58 percent

Mortality rates used for the death benefits were based on historical experience of the KPERS Death and Disability Plan for all participants.

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study conducted during 2013-2015.

Revenue and OPEB Expense Recorded by the College

For the year ended June 30, 2018, the College recognized revenue and OPEB expense in an equal amount of $337,806.

Note 7. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in the years ended June 30, 2018 and 2017.

Note 8. Contingencies

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

Note 9. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statements not yet implemented by the College. The Statements which might impact the College are as follows:

In November 2016, the GASB issued Statement No. 83 *Certain Asset Retirement Obligations,* which will require governments to recognize and measure certain asset retirement obligations, including obligations that may not have been previously reported. This statement will be effective for the College's fiscal year ending June 30, 2019. The College has not yet determined the effect that the adoption of this Statement will have on its financial statements.

In June 2017, the GASB issued Statement No. 87 *Leases*, which will require reporting of certain lease liabilities that currently are classified as operating leases. This statement will be effective for the College's fiscal year ending June 30, 2021. The College has not yet determined the effect that the adoption of this Statement will have on its financial statements.

In April 2018, the GASB issued Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement will be effective for the College's fiscal year ending June 30, 2019. The College has not yet determined the effect that the adoption of this Statement will have on its financial statements.

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures

Basis of presentation:

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase permanently restricted net assets, temporarily restricted net assets and unrestricted net assets. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

Tax status:

The Foundation is recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation may be subject to federal and state income taxes on any net income from unrelated business activities. The Foundation files a Form 990 (Return of Organization Exempt from Income Tax) annually and unrelated business income (UBI) is reported on Form 990-T, as appropriate. Management has evaluated their material tax positions, which include such matters as the tax exempt status of the Foundation and various positions relative to potential sources of UBI. As of June 30,

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

2018 and 2017, there were no income tax effects with respect to the financial statements. Forms 990 and 990-T filed by the Foundation are no longer subject to examination by the Internal Revenue Service for fiscal years ended June 30, 2014 and prior.

Promises to give:

Unconditional promises to give are recognized as revenue at the present value of expected future payments when unconditional promises to give are received. As of June 30, 2018 and 2017, management believed that no allowance for doubtful collection was necessary based on the evaluation of the receivables and the related donors. Promises to give are scheduled to be received as follows:

	2018	2017
Due in less than one year	$ 5,403,759	$ 402,919
Due after one year to five years	5,257,508	644,450
Total Promises to Give	10,661,267	1,047,369
Less discount of present value (interest rates from 0.88% to 2.97%)	104,075	12,530
Promises to Give, net	$ 10,557,192	$ 1,034,839

Promises to give of $517,508 and $779,450 as of June 30, 2018 and 2017 respectively, were due from certain members of the Foundation's Board of Directors or affiliated organizations of these Directors. Approximately 94% and 72% of gross promises to give are due from one donor as of June 30, 2018 and 2017, respectively.

Conditional promises to give, where the donor has placed a condition on the gift that the ultimate transfer of assets or promises to give is contingent on a future and uncertain event, are not recorded as contributions until the condition is met. There are no conditional promises to give as of June 30, 2018 and 2017, respectively.

Investments:

The Foundation's investment portfolio as of June 30, 2018 and 2017 consisted of the following:

	2018	2017
U.S. government obligations	$ 1,230,716	$ 1,375,136
Equity funds	12,285,175	11,363,806
Corporate bonds	3,841,737	3,642,486
Common stock	9,578,273	8,727,479
Certificates of deposit	147,825	148,676
Exchange traded funds	103,606	-
	$ 27,187,332	$ 25,257,583

The investments of the Foundation are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

value of such investments, it is at least reasonably possible that changes in risks in the near term would affect investment balances and the amounts reported in the financial statements.

Contributed services and related party transactions:

The College provides the Foundation with office space, furniture and equipment without charge. Certain College employees perform duties for the Foundation without compensation from the Foundation. Management of the Foundation has estimated the fair market value of these services, which are recorded as management and general and fundraising expenses and contributed services revenue, to be approximately $643,314 and $642,900 for 2018 and 2017, respectively. No amounts have been reflected in the financial statements for donated services, which do not create or enhance nonfinancial assets or which do not require specialized skills; however, time and resources have been contributed by volunteers in furtherance of the Foundation's objectives.

At June 30, 2018 and 2017, the Foundation owed a related party $15,714 and $58,756, respectively, which was included in accounts payable.

Net assets:

Temporarily restricted net assets as of June 30, 2018 and 2017 were restricted as follows:

	2018	2017
Scholarships to students	$ 5,864,783	$ 5,617,661
Support of College programs, including visual and performing arts programs and capital projects	4,157,068	4,168,617
Support of capital projects	10,793,348	-
	$ 20,815,199	$ 9,786,278

Permanently restricted net assets are restricted for investment in perpetuity, the income from which is generally expendable for student scholarships and programs support. Permanently restricted net assets also include significant portions of the campus art, which can only be sold under specific restrictions, including that the proceeds be reinvested in new campus art. The total of campus art included in permanently restricted assets was $973,851 for both the years ended June 30, 2018 and 2017 and is included below in visual and performing art programs.

Permanently restricted net assets as of June 30, 2018 and 2017 were restricted as follows:

	2018	2017
Scholarships to students	$ 9,137,557	$ 8,782,825
Support of College programs, including visual and performing arts programs	9,820,648	9,803,423
	$ 18,958,205	$ 18,586,248

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

Assets released from restriction:

Temporarily restricted net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2018 and 2017 as follows:

	2018	2017
Scholarships to students	$ 1,147,518	$ 1,093,478
Support of College programs, including visual and performing arts programs and capital projects	1,343,588	1,853,910
	$ 2,491,106	$ 2,947,388

Fair value measurements:

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value, and requires disclosure of fair value measurements. The fair value hierarchy set forth in the Topic is as follows:

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

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

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

A description of the valuation methodologies used for assets measured at fair value, on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include equity funds and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities include U.S. government obligations of states and political subdivisions and certain corporate, asset backed and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the hierarchy.

There have been no changes in valuation techniques used for any assets measured at fair value during the years ended June 30, 2018 and 2017.

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

The following tables summarize, by level, the assets measured at fair value on a recurring basis, as of June 30, 2018 and 2017, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 1,230,716	$ -	$ 1,230,716
Equity funds:				
Fixed income mutual funds	2,555,472	-	-	2,555,472
International mutual funds	3,506,489	-	-	3,506,489
Domestic mutual funds	3,980,367	-	-	3,980,367
Alternative mutual funds	2,242,847	-	-	2,242,847
Corporate bonds	-	3,841,737	-	3,841,737
Common stock				
Energy	672,974	-	-	672,974
Materials	269,470	-	-	269,470
Industrials	985,589	-	-	985,589
Consumer discretionary	1,216,338	-	-	1,216,338
Consumer staples	831,356	-	-	831,356
Health care	1,062,701	-	-	1,062,701
Financials	1,174,026	-	-	1,174,026
Information technology	1,915,966	-	-	1,915,966
Real estate	142,769	-	-	142,769
Telecommunication services	151,044	-	-	151,044
Utilities	298,917	-	-	298,917
Preferred stock	857,123	-	-	857,123
Exchange traded funds	103,606	-	-	103,606
	$ 21,967,054	$ 5,072,453	$ -	$ 27,039,507
Investments not subject to the fair value hierarchy:				
Certificates of deposit				147,825
Total	$ 21,967,054	$ 5,072,453	$ -	$ 27,187,332

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

	June 30, 2017			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 1,375,136	$ -	$ 1,375,136
Equity funds:				
Fixed income mutual funds	3,056,585	-	-	3,056,585
International mutual funds	3,299,036	-	-	3,299,036
Domestic mutual funds	5,008,185	-	-	5,008,185
Corporate bonds	-	3,642,486	-	3,642,486
Common stock				
Energy	491,042	-	-	491,042
Materials	334,231	-	-	334,231
Industrials	1,044,553	-	-	1,044,553
Consumer discretionary	998,888	-	-	998,888
Consumer staples	666,915	-	-	666,915
Health care	1,048,836	-	-	1,048,836
Financials	1,200,662	-	-	1,200,662
Information technology	1,578,956	-	-	1,578,956
Real estate	141,011	-	-	141,011
Telecommunication services	220,154	-	-	220,154
Utilities	138,448	-	-	138,448
Other	863,783	-	-	863,783
	$ 20,091,285	$ 5,017,622	$ -	$ 25,108,907
Investments not subject to the fair value hierarchy:				
Certificates of deposit				148,676
Total	$ 20,091,285	$ 5,017,622	$ -	$ 25,257,583

There were no transfers between Level 1, 2 or 3 for the fair value hierarchy for the fiscal years ended June 30, 2018 and 2017.

Note 11. Segment Information

The College has issued revenue bonds to construct a student center and parking garages for its students as described in Note 4 which are revenue backed debt instruments. Segment information related to the activities associated with the College's activities is as follows:

	2018	2017
Total Capital Assets, Net	$ 17,890,279	$ 18,617,033
Total Debt	$ 15,494,077	$ 16,753,684
Operating revenues, sales and service	$ 13,585,352	$ 14,135,957
Less operating expenses, salaries, utilities, depreciation and other expenses	11,022,924	11,522,268
Operating Income	$ 2,562,428	$ 2,613,689

Note 12. Tax Abatement Disclosures

In August 2015, the GASB issued GASB Statement No.77, *Tax Abatement Disclosures.* This Statement is intended to improve financial reporting relating to disclosures of tax abatement transactions. The required disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments that reduce the reporting government's tax revenues. The Statement is effective for the College's fiscal year ending June 30, 2017.

Property tax abatements are authorized under Kansas statutes KSA 12-1740 et. Seq. and KSA 79-201a and subject to County policy. Abatements may not exceed a term of ten years by statute. The developer must demonstrate a positive cost/benefit to the various taxing jurisdictions under Kansas law. Other criteria for eligibility include: 1) significant addition to the local economy in terms of private capital investment (a minimum investment of $2,000,000) and increased direct and indirect employment opportunities, (2) the nature of the business either exports a substantial portion of its products/services from Johnson County or are for local consumption but would add new jobs and replace purchases now being made by Johnson County or are for local consumption but would add new jobs and replace purchases now being made by Johnson County residents in areas outside of Johnson County, (3) preferences shall be extended to existing industries to facilitate expansion or retention, (4) no abatements granted for a relocation within Johnson County except under special circumstances detailed in the policy, (5) property owned by Johnson County and used exclusively for aviation purposes is eligible for 100% exemption from all ad valorem taxation, (6) except for projects mentioned in #5, no property tax abatement shall be in excess of 50% of the amount that would have been paid, and (7) projects must be in compliance with NCAC Comprehensive Compatibility Plan and Johnson County's Airport Vicinity Overlay Districts and Zones Regulations.

Any tax abatement granted shall be accompanied by a performance agreement between the applicant and the Board of County Commissioners (BOCC) subject to annual review by the BOCC to determine that the conditions qualifying the business for the incentives continue to exist and that assurances made by the applicant to induce the BOCC to grant the incentives are fulfilled.

Johnson County cities have used tax abatements for many years to spur industrial and office development. Kansas statues provide a process for cities to abate property tax on qualifying property.

Note 12. Tax Abatement Disclosures (Continued)

GASB 77 also requires disclosure information about tax abatements entered into by other governments affecting revenues of the College.

The following cities within Johnson County, Kansas have entered into tax abatement agreements that reduce property tax revenues for the College: De Soto, Bonner Springs, Lenexa, Olathe, Overland Park and Shawnee. The gross dollar amount by which the College's property tax revenues were reduced as a result of these tax abatement agreements entered into was approximately $2,830,000 and $2,614,000 during the years ending June 30, 2018 and June 30, 2017, respectively. There are no tax abatement agreements entered into by the College.

Johnson County Community College

Required Supplementary Information
Schedules of College's Proportionate Share
Year Ended June 30, 2018

KPERS Defined Benefit Pension Plan
Schedule of College's Proportionate Share of the Net Pension Liability

	Plan Year Ended 2017	2016	2015*
Total proportion of the state/school group net pension liability allocated to the College	1.88268%	1.96949%	1.92353%
Less: proportion of the state/school group net pension liability allocated to the State of Kansas (special funding)	1.86020%	1.95760%	1.91227%
College's proportion of the state/school group net pension liability	0.02248%	0.01189%	0.01126%
Total proportionate share of the state/school group net pension liability allocated to the College	$127,846,444	$133,398,205	$133,194,199
Less: proportionate share of the state/school group net pension liability allocated to the State of Kansas (special funding)	$126,496,805	$132,370,340	$132,414,195
College's proportionate share of the state/school group net pension liability	$ 1,349,639	$ 1,027,865	$ 780,004
College's state/school group covered payroll	$ 710,293	$ 323,900	$ 242,814
College's state/school group proportionate share of net pension liability as a percentage of its covered payroll	190.01%	317.34%	321.24%
Plan fiduciary net position as a percentage of the total pension liability	67.12%	65.10%	64.95%

* GASB 68 requires presentation of ten years. The College's proportionate share of the net pension liability allocated to employer prior to the plan year ended 2015 is not available.

Changes of assumptions for 2017: Price inflation dropped from 3.00% to 2.75%, a reduction of the wage inflation from 4.00% to 3.50% and a reduction in the long-term rate of return (net of investment expenses including price inflation) from 8.00% to 7.75%.

Johnson County Community College

Required Supplementary Information
Schedules of College's Contributions to Defined Benefit Pension Plan
Year Ended June 30, 2018

KPERS Defined Benefit Pension Plan
Schedule of College's Contributions

	Plan Year Ended 2017	2016	2015*
Required state/school group contribution	$ 100,759	$ 72,003	$ 49,477
Contributions made in relation to the required contribution	100,759	72,003	49,477
Contribution deficiency	-	-	-
College's state/school group covered payroll	$ 710,293	$ 323,900	$ 242,814
Contributions as a percentage of state/school group covered payroll	14.19%	22.23%	20.38%

* GASB 68 requires presentation of ten years. The College's proportionate share of the net pension liability allocated to employer prior to the plan year ended 2015 is not available.

Johnson County Community College

Required Supplementary Information
Other Postemployment Benefit Plan – Medical and Prescription Drug Plan
Schedule of College's Net OPEB Liability
Year Ended June 30, 2018

Total OPEB Liability for fiscal year:	2018*
Service cost	$ 199,797
Interest	175,654
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	254,651
Benefit payments	(620,000)
Net change in total OPEB liability	10,102
Total OPEB liability-beginning	5,276,501
Total OPEB liability-ending	$ 5,286,603
Covered-employee payroll	$ 60,651,205
Total OPEB liability as a percentage of covered-employee payroll	8.7%

* GASB 75 requires presentation of ten years. The College's OPEB liability detail prior to the plan year ended 2018 is not available.

Notes to Schedule:

Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate was 3.3% for 2018.

Johnson County Community College

Required Supplementary Information
Other Postemployment Benefit Plan – KPERS long-term disability and life insurance benefit plans
Schedule of College's Net OPEB Liability
Year Ended June 30, 2018

Total OPEB Liability for fiscal year:	2018*
Service cost	$ 234,775
Interest	114,376
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	(109,824)
Benefit payments	(536,459)
Net change in total OPEB liability	(297,132)
Total OPEB liability-beginning	4,044,749
Total OPEB liability-ending	3,747,617
Nonemployer contributing entity total proportionate share of the total OPEB liability:	100%
Nonemployer contributing entity total proportionate share (amount) of the total OPEB liability:	$ 3,747,617
College's proportionate share of the total OPEB liability:	0%
College's proportionate share (amount) of the total OPEB liability:	$ -

* GASB 75 requires presentation of ten years. The College's OPEB liability detail prior to the fiscal year ended 2018 is not available.

Notes to Schedule:

Changes of assumptions

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

As this is the first year of implementation of GASB 75, there have been no factors that significantly affect the trends in the amounts reported.

Johnson County Community College

Budgetary Expenditures with Appropriations (Unaudited)
Year Ended June 30, 2018

	Budgetary Expenditures	Legal Appropriations Budget	(Over) Under Budget
Current Unrestricted Funds:			
General	$ 96,911,480	$ 140,297,829	$ 43,386,349
Postsecondary technical education (PTE)	51,413,169	39,809,203	(11,603,966)
Subtotal General and PTE	148,324,649	180,107,032	31,782,383
Adult supplementary education	5,026,191	8,238,834	3,212,643
Truck driver training	214,607	897,758	683,151
Motorcycle driver	71,248	110,281	39,033
Auxiliary enterprises	12,447,534	15,466,462	3,018,928
Total Current Unrestricted Funds	166,084,229	$ 204,820,367	$ 38,736,138
Current Restricted Funds:			
Special assessments	206,603	$ 665,000	$ 458,397
Other restricted	16,113,331		
Total Current Restricted Funds	16,319,934		
Total Current Funds	182,404,163		
Loan Funds	59,801		
Plant Funds:			
Unexpended, capital outlay	1,926,341	$ 9,014,348	$ 7,088,007
Repair and replacement reserve	41,328		
Bond proceeds, construction	(11,796,061)		
Debt retirement, revenue bonds	3,677,528		
Total Plant Funds	(6,150,864)		
Total Current, Loan, and Plant Funds	$ 176,313,100		

APPENDIX C

System Revenues and Expenditures Schedules
(Fiscal Years Ended June 30, 2015 to 2019)

JCCC Student Commons and Parking System

System Revenues and Expenditures Schedule

The following table summarizes the revenue and expenditures of the System for the past five fiscal years

	2018-2019 Actual	2017-2018 Actual	2016-2017 Actual	2015-2016 Actual	2014-2015 Actual
REVENUES					
Commons/Parking Fee	$2,636,747	$2,751,825	$2,804,456	$2,796,373	$2,861,490
Bookstore	6,057,174	6,693,498	7,111,308	6,941,740	7,640,276
Cosmetology	29,784	26,511	29,183	27,788	27,764
Concessions	5,034	7,396	7,026	10,482	7,056
Dining Service, Café	2,299,604	2,183,574	2,225,823	2,274,058	2,440,001
Vending/Coffee Bars	727,688	842,600	864,852	872,614	936,537
Hiersteiner Center	1,122,498	1,079,948	1,093,308	1,035,883	870,390
	$12,878,529	$13,585,352	$14,135,957	$13,958,938	$14,783,514
TOTAL REVENUES					
CURRENT EXPENSES					
Bookstore	$5,207,241	$5,558,349	$5,954,154	$6,405,405	$6,103,454
Cosmetology	30,048	21,986	24,390	23,395	25,120
Concessions	4,719	4,774	4,463	7,133	7,115
Dining Service, Café	3,192,688	2,939,409	3,016,965	2,379,240	2,491,547
Vending/Coffee Bars	807,467	963,011	1,022,307	840,359	911,629
Hiersteiner Center	1,492,137	1,472,303	1,489,249	1,079,543	1,089,148
TOTAL CURRENT EXPENSES	$10,734,300	$10,959,832	$11,511,528	$10,735,075	$10,628,013
NET REVENUES	$2,144,230	$2,625,519	$2,624,429	$3,223,863	$4,155,501

APPENDIX D

Summary of the Financing Documents

APPENDIX D

SUMMARY OF FINANCING DOCUMENTS

The following is a summary of certain provisions contained in the Bond Resolution authorizing the issuance of the Series 2019 Bonds. The following is not a comprehensive description, however, and is qualified in its entirety by reference to the Bond Resolution for a complete recital of the terms thereof.

Definitions of Words and Terms

In addition to words and terms defined elsewhere in this Official Statement, the following words and terms as used in this Official Statement shall have the following meanings:

"Board" means the Board of Trustees of the College.

"Bond Resolution" means the resolution of the governing body of the College authorizing the issuance of the Series 2019 Bonds as from time to time amended in accordance with the terms hereof.

"Bondowner" or "Owner" or "Registered Owner" or the lowercase forms of such words means the person in whose name a Bond is registered in the registration books maintained by the Paying Agent and Bond Registrar.

"Bonds" means the Student Commons and Parking System Refunding Revenue Bonds, Series 2019, authorized and issued pursuant to the Bond Resolution.

"Business Day" means a day other than a Saturday, Sunday or holiday on which the Paying Agent is scheduled to be open to the public for conduct of its banking operations.

"Code" means the Internal Revenue Code of 1986, as amended and the applicable regulations of the Treasury Department proposed or promulgated thereunder or under the Internal Revenue Code of 1986, as amended.

"College" means Johnson County Community College, Johnson County, Kansas.

"Costs of Issuance" means all costs of issuing the Bonds, including but not limited to, all notification, printing, signing and mailing expenses, registration fees, all fees and expenses of legal counsel, and any expenses incurred in connection with receiving ratings on the Bonds, any financial advisory fees and all other related expenses.

"Current Expenses" means all necessary expenses of operation, maintenance and repair of the System, including current maintenance charges, cost of food service, cost of inventory for the bookstore, expenses of reasonable upkeep and repairs, properly allocated share of charges for insurance, and all other expenses incident to the operation of the System, but shall exclude depreciation and amortization charges, capital expenditures, principal and interest paid on revenue bonds or capital lease obligations and all general administrative expenses of the College not related to the operation of the System.

"Defaulted Interest" means interest on any Bond which is payable but not paid on any Interest Payment Date.

“Defeasance Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payments on obligations issued or guaranteed by the United States of America (including the interest component of obligations of the Bond Resolution Funding Corporation which have been stripped by request to the Federal Reserve Bank of New York in book-entry form) that are not subject to redemption in advance of their maturity dates.

“Derivative” means any investment instrument whose market price is derived from the fluctuating value of an underlying asset, index, currency, futures contract, including futures, options and collateralized mortgage obligations.

“Disclosure Undertaking” means the Continuing Disclosure Undertaking, dated as of the Dated Date, relating to certain obligations contained in the SEC Rule.

“Federal Tax Certificate” means the College’s Federal Tax Certificate dated the Issue Date, as the same may be amended or supplemented in accordance with the provisions thereof.

“Interest Payment Date” means each May 15 and November 15, commencing May 15, 2020.

“Issue Date” means the date when the College delivers the Bonds to the purchaser in exchange for the purchase price.

“Moody's” means Moody's Investors Service, Inc., its successors and assigns, and, if such company shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board.

“Net Revenues” means Revenues less Current Expenses.

“Parity Bonds” means the outstanding Series 2012 Bonds, Series 2015 Bonds, the Bonds, and any additional bonds hereafter issued standing on a parity and equality with such bonds with respect to the lien on the Net Revenues.

“Paying Agent and Bond Registrar” means UMB Bank, N.A., Kansas City, Missouri in its capacity as paying agent and bond registrar under the Bond Resolution, and any successors and assigns.

“Permitted Investments” means any of the following investments authorized by Kansas law, provided, however, no moneys or funds shall be invested in a Derivative: (a) investments authorized by K.S.A. 12-1675 and amendments thereto; (b) the municipal investment pool established pursuant to K.S.A. 12-1677a, and amendments thereto; (c) direct obligations of the United States Government or any agency thereof; (d) the College's temporary notes issued pursuant to K.S.A. 10-123 and amendments thereto; (e) interest-bearing time deposits in commercial banks or trust companies located in the county or counties in which the College is located; (f) obligations of the federal national mortgage association, federal home loan banks, federal home loan mortgage corporation or government national mortgage association; (g) repurchase agreements for securities described in (c) or (f); (h) investment agreements or other obligations of a financial institution the obligations of which at the time of investment are rated in either of the three highest rating categories by Moody's or Standard & Poor’s; (i) investments and shares or units of a money market fund or trust the portfolio of which is comprised entirely of securities described in (c) or (f); (j) receipts evidencing ownership interests in securities or portions thereof described in (c) or (f); (k) municipal bonds or other obligations issued by any municipality of the State as defined in K.S.A. 10-1101 which are general obligations of the municipality issuing the same; or (l) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (c) or (f) all as may be further restricted or modified by amendments to applicable Kansas law.

"Record Date" means the first day (whether or not a business day) of the calendar month in which an Interest Payment Date occurs.

"Redemption Date" when used with respect to any Bond to be redeemed means the date fixed for the redemption of such Bond pursuant to the terms of the Bond Resolution.

"Refunded Bonds" means the Series 2011 Bonds maturing in the years 2019 to 2027, inclusive, in the aggregate principal amount of $9,425,000.

"Revenues" means all rentals, charges, fees, income and revenues derived and collected by the College from the operation and ownership of the System, including specifically the proceeds derived from a student commons and parking fee charged each enrolled student.

"SEC Rule" means Rule 15c2-12 adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

"Series 2011 Bonds" means the Student Commons and Parking System Refunding Revenue Bonds, Series 2011, originally issued in the principal amount of $9,800,000, the outstanding balance of which will be retired with proceeds of the Bonds.

"Series 2012 Bonds" means the Student Commons and Parking System Refunding Revenue Bonds, Series 2012, originally issued in the principal amount of $5,135,000 and outstanding on the date of issuance of the Bonds in the principal amount of $2,300,000

"Series 2015 Bonds" means the Student Commons and Parking System Refunding Revenue Bonds, Series 2015, originally issued in the principal amount of $4,250,000 and outstanding on the date of issuance of the Bonds in the principal amount of $2,210,000.

"Series 2012 Resolution" means the resolution of the Board adopted on October 18, 2012, and authorizing the Series 2012 Bonds.

"Series 2015 Resolution" means the resolution of the Board adopted on July 16, 2015, and authorizing the Series 2015 Bonds.

"S&P" or "Standard & Poor's" means S&P Global Ratings, a division of S&P Global Inc., New York, New York, a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, "Standard & Poor's" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Board.

"System" means the student commons and parking system which includes the student commons (including without limitation the bookstore), student commons annex (the child care center), the parking structures adjacent to the College's Carlsen Center and at Galileo's Pavilion, the parking structures adjacent to the Regnier Center on the campus, and all housing, dining, student union, parking or other auxiliary enterprises owned or operated by the College which may be added to the System while any of the Bonds or additional bonds issued under the terms of the Bond Resolution are outstanding. The System shall not include any facilities hereafter constructed or acquired, which are not financed with the proceeds of revenue bonds payable from the income and revenues of the System, and for which the College maintains separate and distinct operations, facilities and records.

"System Revenue Fund" means the Student Commons and Parking System Revenue Fund Account created in the Bond Resolution.

"2019 Costs of Issuance Account" means the Costs of Issuance Account for Student Commons and Parking System Refunding Revenue Bonds, Series 2019, created in the Bond Resolution.

"2019 Principal and Interest Account" means the Principal and Interest Account for Student Commons and Parking System Refunding Revenue Bonds, Series 2019, created in the Bond Resolution.

Security for the Bonds

The Bonds and the interest thereon shall constitute special obligations of the College payable solely from, and secured as to the payment of principal and interest by a pledge of, the Net Revenues derived from the operation and ownership of the System and other funds therein pledged. The Bonds shall not constitute general obligations or an indebtedness of the State of Kansas, the College, the Board or of the individual members of the Board. The taxing power of the College is not pledged to the payment of the Bonds either as to principal or interest. The Bonds shall not be or constitute a general obligation of the College, nor shall they constitute an indebtedness of the College within the meaning of any constitutional, statutory or charter provision, limitation or restriction.

The covenants and agreements of the Board contained in the Bond Resolution and in the Bonds shall be for the equal benefit, protection, and security of the legal Owners of any or all of the Bonds, all of which Bonds shall be of equal rank and without preference or priority of one Bond over any other Bond in the application of the revenues therein pledged to the payment of the principal of and the interest on the Bonds, or otherwise, except as to rate of interest, date of maturity and right of prior redemption as provided in the Bond Resolution. The Bonds shall stand on a parity and be equally and ratably secured with respect to the payment of principal and interest from the Net Revenues derived from the operation of the System and in all other respects with the other Parity Bonds. The Bonds shall not have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over the other Parity Bonds, and the other Parity Bonds shall not have any priority with respect to the payment of principal or interest from the Net Revenues or otherwise over the Bonds.

Creation of Funds

There are created or ratified and ordered to be established and held in the account of the College, separate and apart from all other funds and accounts, the following separate funds:

Student Commons and Parking System Revenue Fund (hereinafter referred to as the "System Revenue Fund");

Principal and Interest Account for Student Commons and Parking System Refunding Revenue Bonds, Series 2012 (the "2012 Principal and Interest Account");

Principal and Interest Account for Student Commons and Parking System Refunding Revenue Bonds, Series 2015 (the "2015 Principal and Interest Account");

Principal and Interest Account for Student Commons and Parking System Refunding Revenue Bonds, Series 2019 (the "2019 Principal and Interest Account"); and

Costs of Issuance Account for Student Commons and Parking System Refunding Revenue Bonds, Series 2019 (the "2019 Costs of Issuance Account").

The College has found and determined that it is not necessary to maintain a debt service reserve account or a repair and replacement reserve account in connection with the Bonds.

The funds and accounts established and/or referred to in the Bond Resolution shall be maintained and administered by the College solely for the purposes and in the manner as provided in the Bond Resolution, the Series 2012 Resolution and the Series 2015 Resolution.

Disposition of Bond Proceeds

The proceeds received from the sale of the Bonds, including any accrued interest thereon, and funds of the College available for such purpose, shall be used simultaneously with the delivery of the Bonds, as follows:

(a) Any accrued interest shall be deposited in the 2019 Principal and Interest Account.

(b) A sum sufficient (together with other funds of the College) for the payment of the principal of and interest on the Refunded Bonds shall be paid and transferred to the paying agent for the Refunded Bonds for redemption of the Refunded Bonds on November 15, 2019.

(c) Any remaining balance of the proceeds of the Bonds shall be deposited in the 2019 Costs of Issuance Account.

Application of Moneys in the 2019 Costs of Issuance Account

Moneys in the 2019 Costs of Issuance Account shall be used by the College for the sole purpose of paying the Costs of Issuance. Any funds remaining in the 2019 Costs of Issuance Account after payment of all Costs of Issuance, but not later than 90 days after the issuance of the Bonds, shall be transferred to the 2019 Principal and Interest Account and need to pay principal and interest due on the Bonds.

Application of Revenues

System Revenue Fund. The Board covenants and agrees that from and after the delivery of the Bonds, and continuing as long as any of the Bonds remain outstanding and unpaid, all Revenues will be paid and deposited into the System Revenue Fund, and that said Revenues shall be segregated and kept separate and apart from all other moneys, revenues, funds and accounts of the College and shall not be commingled with any other moneys, revenues, funds and accounts of the College. The System Revenue Fund shall be administered and applied solely for the purposes and in the manner provided in the Bond Resolution.

Application of Moneys in Funds and Accounts. The College covenants and agrees that from and after the delivery of the Bonds and continuing so long as any of the Bonds shall remain outstanding and unpaid, the System Revenue Fund shall be expended and used by the College in the manner and order specified below, to wit:

(a) There shall first be paid and credited from month to month, as a first charge against the System Revenue Fund, the Current Expenses of the System as the same become due and payable.

(b) There shall next be transferred monthly on the fifteenth day of each month from the System Revenue Fund, and deposited into the 2019 Principal and Interest Account, beginning as of November 15, 2019, proportionate monthly amounts (less accrued credits to such Account) of the (i) next maturing interest on the Bonds; and (ii) next maturing principal on the Bonds, to the end that at all times one (1) month prior to maturity of interest or principal, there shall be sufficient moneys in the 2019 Principal and Interest Account to transmit maturing interest and principal on the Bonds to the Paying Agent and Bond Registrar for payment when due.

The amounts required to be paid and credited to the 2019 Principal and Interest Account pursuant to this Section shall be made at the same time and on a parity with the amounts at the time required to be paid and credited to the debt service accounts established for the payment of principal and interest on the other Parity Bonds.

All amounts paid and credited to the 2019 Principal and Interest Account shall be expended and used by the College for the sole purpose of paying the principal of, redemption premium, if any, and interest on the Bonds as and when the same become due.

If at any time the moneys in the System Revenue Fund are insufficient to make in full the payments and credits at the time required to be made to the 2019 Principal and Interest Account and to the debt service accounts established to pay the principal of and interest on the other Parity Bonds, the available moneys in the System Revenue Fund shall be divided among such debt service accounts in proportion to the respective principal amounts of said series of bonds at the time outstanding which are payable from the moneys in said debt service accounts.

(c) Subject to making the foregoing required deposits, the Board may use the balance of excess funds in the System Revenue Fund at the close of each school term for any of the following purposes:

(1) Paying the cost of repairs to or extending, enlarging or improving the System;

(2) Preventing default in, anticipating payments into or increasing the amounts in funds and accounts referred to in preceding subsections, or any one of them, or establishing or increasing the amount of any principal and interest account or bond reserve account created by the College for the payment of any system revenue bonds hereinafter issued;

(3) Calling, redeeming and paying prior to maturity, or, at the option of the College, purchasing in the open market at the best price obtainable the Bonds or any system revenue bonds hereinafter issued; or

(4) Paying Current Expenses of the System.

Transfer of Funds to Paying Agent and Bond Registrar; Nonpresentment of Bonds; Payments Due on Saturdays, Sundays and Holidays. The Treasurer of the Board is authorized and directed to (i) withdraw from the 2019 Principal and Interest Account sums sufficient to pay the principal of and interest on the Bonds and (ii) pay as Current Expenses the fees and expenses of the Paying Agent and Bond Registrar when the same become due, and to forward such sums in immediately available funds to the Paying Agent and Bond Registrar not less than one Business Day prior to the dates when such principal, interest and fees of the Paying Agent and Bond Registrar will become due. If, through lapse of time, or otherwise, the owners of Bonds shall no longer be entitled to enforce payment of their obligations, it shall be the duty of the Paying Agent and Bond Registrar forthwith to return said funds to the College. All moneys deposited with the Paying Agent and Bond Registrar shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Resolution. If any Bond is not presented for payment when the principal thereof becomes due at maturity, if funds sufficient to pay such Bond have been made available to the Paying Agent and Bond Registrar all liability of the College to the Registered Owner thereof for the payment of such Bond shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Paying Agent and Bond Registrar to hold such funds, without liability for interest thereon, for the benefit of the Registered Owner of such Bond, who shall thereafter be restricted exclusively to such funds for any claim of whatever nature on his part under the Bond Resolution or on, or with respect to, said Bond. If any Bond is not presented for payment within four years following the date when such Bond becomes due at maturity, the Paying Agent and Bond Registrar shall repay to the College the funds, without liability for interest thereon, theretofore held by it for payment of such Bond, and such Bond shall, subject to the defense of any applicable statute of limitation, thereafter be an unsecured obligation of the College, and the Registered Owner thereof shall be entitled to look only to the College for payment, and then only to the extent of the amount so repaid to it by the Paying Agent and Bond Registrar, and the College shall not be liable for any interest thereon and shall not be regarded as a trustee of such money.

In any case where a date for the payment of the principal of, redemption premium, if any, or interest on the Bonds is not a Business Day, then payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the scheduled payment date, and no interest shall accrue for the period after such scheduled payment date.

Deposits of Moneys

Moneys in each of the funds and accounts created by and referred to in the Bond Resolution shall be deposited in banks or state or federally chartered savings and loan associations or federally chartered savings banks located within Johnson County, Kansas whose deposits are insured by the Federal Deposit Insurance Corporation, or any other similar United States Government deposit insurance program then in existence, and all such deposits shall be continuously and adequately secured by the banks holding such deposits as provided by the laws of the State of Kansas.

Investment of Funds

Moneys held in any Fund or Account referred to in the Bond Resolution may be invested by the College in accordance with the Federal Tax Certificate in Permitted Investments. No such investment shall be made for a period extending longer than to the date when the moneys invested may be needed for the purpose for which such Fund or Account was created. All interest on any investments held in any Fund or Account shall accrue to and become a part of such Fund or Account. In determining the amount held in any Fund or Account under any of the provisions of the Bond Resolution, obligations shall be valued as of May 15 and November 15 of each year at the market value thereof (exclusive of accrued interest) taking into account any contracts relating to the obligations held in such Fund or Account. If and when the amount held in any Fund or Account shall be in excess of the amount required by the provisions of the Bond Resolution, the College may direct that such excess be paid and credited to the System Revenue Fund or to any other Fund or Account referred to in the Bond Resolution. The Chair of the Board, the President of the College and the Associate Vice President for Financial Services/Chief Financial Officer are hereby authorized to do all things necessary and appropriate in connection with investing in any Permitted Investments.

Particular Covenants of the College

The College covenants and agrees with each of the purchasers and owners of any of the Bonds, that so long as any of the Bonds remain outstanding and unpaid, as follows:

Performance of Duties. The Board will faithfully perform at all times any and all covenants, undertakings, stipulations, and provisions contained in the Bond Resolution and in each and every Bond executed and delivered thereunder; that it will promptly pay or cause to be paid from the Net Revenues therein pledged the principal of and interest on every Bond issued thereunder, on the dates and in the places and manner prescribed in such Bond, and that it will, prior to the maturity of each installment of interest and prior to the maturity of each such Bond, at the times and in the manner prescribed therein, deposit or cause to be deposited, from the Net Revenues pledged, the amounts of money specified therein. All Bonds, when paid, shall be cancelled by the Paying Agent and Bond Registrar, and shall be delivered to or upon the order of the Board.

Rate Covenant. The Board will, so long as any of the Bonds are outstanding against the System, operate and maintain continuously the System and the facilities and services afforded by the same and will fix, establish, maintain and collect such reasonable rates, fees and charges (including specifically the student commons and parking fee charged each enrolled student) for the use of the System and its facilities as, in the judgment of the Board, will provide Revenues in each fiscal year sufficient to (a) pay the reasonable cost of operating and maintaining the System, (b) provide and maintain the System Revenue Fund and the 2019 Principal and Interest Account in amounts adequate promptly to pay the principal of and interest on the Bonds as each Bond matures and as such interest falls due, and (c) enable the College in each year to have Net Revenues from the System in an amount that will not be less than **110%** of the amount required to be paid by the College in such fiscal year on account of both principal and interest on all revenue bonds of the System outstanding at the time.

Nothing in the Bond Resolution contained shall be construed to prevent the continuous collection of reasonable rates, charges, and fees for the use of said System and facilities after the Bonds issued pursuant to the Bond Resolution shall have been paid and redeemed, together with all interest thereon, nor to prevent at that time the pledge and application of said revenues to the payment of other bonds which may be issued by the Board.

Restrictions on Mortgage or Sale of System. The Board will not sell or otherwise dispose of the System or any material part thereof, or any extension or improvement thereof; provided, however, the Board may at any time permanently abandon the use of, or sell at fair market value, any of its System facilities, provided that:

(a) It is in full compliance with all covenants and undertakings in connection with all of its bonds then outstanding and payable from the revenues of the System, or any part thereof;

(b) In the event of sale, it will apply the proceeds to either (i) redemption and/or defeasance of outstanding bonds in accordance with the provisions governing repayment of bonds in advance of maturity, or (ii) replacement of the facility so disposed of by another facility, the revenues of which shall be incorporated into the System as hereinbefore provided;

(c) It certifies, prior to any abandonment of use, that the facility to be abandoned is no longer economically feasible of producing Net Revenues; and

(d) It certifies that the estimated Net Revenues of the remaining System facilities for the then next succeeding fiscal year (and any other revenues pledged as security) plus the estimated net revenues of the facilities, if any, to be added to the System satisfy the earnings test provided for in the Bond Resolution with respect to the issuance of additional bonds.

Operation of the System. The System shall be maintained by the Board so long as any of the Bonds remain outstanding. The Board will not do or suffer any act or thing whereby the System or any part thereof might or could be impaired, and at all times it will maintain, preserve, and keep the real and tangible property constituting the System and every part thereof in good condition, repair, and working order and maintain, preserve, and keep all structures and equipment pertaining thereto and every part and parcel thereof in good condition, repair, and working order. The System and the facilities thereof and therein shall be operated and maintained under the direction and supervision of the President of the College, subject to the direction of the Board, and all fees, charges, and other revenues received from the operation of said System shall be collected by said officer, through agents or employees thereunto duly authorized, and all such revenues shall be deposited at least weekly by the College in a bank or state or federally chartered savings and loan association or federally chartered savings bank whose deposits are insured by the Federal Deposit Insurance Corporation or any other similar United States Government deposit insurance fund then in existence, and shall be credited by the appropriate officer of the College, on the books of the College, to the System Revenue Fund, as provided in the Bond Resolution.

Insurance. The Board will carry and maintain a reasonable amount of fire and extended coverage insurance upon all of the properties forming a part of the System insofar as the same are of an insurable nature, such insurance to be of the character and coverage and in an amount as would normally be carried by state educational institutions in Kansas operating a similar System. In the event of loss or damage, the College, with reasonable dispatch, will use the proceeds of such insurance in reconstructing and replacing the property damaged or destroyed, or, if such reconstruction or replacement be unnecessary, then the College will pay and deposit the proceeds of such insurance into the Series 2012 Principal and Interest Account, the Series 2015 Principal and Interest Account, the Series 2019 Principal and Interest Account, and into the debt service accounts established to pay principal and interest on any other Parity Bonds, such moneys to be divided among such debt service accounts in proportion to the respective principal amount of said series of bonds at the time outstanding which are payable from the moneys in said accounts. The College also will carry general liability insurance in amounts not less than the then maximum liability of a governmental entity for claims arising out of a single occurrence, as provided by the Kansas tort claims act or other similar future law (currently $500,000 per occurrence). The cost of all insurance obtained pursuant to the requirements of this subsection shall be paid as a Current Expense out of the revenues of the System.

Books, Records and Accounts. The Board will keep accurate financial records and proper books and accounts (entirely separate but within all other records and accounts of the College) in which complete and correct entries will be made of all dealings and transactions of or in relation to the System of the College. Such accounts shall show the amount of revenues received from the System, the application of such revenues, and all financial transactions in connection therewith. Said books shall be kept by the College according to standard governmental accounting practices.

Annual Budget. Prior to the commencement of each fiscal year, the President of the College will cause to be prepared and submitted to the Board for approval and filed in the office of the President of the College a budget setting forth the estimated receipts and expenditures of the System for the next succeeding fiscal year. The President of the College will mail a copy of said budget to the original purchaser of the Bonds upon request. Said annual budget shall be prepared in accordance with the requirements of the laws of Kansas and shall contain all information as shall be required by such laws.

Annual Audit. Annually, promptly after the end of the fiscal year, the Board will cause an audit to be made of the System for the preceding fiscal year by a certified public accountant or firm of certified public accountants to be employed by the Board for that purpose, or, where appropriate, by the State auditing official, reflecting in reasonable detail the financial condition and record of operation of the College, the System, Revenues and Current Expenses, including particularly the fees (including the student commons and parking fee) charged for the use of, and the insurance on, the System and any other facilities the Revenues of which are pledged to the payment of the Bonds, and the status of the several Accounts and Funds established in the Bond Resolution.

As soon as possible after the completion of such annual audit, the Board shall review such audit, and if any audit shall disclose that proper provision has not been made for all of the requirements of the Bond Resolution and the law under which the Bonds are issued, the College covenants and agrees that it will promptly cure such deficiency and will promptly proceed to increase the rates, fees and charges (including specifically the student commons and parking fee) to be charged for the use and services furnished by the System as may be necessary to adequately provide for such requirements.

Bondowner's Right of Inspection. The owner or owners of any of the Bonds shall have the right at all reasonable times to inspect the System and all records, accounts and data relating thereto, and any such owner shall be furnished all such information concerning the System and the operation thereof which such owner may reasonably request.

Contract. The provisions of the Bond Resolution shall constitute a contract between the College, acting by and through the Board, and the owners of the Bonds therein authorized to be issued, and each of them, and the said Board thereby pledges its good faith to the performance of each and every covenant thereof.

Tax Covenants

General Tax Covenants. The College covenants and agrees that it will comply with: (a) all applicable provisions of the Code necessary to maintain the exclusion from gross income for federal income tax purposes of the interest on the Bonds and (b) all provisions and requirements of the Federal Tax Certificate. The College will, in addition, adopt such other resolutions and take such other actions as may be necessary to comply with the Code and with all other applicable future laws, regulations, published rulings and judicial decisions, in order to ensure that the interest on the Bonds will remain excluded from federal gross income, to the extent any such actions can be taken by the College.

Survival of Tax Covenants. The covenants contained in the Bond Resolution and in the Federal Tax Certificate shall remain in full force and effect notwithstanding the defeasance of the Bonds until such time as is set forth in the Federal Tax Certificate.

Additional Bonds

Senior Lien Bonds. The Board covenants and agrees that so long as any of the Bonds remain outstanding and unpaid, the College will not issue any additional bonds or other debt obligations payable out of the Net Revenues of the System or any part thereof which are superior to the Bonds.

Parity Lien Bonds. The College may issue one or more additional series of revenue bonds to finance the construction or acquisition of additional facilities or to refund indebtedness previously incurred to finance the construction or acquisition of facilities, to be secured by a parity lien on and equally and ratably payable from the Net Revenues pledged to the Bonds, if the following conditions are met:

(a) The College is in compliance with all covenants and undertakings in connection with all bonds of the College then outstanding and payable from the Revenues of the System or any part thereof; and

(b) The additional facility or facilities (if any) to be built or acquired from the proceeds of the additional Parity Bonds is or are to be made a part of the System, and its or their Net Revenues are pledged as additional security for the additional Parity Bonds and all bonds outstanding against the System; and

(c) The College shall obtain a certificate of an independent certified public accountant, showing that the Net Revenues derived by the College from the operation of the System for the fiscal year immediately preceding the issuance of additional bonds, were equal to at least 110% of the combined average annual debt service requirements for principal and interest on all bonds then outstanding and payable from the Revenues of the System (but not including the additional bonds proposed to be issued); and

(d) The estimated Net Revenues of the facility or facilities to be constructed or acquired with the proceeds of the additional Parity Bonds, when added to the estimated future Net Revenues of the then existing System and other pledged revenues, if any, for the fiscal year immediately following the fiscal year in which the facility or facilities, the cost of construction of which is being financed by such additional Parity Bonds, begin operation, shall equal at least **110%** of the combined average annual debt service requirements for principal and interest on all bonds then outstanding and payable from the Revenues of the System and on the additional Parity Bonds to be issued, such estimate to be made by the senior financial officer of the College, approved by the Board of Trustees. In determining the amount of estimated Net Revenues of the System for the purpose of this subsection, Net Revenues may be adjusted by adding thereto any estimated increase in Net Revenues resulting from any increase in rates and fees for the use and services of the System which, in the opinion of the College, are economically feasible, and reasonably considered necessary based on projected operations of the System;

provided, however, that (1) if the additional bonds are being issued to refund all or any part of the outstanding revenue bonds of the College standing on a parity with the Bonds, the College need not comply with the requirements of subparagraphs (b) and (d) above unless such revenue bonds are refunded in such manner that the refunding bonds bear a higher average rate of interest than such revenue bonds being refunded and (2) for purposes of determining the combined average annual debt service requirements for principal and interest on bonds in accordance with subparagraphs (c) and (d) above, there shall be deducted from such combined average annual debt service requirements the amount of funds, if any, deposited in the principal and interest account for a series of revenue bonds that is available to pay interest on such revenue bonds during the construction of System facilities financed in whole or in part by such revenue bonds.

Additional revenue bonds of the College issued under the conditions set forth in this Section shall stand on a parity with the Bonds and shall enjoy complete equality of lien on and claim against the Net Revenues of the System with the Bonds.

Junior Lien Bonds. The College may issue one or more additional series of revenue bonds or other revenue obligations payable out of the Net Revenues of the System, which are junior and subordinate to the Bonds provided at the time of the issuance of such additional revenue bonds or obligations the following conditions are met:

(a) The College shall not be in default in the payment of principal of or interest on the Bonds or in making any payment at the time required to be made into the respective Funds and Accounts created by and referred to in the Bond Resolution; and

(b) The additional facilities to be constructed or acquired from the proceeds of the additional junior lien bonds are made part of the System, and the Net Revenues derived therefrom are pledged as security for the additional bonds and all Bonds outstanding against the System.

Such additional revenue bonds or obligations shall be junior and subordinate to the Bonds so that if at any time the College shall be in default in paying either interest on or principal of the Bonds, or if the College shall be in default in making any payments required to be made by it under the provisions of parts (a) and (b) under "Application of Revenues—Application of Moneys in Funds and Accounts," the College shall make no payments of either principal of or interest on said junior and subordinate revenue bonds or obligations until said default or defaults be cured. In the event of the issuance of any such junior and subordinate revenue bonds or obligations, the College, subject to the provisions aforesaid, may make provision for paying the principal of and interest on said revenue bonds or obligations out of moneys in the System Revenue Fund.

Default and Remedies

Acceleration of Maturity in Event of Default. The College covenants and agrees that if any of the following events ("Events of Default") shall occur:

(a) Default by the College in the due and punctual payment of any interest on any Bond;

(b) Default by the College in the due and punctual payment of the principal of or redemption premium, if any, on any Bond, whether at the stated maturity or accelerated maturity thereof, or at the redemption date thereof;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the College in the Bond Resolution or in the Bonds contained (other than a default described in (a) or (b) above or relating to continuing disclosure contained in the Bond Resolution or the Disclosure Undertaking) or in any other document or instrument that secures or otherwise relates to the debt and obligations thereby secured, and the continuance thereof for a period of 60 days after written notice thereof shall have been given to the College by the Owners of not less than 25% in aggregate principal amount of Bonds then outstanding; provided, however, if any default shall be such that it cannot be corrected within such 60-day period, it shall not constitute an Event of Default if corrective action is instituted by the College within such period and diligently pursued until the default is corrected; or

(d) The College becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed for the College or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the College and, if instituted against the College, is consented to or acquiesced in by the College or is not dismissed within 60 days,

then at any time thereafter and while such Event of Default shall continue, owners of 25% in principal amount of the Bonds then outstanding, may, by written notice to the College filed in the office of the President of the College or delivered in person to said President, declare the principal of all Bonds then outstanding to be due and payable immediately, and upon any such declaration given as aforesaid, all of said Bonds shall become and be immediately due and payable, anything in the Bond Resolution or in the Bonds contained to the contrary notwithstanding. This provision, however, is subject to the condition that if at any time after the principal of said outstanding Bonds shall have been so declared to be due and payable, all arrears of interest upon all of said Bonds, except interest accrued but not yet due on such Bonds, and all arrears of principal upon all of said Bonds shall have been paid in full and all other defaults, if any, by the College under the provisions of the Bond Resolution and under the provisions of the statutes of the State of Kansas shall have been cured, then and in every such case the owners of a majority in principal amount of the Bonds then outstanding, by written notice to the College given as hereinbefore specified, may rescind and annul such declaration and its consequences, but no such rescission or annulment shall extend to or affect any subsequent default or impair any rights consequent thereon.

Remedies. The provisions of the Bond Resolution, including the covenants and agreements therein contained, shall constitute a contract among the College and the owners of the Bonds and the owner or owners of not less than 10% in principal amount of the Bonds at the time outstanding shall have the right for the equal benefit and protection of all owners of Bonds similarly situated:

(a) by mandamus or other suit, action or proceedings at law or in equity to enforce the rights of such owner or owners against the College and its officers, agents and employees, and to require and compel duties and obligations required by the provisions of the Bond Resolution or by the constitution and laws of the State of Kansas;

(b) by suit, action or other proceedings in equity or at law to require the College, its officers, agents and employees to account as if they were the trustees of an express trust; and

(c) by suit, action or other proceedings in equity or at law to enjoin any acts or things which may be unlawful or in violation of the rights of the owners of the Bonds.

Limitation on Rights of Bondowners. No one or more bondowners secured shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the security granted and provided for in the Bond Resolution, or to enforce any right thereunder, except in the manner therein provided, and all proceedings at law or in equity shall be instituted, had and maintained for the equal benefit of all owners of such outstanding Bonds.

Remedies Cumulative. No remedy conferred in the Bond Resolution upon the bondowners is intended to be exclusive of any other remedy, but each such remedy shall be cumulative and in addition to every other remedy and may be exercised without exhausting and without regard to any other remedy conferred therein. No waiver of any default or breach of duty or contract by the owner of any Bond shall extend to or affect any subsequent default or breach of duty or contract or shall impair any rights or remedies thereon. No delay or omission of any bondowner to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default or acquiescence therein. Every substantive right and every remedy conferred upon the owners of the Bonds by the Bond Resolution may be enforced and exercised from time to time and as often as may be deemed expedient. In case any suit, action or proceedings taken by any bondowner on account of any default or to enforce any right or exercise any remedy shall have been discontinued or abandoned for any reason, or shall have been determined adversely to such bondowner, then, and in every such case, the College, the owners of the Bonds shall be restored to their former positions and rights thereunder, respectively, and all rights, remedies, powers and duties of the bondowners shall continue as if no such suit, action or other proceedings had been brought or taken.

No Obligation to Levy Taxes. Nothing contained in the Bond Resolution shall be construed as imposing on the College any duty or obligation to levy any taxes either to meet any obligation incurred herein or to pay the principal of or interest on the Bonds.

Defeasance

When any or all of the Bonds or the interest payments thereon shall have been paid and discharged, then the requirements contained in the Bond Resolution and the pledge of revenues made thereunder and all other rights granted thereby shall terminate with respect to the Bonds or the interest payments thereon so paid and discharged. Bonds or the interest payments thereon shall be deemed to have been paid and discharged and to no longer be outstanding within the meaning of the Bond Resolution if there shall have been deposited with the Paying Agent and Bond Registrar, or other commercial bank located in the State of Kansas and having full trust powers, at or prior to the stated maturity of said Bonds or the interest payments thereon, in trust for and irrevocably appropriated thereto, moneys and/or Defeasance Obligations which, together with the interest to be earned on any such Defeasance Obligations, will be sufficient for the payment of the principal or redemption price of said Bonds, and/or interest to accrue on such Bonds to the stated maturity or redemption date, as the case may be, or if default in such payment shall have occurred on such date, then to the date of the tender of such payments; provided, however, that if any such Bonds shall be redeemed prior to the stated maturity thereof, (1) the College shall have elected to redeem such Bonds, and (2) either notice of such redemption shall have been given, or the College shall have given irrevocable instructions, or shall have provided for an escrow agent to give irrevocable instructions, to the Paying Agent and Bond Registrar to give such notice of redemption and to redeem such Bonds. Any moneys and Defeasance Obligations that at any time shall be deposited with the Paying Agent and Bond Registrar or other commercial bank or trust company by or on behalf of the College, for the purpose of paying and discharging any of the Bonds or the interest payments thereon, shall be assigned, transferred and set over to the Paying Agent and Bond Registrar or other bank or trust company in trust for the respective Owners of the Bonds, and such moneys shall be irrevocably appropriated to the payment and discharge thereof. All moneys and Defeasance Obligations deposited with the Paying Agent and Bond Registrar or other bank or trust company shall be deemed to be deposited in accordance with and subject to all of the provisions contained in the Bond Resolution.

Amendments

Subject to the provisions hereinafter set forth, the rights and duties of the College, the Board and the Bondowners, and the terms and provisions of the Bonds or of the Bond Resolution, may be amended or modified at any time in any respect by resolution of the Board with the written consent of the Owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, such consent to be evidenced by an instrument or instruments executed and acknowledged by such owners in like manner as a deed for the conveyance of real estate in the State of Kansas and accompanied by appropriate proof of ownership of the Bond or Bonds with respect to which such consent is given, which said instruments shall be filed with the Secretary of the Board, provided always:

(a) that the obligation of said Board to pay the principal of the Bonds at maturity, and the interest thereon, as the same from time to time become due, shall continue unimpaired and the maturity of any payment of principal or interest due upon any Bond shall not be extended;

(b) that no modification shall give to the any Bond or Bonds any preference over any other Bond or Bonds authorized; and

(c) that no modification shall reduce the percentage of Bonds required for the modification or alteration of the terms and provisions of the Bonds or of the Bond Resolution.

Any provision of the Bonds or of the Bond Resolution may, however, be amended or modified by resolution duly adopted by the Board at any time in any respect with the written consent of the Owners of all of the Bonds at the time outstanding.

Without the consent of Bondowners, the Board may amend or supplement the Bond Resolution for the purpose of curing any formal defect, omission, inconsistency or ambiguity therein or in connection with any other change therein which is not materially adverse to the interests of the Bondowners.

Any and all modifications made in the manner hereinabove provided shall not become effective until there has been filed with the Secretary of the Board a copy of the resolution of the College hereinabove provided for, duly certified, as well as proof of consent to such modification by the requisite Owners of the Bonds then outstanding. It shall not be necessary to note on any of the outstanding Bonds any reference to such amendment or modification.

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APPENDIX E

Form of Continuing Disclosure Undertaking

CONTINUING DISCLOSURE UNDERTAKING

Dated as of November 13, 2019

By

JOHNSON COUNTY COMMUNITY COLLEGE
JOHNSON COUNTY, KANSAS

$8,565,000
JOHNSON COUNTY COMMUNITY COLLEGE
JOHNSON COUNTY, KANSAS
Student Commons and Parking System Refunding Revenue Bonds
Series 2019

CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of November 13, 2019 (this **"Continuing Disclosure Undertaking"**), is executed and delivered by **JOHNSON COUNTY COMMUNITY COLLEGE, JOHNSON COUNTY, KANSAS** (the **"College"**).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the College in connection with the issuance by the College of **$8,565,000 Student Commons and Parking System Refunding Revenue Bonds, Series 2019** (the **"Bonds"**), pursuant to a Resolution adopted by the governing body of the College (the **"Resolution"**).

2. The College is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Bonds and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the **"Rule"**). The College is the only **"obligated person"** with responsibility for continuing disclosure hereunder.

The College covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Resolution, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

"Annual Report" means any Annual Report provided by the College pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking.

"Beneficial Owner" means any registered owner of any Bonds and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Bonds for federal income tax purposes.

"Business Day" means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the paying agent or the Dissemination Agent is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

"Dissemination Agent" means any entity designated in writing by the College to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the College a written acceptance of such designation.

"EMMA" means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

"Financial Obligation" means a (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial

Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

"Fiscal Year" means the **12**-month period beginning on **July 1** and ending on **June 30** or any other **12**-month period selected by the College as the Fiscal Year of the College for financial reporting purposes.

"Material Events" means any of the events listed in **Section 3** of this Continuing Disclosure Undertaking.

"**MSRB"** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

"Participating Underwriter" means any of the original underwriter(s) of the Bonds required to comply with the Rule in connection with the offering of the Bonds.

"System" means means the student commons and parking system which is hereby defined as and shall be understood to include the student commons (including without limitation the bookstore), student commons annex (the child care center), the parking structures adjacent to the College's Carlsen Center and at Galileo's Pavilion, the parking structures adjacent to the Regnier Center on the campus, and all housing, dining, student union, parking or other auxiliary enterprises owned or operated by the College which may be added to the System while any of the Bonds or additional bonds issued under the terms of the Resolution are outstanding. The System does not include any facilities hereafter constructed or acquired, which are not financed with the proceeds of revenue bonds payable from the income and revenues of the System, and for which the College maintains separate and distinct operations, facilities and records.

Section 2. Provision of Annual Reports.

(a) The College shall, not later than 180 days after the end of the College's Fiscal Year, commencing with the year ending June 30, 2019, file with the MSRB, through EMMA, the following financial information and operating data (the "**Annual Report**"):

(1) The audited financial statements of the System and College for the prior Fiscal Year, prepared in accordance with accounting principles generally accepted in the United States. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Bonds, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Bonds, as described in **Exhibit A,** in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the College.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the College is an **"obligated person"** (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The College shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the College may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the College's Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**.

(b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than **10** Business Days after the occurrence of any of the following events, the College shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Bonds ("**Material Events**"):

(1) principal and interest payment delinquencies;
(2) non-payment related defaults, if material;
(3) unscheduled draws on debt service reserves reflecting financial difficulties;
(4) unscheduled draws on credit enhancements reflecting financial difficulties;
(5) substitution of credit or liquidity providers, or their failure to perform;
(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds;
(7) modifications to rights of bondholders, if material;
(8) bond calls, if material, and tender offers;
(9) defeasances;
(10) release, substitution or sale of property securing repayment of the Bonds, if material;
(11) rating changes;
(12) bankruptcy, insolvency, receivership or similar event of the obligated person;
(13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
(14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
(15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if

material; and

(16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

If the College has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the College shall send a notice to the MSRB of the failure of the College to file on a timely basis the Annual Report, which notice shall be given by the College in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The College's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds. If the College's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the College, and the College shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Bonds, the College shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The College may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon **30** days prior written notice to the College. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the College pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the College may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Bond Counsel or other counsel experienced in federal securities law matters provides the College with its written opinion that the undertaking of the College contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the College shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the College. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the College from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Undertaking. If the College chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the College shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the College fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Bonds may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the College to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Resolution or the Bonds, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the College to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the College, the Participating Underwriter, and the Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Resolution or the Bonds shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

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IN WITNESS WHEREOF, the College has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

JOHNSON COUNTY COMMUNITY COLLEGE

By: ___________________________________
Title: Chair

EXHIBIT A
TO CONTINUING DISCLOSURE UNDERTAKING

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The financial information and operating data contained in the following sections and tables contained the final Official Statement relating to the Bonds:

- FINANCIAL INFORMATION CONCERNING THE SYSTEM – System Revenues and Expenditures Schedule
- ***APPENDIX A*** – GENERAL INFORMATION CONCERNING THE COLLEGE – Enrollment
- ***APPENDIX A*** – FINANCIAL INFORMATION CONCERNING THE COLLEGE – Tuition and Fees

APPENDIX F

FYE June 30, 2019 Financial Statements and Report of Independent Certified Accountant

JOHNSON COUNTY COMMUNITY COLLEGE

FINANCIAL STATEMENTS

JUNE 30, 2019

Contents

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Independent Auditors' Report

Board of Trustees
Johnson County Community College
Overland Park, Kansas

Report On The Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of Johnson County Community College (the College) as of and for the years ended June 30, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; 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 audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Johnson County Community College Foundation were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and discretely presented component unit of Johnson County Community College as of June 30, 2019 and 2018, and the results of its changes in financial position and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of College's Proportionate Share of the Net Pension Liability, Schedule of the College's Contributions to Defined Benefit Pension Plan, Schedule of College's Net OPEB Liability – Medical and Prescription Drug Plan, and Schedule of College's Net OPEB Liability – KPERS Long-term Disability and Life Insurance Benefit Plans on pages 3 - 13, 56, 57, 58, and 59, respectively, 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the College's basic financial statements. The accompanying supplemental schedule of budgetary expenditures with appropriations, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2019 on our consideration of Johnson County Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson County Community College's internal control over financial reporting and compliance.

RubinBrown LLP

November 7, 2019

Johnson County Community College

Management's Discussion and Analysis
Years Ended June 30, 2019 and 2018

Introduction

This section of Johnson County Community College's (the College) annual financial report presents management's discussion and analysis (MD&A) of the College's financial activity for the fiscal years ended June 30, 2019 and 2018. It should be read in conjunction with the financial statements and footnote disclosures that follow. A comparative analysis to financial activity for the fiscal year ended June 30, 2017 is also presented.

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

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the College, as well as its discretely presented component unit, the Johnson County Community College Foundation.

Using This Annual Report

The financial statements focus on the College as a whole and are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The financial statements consist of four primary parts: (1) the statements of net position, (2) statements of revenues, expenses, and changes in net position, (3) statements of cash flow and (4) notes to the financial statements. The financial statements are prepared on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, expenses are recorded when incurred, and all revenues are recognized when earned in accordance with generally accepted accounting principles.

The Statement of Net Position is presented in the format where assets plus deferred outflows of resources equal liabilities plus deferred inflows of resources plus net position. Assets and liabilities are presented in order of liquidity and are classified as current (convertible into cash within one year) and non-current. This statement combines and consolidates current financial resources (short-term spendable resources) with long-term capital assets and deferred inflows and outflows of resources. The focus of this statement is to show the overall liquidity and health of the College as of the end of the fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross and net costs of College activities, which are supported substantially by property taxes, state and federal grants and contracts, student tuition and fees, and auxiliary enterprises revenues. This approach is intended to summarize and simplify the user's analysis of the financial results of the various College services to students and the public.

The Statements of Cash Flows disclose net cash provided by or used for operating, non-capital financing, capital and related financing, and investing activities. This statement shows that the College's cash flows are sufficient to pay current liabilities.

The Notes to the Financial Statements are an integral part of the basic statements and describe the College's significant accounting policies. The reader is encouraged to review the notes in conjunction with management's discussion and analysis of the financial statements.

Financial Highlights

Statements of Net Position

The major components of the College's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2019, 2018 and 2017 are as follows (in millions of dollars):

	2019	2018	2017	Change 2019-18	Change 2018-17
ASSETS					
Current assets	$ 160.0	$ 153.1	$ 135.9	$ 6.9	$ 17.2
Capital assets, net	191.2	148.7	137.7	42.5	11.0
Other noncurrent assets	26.5	51.1	5.3	(24.6)	45.8
Total Assets	$ 377.7	$ 352.9	$ 278.9	$ 24.8	$ 74.0
DEFERRED OUTFLOWS OF RESOURCES	$ 1.0	$ 1.2	$ 0.8	$ (0.2)	$ 0.4
LIABILITIES					
Current liabilities	$ 20.6	$ 21.4	$ 14.8	$ (0.8)	$ 6.6
Noncurrent liabilities	76.8	82.9	29.0	(6.1)	53.9
Total Liabilities	$ 97.4	$ 104.3	$ 43.8	$ (6.9)	$ 60.5
DEFERRED INFLOWS OF RESOURCES	$ 0.8	$ 0.1	$ 0.1	$ 0.7	$ -
NET POSITION					
Net investment in capital assets	$ 142.3	$ 117.9	$ 108.7	$ 24.4	$ 9.2
Restricted	12.0	14.6	16.6	(2.6)	(2.0)
Unrestricted	126.2	117.2	110.5	9.0	6.7
Total Net Position	$ 280.5	$ 249.7	$ 235.8	$ 30.8	$ 13.9

Fiscal Year 2019 Compared to Fiscal Year 2018

Assets
Total current assets increased to $160 million as of June 30, 2019 from $153.1 million as of June 30, 2018, primarily due to an $8.0 million increase in cash and cash equivalents. This increase is due to favorable operating results.

Capital assets, net of accumulated depreciation, increased by $42.5 million during the fiscal year ending June 30, 2019. The total cost value of capital assets increased by $47.5 million due to various capital improvements to the College's campus connected to the Facilities Master Plan, including construction of a new Fine Arts and Design Studios building and the new Hugh L. Libby Career and Technical Education Center building. Accumulated depreciation increased by $5 million during the current year.

Other noncurrent assets decreased to $26.5 million as of June 30, 2019 from $51.1 million as of June 30, 2018. This decrease is primarily related to spending proceeds from the Series 2017 Certificates of Participation for the new capital projects. The net proceeds from the issuance, plus bond premium, were deposited into a Project Fund which is classified in restricted cash and cash equivalents and in restricted investments on the Statements of Net Position. The Certificates were issued to finance various capital projects on the campus.

Total deferred outflows of resources decreased by $0.2 million in the current year.

The College records deferred contributions to the Kansas Public Employees Retirement System (KPERS) pension plan associated with certain KPERS retirees employed by the College. The College makes contributions directly to KPERS for the KPERS retirees filling these positions. The balances for these deferred charges decreased by $0.2 million in the current year and will be recognized as pension expense in future years.

During fiscal 2018 the College implemented GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the College to recognize the long-term obligation for benefits under its defined benefit postemployment (OPEB) medical plans as a liability for the first time. Deferred outflows related to OPEB were $0.3 million and $0.2 million as of June 30, 2019 and 2018, respectively. The balances for these deferred charges will be recognized as benefits expense in future years.

Deferred charges on bond refunding decreased by approximately $0.1 million in the current year as those charges are amortized over the life of the bonds.

Liabilities
Total current liabilities decreased slightly to $20.6 million as of June 30, 2019 from $21.4 million as of June 30, 2018 due to timing of accounts payable.

Noncurrent liabilities decreased by $6.1 million in fiscal year 2019 compared to fiscal year 2018, primarily due to scheduled maturities of long-term obligations.

Net Position
Total net position increased by $30.8 million in 2019, which is primarily due to increases in non-operating revenues from property taxes and state appropriations, and capital gifts. Net Position includes three primary categories: Net Investment in Capital Assets, Restricted, and Unrestricted. The first category, Net Investment in Capital Assets, provides the College's equity in capital assets – the property, plant and equipment owned by the College. The next category is Restricted, which is available for expenditure by the College but must be spent for purposes as specified by donors and/or external entities that have placed purpose restrictions on the use of the assets. The final category, Unrestricted, is not subject to externally imposed stipulations and is available for use by the College for any legal purpose.

Fiscal Year 2018 Compared to Fiscal Year 2017

Assets
Total current assets increased to $153.1 million as of June 30, 2018 from $135.9 million as of June 30, 2017, primarily due to a $16.5 million increase in cash and cash equivalents. This increase was due to favorable operating results.

Capital assets, net of accumulated depreciation, increased by $11 million during the fiscal year ending June 30, 2018. The total cost value of capital assets increased by $19.4 million due to various capital improvements to the College's campus connected to the Facilities Master Plan. During fiscal 2018, the major additions to capital assets (accumulated in construction in progress) were related to construction of the new Fine Arts and Design Studios and Career and Technical Education buildings on the campus. Accumulated depreciation increased by $8.4 million during 2018.

Other noncurrent assets increased to $51.1 million as of June 30, 2018 from $5.3 million as of June 30, 2017. This increase was primarily related to the receipt of proceeds from the issuance of the Series 2017 Certificates of Participation in the amount of $50 million in October of 2017. The net proceeds from the issuance, plus bond premium, were deposited into a Project Fund which is classified in restricted cash and cash equivalents and in restricted investments on the Statements of Net Position. The Certificates were issued to finance various capital projects on the campus.

Deferred outflows of resources increased by $0.4 million in 2018. The College recorded approximately $0.4 million in additional deferred contributions to the Kansas Public Employees Retirement System (KPERS) pension plan associated with certain KPERS retirees employed by the College. The College makes contributions directly to KPERS for the KPERS retirees filling these positions. The balances for these deferred charges will be recognized as pension expense in future years.

During fiscal 2018 the College implemented GASB 75 *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which required the College to recognize the long-term obligation for benefits under its defined benefit postemployment (OPEB) medical plans as a liability for the first time. Deferred outflows related to OPEB were $0.2 million as of June 30, 2018. The balances for these deferred charges will be recognized as benefits expense in future years.

Deferred charges on bond refunding decreased by approximately $0.2 million in 2018 as those charges are amortized over the life of the bonds.

Liabilities

Total current liabilities increased to $21.4 million as of June 30, 2018 from $14.8 million as of June 30, 2017. This is primarily due to the $6 million increase in accounts payable related to amounts due for construction projects.

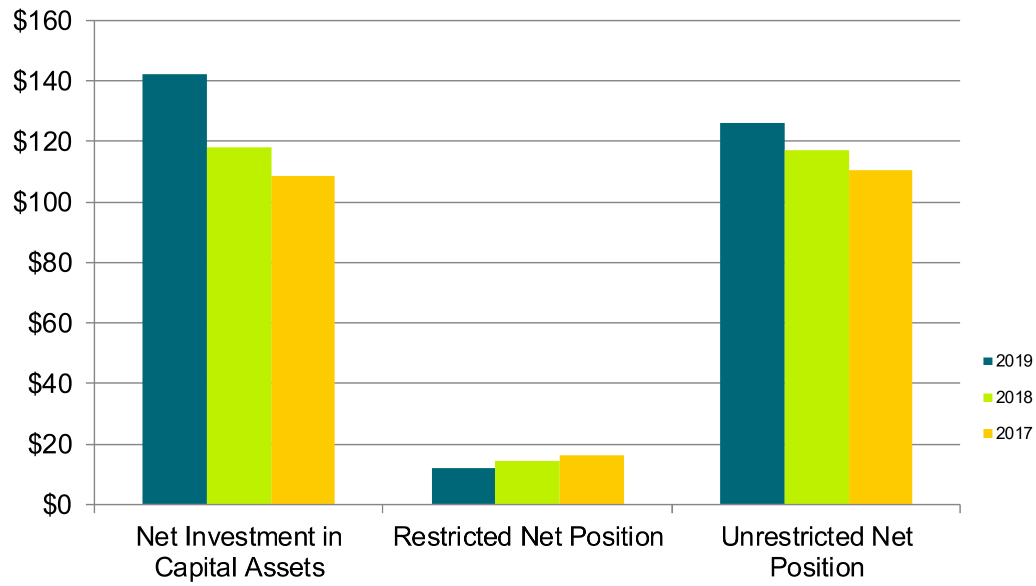
Noncurrent liabilities increased by $53.9 million in fiscal year 2018 compared to fiscal year 2017. This increase is primarily related to the issuance of the Series 2017 Certificates of Participation in the amount of $50 million in October of 2017.

Net Position

Total net position increased by $13.9 million in 2018, which is primarily due to higher revenues from property taxes. Net Position includes three primary categories: Net Investment in Capital Assets, Restricted, and Unrestricted. The first category, Net Investment in Capital Assets, provides the College's equity in capital assets – the property, plant and equipment owned by the College. The next category is Restricted, which is available for expenditure by the College but must be spent for purposes as specified by donors and/or external entities that have placed purpose restrictions on the use of the assets. The final category, Unrestricted, is not subject to externally imposed stipulations and is available for use by the College for any legal purpose.

Comparison of Net Position

The following table presents the comparisons of net investment in capital assets, restricted net position and unrestricted net position for the College for fiscal years 2019, 2018 and 2017 (in millions of dollars):



Statements of Revenues, Expenses and Changes in Net Position

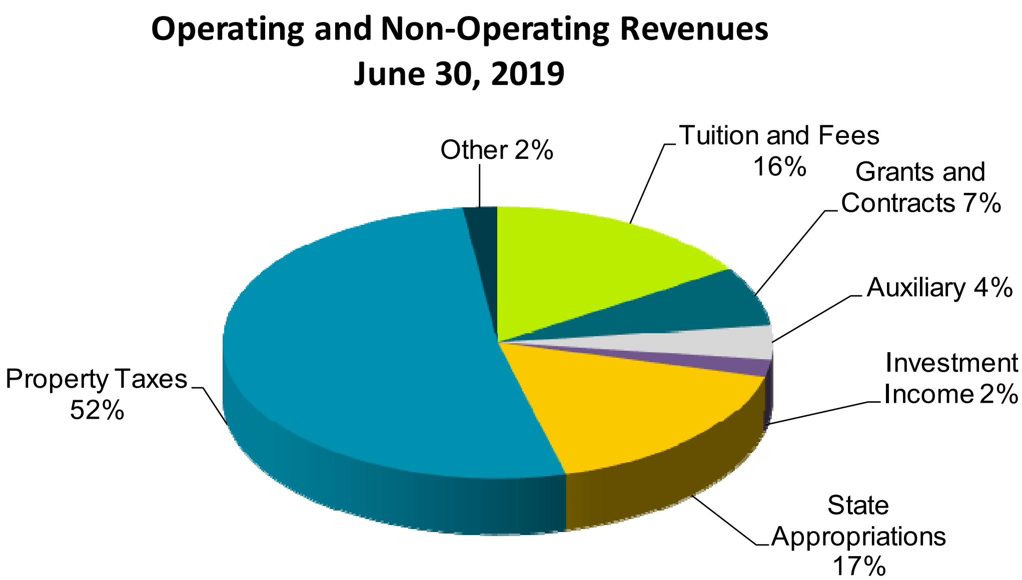
The following table presents the statements of revenues, expenses and changes in net position for the College for fiscal years 2019, 2018 and 2017 (in millions of dollars):

	2019	2018	2017	Change 2019-18	Change 2018-17
Operating Revenues					
Student tuition and fees	$ 33.2	$ 34.2	$ 35.4	$ (1.0)	$ (1.2)
Gifts, grants and contracts	1.5	1.1	2.0	0.4	(0.9)
Auxiliary enterprises	9.0	9.6	9.9	(0.6)	(0.3)
Other operating revenues	5.0	5.4	5.5	(0.4)	(0.1)
Total Operating Revenues	$ 48.7	$ 50.3	$ 52.8	$ (1.6)	$ (2.5)
Less Operating Expenses	183.4	179.6	178.5	3.8	1.1
Operating Income (Loss)	$ (134.7)	$ (129.3)	$ (125.7)	$ (5.4)	$ (3.6)
Non-Operating Revenues (Expenses)					
County property taxes	$ 106.7	$ 102.6	$ 96.0	$ 4.1	$ 6.6
State appropriations	35.3	33.0	31.7	2.3	1.3
Gifts, grants and contracts	13.3	14.4	14.3	(1.1)	0.1
Investment & other income	3.5	1.7	0.8	1.8	0.9
Interest on capital asset debt	(2.2)	(2.3)	(1.1)	0.1	(1.2)
Total Nonoperating revenues, net	$ 156.6	$ 149.4	$ 141.7	$ 7.2	$ 7.7
Capital gifts	$ 8.9	$ -	$ -	$ 8.9	$ -
Increase in Net Position	$ 30.8	$ 20.1	$ 16.0	$ 10.7	$ 4.1
Net Position, Beginning of Year	$ 249.7	$ 235.8	$ 219.8	$ 13.9	$ 16.0
Prior Period Adjustments	-	(6.2)	-	6.2	(6.2)
Net Position, Beginning of Year Restated	249.7	229.6	219.8	20.1	9.8
Net Position, End of Year	$ 280.5	$ 249.7	$ 235.8	$ 30.8	$ 13.9

Revenues

Fiscal Year 2019 Compared to Fiscal Year 2018

The College's operating and non-operating revenues were $207.5 million for fiscal 2019, an increase of $5.5 million from fiscal 2018. The College's three primary revenue sources accounted for 84% of total revenues in fiscal 2019. Local property taxes were $106.7 million, or 51%, of fiscal 2019 total revenues. State appropriations were $35.3 million, or 17%, of total revenues, and student tuition and fees were $33.2 million and accounted for 16% of total revenues in 2019.



Operating revenues from student tuition and fees decreased by $1.0 million in fiscal 2019 due to a decline in student credit hour enrollment. Tuition and fee rates remained the same in fiscal 2019 as in fiscal 2018 and 2017.

Non-operating revenues increased by $7.1 million to $158.8 million. Revenue from local property taxes increased by 4%, or approximately $4.1 million due to the increase in assessed valuation in Johnson County for the 2018 tax year. The College's tax levy was reduced by the Board of Trustees from 9.503 mills in 2018 to 9.266 mills in 2019.

Revenue from the state of Kansas was $35.3 million in fiscal 2019 compared to $33.0 million in fiscal 2018, an increase of approximately $2.3 million. Contributions made by the state of Kansas on behalf of the College to KPERS were $11.8 million in fiscal 2019 compared to $10.3 million in fiscal 2018, an increase of $1.5 million. The College records a revenue and expense for the payments made by the State to KPERS. Additionally, state funding for the Excel in Career and Technical Education (CTE) Initiative increased from $2.0 million in fiscal 2018 to $2.2 million in fiscal 2019. The College's credit hour state operating grant revenue increased from $20.7 million in 2018 to $21.3 million in 2019 due to partial restoration of the 4% reduction in funding implemented in 2017.

Non-operating revenues are presented net of non-operating expenses (interest on capital asset debt), which increased by $0.3 million in fiscal 2019.

Capital gifts were $8.9 million in fiscal 2019, representing gifts from the Johnson County Community College Foundation for construction of new facilities on the campus. There were no capital gifts in fiscal 2018.

Fiscal Year 2018 Compared to Fiscal Year 2017

The College's operating and non-operating revenues were $202.0 million for fiscal 2018, an increase of $6.4 million from fiscal 2017. The College's three primary revenue sources accounted for 84% of total revenues in fiscal 2018. Local property taxes were $102.6 million, or 51%, of fiscal 2018 total revenues. Student tuition and fees were $34.2 million, or 17%, of total revenues, and state appropriations were $33 million and accounted for 16% of total revenues in 2018.

Operating revenues from student tuition and fees decreased by $1.2 million in fiscal 2018 due to a decline in student credit hour enrollment. Tuition and fee rates remained the same in fiscal 2018 as in fiscal 2017.

Non-operating revenues, net, increased by $7.7 million from 2017 to $149.4 million. Revenue from property taxes increased by 7%, or approximately $6.6 million due to the increase in assessed valuation in Johnson County for the 2017 tax year. The College's tax levy was adjusted slightly by the County from 9.473 mills in 2017 to 9.503 mills in 2018.

Revenue from the state of Kansas was $33.0 million in fiscal 2018 compared to $31.7 million in fiscal 2017, an increase of approximately $1.3 million. Contributions made by the state of Kansas on behalf of the College to KPERS were $10.3 million in fiscal 2018 compared to $9.3 million in fiscal 2017, an increase of $1.0 million. The College records a revenue and expense for the payments made by the State to KPERS. Additionally, state funding for the Excel in Career and Technical Education (CTE) Initiative increased from $1.6 million in fiscal 2017 to $2.0 million in fiscal 2018. The College's credit hour state operating grant revenue remined flat at $20.7 million in both fiscal 2018 and 2017.

Non-operating revenues are presented net of non-operating expenses (interest on capital asset debt), which increased by $1.2 million in fiscal 2018 related to interest expense on the Series 2017 Certificates of Participation which were issued in October of 2017.

Expenses

The following table presents the College's operating expenses by function for fiscal years 2019, 2018 and 2017 (in millions of dollars):

	2019	2018	2017	Change 2019-18	Change 2018-17
Operating Expenses					
Instruction	$ 67.0	$ 66.9	$ 65.4	$ 0.1	$ 1.5
Community services	1.1	1.3	1.5	(0.2)	(0.2)
Academic support	26.8	23.3	24.0	3.5	(0.7)
Student services	16.0	15.8	16.8	0.2	(1.0)
Institutional support	30.6	28.9	29.0	1.7	(0.1)
Student financial aid	8.2	8.7	8.4	(0.5)	0.3
Plant and maintenance	12.1	13.4	11.5	(1.3)	1.9
Auxiliary	11.7	12.0	12.7	(0.3)	(0.7)
Depreciation	9.9	9.3	9.2	0.6	0.1
Total Operating Expenses	$ 183.4	$ 179.6	$ 178.5	$ 3.8	$ 1.1

<u>Fiscal Year 2019 Compared to Fiscal Year 2018</u>

As previously discussed, the State's KPERS pension contributions, which are included in operating expenses, increased by $1.0 million in the current year. The state of Kansas makes these contributions on behalf of the College. The College records an expense and revenue for the payments made by the State to KPERS.

Increases in academic support and institutional support expenses in fiscal 2019 were primarily due to increases in salaries and fringe benefits.

Plant and maintenance expenses decreased by $1.3 million in fiscal 2019 due to the completion of various campus capital improvement projects that had been underway during fiscal 2018.

The increase in depreciation expense is consistent with the increase in capital assets in fiscal 2019 as compared to fiscal 2018.

Fiscal Year 2018 Compared to Fiscal Year 2017

Total operating expenses for fiscal 2018 were $179.6 million, an increase of only 1%, or approximately $1.1 million compared to fiscal 2017.

As previously discussed, the State's KPERS pension contributions, which are included in operating expenses, increased by $1.0 million in 2018. The state of Kansas made these contributions on behalf of the College. The College records an expense and revenue for the payments made by the State to KPERS.

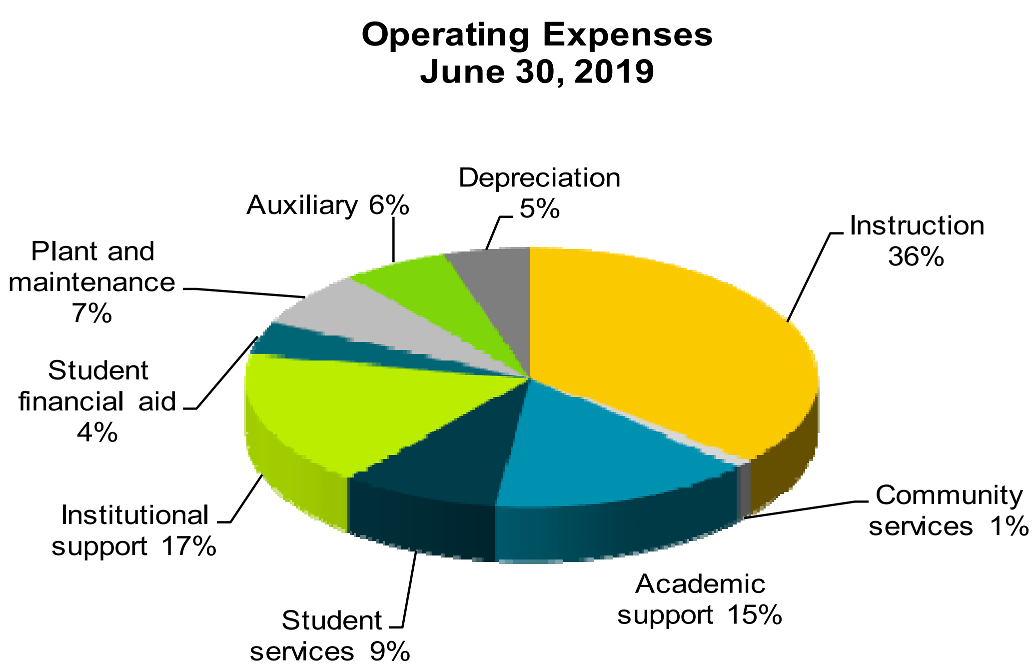
Instruction costs, which are the largest component of the College's operating expenses, increased by 2%, or approximately $1.5 million in fiscal 2018, primarily due to compensation increases provided to faculty.

Plant and maintenance expenses increased to $13.4 million in fiscal 2018 from $11.5 million in fiscal 2017, an increase of $1.9 million. This was primarily due to the various campus capital improvement projects underway during fiscal 2018.

The increase in depreciation expense was consistent with the increase in capital assets in fiscal 2018 as compared to fiscal 2017.

Operating Expenses

Total operating expenses for fiscal 2019 were $183.4 million, an increase of 2%, or approximately $3.8 million compared to fiscal 2018.



Statement of Capital Assets and Long-Term Debt

The College's Capital Assets and Long-Term Debt as of June 30, 2019, 2018 and 2017 were as follows (in millions of dollars):

	2019	2018	2017	Change 2019-18	Change 2018-17
Capital Assets					
Land	$ 1.0	$ 1.0	$ 1.0	$ -	$ -
Construction in progress	14.2	13.1	-	1.1	13.1
Works of art	3.8	3.8	3.8	-	-
Land improvements	39.6	39.7	39.0	(0.1)	0.7
Buildings and improvements	257.3	210.7	206.4	46.6	4.3
Equipment	30.6	30.8	29.5	(0.2)	1.3
Total Capital Assets	346.5	299.1	279.7	47.4	19.4
Less accumulated depreciation	155.4	150.4	142.0	5.0	8.4
Net Capital Assets	$ 191.1	$ 148.7	$ 137.7	$ 42.4	$ 11.0

	2019	2018	2017	Change 2019-18	Change 2018-17
Long-Term Debt					
Revenue bonds	$ 14.2	$ 15.5	$ 16.8	$ (1.3)	$ (1.3)
Certificates of participation	53.0	56.7	4.9	(3.7)	51.8
General obligation capital outlay bonds	4.0	5.9	7.8	(1.9)	(1.9)
Total Long-Term Debt	$ 71.2	$ 78.1	$ 29.5	$ (6.9)	$ 48.6

Fiscal Year 2019 Compared to Fiscal Year 2018

As of June 30, 2019, the College had $346.5 million invested in capital assets and $155.4 million in accumulated depreciation, for total net capital assets of $191.1 million. Total net capital assets increased by $42.4 million in fiscal 2019 due to various new construction and capital improvement projects including construction of the new Fine Arts & Design Studios building and the Hugh L. Libby Career and Technical Education Center building.

The College's long-term debt decreased by $6.9 million in fiscal 2019 due to scheduled maturities on long-term obligations as well as the redemption of all remaining outstanding Series 2009 Certificates of Participation, which were called on October 1, 2018.

Fiscal Year 2018 Compared to Fiscal Year 2017

As of June 30, 2018, the College had $299.1 million invested in capital assets and $150.4 million in accumulated depreciation, for total net capital assets of $148.7 million. Total net capital assets increased by $11 million in fiscal 2018 due to various capital improvement and new construction projects including campus infrastructure and energy upgrades, classroom updates and renovation of the food court.

The College's long-term debt increased by $48.6 million during fiscal 2018 to $78.1 million. This was related to the issuance of the Series 2017 Certificates of Participation in the amount of $50 million. The Certificates were rated Aa1 by Moody's Investors Service. Proceeds from the Certificates are being used to fund a portion of construction costs associated with various capital projects identified in the College's Facilities Master Plan, including new Career and Technical Education and Fine Arts and Design Studios buildings.

Detailed information about the College's long-term obligations is presented in Note 4 to the financial statements.

Current Issues

The College's Board of Trustees passed a $173 million general fund operating budget for fiscal year 2020. The budget included a reduction in the College's mill levy of .15 mills, which will lower general fund property tax revenues in fiscal 2020 by approximately $1.5 million; however, this decrease is expected to be offset by additional revenues generated by continued increases in assessed property valuations in Johnson County.

The fiscal 2020 budget increased the per credit hour tuition rates for the first time in three years for Johnson County resident students ($1), Kansas resident students ($2), and out of state, international, and Metro Rate students ($3). Management has noted that student credit hour and full time equivalent (FTE) enrollment decreased by approximately 2% in fiscal 2019. The College administration will continue to monitor and respond to enrollment trends.

The State of Kansas' fiscal 2020 budget restored the remainder of the 4% reduction in funding for the Kansas Board of Regents that was implemented in fiscal 2017 and provided some additional funding for Higher Education. The College expects that the restoration of the balance of the cuts and the additional funding will increase its appropriations for credit hour state aid by approximately $0.7 million in fiscal 2020.

Management is not aware of any other currently known facts, decisions, or conditions that would have a significant impact on the College's financial position (net position) or results of operations (revenues, expenses, and other changes in net position).

Economic Factors That Will Affect the Future

The College continues to monitor the State of Kansas budget and consider the impact of the State's funding on the College's budget.

The employment rate of Johnson County, Kansas impacts the College's student credit hour enrollment. The Johnson County unemployment rate has been lower than state and national levels and was below 3% in 2018. If Johnson County's unemployment rate remains low, the College's student credit hour enrollment levels may decline. The College administration continues to monitor the local economy and employment trends and consider the impact on the College budget.

Revenues from property taxes represent 51% of the College's operating and non-operating revenues. The College administration continues to monitor residential and commercial property values and economic activity in Johnson County, Kansas to attempt to forecast the future funding impact on the College.

Contacting Financial Management

This financial report is designed to provide bondholders, students, community members, and other interested parties with a general overview of Johnson County Community College's finances and to demonstrate the College's accountability for the funds it receives. Questions concerning any information provided in this report should be addressed to the Financial Services Department, 12345 College Blvd., Overland Park, Kansas 66210, (913) 469-8500.

Johnson County Community College

Statements of Net Position
June 30, 2019 and 2018

	2019	2018
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 152,914,124**	$ 144,924,511
Accounts receivable, net of uncollectible accounts 2019 $3,590,509; 2018 $4,053,803	**5,236,047**	5,786,910
Inventories	**1,540,501**	1,680,741
Other assets	**356,533**	717,399
Total Current Assets	**160,047,205**	153,109,561
Noncurrent Assets		
Restricted cash and cash equivalents	**26,470,984**	26,174,463
Restricted investments	**-**	24,939,476
Capital assets not being depreciated	**19,051,987**	17,906,751
Capital assets being depreciated	**327,487,389**	281,173,644
Less accumulated depreciation	**(155,365,901)**	(150,364,481)
Total Noncurrent Assets	**217,644,459**	199,829,853
Total Assets	**377,691,664**	352,939,414
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	**357,758**	420,379
Deferred outflows - pension plan	**383,332**	533,422
Deferred outflows - postemployment benefit plan	**277,439**	227,675
Total Deferred Outflows of Resources	**1,018,529**	1,181,476
LIABILITIES		
Current Liabilities		
Accounts payable	**8,661,649**	7,816,678
Accrued salaries	**4,011,199**	3,969,322
Accrued compensated absences	**394,391**	393,502
Other accrued liabilities	**898,691**	1,002,760
Unearned student tuition and fee revenue	**2,934,298**	3,009,923
Deposits held in custody for others	**411,601**	455,046
Current portion of revenue bonds payable	**1,285,000**	1,250,000
Current portion of certificates of participation	**115,000**	1,745,000
Current portion of general obligation capital outlay bonds	**1,840,000**	1,755,000
Total Current Liabilities	**20,551,829**	21,397,231
Noncurrent Liabilities		
Accrued compensated absences	**3,170,975**	3,006,634
Net pension liability	**963,258**	1,349,639
Revenue bonds payable	**12,919,470**	14,244,077
Certificates of participation	**52,926,346**	54,908,475
General obligation capital outlay bonds	**2,114,512**	4,139,024
OPEB liability	**4,751,480**	5,286,603
Total Noncurrent Liabilities	**76,846,041**	82,934,452
Total Liabilities	**97,397,870**	104,331,683
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension plan	**364,030**	129,503
Deferred inflows - OPEB related	**423,554**	-
Total Deferred Inflows of Resources	**787,584**	129,503
NET POSITION		
Net investment in capital assets	**142,308,734**	117,931,029
Restricted, expendable for:		
Capital projects	**7,651,792**	10,285,072
Loan funds and other	**4,300,145**	4,222,033
Unrestricted	**126,264,068**	117,221,570
Total Net Position	**$ 280,524,739**	$ 249,659,704

See Notes to Financial Statements.

Johnson County Community College

Johnson County Community College Foundation - Component Unit

Statements of Financial Position
June 30, 2019 and 2018

ASSETS	**2019**	2018
Cash and cash equivalents	**$ 3,910,972**	$ 1,706,024
Promises to give, net	**2,303,085**	10,557,192
Investments	**28,303,775**	27,187,332
Accrued interest receivable	**77,937**	63,091
Inventory	**7,196**	4,539
Campus artwork	**5,191,843**	4,776,535
Other assets	**119,858**	135,159
Cash surrender value of life insurance	**10,815**	8,984
Intangible assets	**38,196**	42,015
Total Assets	**39,963,677**	44,480,871
LIABILITIES		
Accounts payable	**74,233**	71,968
Total Liabilities	**74,233**	71,968
NET ASSETS		
Without donor restrictions	**4,965,013**	4,635,499
With donor restrictions	**34,924,431**	39,773,404
Total Net Assets	**39,889,444**	44,408,903
Total Liabilities and Net Assets	**$ 39,963,677**	$ 44,480,871

See Notes to Financial Statements.

Johnson County Community College

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018

	2019	2018
REVENUES		
Operating Revenues		
Student tuition and fees, net of scholarship allowances 2019 $4,420,616; 2018 $4,541,262	**$ 33,209,464**	$ 34,244,037
State grants and contracts	**434,035**	276,576
Private gifts, grants and contracts	**979,135**	784,657
Local grants and contracts	**121,336**	68,670
Auxiliary enterprises	**8,955,116**	9,608,486
Other operating revenue	**5,031,470**	4,936,658
Total Operating Revenues	**48,730,556**	49,919,084
EXPENSES		
Operating Expenses		
Salaries	**89,059,991**	86,995,036
Benefits	**39,278,901**	37,011,811
Contractual services	**9,743,907**	10,507,516
Supplies and other operating expenses	**16,652,954**	16,361,878
Auxiliary enterprises	**4,729,520**	5,155,402
Utilities	**3,190,451**	3,425,311
Repairs and maintenance to plant	**2,070,041**	1,851,549
Scholarship and financial aid	**8,757,021**	9,018,348
Depreciation	**9,947,577**	9,252,429
Total Operating Expenses	**183,430,363**	179,579,280
Operating Loss	**(134,699,807)**	(129,660,196)
NON-OPERATING REVENUES (EXPENSES)		
County property taxes	**106,787,010**	102,601,880
State appropriations	**35,337,876**	32,992,924
Federal grants and contracts	**13,261,822**	14,446,146
Investment income	**3,477,732**	1,709,060
Interest on capital asset debt	**(2,200,321)**	(1,925,965)
Total Nonoperating Revenues, Net	**156,664,119**	149,824,045
Income Before Capital Appropriations and Gifts	**21,964,312**	20,163,849
CAPITAL APPROPRIATIONS AND GIFTS		
Capital gifts	**8,900,723**	-
Total Capital Appropriations and Gifts	**8,900,723**	-
Increase in Net Position	**30,865,035**	20,163,849
Net Position at Beginning of Year	**249,659,704**	235,754,607
Prior period adjustment	**-**	(6,258,752)
Net Position at Beginning of Year - restated	**249,659,704**	229,495,855
Net Position at End of Year	**$ 280,524,739**	$ 249,659,704

See Notes to Financial Statements.

Johnson County Community College

Johnson County Community College Foundation - Component Unit
Statement of Activities
Year Ended June 30, 2019

	2019		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Gifts and contributions	$ 33,016	$ 5,665,197	$ 5,698,213
Contributed services	647,952	-	647,952
Dividend and interest income	244,399	613,644	858,043
Net realized and unrealized gains on investments	103,161	746,568	849,729
Net assets released from restrictions	11,874,382	(11,874,382)	-
Total Support and Revenue	12,902,910	(4,848,973)	8,053,937
EXPENSES			
Program expenses			
Scholarship programs	1,310,347	-	1,310,347
Foundation programming	96,708	-	96,708
Performing arts programs	373,930	-	373,930
Visual arts programs	150,744	-	150,744
Capital projects	8,900,723	-	8,900,723
Educational program support	578,402	-	578,402
Project support	7,099	-	7,099
Total Program Expenses	11,417,953	-	11,417,953
Supporting Services			
Fundraising	659,723	-	659,723
Management and general	495,720	-	495,720
Total Supporting Services	1,155,443	-	1,155,443
Total Expenses	12,573,396	-	12,573,396
Change in Net Assets	329,514	(4,848,973)	(4,519,459)
Net Assets - Beginning of Year	4,635,499	39,773,404	44,408,903
Net Assets - End of Year	$ 4,965,013	$ 34,924,431	$ 39,889,444

See Notes to Financial Statements.

Johnson County Community College

Johnson County Community College Foundation - Component Unit
Statement of Activities
Year Ended June 30, 2018

	2018		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Gifts and contributions	$ 538,243	$ 12,145,837	$ 12,684,080
Contributed services	643,314	-	643,314
Dividend and interest income	128,991	567,552	696,543
Net realized and unrealized gains on investments	64,466	1,178,595	1,243,061
Net assets released from restrictions	2,491,106	(2,491,106)	-
Total Support and Revenue	3,866,120	11,400,878	15,266,998
EXPENSES			
Program expenses			
Scholarship programs	1,232,873	-	1,232,873
Foundation programming	49,756	-	49,756
Performing arts programs	393,465	-	393,465
Visual arts programs	66,703	-	66,703
Capital projects	1,488	-	1,488
Educational program support	468,014	-	468,014
Project support	26,642	-	26,642
Total Program Expenses	2,238,941	-	2,238,941
Supporting Services			
Fundraising	557,123	-	557,123
Management and general	444,987	-	444,987
Total Supporting Services	1,002,110	-	1,002,110
Total Expenses	3,241,051	-	3,241,051
Change in Net Assets	625,069	11,400,878	12,025,947
Net Assets - Beginning of Year	4,010,430	28,372,526	32,382,956
Net Assets - End of Year	$ 4,635,499	$ 39,773,404	$ 44,408,903

See Notes to Financial Statements.

Johnson County Community College

Statements of Cash Flows
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
Student tuition and fees	**$ 33,059,238**	$ 34,346,521
Payments to suppliers	**(27,334,826)**	(28,097,551)
Payments to employees	**(88,852,884)**	(86,354,917)
Payments for scholarships and financial aid	**(8,757,021)**	(9,018,348)
Payments for employee benefits	**(39,392,234)**	(37,121,012)
Payments for utilities	**(3,191,418)**	(3,424,054)
Auxiliary enterprises	**4,428,322**	4,777,868
Grants and contracts	**1,707,418**	1,148,570
Other receipts, net	**5,093,677**	5,394,557
Net Cash (Used in) Operating Activities	**(123,239,728)**	(118,348,366)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
County property taxes	**106,311,249**	102,388,592
State appropriations	**35,337,876**	32,992,924
Grants and contracts	**14,192,623**	14,074,225
Funds returned to others	**(43,445)**	(807,985)
Net Cash From Non-Capital Financing Activities	**155,798,303**	148,647,756
CASH FLOWS FROM (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	**(52,450,322)**	(15,236,660)
Proceeds from the sale of capital assets	**35,542**	-
Proceeds from capital gifts	**8,900,723**	-
Proceeds from certificates of participation	**-**	50,000,000
Principal paid on bonds payable	**(3,005,000)**	(2,905,000)
Principal paid on certificates of participation	**(3,325,000)**	(1,595,000)
Interest paid on bonds payable	**(555,153)**	(1,029,436)
Interest paid on certificates of participation	**(2,122,482)**	(1,280,615)
Issuance costs, fees and premiums	**(105,000)**	3,495,940
Net Cash From (Used in) Capital and Related Financing Activities	**(52,626,692)**	31,449,229
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from sale (purchase) of investments	**24,939,476**	(24,939,476)
Interest on investments	**3,414,775**	1,602,503
Net Cash From (Used In) Investing Activities	**28,354,251**	(23,336,973)
Increase in Cash and Cash Equivalents	**8,286,134**	38,411,646
Cash and Cash Equivalents - Beginning of Year	**171,098,974**	132,687,328
Cash and Cash Equivalents - Ending of Year	**$ 179,385,108**	$ 171,098,974

(Continued)

Johnson County Community College

Statements of Cash Flows (Continued)
Years Ended June 30, 2019 and 2018

	2019	2018
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating (loss)	**$ (134,699,807)**	**$ (129,255,651)**
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation expense	**9,947,577**	9,252,429
Changes in assets and liabilities:		
Accounts receivable, net	**158,780**	294,592
Other assets	**360,866**	(532,220)
Inventories	**140,240**	340,695
Accounts payable	**854,612**	919,148
Accrued salaries	**41,877**	596,431
Accrued compensated absences	**165,230**	33,586
Other accrued liabilities	**(33,002)**	(70,579)
Net pension liability	**(386,381)**	321,774
Unearned student tuition and fee revenue	**(75,625)**	109,492
OPEB liability	**(535,123)**	10,102
Deferred outflows of resources:	**162,947**	(363,411)
Deferred inflows of resources:	**658,081**	(4,754)
Net Cash (Used in) Operating Activities	**$ (123,239,728)**	$ (118,348,366)
Schedule of Noncash Capital and Related Items, accounts payable and other liabilities related to capital asset acquisitions	**$ 5,253,730**	**$ 5,088,016**

See Notes to Financial Statements.

Note 1. Organization and Summary of Significant Accounting Policies

The Johnson County Community College (the College) taxing district includes all of Johnson County, Kansas, which is located immediately west of Kansas City, Missouri, and immediately south of Kansas City, Kansas. The College was organized and established in 1967 under the provisions of then Section 72-6901 et seq. of Kansas Statutes Annotated (now K.S.A. 71-201 et seq.). The College is governed by a Board of Trustees of seven members, all being elected at large. The College is a public two-year community college offering a comprehensive curriculum with liberal arts and sciences, as well as vocational and technical programs for credit and noncredit students from Johnson County and surrounding communities.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The following is a summary of the more significant policies.

Reporting entity:

As defined by accounting principles generally accepted in the United States of America established by GASB, the financial reporting entity consists of the College, as well as its discretely presented component unit, the Johnson County Community College Foundation (the Foundation).

Discretely presented component unit:

The Foundation is considered to be a related organization to the College. The Foundation is a legally separate, tax-exempt organization that acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. Two members of the College's Board of Trustees and the President of the College also serve on the 35-member Board of Directors of the Foundation. The other five members of the College's Board of Trustees serve as members of the Foundation. In addition, the directors of the Foundation approve the election of the additional Foundation members, not to exceed 250 members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the College has determined it would be misleading to exclude the Foundation which is considered a component unit of the College and is discretely presented in the College's financial statements. During the years ended June 30, 2019 and 2018, the College received direct contributions from the Foundation of $11,268,787 and $2,117,511, respectively. Contributions are included in the statement of revenues, expenses and changes in net position in the private gifts, grants and contracts line, in the other operating revenue line in the operating revenues section, and in the capital gifts line in the capital appropriations and gifts section.

The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below:

The Foundation is a private not-for-profit organization that reports its financial results under FASB standards. Most significant to the Foundation's operations and reporting model are FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, FASB Codification ASC 958, *Not-for-Profit Entities*, and FASB Codification ASC 958-605, *Revenue Recognition -Contributions Received.* 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 Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (see Note 10) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Financial statements for the Foundation can be obtained by calling the Foundation at 913-469-3835.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Measurement focus, basis of accounting and financial statement presentation:

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

The College has classified revenues as either operating or nonoperating revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of cost of goods sold, and (3) federal, state and local grants and contracts. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as state appropriations, federal grants and contracts, investment income and county property taxes.

The College maintains an encumbrance system for tracking outstanding purchase orders and other commitments for material or services not received during the year. Encumbrances at June 30, 2019 and 2018 were $24,860,699 and $40,004,944, respectively, which represent the estimated amount of expenses ultimately to result if unperformed contracts in process at fiscal year-end are completed. Encumbrances outstanding at June 30, 2019 and 2018 do not constitute expenses or liabilities and are not reflected in these basic financial statements.

The financial statements of the College are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Property taxes:

The County Treasurer is the tax collection agent for all taxing entities within the county. Valuations are established and taxes are assessed on a calendar year basis. Taxes are levied and become a lien on the property on November 1st in the year of assessment and are revenue for the fiscal year ending on the following June 30.

Taxes levied on November 1 become due and payable, generally on the following December 20 and May 10, followed by major distributions to the taxing units on January 20 and June 5. Smaller distributions are made to taxing units in March, September and October each year. Substantially all tax revenues applicable to the preceding calendar year are received by the College by each June 30. Property taxes are recognized as revenue in the period for which the taxes are levied. The College received approximately 51.8% and 51.2% of its financial support (exclusive of investment income) from property taxes during the years ended June 30, 2019 and 2018, respectively.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

The tax rates for the fiscal years ended June 30, 2019 and 2018, expressed in mills per $1,000 of assessed valuation, are reflected in the following table:

	2019	2018
Fund		
General	8.716	8.966
Capital outlay	0.503	0.503
Special assessment	0.034	0.034
Total Mill Levy	9.253	9.503

Federal grants and state appropriations:

Funds from federal grants are recognized as revenue when eligibility requirements are met. Funds from state appropriations consist primarily of state grants and payments made by the state to the Kansas Public Employees Retirement System (KPERS) on behalf of the College. For state grants, the funds are recognized when eligibility requirements are met. The College recognizes the contributions made to KPERS by the state on behalf of the College as revenues and expenses in the Statements of Revenue, Expenses and Changes in Net Position (See Notes 5 and 6).

Student tuition and fees, net of scholarship allowances:

Tuition and fees revenue is earned over the length of the course. Unearned revenue represents student tuition and fees received before year-end which relate to subsequent periods. Student tuition and fees revenues are reported net of certain scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position.

Scholarship allowances and student aid:

Certain federal financial aid grants to students are reported as federal grants and contracts in non-operating revenue in the financial statements as prescribed by the National Association of College and University Business Officers (NACUBO). Since certain of these grants, including Pell and Supplement Educational Opportunity Grants (SEOG), are for the payment of students' tuition and fees, a like amount is reported as scholarship allowance which is reported as an operating expense in the financial statements. Federal Work-Study grant expenses are reported as operating expenses as students work for compensation. Certain other student aid sources (loans, funds provided to students as awarded by third parties and Federal Direct Lending) are paid directly to the students or credited to the students' account and do not impact revenues or expenses reported in the financial statements.

Operating and nonoperating activities:

Operating activities, as reported in the statement of revenues, expenses and changes in net position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include Federal grants consisting primarily of Pell grants and SEOG grants, state appropriations, property taxes and interest earnings.

Cash and cash equivalents:

Cash and cash equivalents include deposits held at banks and all highly liquid instruments purchased with an original maturity of three months or less, plus small amounts of cash maintained for change funds.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Investments:

It is the College's policy to invest in obligations of the U.S. Treasury, repurchase agreements, bank certificates of deposit, the Kansas Municipal Investment Pool and other instruments authorized by Kansas statutes. Investments in bank certificates of deposit are carried at cost and investments in the Kansas Municipal Investment Pool are carried at net asset value, which approximates fair value. Investments other than bank certificates of deposit and the Kansas Municipal Investment Pool are reported at fair value. Fair value is determined using quoted market prices or other observable inputs.

Accounts receivable:

Accounts receivable consists primarily of property taxes receivable and enrollment receivables. Accounts receivable are carried at the unpaid balance of the original amount billed to students. Both property tax and enrollment receivables are net of an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by calculating a specific percent reserve on accounts based on historical experience. Property tax and enrollment receivable are written off when deemed uncollectible. Recoveries of property tax and enrollment previously written off are recorded when received.

Inventories:

Inventories consist primarily of items held for resale by the bookstore and supply inventories which are stated at the lower of cost (determined on a first-in, first-out basis) or market. The costs are recorded as expenses as the inventories are consumed.

Capital assets:

Capital assets include property, plant, equipment, infrastructure assets such as roads and sidewalks, and works of art. Capital assets are defined by the College as assets with an initial unit cost of $5,000 or more with an estimated useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The College has elected not to capitalize its collection of library books. This collection adheres to the College's policy to (a) maintain them for public exhibition, education or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items.

Works of art are stated at cost, or if donated, at acquisition value at the date of the donation. The College does not depreciate artwork, as management believes the value of such has not diminished.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Capital assets of the College are depreciated using the straight-line method over the following useful lives (see Note 3 for further detail).

	Years
Buildings	40
Building improvements	15
Land improvements	10
Furniture	10
Equipment	5
Computer technology	4

Deferred inflows and outflows of resources:

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an expense until the future period. The College's deferred outflows include deferred charges on advanced refunding which represents the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Bond issuance costs are expensed at time of issuance.

The College reports deferred outflows of resources related to pensions as described in Note 5.

The College reports deferred outflows of resources related to postemployment benefits as described in Note 6.

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then. The College's deferred inflows of resources include deferred inflows of resources related to pensions and OPEB as described in Notes 5 and 6,respectively.

Compensated absences:

The College records a liability for employees' vacation leave earned but not taken. Employees are allowed to carry over a limited number of vacation days from year to year. At June 30, 2019 and 2018, the College had recorded a vacation liability of $3,565,366 and $3,400,136, respectively.

Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs and no liability is accrued for such benefits that employees have earned, but not yet realized as these benefits do not vest.

Subsequent event:

On July 1, 2019, the College implemented a new benefit for employees meeting certain criteria and who are eligible to retire under the Kansas Public Employees Retirement System. Payments will be based on accrued sick leave and years of service. The estimated liability associated with the new retirement benefit is $6,400,000.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Net position:

Net position is presented in three major categories. The first is net investment in capital assets, which represents the College's investment in its capital assets, net of debt used to acquire or construct the capital assets. The second is restricted, and the third is unrestricted.

Restricted net position represents funds that are limited in terms of the purpose and time for which the funds can be spent. Restricted net position is further categorized between expendable and nonexpendable.

Restricted expendable net position is available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted nonexpendable net position is endowments for which only the earnings can be spent. The College had no restricted nonexpendable net position at June 30, 2019 and 2018.

Unrestricted net position is available to the College for any lawful purpose. The College first applies restricted sources when an expense or outlay is incurred for purposes for which both restricted and unrestricted sources are available.

Use of estimates:

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

Recent accounting pronouncements:

In November 2016, the GASB issued Statement No. 83 *Certain Asset Retirement Obligations,* which will require governments to recognize and measure certain asset retirement obligations, including obligations that may not have been previously reported. This statement is effective for the College's fiscal year ending June 30, 2019. The College has determined that it does not currently have asset retirement obligations that are defined by Statement No. 83.

In April 2018, the GASB issued Statement No. 88 *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements.* This statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This statement is effective for the College's fiscal year ending June 30, 2019. The implementation of GASB 88 did not have a significant impact on the College's financial statements.

In June 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset. The requirements of this Statement are effective for the College's fiscal year ending June 30, 2020. However, the College elected to early apply the requirements of this Statement in the prior year.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Reclassification:

Certain amounts in the June 30, 2018 Statements of Revenues, Expenses and Changes in Net Position have been reclassified with no effect on net position in order to conform to June 30, 2019 classifications.

Note 2. Deposits, Investments and Risk

Deposits:

Deposits, depending on the source of receipts, are pooled, except when legal requirements dictate the use of separate accounts. The carrying amount of the College's deposits at June 30, 2019 and 2018, are reflected in the following table at cost. Actual bank statement balances for total deposits at June 30, 2019 and 2018 were $81,094,781 and $96,261,044, respectively. The difference between carrying amounts and bank balances primarily represents checks which had not cleared the bank and deposits in transit. The deposit balances and cash float from outstanding checks are deposited in interest-bearing accounts.

	2019	2018
Cash	$ 9,711,491	$ 27,043,564
Certificates of Deposit:		
Bank of Kansas City	32,000,000	6,000,000
Capital City Bank	-	39,000,000
Capitol Federal Savings	18,000,000	15,000,000
Commerce Bank	-	9,000,000
UMB Bank	20,000,000	-
Total Deposits	$ 79,711,491	$ 96,043,564

Custodial credit risk:

Custodial credit risk is the risk that, in the event of a bank failure, an entity's deposits may not be returned to it. The College's deposit policy for custodial credit risk exceeds the provisions of state law by requiring depository banks to pledge qualified securities with a market value equal to 105% of deposits in excess of FDIC coverage.

The College had no bank balances exposed to custodial credit risk at June 30, 2019 and 2018. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the state of Kansas; bonds of any city, county school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction the College will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Of the investments subject to custodial credit risk, none are considered uncollateralized as the investments are held by a trust department at a bank and registered in the College's name.

Note 2. Deposits, Investments and Risk (Continued)

Investments:

Funds available for investment are pooled to maximize return and minimize administrative cost, except for funds authorized by the College administration to be separately invested or which are separately invested to meet legal requirements. It is the practice of the College that investments ordinarily be held to maturity at which time the par value of the investments will be realized. Short-term investments are investments with an original maturity of one year or less.

Kansas statute K.S.A. 12-1675 authorizes the College to invest in temporary notes, time deposits, open accounts, certificates of deposit, repurchase agreements, United States Treasury bills or notes, and the Kansas Municipal Investment Pool (MIP).

The State of Kansas Pooled Money Investment Board operates the MIP, which is invested in accordance with state statutes. The MIP is available for investment of funds administered by any Kansas municipality. All funds deposited in the MIP are classified as investments even though some could be withdrawn on a day's notice.

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates.

At June 30, 2019 and 2018, the College had investments in the Kansas Municipal Investment Pool – Overnight Pool, which mature in less than one year, of $8,909,348 and $8,301,549, respectively. Included in the Kansas Municipal Investment Pool investment balance at June 30, 2019 and 2018 were unspent bond funds of $1,239,993 and $1,774,697, respectively. The Federal Home Loan Bank Agency Note, U.S. Treasury Bills, and U.S. Treasury Notes mature in less than one year.

A summary of deposits and investments at June 30, 2019 and 2018 is as follows:

	2019	2018
Deposits:		
Cash	$ 9,711,491	$ 27,043,564
Certificates of Deposit	70,000,000	69,000,000
Investments:		
Kansas Municipal Investment Pool	8,909,348	8,301,549
Federal Home Loan Bank Agency Note	-	4,985,850
U.S. Treasury Bills	65,653,931	56,757,362
U.S. Treasury Notes	25,110,338	29,950,125
Total Deposits and Investments	$ 179,385,108	$ 196,038,450

Credit risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The College's investments in the Kansas Municipal Investment Pool were rated AAAf/S1+ by Standard & Poor's at June 30, 2019 and 2018. The Federal Home Loan Bank Agency Note was rated Moody's Aaa and Standard & Poor's AA+ at June 30, 2018.

Note 2. Deposits, Investments and Risk (Continued)

Fair Value Meaurements:

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The investments in the Kansas Municipal Investment Pool are not required to be included in the fair value leveling table. Agency notes and U.S. government obligations are valued at the closing price reported for similar assets on active markets.

Fair values of investments at June 30, 2019 are as follows:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 90,764,269	$ -	$ 90,764,269
Total	$ -	$ 90,764,269	$ -	$ 90,764,269

Fair values of investments at June 30, 2018 are as follows:

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments				
Agency notes	$ -	$ 4,985,850	$ -	$ 4,985,850
U.S. government obligations	-	86,707,487	-	86,707,487
Total	$ -	$ 91,693,337	$ -	$ 91,693,337

Note 3. Capital Assets

The following tables present the changes in the various capital asset categories at June 30, 2019 and 2018:

	June 30, 2018 Ending Balance	Additions/ Transfers	Retirements	June 30, 2019 Ending Balance
Capital assets not being depreciated:				
Land	$ 1,028,265	$ -	$ -	$ 1,028,265
Construction in progress	13,100,259	12,753,500	(11,614,789)	14,238,970
Works of art	3,778,227	6,525	-	3,784,752
Total Assets not Being Depreciated	17,906,751	12,760,025	(11,614,789)	19,051,987
Capital assets being depreciated:				
Land improvements	39,660,732	221,082	(282,983)	39,598,831
Buildings and improvements	210,722,515	46,569,304	-	257,291,819
Equipment, furniture and computer technology	30,790,397	4,460,719	(4,654,377)	30,596,739
Total Assets Being Depreciated	281,173,644	51,251,105	(4,937,360)	327,487,389
Less accumulated depreciation:				
Land improvements	24,948,208	1,009,371	(282,041)	25,675,538
Buildings and improvements	100,276,706	6,740,673	-	107,017,379
Equipment, furniture and computer technology	25,139,567	2,169,478	(4,636,061)	22,672,984
Total Accumulated Depreciation	150,364,481	9,919,522	(4,918,102)	155,365,901
Capital Assets, Net	$ 148,715,914	$ 54,091,608	$ (11,634,047)	$ 191,173,475

Note 3. Capital Assets (Continued)

	June 30, 2017 Ending Balance	Additions/ Transfers	Retirements	June 30, 2018 Ending Balance
Capital assets not being depreciated:				
Land	$ 1,028,265	$ -	$ -	$ 1,028,265
Construction in progress	-	13,100,259	-	13,100,259
Works of art	3,776,527	1,700	-	3,778,227
Total Assets not Being Depreciated	4,804,792	13,101,959	-	17,906,751
Capital assets being depreciated:				
Land improvements	38,962,757	697,975	-	39,660,732
Buildings and improvements	206,450,804	4,271,711	-	210,722,515
Equipment, furniture and computer technology	29,415,842	2,283,333	(908,778)	30,790,397
Total Assets Being Depreciated	274,829,403	7,253,019	(908,778)	281,173,644
Less accumulated depreciation:				
Land improvements	23,801,631	1,146,577	-	24,948,208
Buildings and improvements	94,097,124	6,179,582	-	100,276,706
Equipment, furniture and computer technology	24,091,772	1,907,104	(859,309)	25,139,567
Total Accumulated Depreciation	141,990,527	9,233,263	(859,309)	150,364,481
Capital Assets, Net	$ 137,643,668	$ 11,121,715	$ (49,469)	$ 148,715,914

The College had no capitalized interest related to construction projects for the years ended June 30, 2019 and 2018, respectively.

As described in Note 1, the College elected to early apply GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* during the year ended June 30, 2018. The requirements of this Statement are applied prospectively.

Note 4. Long-Term Obligations

Long-term obligations consist of the following categories at June 30, 2019 and 2018:

Long-Term Obligations	July 1, 2018 Beginning Balance	Additions	Reductions	June 30, 2019 Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 2011	$ 9,475,000	$ -	$ (50,000)	$ 9,425,000	$ 55,000
Series 2012	2,795,000	-	(495,000)	2,300,000	505,000
Series 2015	2,915,000	-	(705,000)	2,210,000	725,000
Premium on Series 2011 Bonds	115,644	-	(11,565)	104,079	-
Premium on Series 2012 Bonds	135,435	-	(13,544)	121,891	-
Premium on Series 2015 Bonds	57,998	-	(14,498)	43,500	-
Total Revenue Bonds	15,494,077	-	(1,289,607)	14,204,470	1,285,000
Certificates of Participation:					
Series 2009 COP	3,325,000	-	(3,325,000)	-	-
Series 2017 COP	50,000,000	-	(105,000)	49,895,000	115,000
Premium on Series 2009 COP	7,332	-	(7,332)	-	-
Premium on Series 2017 COP	3,321,143	-	(174,797)	3,146,346	-
Total Certificates of Participation	56,653,475	-	(3,612,129)	53,041,346	115,000
General Obligation Bonds:					
Series 2016 Capital Outlay	5,525,000	-	(1,755,000)	3,770,000	1,840,000
Premium on Series 2016 Capital Outlay	369,024	-	(184,512)	184,512	-
Total General Obligation Bonds	5,894,024	-	(1,939,512)	3,954,512	1,840,000
Other Accrued Liabilities:					
Compensated Absences	3,400,136	1,316,721	(1,151,491)	3,565,366	394,391
Net Pension Liability	1,349,639	-	(386,381)	963,258	-
Net OPEB Obligation (Asset)	5,286,603	392,042	(927,165)	4,751,480	-
Total Other Accrued Liabilities	10,036,378	1,708,763	(2,465,037)	9,280,104	394,391
Total Long-Term Obligations	$ 88,077,954	$ 1,708,763	$ (9,306,285)	$ 80,480,432	$ 3,634,391

Note 4. Long-Term Obligations (Continued)

Long-Term Obligations	July 1, 2017 Beginning Balance	Restatement (Note 6)	July 1, 2017 Adjusted Beginning Balance	Additions	Reductions	June 30, 2018 Ending Balance	Amounts Due Within One Year
Revenue Bonds:							
Series 2011	$ 9,525,000	$ -	$ 9,525,000	$ -	$ (50,000)	$ 9,475,000	$ 50,000
Series 2012	3,280,000	-	3,280,000	-	(485,000)	2,795,000	495,000
Series 2015	3,600,000	-	3,600,000	-	(685,000)	2,915,000	705,000
Premium on Series 2011 Bonds	127,209	-	127,209	-	(11,565)	115,644	-
Premium on Series 2012 Bonds	148,979	-	148,979	-	(13,544)	135,435	-
Premium on Series 2015 Bonds	72,496	-	72,496	-	(14,498)	57,998	-
Total Revenue Bonds	16,753,684	-	16,753,684	-	(1,259,607)	15,494,077	1,250,000
Certificates of Participation:							
Series 2009 COP	4,920,000	-	4,920,000	-	(1,595,000)	3,325,000	1,640,000
Series 2017 COP	-	-	-	50,000,000	-	50,000,000	105,000
Premium on Series 2009 COP	12,961	-	12,961	-	(5,629)	7,332	-
Premium on Series 2017 COP	-	-	-	3,495,940	(174,797)	3,321,143	-
Total Certificates of Participation	4,932,961	-	4,932,961	53,495,940	(1,775,426)	56,653,475	1,745,000
General Obligation Bonds:							
Series 2016 Capital Outlay	7,210,000	-	7,210,000	-	(1,685,000)	5,525,000	1,755,000
Premium on Series 2016 Capital Outlay	553,536	-	553,536	-	(184,512)	369,024	-
Total General Obligation Bonds	7,763,536	-	7,763,536	-	(1,869,512)	5,894,024	1,755,000
Other Accrued Liabilities:							
Compensated Absences	3,366,550	-	3,366,550	1,128,655	(1,095,069)	3,400,136	393,502
Net Pension Liability	1,027,865	-	1,027,865	321,774	-	1,349,639	-
Net OPEB Obligation (Asset)	(982,251)	6,258,752	5,276,501	657,078	(646,976)	5,286,603	-
Total Other Accrued Liabilities	3,412,164	6,258,752	9,670,916	2,107,507	(1,742,045)	10,036,378	393,502
Total Long-Term Obligations	$ 32,862,345	$ 6,258,752	$ 39,121,097	$ 55,603,447	$ (6,646,590)	$ 88,077,954	$ 5,143,502

Revenue Bonds:

Revenue bonds payable as of June 30, 2019 and 2018, consist of the following:

	2019	2018
Student Commons and Parking System Refunding Revenue Bonds, Series 2011, $9,800,000, interest is paid semiannually on May 15 and November 15 at interest rates of 2% to 4%	$ 9,425,000	$ 9,475,000
Premium on Series 2011 Revenue Bonds	104,079	115,644
Student Commons and Parking System Refunding Revenue Bonds, Series 2012, $5,135,000, interest is paid semiannually on May 15 and November 15 at interest rates of 2%	2,300,000	2,795,000
Premium on Series 2012 Revenue Bonds	121,891	135,435
Student Commons and Parking System Refunding Revenue Bonds, Series 2015, $4,250,000, interest is paid semiannually on May 15 and November 15 at interest rates of 2%	2,210,000	2,915,000
Premium on Series 2015 Revenue Bonds	43,500	57,998
Total Revenue Bonds Payable	14,204,470	15,494,077
Less current portion of revenue bonds payable	1,285,000	1,250,000
Noncurrent Revenue Bonds Payable	$ 12,919,470	$ 14,244,077

Note 4. Long-Term Obligations (Continued)

Revenue bond rate covenants require the College to operate and maintain the Student Commons and Parking System in a manner which will generate net revenues in an amount not less than 110% of the amount required to meet both principal and interest on all outstanding revenue bonds (see Note 11). The College was in compliance with this covenant at June 30, 2019 and 2018. Revenue bonds are secured by the net revenues derived from the operation and ownership of the student commons and parking system.

Future annual maturities of revenue bonds payable are as follows:

	Principal	Interest	Total Revenue Bonds
Fiscal Year:			
2020	$ 1,285,000	$ 435,825	$ 1,720,825
2021	1,340,000	407,775	1,747,775
2022	1,370,000	377,600	1,747,600
2023	1,510,000	339,825	1,849,825
2024	1,560,000	288,050	1,848,050
2025-2028	6,870,000	530,500	7,400,500
Total Revenue Bonds	$ 13,935,000	$ 2,379,575	$ 16,314,575

In an event of default, the owners of 25% of the principal amount of the outstanding bonds may provide written notice to the College declaring the principal of all outstanding bonds to be due and payable immediately. Events of default for the revenue bonds include default by the College in payment of principal or interest on the bonds, default in the performance or observance of certain covenants, or if the College becomes insolvent.

General Obligation Capital Outlay Bonds:

General obligation capital outlay bonds payable as of June 30, 2019 and 2018, consist of the following:

	2019	2018
General Obligation Capital Outlay Bonds, Series 2016, $8,970,000, interest is paid semiannually on March 1 and September 1 at interest rates of 4% to 5%	$ 3,770,000	$ 5,525,000
Premium on Series 2016 General Obligation Capital Outlay Bonds	184,512	369,024
Total General Obligation Capital Outlay Bonds Payable	3,954,512	5,894,024
Less current portion of general obligation capital outlay bonds payable	1,840,000	1,755,000
Noncurrent General Obligation Capital Outlay Bonds Payable	$ 2,114,512	$ 4,139,024

Note 4. Long-Term Obligations (Continued)

Future annual maturities of general obligation capital outlay bonds payable are as follows:

	Principal	Interest	Total General Obligation Bonds
Fiscal Year:			
2020	$ 1,840,000	$ 142,500	$ 1,982,500
2021	1,930,000	48,250	1,978,250
Total General Obligation Bonds	$ 3,770,000	$ 190,750	$ 3,960,750

Principal and interest on the general obligation bonds are paid from ad valorem taxes levied by the College. The full faith, credit and resources of the College are pledged for the payment of principal and interest on the general obligation bonds as they become due.

In an event of default, the owners of 10% of the principal amount of the outstanding bonds may by suit, action or other proceedings, enforce their rights against the College. Events of default for the general obligation bonds include default by the College in payment of principal or interest on the bonds or default in the performance or observance of certain covenants.

Certificates of Participation:

Certificates of participation payable at June 30, 2019 and 2018, consist of the following:

	2019	2018
Health Science Education Center – Certificates of Participation, Series 2009, $15,100,000 in obligations for facilities (capital cost of $13,320,629 before accumulated depreciation of $2,664,126 and $2,331,110 as of June 30, 2019 and 2018)	$ -	$ 3,325,000
Premium on Series 2009 Certificates of Participation	-	7,332
Fine Arts and Design and Career and Technical Education Buildings - Certificates of Participation, Series 2017, $50,000,000 in obligations for facilities (capital cost of $40,539,051 before accumulated depreciation of $226,900 and $0 as of June 30, 2019 and 2018, respectively, 3.00% to 5.00%, aggregate payments of $68,341,844, including interest of $18,446,844)	49,895,000	50,000,000
Premium on Series 2017 Certificates of Participation	3,146,346	3,321,143
Total Certificates of Participation	53,041,346	56,653,475
Less current portion of certificates of participation	115,000	1,745,000
Noncurrent Certificates of Participation	$ 52,926,346	$ 54,908,475

Note 4. Long-Term Obligations (Continued)

The College has recorded the cost of the equipment and facilities as assets and the corresponding obligations as liabilities.

The minimum lease commitments for certificates of participation at June 30, 2019 are as follows:

	Principal	Interest	Total Certificates of Participation
Fiscal Year:			
2020	$ 115,000	$ 1,861,363	$ 1,976,363
2021	1,875,000	1,811,613	3,686,613
2022	1,970,000	1,715,488	3,685,488
2023	2,070,000	1,614,488	3,684,488
2024	2,180,000	1,508,238	3,688,238
2025-2029	12,635,000	5,801,338	18,436,338
2030-2034	15,170,000	3,269,888	18,439,888
2035-2038	13,880,000	864,428	14,744,428
Total Certificates of Participation	$ 49,895,000	$ 18,446,844	$ 68,341,844

On October 4, 2017, the College issued the Series 2017 Certificates of Participation in the amount of $50,000,000 with premium of $3,495,940 at interest rates of 3% to 5%. Interest is payable semiannually through October 1, 2037. Proceeds from the sale of the Certificates are being used to finance various capital projects on the campus, including construction of a new Career and Technical Education Building and a Fine Arts and Design Studios Building.

In an event of default, the Trustee may declare all rent payable by the College under the lease to the end of the lease term to be due by providing written notice to the College and may take possession of the related capital assets constructed with such funding. Events of default for the certificates of participation include default by the College in payment of either the principal or interest portion of the rent payments when due, default in the performance or observance of certain covenants, or if the College becomes insolvent.

The College leases office space under operating lease agreements that expire through fiscal year 2022. Rental expense totaled $396,166 and $392,365 for the years ended June 30, 2019 and 2018, respectively. Minimum rental commitments under these noncancelable operating leases with initial terms of one year or longer at June 30, 2019 are $346,058.

Arbitrage rebate liability:

The Tax Reform Act of 1986 placed restrictions on the nonpurpose investment earnings from the proceeds of qualified tax-exempt bonds issued after August 15, 1986. Specifically, the nonpurpose investment earnings on these bonds are limited to the yield on each individual bond issue (based on the initial offering price to the public). Nonpurpose investments earnings in excess of the bond yield limitations are subject to rebate to the federal government. The total arbitrage rebate liability was $0 as of June 30, 2019 and 2018.

Note 4. Long-Term Obligations (Continued)

Subsequent event:

On October 31, 2019, the College adopted a resolution that authorizes the College to issue Student Commons and Parking System Refunding Revenue Bonds, Series 2019, with a par amount of $8,565,000 to refund the Student Commons and Parking System Refunding Revenue Bonds, Series 2011 with a par amount of $9,425,000. Pursuant to the refunding plan, the redemption is expected to be completed on approximately November 13, 2019 in order to reduce total debt service payments over the remaining maturities of the bonds.

Note 5. Defined Benefit Pension Plan

Plan description:

The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides benefit provisions to statewide pension groups for State/School employees, Local employees, Police and Firemen, and Judges under one plan. Those employees participating in the pension plan for the College are included in the State/School employee group.

KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the state General Assembly. Member employees 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 an employee's combined age and years of credited service equal 85 "points".

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

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee'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. The retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Funding policy:

K.S.A. 74-4919, as amended, establishes a three tier benefit structure. Tier 1 members include active members hired before July 1, 2009. Tier 2 members include active members hired between July 1, 2009 and December 31, 2014. Tier 3 members include those first employed in a KPERS covered position after January 1, 2015. The member-employee contribution rate is 6%. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

Note 5. Defined Benefit Pension Plan (Continued)

The State of Kansas is required to contribute the statutorily required employer's share. For fiscal year 2019, the State of Kansas contributed 13.21% for the period July 1, 2018 to March 31, 2019 and 14.41% for the period April 1, 2019 to June 30, 2019 of covered payroll. For fiscal year 2018, the State of Kansas contributed 12.01% for the period July 1, 2017 to March 31, 2018 and 13.21% for the period April 1, 2018 to June 30, 2018 of covered payroll.

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. To facilitate the separate 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, 2018, the College's proportion of the net pension liability was 1.814%, which was a decrease of .068% from the proportion measured of 1.882% at June 30, 2017. The proportion recognized by the State of Kansas on behalf of the College was 1.798% (special funding situation). The proportion recognized by the College for KPERS retirees was 0.017%.

Special Funding Situation:

The employer contributions for the College, as defined in K.S.A. 74-4931 (2) and (3), are funded 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.

The State of Kansas is treated as a non-employer contributing entity to KPERS and is required to recognize its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and expenses for the pension plan attributable to the College. At June 30, 2019 and 2018, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was $118,342,322 and $126,496,805, respectively.

The State of Kansas contributed $11,502,082 and $10,287,684 directly to KPERS on behalf of the College for the years ended June 30, 2019 and 2018, respectively. The payments made by the State of Kansas on behalf of the College have been recorded as both revenues and expenses in the Statements of Revenues, Expenses and Changes in Net Position.

Net Pension Liability:

The College makes contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937. During the years ended June 30, 2019 and June 30, 2018, the contribution made to KPERS for these employees was $84,459 and $82,321, respectively. The College reported a liability for its proportionate share of the net pension liability related to these employees of $963,258 and $1,349,639 at June 30, 2019 and 2018, respectively.

Note 5. Defined Benefit Pension Plan (Continued)

The June 30, 2019 net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018. The June 30, 2018 net pension liability was measured as of June 30, 2017, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017.

The College's proportion of the net pension liability was based on the ratio of the College's actual contribution to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal years ended June 30, 2019 and 2018. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. The College's proportion was 0.017% and 0.022% at June 30, 2019 and 2018, respectively.

The College recognized pension expense of $15,163 and $136,837 for the years ended June 30, 2019 and 2018, respectively, related to the College's net pension liability.

At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ (41,815)	$ -	$ (67,121)
Net difference between projected and actual earnings on pension plan investments	16,524	-	28,945	-
Change in proportion	330,562	(321,383)	440,751	(60,595)
Change in assumptions	36,246	(832)	63,726	(1,787)
Total	$ 383,332	$ (364,030)	$ 533,422	$ (129,503)

The net $19,302 of amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the Statement of Revenues, Expenses and Changes in Net Position as follows:

Fiscal Year:	
2020	$ 37,576
2021	35,914
2022	5,627
2023	(43,912)
2024	(15,903)
Total	$ 19,302

Note 5. Defined Benefit Pension Plan (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 contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarially determined rate. 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.

Actuarial Assumptions:

The total pension liability for the June 30, 2018 measurement date was determined by an actuarial valuation as of December 31, 2017 which was rolled forward to June 30, 2018. The total pension liability for the June 30, 2017 measurement date was determined by an actuarial valuation as of December 31, 2016, which was rolled forward to June 30, 2017. These actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Wage inflation	3.5 percent
Salary increase	3.5 to 12.00 percent, including price inflation
Investment rate of return	7.75 percent compounded annually, net of investment expense, including price inflation

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 cost method is entry age normal. The amortization method is level percentage of payroll, closed.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013, through December 31, 2015 and resulted in a reduction of the price inflation from 3.00% to 2.75%, a reduction of the wage inflation from 4.00% to 3.50% and a reduction in the long-term rate of return (net of investment expenses and including price inflation) from 8.00% to 7.75%.

The long-term expected rate of return on 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.

Note 5. Defined Benefit Pension Plan (Continued)

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	Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47%	6.85%
Fixed income	13%	1.25%
Yield driven	8%	6.55%
Real return	11%	1.71%
Real estate	11%	5.05%
Alternatives	8%	9.85%
Short-term investments	2%	(0.25%)
Total	100%	

Sensitivity to changes in the discount rate:

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.75%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
College's proportionate share of the net pension liability allocated to the State of Kansas	$ 160,672,720	$ 118,342,322	$ 84,315,306
College's proportionate share of the net pension liability allocated to the College	$ 1,297,251	$ 963,258	$ 680,751
Total	$ 161,969,971	$ 119,305,580	$ 84,996,057

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100, Topeka, Kansas 66603-3803) or by calling (888) 275-5737. The report is also available online at www.kpers.org.

Note 6. Other Postemployment Benefit Plans

The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions,* for the accounting related to other postemployment benefit plans. The plan does not issue a separate standalone financial report. This Statement establishes the following measurement and recognition disclosures:

Medical and Prescription Drug Plan

Plan description:

The College sponsors a single-employer other postemployment benefit plan (OPEB) that provides medical and prescription drug benefits to qualifying retirees and their dependents. Employees who qualify for pension benefits under the Kansas Public Employee Retirement System (KPERS) and are enrolled in the College's insurance benefits during the benefit plan year prior to retirement and retired prior to June 1, 2013 are eligible for benefits. Under KPERS, a participant must be at least age 55 with at least 10 years of service or meet Rule of 85 (age + service >= 85) at any age to be eligible. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided:

All benefits are provided through fully insured arrangements. Three medical plan options (PPO, HMO and HSA) are available to qualifying retirees. Benefits are the same as those available to active employees. Coverage is available until the retiree qualifies for Medicare. Spouses may continue coverage upon retiree death or attainment of Medicare eligibility age (i.e. age 65) under COBRA for up to 36 months not to exceed the spouse's own age 65. All benefits renew annually starting June 1.

Funding policy:

Retirees who retired prior to June 1, 2013 and either met the Rule of 85 or were age 59 with 15 years of service upon retirement pay no premiums for medical coverage including dependent coverage for up to 10 years or until the retiree attains age 65. Otherwise, retirees and dependents must pay COBRA rates to maintain medical coverage with the College. For dental and vision benefits, retirees and dependents must pay COBRA rates to maintain coverage with the College.

Employees covered by benefit terms:

At June 30, 2019, the following employees were covered by benefit terms:

Retirees currently receiving benefit payments	51
Retirees' spouses receiving benefit payments	19
Active employees	1,022
Total	1,092

Total OPEB liability:

The College's total OPEB liability of $4,751,480 and $5,286,603 was measured as of June 30, 2019 and 2018, respectively, and was determined by an actuarial valuation as of July 1, 2017 rolled forward to June 30, 2019 and 2018, respectively. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75.

Note 6. Other Postemployment Benefit Plan (Continued)

Actuarial assumptions and other inputs:

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.75 percent
Salary increases	3.0 percent, average, including inflation
Discount rate	3.0 percent
Healthcare cost trend rates	7.0 percent for 2017-18, decreasing 0.25 percent per year to an ultimate rate of 5.0 percent for 2025-26 and later years
Retirees' share of benefit-related costs	48 percent of projected health insurance premiums for retirees
Actuarial cost method	Entry age normal

The discount rate was based on the S&P Municipal Bond 20- year High Grade and the Fidelity GO AA-20 Years indexes.

Mortality rates were based on the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement.

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balances at 7/1/2017	$ 5,276,501
Changes for the year:	
Service cost	199,797
Interest	175,654
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	254,651
Benefit payments	(620,000)
Net changes	10,102
Balances at 6/30/2018	5,286,603
Changes for the year:	
Service cost	219,211
Interest	172,831
Changes of benefit terms	-
Differences between expected and actual experience	(476,498)
Changes in assumptions or other inputs	86,333
Benefit payments	(537,000)
Net changes	(535,123)
Balances at 6/30/2019	$ 4,751,480

Changes of assumptions and other inputs reflect a change in the discount rate from 3.3 percent in fiscal year 2018 to 3.0 percent in 2019.

Note 6. Other Postemployment Benefit Plan (Continued)

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the College, calculated using the discount rate of 3.0%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (2.0%) or 1-percentage-point higher (4.0%) than the current discount rate:

	1% Decrease (2.0%)	Current Discount Rate (3.0%)	1% Increase (4.0%)
Total OPEB Liability	$ 5,074,636	$ 4,751,480	$ 4,448,186

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (6% decreasing to 4%) or 1-percentage point higher (8% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (6% decreasing to 4%)	Healthcare Cost Trend Rates (7% decreasing to 5%)	1% Increase (8% decreasing to 6%)
Total OPEB Liability	$ 4,255,558	$ 4,751,480	$ 5,331,132

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the College recognized OPEB expense of $375,667. At June 30, 2019, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2019		2018	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (423,554)	$ -	$ -
Changes of assumptions or other inputs	277,439	-	227,675	-
Total	$ 277,439	$ (423,554)	$ 227,675	$ -

Note 6. Other Postemployment Benefit Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Statement of Revenues, Expenses and Changes in Net Position as:

Fiscal Year:		
2020	$	(16,375)
2021		(16,375)
2022		(16,375)
2023		(16,375)
2024		(16,375)
Thereafter		(64,240)
Total	$	(146,115)

Prior period adjustment

The implementation of GASB 75 resulted in a $6,258,752 increase to net OPEB liability and corresponding decrease to net position as of June 30, 2017. This affected the beginning balance for net position as of June 30, 2018 as shown in the Statement of Revenues, Expenses, and Changes in Net Position.

KPERS long-term disability and life insurance benefit plans

Plan description:

The College participates in a multiple-employer defined benefit OPEB plan which is administered by KPERS. This plan provides long-term disability benefits and a life insurance benefit for disabled members of KPERS, as provided by K.S.A. 74-04927. This plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Accordingly, this plan is considered to be administered on a pay-as-you-go basis.

Contributions:

Employer contributions are established and may be amended by state statute. Members are not required to contribute. There were no employer contributions paid for benefits during the fiscal years ended June 30, 2019 and 2018.

Special Funding Situation:

The employer contributions for the College, as defined by 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. Accordingly, the State of Kansas is required to recognize the total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense for the OPEB plan attributable to the College. The College records revenue and OPEB expense in an amount equal to the expense recognized by the State on behalf of the College.

Note 6. Other Postemployment Benefit Plan (Continued)

Benefits:

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The KPERS Plan provides long-term disability benefits equal to 60 percent of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees

The College has the following employees covered by the Plan as of June 30, 2018 (Measurement Date):

Inactive employees or beneficiaries currently receiving benefit payments	19
Active Employees	1,187
Total	1,206

Total OPEB Liability

At June 30, 2019 and 2018, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $3,367,078 and $3,747,617, respectively.

Note 6. Other Postemployment Benefit Plan (Continued)

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018 (the measurement date) for the year ended June 30, 2019, using the following actuarial assumptions:

Price inflation	2.75 percent
Payroll Growth	3.00 percent
Wage Inflation	3.5 percent, average, including inflation
Discount rate (based on the Bond Buyer General Obligation 20-Bond Municipal Index)	3.87 percent

Mortality rates used for the death benefits were based on historical experience of the KPERS Death and Disability Plan for all participants.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study conducted during 2014-2016.

Revenue and OPEB Expense Recorded by the College

For the years ended June 30, 2019 and 2018, the College recognized revenue and OPEB expense in equal amounts of $343,815 and $337,806, respectively.

Note 7. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in the years ended June 30, 2019 and 2018.

Note 8. Contingencies

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

Note 9. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statements not yet implemented by the College. The Statements which might impact the College are as follows:

In June 2017, the GASB issued Statement No. 87 *Leases*, which will require reporting of certain lease liabilities that currently are classified as operating leases. This statement will be effective for the College's fiscal year ending June 30, 2021. The College has not yet determined the effect that the adoption of this Statement will have on its financial statements.

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures

Basis of presentation:

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase net assets with donor restrictions and net assets without donor restrictions. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

Tax status:

The Foundation is recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation may be subject to federal and state income taxes on any net income from unrelated business activities. The Foundation files a Form 990 (Return of Organization Exempt from Income Tax) annually and unrelated business income (UBI) is reported on Form 990-T, as appropriate. Management has evaluated their material tax positions, which include such matters as the tax exempt status of the Foundation and various positions relative to potential sources of UBI. As of June 30, 2019 and 2018, there were no income tax effects with respect to the financial statements. Forms 990 and 990-T filed by the Foundation are no longer subject to examination by the Internal Revenue Service for fiscal years ended June 30, 2015 and prior.

Promises to give:

Unconditional promises to give are recognized as revenue at the present value of expected future payments when unconditional promises to give are received. As of June 30, 2019 and 2018, management believed that no allowance for doubtful collection was necessary based on the evaluation of the receivables and the related donors. Promises to give are scheduled to be received as follows:

	2019	2018
Due in less than one year	$ 1,309,111	$ 5,403,759
Due after one year to five years	1,020,000	5,257,508
Total Promises to Give	2,329,111	10,661,267
Less discount of present value (interest rates from 1.38% to 2.97%)	26,026	104,075
Promises to Give, net	$ 2,303,085	$ 10,557,192

Promises to give of $1,757,508 and $517,508 as of June 30, 2019 and 2018 respectively, were due from certain members of the Foundation’s Board of Directors or affiliated organizations of these Directors. Approximately 96% and 94% of gross promises to give are due from three donors and one donor as of June 30, 2019 and 2018, respectively.

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

Conditional promises to give, where the donor has placed a condition on the gift that the ultimate transfer of assets or promises to give is contingent on a future and uncertain event, are not recorded as contributions until the condition is met. There are no conditional promises to give as of June 30, 2019 and 2018, respectively.

Investments:

The Foundation's investment portfolio as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
U.S. government obligations	$ 1,374,976	$ 1,230,716
Equity funds	12,345,833	12,285,175
Corporate bonds	3,787,923	3,841,737
Common stock	9,487,484	9,578,273
Preferred stock	920,519	-
Certificates of deposit	253,290	147,825
Exchange traded funds	133,750	103,606
	$ 28,303,775	$ 27,187,332

The investments of the Foundation are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would affect investment balances and the amounts reported in the financial statements.

Contributed services and related party transactions:

The College provides the Foundation with office space, furniture and equipment without charge. Certain College employees perform duties for the Foundation without compensation from the Foundation. Management of the Foundation has estimated the fair market value of these services, which are recorded as management and general and fundraising expenses and contributed services revenue, to be $647,952 and $643,314 for 2019 and 2018, respectively. No amounts have been reflected in the financial statements for donated services, which do not create or enhance nonfinancial assets; however, time and resources have been contributed by volunteers in furtherance of the Foundation's objectives.

During the fiscal year ended June 30, 2019, the Foundation gifted $8.9 million to the College for the purpose of constructing new facilities on the campus. This is included in capital appropriations and gifts in the Statements of Revenues, Expenses and Changes in Net Position.

At June 30, 2019 and 2018, the Foundation owed a related party $11,624 and $15,714, respectively, which was included in accounts payable.

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

Net assets with donor restrictions:

At June 30, 2019 and 2018, net assets with donor restrictions are available for the following purposes:

	2019	2018
Scholarships to students	$ 6,010,573	$ 5,864,783
Support of College programs, including visual and performing arts programs and capital projects	6,205,797	4,157,068
Support of capital projects	3,509,179	10,793,348
Amounts with perpetual restrictions		
Scholarships to students	9,355,932	9,137,557
Support of College programs, including visual and performing arts programs	9,842,950	9,820,648
	$ 34,924,431	$ 39,773,404

Net assets that have perpetual restrictions are restricted for investment in perpetuity, the income from which is generally expendable for student scholarships and programs support. Net assets with perpetual restrictions also include significant portions of the campus art, which can only be sold under specific restrictions, including that the proceeds be reinvested in new campus art. The total of campus art included in net assets with perpetual restrictions was $973,851 for both years ended June 30, 2019 and 2018 and is included above in visual and performing art programs.

Assets released from restriction:

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2019 and 2018 as follows:

	2019	2018
Scholarships to students	$ 1,205,109	$ 1,147,518
Support of College programs, including visual and performing arts programs and capital projects	10,669,273	1,343,588
	$ 11,874,382	$ 2,491,106

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

Fair value measurements:

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value, and requires disclosure of fair value measurements. The fair value hierarchy set forth in the Topic is as follows:

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

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

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

A description of the valuation methodologies used for assets measured at fair value, on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include equity funds and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities include U.S. government obligations of states and political subdivisions and certain corporate, asset backed and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the hierarchy.

There have been no changes in valuation techniques used for any assets measured at fair value during the years ended June 30, 2019 and 2018.

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

The following tables summarize, by level, the assets measured at fair value on a recurring basis, as of June 30, 2019 and 2018, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 1,374,976	$ -	$ 1,374,976
Equity funds:				
Fixed income mutual funds	3,604,998	-	-	3,604,998
International mutual funds	3,229,770	-	-	3,229,770
Domestic mutual funds	3,841,388	-	-	3,841,388
Alternative mutual funds	1,669,677	-	-	1,669,677
Corporate bonds	-	3,787,923	-	3,787,923
Common stock				
Energy	586,033	-	-	586,033
Materials	295,786	-	-	295,786
Industrials	1,077,163	-	-	1,077,163
Consumer discretionary	1,157,007	-	-	1,157,007
Consumer staples	854,493	-	-	854,493
Health care	1,221,861	-	-	1,221,861
Financials	1,163,971	-	-	1,163,971
Information technology	1,924,157	-	-	1,924,157
Real estate	183,326	-	-	183,326
Telecommunication services	873,589	-	-	873,589
Utilities	150,098	-	-	150,098
Preferred stock	920,519	-	-	920,519
Exchange traded funds	133,750	-	-	133,750
	$ 22,887,586	$ 5,162,899	$ -	$ 28,050,485
Investments not subject to the fair value hierarchy:				
Certificates of deposit				253,290
Total	$ 22,887,586	$ 5,162,899	$ -	$ 28,303,775

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 1,230,716	$ -	$ 1,230,716
Equity funds:				
Fixed income mutual funds	2,555,472	-	-	2,555,472
International mutual funds	3,506,489	-	-	3,506,489
Domestic mutual funds	3,980,367	-	-	3,980,367
Alternative mutual funds	2,242,847	-	-	2,242,847
Corporate bonds	-	3,841,737	-	3,841,737
Common stock				
Energy	672,974	-	-	672,974
Materials	269,470	-	-	269,470
Industrials	985,589	-	-	985,589
Consumer discretionary	1,216,338	-	-	1,216,338
Consumer staples	831,356	-	-	831,356
Health care	1,062,701	-	-	1,062,701
Financials	1,174,026	-	-	1,174,026
Information technology	1,915,966	-	-	1,915,966
Real estate	142,769	-	-	142,769
Telecommunication services	151,044	-	-	151,044
Utilities	298,917	-	-	298,917
Preferred stock	857,123	-	-	857,123
Exchange traded funds	103,606	-	-	103,606
	$ 21,967,054	$ 5,072,453	$ -	$ 27,039,507
Investments not subject to the fair value hierarchy:				
Certificates of deposit				147,825
Total	$ 21,967,054	$ 5,072,453	$ -	$ 27,187,332

There were no transfers between Level 1, 2 or 3 for the fair value hierarchy for the fiscal years ended June 30, 2019 and 2018.

Note 11. Segment Information

The College has issued revenue bonds to construct a student center and parking garages for its students as described in Note 4 which are revenue backed debt instruments. Segment information related to the activities associated with the College's activities is as follows:

	2019	2018
Total Capital Assets, Net	$ 17,163,524	$ 17,890,279
Total Debt	$ 14,204,470	$ 15,494,077
Operating revenues, sales and service	$ 12,878,529	$ 13,585,352
Less operating expenses, salaries, utilities, depreciation and other expenses	10,734,299	10,959,832
Operating Income	$ 2,144,230	$ 2,625,520

Note 12. Tax Abatement Disclosures

Property tax abatements are authorized under Kansas statutes KSA 12-1740 et. Seq. and KSA 79-201a and subject to County policy. Abatements may not exceed a term of ten years by statute. The developer must demonstrate a positive cost/benefit to the various taxing jurisdictions under Kansas law. Other criteria for eligibility include: 1) significant addition to the local economy in terms of private capital investment (a minimum investment of $2,000,000) and increased direct and indirect employment opportunities, (2) the nature of the business either exports a substantial portion of its products/services from Johnson County or are for local consumption but would add new jobs and replace purchases now being made by Johnson County or are for local consumption but would add new jobs and replace purchases now being made by Johnson County residents in areas outside of Johnson County, (3) preferences shall be extended to existing industries to facilitate expansion or retention, (4) no abatements granted for a relocation within Johnson County except under special circumstances detailed in the policy, (5) property owned by Johnson County and used exclusively for aviation purposes is eligible for 100% exemption from all ad valorem taxation, (6) except for projects mentioned in #5, no property tax abatement shall be in excess of 50% of the amount that would have been paid, and (7) projects must be in compliance with NCAC Comprehensive Compatibility Plan and Johnson County's Airport Vicinity Overlay Districts and Zones Regulations.

Any tax abatement granted shall be accompanied by a performance agreement between the applicant and the Board of County Commissioners (BOCC) subject to annual review by the BOCC to determine that the conditions qualifying the business for the incentives continue to exist and that assurances made by the applicant to induce the BOCC to grant the incentives are fulfilled.

Johnson County cities have used tax abatements for many years to spur industrial and office development. Kansas statues provide a process for cities to abate property tax on qualifying property.

GASB 77 also requires disclosure information about tax abatements entered into by other governments affecting revenues of the College.

The following cities within Johnson County, Kansas have entered into tax abatement agreements that reduce property tax revenues for the College: De Soto, Edgerton, Gardner, Bonner Springs, Lenexa,

Note 12. Tax Abatement Disclosures (Continued)

Olathe, Overland Park, Shawnee and Spring Hill. The gross dollar amount by which the College's property tax revenues were reduced as a result of these tax abatement agreements entered into was approximately $3,358,000 and $2,830,000 during the years ending June 30, 2019 and June 30, 2018, respectively. There are no tax abatement agreements entered into by the College.

Johnson County Community College

Required Supplementary Information
Schedules of College's Proportionate Share
Year Ended June 30, 2019

KPERS Defined Benefit Pension Plan
Schedule of College's Proportionate Share of the Net Pension Liability

	Plan Year Ended			
	2018	2017	2016	2015*
Total proportion of the state/school group net pension liability allocated to the College	1.81410%	1.88268%	1.96949%	1.92353%
Less: proportion of the state/school group net pension liability allocated to the State of Kansas (special funding)	1.79760%	1.86020%	1.95760%	1.91227%
College's proportion of the state/school group net pension liability	0.01650%	0.02248%	0.01189%	0.01126%
Total proportionate share of the state/school group net pension liability allocated to the College	$ 119,305,580	$ 127,846,444	$ 133,398,205	$ 133,194,199
Less: proportionate share of the state/school group net pension liability allocated to the State of Kansas (special funding)	$ 118,342,322	$ 126,496,805	$ 132,370,340	$ 132,414,195
College's proportionate share of the state/school group net pension liability	$ 963,258	$ 1,349,639	$ 1,027,865	$ 780,004
College's state/school group covered payroll	$ 525,582	$ 710,293	$ 323,900	$ 242,814
College's state/school group proportionate share of net pension liability as a percentage of its covered payroll	183.27%	190.01%	317.34%	321.24%
Plan fiduciary net position as a percentage of the total pension liability	68.88%	67.12%	65.10%	64.95%

* GASB 68 requires presentation of ten years. The College's proportionate share of the net pension liability allocated to employer prior to the plan year ended 2015 is not available.

Changes of assumptions for 2017: Price inflation dropped from 3.00% to 2.75%, a reduction of the wage inflation from 4.00% to 3.50% and a reduction in the long-term rate of return (net of investment expenses including price inflation) from 8.00% to 7.75%.

Johnson County Community College

Required Supplementary Information
Schedules of College's Contributions to Defined Benefit Pension Plan
Year Ended June 30, 2019

KPERS Defined Benefit Pension Plan
Schedule of College's Contributions

	Plan Year Ended			
	2018	2017	2016	2015*
Required state/school group contribution	$ 82,321	$ 100,759	$ 72,003	$ 49,477
Contributions made in relation to the required contribution	82,321	100,759	72,003	49,477
Contribution deficiency	-	-	-	-
College's state/school group covered payroll	$ 525,582	$ 710,293	$ 323,900	$ 242,814
Contributions as a percentage of state/school group covered payroll	15.66%	14.19%	22.23%	20.38%

* GASB 68 requires presentation of ten years. The College's proportionate share of the net pension liability allocated to employer prior to the plan year ended 2015 is not available.

Johnson County Community College

Required Supplementary Information
Other Postemployment Benefit Plan – Medical and Prescription Drug Plan
Schedule of College's Net OPEB Liability
Year Ended June 30, 2019

Total OPEB Liability for fiscal year:	**2019**	**2018***
Service cost	$ 219,211	$ 199,797
Interest	172,831	175,654
Changes of benefit terms	-	-
Differences between expected and actual experience	(476,498)	-
Changes in assumptions or other inputs	86,333	254,651
Benefit payments	(537,000)	(620,000)
Net change in total OPEB liability	(535,123)	10,102
Total OPEB liability-beginning	5,286,603	5,276,501
Total OPEB liability-ending	$ 4,751,480	$ 5,286,603
Covered payroll	$ 60,651,205	$ 60,651,205
Total OPEB liability as a percentage of covered payroll	7.8%	8.7%

* GASB 75 requires presentation of ten years. The College's OPEB liability detail prior to the plan year ended 2018 is not available.

Notes to Schedule:

Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate was 3.0% for 2019.

Johnson County Community College

Required Supplementary Information
Other Postemployment Benefit Plan – KPERS long-term disability and life insurance benefit plans
Schedule of College's Net OPEB Liability
Year Ended June 30, 2019

Total OPEB Liability for fiscal year:	**2019**	**2018***
Service cost	$ 220,557	$ 234,775
Interest	127,988	114,376
Changes of benefit terms	-	-
Differences between expected and actual experience	102,156	-
Changes in assumptions or other inputs	(38,057)	(109,824)
Benefit payments	(793,183)	(536,459)
Net change in total OPEB liability	(380,539)	(297,132)
Total OPEB liability-beginning	3,747,617	4,044,749
Total OPEB liability-ending	3,367,078	3,747,617
Nonemployer contributing entity total proportionate share of the total OPEB liability:	100%	100%
Nonemployer contributing entity total proportionate share (amount) of the total OPEB liability:	$ 3,367,078	$ 3,747,617
College's proportionate share of the total OPEB liability:	0%	0%
College's proportionate share (amount) of the total OPEB liability:	$ -	$ -

* GASB 75 requires presentation of ten years. The College's OPEB liability detail prior to the fiscal year ended 2018 is not available.

Notes to Schedule:

Changes of assumptions

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

There have been no factors that significantly affect the trends in the amounts reported.

Johnson County Community College

Budgetary Expenditures with Appropriations (Unaudited)
Year Ended June 30, 2019

	Budgetary Expenditures	Legal Appropriations Budget	Under Budget
Current Unrestricted Funds:			
General	$ 119,497,359	$ 148,013,795	$ 28,516,436
Postsecondary technical education (PTE)	39,131,156	41,775,662	2,644,506
Subtotal General and PTE	158,628,515	189,789,457	31,160,942
Adult supplementary education	5,225,233	8,615,959	3,390,726
Truck driver training	242,014	884,402	642,388
Motorcycle driver	88,806	110,793	21,987
Auxiliary enterprises	12,660,359	15,709,559	3,049,200
Total Current Unrestricted Funds	176,844,927	$ 215,110,170	$ 38,265,243
Current Restricted Funds:			
Special assessments	212,300	$ 800,000	$ 587,700
Other restricted	15,769,698		
Total Current Restricted Funds	15,981,998		
Total Current Funds	192,826,925		
Plant Funds:			
Unexpended, capital outlay	7,686,402	$ 12,001,635	$ 4,315,233
Repair and replacement reserve	863,773		
Bond proceeds, construction	18,971,796		
Debt retirement, revenue bonds	3,668,351		
Total Plant Funds	31,190,322		
Total Current and Plant Funds	$ 224,017,247		