

**NEOSHO COUNTY  
COMMUNITY COLLEGE**  
Chanute, Kansas

Financial Statements and  
Independent Auditors' Report  
with Supplemental Information and  
Federal Compliance Section

For the Year Ended June 30, 2011

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

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**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

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

### **Introduction:**

The following discussion and analysis of the financial performance and activity of Neosho County Community College (The College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2011 with selected comparative information for the year ended June 30, 2010. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness of this information.

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

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

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

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

#### Required Supplementary Information:

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

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

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

Neosho County Community College completed a solid performance for the fiscal year ended June 30, 2010. At year end, the College's assets exceeded its liabilities by \$6,335,389. Of this amount, \$4,616,710 is classified as unrestricted net assets. These unrestricted net assets may be used to meet the College's ongoing obligations. Revenue was up in almost all categories and cash and fund balances increased or remained approximately equal to the 2010 level in almost all funds. Total state-aidable credit hours offered in 2011 were 40,367. While funding levels will be a concern for the College into the foreseeable future, since our three major sources of revenue are dependent upon student enrollment, state aid appropriations and assessed property valuation, the revenues in the 2011 year helped to maintain the College's strong financial condition.

**Statement of Net Assets**

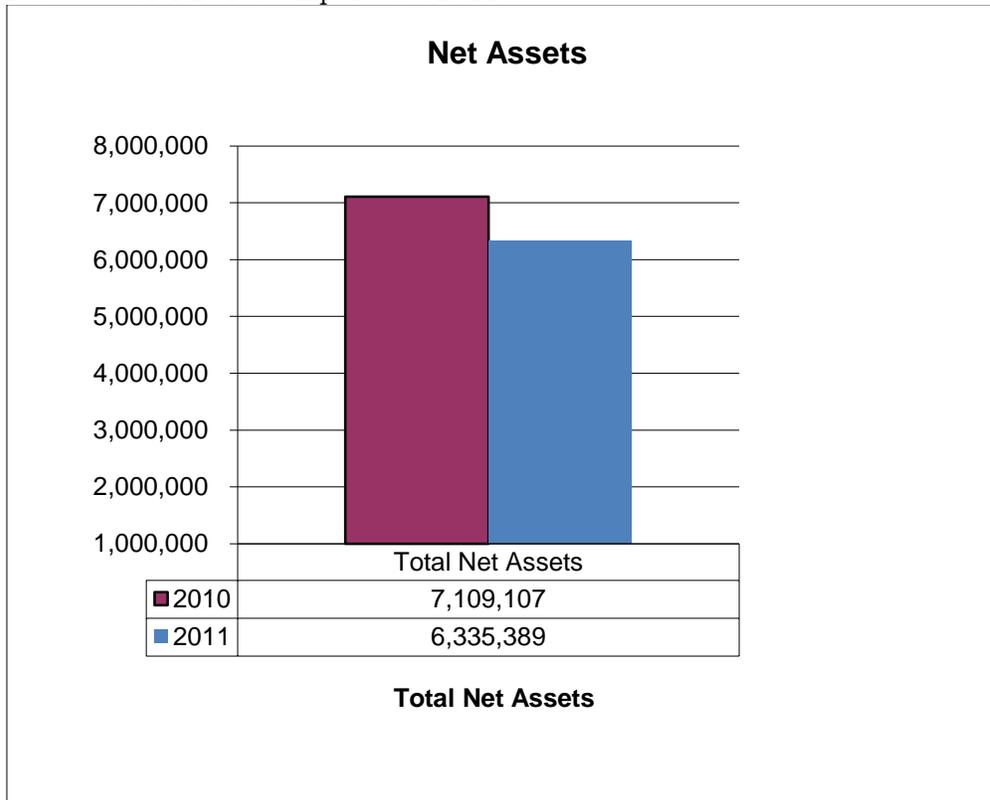
The statement of net assets presents the assets, liabilities, and net assets of the College at June 30, 2011. The purpose of the statement of net assets is to present the financial condition of the College.

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

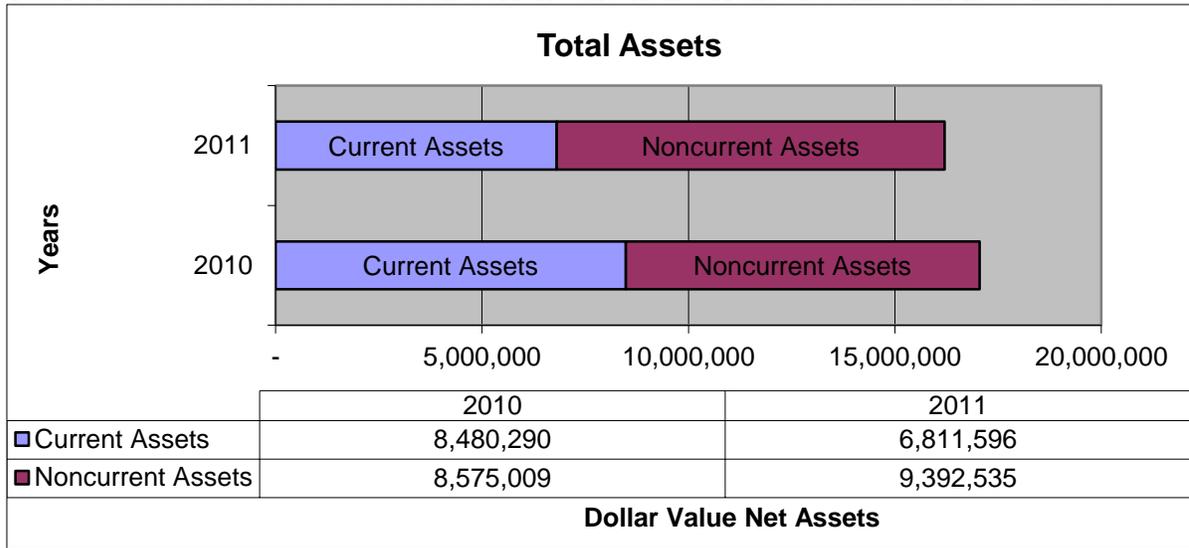
**Comparison of Assets – Fiscal Year 2010 to 2011**

Net assets are presented in three major categories. The first is invested in capital assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is restricted and the third is unrestricted. Net assets decreased during the current fiscal year from \$7,109,107 to \$6,335,389 for a total decrease of \$773,718; on a percentage basis this is a 10.88% decrease.

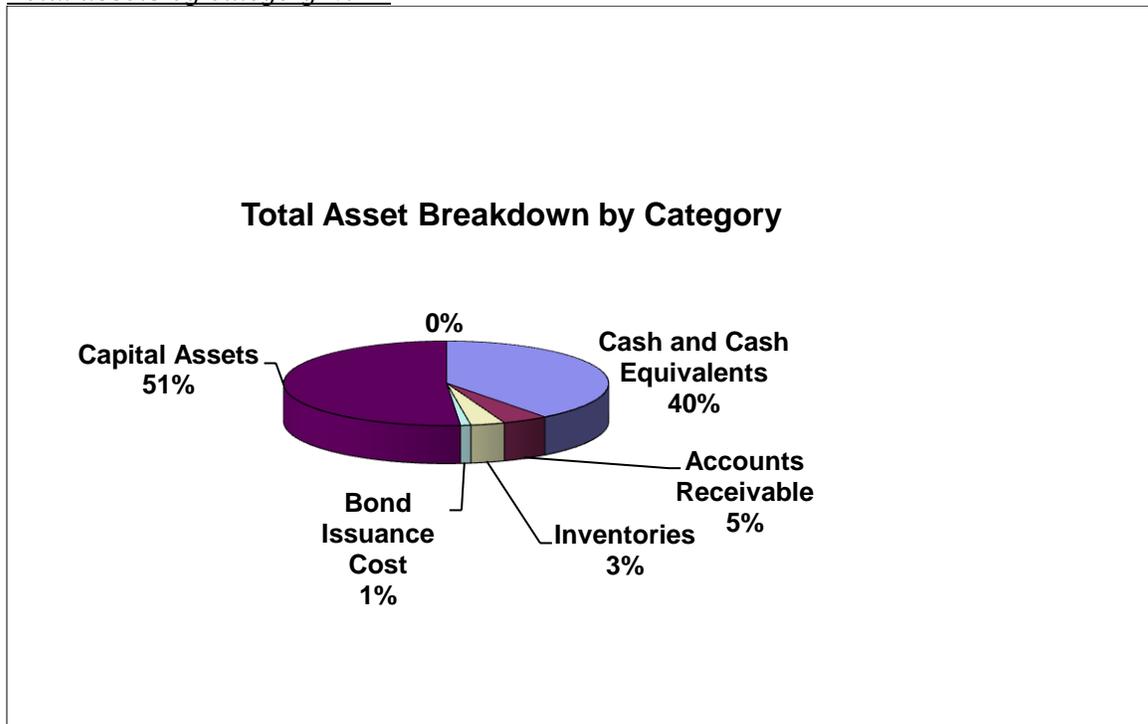
Net assets for 2010 compared to 2011:



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



*Total assets by category 2011*



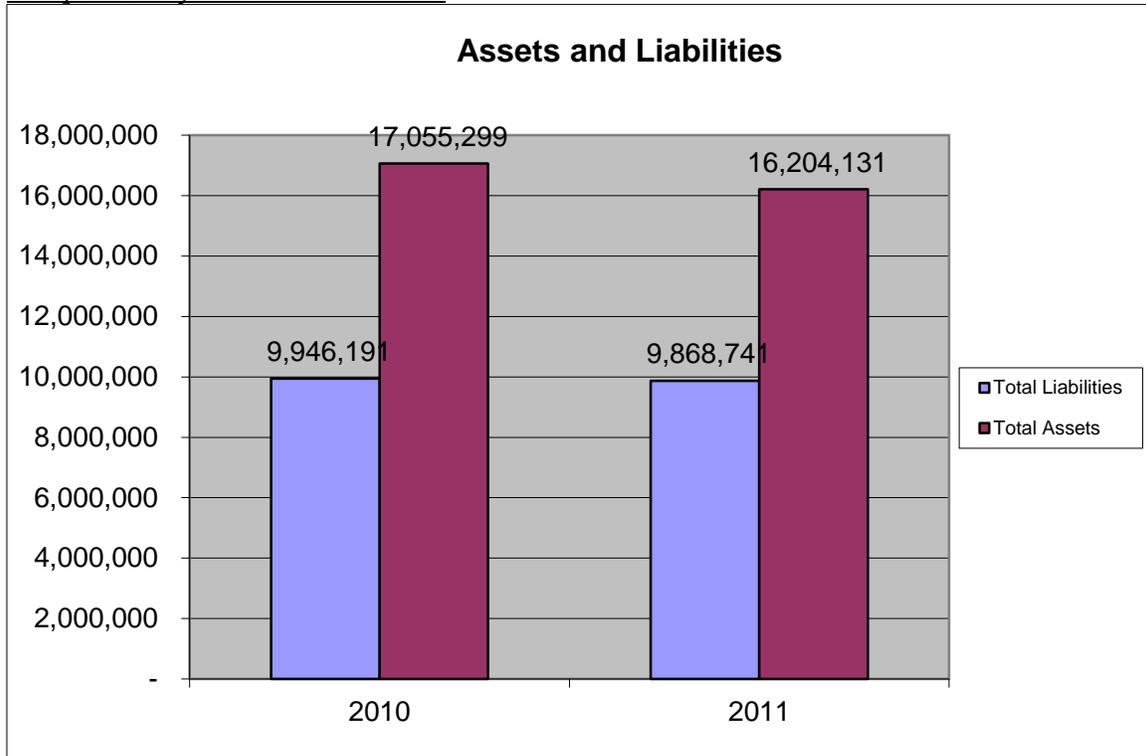
Of the \$16,204,131 in total assets, approximately 40% are in cash and cash equivalents. Capital assets represent 51% of total assets.

*Comparison of Liabilities – Fiscal Year 2010 to 2011*

	2010	% Total 2010	2011	% Total 2011
Current Liabilities	2,059,258	20.70%	2,392,729	24.25%
Noncurrent Liabilities	7,886,933	79.30%	7,476,012	75.75%
Total Liabilities	9,946,191	100.00%	9,868,741	100.00%

The liabilities are categorized between current and noncurrent. For example, the College's current liabilities consist primarily of accounts payable, accrued liabilities, deferred revenue and the current portion of revenue bonds payable. The noncurrent liabilities portion is due to the College's 2005 and 2010 series revenue bonds and capital lease payable. The bond refinancing was completed in March of 2005 and December 2010 served two primary purposes; 1) to reduce the bond payment amount and; 2) to take advantage of historically low interest rates.

*Comparison of Assets to Liabilities*



Total liabilities decreased \$77,450 from \$9,946,191 in 2010 to \$9,868,741 in 2011. This represents a .78% decrease in total liabilities. Assets decreased \$851,168 from \$17,055,299 to \$16,204,131 for a 4.99% decrease. The asset to liability ratio was 1.71 (\$17,055,299/\$9,946,191) in 2010 and 1.64 (\$16,204,131/9,868,741) in 2011. In summary, assets decreased \$851,168 while liabilities decreased by \$77,450.

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

The statement of revenues, expenses, and changes in net assets present the College's financial results for the fiscal year ending June 30, 2011. The statements include the College's revenue and expenses, both operating and nonoperating.

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

**Results of Operations Fiscal Year 2011**

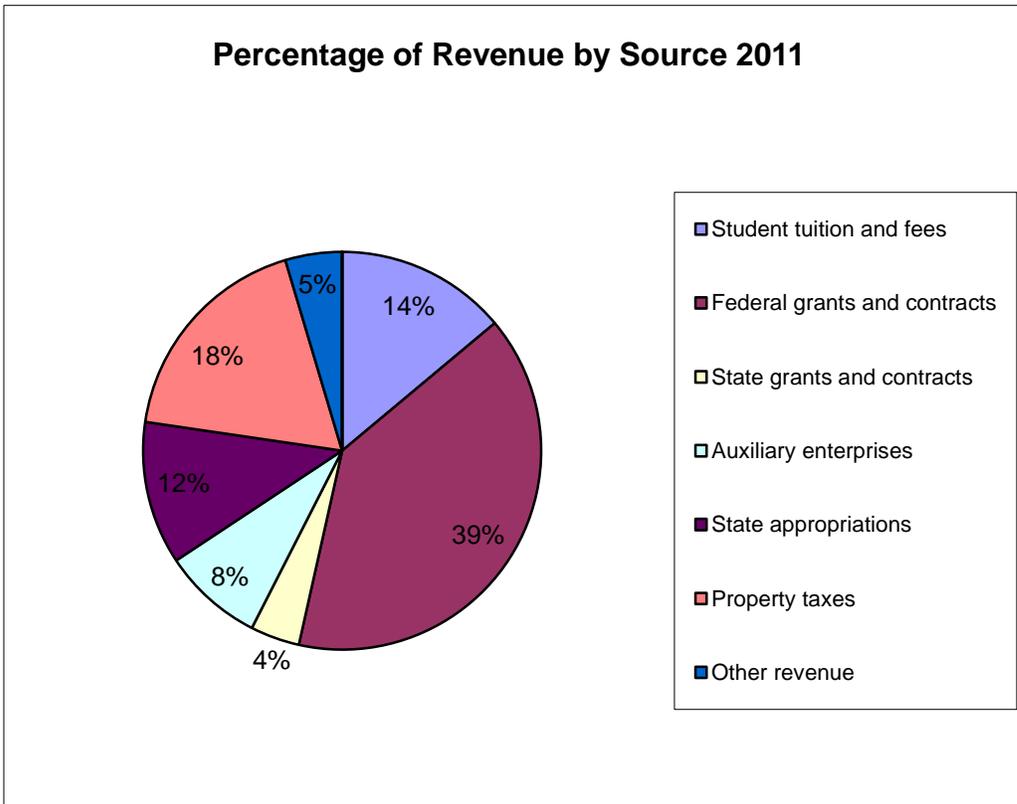
Revenue

Detail of the 2010 and 2011 expenditures:

	2010	% Total 2010	2011	% Total 2011
Student tuition and fees	3,763,776	18.02%	3,047,255	13.91%
Federal grants and contracts	6,590,770	31.55%	8,668,447	39.58%
State grants and contracts	1,059,311	5.07%	875,780	4.00%
Auxiliary enterprises	1,847,802	8.85%	1,795,472	8.20%
State appropriations	2,440,695	11.69%	2,546,285	11.63%
Property taxes	4,949,070	23.69%	3,958,088	18.07%
Other revenue	235,846	1.13%	1,008,934	4.61%
Total revenue	20,887,270	100.00%	21,900,261	100.00%

Components and sources of revenue:

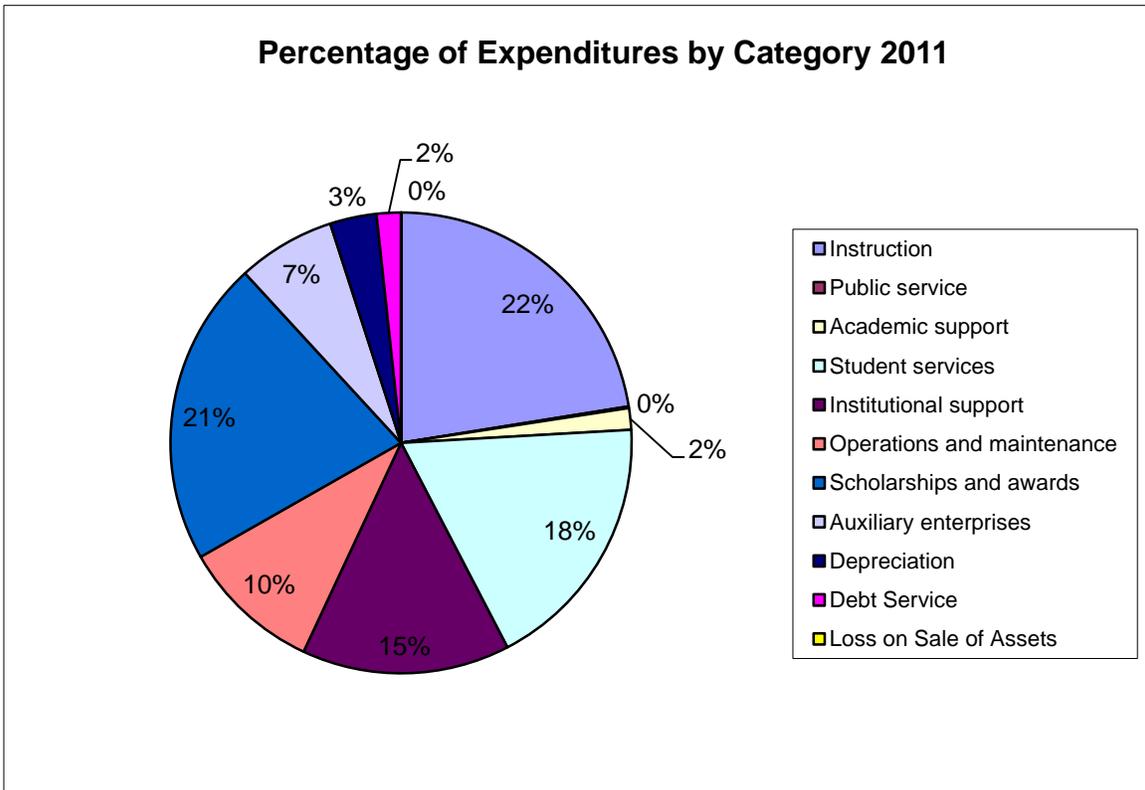
Neosho County Community College receives revenue from five major sources. They are: The State of Kansas; Federal Government; students, in the form of tuition and fees; local taxpayers, by way of property taxes; and through business style auxiliary enterprises. The percentage of state appropriation decreased .06% and the percentage of student tuition and fees decreased 4.11% in 2011.



Expenditures

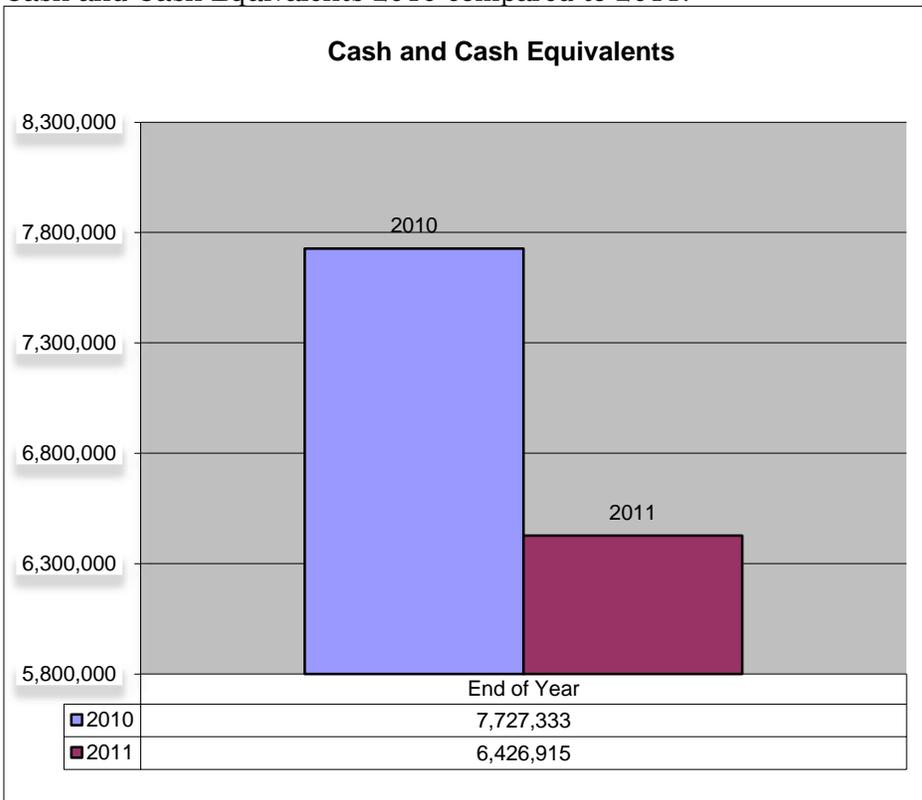
Detail of the 2010 and 2011 Education and General expenditures:

	2010	% Total 2010	2011	% Total 2011
Instruction	3,922,332	20.83%	5,093,775	22.47%
Public service	17,444	0.09%	26,776	0.12%
Academic support	625,238	3.32%	342,131	1.51%
Student services	3,225,667	17.13%	4,143,785	18.28%
Institutional support	2,902,996	15.42%	3,306,110	14.58%
Operations and maintenance	1,598,059	8.49%	2,226,160	9.82%
Scholarships and awards	4,296,077	22.82%	4,853,000	21.40%
Auxiliary enterprises	1,142,772	6.07%	1,555,559	6.86%
Depreciation	696,604	3.70%	740,491	3.27%
Debt Service	402,574	2.14%	386,192	1.70%
Total expenditures	18,829,763	100.00%	22,673,979	100.00%



**Statement of Cash Flows**

Cash and Cash Equivalents 2010 compared to 2011:



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

### **Summary of Overall Performance**

Neosho County Community College's financial condition declined overall this fiscal year. Net assets decreased, on an accrual basis, in 2011 from 2010 by \$773,718. Cash and cash equivalents decreased by \$1,300,418 (\$6,426,915-\$7,727,333. Fund balances on a budget basis (presented in supplementary information schedules 4-10) also decreased by \$2,127,715 from \$6,267,989 to \$4,140,274 during the 2011 fiscal year.

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

Since the new dorm was built, the College has not been able to fill all 244 beds in the two dorms. In fall 2004 the College had 200 residents. The occupancy dropped to 175 in the spring of 2005. In the fall 2005 the College had 204 residents. The occupancy dropped to 172 in the spring of 2006. In the fall 2006 the College had 219 residents. The occupancy decreased to 184 in the spring of 2007. In fall 2007 the College had 223 residents. The occupancy dropped to 208 in the spring of 2008. In fall 2008 the College had 220 residents. The occupancy dropped to 206 in the spring of 2009. In the fall 2009 the College had 230 residents. The occupancy dropped to 201 in the spring of 2010. In the fall of 2010 the College had 240 residents. The occupancy decreased to 192 in the spring of 2011. Therefore, the College does not have enough money from housing contracts, profits from the bookstore, and the student union fee paid on each credit hour by the Chanute students to cover annual expenditures. As a result, \$111,500 was transferred from agency funds as of June 30, 2011.

### **Economic Outlook**

Neosho County Community College shows relatively steady cash reserves and continued enrollment growth. State-aidable credit hour enrollments increased by 60.16% between FY2003 and FY2011.

### **Additional Funding Sources**

The College has been very successful in receiving grant monies to help leverage taxes received from Neosho County taxpayers. In FY 2011-2012, the College was awarded two grants through the Kansas Board of Regents. They are the Perkins Reserve Grant amounting to \$48,000 for the purchase of virtual welding equipment and the College Access Challenge Grant (CACG) amounting to \$11,800 for providing increased awareness by low income and disadvantaged students about postsecondary educational and financial aid opportunities available to them.

**Request for Information**

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



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

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

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

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Neosho County Community College  
Chanute, Kansas

We have audited the accompanying statement of net assets of Neosho County Community College, Chanute, Kansas, as of June 30, 2011, and the related statement of revenues, expenses, and changes in net assets and statement of cash flows for the year then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the guidance in the *Kansas Municipal Audit Guide*. Those standards and guidance require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Neosho County Community College as of June 30, 2011, and the changes in its net assets and cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 12, 2011, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Neosho County Community College's financial statements as a whole. The supplemental information, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements. The supplemental information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

P.O. Box 779  
Chanute, Kansas 66720  
(620) 431-6342  
October 12, 2011

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Statement of Net Assets

June 30, 2011

	Primary Institution	Component Unit- Foundation
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 5,523,382.40	\$ 196,848.95
Investments	-	1,952,229.62
Accounts Receivable	736,039.08	64,080.00
Inventories	552,174.18	-
Total Current Assets	<u>6,811,595.66</u>	<u>2,213,158.57</u>
Noncurrent Assets		
Cash and Cash Equivalents	903,532.48	-
Bond Issuance Costs, net	166,152.74	67,556.91
Capital Assets, Net of Accumulated Depreciation	8,322,849.91	6,996,904.03
Total Noncurrent Assets	<u>9,392,535.13</u>	<u>7,064,460.94</u>
 TOTAL ASSETS	 <u>\$ 16,204,130.79</u>	 <u>\$ 9,277,619.51</u>
 <b>LIABILITIES AND NET ASSETS</b>		
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 1,354,342.78	\$ 45,781.00
Accrued Interest Expense	24,589.05	40,541.52
Deposits Held in Custody for Others	1,013,796.86	107,109.02
Total Current Liabilities	<u>2,392,728.69</u>	<u>193,431.54</u>
Noncurrent Liabilities		
Accrued Vacation	146,284.74	-
Grants Pledged	-	54,908.50
OPEB Obligations	94,781.00	-
Revenue Bonds Payable	6,520,000.00	5,095,000.00
Notes Payable	-	280,865.40
Capital Leases Payable	714,947.06	-
Total Noncurrent Liabilities	<u>7,476,012.80</u>	<u>5,430,773.90</u>
TOTAL LIABILITIES	<u>9,868,741.49</u>	<u>5,624,205.44</u>
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	1,087,902.85	-
Restricted Net Assets		
Restricted Net Assets - Expendable	630,776.15	172,012.52
Restricted Net Assets - Nonexpendable	-	1,362,507.77
Unrestricted Net Assets	4,616,710.30	2,118,893.78
TOTAL NET ASSETS	<u>6,335,389.30</u>	<u>3,653,414.07</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 16,204,130.79</u>	 <u>\$ 9,277,619.51</u>

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

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Statement of Revenues, Expenses, and Changes in Net Assets

For the Year Ended June 30, 2011

	Primary Institution	Component Unit- Foundation
	<u>                    </u>	<u>                    </u>
REVENUES		
Operating Revenues		
Student Tuition and Fees, Net of Scholarship		
Discounts and Allowances of \$1,009,766.65	\$ 3,047,255.23	\$ -
Federal Grants and Contracts	5,604,658.90	32,000.00
State Grants and Contracts	875,779.80	-
Sales and Services of Auxiliary Enterprises	1,795,472.37	-
Other Operating Revenues	515,559.15	571,108.07
Total Operating Revenues	<u>11,838,725.45</u>	<u>603,108.07</u>
EXPENSES		
Educational and General		
Instruction	5,093,775.34	-
Public Service	26,776.37	-
Academic Support	342,131.09	-
Student Services	4,143,784.92	-
Institutional Support	3,306,109.55	358,663.38
Operation and Maintenance	2,226,160.06	-
Scholarships and Awards	4,853,000.17	106,552.13
Auxiliary Enterprises	1,555,558.50	-
Depreciation Expense	740,491.30	-
Total Operating Expenses	<u>22,287,787.30</u>	<u>465,215.51</u>
Operating Income (Loss)	<u>(10,449,061.85)</u>	<u>137,892.56</u>
Nonoperating Revenues (Expenses)		
State Appropriations	2,546,285.00	-
Federal Pell Grants	3,063,788.00	-
County Appropriations	3,958,087.59	-
Gifts	-	1,669,825.71
Investment Income	32,908.12	252,958.12
Debt Service	(386,191.59)	(239,023.59)
Gain (Loss) on Sale of Assets	460,466.79	(431,538.42)
Net Nonoperating Revenues (Expenses)	<u>9,675,343.91</u>	<u>1,252,221.82</u>
Increase (Decrease) in Net Assets	(773,717.94)	1,390,114.38
Net Assets - Beginning of Year	<u>7,109,107.24</u>	<u>2,263,299.69</u>
Net Assets - End of Year	<u>\$ 6,335,389.30</u>	<u>\$ 3,653,414.07</u>

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

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2011

	Primary Institution	Component Unit- Foundation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student Tuition and Fees	\$ 2,775,922.83	\$ -
Federal Grants and Contracts	5,604,658.90	32,000.00
State Grants and Contracts	875,779.80	-
Sales and Services of Auxiliary Enterprises	1,795,472.37	-
Miscellaneous Income	515,559.15	405,926.46
Payments on Behalf of Employees	(3,245,520.71)	-
Payments for Supplies and Materials	(522,866.05)	-
Payments for Other Expenses	(16,899,173.48)	(256,950.22)
Net cash provided by (used in) operating activities	<u>(9,100,167.19)</u>	<u>180,976.24</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	2,546,285.00	-
Federal Pell Grants	3,063,788.00	-
County Appropriations	3,958,087.59	-
Gifts	-	1,695,955.71
Net cash provided by (used in) noncapital financing activities	<u>9,568,160.59</u>	<u>1,695,955.71</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Payments for Purchase of Capital Assets	(1,400,677.34)	(6,605,601.64)
Proceeds on Sale of Assets	461,959.36	-
Interest Paid on Debt	(380,158.94)	(237,203.68)
Proceeds from the Issuance of Debt	795,000.00	-
Payments for Bond Issuance Cost	(17,325.75)	-
Principal Payments on Debt	(1,030,000.00)	(222,134.60)
Principal Payments on Capital Leases	(230,116.54)	-
Net cash provided by (used in) capital financing activities	<u>(1,801,319.21)</u>	<u>(7,064,939.92)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from Sales and Maturities of Investments	-	5,241,429.01
Purchase of Investments	-	(107,923.76)
Interest Earned on Investments	32,908.12	54,184.99
Net cash provided by (used in) investing activities	<u>32,908.12</u>	<u>5,187,690.24</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,300,417.69)	(317.73)
Cash and Cash Equivalents, Beginning of Year	<u>7,727,332.57</u>	<u>197,166.68</u>
Cash and Cash Equivalents, End of Year	<u>\$ 6,426,914.88</u>	<u>\$ 196,848.95</u>

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

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2011

	<u>Primary Institution</u>	<u>Component Unit- Foundation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (10,449,061.85)	\$ 137,892.56
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation Expense	740,491.30	42,681.63
Bond Amortization	-	3,555.63
(Increase) Decrease in Receivables	129,444.60	-
(Increase) Decrease in Inventory	88,931.19	-
Increase (Decrease) in Accounts Payable	573,721.28	13,246.54
Increase (Decrease) in Compensated Absences	11,339.95	-
Increase (Decrease) in Deferred Revenue	(400,777.00)	-
Increase (Decrease) in OPEB Obligations	42,856.00	-
Increase (Decrease) in Deposits Held for Others	162,887.34	(16,400.12)
Net cash provided by (used in) operating activities	<u>\$ (9,100,167.19)</u>	<u>\$ 180,976.24</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Cash and Cash Equivalents classified as current assets	\$ 5,523,382.40	\$ 196,848.95
Cash and Cash Equivalents classified as non-current assets	903,532.48	-
Total Cash and Cash Equivalents	<u>\$ 6,426,914.88</u>	<u>\$ 196,848.95</u>
Supplemental Information:		
Non Cash Contributions - Management and General	<u>\$ -</u>	<u>\$ 165,181.61</u>
Cash Paid for Interest	<u>\$ 395,099.02</u>	<u>\$ 237,203.68</u>

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

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Notes to the Financial Statements  
For the Year Ended June 30, 2011

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

Reporting Entity

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

Component Units

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

Basis of Accounting

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

The College has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after December 14, 1989, unless FASB conflicts with GASB. The College has elected to not apply FASB pronouncements issued after the applicable date.

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable and Deferred Revenue

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Kansas. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts. Accounts receivable also include taxes in process of collection for property taxes assessed and collected for the calendar year ending December 31, 2011.

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

Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in November 2010 are recorded as taxes receivable. Approximately 33% of these taxes are normally distributed after June 30, 2011, and are presented as accounts receivable-taxes in process and deferred revenue to indicate that they are not appropriable. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories

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

Noncurrent Cash and Cash Equivalents

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

Capital Assets

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

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

Capital Assets (Continued)

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

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

Compensated Absences

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

Noncurrent Liabilities

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

Net Assets

The College’s net assets are classified as follows:

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

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

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

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

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

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

Income Taxes

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

Classification of Revenues

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

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

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

Scholarship Discounts and Allowances

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

Accounting Estimates

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

Pension Plan

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

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

### Budgetary Information

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

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended June 30, 2011, the college amended the Retirement of Indebtedness (Bond and Interest) Fund.

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

Annual operating budgets are prepared using the cash basis of accounting, modified further by the recording of accounts payable and encumbrances. Revenue is recognized when cash is received. Expenditures include cash disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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

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

### Compliance with Bond Covenants

The bond resolution to issue the Series 2005, Student Union and Dormitory System Refunding and Improvement Revenue Bonds and the Series 2010, Student Union and Dormitory System Refunding Revenue Bond contains the following requirements:

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY** (Continued)

Compliance with Bond Covenants (Continued)

1. All income from operation of the Dormitory and Student Union building fees are to be placed in the Dormitory and Student Union Fund.
2. Disbursements from the Dormitory and Student Union Fund are required as follows:
  - (a) Monthly transfers to the Student Union-Dormitory Bond and Interest Account not less than 1/6th of the next revenue bond interest due starting April 1, 2005.
  - (b) Monthly transfers to the Student Union-Dormitory Bond and Interest Account not less than 1/12th of the next revenue bond principal due starting April 1, 2005.
  - (c) A balance in an amount equal to the lesser of, 10% of the stated principal amount of all parity bonds on the date of original issuance, the maximum annual debt service requirements for all parity bonds during any fiscal year, or 125% the average annual future debt service requirements of the bonds and all parity bonds, is to be maintained in the Dormitory Bond Reserve Account.
  - (d) The Depreciation and Replacement Account contains \$50,000.00 as of the date of issuance and, beginning on April 1, 2005, after meeting all requirements of (a) through (c) above, if the account is ever below the required amount, there shall be paid and credited to the Depreciation and Replacement Account the sum of \$1,000 each month until the Depreciation and Replacement Account reaches a sum equal to \$50,000.00.
  - (e) After meeting all requirements of (a) through (d) above, all remaining money in the Dormitory and Student Union Account shall be paid to the Student Union-Dormitory Surplus Account. This fund may pay costs of operation, maintenance, repair, improvements or redeem the revenue bonds prior to their normal maturity.
  - (f) The College agrees to maintain rental rates, fees and charges for the use of buildings and facilities, which will be sufficient to have each year a gross operating income of at least 125% of the annual requirement for principal and interest requirements on all the outstanding Student Union-Dormitory Revenue Bonds.
3. For the year ended June 30, 2011, the College met the gross operating income covenant, as gross operating income must equal at least 125% of the annual requirement for principal and interest on all the outstanding Student Union-Dormitory Revenue Bonds. For the year ended June 30, 2011, the Student Union Dorm Fund had net income of \$738,893.82 which is 127.40% of the annual debt service requirement of \$579,989.96.

4. At June 30, 2011, the bond reserves had the following balances:

	<u>ACTUAL</u>	<u>REQUIRED</u>
Student Union – Dormitory Bond and Interest Account	\$ 41,485.59	\$ 41,484.90
Student Union – Dormitory Bond Reserve Account	539,291.25	539,291.25
Student Union – Depreciation and Replacement Account	50,000.00	50,000.00

**2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)**

Compliance with Kansas Statutes

Supplemental Schedules 4 to 10 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Schedule 10, the College was in apparent violation of K.S.A. 79-2934. The College has obligated expenditures in excess of budgetary limits in the Retirement of Indebtedness Fund, however, K.S.A 10-1,116 provides that under certain situations, the fund can exceed budgeted amounts and therefore, exempt from the budget laws of the State of Kansas. The Retirement of Indebtedness Fund met the criteria under the statutes and therefore, is not deemed to be in violation of the Kansas budget laws.

**3. DEPOSITS**

Primary Institution:

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

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

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

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2011.

At year-end, the College's carrying amount of the deposits was \$6,425,314.88 and the bank balance was \$7,236,764.22. The bank balance was held by six banks resulting in a concentration of credit risk. Of the bank balance, \$3,273,656.43, was covered by FDIC insurance and \$3,963,107.79, was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name.

Component Unit:

At year-end, the Foundation's carrying amount of deposits was \$196,848.95 and the bank balance was \$201,748.37. The bank balance was held by five banks and one investment company resulting in a concentration of credit risk. Of the bank balances, \$168,262.35 was covered by FDIC insurance and the remaining \$33,486.02 was covered with SIPC insurance.

#### 4. **INVESTMENTS**

##### Component Unit:

##### Investment Policy

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

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

Investments are made under the direction of the Board of Directors. Equity investments and other investments are recorded at fair values subject to comments on Investments under the summary of accounting policies. Investments at June 30, 2011, are comprised of the following:

	<u>COST</u>	<u>FAIR VALUE</u>
Held in trust with Edward Jones:		
Mutual Funds	\$ 1,512,127.13	\$ 1,617,520.31
Certificates of Deposit	295,372.50	303,576.35
Held in trust with UMB Trust Services		
Fixed Income Securities	31,132.96	31,132.96
Total Investments	<u>\$ 1,838,632.59</u>	<u>\$ 1,952,229.62</u>

#### 5. **FAIR VALUE MEASUREMENTS**

##### Component Unit:

The Foundation uses fair value measurement to record fair value adjustment to certain assets and liabilities. Fair Value Measurements requires classification of assets and liabilities into three levels based on the method used to value the assets or liabilities. Level 1 values are based on quoted prices in active markets for identical securities. Level 2 values are based on significant observable market inputs, such as quoted prices for similar securities and quoted prices in inactive markets. Level 3 values are based on significant unobservable inputs that reflect the Foundation's determination of assumptions that market participants might reasonably use in valuing the securities. The valuation levels are not necessarily an indication of the risk of liquidity associated with the underlying investment. For example, U.S. government securities are generally high quality and liquid; however, they are reflected as Level 2 because the inputs used to determine fair value may not always be quoted prices in an active market. The following table sets forth carrying amounts and estimated fair value for financial instruments at June 30, 2011:

	June 30, 2011			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 1,617,520.31	\$ --	\$ --	\$ 1,617,520.31
Certificates of Deposit	303,576.35	--	--	303,576.35
Fixed Income	--	31,132.96	--	31,132.96
Totals	<u>\$ 1,921,096.66</u>	<u>\$ 31,132.96</u>	<u>\$ --</u>	<u>\$ 1,952,229.62</u>

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

	June 30, 2010			
	Level 1	Level 2	Level 3	Total
Mutual Funds	\$ 1,372,354.92	\$ --	\$ --	\$ 1,372,354.92
Fixed Income	--	5,210,748.29	--	5,210,748.29
Certificates of Deposit	<u>303,858.53</u>	<u>--</u>	<u>--</u>	<u>303,858.53</u>
Totals	<u>\$ 1,676,213.45</u>	<u>\$ 5,210,748.29</u>	<u>\$ --</u>	<u>\$ 6,886,961.74</u>

There were no significant transfers between level 1 and level 2 investments. Transfers out of level 2 investments were withdrawn for capital asset purchases all during the year ended June 30, 2011.

**7. ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2011, consisted of the amounts due under the following programs:

	<u>Primary Institution</u>
Current:	
Federal Grants	\$ 540,310.10
State Grants	31,166.51
Student Accounts	<u>164,562.47</u>
Total Accounts Receivable	<u>\$ 736,039.08</u>

All receivables are considered collectible at June 30, 2011. The College has elected to record bad debts using the direct write off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. However, the effect, if using the direct write-off method, is not materially different from the results that would have been obtained under the allowance method.

**8. INVENTORIES**

Inventories consisted of the following at June 30, 2011:

College Bookstore	
Rental and Consumable Textbooks	\$ 505,219.50
Garments	27,677.99
Other Supplies	<u>19,276.69</u>
	<u>\$ 552,174.18</u>

**9. UNCONDITIONAL PROMISES TO GIVE**

Component Unit:

Unconditional promises to give at June 30, 2011, consist of the following:

Beyond 70 Campaign:	Due within one year	\$ 6,500.00
	Due within five years	<u>7,000.00</u>
	Total	<u>\$ 13,500.00</u>

**9. UNCONDITIONAL PROMISES TO GIVE** (Continued)

Sustainably Energy:	Due within one year	\$ 5,000.00
	Due within five years	<u>5,000.00</u>
	Total	<u>\$ 10,000.00</u>
Baseball Turf:	Due within one year	\$ 5,880.00
	Due within five years	25,100.00
	Due in more than five years	<u>9,600.00</u>
	Total	<u>\$ 40,580.00</u>

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

**10. CAPITAL ASSETS**

Following are the changes in capital assets for the year ended June 30, 2011:

Primary Institution:

	Balance 06/30/2010	Additions	Retirements	Balance 06/30/2011
Other Capital Assets				
Construction in Progress	\$ -	\$ 725,770.80	\$ -	\$ 725,770.80
Buildings and Improvements	10,309,268.84	100.00	(100.00)	10,309,268.84
Buildings and Improvements Under Capital Lease	2,075,673.05	-	-	2,075,673.05
Equipment	3,137,394.59	674,806.54	(117,201.61)	3,694,999.52
Equipment - Under Capital Lease	<u>329,550.00</u>	-	-	<u>329,550.00</u>
Total Other Capital Assets	<u>15,851,886.48</u>	<u>1,400,677.34</u>	<u>(117,301.61)</u>	<u>17,135,262.21</u>
Accumulated Depreciation				
Buildings and Improvements	4,896,111.63	222,598.66	-	5,118,710.29
Buildings and Improvements Under Capital Lease	691,891.02	138,378.20	-	830,269.22
Equipment	2,425,598.23	313,604.40	(115,809.04)	2,623,393.59
Equipment - Under Capital Lease	<u>174,129.16</u>	<u>65,910.04</u>	-	<u>240,039.20</u>
Total Accumulated Depreciation	<u>8,187,730.04</u>	<u>740,491.30</u>	<u>(115,809.04)</u>	<u>8,812,412.30</u>
Net Capital Assets	<u>\$ 7,664,156.44</u>	<u>\$ 660,186.04</u>	<u>\$ (1,492.57)</u>	<u>\$ 8,322,849.91</u>

**10. CAPITAL ASSETS (Continued)**

Component Unit:

	Balance 06/30/2010	Additions	Retirements	Balance 06/30/2011
Capital Assets Not Being Depreciated				
Construction in Progress	\$ 118,800.00	\$ 6,605,601.64	\$ -	\$ 6,724,401.64
Total Capital Assets Not Being Depreciated	<u>118,800.00</u>	<u>6,605,601.64</u>	<u>-</u>	<u>6,724,401.64</u>
Other Capital Assets				
Buildings and Property	851,431.30	-	(540,000.00)	311,431.30
Equipment	4,009.00	-	-	4,009.00
Total Other Capital Assets	<u>855,440.30</u>	<u>-</u>	<u>(540,000.00)</u>	<u>315,440.30</u>
Accumulated Depreciation				
Buildings and Property	104,708.86	42,681.63	(108,461.58)	38,928.91
Equipment	4,009.00	-	-	4,009.00
Total Accumulated Depreciation	<u>108,717.86</u>	<u>42,681.63</u>	<u>(108,461.58)</u>	<u>42,937.91</u>
Net Capital Assets	<u>\$ 865,522.44</u>	<u>\$ 6,562,920.01</u>	<u>\$ (431,538.42)</u>	<u>\$ 6,996,904.03</u>

**11. LONG-TERM DEBT**

Primary Institution:

Long-term debt of the College consists of the following as of June 30, 2011:

Student Union and Dormitory System Refunding Revenue Bonds, Series 2010 issued December 30, 2010, in the original amount of \$795,000.00, payable in annual payments of \$25,000.00 to \$70,000.00, plus interest at 3.375% to 5.125%, maturing June 1, 2030, with a lump-sum payment of \$145,000.00 due June 1, 2030.	\$ 795,000.00
Student Union and Dormitory System Refunding Revenue Bonds, Series 2005 issued March 23, 2005, in the original amount of \$6,295,000.00, payable in annual payments of \$75,000.00 to \$390,000.00, plus interest at 3.00% to 5.25%, maturing June 1, 2030, with a lump-sum payment of \$880,000.00 due June 1, 2030.	<u>5,725,000.00</u>
Total Long-Term Debt	<u>\$ 6,520,000.00</u>

**11. LONG-TERM DEBT** (Continued)

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2011:

Obligations:	PRINCIPAL JUNE 30, 2010	PRINCIPAL RECEIVED (PAID)	PRINCIPAL JUNE 30, 2011	INTEREST PAID
Revenue Bonds – Series 1999	\$ 860,000.00	\$ (860,000.00)	\$ - -	\$ 107,134.80
Revenue Bonds – Series 2005	5,895,000.00	(170,000.00)	5,725,000.00	287,622.50
Revenue Bonds – Series 2010	- -	795,000.00	795,000.00	15,232.66
	<u>\$6,755,000.00</u>	<u>\$ (235,000.00)</u>	<u>\$6,520,000.00</u>	<u>\$ 409,989.96</u>

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

FISCAL YEAR JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2012	\$ 180,000.00	\$ 317,818.75	\$ 497,818.75
2013	190,000.00	310,978.75	500,978.75
2014	195,000.00	303,358.75	498,358.75
2015	205,000.00	295,286.25	500,286.25
2016	215,000.00	286,573.75	501,573.75
2017-2021	1,405,000.00	1,264,677.50	2,669,677.50
2022-2026	1,795,000.00	887,761.25	2,682,761.25
2027-2030	<u>2,335,000.00</u>	<u>353,018.50</u>	<u>2,688,018.50</u>
	<u>\$ 6,520,000.00</u>	<u>\$4,019,473.50</u>	<u>\$ 10,539,473.50</u>

Component Unit:

Long-term debt of the Foundation consists of the following as of June 30, 2011:

Educational Facility Revenue Bonds, Series 2010 issued April 15, 2010, in the original amount of \$5,270,000.00 for the construction of facility for Neosho County Community College, payable in annual payments from \$175,000.00 to 385,000.00, plus interest at 2.50% to 5.00%, maturing April 1, 2030. The bonds are secured by the property and a lease agreement signed with Neosho County Community College. \$ 5,095,000.00

The Foundation has entered into an agreement dated April 20, 2010 with Bank of Commerce for the purchase of Baseball field artificial turf. Originally for \$309,000.00, requiring annual payments of \$40,504.19, including annual interest at 5.25% per annum (adjusted yearly), with a scheduled maturity in April 1, 2020. This note is unsecured with a covenant to keep investments in its portfolio in an amount not less than the unpaid balance. 280,865.40

Total Long-Term Debt \$ 5,375,865.40

**11. LONG-TERM DEBT** (Continued)

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2011:

Obligations:	PRINCIPAL JUNE 30, 2010	PRINCIPAL RECEIVED (PAID)	PRINCIPAL JUNE 30, 2011	INTEREST PAID
Revenue Bonds –				
Series 2010	\$ 5,270,000.00	\$ (175,000.00)	\$ 5,095,000.00	\$ 225,025.70
Baseball Turf	<u>309,000.00</u>	<u>(28,134.60)</u>	<u>280,865.40</u>	<u>12,177.98</u>
	<u>\$ 5,579,000.00</u>	<u>\$ (203,134.60)</u>	<u>\$ 5,375,865.40</u>	<u>\$ 237,203.68</u>

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

FISCAL YEAR JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2012	\$ 205,758.76	\$ 231,164.93	\$ 436,923.69
2013	217,111.09	225,312.60	442,423.69
2014	228,534.42	219,139.27	447,673.69
2015	235,032.48	212,141.21	447,173.69
2016	241,609.19	204,414.50	446,023.69
2017-2021	1,312,819.46	869,113.36	2,181,932.82
2022-2026	1,485,000.00	541,722.50	2,026,722.50
2027-2030	<u>1,450,000.00</u>	<u>166,334.00</u>	<u>1,616,334.00</u>
	<u>\$ 5,375,865.40</u>	<u>\$ 2,669,342.37</u>	<u>\$ 8,045,207.77</u>

**12. CAPITAL LEASES**

The College entered into a capital lease agreement dated March 24, 2005, with Citicapital for the energy conservation project. The total cost was \$1,450,673.05. The lease calls for monthly payments of \$14,625.39, including interest at 3.91% per annum, maturing June 14, 2015.

<u>Capital Lease – Energy Conservation Project</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2012	\$ 175,504.68
2013	175,504.68
2014	175,504.68
2015	<u>175,504.68</u>
Total Net Minimum Lease Payments	702,018.72
Less: Imputed Interest	<u>(42,860.31)</u>
Net Present Value of Capital Lease	<u>659,158.41</u>
Less: Current Maturities	<u>(152,852.70)</u>
Long-Term Capital Lease Obligations	<u>\$ 506,335.71</u>

**12. CAPITAL LEASES** (Continued)

The College entered into a capital lease agreement dated May 24, 2007, with Commercial Bank for Jenzabar software including initialization and training. The total cost was \$275,000.00. The lease calls for monthly payments of \$5,208.82, including interest at 5.1451% per annum, maturing May 24, 2012.

<u>Capital Lease – Jenzabar Software</u>	
Debt requirements are as follows:	
June 30, 2012	\$ 57,232.69
Total Net Minimum Lease Payments	57,232.69
Less: Imputed Interest	<u>(1,444.04)</u>
Net Present Value of Capital Lease	<u>55,788.65</u>
Less: Current Maturities	<u>(55,788.65)</u>
Long-Term Capital Lease Obligations	<u>\$ - -</u>

**13. OPERATING LEASES**

The College has entered into a number of operating leases for space, vehicles and office equipment. Total rent expense paid under the current operating leases was \$438,250.18 for the year ended June 30, 2011. All current operating leases, except as described below, are on a month to month contract with no future minimum rental payments.

Related Party Operating Lease

The College has entered into a lease agreement with Neosho County Community College Foundation for the lease of a facility the Foundation owns. The operating lease is a noncancelable 20 year lease requiring annual payments sufficient to cover debt payments and any additional cost of construction associated with the facility. Amounts paid in fiscal year ended June 30, 2011, was \$394,401.51. Future minimum rental payments due under the operating lease are as follows:

<u>FISCAL YEAR</u> <u>JUNE 30,</u>	<u>TOTAL</u>
2012	\$ 396,419.50
2013	401,919.50
2014	407,169.50
2015	406,669.50
2016	405,519.50
2017-2021	2,026,022.50
2022-2026	2,026,722.50
2027-2030	<u>1,616,334.00</u>
	<u>\$ 7,686,776.50</u>

**14. GRANTS TO OTHERS**

Component Unit:

The Foundation originally pledged \$200,000.00 to be given over ten years to assist in the construction of the Chanute Community Sports Complex in Chanute, Kansas. Accounting principles generally accepted in the United States of America requires that this pledge be recorded as an expense at the time of the pledge at present value. The following schedule lists the yearly contribution, discounted to present value. A discount rate of three percent was used for the calculation.

<u>Year Ending June 30,</u>	<u>Contribution</u>	<u>Less Discount</u>	<u>Present Value</u>
2012	\$ 20,000.00	\$ 1,647.26	\$ 18,352.74
2013	20,000.00	1,696.67	18,303.33
2014	<u>20,000.00</u>	<u>1,747.57</u>	<u>18,252.43</u>
	<u>\$ 60,000.00</u>	<u>\$ 5,091.50</u>	<u>\$ 54,908.50</u>

**15. RESTRICTED NET ASSETS - EXPENDABLE**

Component Unit:

Restricted net assets - Expendable consist of contributions, restricted to use of interest only for 25 years, current restrictions expire November 2012 in the amount of \$10,000.00 and contributions restricted to use in the amount of \$172,012.52.

**16. NET ASSETS - NONEXPENDABLE**

Component Unit:

On June 30, 2011 the Foundation Net Assets and Endowments are summarized in the following table:

	<u>Permanently Restricted</u>
Donor-Restricted Endowment Funds	\$ 1,362,507.77
Board-Designated Endowment Funds	- -
Total Funds	<u>\$ 1,362,507.77</u>

Changes in endowment net assets as of June 30, 2011 are as follows:

	<u>Permanently Restricted</u>
Endowment Net Assets, Beginning of Year	\$ 1,342,507.77
Contributions	<u>20,000.00</u>
Endowment Net Assets, End of Year	<u>\$ 1,362,507.77</u>

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

**17. 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 retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. 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, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

*Funding Policy.* K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% of covered salary. 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 remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 9.17% of covered payroll. These contributions requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for school municipality employees for the years ending June 30, 2011, 2010, and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year. During the year ended June 30, 2011, payments made by the State of Kansas to KPERS on behalf of the College totaled \$575,353.25.

**18. OTHER POST EMPLOYMENT BENEFITS**

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

During fiscal year 2010, the College implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes the following measurement and recognition disclosures:

*Plan description:* The College sponsors a single-employer other post-employment benefit plan that provides medical, dental, 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, 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. Also, a retiring employee who waives continuing participation in the College's health plan at the time of retirement is not eligible to participate at a later date. Employees who qualify for a total disability benefit under the KPERS Disability Benefits Program are eligible for benefits until they qualify for Medicare. Spouses may continue coverage upon retiree death or attainment of Medicare eligibility age under Cobra for up to 36 months not to exceed the spouse's own age 65.

*Funding policy:* The College establishes and amends contribution requirements. The current funding policy of the College is to fund benefits on a pay-as-you-go basis. This arrangement does not qualify as other post employment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting. Retirees, who either meet the Rule of 85 or are age 55 with 15 years of service upon retirement, pay no premiums for medical coverage.

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

Annual OPEB cost and net OPEB obligation: The College's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities or funding excess) over a period not to exceed thirty years. The following table shows the components of the College's annual OPEB obligation.

Annual Required Contribution	\$ 61,856.00
Interest on Net OPEB Obligation	--
Adjustment to Annual Required Contribution	--
Annual OPEB Cost	<u>61,856.00</u>
Net Contributions Made	<u>32,925.00</u>
Net OPEB Obligation	<u>94,781.00</u>
Net OPEB Obligation – June 30, 2010	51,925.00
Net OPEB Obligation – June 30, 2011	<u>\$ 94,781.00</u>

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 follows. This is the transition year of GASB Statement No. 45.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 61,856.00	53.23%	\$ 94,781.00

Funded Status and Funding Progress: As of July 1, 2009, the most recent actuarial valuation, the plan was zero percent funded. The College's actuarial accrued liability for benefits was \$433,139 and the actuarial value of assets is zero, resulting in an unfunded actuarial accrued liability (UAAL) of \$433,139. The results of the July 1, 2009 valuation were rolled forward to June 30, 2010. The actuarial accrued liability for benefits was \$433,139, and the actuarial value of assets is none, resulting in an unfunded actuarial accrued liability (UAAL) of \$433,139 as of June 30, 2011. The covered payroll (annual payroll of active employees covered by the plan) was \$4,793,587 and the ratio of the UAAL to the covered payroll was 9.04%.

Actuarial Methods and Assumptions: Actuarial valuations for an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Actuarially determined amounts are subject to continuous revision as actual results are compared to past expectations and new estimates are made about the future. Although the valuation results are based on values the College's actuarial consultant believes are reasonable assumptions, the valuation result is only an estimate of what future costs may actually be and reflect a long-term perspective. Deviations in any of several factors, such as future interest rate discounts, medical cost inflation, Medicare coverage risk, and changes in marital status, could result in actual costs being greater or less than estimated. The required schedule of funding progress, presented as required supplementary information immediately following the notes to the financial statements, presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

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

In the initial actuarial valuation for the Plan as of July 1, 2009, the projected unit credit actuarial cost method was used. The actuarial assumptions included an 4.00% investment rate of return (net of administrative expenses), which is a blended rate of the expected long-term investment returns on Plan assets and on the College's own investments calculated based on the funded level of the Plan at the valuation date, and an annual healthcare cost trend rate of 8.5% initially, reduced by decrements to an ultimate rate of 5% after eight years. The actuarial value of assets will be determined using fair value. The UAAL will be amortized over a 30 year open period in level dollar amounts.

*Early Retirement Benefits:* The College provides an early retirement program for certain eligible employees. The early retirement benefit shall be an annual payment determined by utilization of the percentage opposite the year of benefit on the following table. The percentage for the year shall be multiplied by the Professional Employee's last annual contract salary. The payment shall be paid annually in either January or June through the College contract year in which the Professional Employee reaches age sixty-four (64) or for a period of five (5) years, whichever occurs first. The initial date selected for first year payment (January/June) shall then become the anniversary date for subsequent payments. The age at the time of retirement shall determine the percentage of last annual salary for that year and each subsequent year.

<u>Year of Benefit</u>	<u>Percent of Last Annual Salary</u>
Age 56	8%
Age 57	10%
Age 58	13%
Age 59	17%
Age 60	21%
Age 61	17%
Age 62	13%
Age 63	10%
Age 64	8%

The following is a schedule of benefits payable for eligible employees which have taken early retirement as of June 30, 2011:

<u>Paid or Payable</u>	<u>Year Ended June 30<sup>th</sup></u>	<u>Amount</u>
Paid	2011	<u>\$ 22,968.92</u>
Payable	2012	\$ 22,968.92
Payable	2013	23,084.63
Payable	2014	23,084.63
Payable	2015	8,949.15
Payable	2016	8,949.15
Payable	2017	8,949.15

**19. COMPENSATED ABSENCES**

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

Schedule of Vacation Hours (Days)

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

Each full-time employee shall receive one sick day per month, cumulative to a maximum of 60 days by the end of the 5<sup>th</sup> contracted year of employment. After the 5<sup>th</sup> year, each employee shall receive one day per month, but cannot accumulate more than 6 days per year thereafter for a maximum of 90 days. There is no compensation for unused sick leave upon termination of employment.

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

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

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

**20. CONTINGENT LIABILITIES**

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

**21. CONCENTRATION OF RISK**

Component Unit

63.79% of the Foundation’s cash and investments are invested in equities and equity mutual funds at June 30, 2011. The effect in the future on the Foundation’s equity portfolio is unknown and is subject to market economic conditions.

**22. RISK MANAGEMENT**

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

**23. REVENUE BOND REQUIRED DISCLOSURE**

Insurance is carried on property constituting the system covered by the Series 2005 Student Union and Dormitory System Refunding Revenue Bonds in the amount of \$7,246,532.00 blanket coverage, \$1,000.00 deductible per occurrence, through EMC Insurance Company for the period July 1, 2010, through July 1, 2011, renewable annually. The premiums paid were \$8,043.97.

Total system users for the fall 2010 and the spring of 2011 were as follows:

	<u>Fall 2010</u>	<u>Spring 2011</u>
Dorm Residents	240	192

**24. RELATED PARTY TRANSACTIONS**

The Neosho County Community College Foundation was formed to promote and foster the educational purposes of the College, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the College. The Foundation acts largely as a fund raising organization, soliciting, receiving, managing and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation's board of directors. The Foundation disbursed to the College for the year ended June 30, 2011, \$62,752.13. The Foundation disbursed on behalf of the College, through its activities funds for the year-ended June 30, 2011, \$196,417.88. The College disbursed on behalf of the Foundation donated services and facilities for the year ended June 30, 2011, \$165,181.61. The College disbursed to the Foundation in the form of rent \$394,401.51.

**25. SUBSEQUENT EVENTS**

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

## 26. SEGMENT INFORMATION

A segment is an identifiable activity reported as a stand alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains, losses, assets, and liabilities that are required by an external party to be accounted for separately. The Auxiliary Enterprise Dorm Fund qualifies as a segment and is as follows:

### Condensed Statement of Net Assets

Assets:	
Current assets	\$ 562,765.50
Liabilities	
Current liabilities	\$ 17,814.61
Noncurrent liabilities	10.88
Net assets	
Unrestricted	544,940.01
Total Assets and Liabilities	<u>\$ 562,765.50</u>

### Condensed Statement of Revenues, Expenses and

Changes in Net Assets	
Operating revenues	\$ 1,370,905.17
Other operating expenses	<u>(689,790.28)</u>
Operating income	<u>681,114.89</u>
Investment income -	
Interest income	123.58
Transfers in (out)	(582,121.59)
Change in net assets	99,116.88
Beginning net assets	445,823.13
Ending net assets	<u>\$ 544,940.01</u>

### Condensed statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 683,231.74
Capital and related financing activities	<u>(581,998.01)</u>
Net increase (decrease) in cash	101,233.73
Beginning cash and cash equivalents	453,627.80
Ending cash and cash equivalents	<u>\$ 554,861.53</u>

**REQUIRED  
SUPPLEMENTAL INFORMATION**

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

Schedule of Funding Progress

For the Year Ended June 30, 2011

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 follows. This is the transition year of GASB Statement No. 45.

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011	\$ 61,856.00	53.23%	\$ 94,781.00

## **SUPPLEMENTAL INFORMATION**

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Combining Schedule of Net Assets - Primary Institution

June 30, 2011

ASSETS	GENERAL	VOCATIONAL EDUCATION	ADULT EDUCATION	ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE STUDENT UNION	AUXILIARY ENTERPRISE BOOKSTORE	FEDERAL WORK STUDY	SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT	PELL GRANT	ACADEMIC COMPETITIVENESS GRANT
Current Assets										
Cash and Cash Equivalents	\$ 3,839,501.00	\$ 62,966.91	\$ (23,121.94)	\$ 68.63	\$ 554,861.53	\$ 59,324.57	\$ -	\$ -	\$ 402.00	\$ -
Receivables	-	-	-	-	-	-	-	-	-	-
Taxes in Process	-	-	-	-	-	-	-	-	-	-
Federal	122,508.00	-	67,812.00	-	-	-	-	-	34,197.00	-
Other	30,403.80	24,524.39	-	-	7,903.97	16,275.63	-	-	-	-
Inventories	-	-	-	-	-	552,174.18	-	-	-	-
Total Current Assets	3,992,412.80	87,491.30	44,690.06	68.63	562,765.50	627,774.38	-	-	34,599.00	-
Noncurrent Assets										
Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-
Bond Issuance Costs, net	-	-	-	-	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,992,412.80</b>	<b>\$ 87,491.30</b>	<b>\$ 44,690.06</b>	<b>\$ 68.63</b>	<b>\$ 562,765.50</b>	<b>\$ 627,774.38</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,599.00</b>	<b>\$ -</b>
LIABILITIES AND NET ASSETS										
LIABILITIES										
Current Liabilities										
Accounts Payable	\$ 537,742.03	\$ 75,514.83	\$ 40,303.06	\$ 68.63	\$ 11,022.70	\$ 9,487.90	\$ -	\$ -	\$ 34,197.00	\$ -
Accrued Interest Expense	-	-	-	-	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	6,791.91	-	-	-	-	-
Total Current Liabilities	537,742.03	75,514.83	40,303.06	68.63	17,814.61	9,487.90	-	-	34,197.00	-
Noncurrent Liabilities										
Accrued Vacation	118,170.46	18,403.68	6,590.52	-	10.88	3,109.20	-	-	-	-
OPFB Obligations	94,781.00	-	-	-	-	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	212,951.46	18,403.68	6,590.52	-	10.88	3,109.20	-	-	-	-
<b>TOTAL LIABILITIES</b>	<b>750,693.49</b>	<b>93,918.51</b>	<b>46,893.58</b>	<b>68.63</b>	<b>17,825.49</b>	<b>12,597.10</b>	<b>-</b>	<b>-</b>	<b>34,197.00</b>	<b>-</b>
NET ASSETS										
Invested in Capital Assets,										
Net of Related Debt	-	-	-	-	-	-	-	-	-	-
Restricted Net Assets										
Bond and Interest	-	-	-	-	-	-	-	-	-	-
Depreciation and Replacement	-	-	-	-	-	-	-	-	-	-
Bond Reserve	-	-	-	-	-	-	-	-	-	-
Unrestricted Net Assets	3,241,719.31	(6,427.21)	(2,203.52)	-	544,940.01	615,177.28	-	-	402.00	-
<b>TOTAL NET ASSETS</b>	<b>3,241,719.31</b>	<b>(6,427.21)</b>	<b>(2,203.52)</b>	<b>-</b>	<b>544,940.01</b>	<b>615,177.28</b>	<b>-</b>	<b>-</b>	<b>402.00</b>	<b>-</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 3,992,412.80</b>	<b>\$ 87,491.30</b>	<b>\$ 44,690.06</b>	<b>\$ 68.63</b>	<b>\$ 562,765.50</b>	<b>\$ 627,774.38</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 34,599.00</b>	<b>\$ -</b>

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Combining Schedule of Net Assets - Primary Institution

June 30, 2011

ASSETS	DIRECT LOANS	OTHER GRANT FUNDS	TITLE III FUNDS	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	CAPITAL OUTLAY	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
Current Assets										
Cash and Cash Equivalents	\$ -	\$ (70,820.66)	\$ (35,382.68)	\$ 163,756.38	\$ 205.64	\$ 45,300.86	\$ 0.69	\$ -	\$ 926,319.47	\$ 5,523,382.40
Receivables	-	-	-	-	-	-	-	-	-	-
Taxes in Process	-	-	-	-	-	-	-	-	-	-
Federal	105,375.00	171,004.54	39,413.56	-	-	-	-	-	-	540,310.10
Other	-	31,166.51	-	-	-	-	-	-	85,454.68	195,728.98
Inventories	-	-	-	-	-	-	-	-	-	552,174.18
Total Current Assets	105,375.00	131,350.39	4,030.88	163,756.38	205.64	45,300.86	0.69	-	1,011,774.15	6,811,595.66
Noncurrent Assets										
Cash and Cash Equivalents	-	-	-	-	-	\$ 272,756.33	630,776.15	-	-	903,532.48
Bond Issuance Costs, net	-	-	-	-	-	-	166,152.74	-	-	166,152.74
Capital Assets	-	-	-	-	-	-	-	17,135,262.21	-	17,135,262.21
Accumulated Depreciation	-	-	-	-	-	-	-	(8,812,412.30)	-	(8,812,412.30)
Total Noncurrent Assets	-	-	-	-	-	272,756.33	796,928.89	8,322,849.91	-	9,392,535.13
<b>TOTAL ASSETS</b>	<b>\$ 105,375.00</b>	<b>\$ 131,350.39</b>	<b>\$ 4,030.88</b>	<b>\$ 163,756.38</b>	<b>\$ 205.64</b>	<b>\$ 318,057.19</b>	<b>\$ 796,929.58</b>	<b>\$ 8,322,849.91</b>	<b>\$ 1,011,774.15</b>	<b>\$ 16,204,130.79</b>
<b>LIABILITIES AND NET ASSETS</b>										
<b>LIABILITIES</b>										
Current Liabilities										
Accounts Payable	\$ 105,375.00	\$ 120,969.85	\$ 4,030.88	\$ 133,485.30	\$ -	\$ 277,376.40	\$ -	\$ -	\$ 4,769.20	\$ 1,354,342.78
Accrued Interest Expense	-	-	-	-	-	-	24,589.05	-	-	24,589.05
Deposits Held in Custody for Others	-	-	-	-	-	-	-	-	1,007,004.95	1,013,796.86
Total Current Liabilities	105,375.00	120,969.85	4,030.88	133,485.30	-	277,376.40	24,589.05	-	1,011,774.15	2,392,728.69
Noncurrent Liabilities										
Accrued Vacation	-	-	-	-	-	-	-	-	-	146,284.74
OPEB Obligations	-	-	-	-	-	-	-	-	-	94,781.00
Revenue Bonds Payable	-	-	-	-	-	-	-	6,520,000.00	-	6,520,000.00
Capital Leases Payable	-	-	-	-	-	-	-	714,947.06	-	714,947.06
Total Noncurrent Liabilities	-	-	-	-	-	-	-	7,234,947.06	-	7,476,012.80
<b>TOTAL LIABILITIES</b>	<b>105,375.00</b>	<b>120,969.85</b>	<b>4,030.88</b>	<b>133,485.30</b>	<b>-</b>	<b>277,376.40</b>	<b>24,589.05</b>	<b>7,234,947.06</b>	<b>1,011,774.15</b>	<b>9,868,741.49</b>
<b>NET ASSETS</b>										
Invested in Capital Assets,										
Net of Related Debt	-	-	-	-	-	-	-	1,087,902.85	-	1,087,902.85
Restricted Net Assets										
Bond and Interest	-	-	-	-	-	-	41,484.90	-	-	41,484.90
Depreciation and Replacement	-	-	-	-	-	-	50,000.00	-	-	50,000.00
Bond Reserve	-	-	-	-	-	-	539,291.25	-	-	539,291.25
Unrestricted Net Assets	-	10,380.54	-	30,271.08	205.64	40,680.79	141,564.38	-	-	4,616,710.30
Total NET ASSETS	-	10,380.54	-	30,271.08	205.64	40,680.79	772,340.53	1,087,902.85	-	6,335,389.30
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$ 105,375.00</b>	<b>\$ 131,350.39</b>	<b>\$ 4,030.88</b>	<b>\$ 163,756.38</b>	<b>\$ 205.64</b>	<b>\$ 318,057.19</b>	<b>\$ 796,929.58</b>	<b>\$ 8,322,849.91</b>	<b>\$ 1,011,774.15</b>	<b>\$ 16,204,130.79</b>

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Assets - Primary Institution  
For the Year Ended June 30, 2011

	GENERAL	VOCATIONAL EDUCATION	ADULT EDUCATION	ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE STUDENT UNION	AUXILIARY ENTERPRISE BOOKSTORE	FEDERAL WORK STUDY	SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT	PELL GRANT	ACADEMIC COMPETITIVENESS GRANT
<b>REVENUES</b>										
Operating Revenues										
Student Tuition and Fees	\$ 2,692,578.99	\$ 1,053,235.73	\$ 9,488.50	\$ 6,306.00	\$ 295,412.66	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	210,254.97	172,051.00	315,959.74	-	-	-	26,801.49	19,357.00	-	53,574.00
State Grants and Contracts	575,353.25	-	170,268.36	-	-	-	-	-	-	-
Sales and Services of Auxiliary Enterprises	-	-	-	-	1,075,492.51	719,979.86	-	-	-	-
Other Operating Revenues	228,828.33	68,946.39	169,954.00	-	-	-	-	-	-	-
Total Operating Revenues	3,707,015.54	1,294,233.12	665,670.60	6,306.00	1,370,905.17	719,979.86	26,801.49	19,357.00	-	53,574.00
<b>EXPENSES</b>										
Educational and General										
Instruction	3,066,543.61	1,695,922.11	690,052.88	6,306.00	-	-	26,801.49	-	-	-
Public Service	26,776.37	-	-	-	-	-	-	-	-	-
Academic Support	560,626.34	-	-	-	-	-	-	-	-	-
Student Services	1,523,546.22	-	-	-	-	-	-	-	-	-
Institutional Support	3,511,304.24	-	-	-	-	-	-	-	-	-
Operation and Maintenance	2,347,132.77	-	-	-	-	-	-	-	-	-
Scholarships and Awards	265,141.82	-	-	-	-	-	-	19,357.00	3,063,788.00	53,574.00
Auxiliary Enterprises	-	-	-	-	689,790.28	865,768.22	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	11,301,071.37	1,695,922.11	690,052.88	6,306.00	689,790.28	865,768.22	26,801.49	19,357.00	3,063,788.00	53,574.00
Operating Income (Loss)	(7,594,055.83)	(401,688.99)	(24,382.28)	-	681,114.89	(145,788.36)	-	-	(3,063,788.00)	-
<b>Nonoperating Revenues (Expenses)</b>										
State Appropriations	2,546,285.00	-	-	-	-	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-	-	-	3,063,788.00	-
County Appropriations	3,910,831.59	1.75	1,953.39	-	-	-	-	-	-	-
Investment Income	20,697.01	-	-	-	123.58	-	-	-	-	-
Debt Service	(265,285.52)	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Asset	461,959.36	-	-	-	-	-	-	-	-	-
Operating Transfers	(512,190.43)	390,531.56	19,128.02	-	(582,121.59)	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	6,162,297.01	390,533.31	21,081.41	-	(581,998.01)	-	-	-	3,063,788.00	-
Increase (Decrease) in Net Assets	(1,431,758.82)	(11,155.68)	(3,300.87)	-	99,116.88	(145,788.36)	-	-	-	-
Net Assets - Beginning of Year	4,673,478.13	4,728.47	1,097.35	-	445,823.13	760,965.64	-	-	402.00	-
Net Assets - End of Year	\$ 3,241,719.31	\$ (6,427.21)	\$ (2,203.52)	\$ -	\$ 544,940.01	\$ 615,177.28	\$ -	\$ -	\$ 402.00	\$ -

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Assets - Primary Institution  
For the Year Ended June 30, 2011

	DIRECT LOANS	OTHER GRANT FUNDS	TITLE III FUNDS	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	CAPITAL OUTLAY	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	SUB-TOTAL PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
<b>REVENUES</b>											
Operating Revenues											
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,057,021.88	\$ (1,009,766.65)	\$ 3,047,255.23
Federal Grants and Contracts	2,460,906.00	1,865,311.85	480,442.85	-	-	-	-	-	5,604,658.90	-	5,604,658.90
State Grants and Contracts	-	130,158.19	-	-	-	-	-	-	875,779.80	-	875,779.80
Sales and Services of Auxiliary Enterprises	-	-	-	-	-	-	-	-	1,795,472.37	-	1,795,472.37
Other Operating Revenues	-	47,830.43	-	-	-	-	-	-	515,559.15	-	515,559.15
Total Operating Revenues	2,460,906.00	2,043,300.47	480,442.85	-	-	-	-	-	12,848,492.10	(1,009,766.65)	11,838,725.45
<b>EXPENSES</b>											
Educational and General											
Instruction	-	-	-	-	-	-	-	(391,850.75)	5,093,775.34	-	5,093,775.34
Public Service	-	-	-	-	-	-	-	-	26,776.37	-	26,776.37
Academic Support	-	-	-	-	-	-	-	(218,495.25)	342,131.09	-	342,131.09
Student Services	-	2,144,994.89	480,442.85	-	-	-	-	(5,199.04)	4,143,784.92	-	4,143,784.92
Institutional Support	-	-	-	-	-	-	-	(205,194.69)	3,306,109.55	-	3,306,109.55
Operation and Maintenance	-	-	-	-	-	277,376.40	-	(579,937.61)	2,226,160.06	-	2,226,160.06
Scholarships and Awards	2,460,906.00	-	-	181,588.50	-	-	-	-	5,862,766.82	(1,009,766.65)	4,853,000.17
Auxiliary Enterprises	-	-	-	-	-	-	-	-	1,555,558.50	-	1,555,558.50
Depreciation Expense	-	-	-	-	-	-	-	740,491.30	740,491.30	-	740,491.30
Total Operating Expenses	2,460,906.00	2,144,994.89	480,442.85	181,588.50	-	277,376.40	-	(660,186.04)	23,297,553.95	(1,009,766.65)	22,287,787.30
Operating Income (Loss)	-	(101,694.42)	-	(181,588.50)	-	(277,376.40)	-	660,186.04	(10,449,061.85)	-	(10,449,061.85)
Nonoperating Revenues (Expenses)											
State Appropriations	-	-	-	-	-	-	-	-	2,546,285.00	-	2,546,285.00
Federal Pell Grants	-	-	-	-	-	-	-	-	3,063,788.00	-	3,063,788.00
County Appropriations	-	-	-	-	-	45,300.86	-	-	3,958,087.59	-	3,958,087.59
Investment Income	-	-	-	1,607.71	-	-	10,479.82	-	32,908.12	-	32,908.12
Debt Service	-	-	-	-	-	-	(586,022.61)	465,116.54	(386,191.59)	-	(386,191.59)
Gain (Loss) on Sale of Asset	-	-	-	-	-	-	-	(1,492.57)	460,466.79	-	460,466.79
Operating Transfers	-	102,530.85	-	-	-	-	582,121.59	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	102,530.85	-	1,607.71	-	45,300.86	6,578.80	463,623.97	9,675,343.91	-	9,675,343.91
Increase (Decrease) in Net Assets	-	836.43	-	(179,980.79)	-	(232,075.54)	6,578.80	1,123,810.01	(773,717.94)	-	(773,717.94)
Net Assets - Beginning of Year	-	9,544.11	-	210,251.87	205.64	272,756.33	765,761.73	(35,907.16)	7,109,107.24	-	7,109,107.24
Net Assets - End of Year	\$ -	\$ 10,380.54	\$ -	\$ 30,271.08	\$ 205.64	\$ 40,680.79	\$ 772,340.53	\$ 1,087,902.85	\$ 6,335,389.30	\$ -	\$ 6,335,389.30

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

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

For the Year Ended June 30, 2011

Schedules 4 to 11 are prepared in accordance with Kansas cash basis and budget laws (Budget Basis), which differs from generally accepted accounting principles (GAAP Basis). Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund in which the cash is transferred. Expenditures include cash disbursements, transfers, accounts payable and encumbrances – that is, commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

## Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

General Fund - Legal Basis

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
<b>REVENUES</b>						
<b>Student Tuition and Fees</b>						
Student Tuition	\$ 1,261,555.31	\$ 1,431,200.88	\$ (130,897.87)	\$ 1,300,303.01	\$ 1,501,485.00	\$ (201,181.99)
Other Student Fees	2,193,686.55	1,261,378.11	-	1,261,378.11	1,580,685.00	(319,306.89)
Total Student Tuition and Fees	3,455,241.86	2,692,578.99	(130,897.87)	2,561,681.12	3,082,170.00	(520,488.88)
<b>Federal Sources</b>						
Federal Grant Administration	74,406.52	80,863.47	-	80,863.47	-	80,863.47
Federal Grant - ARRA	158,355.17	129,391.50	-	129,391.50	139,944.00	(10,552.50)
Total Federal Sources	232,761.69	210,254.97	-	210,254.97	139,944.00	70,310.97
<b>State Sources</b>						
State Operating Grant	2,440,695.00	2,546,285.00	-	2,546,285.00	2,461,813.00	84,472.00
Other State Sources	-	575,353.25	(575,353.25)	-	-	-
Total State Sources	2,440,695.00	3,121,638.25	(575,353.25)	2,546,285.00	2,461,813.00	84,472.00
<b>Local Sources</b>						
Ad Valorem Tax	4,131,529.96	3,297,444.67	-	3,297,444.67	3,863,674.00	(566,229.33)
Motor Vehicle Tax	531,725.83	508,563.15	-	508,563.15	527,695.00	(19,131.85)
Rental Motor Vehicle Tax	360.38	244.67	-	244.67	-	244.67
Recreational Vehicle Tax	6,504.76	6,657.70	-	6,657.70	6,481.00	176.70
16M-20M Truck Tax	22,281.10	21,658.57	-	21,658.57	-	21,658.57
Delinquent Tax	80,617.44	72,633.74	-	72,633.74	-	72,633.74
In Lieu of Taxes	6,115.98	3,629.09	-	3,629.09	3,595.00	34.09
Total Local Sources	4,779,135.45	3,910,831.59	-	3,910,831.59	4,401,445.00	(490,613.41)
<b>Use of Property and Money</b>						
Interest	31,905.79	18,166.48	-	18,166.48	30,000.00	(11,833.52)
Facilities Use	2,141.00	2,530.53	-	2,530.53	-	2,530.53
Capital Lease Proceeds	52,024.54	-	-	-	-	-
Sale of Property	5,248.42	461,959.36	-	461,959.36	-	461,959.36
Total Use of Property and Money	91,319.75	482,656.37	-	482,656.37	30,000.00	452,656.37
<b>Other Sources</b>						
Commissions	2,360.19	8,004.05	-	8,004.05	-	8,004.05
Gifts	-	101,500.00	-	101,500.00	-	101,500.00
Miscellaneous	121,919.10	119,324.28	-	119,324.28	1,109,112.00	(989,787.72)
Total Other Sources	124,279.29	228,828.33	-	228,828.33	1,109,112.00	(880,283.67)
<b>TOTAL REVENUES</b>	<b>11,123,433.04</b>	<b>10,646,788.50</b>	<b>(706,251.12)</b>	<b>9,940,537.38</b>	<b>11,224,484.00</b>	<b>(1,283,946.62)</b>

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

## Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

General Fund - Legal Basis

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
EXPENDITURES						
Instruction	\$ 2,134,321.52	\$ 3,066,543.61	\$ (48,511.42)	\$ 3,018,032.19	\$ 3,543,698.00	\$ (525,665.81)
Public Service	17,426.51	26,776.37	(16.80)	26,759.57	27,451.00	(691.43)
Academic Support	632,178.72	560,626.34	2,807.15	563,433.49	712,916.00	(149,482.51)
Student Services	1,418,590.04	1,523,546.22	3,268.99	1,526,815.21	1,613,633.00	(86,817.79)
Institutional Support	2,456,955.71	3,511,304.24	(577,737.73)	2,933,566.51	3,067,855.00	(134,288.49)
Operation and Maintenance	979,400.51	1,054,377.87	(610.86)	1,053,767.01	2,195,605.00	(1,141,837.99)
Scholarships	279,765.00	265,141.82	277,943.55	543,085.37	311,049.00	232,036.37
Capital Outlay	616,411.93	1,292,754.90	-	1,292,754.90	-	1,292,754.90
Debt Service						
Principal	223,391.50	230,116.54	-	230,116.54	-	230,116.54
Interest	41,894.02	35,168.98	-	35,168.98	-	35,168.98
Operating Transfers To:						
Vocational Fund	511,203.88	390,531.56	-	390,531.56	540,532.00	(150,000.44)
Adult Education Fund	4,583.79	19,128.02	-	19,128.02	-	19,128.02
Adult Supplemental Education	8,836.51	-	-	-	-	-
Other Grant Funds	113,697.50	102,530.85	-	102,530.85	291,845.00	(189,314.15)
TOTAL EXPENDITURES	<u>9,438,657.14</u>	<u>12,078,547.32</u>	<u>(342,857.12)</u>	<u>11,735,690.20</u>	<u>12,304,584.00</u>	<u>(568,893.80)</u>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	1,684,775.90	(1,431,758.82)	(363,394.00)	(1,795,152.82)	(1,080,100.00)	(715,052.82)
Unencumbered Cash - Beginning of Year	<u>3,134,192.34</u>	<u>4,673,478.13</u>	<u>145,490.11</u>	<u>4,818,968.24</u>	<u>3,493,147.00</u>	<u>1,325,821.24</u>
End of Year	<u>\$ 4,818,968.24</u>	<u>\$ 3,241,719.31</u>	<u>\$ (217,903.89)</u>	<u>\$ 3,023,815.42</u>	<u>\$ 2,413,047.00</u>	<u>\$ (2,040,874.06)</u>

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

## Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

Vocational Education Fund - Legal Basis

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
<b>REVENUES</b>						
Student Tuition and Fees						
Student Tuition	\$ 751,430.06	\$ 799,606.15	\$ (7,534.92)	\$ 792,071.23	\$ 1,036,518.00	\$ (244,446.77)
Other Student Fees	240,172.20	253,629.58	-	253,629.58	296,026.00	(42,396.42)
Total Student Tuition and Fees	991,602.26	1,053,235.73	(7,534.92)	1,045,700.81	1,332,544.00	(286,843.19)
Federal Sources						
Federal Grants	242,693.00	172,051.00	-	172,051.00	196,993.00	(24,942.00)
Local Sources						
Ad Valorem Tax	-	-	-	-	-	-
Delinquent Tax	-	1.75	-	1.75	-	1.75
Total Local Sources	-	1.75	-	1.75	-	1.75
Other Sources						
Gifts	29,286.47	66,649.39	-	66,649.39	-	66,649.39
Miscellaneous	-	2,297.00	-	2,297.00	108,951.00	(106,654.00)
Total Other Sources	29,286.47	68,946.39	-	68,946.39	108,951.00	(40,004.61)
Operating Transfer from:						
General Fund	511,203.88	390,531.56	-	390,531.56	557,502.00	(166,970.44)
TOTAL REVENUES	1,774,785.61	1,684,766.43	(7,534.92)	1,677,231.51	2,195,990.00	(518,758.49)
<b>EXPENDITURES</b>						
Instruction	1,774,010.09	1,695,922.11	(6,323.92)	1,689,598.19	2,195,990.00	(506,391.81)
TOTAL EXPENDITURES	1,774,010.09	1,695,922.11	(6,323.92)	1,689,598.19	2,195,990.00	(506,391.81)
Excess of Revenues Over (Under) Expenditures	775.52	(11,155.68)	(1,211.00)	(12,366.68)	-	(12,366.68)
Unencumbered Cash -						
Beginning of Year	(956.76)	4,728.47	(4,909.71)	(181.24)	-	(181.24)
End of Year	\$ (181.24)	\$ (6,427.21)	\$ (6,120.71)	\$ (12,547.92)	\$ -	\$ (12,547.92)

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

## Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

Adult Education Fund - Legal Basis

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
REVENUES						
Student Tuition and Fees						
Other Student Fees	\$ 28,424.35	\$ 9,488.50	\$ -	\$ 9,488.50	\$ -	\$ 9,488.50
Total Student Tuition and Fees	28,424.35	9,488.50	-	9,488.50	-	9,488.50
Federal Sources						
Adult Basic Education Grant	69,881.00	315,959.74	(67,812.00)	248,147.74	304,006.00	(55,858.26)
State Sources						
Adult Basic Education Grant	51,909.00	170,268.36	-	170,268.36	170,268.00	0.36
Local Sources						
Ad Valorem Tax	10,487.96	424.90	-	424.90	763.00	(338.10)
Motor Vehicle Tax	1,311.56	1,267.98	-	1,267.98	1,310.00	(42.02)
Rental Motor Vehicle Tax	0.89	0.61	-	0.61	-	0.61
Recreational Vehicle Tax	16.05	16.60	-	16.60	16.00	0.60
16M-20M Truck Tax	55.06	53.46	-	53.46	-	53.46
Delinquent Tax	198.22	180.61	-	180.61	-	180.61
In Lieu of IRB	15.09	9.23	-	9.23	9.00	0.23
Total Local Sources	12,084.83	1,953.39	-	1,953.39	2,098.00	(144.61)
Other Sources:						
Miscellaneous	-	169,954.00	-	169,954.00	235,276.00	(65,322.00)
Total Other Sources	-	169,954.00	-	169,954.00	235,276.00	(65,322.00)
Operating Transfers From:						
General Fund	4,583.79	19,128.02	-	19,128.02	-	19,128.02
TOTAL REVENUES	166,882.97	686,752.01	(67,812.00)	618,940.01	711,648.00	(92,707.99)

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

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

Current Funds - Unrestricted

Adult Education Fund - Legal Basis

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	Current Year					Variance Over (Under)
	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
EXPENDITURES						
Instruction	\$ 151,290.00	\$ 690,052.88	\$ (1,586.28)	\$ 688,466.60	\$ 712,332.00	\$ (23,865.40)
Excess of Revenues Over (Under) Expenditures	15,592.97	(3,300.87)	(66,225.72)	(69,526.59)	(684.00)	(68,842.59)
Unencumbered Cash Beginning of Year	(9,491.38)	1,097.35	5,004.24	6,101.59	723.00	5,378.59
End of Year	\$ 6,101.59	\$ (2,203.52)	\$ (61,221.48)	\$ (63,425.00)	\$ 39.00	\$ (63,464.00)

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes  
in Unencumbered Cash - Budget and Actual  
Current Funds - UnrestrictedAdult Supplemental Education Fund - Legal Basis  
For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	Prior Year Budget Basis	Current Year			Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	
<b>REVENUES</b>					
Student Tuition and Fees					
Course Fees	\$ 8,703.35	\$ 6,306.00	\$ -	\$ 6,306.00	\$ (118,694.00)
Other Student Fees	124.50	-	-	-	-
Total Student Tuition and Fees	<u>8,827.85</u>	<u>6,306.00</u>	<u>-</u>	<u>6,306.00</u>	<u>(118,694.00)</u>
Operating Transfers From: General Fund	<u>8,836.51</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL REVENUES</b>	<u>17,664.36</u>	<u>6,306.00</u>	<u>-</u>	<u>6,306.00</u>	<u>(118,694.00)</u>
<b>EXPENDITURES</b>					
Instruction	<u>17,664.36</u>	<u>6,306.00</u>	<u>-</u>	<u>6,306.00</u>	<u>(118,694.00)</u>
<b>TOTAL EXPENDITURES</b>	<u>17,664.36</u>	<u>6,306.00</u>	<u>-</u>	<u>6,306.00</u>	<u>(118,694.00)</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-	-
Unencumbered Cash Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

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

Current Funds - Unrestricted

Auxiliary Enterprise Funds (Budget Basis)

For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	Prior Year		Current Year					Variance Under (Over)
	Total Auxiliary Enterprise Funds Budget Basis	Bookstore GAAP	Student Union And Dorm GAAP	Total Auxiliary Enterprise Funds GAAP	Adjustments To Budget Basis	Total Auxiliary Enterprise Funds Budget Basis	Final Budget	
<b>REVENUES</b>								
Sales and Services of Auxiliary Enterprises	\$ 1,764,675.56	\$ 664,335.97	\$ 1,061,808.90	\$ 1,726,144.87	\$ 15,724.05	\$ 1,741,868.92	\$ 2,680,199.00	\$ (938,330.08)
Student Sources	227,448.49	-	295,412.66	295,412.66	-	295,412.66	-	295,412.66
Use of Property and Money Interest	15,093.65	-	123.58	123.58	-	123.58	-	123.58
Other Sources	62,319.13	55,643.89	11,667.00	67,310.89	-	67,310.89	-	67,310.89
Miscellaneous Commissions	3,166.50	-	2,016.61	2,016.61	-	2,016.61	-	2,016.61
<b>TOTAL REVENUES</b>	<b>2,072,703.33</b>	<b>719,979.86</b>	<b>1,371,028.75</b>	<b>2,091,008.61</b>	<b>15,724.05</b>	<b>2,106,732.66</b>	<b>2,680,199.00</b>	<b>(573,466.34)</b>
<b>EXPENDITURES</b>								
Auxiliary Enterprise Salaries and Benefits	153,238.49	85,007.21	72,858.25	157,865.46	(838.33)	157,027.13	175,000.00	(17,972.87)
General Operating Expense	1,213,294.92	780,761.01	616,932.03	1,397,693.04	(88,931.19)	1,308,761.85	2,390,440.00	(1,081,678.15)
Operating Transfers To: Retirement of Indebtedness (Bond and Interest) Fund	543,205.00	-	582,121.59	582,121.59	-	582,121.59	540,215.00	41,906.59
<b>TOTAL EXPENDITURES</b>	<b>1,909,738.41</b>	<b>865,768.22</b>	<b>1,271,911.87</b>	<b>2,137,680.09</b>	<b>(89,769.52)</b>	<b>2,047,910.57</b>	<b>3,105,655.00</b>	<b>(1,057,744.43)</b>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	162,964.92	(145,788.36)	99,116.88	(46,671.48)	105,493.57	58,822.09	(425,456.00)	484,278.09
Unencumbered Cash Beginning of Year	371,888.49	760,965.64	445,823.13	1,206,788.77	(671,935.36)	534,853.41	425,456.00	109,397.41
End of Year	\$ 534,853.41	\$ 615,177.28	\$ 544,940.01	\$ 1,160,117.29	\$ (566,441.79)	\$ 593,675.50	\$ -	\$ 593,675.50

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes  
in Unencumbered Cash - Budget and Actual  
Plant FundsUnexpended (Capital Outlay) Fund - Legal Basis  
For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	Prior Year Budget Basis	Current Year			Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	
<b>REVENUES</b>					
Local Sources					
Delinquent Tax	\$ -	\$ 0.86	\$ -	\$ 0.86	\$ -
Other Sources					
Gifts	157,850.00	45,300.00	-	45,300.00	550,750.00
TOTAL REVENUES	157,850.00	45,300.86	-	45,300.86	550,750.00
<b>EXPENDITURES</b>					
Plant Equipment and Facility	285.00	277,376.40	72,701.70	350,078.10	756,345.00
TOTAL EXPENDITURES	285.00	277,376.40	72,701.70	350,078.10	756,345.00
Excess of Revenues and Transfers Over (Under) Expenditures	157,565.00	(232,075.54)	(72,701.70)	(304,777.24)	(205,595.00)
Unencumbered Cash					
Beginning of Year	115,191.33	272,756.33	-	272,756.33	272,756.00
End of Year	\$ 272,756.33	\$ 40,680.79	\$ (72,701.70)	\$ (32,020.91)	\$ 67,161.00

## NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes  
in Unencumbered Cash - Budget and Actual  
Plant FundsRetirement of Indebtedness (Bond and Interest) Fund - Legal Basis  
For the Year Ended June 30, 2011

With Comparative Actual Amounts for the Year Ended June 30, 2010

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
<b>REVENUES</b>						
Use of Property and Money						
Interest	\$ -	\$ 10,479.82	\$ -	\$ 10,479.82	\$ 15,000.00	\$ (4,520.18)
Bond Proceeds	-	795,000.00	-	795,000.00	-	795,000.00
Operating Transfers From: Auxiliary Enterprise Fund	543,205.00	582,121.59	-	582,121.59	645,215.00	(63,093.41)
<b>TOTAL REVENUES</b>	<b>543,205.00</b>	<b>1,387,601.41</b>	<b>-</b>	<b>1,387,601.41</b>	<b>660,215.00</b>	<b>727,386.41</b>
<b>EXPENDITURES</b>						
Plant Equipment and Facility	-	-	-	-	-	-
Debt Service						
Bond Principal	190,000.00	1,107,833.55	-	1,107,833.55	290,000.00	(817,833.55)
Bond Interest	353,205.00	264,795.38	2,361.03	267,156.41	370,215.00	103,058.59
Other Debt Service Expense	-	8,393.68	8,932.07	17,325.75	-	(17,325.75)
<b>TOTAL EXPENDITURES</b>	<b>543,205.00</b>	<b>1,381,022.61</b>	<b>11,293.10</b>	<b>1,392,315.71</b>	<b>660,215.00</b>	<b>(732,100.71)</b>
Excess of Revenues and Transfers Over (Under) Expenditures	-	6,578.80	(11,293.10)	(4,714.30)	-	(4,714.30)
<b>Unencumbered Cash</b>						
Beginning of Year	635,491.14	765,761.73	(130,270.59)	635,491.14	-	635,491.14
End of Year	<u>\$ 635,491.14</u>	<u>\$ 772,340.53</u>	<u>\$ (141,563.69)</u>	<u>\$ 630,776.84</u>	<u>\$ -</u>	<u>\$ 630,776.84</u>

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas  
Schedule of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended June 30, 2011

Account Name	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<b>ACTIVITY FUND</b>				
Student Services				
Alumni	\$ 50.00	\$ -	\$ -	\$ 50.00
Art Club	531.32	-	531.32	-
Fellowship of Christian Athletes	893.39	-	893.39	-
Field Biology	109.40	-	-	109.40
Forensic Conference	2,250.55	-	-	2,250.55
Honors Program	27.03	-	-	27.03
International Club	3,050.00	-	1,500.00	1,550.00
International Student Application Fee	140.00	435.00	-	575.00
Literature Club	-	529.46	529.46	-
Music Club	550.25	-	550.25	-
National Technical Honor Society	319.30	-	319.30	-
Noon Hour Basketball	2,948.14	600.00	-	3,548.14
Occupational Therapy Assistance Appl	-	1,280.00	-	1,280.00
Open World Conference	2,314.06	-	-	2,314.06
Ottawa-West Franklin	-	654.32	-	654.32
Panther Historian Club	248.60	2,964.76	3,213.36	-
Panther Players	-	512.98	512.98	-
Phi Beta Lambda	305.69	-	-	305.69
PN Chanute	15,613.12	22,593.78	12,935.29	25,271.61
PN Independence	6,700.21	-	3,165.42	3,534.79
PN Ottawa	37,377.89	25,098.13	18,646.33	43,829.69
Science & Math Club	475.80	-	475.80	-
Science Fair	1,433.00	65.00	21.00	1,477.00
SEK Art Exhibition Consortium	501.08	-	-	501.08
SNO Chanute	2,604.80	-	-	2,604.80
SNO Ottawa	(495.32)	-	-	(495.32)
Surgical Technician Application Fee	-	970.00	593.50	376.50
Upward Bound	165.00	-	-	165.00
Weatherization	-	1,352.00	958.24	393.76
YFU Cultural Activities	6,376.69	2,150.00	1,429.72	7,096.97
<b>Total Student Services</b>	<b>84,490.00</b>	<b>59,205.43</b>	<b>46,275.36</b>	<b>97,420.07</b>

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas  
Schedule of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended June 30, 2011

Account Name	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
<b>Scholarships</b>				
Endowment Foundation Scholarships	\$ -	\$ 43,876.00	\$ 43,876.00	\$ -
Gear Up Scholarship	35,169.37	7,077.89	-	42,247.26
NCCC JUCO CLUB Scholarships	-	58,824.00	58,824.00	-
Bearrick Emergency Fund	595.35	-	-	595.35
Student Fire Account	-	30.00	-	30.00
<b>Total Scholarship</b>				
<b>Accounts</b>	<b>35,764.72</b>	<b>109,807.89</b>	<b>102,700.00</b>	<b>42,872.61</b>
<b>Other Student Accounts</b>				
Books	-	34,820.27	34,820.27	-
Building Fee Ottawa	139,998.20	206,249.00	346,247.20	-
Cash Over/ Under	-	49.09	49.09	-
Dorm Damages/Repairs	-	1,937.30	1,937.30	-
Gate Receipts	-	272,739.83	272,739.83	-
Graduation Fee	10,040.22	11,146.00	8,965.32	12,220.90
In/Out Chanute	-	1,324.41	1,324.41	-
In/Out Insurance	-	18,343.94	18,343.94	-
In/Out Fines	-	9,595.36	9,595.36	-
In/Out Rowland Project	-	52,484.99	2,484.99	50,000.00
In/Out Ottawa Project	-	65,365.90	65,365.90	-
In/Out Youth for Understanding	-	15,335.50	15,334.50	1.00
Incidental Computer Fee Chanute	130,157.27	1,787,614.53	1,823,688.42	94,083.38
Incidental Computer Fee Ottawa	66,803.06	105,743.00	157,281.18	15,264.88
Incidental Fee Chanute	-	310,886.04	310,886.04	-
Incidental Fee Ottawa	-	295,101.00	295,101.00	-
Incidental Fee Outreach	-	116,362.61	116,362.61	-
Library	889.81	-	69.86	819.95
NSF Check Fees	-	357.00	357.00	-
Out-District Fee	362,008.00	459,326.05	129,359.36	691,974.69
Payment Plan Administrative Fee	-	595.00	595.00	-
RSVP Fundraising Activities	-	8,238.30	5,890.83	2,347.47
Student Senate	3,298.61	40,416.28	43,714.89	-
Student Senate-Ottawa	5,656.63	2,893.76	8,550.39	-

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas  
Schedule of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended June 30, 2011

Account Name	Balance June 30, 2010	Additions	Deductions	Balance June 30, 2011
Other Student Accounts (Continued)				
Student Union Fee	\$ -	\$ 75,785.00	\$ 75,785.00	\$ -
Web Fee	-	286,060.00	286,060.00	-
Total Other Student Accounts	<u>718,851.80</u>	<u>4,178,770.16</u>	<u>4,030,909.69</u>	<u>866,712.27</u>
<b>TOTAL ACTIVITY FUND</b>	<u><u>\$ 839,106.52</u></u>	<u><u>\$ 4,347,783.48</u></u>	<u><u>\$ 4,179,885.05</u></u>	<u><u>\$ 1,007,004.95</u></u>
<b>TOTAL - ALL AGENCY FUNDS</b>				
Assets				
Cash and Investments	\$ 801,607.23	\$ 4,301,762.89	\$ 4,177,050.65	\$ 926,319.47
Other Receivables	39,434.09	85,454.68	39,434.09	85,454.68
<b>TOTAL ASSETS</b>	<u><u>\$ 841,041.32</u></u>	<u><u>\$ 4,387,217.57</u></u>	<u><u>\$ 4,216,484.74</u></u>	<u><u>\$ 1,011,774.15</u></u>
Liabilities				
Accounts Payable	\$ 1,934.80	\$ 4,769.20	\$ 1,934.80	\$ 4,769.20
Deposits Held For Others	839,106.52	4,347,783.48	4,182,719.45	1,007,004.95
<b>TOTAL LIABILITIES</b>	<u><u>\$ 841,041.32</u></u>	<u><u>\$ 4,352,552.68</u></u>	<u><u>\$ 4,184,654.25</u></u>	<u><u>\$ 1,011,774.15</u></u>

**NEOSHO COUNTY COMMUNITY COLLEGE  
CHANUTE, KANSAS**

**FEDERAL COMPLIANCE SECTION**

For the Year Ended June 30, 2011

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

COMPLIANCE ATTESTATION EXAMINATION  
INCLUDING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

CHANUTE, KANSAS  
OTTAWA, KANSAS  
INDEPENDENCE, KANSAS

FEDERAL PELL GRANT PROGRAM (PELL) (84.063)  
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (FSEOG) (84.007)  
FEDERAL DIRECT STUDENT LOAN PROGRAM (DIRECT LOAN) (84.268)  
FEDERAL WORK-STUDY PROGRAM (FWS) (84.033)  
ACADEMIC COMPETITIVENESS GRANT (ACG) (84.375)  
TRIO – TALENT SEARCH (TRIO – TALENT SEARCH) (84.044(a))  
TRIO – STUDENT SUPPORT SERVICES (TRIO – SSS) (84.042(a))  
TRIO – UPWARD BOUND (TRIO – UPWARD BOUND) (84.047(a))  
STRENGTHENING INSTITUTIONS (SI) (84.031(a))  
JOBS TRAINING GRANTS (JTG) (17.268)  
ADULT BASIC EDUCATION PROGRAM (ABEP) (84.002)

## AUDITOR INFORMATION SHEET

### NEOSHO COUNTY COMMUNITY COLLEGE

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

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

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

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

LEAD AUDITOR: Neil L. Phillips, CPA  
EMAIL ADDRESS: [nphillips@jgppa.com](mailto:nphillips@jgppa.com)  
LICENSE NUMBER & HOME STATE: 4348 KS  
FIRM'S NAME & ADDRESS: JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants  
1815 S. Santa Fe  
PO Box 779  
Chanute, Kansas 66720  
FIRM'S FEDERAL ID NUMBER : 20-3906022  
TELEPHONE: (620) 431-6342  
FAX: (620) 431-0724

PROGRAMS EXAMINED:	PELL	84.063
	FSEOG	84.007
	DIRECT LOAN	84.268
	FWS	84.033
	ACG	84.375
	TRIO – Talent Search	84.044(a)
	TRIO – SSS	84.042(a)
	TRIO – Upward Bound	84.047(a)
	SI	84.031(a)
	JTG	17.268
	ABEP	84.002

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

Correspondence courses to total courses	NONE
Regular students enrolled in correspondence courses	NONE
Regular students that are incarcerated	NONE
Regular students enrolled based on ability to benefit	<.001%
For short term programs—	
Completion	N/A
Placement	N/A

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

ALL LOCATIONS	> 50% OF PROGRAM OFFERED @ SITE	LOCATION ON ELIGIBILITY LETTER	NOTICE TO ED PRIOR TO OFFERING INSTRUCTION	DATE OPENED	DATE CLOSED	DATE OF CPA'S LAST VISIT	EXCLUSION REASON
Chanute, KS	Yes	Yes	Yes	1936	N/A	2011	N/A
Ottawa, KS	Yes	Yes	Yes	1991	N/A	2011	N/A
Independence, KS	Yes	Yes	Yes	2007	N/A	2011	N/A

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

The College does not use a servicer.

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

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

For Close-Out Examination only:  
 None

Open bank accounts or unexercised securities that may contain Federal Funds:

BANK	ACCOUNT
Bank of Commerce	26484
PO Box 538	
Chanute, Kansas 66720	

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through Entity Identifying Number	FEDERAL CFDA NUMBER	DISBURSE- MENTS/ EXPENDITURES
<b><u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u></b>			
Direct Programs:			
Retired and Senior Volunteer Program	N/A	94.002	\$ 64,860.00
Total Corporation for National and Community Service			64,860.00
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
Direct Programs:			
Equipment to Enhance Training for Health Professionals - ARRA	N/A	93.411	177,438.20
Passed through Southeast Kansas Community Action Program, Inc. Community Services Block Grant - ARRA	02-10-030810	93.710	5,500.00
Total U.S. Department of Health and Human Services			182,938.20
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity	N/A	84.007	19,357.00
Federal Direct Student Loan Program	N/A	84.268	2,460,906.00
Federal Work-Study Program	N/A	84.033	26,801.49
Federal Work-Study Program - Admin	N/A	84.033	2,307.51
		Total 84.033	29,109.00
Federal Pell Grant	N/A	84.063	3,063,788.00
Federal Pell Grant - Admin	N/A	84.063	4,065.00
		Total 84.063	3,067,853.00
Academic Competitiveness Grant	N/A	84.375	53,574.00
Total Student Financial Aid Cluster			(M) 5,630,799.00
TRIO Cluster			
TRIO - Talent Search	N/A	84.044(a)	264,595.58
TRIO - Student Support Services	N/A	84.042(a)	315,855.78
TRIO - Upward Bound	N/A	84.047(a)	255,068.76
Total TRIO Cluster			(M) 835,520.12

**Schedule 12 (Continued)**

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through Entity Identifying Number	FEDERAL CFDA NUMBER	DISBURSE- MENTS/ EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION (Continued)</b>			
Direct Programs:			
Strengthening Institutions	N/A	84.031(a)	(M) \$ 480,442.85
College Bound Class Project	N/A	84.334(a)	123,418.99
Passed through the State of Kansas Department of Education:			
Adult Basic Education Program	Fy11-ABE	84.002	(M) 315,959.74
Passed through the State of Kansas Department of Education:			
Carl Perkins Vocational Education Grants: Program Improvement	Fy11-Carl Perkins	84.048	172,051.00
State Fiscal Stabilization Fund - ARRA	S394A090017	84.394A	<u>6,883.50</u>
Total U.S. Department of Education			<u>7,737,126.20</u>
<b>U.S. DEPARTMENT OF ENERGY</b>			
Passed through the Kansas Corporation Commission State Energy Program - ARRA	DE-FOA-000052	81.041	<u>6,041.64</u>
Total U.S. Department of Energy			<u>6,041.64</u>

**Schedule 12 (Continued)**

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2011

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through Entity Identifying Number	FEDERAL CFDA NUMBER	DISBURSE- MENTS/ EXPENDITURES
<b><u>U.S. DEPARTMENT OF LABOR</u></b>			
Direct Programs:			
Jobs Training Grants	N/A	17.268	(M) \$ 414,145.65
Passed through the Kansas Board of Regents			
Workforce Investment Act - Incentive Grants	SEK KAN-GO	17.267	29,024.01
Total U.S. Department of Labor			<u>443,169.66</u>
FEDERAL ASSISTANCE TOTALS			<u>\$ 8,434,135.70</u>

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

(M) Major Program

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

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

Board of Trustees  
Neosho County Community College  
Chanute, Kansas

We have audited the financial statements of Neosho County Community College, as of and for the year ended June 30, 2011, which collectively comprise the Neosho County Community College's basic financial statements and have issued our report thereon dated October 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Neosho County Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Neosho County Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Neosho County Community College's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Jarred, Gilmore & Phillips, PA*

JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

October 12, 2011  
Chanute, Kansas

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Neosho County Community College  
Chanute, Kansas

Compliance

We have audited Neosho County Community College's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have direct and material effect on each of Neosho County Community College's major federal programs for the year ended June 30, 2011. Neosho County Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Neosho County Community College's management. Our responsibility is to express an opinion on Neosho County Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Neosho County Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Neosho County Community College's compliance with those requirements.

As described in item 2011-01 in the accompanying schedule of findings and questioned costs, Neosho County Community College, did not comply with requirements regarding Special Tests and Provisions that are applicable to its Student Financial Aid Cluster. Compliance with such requirements is necessary, in our opinion, for Neosho County Community College, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Neosho County Community College, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2011-01.

### Internal Control Over Compliance

Management of Neosho County Community College, is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Neosho County Community College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Neosho County Community College's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2011-01 to be material weaknesses.

Neosho County Community College's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit Neosho County Community College's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, Board of Trustees, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

October 12, 2011  
Chanute, Kansas

**NEOSHO COUNTY COMMUNITY COLLEGE  
CHANUTE, KANSAS**

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2011

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

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

**Internal Control over Financial Reporting:**

Material weakness(es) identified?	_____	Yes	___X___	No
Significant deficiencies identified that are not considered to be a material weaknesses?	_____	Yes	___X___	No
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	___X___	No

**Federal Awards:**

Internal control over major programs:				
Material weakness(es) identified?	___X___	Yes	_____	No
Significant deficiencies identified that are not considered to be a material weaknesses?	_____	Yes	___X___	No

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	___X___	Yes	_____	No
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Identification of major programs:

**U.S. DEPARTMENT OF EDUCATION**

- Student Financial Aid Cluster
  - Federal Pell Grant Program – CFDA No. 84.063
  - Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
  - Federal Work-Study Program – CFDA No. 84.033
  - Academic Competitiveness Grant – CFDA No. 84.375
  - Federal Direct Student Loan Program – CFDA No. 84.268
- TRIO Cluster
  - TRIO- Talent Search – CFDA No. 84.044(a)
  - TRIO – Student Support Services – CFDA No. 84.042(a)
  - TRIO – Upward Bound – CFDA No. 84.047(a)
  - Strengthening Institutions – CFDA No. 84.031(a)
  - Adult Basic Education Program – CFDA No. 84.002

**U.S. DEPARTMENT OF LABOR**

- Jobs Training Grants – CFDA No. 17.268

The threshold for distinguishing Types A and B programs was \$300,000.00.

Auditee qualified as a low risk auditee?	_____	Yes	___X___	No
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**NEOSHO COUNTY COMMUNITY COLLEGE**  
**CHANUTE, KANSAS**

Schedule of Findings and Questioned Costs  
(Continued)  
For the Year Ended June 30, 2011

**II. FINDINGS – FINANCIAL STATEMENT AUDIT**

NONE

**III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT**

**Finding: 2011-01** – Special Tests and Provisions

Student Financial Aid Cluster

Federal Pell Grant Program – CFDA No. 84.063

Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007

Federal Work-Study Program – CFDA No. 84.033

Academic Competitiveness Grant – CFDA No. 84.375

Federal Direct Student Loan Program – CFDA No. 84.268

*Criteria:* In the case of loan disbursements, the College must notify the student in writing of the anticipated date and amount of the disbursement, student's right to cancel all or part of the loan, and procedures and the time by which the student must notify the College that he or she wishes to cancel the loan or disbursement.

*Condition:* During our testing it was noted that late disbursements outside the normal process were not given the proper notification of their right to cancel.

*Effect:* Students were disbursed funds before notification was made, therefore, putting the College at risk if the student wanted to cancel.

*Cause:* Computerized database software was being used to create the notice sent to students based upon a limited time frame these for disbursements. For example "all disbursements made this week". This limited report failed to send notification to students whose loans were disbursed late in the prior week. Therefore, the cause was due to how the parameters were being defined in the report.

*Recommendation:* We recommend procedures be changed and reports not be limited to a specific time frame. The report should include all student loans disbursed and not previously sent loan notifications.

*Views of responsible officials and planned corrective action:*

See the Corrective Action Plan on page 58 of the current year audit.

**NEOSHO COUNTY COMMUNITY COLLEGE**

Chanute, Kansas

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2011

Neosho County Community College is accredited by the Kansas State Department of Education and the North Central Association of Colleges and Secondary Schools. The audit fieldwork was conducted at the College's administrative building in Chanute, Kansas at various dates from September 6, 2011 to September 12, 2011. The following is a schedule of statistics for the year ended June 30, 2011:

## TOTAL POPULATION:

	<b>PELL</b>	<b>FDLP</b>	<b>FSEOG</b>	<b>FWS</b>	<b>ACG</b>
Universe					
Dollars	\$3,063,788	\$2,472,712	\$19,357	\$26,801	\$53,574
Students	906	576	100	60	73
Sample					
Dollars	\$220,207	\$225,617	\$850	\$485	\$1,075
Sample	63	51	6	2	2

## ENROLLED, GRADUATED OR STUDENTS ON AN APPROVED LEAVE OF ABSENCE:

	<b>PELL</b>	<b>FDLP</b>	<b>FSEOG</b>	<b>FWS</b>	<b>ACG</b>
Universe					
Dollars	\$2,893,504	\$2,389,793	\$18,857	\$25,755	\$49,830
Students	813	535	96	55	65
Sample					
Dollars	\$151,186	\$184,085	\$850	\$485	\$325
Sample	40	39	6	2	1

## WITHDREW, DROPPED OR TERMINATED STUDENTS:

	<b>PELL</b>	<b>FDLP</b>	<b>FSEOG</b>	<b>FWS</b>	<b>ACG</b>
Universe					
Dollars	\$170,284	\$82,919	\$500	\$1,046	\$3,744
Students	93	41	4	5	8
Sample					
Dollars	\$69,021	\$41,532	\$0	\$0	\$750
Sample	23	12	0	0	1

## WITHDREW, DROPPED OR TERMINATED STUDENTS:

	<b>PELL</b>	<b>FDLP</b>	<b>FSEOG</b>	<b>FWS</b>	<b>ACG</b>
Universe					
Dollars Refunded	\$9,874	\$9,152	\$0	\$0	\$0
Students	19	14	0	0	0
Sample					
Dollars Refunded	\$995	\$2,803	\$0	\$0	\$0
Sample	3	5	0	0	0

**NEOSHO COUNTY COMMUNITY COLLEGE**  
Chanute, Kansas

Schedule of Resolution of Prior Year's Audit Findings and Questioned Costs  
For the Year Ended June 30, 2011

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**2010-01** – Special Tests and Provisions

*Condition:*

During the testing of the return of Title IV funds, it was noted summer students that dropped, refunds were not calculated and returned within the required time limit.

*Recommendation:*

Policies and procedures should be written to provide internal control over the return of Federal funds. We recommend the College establish a communication process that allows for the notification of the refund due and a control in place that allows the financial aid department to know the refund was returned timely.

*Current Status:* The College has implemented policies and procedures to ensure compliance.

## CORRECTIVE ACTION PLAN

October 12, 2011

Cognizant or Oversight Agency for Audit

Neosho County Community College respectfully submits the following corrective action plan for the year ended June 30, 2011.

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

Audit period: Year ended June 30, 2011.

The findings from the October 12, 2011 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **Finding 2011-01**

*Recommendation:* We recommend procedures be changed and reports not be limited to a specific time frame and should include all students disbursed and not sent loan notification.

*Action Taken:* Financial aid procedures have been changed; to ensure that all students disbursed Federal Direct Student Loans will be notified of each loan disbursement and the right to cancel said disbursement. The simple change, which has already been implemented, is to use a broad query to consider all students disbursed loans when sending loan disbursement notifications from our PowerFAIDS software. This method will require all students receiving loans to be reviewed by the software to determine if loan disbursement notification is needed. Rules established in our software will prevent duplicate notifications from being issued for the same disbursement. This new safeguard, reviewing a broad student population of records instead of the narrow population of records previously reviewed, should prevent future mistakes in the area of sending loan disbursement notifications.

If the Oversight Agency for Audit has questions regarding this plan, please call Sondra K. Solander, Chief Financial Officer, at (620) 431-2820 Ext. 222.

Sincerely,

*Neosho County Community College*

Neosho County Community College