

**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, 2008

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, 2008 with selected comparative information for the year ended June 30, 2007. 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, 2008. At year end, the College's assets exceeded its liabilities by \$4,458,309. Of this amount, \$3,732,055 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 2007 level in almost all funds. Total state-aidable credit hours offered in 2008 were 32,224. While funding levels will be a concern for the College into the foreseeable future, since our three major sources of revenue are dependant upon student enrollment, state aid appropriations and assessed property valuation, the revenues in the 2008 year helped to maintain the College's strong financial condition.

Statement of Net Assets

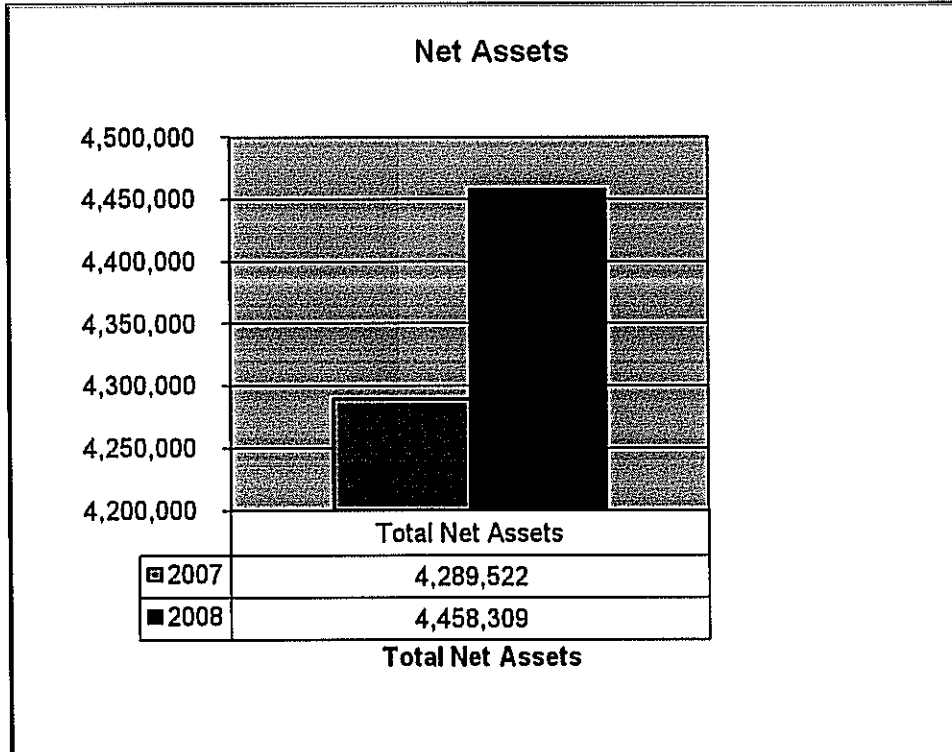
The statement of net assets presents the assets, liabilities, and net assets of the College at June 30, 2008. The purpose of the statement of net assets is to present the financial condition of the College.

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.

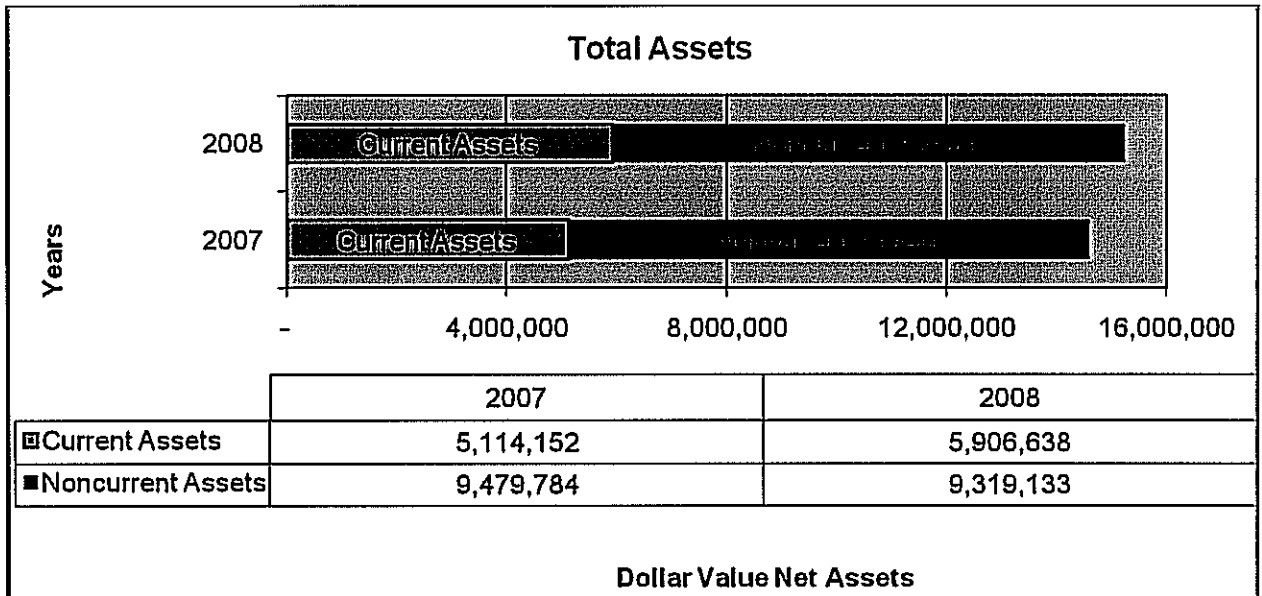
Comparison of Assets – Fiscal Year 2007 to 2008

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 increased during the current fiscal year from \$4,289,522 to \$4,458,309 for a total increase of \$168,787; on a percentage basis this is a 3.93% increase.

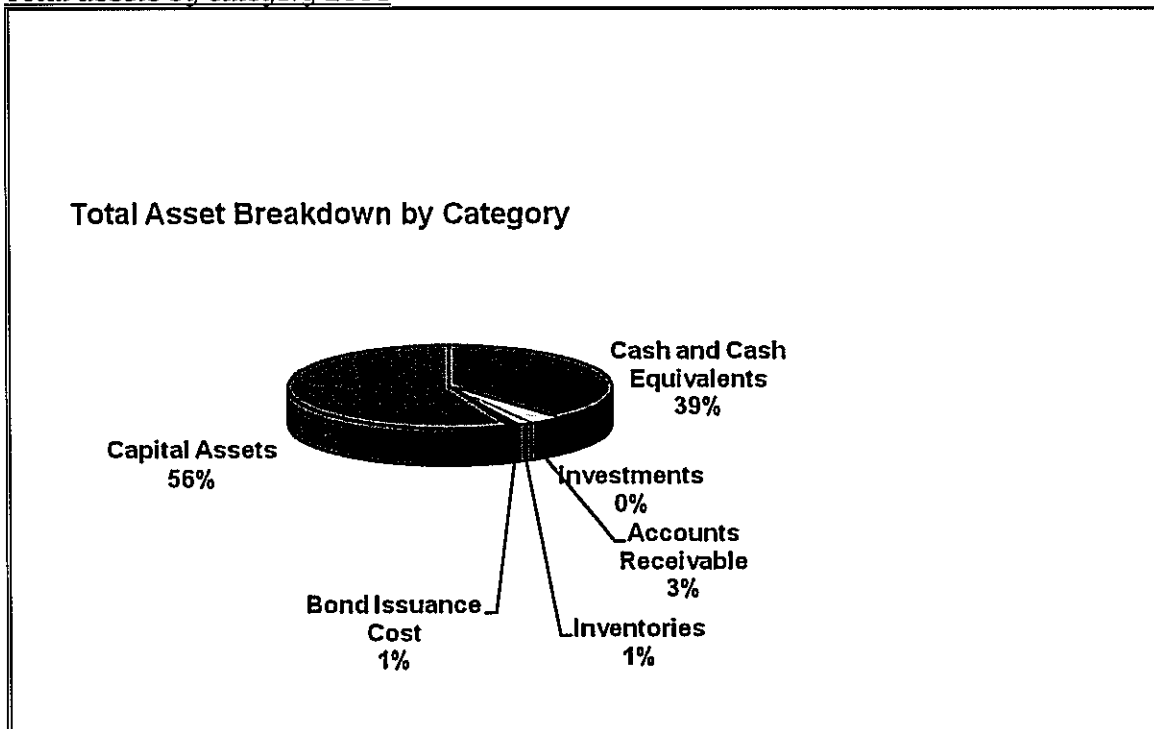
Net assets for 2007 compared to 2008:



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



Total assets by category 2008



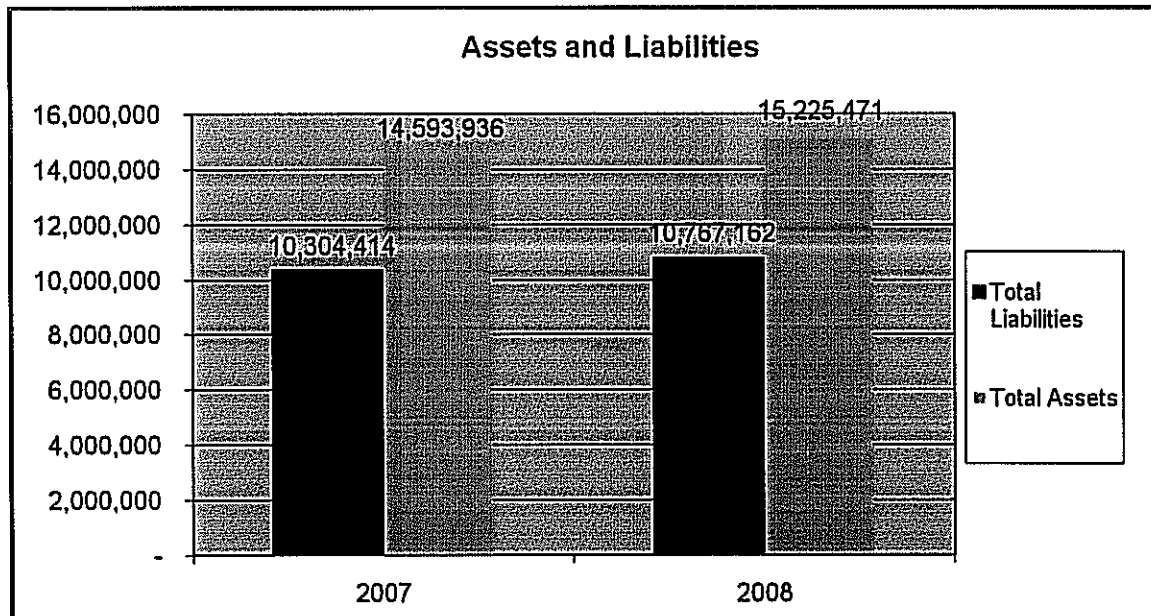
Of the \$15,225,471 in total assets, approximately 38% are in cash and cash equivalents. Capital assets represent 56% of total assets.

Comparison of Liabilities – Fiscal Year 2007 to 2008

	2007	% Total 2007	2008	% Total 2008
Current Liabilities	1,507,014	14.62%	2,231,026	20.72%
Noncurrent Liabilities	8,797,400	85.38%	8,536,136	79.28%
Total Liabilities	10,304,414	100.00%	10,767,162	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 series revenue bonds and capital lease payable. The bond refinancing was completed in March of 2005 and served two primary purposes; 1) to reduce the bond payment amount for the next two years and; 2) to take advantage of historically low interest rates.

Comparison of Assets to Liabilities



Total liabilities increased \$462,748 from \$10,304,414 in 2007 to \$10,767,162 in 2008. This represents a 4.5% increase in total liabilities. Assets increased \$631,535 from \$14,593,936 to \$15,225,471 for a 4.3% increase. The asset to liability ratio was 1.42 (\$14,593,936/\$10,304,414) in 2007 and 1.41 (\$15,225,471/10,767,162) in 2008. In summary, assets increased \$631,535 while liabilities increased by \$462,748.

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, 2008. 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 2008

Revenue

Components and sources of revenue:

	2007	% Total 2007	2008	% Total 2008
Student tuition and fees	1,476,251	10.80%	1,825,419	13.04%
Federal grants and contracts	2,598,200	19.00%	2,456,359	17.55%
State and local grants and contracts	643,531	4.71%	823,102	5.88%
Auxiliary enterprises and activity funds	1,502,149	10.99%	1,583,086	11.31%
State appropriations and outdistrict tuition	2,839,357	20.77%	2,729,937	19.50%
Property taxes	4,486,056	32.81%	4,267,122	30.48%
Other revenue	125,597	0.92%	314,770	2.25%
Total revenue	13,671,141	100.00%	13,999,795	100.00%

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 appropriations and out district tuition decreased 1.27% and the percentage of student tuition and fees increased 2.24% in 2008.

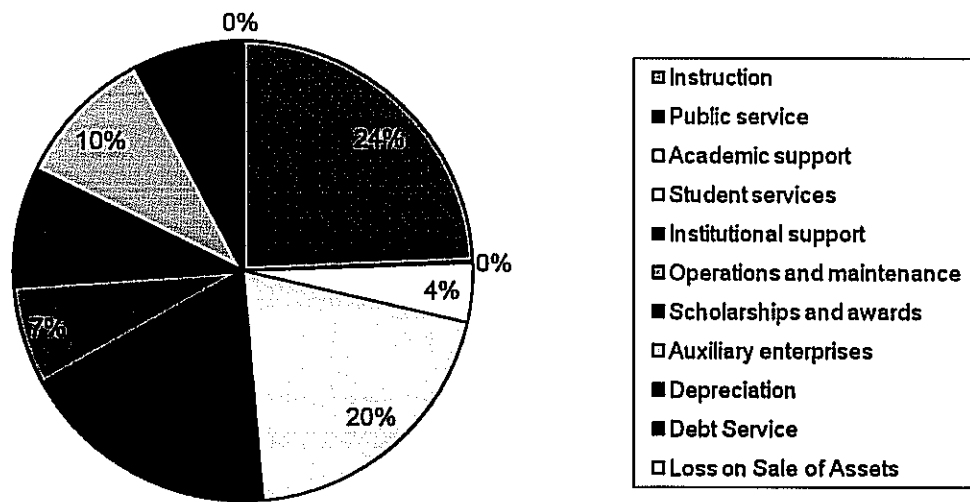
Neosho County Community College
 Management's Discussion and Analysis
 Fiscal year ended June 30, 2008

Expenditures

Detail of the 2007 and 2008 Education and General expenditures:

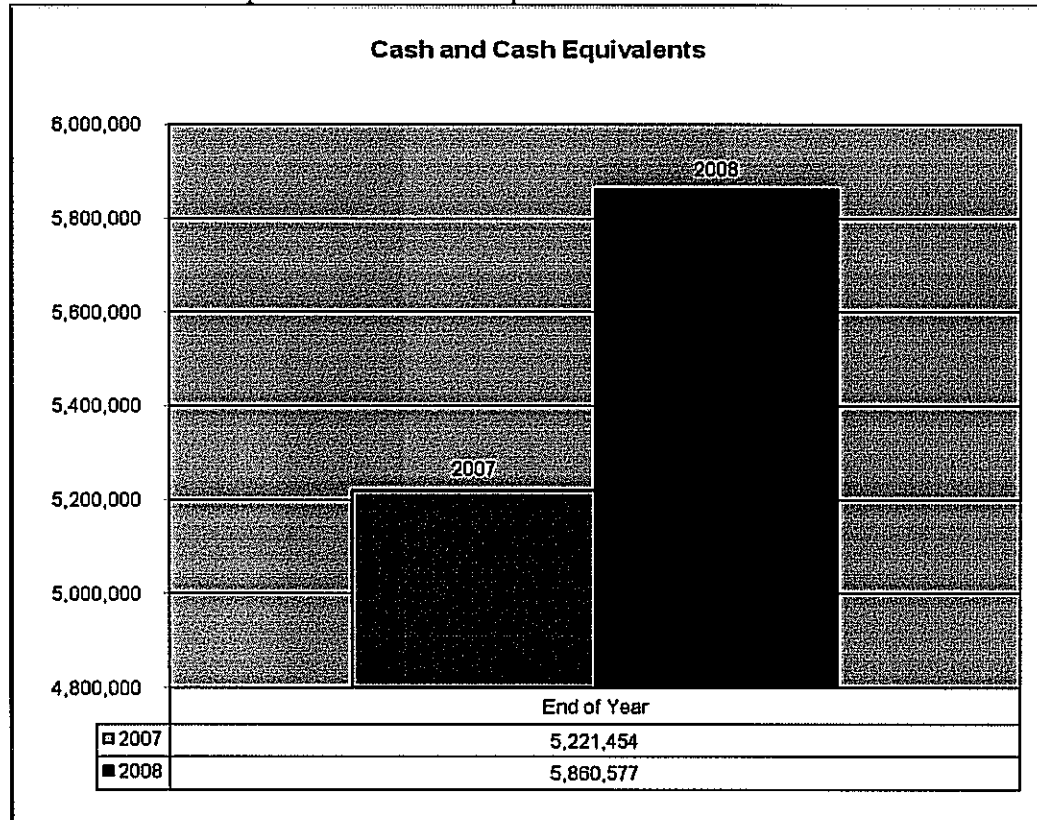
	2007	% Total 2007	2008	% Total 2008
Instruction	3,633,628	28.27%	3,362,539	24.31%
Public service	16,037	0.12%	15,876	0.11%
Academic support	566,517	4.41%	575,140	4.16%
Student services	2,390,295	18.59%	2,776,500	20.07%
Institutional support	1,883,912	14.65%	2,519,711	18.22%
Operations and maintenance	899,195	6.99%	975,462	7.05%
Scholarships and awards	1,073,430	8.35%	1,153,161	8.34%
Auxiliary enterprises	1,247,138	9.70%	1,384,355	10.01%
Depreciation	601,433	4.68%	641,528	4.64%
Debt Service	422,541	3.29%	426,734	3.09%
Loss on Sale of Assets	121,070	0.94%	-	0.00%
Total expenditures	12,855,196	100.00%	13,831,006	100.00%

Percentage of Expenditures by Category 2008



Statement of Cash Flows

Cash and Cash Equivalents 2007 compared to 2008:



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 improved overall this fiscal year. Net assets increased, on an accrual basis, in 2008 from 2007 by \$168,787. Cash and cash equivalents increased by \$639,123 (\$5,860,577-\$5,221,454). Fund balances on a budget basis (presented in supplementary information schedules 3-9) also increased by \$256,506 from \$3,456,702 to \$3,713,208 during the 2008 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. 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, 146,100 was transferred from agency funds as of June 30, 2008.

Economic Outlook

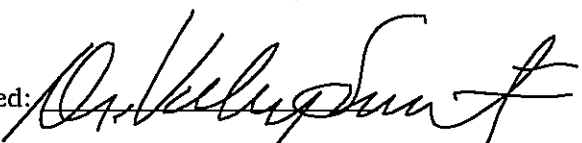
Neosho County Community College shows increasing cash reserves and continued enrollment growth. State-aidable credit hour enrollments increased by 27.85% between FY2003 and FY2008.

Additional Funding Sources

The College has been very successful in going after grant monies to help leverage taxes received from Neosho County taxpayers. In July 2008, NCCC received \$172,535 to continue the expansion of the LPN and RN nursing programs. The College also received a \$15,000 MentorLinks Advanced Technological Education Construction grant. This summer the College received notification that the WIA Non-Formula Funds Grant for construction and welding was funded for \$62,307 and the USDA Rural Business Opportunity Grant for construction and welding was funded for \$50,000.

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 Dean of Finance, Neosho County Community College, 800 West 14th, 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, 2008, 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, 2008, 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 6, 2008, 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.

The management's discussion and analysis on pages i through viii, is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Board of Trustees
Neosho County Community College
Chanute, Kansas

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The supplemental schedules as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic 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 basic financial statements of Neosho County Community College. The supplemental schedules and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

P.O. Box 779
Chanute, Kansas 66720
(620) 431-6342
October 6, 2008

Neosho County Community College

Chanute, Kansas

Statement of Net Assets

June 30, 2008

	Primary Institution	Component Unit- Foundation
	<u> </u>	<u> </u>
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 5,226,283.81	\$ 266,250.47
Investments	-	1,534,237.50
Accounts Receivable	477,901.15	-
Inventories	202,152.54	-
Total Current Assets	<u>5,906,337.50</u>	<u>1,800,487.97</u>
Noncurrent Assets		
Cash and Cash Equivalents	634,292.92	-
Bond Issuance Cost	173,141.75	-
Capital Assets, Net of Accumulated Depreciation	8,511,698.53	471,057.40
Total Noncurrent Assets	<u>9,319,133.20</u>	<u>471,057.40</u>
 TOTAL ASSETS	 <u><u>\$ 15,225,470.70</u></u>	 <u><u>\$ 2,271,545.37</u></u>
 LIABILITIES AND NET ASSETS		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 528,651.13	\$ -
Accrued Interest Expense	28,640.54	-
Deferred Tax Revenue	205,827.00	-
Deposits Held in Custody for Others	1,467,907.26	31,262.23
Total Current Liabilities	<u>2,231,025.93</u>	<u>31,262.23</u>
Noncurrent Liabilities		
Accrued Vacation	116,398.75	-
Grants Pledged	-	100,498.11
Revenue Bonds Payable	7,115,000.00	-
Capital Leases Payable	1,304,736.96	-
Total Noncurrent Liabilities	<u>8,536,135.71</u>	<u>100,498.11</u>
 TOTAL LIABILITIES	 <u>10,767,161.64</u>	 <u>131,760.34</u>
NET ASSETS		
Invested in Capital Assets, Net of Related Debt	91,961.57	471,057.40
Restricted Net Assets		
Restricted Net Assets - Expendable	634,292.92	10,000.00
Restricted Net Assets - Nonexpendable	-	1,319,007.77
Unrestricted Net Assets	3,732,054.57	339,719.86
TOTAL NET ASSETS	<u>4,458,309.06</u>	<u>2,139,785.03</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 15,225,470.70</u></u>	 <u><u>\$ 2,271,545.37</u></u>

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

Neosho County Community College
Chanute, Kansas
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2008

	Primary Institution	Component Unit- Foundation
REVENUES		
Operating Revenues		
Student Tuition and Fees, Net of Scholarship		
Discounts and Allowances of \$405,107.00	\$ 1,825,419.22	\$ -
Federal Grants and Contracts	2,456,358.71	-
State Grants and Contracts	823,102.01	-
Sales and Services of Auxiliary Enterprises	1,583,086.26	-
Other Operating Revenues	175,443.66	2,613.48
Total Operating Revenues	<u>6,863,409.86</u>	<u>2,613.48</u>
EXPENSES		
Educational and General		
Instruction	3,362,539.35	-
Public Service	15,876.02	-
Academic Support	575,139.96	-
Student Services	2,776,500.35	-
Institutional Support	2,519,711.29	161,800.83
Operation and Maintenance	975,462.42	-
Scholarships and Awards	1,153,161.06	49,774.68
Auxiliary Enterprises	1,384,355.09	-
Depreciation Expense	641,527.78	-
Total Operating Expenses	<u>13,404,273.32</u>	<u>211,575.51</u>
Operating Income (Loss)	<u>(6,540,863.46)</u>	<u>(208,962.03)</u>
Nonoperating Revenues (Expenses)		
State Appropriations	2,528,528.00	-
Out District Aid	201,409.00	-
County Appropriations	4,267,122.13	-
Gifts	-	638,836.16
Investment Income	139,158.70	(41,084.45)
Debt Service	(426,734.36)	-
Gain (Loss) on Sale of Assets	167.29	-
Net Nonoperating Revenues (Expenses)	<u>6,709,650.76</u>	<u>597,751.71</u>
Increase (Decrease) in Net Assets	168,787.30	388,789.68
Net Assets - Beginning of Year	<u>4,289,521.76</u>	<u>1,750,995.35</u>
Net Assets - End of Year	<u>\$ 4,458,309.06</u>	<u>\$ 2,139,785.03</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, 2008

	Primary Institution	Component Unit- Foundation
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 1,778,350.33	\$ -
Federal Grants and Contracts	2,456,358.71	-
State Grants and Contracts	823,102.01	-
Sales and Services of Auxiliary Enterprises	1,583,086.26	-
Miscellaneous Income	175,443.66	2,613.48
Payments on Behalf of Employees	(6,825,019.80)	-
Payments for Supplies and Materials	(127,193.84)	-
Payments for Other Expenses	(5,268,131.49)	(218,437.54)
Net cash provided by (used in) operating activities	<hr/> <u>(5,404,004.16)</u>	<hr/> <u>(215,824.06)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	2,528,528.00	-
Out District Aid	201,409.00	-
County Appropriations	4,267,122.13	-
Gifts	-	193,367.37
Net cash provided by (used in) noncapital financing activities	<hr/> <u>6,997,059.13</u>	<hr/> <u>193,367.37</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments for Purchase of Fixed Assets	(403,077.24)	-
Proceeds on Sale of Assets	167.29	-
Interest Paid on Debt	(419,698.89)	-
Proceeds from the Issuance of Debt	-	-
Principal Payments on Debt	(270,481.63)	-
Cash Collections from Endowment Contributions	-	445,468.79
Net cash provided by (used in) capital financing activities	<hr/> <u>(1,093,090.47)</u>	<hr/> <u>445,468.79</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	-	203,533.05
Purchase of Investments	-	(553,703.46)
Interest Earned on Investments	139,158.70	105,729.33
Net cash provided by (used in) investing activities	<hr/> <u>139,158.70</u>	<hr/> <u>(244,441.08)</u>
 Net Increase (Decrease) in Cash and Cash Equivalents	 639,123.20	 178,571.02
 Cash and Cash Equivalents, Beginning of Year	 <hr/> 5,221,453.53	 <hr/> 87,679.45
 Cash and Cash Equivalents, End of Year	 <hr/> <u>\$ 5,860,576.73</u>	 <hr/> <u>\$ 266,250.47</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, 2008

	<u>Primary Institution</u>	<u>Component Unit- Foundation</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (6,540,863.46)	\$ (208,962.03)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:		
Depreciation Expense	641,527.78	14,298.95
(Increase) Decrease in Receivables	(252,895.89)	-
(Increase) Decrease in Inventory	14,073.28	-
Increase (Decrease) in Accounts Payable	54,451.84	(10,484.43)
Increase (Decrease) in Compensated Absences	9,217.35	-
Increase (Decrease) in Deferred Revenue	205,827.00	-
Increase (Decrease) in Deposits Held for Others	464,657.94	(10,676.55)
Net cash provided by (used in) operating activities	<u>\$ (5,404,004.16)</u>	<u>\$ (215,824.06)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS		
Cash and Cash Equivalents classified as current assets	\$ 5,226,283.81	\$ 572,685.61
Cash and Cash Equivalents classified as non-current assets	634,292.92	-
Total Cash and Cash Equivalents	<u>\$ 5,860,576.73</u>	<u>\$ 572,685.61</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, 2008

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, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *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 Presentation

In June 1999, the GASB issued Statement No. 34, *Basic Financial Statements and Management Discussion and Analysis for State and Local Governments*. This was followed in November 1999 by GASB No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB No. 34 and No. 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets, and cash flows and replaces the fund-group perspective previously required.

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

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 November 30, 1989, unless FASB conflicts with GASB. The College has elected to not apply FASB pronouncements issued after the applicable date.

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 in accordance with GASB Statements No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. 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, 2008.

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year.

Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in December 2007 are recorded as taxes receivable. Approximately 33% of these taxes are normally distributed after May 10th, 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).

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

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Net Assets (Continued)

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.

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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension Plan

Substantially all full-time College employees are members of the State of Kansas Public Employees Retirement System which is a multi-employer state-wide pension plan. The College's policy is 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). The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

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

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

A legal operating budget is not required for 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 contains the following requirements:

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. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)
Compliance with Bond Covenants (Continued)

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 maximum annual requirement for principal and interest requirements on all the outstanding Student Union-Dormitory Revenue Bonds.

3. For the year ended June 30, 2008, 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, 2008, the Student Union Dorm Fund had net income of \$465,737.55 which is 125.00% of the annual debt service requirement of \$372,600.00.

4. At June 30, 2008, the bond reserves had the following balances:

	<u>ACTUAL</u>	<u>REQUIRED</u>
Student Union – Dormitory Bond and Interest Account	\$ 44,077.92	\$ 44,077.92
Student Union – Dormitory Bond Reserve Account	541,063.22	540,215.00
Student Union – Depreciation and Replacement Account	50,000.00	50,000.00

As shown above, the College was in apparent compliance of the revenue bond covenant reserve requirements.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Compliance with Kansas Statutes

Supplemental Schedules 3 to 9 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Schedules 3 to 9, the College was in apparent compliance with Kansas cash basis and budget laws.

3. DEPOSITS AND INVESTMENTS

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, 2008.

At year-end, the College's carrying amount of deposits was \$5,858,976.73 and the bank balance was \$6,494,804.99. The bank balance was held by seven banks resulting in a concentration of credit risk. Of the bank balance, \$508,487.16, was covered by FDIC insurance and \$5,986,317.83, was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name.

Deposits and Investments – Component Unit

At year-end, the carrying amount of the Foundation's deposits were \$265,200.47. The bank balances were \$275,085.95. The bank balance was held by four banks and one investment company resulting in a concentration of credit risk. Of the bank balances, \$133,562.77 was covered by FDIC insurance and the remaining \$141,523.18 was covered with SPIC insurance.

3. DEPOSITS AND INVESTMENTS (Continued)

Deposits and Investments – Component Unit

At year-end the Foundation held the following investments:

	<u>COST</u>	<u>FAIR VALUE</u>
Aggressive Mutual Income	\$ 65,129.60	61,033.54
Certificates of Deposit	305,372.50	306,435.14
Income Mutual Funds	101,101.68	96,251.05
Growth and Income Mutual Funds	964,489.76	1,070,517.77
	<u>\$ 1,436,093.54</u>	<u>\$ 1,534,237.50</u>

Investments are made in accordance with an investment policy established by the Board of Directors and are stated at fair value.

4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2008, consisted of the amounts due under the following programs:

	<u>Primary Institution</u>
Current:	
Federal Grants	\$ 177,154.69
Taxes in Progress	205,827.00
Other	15,408.91
Student Accounts	<u>79,510.55</u>
Total Accounts Receivable	<u>\$ 477,901.15</u>

All receivables are considered collectible at June 30, 2008. 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.

5. INVENTORIES

Inventories consisted of the following at June 30, 2008:

College Bookstore	
Books and Supplies	<u>\$ 202,152.54</u>

6. CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2008:

Primary Institution:

	Balance 06/30/2007	Additions	Retirements	Balance 06/30/2008
Other Capital Assets				
Buildings and Improvements	\$ 10,252,879.82	\$ 38,729.02		\$ 10,291,608.84
Buildings and Improvements Under Capital Lease	2,075,673.05	-	-	2,075,673.05
Equipment	2,445,679.89	364,348.22	(50,749.72)	2,759,278.39
Equipment - Under Capital Lease	275,000.00			275,000.00
Total Other Capital Assets	15,049,232.76	403,077.24	(50,749.72)	15,401,560.28
Accumulated Depreciation				
Buildings and Improvements	4,234,135.45	220,561.88		4,454,697.33
Buildings and Improvements Under Capital Lease	276,756.41	138,378.20	-	415,134.61
Equipment	1,783,608.50	227,587.70	(50,749.72)	1,960,446.48
Equipment - Under Capital Lease	4,583.33	55,000.00		59,583.33
Total Accumulated Depreciation	6,299,083.69	641,527.78	(50,749.72)	6,889,861.75
 Net Capital Assets	 \$ 8,750,149.07	 \$ (238,450.54)	 \$ -	 \$ 8,511,698.53

Component
Unit:

	Balance 06/30/2007	Additions	Retirements	Balance 06/30/2008
Other Capital Assets				
Buildings	\$ 540,000.00	\$ -	\$ -	\$ 540,000.00
Equipment	4,009.00		-	4,009.00
Total Other Capital Assets	544,009.00	-	-	544,009.00
Accumulated Depreciation				
Buildings	55,384.62	13,846.15	-	69,230.77
Equipment	3,268.03	452.80	-	3,720.83
Total Accumulated Depreciation	58,652.65	14,298.95	-	72,951.60
 Net Capital Assets	 \$ 485,356.35	 \$ (14,298.95)	 \$ -	 \$ 471,057.40

7. LONG-TERM DEBT

Long-term debt of the College consists of the following as of June 30, 2008:

Student Union and Dormitory System Refunding and Improvement Revenue Bonds, Series 1999 issued December 1, 1999, in the original amount of \$6,640,000.00, partially refunded with the Student Union and Dormitory System Refunding Revenue Bonds, Series 2005. Non-refunded bonds still outstanding require annual payments of \$10,000.00 to \$65,000.00, plus interest at 5.50% to 7.00%, maturing June 1, 2030, with a lump-sum payment of \$145,000.00 due.	\$ 895,000.00
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>6,220,000.00</u>
Total Long-Term Debt	<u>\$ 7,115,000.00</u>

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2008:

Obligations:	<u>PRINCIPAL JUNE 30, 2007</u>	<u>PRINCIPAL RECEIVED (PAID)</u>	<u>PRINCIPAL JUNE 30, 2008</u>	<u>INTEREST PAID</u>
Revenue Bonds – Series 1999	\$ 910,000.00	\$ (15,000.00)	\$ 895,000.00	\$ 61,557.50
Revenue Bonds – Series 2005	<u>6,295,000.00</u>	<u>75,000.00</u>	<u>6,220,000.00</u>	<u>300,612.50</u>
	<u>\$7,205,000.00</u>	<u>\$ (90,000.00)</u>	<u>\$7,115,000.00</u>	<u>\$ 362,170.00</u>

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

<u>FISCAL YEAR JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2009	\$ 170,000.00	\$ 356,455.00	\$ 526,455.00
2010	190,000.00	350,215.00	540,215.00
2011	190,000.00	343,085.00	533,085.00
2012	200,000.00	335,405.00	535,405.00
2013	210,000.00	326,905.00	536,905.00
2014-2018	1,205,000.00	1,481,710.00	2,686,710.00
2019-2023	1,520,000.00	1,145,300.00	2,665,300.00
2024-2028	1,950,000.00	692,456.25	2,642,456.25
2029-2031	<u>1,480,000.00</u>	<u>104,381.50</u>	<u>1,584,381.50</u>
	<u>\$ 7,115,000.00</u>	<u>\$5,135,912.75</u>	<u>\$ 12,250,912.75</u>

8. 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>	
2009	\$ 175,504.68
2010	175,504.68
2011	175,504.68
2012	175,504.68
2013	175,504.68
2014-2016	<u>351,009.36</u>
Total Net Minimum Lease Payments	1,228,532.76
Less: Imputed Interest	<u>(145,039.87)</u>
Net Present Value of Capital Lease	<u>1,083,492.89</u>
Less: Current Maturities	<u>(135,960.63)</u>
Long-Term Capital Lease Obligations	<u>\$ 947,532.26</u>

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:	
<u>June 30,</u>	
2009	\$ 65,505.84
2010	65,505.84
2011	65,505.84
2012	<u>57,232.69</u>
Total Net Minimum Lease Payments	253,750.21
Less: Imputed Interest	<u>(32,506.14)</u>
Net Present Value of Capital Lease	<u>221,244.07</u>
Less: Current Maturities	<u>(54,345.77)</u>
Long-Term Capital Lease Obligations	<u>\$ 168,898.30</u>

9. REFUNDING BONDS

The College has issued Series 2005 Student Union and Dormitory System Refunding Revenue Bonds for the purpose of refunding prior to maturity a portion of the College's outstanding bonds. The proceeds of the bond issues were irrevocably placed in the trust accounts and were used to purchase United States Government Securities for the purpose of paying the debt requirements of the refunded bonds as needed. The following schedule lists the refunding revenue bond issue and the principal outstanding of refunded debt as of June 30, 2008.

	Principal Outstanding
Refunded by 2005 Student Union and Dormitory System Refunding Bonds –	
1999-Dorm Revenue and Refunding Bonds	\$5,280,000.00

These refunded bonds are not included as obligations of the College in these financial statements inasmuch as the bonds are defeased in substance.

10. 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 \$67,762.33 for the year ended June 30, 2008. Future minimum rental payments are as follows:

06/30/2009	\$	24,672.50
06/30/2010		2,500.00
06/30/2011		2,500.00
06/30/2012		2,500.00
06/30/2013		2,500.00

11. 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.

Year Ending June 30,	Contribution	Less Discount	Present Value
2009	\$ 20,000.00	\$ 3,014.94	\$ 16,985.06
2010	20,000.00	3,105.39	16,894.61
2011	20,000.00	3,198.55	16,801.45
2012	20,000.00	3,294.51	16,705.49
2013	20,000.00	3,393.35	16,606.65
2014	20,000.00	3,495.15	16,504.85
	\$ 120,000.00	\$ 19,501.89	\$ 100,498.11

12. 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% 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. State law sets a limitation on annual increases in the contribution rates. The State of Kansas contributed 7.37% 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, 2008, 2007, and 2006 were \$220,815,154, \$192,425,626, and \$192,425,626, respectively, equal to the statutory required contributions for each year. During the year ended June 30, 2008, payments made by the State of Kansas to KPERS on behalf of the College totaled \$363,546.77.

13. 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.

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%

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

The following is a schedule of benefits payable for eligible employees which have taken early retirement as of June 30, 2008:

<u>Paid or Payable</u>	<u>Year Ended June 30th</u>	<u>Amount</u>
Paid	2008	<u>\$ 8,833.44</u>
Payable	2009	\$ 8,833.44
Payable	2010	8,833.44
Payable	2011	8,833.44
Payable	2012	8,833.44

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

14. COMPENSATED ABSENCES

Administrators (non-faculty, non-clerical, non-maintenance) employed on a twelve-month basis are entitled to a four-week (20 working days) vacation. Clerical and maintenance personnel who are employed on a twelve-month basis are entitled to two weeks (10 working days) of vacation on the first day of the contract year. If an employee terminates before the end of the contract year, the vacation will be prorated. Vacation days for the first year of employment will be prorated based on length of service. After the completion of the fifth year, maintenance and clerical personnel will be entitled to 15 working days of vacation, after the completion of the tenth year, 17 ½ working days of vacation, and after the completion of the fifteenth year, 20 working days of vacation. 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.

Each full-time employee shall receive one sick day per month, cumulative to a maximum of 60 days by the end of the 5th contracted year of employment. After the 5th 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 because the rights do not vest.

15. 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.

16. CONCENTRATION OF RISK

Component Unit

68.19% of the Foundation's cash and investments are invested in equities and equity mutual funds at June 30, 2008. The effect in the future on the Foundation's equity portfolio is unknown and is subject to market economic conditions.

17. 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.

18. 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 \$6,833,241.00 blanket coverage, \$500.00 deductible per occurrence, through EMC Insurance Company for the period July 1, 2007, through July 1, 2008, renewable annually. The premiums paid were \$8,678.52.

Total system users for the fall 2007 and the spring of 2008 were as follows:

	<u>Fall 2007</u>	<u>Spring 2008</u>
Dorm Residents	223	208

19. 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, 2008, \$31,902.00. The Foundation disbursed on behalf of the College, through its activities funds for the year-ended June 30, 2008, \$148,770.76. The College disbursed on behalf of the Foundation donated services and facilities for the year ended June 30, 2008, \$91,560.12.

SUPPLEMENTAL INFORMATION

Neosho County Community College
Chanute, Kansas
Combining Schedule of Net Assets - Primary Institution
June 30, 2008

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
Current Assets									
Cash and Cash Equivalents	\$ 2,965,533.90	\$ 66,139.29	\$ 11,934.35	\$ 4,443.86	\$ 345,453.11	\$ 61,181.70	\$ -	\$ -	\$ 402.00
Receivables									
Taxes in Process	205,321.00	-	506.00	-	-	-	-	-	-
Federal	-	-	-	-	-	-	-	-	8,181.00
Other	20,371.85	19,002.65	-	1,061.00	2,793.97	12,062.32	-	-	-
Inventories	-	-	-	-	-	202,152.54	-	-	-
Total Current Assets	3,191,226.76	85,141.94	12,440.35	5,504.86	348,247.08	275,396.56	-	-	8,583.00
Noncurrent Assets									
Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 3,191,226.76	\$ 85,141.94	\$ 12,440.35	\$ 5,504.86	\$ 348,247.08	\$ 275,396.56	\$ -	\$ -	\$ 8,583.00
LIABILITIES AND NET ASSETS									
LIABILITIES									
Current Liabilities									
Accounts Payable	\$ 288,370.35	\$ 57,531.38	\$ 8,308.77	\$ 4,443.86	\$ 16,191.47	\$ 50,153.41	\$ -	\$ -	\$ 8,181.00
Accrued Interest Expense	-	-	-	-	-	-	-	-	-
Deferred Tax Revenue	205,321.00	-	506.00	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-	-	-
Total Current Liabilities	493,691.35	57,531.38	8,814.77	4,443.86	16,191.47	50,153.41	-	-	8,181.00
Noncurrent Liabilities									
Accrued Vacation	102,911.62	5,673.00	5,609.30	-	1,107.84	1,096.99	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	102,911.62	5,673.00	5,609.30	-	1,107.84	1,096.99	-	-	-
TOTAL LIABILITIES	596,602.97	63,204.38	14,424.07	4,443.86	17,299.31	51,250.40	-	-	8,181.00
NET ASSETS									
Invested in Capital Assets,									
Net of Related Debt	-	-	-	-	-	-	-	-	-
Restricted Net Assets	-	-	-	-	-	-	-	-	-
Bond and Interest	-	-	-	-	-	-	-	-	-
Depreciation and Replacement	-	-	-	-	-	-	-	-	-
Bond Reserve	-	-	-	-	-	-	-	-	-
Unrestricted Net Assets	2,594,623.79	21,937.56	(1,983.72)	1,061.00	330,947.77	224,146.16	-	-	402.00
TOTAL NET ASSETS	2,594,623.79	21,937.56	(1,983.72)	1,061.00	330,947.77	224,146.16	-	-	402.00
TOTAL LIABILITIES AND NET ASSETS	\$ 3,191,226.76	\$ 85,141.94	\$ 12,440.35	\$ 5,504.86	\$ 348,247.08	\$ 275,396.56	\$ -	\$ -	\$ 8,583.00

Neosho County Community College

Chanute, Kansas

Combining Schedule of Net Assets - Primary Institution

June 30, 2008

ASSETS	ACADEMIC COMPETITIVENESS GRANT									
	OTHER GRANT FUNDS	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	GRAHAM EDUCATIONAL TRUST	KIM GOODARD MEMORIAL	ROWLAND MEMORIAL	JEWELL OLSON MEMORIAL	EARL HEMINGER MEMORIAL		
Current Assets										
Cash and Cash Equivalents	\$ 52,046.37	\$ 222,712.67	\$ 205.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receivables	-	-	-	-	-	-	-	-	-	-
Taxes in Process	-	-	-	-	-	-	-	-	-	-
Federal	168,973.69	-	-	-	-	-	-	-	-	-
Other	15,408.91	-	-	-	-	-	-	-	-	-
Inventories	-	-	-	-	-	-	-	-	-	-
Total Current Assets	236,428.97	222,712.67	205.64	-	-	-	-	-	-	-
Noncurrent Assets										
Cash and Cash Equivalents	-	-	-	-	-	-	-	-	-	-
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	-
Capital Assets	-	-	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 236,428.97	\$ 222,712.67	\$ 205.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
LIABILITIES AND NET ASSETS										
LIABILITIES										
Current Liabilities										
Accounts Payable	\$ 82,653.02	\$ 9,504.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Interest Expense	-	-	-	-	-	-	-	-	-	-
Deferred Tax Revenue	-	-	-	-	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	82,653.02	9,504.00	-	-	-	-	-	-	-	-
Noncurrent Liabilities										
Accrued Vacation	-	-	-	-	-	-	-	-	-	-
Revenue Bonds Payable	-	-	-	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	82,653.02	9,504.00	-	-	-	-	-	-	-	-
NET ASSETS										
Invested in Capital Assets,										
Net of Related Debt	-	-	-	-	-	-	-	-	-	-
Restricted Net Assets	-	-	-	-	-	-	-	-	-	-
Bond and Interest	-	-	-	-	-	-	-	-	-	-
Depreciation and Replacement	-	-	-	-	-	-	-	-	-	-
Bond Reserve	-	-	-	-	-	-	-	-	-	-
Unrestricted Net Assets	153,775.95	213,208.67	205.64	-	-	-	-	-	-	-
Total Net Assets	153,775.95	213,208.67	205.64	-	-	-	-	-	-	-
TOTAL LIABILITIES AND NET ASSETS	\$ 236,428.97	\$ 222,712.67	\$ 205.64	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

Neosho County Community College
Chanute, Kansas
Combining Schedule of Net Assets - Primary Institution
June 30, 2008

ASSETS	GRIMES MEMORIAL	CAPITAL OUTLAY	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
Current Assets						
Cash and Cash Equivalents	\$ -	\$ 48,380.32	\$ 848.22	\$ -	\$ 1,447,002.38	\$ 5,226,283.81
Receivables	-	-	-	-	-	205,827.00
Taxes in Process	-	-	-	-	-	177,154.69
Federal	-	-	-	-	24,218.75	94,919.46
Other	-	-	-	-	-	202,152.54
Inventories	-	-	-	-	-	5,906,337.50
Total Current Assets	-	48,380.32	848.22	-	1,471,221.13	5,906,337.50
Noncurrent Assets						
Cash and Cash Equivalents	-	-	634,292.92	-	-	634,292.92
Bond Issuance Cost	-	-	173,141.75	-	-	173,141.75
Capital Assets	-	-	-	15,401,560.28	-	15,401,560.28
Accumulated Depreciation	-	-	-	(6,889,861.75)	-	(6,889,861.75)
Total Noncurrent Assets	-	-	807,434.67	8,511,698.53	-	9,319,133.20
TOTAL ASSETS	\$ -	\$ 48,380.32	\$ 808,282.89	\$ 8,511,698.53	\$ 1,471,221.13	\$ 15,225,470.70
LIABILITIES AND NET ASSETS						
LIABILITIES						
Current Liabilities						
Accounts Payable	-	-	-	-	\$ 3,313.87	\$ 528,651.13
Accrued Interest Expense	-	-	28,640.54	-	-	28,640.54
Deferred Tax Revenue	-	-	-	-	-	205,827.00
Deposits Held in Custody for Others	-	-	-	-	1,467,907.26	1,467,907.26
Total Current Liabilities	-	-	28,640.54	-	1,471,221.13	2,231,025.93
Noncurrent Liabilities						
Accrued Vacation	-	-	-	-	-	116,398.75
Revenue Bonds Payable	-	-	-	7,115,000.00	-	7,115,000.00
Capital Leases Payable	-	-	-	1,304,736.96	-	1,304,736.96
Total Noncurrent Liabilities	-	-	-	8,419,736.96	-	8,536,135.71
TOTAL LIABILITIES	-	-	28,640.54	8,419,736.96	1,471,221.13	10,767,161.64
NET ASSETS						
Invested in Capital Assets,	-	-	-	91,961.57	-	91,961.57
Net of Related Debt	-	-	-	-	-	-
Restricted Net Assets	-	-	44,077.92	-	-	44,077.92
Bond and Interest	-	-	50,000.00	-	-	50,000.00
Depreciation and Replacement	-	-	540,215.00	-	-	540,215.00
Bond Reserve	-	48,380.32	145,349.43	-	-	3,732,054.57
Unrestricted Net Assets	-	48,380.32	779,642.35	91,961.57	-	4,458,309.06
TOTAL NET ASSETS	-	\$ 48,380.32	\$ 808,282.89	\$ 8,511,698.53	\$ 1,471,221.13	\$ 15,225,470.70
TOTAL LIABILITIES AND NET ASSETS	\$ -	\$ 48,380.32	\$ 808,282.89	\$ 8,511,698.53	\$ 1,471,221.13	\$ 15,225,470.70

Neosho County Community College
Chanute, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Assets - Primary Institution
For the Year Ended June 30, 2008

	GENERAL	VOCATIONAL EDUCATION	ADULT EDUCATION	ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE STUDENT UNION	AUXILIARY ENTERPRISE BOOKSTORE	FEDERAL WORK STUDY	EDUCATION OPPORTUNITY GRANT	PELL GRANT
REVENUES									
Operating Revenues	\$ 1,322,078.61	\$ 587,381.68	\$ 12,686.63	\$ 67,812.80	\$ 240,566.50	\$ -	\$ -	\$ -	\$ -
Student Tuition and Fees	64,545.00	107,800.00	69,302.00	-	-	-	34,410.00	19,379.00	1,206,144.10
Federal Grants and Contracts	363,546.77	-	51,498.00	-	-	-	-	-	-
State Grants and Contracts	-	-	-	-	-	-	-	-	-
Sales and Services of Auxiliary Enterprises	-	-	-	-	832,740.00	750,346.26	-	-	-
Other Operating Revenues	74,872.02	-	-	-	-	-	-	-	-
Total Operating Revenues	<u>1,825,042.40</u>	<u>695,181.68</u>	<u>133,486.63</u>	<u>67,812.80</u>	<u>1,073,306.50</u>	<u>750,346.26</u>	<u>34,410.00</u>	<u>19,379.00</u>	<u>1,206,144.10</u>
EXPENSES									
Educational and General	1,939,439.25	1,366,874.81	145,706.48	68,363.80	-	-	-	-	-
Instruction	15,876.02	-	-	-	-	-	-	-	-
Public Service	577,237.44	-	-	-	-	-	-	-	-
Academic Support	1,402,433.40	-	-	-	-	-	-	-	-
Student Services	2,528,061.79	-	-	-	-	-	-	-	-
Institutional Support	997,593.64	-	-	-	-	-	-	-	-
Operation and Maintenance	160,566.00	-	-	-	-	-	34,410.00	19,379.00	1,206,144.10
Scholarships and Awards	-	-	-	-	602,335.47	799,999.62	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>7,621,207.54</u>	<u>1,366,874.81</u>	<u>145,706.48</u>	<u>68,363.80</u>	<u>602,335.47</u>	<u>799,999.62</u>	<u>34,410.00</u>	<u>19,379.00</u>	<u>1,206,144.10</u>
Operating Income (Loss)	(5,796,165.14)	(671,693.13)	(12,219.85)	(551.00)	470,971.03	(49,653.36)	-	-	-
Nonoperating Revenues (Expenses)									
State Appropriations	2,528,528.00	-	-	-	-	-	-	-	-
Out of District Aid	201,409.00	-	-	-	-	-	-	-	-
County Appropriations	4,256,622.46	-	10,499.67	-	-	-	-	-	-
Investment Income	102,905.66	-	-	-	388.85	-	-	-	-
Debt Service	(238,010.52)	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Asset	167.29	-	-	-	-	-	-	-	-
Operating Transfers	(830,262.68)	685,563.18	-	-	(426,761.59)	-	-	-	-
Net Nonoperating Revenues (Expenses)	<u>6,021,359.21</u>	<u>685,563.18</u>	<u>10,499.67</u>	<u>-</u>	<u>(426,372.74)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (Decrease) in Net Assets	225,194.07	13,870.05	(1,720.18)	(551.00)	44,598.29	(49,653.36)	-	-	-
Net Assets - Beginning of Year	2,369,429.72	8,067.51	(263.54)	1,612.00	286,349.48	273,799.52	-	-	402.00
Net Assets - End of Year	<u>\$ 2,594,623.79</u>	<u>\$ 21,937.56</u>	<u>\$ (1,983.72)</u>	<u>\$ 1,061.00</u>	<u>\$ 330,947.77</u>	<u>\$ 224,146.16</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 402.00</u>

Neosho County Community College

Chanute, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Assets - Primary Institution
For the Year Ended June 30, 2008

	ACADEMIC COMPETITIVENESS GRANT	OTHER GRANT FUNDS	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	EDUCATIONAL TRUST	KIM GOODARD MEMORIAL	ROWLAND MEMORIAL	JEWELL OLSON MEMORIAL	EARL HEMINGER MEMORIAL
REVENUES									
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Student Tuition and Fees	26,025.00	928,753.61	-	-	-	-	-	-	-
Federal Grants and Contracts	-	408,057.24	-	-	-	-	-	-	-
State Grants and Contracts	-	-	-	-	-	-	-	-	-
Sales and Services of Auxiliary Enterprises	-	-	-	-	-	-	-	-	-
Other Operating Revenues	-	100,571.64	-	-	-	-	-	-	-
Total Operating Revenues	26,025.00	1,437,382.49	-	-	-	-	-	-	-
EXPENSES									
Educational and General									
Instruction	-	-	-	-	-	-	-	-	-
Public Service	-	-	-	-	-	-	-	-	-
Academic Support	-	-	-	-	-	-	-	-	-
Student Services	-	1,545,492.20	-	-	-	-	-	-	-
Institutional Support	-	-	-	-	-	-	-	-	-
Operation and Maintenance	-	-	15,000.20	-	-	-	-	-	-
Scholarships and Awards	26,025.00	-	-	-	3,289.56	1,226.89	3,302.58	6,275.86	28,604.02
Auxiliary Enterprises	-	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-
Total Operating Expenses	26,025.00	1,545,492.20	15,000.20	-	3,289.56	1,226.89	3,302.58	6,275.86	28,604.02
Operating Income (Loss)	-	(108,109.71)	(15,000.20)	-	(3,289.56)	(1,226.89)	(3,302.58)	(6,275.86)	(28,604.02)
Nonoperating Revenues (Expenses)									
State Appropriations	-	-	-	-	-	-	-	-	-
Out of District Aid	-	-	-	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	-	-	-	-
Investment Income	-	-	9,399.40	-	15.04	9.51	-	227.53	-
Debt Service	-	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Asset	-	144,699.50	-	-	-	-	-	-	-
Operating Transfers	-	144,699.50	9,399.40	-	15.04	9.51	-	227.53	-
Net Nonoperating Revenues (Expenses)	-	36,589.79	(5,600.80)	-	(3,274.52)	(1,217.38)	(3,302.58)	(6,048.33)	(28,604.02)
Increase (Decrease) in Net Assets	-	117,186.16	218,809.47	205.64	3,274.52	1,217.38	3,302.58	6,048.33	28,604.02
Net Assets - Beginning of Year	\$ -	\$ 153,775.95	\$ 213,208.67	\$ 205.64	\$ -	\$ -	\$ -	\$ -	\$ -
Net Assets - End of Year	\$ -	\$ 153,775.95	\$ 213,208.67	\$ 205.64	\$ -	\$ -	\$ -	\$ -	\$ -

Neosho County Community College

Chanute, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Assets - Primary Institution
For the Year Ended June 30, 2008

	GRIMES MEMORIAL	CAPITAL OUTLAY	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	SUB-TOTAL PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
REVENUES							
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ 2,230,526.22	\$ (405,107.00)	\$ 1,825,419.22
Student Tuition and Fees	-	-	-	-	2,456,358.71	-	2,456,358.71
Federal Grants and Contracts	-	-	-	-	823,102.01	-	823,102.01
State Grants and Contracts	-	-	-	-	1,583,086.26	-	1,583,086.26
Sales and Services of Auxiliary Enterprises	-	-	-	-	175,443.66	-	175,443.66
Other Operating Revenues	-	-	-	-	7,268,516.86	(405,107.00)	6,863,409.86
Total Operating Revenues							
EXPENSES							
Educational and General	-	-	-	(157,844.99)	3,362,539.35	-	3,362,539.35
Instruction	-	-	-	-	15,876.02	-	15,876.02
Public Service	-	-	-	(2,097.48)	575,139.96	-	575,139.96
Academic Support	-	-	-	(171,425.25)	2,776,500.35	-	2,776,500.35
Student Services	-	-	-	(8,350.50)	2,519,711.29	-	2,519,711.29
Institutional Support	-	-	-	(45,379.02)	975,462.42	-	975,462.42
Operation and Maintenance	-	8,247.60	-	-	1,558,268.06	(405,107.00)	1,153,161.06
Scholarships and Awards	69,045.05	-	-	(17,980.00)	1,384,355.09	-	1,384,355.09
Auxiliary Enterprises	-	-	-	641,527.78	641,527.78	-	641,527.78
Depreciation Expense	-	-	-	238,450.54	13,809,380.32	(405,107.00)	13,404,273.32
Total Operating Expenses	69,045.05	8,247.60	-	238,450.54	13,809,380.32	(405,107.00)	13,404,273.32
Operating Income (Loss)	(69,045.05)	(8,247.60)	-	(238,450.54)	(6,540,863.46)	-	(6,540,863.46)
Nonoperating Revenues (Expenses)							
State Appropriations	-	-	-	-	2,528,528.00	-	2,528,528.00
Out of District Aid	-	-	-	-	201,409.00	-	201,409.00
County Appropriations	-	-	-	-	4,267,122.13	-	4,267,122.13
Investment Income	804.30	-	25,408.41	-	139,158.70	-	139,158.70
Debt Service	-	-	(459,205.47)	270,481.63	(426,734.36)	-	(426,734.36)
Gain (Loss) on Sale of Asset	-	-	-	-	167.29	-	167.29
Operating Transfers	-	-	426,761.59	-	-	-	-
Net Nonoperating Revenues (Expenses)	804.30	-	(7,035.47)	270,481.63	6,709,650.76	-	6,709,650.76
Increase (Decrease) in Net Assets	(68,240.75)	(8,247.60)	(7,035.47)	32,031.09	168,787.30	-	168,787.30
Net Assets - Beginning of Year	68,240.75	56,627.92	786,677.82	59,930.48	4,289,521.76	-	4,289,521.76
Net Assets - End of Year	\$ -	\$ 48,380.32	\$ 779,642.35	\$ 91,961.57	\$ 4,458,309.06	\$ -	\$ 4,458,309.06

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

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

For the Year Ended June 30, 2008

Schedules 3 to 9 are prepared in accordance with Kansas cash basis and budget laws (Budget Basis), which differs from generally accepted accounting principles (GAAP Basis). Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund in which the cash is transferred. Expenditures include cash disbursements, transfers, accounts payable and encumbrances – that is, commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

Neosho County Community College

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes
in Unencumbered Cash - Budget and Actual
Current Funds - Unrestricted
General Fund - Legal Basis

For the Year Ended June 30, 2008

With Comparative Actual Amounts for the Year Ended June 30, 2007

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
REVENUES						
Student Tuition and Fees						
Student Tuition	\$ 1,071,031.87	\$ 996,289.41	\$ -	\$ 996,289.41	\$ 1,500,200.00	\$ (503,910.59)
Other Student Fees	186,236.36	325,789.20	2,855.17	328,644.37	115,000.00	213,644.37
Total Student Tuition and Fees	1,257,268.23	1,322,078.61	2,855.17	1,324,933.78	1,615,200.00	(290,266.22)
Federal Sources						
Federal Grant Administration	65,076.25	64,545.00	-	64,545.00	-	64,545.00
State Sources						
State Operating Grant	2,612,991.00	2,528,528.00	-	2,528,528.00	2,528,528.00	-
Other State Sources	-	363,546.77	(363,546.77)	-	-	-
Out-of-District Tuition	226,366.00	201,409.00	-	201,409.00	-	201,409.00
Total State Sources	2,839,357.00	3,093,483.77	(363,546.77)	2,729,937.00	2,528,528.00	201,409.00
Local Sources						
Ad Valorem Tax	3,576,445.79	3,585,811.64	-	3,585,811.64	3,409,504.00	176,307.64
Motor Vehicle Tax	537,236.77	562,355.02	-	562,355.02	534,462.00	27,893.02
Recreational Vehicle Tax	26,308.17	27,678.92	-	27,678.92	6,791.00	20,887.92
Delinquent Tax	110,178.32	72,317.88	-	72,317.88	1,703.00	70,614.88
In Lieu of Taxes	5,175.21	8,459.00	-	8,459.00	4,924.00	3,535.00
Total Local Sources	4,255,344.26	4,256,622.46	-	4,256,622.46	3,957,384.00	299,238.46
Use of Property and Money						
Interest	37,637.96	101,251.16	-	101,251.16	40,000.00	61,251.16
Facilities Use	545.00	1,654.50	-	1,654.50	-	1,654.50
Capital Lease Proceeds	275,000.00	-	-	-	-	-
Sale of Property	8,026.00	167.29	-	167.29	-	167.29
Total Use of Property and Money	321,208.96	103,072.95	-	103,072.95	40,000.00	63,072.95
Other Sources						
Commissions	1,247.93	2,067.24	-	2,067.24	-	2,067.24
Gifts	19,000.00	35,000.00	-	35,000.00	-	35,000.00
Miscellaneous	28,952.37	37,804.78	-	37,804.78	155,899.00	(118,094.22)
Total Other Sources	49,200.30	74,872.02	-	74,872.02	155,899.00	(81,026.98)
TOTAL REVENUES	8,787,455.00	8,914,674.81	(360,691.60)	8,553,983.21	8,297,011.00	256,972.21

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, 2008

With Comparative Actual Amounts for the Year Ended June 30, 2007

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
EXPENDITURES						
Instruction	\$ 1,907,209.77	\$ 1,939,439.25	\$ (1,458.47)	\$ 1,937,980.78	\$ 2,010,691.00	\$ (72,710.22)
Public Service	15,268.07	15,876.02	580.20	16,456.22	17,153.00	(696.78)
Academic Support	581,135.34	577,237.44	(2,328.31)	574,909.13	618,888.00	(43,978.87)
Student Services	1,289,996.29	1,402,433.40	1,606.06	1,404,039.46	1,392,812.00	11,227.46
Institutional Support	2,175,496.42	2,528,061.79	(370,973.27)	2,157,088.52	2,182,713.00	(25,624.48)
Operation and Maintenance	945,077.73	997,593.64	(1,712.34)	995,881.30	1,158,825.00	(162,943.70)
Scholarships	189,741.00	160,566.00	-	160,566.00	193,600.00	(33,034.00)
Debt Service					-	
Principal	179,632.89	180,481.63	-	180,481.63	-	180,481.63
Interest	52,656.55	57,528.89	-	57,528.89	-	57,528.89
Operating Transfers To:						
Vocational Fund	595,518.48	685,563.18	-	685,563.18	758,225.00	(72,661.82)
Adult Education Fund	7,117.05	-	-	-	-	-
Other Grant Funds	-	144,699.50	-	144,699.50	453,770.00	(309,070.50)
TOTAL EXPENDITURES	7,938,849.59	8,689,480.74	(374,286.13)	8,315,194.61	8,786,677.00	(471,482.39)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	848,605.41	225,194.07	13,594.53	238,788.60	(489,666.00)	728,454.60
Unencumbered Cash - Beginning of Year	1,589,769.54	2,369,429.72	68,945.23	2,438,374.95	2,442,797.00	(4,422.05)
End of Year	\$ 2,438,374.95	\$ 2,594,623.79	\$ 82,539.76	\$ 2,677,163.55	\$ 1,953,131.00	\$ 732,876.65

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, 2008
With Comparative Actual Amounts for the Year Ended June 30, 2007

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
REVENUES						
Student Tuition and Fees						
Student Tuition	\$ 457,653.38	\$ 509,621.68	\$ 62.56	\$ 509,684.24	\$ 580,000.00	\$ (70,315.76)
Other Student Fees	68,606.00	77,760.00	-	77,760.00	-	77,760.00
Total Student Tuition and Fees	<u>526,259.38</u>	<u>587,381.68</u>	<u>62.56</u>	<u>587,444.24</u>	<u>580,000.00</u>	<u>7,444.24</u>
Federal Sources						
Federal Grants	<u>151,794.40</u>	<u>107,800.00</u>	<u>-</u>	<u>107,800.00</u>	<u>73,263.00</u>	<u>34,537.00</u>
Local Sources						
Delinquent Tax	<u>39.89</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Local Sources	<u>39.89</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Operating Transfer from:						
General Fund	<u>595,518.48</u>	<u>685,563.18</u>	<u>-</u>	<u>685,563.18</u>	<u>758,225.00</u>	<u>(72,661.82)</u>
Total Local Sources	<u>595,518.48</u>	<u>685,563.18</u>	<u>-</u>	<u>685,563.18</u>	<u>758,225.00</u>	<u>(72,661.82)</u>
TOTAL REVENUES	<u>1,273,612.15</u>	<u>1,380,744.86</u>	<u>62.56</u>	<u>1,380,807.42</u>	<u>1,411,488.00</u>	<u>(30,680.58)</u>
EXPENDITURES						
Instruction	<u>1,273,612.15</u>	<u>1,366,874.81</u>	<u>5,324.70</u>	<u>1,372,199.51</u>	<u>1,411,488.00</u>	<u>(39,288.49)</u>
TOTAL EXPENDITURES	<u>1,273,612.15</u>	<u>1,366,874.81</u>	<u>5,324.70</u>	<u>1,372,199.51</u>	<u>1,411,488.00</u>	<u>(39,288.49)</u>
Excess of Revenues Over (Under) Expenditures	-	13,870.05	(5,262.14)	8,607.91	-	8,607.91
Unencumbered Cash - Beginning of Year	-	8,067.51	(8,067.51)	-	-	-
End of Year	<u>\$ -</u>	<u>\$ 21,937.56</u>	<u>\$ (13,329.65)</u>	<u>\$ 8,607.91</u>	<u>\$ -</u>	<u>\$ 8,607.91</u>

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, 2008
With Comparative Actual Amounts for the Year Ended June 30, 2007

	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	\$ -	\$ 12,686.63	\$ -	\$ 12,686.63	\$ -	\$ 12,686.63
Total Student Tuition and Fees	-	12,686.63	-	12,686.63	-	12,686.63
Federal Sources						
Adult Basic Education Grant	49,380.17	69,302.00	2,543.83	71,845.83	91,000.00	(19,154.17)
State Sources						
Adult Basic Education Grant	45,803.00	51,498.00	-	51,498.00	45,803.00	5,695.00
Local Sources						
Ad Valorem Tax	9,062.29	8,854.02	-	8,854.02	8,392.00	462.02
Motor Vehicle Tax	1,302.45	1,391.19	-	1,391.19	1,307.00	84.19
Recreational Vehicle Tax	63.70	66.78	-	66.78	17.00	49.78
Delinquent Tax	283.07	166.18	-	166.18	5.00	161.18
In Lieu of IRB	12.66	21.50	-	21.50	12.00	9.50
Total Local Sources	10,724.17	10,499.67	-	10,499.67	9,733.00	766.67
Operating Transfers From: General Fund	7,117.05	-	-	-	-	-
TOTAL REVENUES	113,024.39	143,986.30	2,543.83	146,530.13	146,536.00	(5.87)
EXPENDITURES						
Instruction	111,903.12	145,706.48	(1,680.66)	144,025.82	150,000.00	(5,974.18)
Excess of Revenues Over (Under) Expenditures	1,121.27	(1,720.18)	4,224.49	2,504.31	(3,464.00)	5,968.31
Unencumbered Cash						
Beginning of Year	-	(263.54)	1,384.81	1,121.27	9,401.00	(8,279.73)
End of Year	\$ 1,121.27	\$ (1,983.72)	\$ 5,609.30	\$ 3,625.58	\$ 5,937.00	\$ (2,311.42)

Neosho County Community College
Chanute, Kansas
Schedule of Revenues, Expenditures and Changes
in Unencumbered Cash - Budget and Actual
Current Funds - Unrestricted
Adult Supplemental Education Fund - Legal Basis
For the Year Ended June 30, 2008
With Comparative Actual Amounts for the Year Ended June 30, 2007

	Prior Year Budget Basis	Current Year			Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	
REVENUES					
Student Tuition and Fees					
Course Fees	\$ 52,811.83	\$ 57,595.11	\$ 551.00	\$ 58,146.11	\$ (66,853.89)
Other Student Fees	-	10,217.69	-	10,217.69	10,217.69
TOTAL REVENUES	67,812.80	67,812.80	551.00	68,363.80	125,000.00
EXPENDITURES					
Instruction	52,811.83	68,363.80	-	68,363.80	127,452.00
TOTAL EXPENDITURES	52,811.83	68,363.80	-	68,363.80	127,452.00
Excess of Revenues Over (Under) Expenditures	15,000.97	(551.00)	551.00	-	(2,452.00)
Unencumbered Cash Beginning of Year	-	1,612.00	(1,612.00)	-	2,452.00
End of Year	\$ -	\$ 1,061.00	\$ (1,061.00)	\$ -	\$ -

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, 2008

With Comparative Actual Amounts for the Year Ended June 30, 2007

	Prior Year		Current Year			Variance Under (Over)
	Total Auxiliary Enterprise Funds Budget Basis	Student Union And Dorm GAAP	Total Auxiliary Enterprise Funds GAAP	Adjustments To Budget Basis	Total Auxiliary Enterprise Funds Budget Basis	
REVENUES						
Sales and Services of Auxiliary Enterprises	\$ 1,471,510.95	\$ 821,702.79	\$ 1,517,683.72	\$ 3,712.95	\$ 1,521,396.67	\$ (478,603.33)
Student Sources	197,853.00	240,566.50	240,566.50	-	240,566.50	240,566.50
Use of Property and Money						
Interest	338.94	388.85	388.85	-	388.85	388.85
Other Sources	42,063.93	7,919.05	62,284.38	-	62,284.38	62,284.38
Miscellaneous	3,378.35	3,118.16	3,118.16	-	3,118.16	3,118.16
Commissions						
TOTAL REVENUES	1,715,145.17	1,073,695.35	1,824,041.61	3,712.95	1,827,754.56	(172,245.44)
EXPENDITURES						
Auxiliary Enterprise						
Salaries and Benefits	133,452.62	69,442.32	111,476.10	(2,122.03)	109,354.07	(25,645.93)
General Operating Expense	1,253,744.50	532,893.15	1,290,858.99	(14,073.28)	1,276,785.71	(933,805.29)
Operating Transfers To:						
Retirement of Indebtedness	347,271.36	426,761.59	426,761.59	-	426,761.59	426,761.59
(Bond and Interest) Fund						
TOTAL EXPENDITURES	1,734,468.48	1,029,097.06	1,829,096.68	(16,195.31)	1,812,901.37	(532,689.63)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(19,323.31)	44,598.29	(5,055.07)	19,908.26	14,853.19	360,444.19
Unencumbered Cash Beginning of Year	344,760.05	286,349.48	560,149.00	(234,712.26)	325,436.74	(20,154.26)
End of Year	\$ 325,436.74	\$ 330,947.77	\$ 555,093.93	\$ (214,804.00)	\$ 340,289.93	\$ 340,289.93

Neosho County Community College
Chanute, Kansas
Schedule of Revenues, Expenditures and Changes
in Unencumbered Cash - Budget and Actual
Plant Funds
Unexpended (Capital Outlay) Fund - Legal Basis
For the Year Ended June 30, 2008
With Comparative Actual Amounts for the Year Ended June 30, 2007

	Prior Year Budget Basis	Current Year			Budget	Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
REVENUES						
Local Sources						
Delinquent Tax	\$ 14.32	\$ -	\$ -	\$ -	\$ -	\$ -
TOTAL REVENUES	14.32	-	-	-	-	-
EXPENDITURES						
Plant Equipment and Facility	-	8,247.60	-	8,247.60	56,628.00	(48,380.40)
TOTAL EXPENDITURES	-	8,247.60	-	8,247.60	56,628.00	(48,380.40)
Excess of Revenues and Transfers Over (Under) Expenditures	14.32	(8,247.60)	-	(8,247.60)	(56,628.00)	(48,380.40)
Unencumbered Cash						
Beginning of Year	56,584.56	56,627.92	-	56,627.92	56,628.00	(0.08)
End of Year	\$ 56,598.88	\$ 48,380.32	\$ -	\$ 48,380.32	\$ -	\$ 48,380.32

Neosho County Community College
Chanute, Kansas
Schedule of Revenues, Expenditures and Changes
in Unencumbered Cash - Budget and Actual
Plant Funds
Retirement of Indebtedness (Bond and Interest) Fund - Legal Basis
For the Year Ended June 30, 2008
With Comparative Actual Amounts for the Year Ended June 30, 2007

	Prior Year Budget Basis	Current Year			Budget	Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
REVENUES						
Use of Property and Money						
Interest	\$ -	\$ 25,408.41	\$ -	\$ 25,408.41	\$ 30,000.00	\$ (4,591.59)
Operating Transfers From: Auxiliary Enterprise Fund	373,300.00	426,761.59	-	426,761.59	658,926.00	(232,164.41)
TOTAL REVENUES	373,300.00	452,170.00	-	452,170.00	688,926.00	(236,756.00)
EXPENDITURES						
Plant Equipment and Facility	-	-	-	-	238,011.00	238,011.00
Debt Service						
Bond Principal	10,000.00	90,000.00	-	90,000.00	90,000.00	-
Bond Interest	363,300.00	361,244.93	925.07	362,170.00	360,915.00	(1,255.00)
Other Debt Service Expense	-	7,960.54	(7,960.54)	-	-	-
TOTAL EXPENDITURES	373,300.00	459,205.47	(7,035.47)	452,170.00	688,926.00	236,756.00
Excess of Revenues and Transfers Over (Under) Expenditures	-	(7,035.47)	7,035.47	-	-	-
Unencumbered Cash						
Beginning of Year	635,140.64	786,677.82	(151,536.68)	635,141.14	-	635,141.14
End of Year	\$ 635,140.64	\$ 779,642.35	\$ (144,501.21)	\$ 635,141.14	\$ -	\$ 635,141.14

Neosho County Community College
Chanute, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2008

Account Name	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
ACTIVITY FUND				
Student Services				
Alumni	\$ 50.00	\$ -	\$ -	\$ 50.00
Art Club	-	500.00	101.14	398.86
Fellowship of Christian Athletes	-	500.00	301.89	198.11
Field Biology	109.40	-	-	109.40
Forensic Conference	2,250.55	-	-	2,250.55
Honors Program	27.03	-	-	27.03
International Club	1,550.00	500.00	-	2,050.00
International Student Application Fee	140.00	-	-	140.00
Literature Club	-	500.00	466.55	33.45
Music Club	-	500.00	421.76	78.24
Noon Hour Basketball	1,125.00	1,100.00	407.00	1,818.00
Open World Conference	2,314.06	-	-	2,314.06
Panther Historian Club	-	500.00	423.48	76.52
Phi Beta Lambda	305.69	-	-	305.69
Phi Theta Kappa - Ottawa	-	92.00	92.00	-
PN Chanute	9,473.78	16,786.85	14,809.03	11,451.60
PN Independence	1,555.07	1,097.00	935.57	1,716.50
PN Ottawa	24,282.26	24,489.56	29,449.41	19,322.41
Science & Math Club	-	577.93	521.98	55.95
Science Fair	920.00	-	-	920.00
SEK Art Exhibition Consortium	794.38	106.70	400.00	501.08
SNO Chanute	2,604.80	-	-	2,604.80
SNO Ottawa	(495.32)	-	-	(495.32)
YFC Cultural Activities	3,248.83	2,550.00	2,275.62	3,523.21
Total Student Services	50,255.53	49,800.04	50,605.43	49,450.14
Scholarships				
Endowment Foundation Scholarships	-	21,902.00	21,902.00	-
Gear Up Scholarship	14,000.00	7,037.24	-	21,037.24
NCCC JUCO CLUB Scholarships	(2,064.00)	53,584.00	53,200.00	(1,680.00)
Bearrick Emergency Fund	595.35	-	-	595.35
Total Scholarship Accounts	12,531.35	82,523.24	75,102.00	19,952.59

Neosho County Community College
Chanute, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2008

Account Name	Balance June 30, 2007	Additions	Deductions	Balance June 30, 2008
Other Student Accounts (Continued)				
Other Student Accounts				
Books	\$ -	\$ 85,482.52	\$ 85,482.52	\$ -
Building Fee Ottawa	340,449.05	126,823.83	-	467,272.88
Dorm Damages/Repairs	3,348.00	-	1,227.40	2,120.60
Gate Receipts	-	264,518.00	264,518.00	-
Graduation Fee	-	9,832.50	5,021.13	4,811.37
In/Out Chanute	-	2,898.95	2,937.45	(38.50)
In/Out Insurance	-	10,033.57	10,033.57	-
In/Out Fines	4,013.50	5,271.54	1,330.00	7,955.04
In/Out Youth for Understanding	\$ -	\$ 8,730.50	\$ 8,730.50	\$ -
Incidental Computer Fee Chanute	21,098.96	107,104.50	108,427.58	19,775.88
Incidental Computer Fee Ottawa	19,971.53	68,077.90	65,187.26	22,862.17
Incidental Fee Chanute	-	257,359.67	257,359.67	-
Incidental Fee Ottawa	-	157,867.85	157,867.85	-
Incidental Fee Outreach	-	59,273.33	59,273.33	-
Library	1,128.81	234.80	535.36	828.25
NSF Check Fees	-	852.00	852.00	-
Out-District Fee	546,750.89	315,312.50	180.24	861,883.15
Payment Plan Administrative Fee	-	24,920.00	24,920.00	-
Student Senate	-	27,959.77	21,198.28	6,761.49
Student Senate-Ottawa	3,701.70	1,466.35	895.85	4,272.20
Student Union Fee	-	66,706.50	66,706.50	-
Web Fee	-	141,413.00	141,413.00	-
Total Other Student Accounts	940,462.44	1,742,139.58	1,284,097.49	1,398,504.53
TOTAL ACTIVITY FUND	\$ 1,003,249.32	\$ 1,874,462.86	\$ 1,409,804.92	\$ 1,467,907.26
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 995,054.41	\$ 1,886,806.10	\$ 1,434,858.13	\$ 1,447,002.38
Other Receivables	36,561.99	24,218.75	36,561.99	24,218.75
TOTAL ASSETS	\$ 1,031,616.40	\$ 1,911,024.85	\$ 1,471,420.12	\$ 1,471,221.13
Liabilities				
Accounts Payable	\$ 28,367.08	\$ 3,313.87	\$ 28,367.08	\$ 3,313.87
Deposits Held For Others	1,003,249.32	1,874,462.86	1,384,751.71	1,467,907.26
TOTAL LIABILITIES	\$ 1,031,616.40	\$ 1,877,776.73	\$ 1,413,118.79	\$ 1,471,221.13

**NEOSHO COUNTY COMMUNITY COLLEGE
CHANUTE, KANSAS**

FEDERAL COMPLIANCE SECTION

For the Year Ended June 30, 2008

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

COMPLIANCE ATTESTATION EXAMINATION
INCLUDING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

CHANUTE, KANSAS
OTTAWA, KANSAS

FEDERAL PELL GRANT PROGRAM (PELL) (84.063)
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (FSEOG) (84.007)
FEDERAL WORK-STUDY PROGRAM (FWS) (84.033)
FEDERAL FAMILY EDUCATION LOANS (FFEL) (84.032)
ACADEMIC COMPETITIVENESS GRANT (ACG) (84.375)

AUDITOR INFORMATION SHEET

NEOSHO COUNTY COMMUNITY COLLEGE

800 W. 14th
CHANUTE, KANSAS 66720

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

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

PRESIDENT: Vicky Smith Ed.D
CONTACT PERSON & TITLE: Sondra K. Solander, Dean of Finance and Student Affairs

LEAD AUDITOR: Neil L. Phillips, CPA
EMAIL ADDRESS: nphillips@jgppa.com
LICENSE NUMBER & HOME STATE: KS 3287
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
	FWS	84.033
	FFELP	84.063
	ACG	84.375

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	2007	N/A
Ottawa, Ks	Yes	Yes	Yes	1991	N/A	2007	N/A
Independence, Ks	Yes	Yes	Yes	2007	N/A	2007	N/A

Institution's Primary Accrediting Organization: North Center 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. 14th
 CHANUTE, KANSAS 66720

For Close-Out Examination only:
 None

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

<u>BANK</u>	<u>ACCOUNT</u>
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, 2008

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through Entity Identifying Number	FEDERAL CFDA NUMBER	DISBURSE- MENTS/ EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education Opportunity	N/A	84.007 (M)	\$ 19,379.00
Federal Family Education Loans (1)	N/A	84.032 (M)	1,706,254.72
Federal Work-Study Program	N/A	84.033 (M)	34,410.00
Federal Work-Study Program - Admin	N/A	84.033 (M)	431.00
Federal Pell Grant	N/A	84.063 (M)	1,206,144.10
Federal Pell Grant Admin	N/A	84.063 (M)	2,685.00
Academic Competitiveness Grant	N/A	84.375 (M)	26,025.00
Total Student Financial Aid Cluster			2,995,328.82
TRIO Cluster			
TRIO - Talent Search	N/A	84.044(a) (M)	288,855.03
TRIO - Student Support Services	N/A	84.042(a) (M)	267,924.13
TRIO - Upward Bound	N/A	84.047(a) (M)	250,460.18
Total TRIO Cluster			807,239.34
College Bound Class Project	N/A	84.334(a)	121,513.97
Passed through the State of Kansas Department of Education:			
Adult Basic Education Program	Fy07-ABE	84.002	71,845.83
Carl Perkins Vocational Education Grants:			
Program Improvement	Fy07-Carl Perkins	84.048	107,800.00
Kansas Next Step	3114-3530	84.191A	75.00
Total U.S. Department of Education			4,103,802.96
<u>U.S. DEPARTMENT OF LABOR</u>			
Direct Programs:			
Jobs Training Grants	N/A	17.268	155,153.99
FEDERAL ASSISTANCE TOTALS			\$ 4,258,956.95

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.

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

(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 the Neosho County Community College as of and for the year ended June 30, 2008, and have issued our report thereon dated October 6, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 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 the Neosho County Community College internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Neosho County Community College internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Neosho County Community College ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Neosho County Community College financial statements that is more than inconsequential will not be prevented or detected by the Neosho County Community College internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Neosho County Community College internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 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*.

We noted certain matters that we reported to management of Neosho County Community College in a separate letter dated October 6, 2008.

This report is intended solely for the information and use of management, the Board of Trustees, others within the College, 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
Certified Public Accountants

October 6, 2008
Chanute, Kansas

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees
Neosho County Community College
Chanute, Kansas

Compliance

We have audited the compliance of Neosho County Community College, with the types of compliance requirements e described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Neosho County Community College 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 management. Our responsibility is to express an opinion on Neosho County Community College 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 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 compliance with those requirements.

In our opinion, Neosho County Community College, complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The 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 internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Trustees, others within the College, 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
Certified Public Accountants

October 6, 2008
Chanute, Kansas

**NEOSHO COUNTY COMMUNITY COLLEGE
CHANUTE, KANSAS**

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

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	<u> X </u>	No
Significant deficiencies identified that are not considered to be a material weaknesses?	_____	Yes	<u> X </u>	No
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	<u> X </u>	No

Federal Awards:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____	Yes	<u> X </u>	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 Family Education Loans – CFDA No. 84.032
 - Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
 - Federal Work-Study Program – CFDA No. 84.033
 - Academic Competitiveness Grant – CFDA No. 84.375
- TRIO Cluster
 - TRIO- Talent Search – CFDA No. 84.044(a)
 - TRIO – Student Support Services – CFDA No. 84.042(a)
 - TRIO – Upward Bound – CFDA No. 84.047(a)

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

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

NONE

**NEOSHO COUNTY COMMUNITY COLLEGE
CHANUTE, KANSAS**

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2008

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

NONE

Questioned
Costs

U.S. DEPARTMENT OF EDUCATION

Student Financial Aid Cluster

Federal Pell Grant Program – CFDA No. 84.063	None
Federal Family Education Loans – CFDA No. 84.032	None
Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007	None
Federal Work-Study Program – CFDA No. 84.033	None

TRIO Cluster

TRIO – Talent Search – CFDA No. 84.044(a)	None
TRIO – Student Support Services – CFDA No. 84.042(a)	None
TRIO – Upward Bound – CFDA No. 84.047(a)	None

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2008

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 2, 2008 to September 6, 2008. The following is a schedule of statistics for the year ended June 30, 2008:

TOTAL POPULATION:

	PELL	FFELP	FSEOG	FWS	ACG
Universe					
Dollars	\$1,206,144.10	\$1,706,254.72	\$19,379.00	\$34,410.00	\$26,025.00
Students	512	489	83	55	30
Sample					
Dollars	\$204,347.10	\$231,274.53	\$3,150.00	\$5,238.00	\$2,050.00
Sample	80	62	15	9	2

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

	PELL	FFELP	FSEOG	FWS	ACG
Universe					
Dollars	\$1,082,557.00	\$1,584,838.00	\$18,779.00	\$33,397.50	\$23,975.00
Students	454	443	79	52	28
Sample					
Dollars	\$162,411.00	\$198,391.06	\$3,150.00	\$4,867.50	\$750.00
Students	62	52	15	8	1

WITHDREW, DROPPED OR TERMINATED STUDENTS:

	PELL	FFELP	FSEOG	FWS	ACG
Universe					
Dollars	\$123,587.10	\$121,416.72	\$600.00	\$1,012.50	\$2,050.00
Students	58	46	4	3	2
Sample					
Dollars	\$41,936.10	\$32,883.47	\$0.00	\$370.50	\$1,300.00
Students	18	10	0	1	1

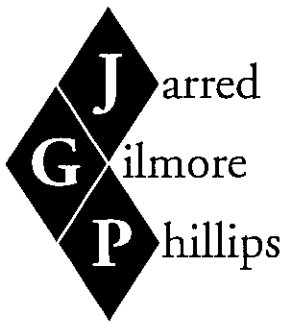
WITHDREW, DROPPED OR TERMINATED STUDENTS:

	PELL	FFELP	FSEOG	FWS	ACG
Universe					
Dollars Refunded	\$5,472.90	\$7,243.28	\$0.00	\$0.00	\$0.00
Students	12	12	0	0	0
Sample					
Dollars Refunded	\$4,474.38	\$0.00	\$0.00	\$0.00	\$0.00
Students	6	0	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, 2008

None



Management Letter
(Communication required under SAS No. 112)

Board of Trustees
Neosho County Community College
Chanute, Kansas

In planning and performing our audit of the financial statements of the Neosho County Community College, as of and for the year ended June 30, 2008, in accordance with auditing standards generally accepted in the United States of America, we considered the Neosho County Community College's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of management, the Board of Trustees, others within the College, 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.

Respectfully submitted,

A handwritten signature in black ink that reads "Jarred Gilmore Phillips, PA".

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

October 6, 2008
Chanute, Kansas

CERTIFIED PUBLIC ACCOUNTANTS

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NEODESHA, KANSAS 66757
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