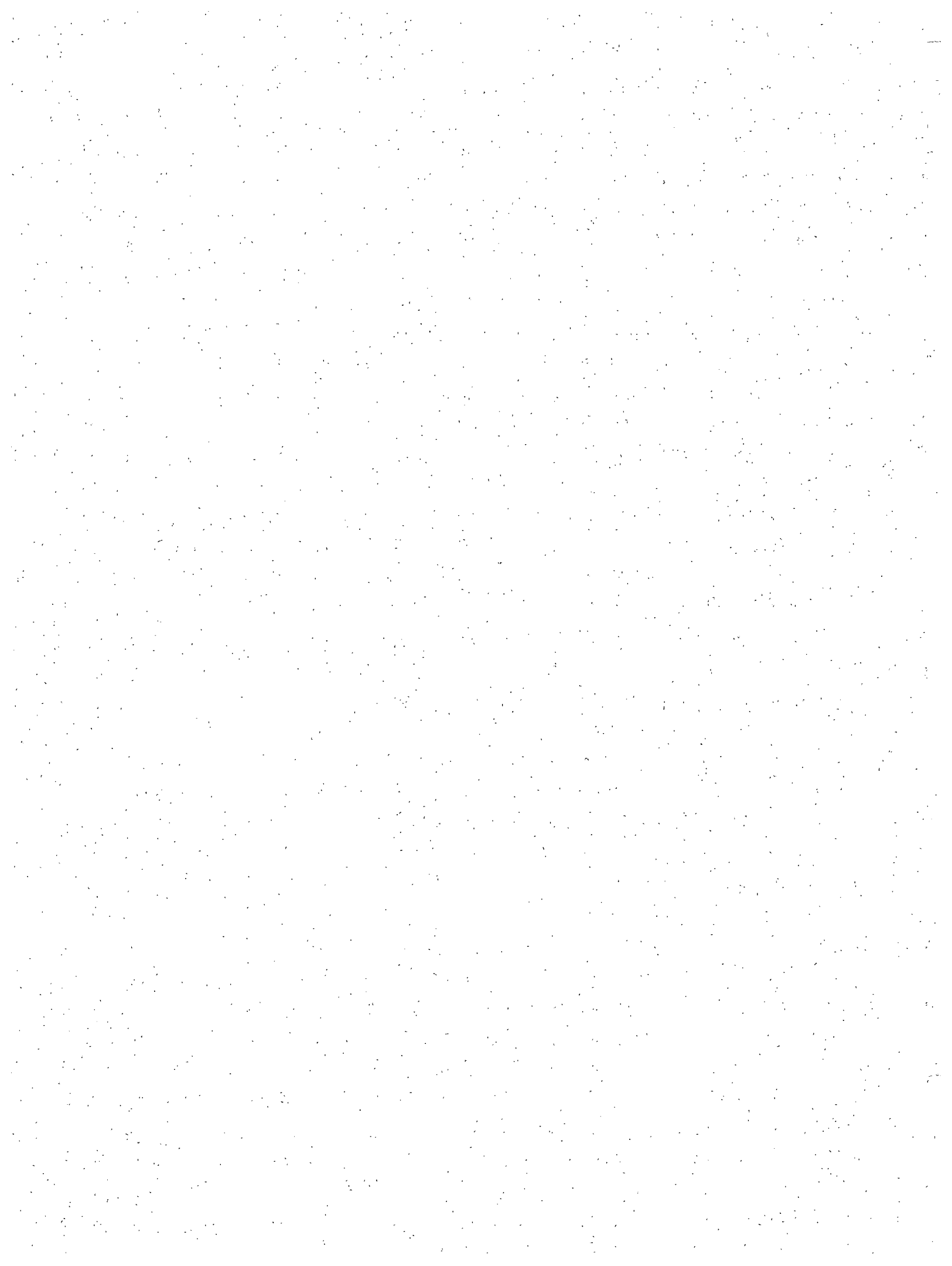


**NEOSHO COUNTY
COMMUNITY COLLEGE**

Chanute, Kansas

Financial Statements and
Independent Auditors' Report
with Federal Compliance Section

For the Year Ended June 30, 2003



ehh
Banwart
Bolton
Jarred &
Bledsoe

Certified Public Accountants
Established 1949

September 17, 2003

MANAGEMENT LETTER

Board of Trustees
Neosho County Community College
Chanute, Kansas 66720

We have audited the financial statements of Neosho County Community College for the year ended June 30, 2003, and have issued our report on the financial statements dated September 17, 2003.

Our firm was engaged by you to perform an audit of the financial statements of the Neosho County Community College for the year ended June 30, 2003. In connection with the audit, we considered the College's internal control structure, which is simply put, the policies and procedures established by the College to provide assurances that operating results are properly recorded in the College's accounting records. Our purpose was to determine our audit procedures for the purpose of expressing an opinion on the financial statements and not to provide assurances on the internal control structure.

Separation of Duties

One purpose of an internal control structure is to ensure that funds are properly received, disbursed, and recorded in the accounting records. A weakness in the control structure occurs when a few persons are responsible for all of the accounting activities, such as receipt of cash, preparing the bank deposits, reconciling the bank account to the ledger book, and preparing cash payments. The receipt of cash and maintenance of accounting records are duties which should be performed by separate individuals. In addition, a good internal control policy is to have someone other than the bookkeeper reconcile activity according to the bank statement to the accounting records.

It was noted during our field work there was one employee in total charge of the general ledger system and was also responsible for reconciling the bank statements. The duties of the person reconciling the bank should not be involved in the cash disbursements or cash receipts of the College. It was also noted during our fieldwork that only one employee is responsible for the receiving, tracking, and posting of the general ledger, and currently there is no written policy on the write-off of accounts receivable. The employee that has access to the accounting system to write-off an account should not have access to the collection process. Additional staff should be responsible for the posting and write-off of accounts receivable separate from the collection process.

We noted no misappropriation or evidence of wrong doing, but believe the lack of controls should be reported to you.

Accounts Receivable

The College currently does not have a policy on turning over old accounts receivable to a collection agency. Currently, it appears they are turned over when the accounts receivable clerk has sufficient time. In the past year it was noted the College sometimes turned them over monthly, and sometimes quarterly. We feel turning these accounts receivable over to collection is resulting in lost revenue to the College. We recommend a policy be put in place that once all in-house efforts have been exhausted, these accounts then be turned over for collection. It was also noted the College has a large amount of old accounts that have been turned over for collection to the collection agency. We suggest that the College go through the printout and document which ones need to be removed and which ones are collectable, and upon approval of an appropriate administrative supervisor, adjust the accounts receivable detailed printout to the correct balances.

Cash Disbursements

Sound internal control policies usually require that an invoice be cancelled after being paid by marking on the invoice that it is paid, the date paid, and the check number paying the invoice. If the invoice should become detached from its documentation, this will prevent payment of an invoice twice. During our testing of cash disbursements from the various agency funds, we noted that not all the invoices we examined were cancelled in some form. This action can be as simple as writing or stamping the necessary information on the invoice. It was also noted that several disbursements did not contain supporting documentation. We would like to point out the importance of supporting documentation. A check should not be issued by the College without a written claim present. The written claim can be as simple as an invoice, a lease agreement or an employee signature on a reimbursement request. It appears that the fiscal office has tried several different ways to get supporting documentation from the various individuals that were responsible for the disbursements, but continue to receive lack of cooperation in their efforts. We recommend that the Board establish policies and procedures in this area to support the fiscal office in fulfilling their responsibilities.

Payroll Testing

During our tests of payroll transactions, we noted that there were some missing I-9 forms in the personnel files. I-9 forms are for Employment Eligibility Verification and are required to be kept in employee files for employees hired after November 6, 1986. These rules are Federal law and the College should comply with these rules. We recommend for these forms be obtained from current and future employees.

Dorm Deposits

It was noted during the audit the College is not properly tracking dorm deposits. We recommend a written policy be put into effect that will not only track when all deposits are received, paid back to the student, or kept for dorm damages, but also include the designation of the employee responsible for this job.

Documentation

As a result of nationally publicized perpetrations of fraud, the regulatory agencies have added new auditing procedures. One of these steps deals with journal entries and the possibility that management has overridden controls by using journal entries to commit fraud. Consequently, everyone must now be more diligent in documenting journal entries. We found that this is an area that needs improvement for most entities.

Documentation should be attached to each journal entry. Transfers between bank accounts could be documented by deposit slips or copies of the bank statements showing the debits and credits. Allocations should be backed up with the original statement. These are just some examples of the type of documentation needed.

Bond Reserves

During the year ended June 30, 2001, the College used monies from the bond reserve funds to pay for some of the required debt payments, as allowed by the bond issue. The bond ordinance requires that the College generate enough net operating income in the student union and dormitory fund to equal at least 125% of the average annual required debt service payments, which the College did not meet for the year ended June 30, 2003. The College needs to determine immediately that it is in compliance with this bond covenant in order to have sufficient funds to meet upcoming debt payments. In addition, the bond reserve accounts need to be replenished as soon as possible from the excess funds generated.

We wish to express our appreciation to you and your staff for all the courtesy and assistance we received during this year's audit. We hope these comments and recommendations will be beneficial to the College to continue strengthening internal controls and financial reporting.

Respectfully submitted,



Neil L. Phillips, CPA
DIEHL, BANWART, BOLTON, JARRED & BLEDSOE, CHTD.
Certified Public Accountants

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Neosho County Community College
Chanute, Kansas 66720

We have audited the accompanying general purpose financial statements of Neosho County Community College, Chanute, Kansas, as of June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of 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 Kansas Municipal Audit Guide. Those standards 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.

As explained in Note 1, Neosho County Community College has not maintained records of general fixed assets or fixed assets of the enterprise (Dormitory and Student Union) funds, which should be maintained in accordance with accounting principles generally accepted in the United States of America. Fixed assets are shown at estimated amounts in these financial statements. Accordingly, the balance sheet does not properly present all fixed assets in the investment in plant fund. The amount that should be recorded as general fixed assets is not known.

In our opinion, except for the effects on the financial statements of the fixed assets referred to in the preceding paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Neosho County Community College as of June 30, 2003, and the changes in fund balances and the current funds revenue, expenditures, and other changes 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 reports dated September 17, 2003, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Board of Trustees
Neosho County Community College
Chanute, Kansas

Page 2

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. 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 the supplemental combining and individual fund, and account group financial statements and schedules listed as supplemental information in the table of contents are presented for purposes of additional analysis and are not a required part of the general purpose financial statements of Neosho County Community College. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the financial statements taken as a whole.

Diehl, Banwart, Bolton, Jarred & Bledsoe, Chtd.
DIEHL, BANWART, BOLTON, JARRED & BLEDSOE, CHTD.
Certified Public Accountants

PO Box 779
Chanute, Kansas 66720
(620) 431-6342
September 17, 2003

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Balance Sheet

June 30, 2003

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Balance Sheet

June 30, 2003

ASSETS	CURRENT FUNDS		ENDOWED FUNDS
	UNRESTRICTED	RESTRICTED	
Cash and Investments	\$ 525,476.07	\$ (114,096.41)	\$ 399,265.97
Receivables			
Taxes in Process	1,214,476.00	-	-
Federal	-	127,015.06	-
Other	25,542.56	5,271.00	-
Restricted Cash			
Bond and Interest Reserve	-	-	-
Bond Reserve	-	-	-
Depreciation and Replacement	-	-	-
Merchandise Inventory	189,605.42	-	-
Land, Buildings, and Equipment	-	-	-
TOTAL ASSETS	\$ 1,955,100.05	\$ 18,189.65	\$ 399,265.97
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts Payable	\$ 109,189.13	\$ 12,465.32	\$ -
Accrued Interest Expense	-	-	-
Deferred Tax Revenue	1,214,476.00	-	-
Revenue Bonds Payable	-	-	-
Capital Lease Payable	-	-	-
No Fund Warrants	93,888.59	-	-
Deposits Held in Custody for Others	-	-	-
TOTAL LIABILITIES	1,417,553.72	12,465.32	-
EQUITY			
Net Investment in Plant	-	-	-
Fund Balance			
Reserved			
Inventory	189,605.42	-	-
Bond and Interest	-	-	-
Bond Reserve	-	-	-
Depreciation and Replacement	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	254,455.15	-	-
Undesignated	93,485.76	5,724.33	399,265.97
TOTAL EQUITY	537,546.33	5,724.33	399,265.97
TOTAL LIABILITIES AND EQUITY	\$ 1,955,100.05	\$ 18,189.65	\$ 399,265.97

PLANT FUNDS				TOTALS
UNEXPENDED	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	(MEMORANDUM ONLY)
\$ 106,221.40	\$ -	\$ -	\$ 69,603.30	\$ 986,470.33
-	-	-	-	1,214,476.00
-	-	-	-	127,015.06
-	-	-	11,752.67	42,566.23
-	45,480.84	-	-	45,480.84
-	348,859.80	-	-	348,859.80
-	26,000.00	-	-	26,000.00
-	-	-	-	189,605.42
-	-	11,922,900.39	-	11,922,900.39
<u>\$ 106,221.40</u>	<u>\$ 420,340.64</u>	<u>\$ 11,922,900.39</u>	<u>\$ 81,355.97</u>	<u>\$ 14,903,374.07</u>
\$ -	\$ -	\$ -	\$ 783.73	\$ 122,438.18
-	37,428.34	-	-	37,428.34
-	-	-	-	1,214,476.00
-	-	6,525,000.00	-	6,525,000.00
-	-	221,502.39	-	221,502.39
-	-	-	-	93,888.59
-	-	-	80,572.24	80,572.24
-	<u>37,428.34</u>	<u>6,746,502.39</u>	<u>81,355.97</u>	<u>8,295,305.74</u>
-	-	5,176,398.00	-	5,176,398.00
-	-	-	-	189,605.42
-	45,480.84	-	-	45,480.84
-	348,859.80	-	-	348,859.80
-	26,000.00	-	-	26,000.00
105,271.00	-	-	-	359,726.15
950.40	(37,428.34)	-	-	461,998.12
<u>106,221.40</u>	<u>382,912.30</u>	<u>5,176,398.00</u>	<u>-</u>	<u>6,608,068.33</u>
<u>\$ 106,221.40</u>	<u>\$ 420,340.64</u>	<u>\$ 11,922,900.39</u>	<u>\$ 81,355.97</u>	<u>\$ 14,903,374.07</u>

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

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Statement of Revenues, Expenditures,
and Changes in Fund Balances

For the Year Ended June 30, 2003

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Statement of Revenues, Expenditures and Changes in Fund Balances

For the Year Ended June 30, 2003

	CURRENT FUNDS		ENDOWED FUNDS
	UNRESTRICTED	RESTRICTED	
REVENUES			
Current Fund Revenues	\$ 4,269,168.37	\$ 67,391.91	\$ 567.85
Federal and State Aid	1,943,604.51	1,838,186.43	-
Sales and Services of Auxiliary Enterprises	1,320,589.87	-	-
Investment in Plant Facilities	-	-	-
Dividends	-	-	6,113.16
Unrealized Gain (Loss) on Investments	-	-	(43,839.60)
TOTAL REVENUES	7,533,362.75	1,905,578.34	(37,158.59)
EXPENDITURES			
Educational and General Expenditures	5,710,460.46	1,905,930.58	1,325.00
Auxiliary Enterprise Expenditures	765,582.72	-	-
Expended for Plant Facilities	-	-	-
Retirement of Indebtedness	-	-	-
Interest on Indebtedness	8,086.19	-	-
TOTAL EXPENDITURES	6,484,129.37	1,905,930.58	1,325.00
OTHER ADDITIONS (DEDUCTIONS)			
Operating Transfers	(512,962.06)	-	-
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	536,271.32	(352.24)	(38,483.59)
Fund Balance/Equity - Beginning of Year	1,275.01	6,076.57	437,749.56
Fund Balance/Equity - End of Year	\$ 537,546.33	\$ 5,724.33	\$ 399,265.97

UNEXPENDED	PLANT FUNDS		TOTALS (MEMORANDUM ONLY)
	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	
\$ 950.76	\$ 30,000.00	\$ -	\$ 4,368,078.89
-	-	-	3,781,790.94
-	-	-	1,320,589.87
-	-	236,459.42	236,459.42
-	-	-	6,113.16
-	-	-	(43,839.60)
<u>950.76</u>	<u>30,000.00</u>	<u>236,459.42</u>	<u>9,669,192.68</u>
-	-	-	7,617,716.04
-	-	-	765,582.72
-	-	-	-
-	45,000.00	-	45,000.00
-	647,391.54	-	655,477.73
-	<u>692,391.54</u>	-	<u>9,083,776.49</u>
-	<u>694,335.32</u>	-	<u>181,373.26</u>
950.76	31,943.78	236,459.42	766,789.45
<u>105,270.64</u>	<u>350,968.52</u>	<u>4,939,938.58</u>	<u>5,841,278.88</u>
<u>\$ 106,221.40</u>	<u>\$ 382,912.30</u>	<u>\$ 5,176,398.00</u>	<u>\$ 6,608,068.33</u>

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

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Statement of Revenues, Expenditures and Other Changes -

All Current Funds

For the Year Ended June 30, 2003

	CURRENT FUNDS		TOTALS
	UNRESTRICTED	RESTRICTED	(MEMORANDUM ONLY)
REVENUES			
Student Tuition and Fees	\$ 1,218,220.56	\$ -	\$ 1,218,220.56
Federal	285,479.77	1,819,245.43	2,104,725.20
State	1,658,124.74	18,941.00	1,677,065.74
County	166,134.00	-	166,134.00
Local	2,853,882.18	67,391.91	2,921,274.09
Other	30,931.63	-	30,931.63
Sales and Services of Auxiliary Enterprises	1,320,589.87	-	1,320,589.87
TOTAL REVENUES	7,533,362.75	1,905,578.34	9,438,941.09
EXPENDITURES			
Educational and General			
Instruction	2,583,805.00	824,232.21	3,408,037.21
Public Service	69.00	-	69.00
Academic Support	329,400.41	-	329,400.41
Student Services	918,399.09	-	918,399.09
Institutional Support	1,176,533.17	-	1,176,533.17
Operation and Maintenance	549,866.79	-	549,866.79
Scholarships and Awards	152,387.00	1,081,698.37	1,234,085.37
Total Educational and General	5,710,460.46	1,905,930.58	7,616,391.04
Auxiliary Enterprises Expenditures	765,582.72	-	765,582.72
Interest on Indebtedness	8,086.19	-	8,086.19
TOTAL EXPENDITURES	6,484,129.37	1,905,930.58	8,390,059.95
OTHER ADDITIONS (DEDUCTIONS)			
Operating Transfers	(512,962.06)	-	(512,962.06)
Net Increase (Decrease) in Fund Balances	\$ 536,271.32	\$ (352.24)	\$ 535,919.08

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, 2003

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 statements of the College include those of separately administered entities that are controlled by or dependent on the College. Control or dependence is determined on the basis of oversight responsibility, funding, and appointment of respective governing boards, as well as the scope of public services provided by the entities.

The College has determined that no outside agency meets the above criteria and, therefore, there are no other separate entities related to the College which should be accounted for in the College's financial statements.

Basis of Presentation – Fund Accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the institution, the accounts of the institution are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the accompanying financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions have been recorded and reported by fund group.

Tax-levy funds for educational and general purposes are included in the current funds-unrestricted group. Tax-levy funds for financing plant assets are included in the plant fund group.

Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated to specific purposes by law or actions of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds in contrast with unrestricted funds over which the governing board retains control to use in achieving any of its institutional purposes within budgetary and legal limitations.

Endowment funds are subject to the restrictions of gift instruments requiring in perpetuity that the principal be invested and the income only be utilized. Term endowment funds are similar to endowment funds except that upon the passage of a stated period of time or the occurrence of a particular event, all or part of the principal may be expended.

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

Basis of Accounting – Fund Accounting (Continued)

All gains and losses arising from the sale, collection, or other disposition of investments and other non-cash assets are accounted for in the fund which owned such assets. Ordinary income derived from investments, receivables, and the like is accounted for in the fund owning such assets, except for income derived from investments of endowment and similar funds, which income is accounted for in the fund to which it is restricted or, if unrestricted, as revenue in unrestricted current funds.

All other unrestricted revenue is accounted for in the unrestricted current fund. Restricted gifts, grants, endowment income and other restricted resources are accounted for in the appropriate restricted funds.

Memorandum Only Columns

Total columns in these financial statements are captioned "Memorandum Only Totals" to indicate that they are presented only to facilitate financial analysis between individual fund statements and combined statements. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

Basis of Accounting

The accompanying financial statements of Neosho County Community College, are presented in accordance with accounting principles generally accepted in the United States of America. All funds are accounted for using the accrual basis of accounting. Under the accrual basis, revenues are recognized when incurred. Encumbrances outstanding have been recorded as reservations of fund balances in these financial statements. Encumbrances represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year-end are completed, and to not constitute expenditures or liabilities.

Departure from Accounting Principles Generally Accepted in the United States of America

No fixed asset records have been maintained by the College. Fixed assets shown as investment in plant is an amount equal to the original amount of bonds issued by the College, plus additions, and is not intended to represent the total cost of investment in plant. A waiver of the requirement for fixed assets accounting has been obtained as authorized by K.S.A. 1982 Supplement 75-1120a(c).

Cash and Investments

The College pools idle cash from all funds for the purpose of increasing income through investment activities. Investments are stated at cost.

Accounting Estimates

The presentation 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.

Inventory

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)

Property Taxes and Other Receivables

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 June 20th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in November are recorded as taxes receivable. Approximately 33% of these taxes are normally distributed after June 30, and are presented as deferred tax revenue to indicate that they are not available for appropriation. 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.

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.

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

Accounts Receivable and Allowance for Doubtful Accounts

The College regularly extends unsecured credit to various students. The College charges any uncollectible accounts directly to current tuition.

GASB Statement No. 35 Implementation

The College has made the determination based upon revenues of \$6,995,356 for the year ended June 30, 1999, that effective date of implementation of GASB No. 35 will be for financial statements for the year ending June 30, 2004.

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

Compliance with Bond Covenants

The bond resolution to issue the Series 1999, 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. 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 May 1, 2000.
 - (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 May 1, 2000.
 - (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 \$25,000.00 as of the date of issuance and, beginning on June 30, 2000, after meeting all requirements of (a) through (c) above, 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.

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

Compliance with Bond Covenants (Continued)

3. For the year ended June 30, 2003, the College did not meet the gross operating income covenant, as gross operating income was not sufficient to equal at least 125% of the maximum annual requirement for principal and interest on all the outstanding Student Union-Dormitory Revenue Bonds. In addition, the College did not meet the required reserve balances to be maintained in the Dormitory Bond Reserve Account and the Depreciation and Replacement account.

4. At June 30, 2003, the bond reserves had the following balances:

	<u>ACTUAL</u>	<u>REQUIRED</u>
Student Union – Dormitory Bond and Interest Account	\$ 45,480.84	\$ 40,700.63
Student Union – Dormitory Bond Reserve Account	348,859.80	544,137.50
Student Union – Depreciation and Replacement Account	26,000.00	50,000.00

As shown above, the College was in apparent violation of the revenue bond covenant reserve requirements. The College replenished the amount in the Student Union – Dormitory Bond Reserve Account by \$25,000.00 for the year ended June 30, 2003.

Compliance with Kansas Statutes

Schedules 7 through 15 are prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown on schedules 7-15, the College was in apparent violation of K.S.A. 79-2935 in the Adult Education Fund, Adult Supplemental Education Fund, Book Store Fund and the Retirement of Indebtedness (Bond and Interest) Fund. The College has authorized expenditures in excess of budget limits. The College was in apparent compliance with Kansas cash basis laws.

3. CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS

The statutes of the State of Kansas allow Kansas municipalities to invest in savings accounts, certificates of deposit, and, in certain cases, United States Treasury obligations. As of and during the year ended June 30, 2003, the College's funds were invested in interest bearing money market checking accounts, and certificates of deposit, which are acceptable investments in accordance with Kansas statutes.

Deposits

Kansas statutes require the College to ensure that cash on deposit in the bank is adequately secured by Federal Deposit Insurance Corporation (FDIC) insurance and bank owned securities pledged in the College's name. At year-end the carrying amount of the College's deposits, including certificates of deposit, was \$1,161,485.48. The bank balance was \$1,817,787.25. The difference between the carrying amount and the bank balance is outstanding checks and deposits in transit. Of the bank balance \$303,591.73 was covered by FDIC insurance, \$1,514,195.52 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the College's name. The third-party bank holding the pledged securities is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties; the College, the pledging bank, and the independent third-party bank holding the pledged securities.

4. INVESTMENTS

Investments at June 30, 2003, are comprised of the following:

	<u>COST</u>	<u>MARKET</u>
Earl Heminger Trust – Government Securities	\$ 34,222.83	\$ 34,927.31
American International Group – 1130 Shares	117.00	65,112.40
Texaco, Inc. – 1040 Shares	11,830.00	75,088.00
Exxon Mobil – 887 Shares	3,042.00	63,704.34
General Motors Corporation – 126 Shares	2,300.00	4,536.00
DELPHI Corporation – 88 Shares	--	759.44
	<u>\$ 51,493.83</u>	<u>\$ 209,200.18</u>

5. RESTRICTED ASSETS

The College is required, by certain revenue bond ordinances to maintain certain restricted accounts as described in Note 2.

6. PLANT FUNDS – INVESTMENT IN PLANT

Changes in Investment in Plant – by source – for the fiscal year ended June 30, 2003, are as follows:

	<u>TOTALS</u>
Land, Buildings and Equipment at June 30, 2002	\$ 11,922,900.39
Additions: Current Funds, Unrestricted	<u> --</u>
Land, Buildings and Equipment at June 30, 2003	<u>\$ 11,922,900.39</u>

7. LONG-TERM DEBT

Long-term debt of the College consists of the following as of June 30, 2003:

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, payable in annual payments of \$30,000.00 to \$440,000.00, plus interest at 4.80% to 7.00%, maturing June 1, 2030, with a lump-sum payment of \$1,015,000.00 due. \$ 6,525,000.00

No Fund Warrants, Series 2002 issued May 3, 2002, in the original amount of \$225,000.00. Funds were authorized by the State Board of Tax Appeals under Docket No. 2002-3224 -NFW. The Kansas statutes prescribe the College will make a tax -levying period after such authority is granted, sufficient to pay such warrants. \$ 93,888.59

7. LONG-TERM DEBT (Continued)

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2003:

Obligations:	PRINCIPAL JUNE 30, 2002	PRINCIPAL RECEIVED (PAID)	PRINCIPAL JUNE 30, 2003	INTEREST PAID
Revenue Bonds - Series 1999	\$6,570,000.00	\$ (45,000.00)	\$6,525,000.00	\$ 440,770.00
2002-3224-NFW No Fund Warrants	<u>225,000.00</u>	<u>(131,111.41)</u>	<u>93,888.59</u>	<u>8,086.19</u>
	<u>\$6,795,000.00</u>	<u>\$ (176,111.41)</u>	<u>\$6,618,888.59</u>	<u>\$ 448,856.19</u>

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

FISCAL YEAR JUNE 30,	PRINCIPAL	INTEREST	TOTAL
2004	\$ 143,888.59	\$ 442,867.23	\$ 586,755.82
2005	60,000.00	435,720.00	495,720.00
2006	65,000.00	432,420.00	497,420.00
2007	85,000.00	428,780.00	513,780.00
2008	90,000.00	423,935.00	513,935.00
2009-2013	675,000.00	2,017,655.00	2,692,655.00
2014-2018	940,000.00	1,768,610.00	2,708,610.00
2019-2023	1,300,000.00	1,407,600.00	2,707,600.00
2024-2028	1,805,000.00	902,637.50	2,707,637.50
2029-2030	<u>1,455,000.00</u>	<u>172,900.00</u>	<u>1,627,900.00</u>
	<u>\$ 6,618,888.59</u>	<u>\$8,433,124.73</u>	<u>\$ 15,052,013.32</u>

8. CAPITAL LEASES

The College has entered into a lease agreement with Bank of Commerce, Chanute, Kansas, to lease a building in Ottawa, Kansas, for outreach classes. The City of Ottawa owns the building. The agreement calls for quarterly lease payments of \$26,302.74 starting April 15, 1995, including interest at 5%, maturing July 15, 2003.

The College entered into a capital lease agreement dated April 15, 1995, with Bank of Commerce for the purchase and construction of The Rowland Building, Chanute, Kansas. The total cost was \$773,935.00. The lease calls for quarterly payments of \$25,838.59, including interest at 5.00% to 8.17% per annum, maturing April 15, 2005.

<u>Capital Lease - Ottawa Building</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2004	\$ <u>26,302.77</u>
Total Net Minimum Lease Payments	26,302.77
Less: Imputed Interest	<u>(323.85)</u>
Net Present Value of Capital Lease	<u>\$ 25,978.92</u>

8. CAPITAL LEASES (continued)

<u>Capital Lease - Rowland Building</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2004	\$ 103,354.36
2005	<u>103,354.24</u>
Total Net Minimum Lease Payments	206,708.60
Less: Imputed Interest	<u>(11,185.13)</u>
 Net Present Value of Capital Lease	 \$ <u>195,523.59</u>

9. DEFINED BENEFIT PENSION PLAN

Plan Description

The Neosho County Community 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 at 400 S W 8th Avenue, Suite 200, Topeka, Kansas 66603-3925, or by calling 1-800-228-0366.

Funding Policy

K.S.A. 74-4919 established the KPERs member-employee contribution rate at 4% of covered salary. The employer collects and remits member-employee contributions according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERs is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERs employers. For fiscal year 2003, the State of Kansas contributed 4.58% of covered payroll. Kansas' employer contributions to KPERs for school municipality employees for the years ending June 30, 2003, 2002, and 2001, were \$112,147,986, \$98,391,841, and \$93,176,968, respectively, equal to the required contributions for each year.

10. 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.

10. COMPENSATED ABSENCES (Continued)

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 not accrued a liability for vacation and sick leave which has been earned but not taken inasmuch as the amount cannot be reasonably estimated.

11. 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.

The Higher Learning Commission, North Central Association of Colleges and Schools, has placed the College on probation until the next comprehensive evaluation with regards to the College's accreditation. The College was placed on probation because the institution is in jeopardy of failing to fulfill Criterion 2, "the institution has effectively organized the human, financial, and physical resources necessary to accomplish its purposes"; Criterion 3, "the institution is accomplishing its education and other purposes"; and Criterion 4, "the institution can be expected to continue to accomplish its purposes and strengthen its educational effectiveness". The College is in process of complying with these criterion.

12. 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.

13. INSURANCE COVERAGE ON PROPERTY PURCHASED WITH REVENUE BONDS

Insurance is carried on property constituting the system covered by the Series 1999 Student Union and Dormitory System Refunding and Improvement Revenue Bonds in the amount of \$19,710,000.00 blanket coverage, \$500.00 deductible per occurrence, through EMC Insurance Company for the period July 1, 2002, through July 1, 2003, renewable annually. The premiums paid were \$28,580.00

SUPPLEMENTAL INFORMATION

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Combining Balance Sheet
All Current Funds - Unrestricted

June 30, 2003

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Balance Sheet

All Current Funds - Unrestricted

June 30, 2003

ASSETS	GENERAL	VOCATIONAL EDUCATION	ADULT EDUCATION
Cash and Investments	\$ 457,002.88	\$ 3,679.52	\$ 6,607.97
Receivables			
Taxes in Process	1,212,124.00	-	2,352.00
Other	7,531.00	4,358.80	-
Merchandise Inventory	-	-	-
TOTAL ASSETS	\$ 1,676,657.88	\$ 8,038.32	\$ 8,959.97
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts Payable	\$ 81,977.96	\$ 3,679.52	\$ 5,648.82
Deferred Tax Revenue	1,212,124.00	-	2,352.00
No Fund Warrants	93,888.59	-	-
Deposits Held in Custody for Others	-	-	-
TOTAL LIABILITIES	1,387,990.55	3,679.52	8,000.82
EQUITY			
Fund Balance			
Reserved			
Inventory	-	-	-
Unreserved			
Designated for Subsequent Year's Expenditures	253,467.00	29.00	959.15
Undesignated	35,200.33	4,329.80	-
TOTAL EQUITY	288,667.33	4,358.80	959.15
TOTAL LIABILITIES AND EQUITY	\$ 1,676,657.88	\$ 8,038.32	\$ 8,959.97

ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE STUDENT UNION	AUXILIARY ENTERPRISE BOOKSTORE	(MEMORANDUM ONLY) TOTALS
\$ 3,433.59	\$ 51,381.29	\$ 3,370.82	\$ 525,476.07
-	-	-	1,214,476.00
-	5,597.86	8,054.90	25,542.56
-	-	189,605.42	189,605.42
<u>\$ 3,433.59</u>	<u>\$ 56,979.15</u>	<u>\$ 201,031.14</u>	<u>\$ 1,955,100.05</u>
\$ 3,433.59	\$ 14,449.24	\$ -	\$ 109,189.13
-	-	-	1,214,476.00
-	-	-	93,888.59
-	-	-	-
<u>3,433.59</u>	<u>14,449.24</u>	<u>-</u>	<u>1,417,553.72</u>
-	-	189,605.42	189,605.42
-	-	-	254,455.15
-	42,529.91	11,425.72	93,485.76
-	42,529.91	201,031.14	537,546.33
<u>\$ 3,433.59</u>	<u>\$ 56,979.15</u>	<u>\$ 201,031.14</u>	<u>\$ 1,955,100.05</u>

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Combining Statement of Revenues, Expenditures and
Changes in Fund Balances - All Current Funds - Unrestricted

For the Year Ended June 30, 2003

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Statement of Revenues, Expenditures
and Changes in Fund Balances

All Current Funds - Unrestricted

For the Year Ended June 30, 2003

	GENERAL	VOCATIONAL EDUCATION	ADULT EDUCATION
REVENUES			
Student Tuition and Fees	\$ 830,100.88	\$ 324,180.57	\$ -
Federal	101,489.77	106,023.00	77,967.00
State	1,623,306.74	-	34,818.00
County	166,134.00	-	-
Local	2,847,660.20	1,497.15	3,809.83
Other	30,931.63	-	-
Sales and Services of Auxiliary Enterprises	-	-	-
TOTAL REVENUES	5,599,623.22	431,700.72	116,594.83
EXPENDITURES			
Educational and General			
Instruction	1,468,158.60	924,951.33	125,840.96
Public Service	69.00	-	-
Academic Support	329,400.41	-	-
Student Services	918,399.09	-	-
Institutional Support	1,176,533.17	-	-
Operation and Maintenance	549,866.79	-	-
Scholarships and Awards	152,387.00	-	-
Debt Service	8,086.19	-	-
Total Educational and General	4,602,900.25	924,951.33	125,840.96
Auxiliary Enterprises	-	-	-
TOTAL EXPENDITURES	4,602,900.25	924,951.33	125,840.96
OTHER ADDITIONS (DEDUCTIONS)			
Operating Transfers	(522,477.63)	491,639.24	-
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	474,245.34	(1,611.37)	(9,246.13)
Fund Balance - Beginning of Year	(185,578.01)	5,970.17	10,205.28
Fund Balance - End of Year	\$ 288,667.33	\$ 4,358.80	\$ 959.15

ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE STUDENT UNION	AUXILIARY ENTERPRISE BOOKSTORE	(MEMORANDUM ONLY) TOTALS
\$ 63,939.11	\$ -	\$ -	\$ 1,218,220.56
-	-	-	285,479.77
-	-	-	1,658,124.74
-	-	-	166,134.00
915.00	-	-	2,853,882.18
-	-	-	30,931.63
-	872,550.28	448,039.59	1,320,589.87
<u>64,854.11</u>	<u>872,550.28</u>	<u>448,039.59</u>	<u>7,533,362.75</u>
64,854.11	-	-	2,583,805.00
-	-	-	69.00
-	-	-	329,400.41
-	-	-	918,399.09
-	-	-	1,176,533.17
-	-	-	549,866.79
-	-	-	152,387.00
-	-	-	8,086.19
<u>64,854.11</u>	<u>-</u>	<u>-</u>	<u>5,718,546.65</u>
-	347,385.62	418,197.10	765,582.72
<u>64,854.11</u>	<u>347,385.62</u>	<u>418,197.10</u>	<u>6,484,129.37</u>
-	(485,770.00)	3,646.33	(512,962.06)
-	39,394.66	33,488.82	536,271.32
-	3,135.25	167,542.32	1,275.01
<u>\$ -</u>	<u>\$ 42,529.91</u>	<u>\$ 201,031.14</u>	<u>\$ 537,546.33</u>

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Combining Balance Sheet – All Current Funds – Restricted

June 30, 2003

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Balance Sheet

All Current Funds - Restricted

June 30, 2003

ASSETS	FEDERAL WORK STUDY	SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT	PELL GRANT
Cash and Investments	\$ -	\$ -	\$ 402.00
Receivables			
Federal	-	-	8,823.00
Other	-	-	-
TOTAL ASSETS	\$ -	\$ -	\$ 9,225.00
LIABILITIES AND EQUITY			
LIABILITIES			
Accounts Payable	\$ -	\$ -	\$ 8,823.00
TOTAL LIABILITIES	-	-	8,823.00
EQUITY			
Fund Balance			
Unreserved			
Designated for Subsequent Year's Expenditures	-	-	-
Undesignated	-	-	402.00
TOTAL EQUITY	-	-	402.00
TOTAL LIABILITIES AND EQUITY	\$ -	\$ -	\$ 9,225.00

TITLE III GRANT	OTHER GRANT FUNDS	TITLE IV LOAN FUNDS	(MEMORANDUM ONLY) TOTALS
\$ 1.33	\$ (114,549.74)	\$ 50.00	\$ (114,096.41)
-	118,192.06	-	127,015.06
-	-	5,271.00	5,271.00
<u>\$ 1.33</u>	<u>\$ 3,642.32</u>	<u>\$ 5,321.00</u>	<u>\$ 18,189.65</u>
\$ -	\$ 3,642.32	\$ -	\$ 12,465.32
-	3,642.32	-	12,465.32
-	-	-	-
1.33	0.00	5,321.00	5,724.33
1.33	0.00	5,321.00	5,724.33
<u>\$ 1.33</u>	<u>\$ 3,642.32</u>	<u>\$ 5,321.00</u>	<u>\$ 18,189.65</u>

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance – All Current Funds – Restricted

For the Year Ended June 30, 2003

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

All Current Funds - Restricted

For the Year Ended June 30, 2003

	FEDERAL WORK STUDY	SUPPLEMENTAL EDUCATION OPPORTUNITY GRANT	PELL GRANT
REVENUES			
Federal	\$ 29,359.29	\$ 18,960.71	\$ 1,035,944.14
State	-	-	-
Local	-	-	-
TOTAL REVENUES	29,359.29	18,960.71	1,035,944.14
EXPENDITURES			
Educational and General			
Instruction	1,398.06	902.71	265.00
Public Services	-	-	-
Student Services	-	-	-
Scholarships and Awards	27,961.23	18,058.00	1,035,679.14
TOTAL EXPENDITURES	29,359.29	18,960.71	1,035,944.14
OTHER ADDITIONS (DEDUCTIONS)			
Operating Transfers	-	-	-
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	-	-	-
Fund Balance - Beginning of Year	-	-	402.00
Fund Balance - End of Year	\$ -	\$ -	\$ 402.00

TITLE III GRANT	OTHER GRANT FUNDS	TITLE IV LOAN FUNDS	(MEMORANDUM ONLY) TOTALS
\$ -	\$ 734,981.29	\$ -	\$ 1,819,245.43
-	18,941.00	-	18,941.00
-	67,391.91	-	67,391.91
-	821,314.20	-	1,905,578.34
-	821,666.44	-	824,232.21
-	-	-	-
-	-	-	-
-	-	-	1,081,698.37
-	821,666.44	-	1,905,930.58
-	-	-	-
-	(352.24)	-	(352.24)
1.33	352.24	5,321.00	6,076.57
\$ 1.33	\$ 0.00	\$ 5,321.00	\$ 5,724.33

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Combining Balance Sheet – All Current Funds – Endowed

June 30, 2003

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Balance Sheet

All Current Funds - Endowed

June 30, 2003

ASSETS	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	GRAHAM EDUCATIONAL TRUST	KIM GOODARD MEMORIAL
Cash and Investments	\$ 292,935.68	\$ 205.64	\$ 3,137.90	\$ 1,177.76
TOTAL ASSETS	\$ 292,935.68	\$ 205.64	\$ 3,137.90	\$ 1,177.76
LIABILITIES AND EQUITY				
LIABILITIES				
Accounts Payable	\$ -	\$ -	\$ -	\$ -
TOTAL LIABILITIES	-	-	-	-
EQUITY				
Fund Balance				
Unreserved				
Designated for Subsequent Year's Expenditures	-	-	-	-
Undesignated	292,935.68	205.64	3,137.90	1,177.76
TOTAL EQUITY	292,935.68	205.64	3,137.90	1,177.76
TOTAL LIABILITIES AND EQUITY	\$ 292,935.68	\$ 205.64	\$ 3,137.90	\$ 1,177.76

ROWLAND MEMORIAL	JEWELL OLSON MEMORIAL	EARL HEMINGER MEMORIAL	GRIMES MEMORIAL	(MEMORANDUM ONLY) TOTALS
\$ 3,302.58	\$ 6,916.86	\$ 36,481.48	\$ 55,108.07	\$ 399,265.97
\$ 3,302.58	\$ 6,916.86	\$ 36,481.48	\$ 55,108.07	\$ 399,265.97
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
3,302.58	6,916.86	36,481.48	55,108.07	399,265.97
3,302.58	6,916.86	36,481.48	55,108.07	399,265.97
\$ 3,302.58	\$ 6,916.86	\$ 36,481.48	\$ 55,108.07	\$ 399,265.97

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Combining Statement of Revenues, Expenditures and
Changes in Fund Balance - All Current Funds - Endowed

For the Year Ended June 30, 2003

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Statement of Revenues, Expenditures, and Changes in Fund Balance

All Current Funds - Endowed

For the Year Ended June 30, 2003

	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	GRAHAM EDUCATIONAL TRUST	KIM GOODARD MEMORIAL
REVENUES				
Local	\$ -	\$ -	\$ -	\$ -
Interest and Dividends	2,982.23	-	31.46	11.28
Miscellaneous	567.85	-	-	-
Unrealized Gain (Loss)	(43,839.60)	-	-	-
TOTAL REVENUES	(40,289.52)	-	31.46	11.28
EXPENDITURES				
Educational and General Scholarships and Awards	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers	-	-	-	-
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(40,289.52)	-	31.46	11.28
Fund Balance - Beginning of Year	333,225.20	205.64	3,106.44	1,166.48
Prior Period Adjustment See Note 2	-	-	-	-
Fund Balance - Beginning of Year Restated	333,225.20	205.64	3,106.44	1,166.48
Fund Balance - End of Year	\$ 292,935.68	\$ 205.64	\$ 3,137.90	\$ 1,177.76

ROWLAND MEMORIAL	JEWELL OLSON MEMORIAL	EARL HEMINGER MEMORIAL	GRIMES MEMORIAL	(MEMORANDUM ONLY) TOTALS
\$ -	\$ -	\$ -	\$ -	\$ -
-	160.97	1,539.51	1,387.71	6,113.16
-	-	-	-	567.85
-	-	-	-	(43,839.60)
-	160.97	1,539.51	1,387.71	(37,158.59)
-	300.00	-	1,025.00	1,325.00
-	300.00	-	1,025.00	1,325.00
-	-	-	-	-
-	(139.03)	1,539.51	362.71	(38,483.59)
3,302.58	7,055.89	34,941.97	54,745.36	437,749.56
-	-	-	-	-
3,302.58	7,055.89	34,941.97	54,745.36	437,749.56
\$ 3,302.58	\$ 6,916.86	\$ 36,481.48	\$ 55,108.07	\$ 399,265.97

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, 2003

With Comparative Actual Amounts for the Year Ended June 30, 2002

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
REVENUES				
Student Tuition and Fees				
Student Tuition	\$ 837,508.55	\$ 827,392.84	\$ 1,035,200.00	\$ (207,807.16)
Other Student Fees	38,119.36	13,437.87	120,000.00	(106,562.13)
Total Student Tuition and Fees	875,627.91	840,830.71	1,155,200.00	(314,369.29)
Federal Sources				
Federal Grant Administration	3,593.56	101,489.77	-	101,489.77
State Sources				
State Operating Grant	1,829,049.00	1,579,197.00	1,662,047.00	(82,850.00)
Local Ad Valorem Tax Reduction	97,852.16	44,109.74	88,746.00	(44,636.26)
Total State Sources	1,926,901.16	1,623,306.74	1,750,793.00	(127,486.26)
County Sources				
Out-of-District Tuition	160,238.00	166,134.00	176,000.00	(9,866.00)
Local Sources				
Ad Valorem Tax	2,097,611.83	2,322,310.24	3,492,333.00	(1,170,022.76)
Motor Vehicle Tax	434,223.77	433,559.09	402,382.00	31,177.09
Recreational Vehicle Tax	5,980.41	6,092.25	5,368.00	724.25
Delinquent Tax	51,882.15	58,469.76	-	58,469.76
In Lieu of Taxes	20,951.68	27,228.86	24,947.00	2,281.86
No-Fund Warrants	225,000.00	-	-	-
Total Local Sources	2,835,649.84	2,847,660.20	3,925,030.00	(1,077,369.80)
Use of Property and Money				
Interest	29,271.14	12,472.24	35,000.00	(22,527.76)

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, 2003

With Comparative Actual Amounts for the Year Ended June 30, 2002

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
REVENUES (Continued)				
Other Sources				
Facilities Use	\$ 665.00	\$ 785.00	\$ -	\$ 785.00
Commissions	2,225.23	1,300.15	-	1,300.15
Miscellaneous	54,025.06	16,374.24	50,000.00	(33,625.76)
Total Other Sources	56,915.29	18,459.39	50,000.00	(31,540.61)
TOTAL REVENUES	5,888,196.90	5,610,353.05	7,092,023.00	(1,481,669.95)
EXPENDITURES				
Instruction	1,688,350.19	1,468,158.60	1,590,272.00	122,113.40
Public Service	5,108.73	69.00	875.00	806.00
Academic Support	364,903.34	329,400.41	360,195.00	30,794.59
Student Services	1,009,693.61	918,399.09	1,016,807.00	98,407.91
Institutional Support	1,245,896.85	1,176,533.17	1,275,332.00	98,798.83
Operation and Maintenance	603,140.06	549,866.79	619,168.00	69,301.21
Scholarships	133,732.00	152,387.00	135,000.00	(17,387.00)
Debt Service - No-Fund Warrants				
Principal	-	131,111.41	225,000.00	93,888.59
Interest	-	8,086.19	10,800.00	2,713.81
TOTAL EXPENDITURES	5,050,824.78	4,734,011.66	5,233,449.00	499,437.34
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers (to) from Other Funds	(816,210.96)	(522,477.63)	(773,063.00)	250,585.37
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	21,161.16	353,863.76	1,085,511.00	(731,647.24)
Unencumbered Cash - Beginning of Year	-	21,161.16	-	21,161.16
End of Year	\$ 21,161.16	\$ 375,024.92	\$ 1,085,511.00	\$ (710,486.08)

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, 2003

With Comparative Actual Amounts for the Year Ended June 30, 2002

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
REVENUES				
Student Tuition and Fees				
Student Tuition	\$ 250,564.34	\$ 306,129.44	\$ 340,200.00	\$ (34,070.56)
Other Student Fees	16,483.00	19,632.00	-	19,632.00
Total Student Tuition and Fees	267,047.34	325,761.44	340,200.00	(14,438.56)
Federal Sources				
Federal Grants	75,801.00	106,023.00	75,000.00	31,023.00
County Sources				
Out-of-District Tuition	-	-	24,000.00	(24,000.00)
Local Sources				
Ad Valorem Tax	(11.82)	-	-	-
Motor Vehicle Tax	(3.69)	-	-	-
Delinquent Tax	1,496.92	1,497.15	-	1,497.15
Total Local Sources	1,481.41	1,497.15	-	1,497.15
TOTAL REVENUES	344,329.75	433,281.59	439,200.00	(5,918.41)
EXPENDITURES				
Instruction	951,944.89	924,951.33	1,112,263.00	187,311.67
TOTAL EXPENDITURES	951,944.89	924,951.33	1,112,263.00	187,311.67
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers :				
from Other Funds	711,000.00	594,993.60	673,063.00	(78,069.40)
(to) Other Funds	(103,354.36)	(103,354.36)	-	(103,354.36)
Total Other Additions (Deductions)	607,645.64	491,639.24	673,063.00	(181,423.76)
Excess of Revenues Over (Under) Expenditures	30.50	(30.50)	-	(30.50)
Unencumbered Cash - Beginning of Year	-	30.50	-	30.50
End of Year	\$ 30.50	\$ -	\$ -	\$ -

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, 2003

With Comparative Actual Amounts for the Year Ended June 30, 2002

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
REVENUES				
Federal Sources				
Adult Basic Education Grant	\$ 56,100.00	\$ 77,967.00	\$ 76,154.00	\$ 1,813.00
State Sources				
Adult Basic Education Grant	27,812.00	34,818.00	36,962.00	(2,144.00)
Local Sources				
Ad Valorem Tax	(1.50)	3,625.63	6,176.00	(2,550.37)
Motor Vehicle Tax	6,024.66	56.99	-	56.99
Recreational Vehicle Tax	83.94	-	-	-
Delinquent Tax	250.92	127.21	-	127.21
Total Local Sources	6,358.02	3,809.83	6,176.00	(2,366.17)
TOTAL REVENUES	90,270.02	116,594.83	119,292.00	(2,697.17)
EXPENDITURES				
Instruction	96,335.74	125,840.96	125,533.00	(307.96)
Excess of Revenues Over (Under) Expenditures	(6,065.72)	(9,246.13)	(6,241.00)	(3,005.13)
Unencumbered Cash				
Beginning of Year	16,271.00	10,205.28	12,450.00	(2,244.72)
End of Year	\$ 10,205.28	\$ 959.15	\$ 6,209.00	\$ (5,249.85)

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, 2003

With Comparative Actual Amounts for the Year Ended June 30, 2002

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
REVENUES				
Student Tuition and Fees				
Course Fees	\$ 58,452.71	\$ 63,939.11	\$ 85,000.00	\$ (21,060.89)
Other Student Fees	930.00	915.00	-	915.00
TOTAL REVENUES	59,382.71	64,854.11	85,000.00	(20,145.89)
EXPENDITURES				
Instruction	59,382.71	64,854.11	57,100.00	(7,754.11)
Excess of Revenues Over (Under) Expenditures	-	-	27,900.00	(27,900.00)
Unencumbered Cash Beginning of Year	-	-	26,182.00	(26,182.00)
End of Year	\$ -	\$ -	\$ 54,082.00	\$ (54,082.00)

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

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

Auxiliary Enterprise Fund - Student Union and Dormitory - Legal Basis

For the Year Ended June 30, 2003

With Comparative Actual Amounts for the Year Ended June 30, 2002

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
REVENUES				
Sales and Services of Auxiliary Enterprises				
Room and Board	\$ 738,967.68	\$ 637,091.45	\$ 915,000.00	\$ (277,908.55)
Student Fees	132,675.71	235,110.84	-	235,110.84
Use of Property and Money				
Interest	491.64	452.32	-	452.32
Other Sources				
Commissions	10,370.51	14,814.42	25,000.00	(10,185.58)
Miscellaneous	673.73	27.52	-	27.52
TOTAL REVENUES	883,179.27	887,496.55	940,000.00	(52,503.45)
EXPENDITURES				
Auxiliary Enterprise Dormitory and Student Union				
Salaries	91,195.54	44,526.78	102,140.00	57,613.22
General Operating	331,837.61	302,858.84	342,500.00	39,641.16
TOTAL EXPENDITURES	423,033.15	347,385.62	444,640.00	97,254.38
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers to Plant Funds	(477,555.00)	(485,770.00)	(485,770.00)	-
TOTAL OTHER ADDITIONS (DEDUCTIONS)	(477,555.00)	(485,770.00)	(485,770.00)	-
Excess of Revenues Over (Under) Expenditures	(17,408.88)	54,340.93	9,590.00	44,750.93
Unencumbered Cash Beginning of Year	-	(17,408.88)	-	(17,408.88)
End of Year	\$ (17,408.88)	\$ 36,932.05	\$ 9,590.00	\$ 27,342.05

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

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

Auxiliary Enterprise Fund - Bookstore - Legal Basis

For the Year Ended June 30, 2003

With Comparative Actual Amounts for the Year Ended June 30, 2002

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
REVENUES				
Sales and Services of Auxiliary Enterprises				
Bookstore	\$ 333,346.27	\$ 430,151.27	\$ 390,000.00	\$ 40,151.27
Other Sources				
Miscellaneous	17,105.09	16,349.47	-	16,349.47
TOTAL REVENUES	350,451.36	446,500.74	390,000.00	56,500.74
EXPENDITURES				
Auxiliary Enterprise Book Store				
Salaries	30,715.41	31,390.85	33,709.00	2,318.15
General Operating	314,510.99	420,610.36	330,750.00	(89,860.36)
TOTAL EXPENDITURES	345,226.40	452,001.21	364,459.00	(87,542.21)
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers (to) from Other Funds	-	3,646.33	-	3,646.33
Excess of Revenues Over (Under) Expenditures	5,224.96	(1,854.14)	25,541.00	(27,395.14)
Unencumbered Cash Beginning of Year	-	5,224.96	-	5,224.96
End of Year	\$ 5,224.96	\$ 3,370.82	\$ 25,541.00	\$ (22,170.18)

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, 2003

With Comparative Actual Amounts for the Year Ended June 30, 2002

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
REVENUES				
Local Sources				
Ad Valorem Tax	\$ (9.06)	\$ -	\$ -	\$ -
Motor Vehicle Tax	(2.67)	-	-	-
Delinquent Tax	784.02	950.76	-	950.76
TOTAL REVENUES	772.29	950.76	-	950.76
EXPENDITURES				
Plant Equipment and Facility	37,209.23	-	105,271.00	105,271.00
Excess of Revenues and Transfers Over (Under) Expenditures	(36,436.94)	950.76	(105,271.00)	106,221.76
Unencumbered Cash				
Beginning of Year	141,707.58	105,270.64	105,271.00	(0.36)
End of Year	\$ 105,270.64	\$ 106,221.40	\$ -	\$ 106,221.40

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, 2003

With Comparative Actual Amounts for the Year Ended June 30, 2002

	Prior Year Actual	Current Year		Variance Favorable (Unfavorable)
		Actual	Budget	
REVENUES				
Student Tuition and Fees				
Student Union Fees	\$ -	\$ 30,000.00	\$ -	\$ 30,000.00
TOTAL REVENUES	-	30,000.00	-	30,000.00
EXPENDITURES				
Debt Service				
Bond Principal	35,000.00	45,000.00	40,000.00	(5,000.00)
Bond Interest	442,555.00	440,770.00	485,770.00	45,000.00
Lease Purchase Payments	208,565.32	208,565.32	-	(208,565.32)
TOTAL EXPENDITURES	686,120.32	694,335.32	525,770.00	(168,565.32)
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers From:				
General Fund & Agency Funds	105,210.96	105,210.96	-	105,210.96
Vocational Fund	103,354.36	103,354.36	-	103,354.36
Auxiliary Enterprise Fund	477,555.00	485,770.00	525,770.00	(40,000.00)
TOTAL OTHER ADDITIONS (DEDUCTIONS)	686,120.32	694,335.32	525,770.00	168,565.32
Excess of Revenues and Transfers Over (Under) Expenditures	-	30,000.00	-	30,000.00
Unencumbered Cash				
Beginning of Year	390,340.64	390,340.64	872,655.00	(482,314.36)
End of Year	\$ 390,340.64	\$ 420,340.64	\$ 872,655.00	\$ (452,314.36)

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Changes in Assets and Liabilities

All Agency Funds

For the Year Ended June 30, 2003

Account Name	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
ACTIVITY FUND				
Student Services				
Alumni	\$ -	\$ 50.00	\$ -	\$ 50.00
Facility Enhancement	-	958.36	349.69	608.67
Field Biology	109.40	-	-	109.40
Forensic Conference	628.54	1,187.00	330.49	1,485.05
Honors Program	114.19	5,500.00	5,587.16	27.03
International Club	18.02	1,711.70	1,729.72	-
Miscellaneous	650.00	295.00	-	945.00
Noon Hour Basketball	2,033.46	-	1,183.46	850.00
Phi Beta Lambda	305.69	-	-	305.69
Phi Theta Kappa	(8.94)	8.94	-	0.00
PN Chanute	12,863.23	13,375.78	6,842.82	19,396.19
PN Independence	5,014.41	-	5,014.41	-
PN Ottawa	6,511.55	10,253.00	7,042.79	9,721.76
Science Fair	655.00	-	-	655.00
SNO Chanute	1,313.74	100.00	-	1,413.74
SNO Ottawa	290.93	-	-	290.93
Vehicle Fine/Service	130.00	-	-	130.00
Wellness	-	630.00	-	630.00
Workforce Development Center	375.00	-	-	375.00
YFC Cultural Activities	-	1,850.00	1,711.70	138.30
Total Student Services	31,004.22	35,919.78	29,792.24	37,131.76
Scholarships				
Endowment Foundation Scholarships	(1,549.00)	27,810.00	26,261.00	-
NCCC JUCO CLUB Scholarships	(16,530.00)	28,779.00	12,249.00	-
Out of District Scholarships	-	4,082.00	4,082.00	-
Bearrick Emergency Fund	595.35	-	-	595.35
Total Scholarship Accounts	(17,483.65)	60,671.00	42,592.00	595.35
Other Student Accounts				
Athletic Banquet	238.07	-	-	238.07
In/Out Chanute	1,150.70	51,525.72	52,676.42	-
Cash Over/Under	216.34	11.01	160.00	67.35
Books	-	82,384.34	82,384.34	-
Incidental Fee Chanute	-	176,182.87	176,182.87	-

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Changes in Assets and Liabilities

All Agency Funds

For the Year Ended June 30, 2003

Account Name	Balance June 30, 2002	Additions	Deductions	Balance June 30, 2003
Other Student Accounts (Continued)				
Incidental Computer Fee	\$ 20,000.00	\$ 85,881.03	\$ 85,881.03	\$ 20,000.00
Incidental Fee Ottawa	10,000.00	137,882.00	137,882.00	10,000.00
Pell Grant Checks	-	2,909.86	2,909.86	-
Building Fee Ottawa	-	73,989.00	73,989.00	-
Incidental Fee Outreach	-	54,087.91	54,087.91	-
Out-District Fee	-	102,611.50	102,611.50	-
Payment Plan Administrative Fee	-	14,455.74	14,455.74	-
Student Union Fee	-	57,158.00	57,158.00	-
Graduation Fee	-	7,440.00	7,440.00	-
Dorm Damages/Repairs	-	1,856.50	610.06	1,246.44
Housing Internet	-	6,567.52	1,024.45	5,543.07
Loan Change Charges	2,337.74	-	2,337.74	-
Gate Receipts	-	198,792.00	198,792.00	-
Sales Tax	-	202.56	-	202.56
Library	107.31	324.35	-	431.66
Student Senate	-	18,825.59	18,825.59	-
Student Senate-Ottawa	3,786.05	1,386.75	56.82	5,115.98
Total Other Student Accounts	37,836.21	1,074,474.25	1,069,465.33	42,845.13
TOTAL ACTIVITY FUND	\$ 51,356.78	\$ 1,171,065.03	\$ 1,141,849.57	\$ 80,572.24
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 41,252.23	\$ 1,160,096.09	\$ 1,131,745.02	\$ 69,603.30
Other Receivables	15,439.97	11,752.67	15,439.97	11,752.67
TOTAL ASSETS	\$ 56,692.20	\$ 1,171,848.76	\$ 1,147,184.99	\$ 81,355.97
Liabilities				
Accounts Payable	\$ 5,335.42	\$ 783.73	\$ 5,335.42	\$ 783.73
Deposits Held For Others	51,356.78	1,171,065.03	1,136,514.15	80,572.24
TOTAL LIABILITIES	\$ 56,692.20	\$ 1,171,848.76	\$ 1,141,849.57	\$ 81,355.97

**NEOSHO COUNTY COMMUNITY COLLEGE
CHANUTE, KANSAS**

FEDERAL COMPLIANCE SECTION

For the Year Ended June 30, 2003

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)**

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: neilphillips@par1.net
LICENSE NUMBER & HOME STATE: KS 3287
FIRM'S NAME & ADDRESS: DIEHL, BANWART, BOLTON, JARRED & BLEDSOE, CHARTERED
Certified Public Accountants
910 W. Elm
PO Box 779
Chanute, Kansas 66720

FIRM'S FEDERAL ID NUMBER : 48-0868255
TELEPHONE: (620) 431-6342
FAX: (620) 431-0724

PROGRAMS EXAMINED:	PELL	84.063
	FSEOG	84.007
	FWS	84.033
	FFELP	84.063

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

Correspondence or telecommunication courses to total courses	3.40%
Regular students enrolled in correspondence courses	NONE
Regular students that are incarcerated	NONE
Regular students enrolled based on ability to benefit	NONE
For short term programs—	
Completion	N/A
Placement	N/A

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

ALL LOCATIONS	> 50% OF PROGRAM OFFERED @ SITE	LOCATION ON ELIGIBILITY LETTER	NOTICE TO ED PRIOR TO OFFERING INSTRUCTION	DATE OPENED	DATE CLOSED	DATE OF CPA'S LAST VISIT	EXCLUSION REASON
Chanute, Ks	Yes	Yes	Yes	1936	N/A	2002	N/A
Ottawa, Ks	Yes	Yes	Yes	1991	N/A	2002	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: N/A

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

<u>BANK</u>	<u>ACCOUNT</u>
Bank of Commerce PO Box 538 Chanute, Kansas 66720	26484

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2003

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	DISBURSE- MENTS/ EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u>		
Direct Programs:		
Federal Supplemental Education Opportunity	84.007	\$ 18,058.00
Federal Supplemental Education Opportunity - Admin	84.007	902.71
Federal Family Education Loans (1)	84.032	812,645.34
Federal Work-Study Program	84.033	27,961.23
Federal Work-Study Program - Admin.	84.033	1,398.06
Federal Pell Grant	84.063	1,035,679.14
Federal Pell Grant Admin	84.063	265.00
TRIO - Talent Search	84.044(a)	264,747.69
TRIO - Student Support Services	84.042(a)	267,977.77
TRIO - Upward Bound	84.047(a)	250,604.68
Passed through the State of Kansas Department of Education:		
Adult Basic Education Program	84.002	77,967.00
Carl Perkins Vocational Education Grants: Program Improvement	84.048	<u>106,023.00</u>
Total U.S. Department of Education		<u>2,864,229.62</u>
<u>U.S. DEPARTMENT OF LABOR</u>		
Passed through the Kansas State Department of Human Resources:		
Workforce Investment Act	17.257	<u>19,395.30</u>
FEDERAL ASSISTANCE TOTALS		<u>\$ 2,883,624.92</u>

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

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

DIEHL, BANWART, BOLTON, JARRED & BLEDSOE, CHARTERED
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Trustees
Neosho County Community College
Chanute, Kansas 66740

We have audited the financial statements of Neosho County Community College as of and for the year ended June 30, 2003, and have issued our report thereon dated September 17, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. In our report, our opinion on the general purpose financial statements was qualified because, as discussed in Note 1 to the general purpose financial statements, fixed assets are shown at estimated amounts in the general purpose financial statements. As a result the general purpose financial statements do not include all fixed assets, which should be included in order for the general purpose financial statements to conform with generally accepted accounting principles.

Compliance

As part of obtaining reasonable assurance about whether Neosho County Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Neosho County Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management of Neosho County Community College in a separate letter dated September 17, 2003.

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

Diehl, Banwart, Bolton, Jarred & Bledsoe, Chtd.

DIEHL, BANWART, BOLTON, JARRED & BLEDSOE, CHTD.
Certified Public Accountants

September 17, 2003
Chanute, Kansas

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

To the Board of Trustees
Neosho County Community College
Chanute, Kansas 66720

Compliance

We have audited the compliance of Neosho County Community College with the types of compliance requirements 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, 2003. Neosho County Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Neosho County Community College's management. Our responsibility is to express an opinion on Neosho County Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Neosho County Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Neosho County Community College's 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, 2003.

Internal Control Over Compliance

The management of Neosho County Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Neosho County Community College's internal control over compliance with 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 and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Diehl, Banwart, Bolton, Jarred & Bledsoe, Chtd.
DIEHL, BANWART, BOLTON, JARRED & BLEDSOE, CHTD.
Certified Public Accountants

September 17, 2003
Chanute, Kansas

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses a qualified opinion on the general purpose financial statements of Neosho County Community College.
2. There were no reportable conditions relating to the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of Neosho County Community College were disclosed during the audit.
4. No reportable conditions relating to the audit of the major federal award programs is reported.
5. The auditors' report on compliance for the major federal award programs for the Neosho Community College expresses an unqualified opinion.
6. Audit findings relative to the major federal award programs for the Neosho County Community College are reported in Part C. of this schedule.
7. The programs tested as major programs include: U.S. Department of Education Federal Pell Grant Program – CFDA No. 84.063, U.S. Department of Education Federal Family Education Loans – CFDA No. 84.032, U.S. Department of Education Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007 and U.S. Department of Education Federal Work-Study Program – CFDA No. 84.033.
8. The threshold for distinguishing Types A and B programs was \$300,000.00.
9. The Neosho County Community College was not determined to be a low-risk auditee.

B. FINDINGS – FINANCIAL STATEMENTS AUDIT

None

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

U.S. DEPARTMENT OF EDUCATION	<u>Questioned Costs</u>
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

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2003

Neosho County Community College is accredited by the Kansas State Department of Education and the North Central Association of Colleges and Secondary Schools. The audit fieldwork was conducted at the College's administrative building in Chanute, Kansas at various dates from September 6, 2003 to September 17, 2003. The following is a schedule of statistics for the year ended June 30, 2003:

TOTAL POPULATION:

	PELL	FFELP	FSEOG	FWS
Universe				
Dollars	\$ 1,035,679.14	\$ 812,645.34	\$ 18,058.00	\$ 27,961.23
Students	468	409	96	53

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

	PELL	FFELP	FSEOG	FWS
Universe				
Dollars	\$ 965,950.00	\$ 789,130.34	\$ 16,746.00	\$ 27,410.18
Students	432	393	88	51
Sample				
Dollars	\$ 121,753.00	\$ 133,195.34	\$ 3,304.00	\$ 4,815.94
Students	50	73	17	10

WITHDREW, DROPPED OR TERMINATED STUDENTS:

	PELL	FFELP	FSEOG	FWS
Universe				
Dollars	\$ 69,729.14	\$ 23,515.00	\$ 1,312.00	\$ 551.05
Students	36	14	8	2
Sample				
Dollars	\$ 4,957.00	\$ 1,420.00	\$ 100.00	\$ -0-
Students	5	1	1	0

WITHDREW, DROPPED OR TERMINATED STUDENTS:

	PELL	FFELP	FSEOG	FWS
Universe				
Dollars Refunded	\$ 2,621.86	\$ 861.00	\$ -0-	\$ -0-
Students	6	2	0	0
Sample				
Dollars Refunded	\$ 599.97	\$ -0-	\$ -0-	\$ -0-
Students	2	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, 2003

Period ended June 30, 2002

Findings and Questioned Costs/Resolution

Finding 02-1

Reportable Condition: Bank reconciliations were not properly completed and tied out to the general ledger.

Recommendation: Complete bank reconciliations monthly and tie out to the general ledger.

Status: Bank accounts are reconciled properly on a monthly basis and items clearing the bank are traced to postings in the general ledger. The College has implemented internal control procedures to reconcile bank account balances to the cash balances by fund at the end of each month.