

PRELIMINARY OFFICIAL STATEMENT DATED AUGUST 1, 2025

NEW ISSUE / BANK QUALIFIED

BOOK-ENTRY ONLY

RATING: S&P " _ "

See "Bond Ratings" herein

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the Interest Portion of Basic Rent Payments paid by Neosho County Community College, Neosho County, Kansas and distributed to the registered owners of the Certificates [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; (2) the Interest Portion of Basic Rent Payments paid and distributed to the registered owners of the Certificates is exempt from income taxation by the State of Kansas; and (3) the College's obligation to pay the Basic Rent Payments under the Lease that are distributable to owners of the Certificates are "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code. Special Tax Counsel notes that for tax years beginning after December 31, 2022, the Interest Portion of Basic Rent Payments paid and distributed to the registered owners of the Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See "TAX MATTERS" herein.

\$3,235,000*

NEOSHO COUNTY COMMUNITY COLLEGE

NEOSHO COUNTY, KANSAS

LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2025

Evidencing Proportionate Interests In and Rights to Receive Payments Under the

Lease Purchase Agreement Between the College and Security Bank of Kansas City, Kansas City, Kansas, As Trustee

Dated: October 8, 2025

Due: May 1, as shown on inside front cover.

The Lease Purchase Agreement Certificates of Participation, Series 2025 (the "Certificates") will be executed and delivered in fully registered form in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Certificates. Purchases of the Certificates will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof as described above. Purchasers will not receive certificates representing their interests in Certificate purchases. [So long as Cede & Co. is the registered owner of the Certificates, as nominee of DTC, references herein to the Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Certificates.] Principal portions of Basic Rent represented by the Certificates are payable annually on May 1 in each year, beginning May 1, 2028. Interest portions of Basic Rent represented by the Certificates are payable semi-annually on May 1 and November 1 in each year, beginning May 1, 2026, by check or draft to the registered owners of the Certificates by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee"). The Principal Portion of Basic Rent represented by the Certificates is payable upon presentation and surrender of the Certificates at the principal corporate office of the Trustee. So long as DTC or its nominee, Cede & Co., is the Owner of the Certificates, such payments will be made directly to DTC. DTC is expected, in turn, to remit such principal and interest to the DTC Participants (herein defined) for subsequent disbursement to the Beneficial Owners. The Certificates mature, bear interest, and are priced according to the schedule on the inside cover page.

The Certificates evidence the ownership of proportionate interest in, and rights to receive Basic Rent Payments under that certain Lease Purchase Agreement, dated as of October 8, 2025 (the "Lease" or "Lease Purchase Agreement"), entered into between Security Bank of Kansas City, Kansas City, Kansas (the "Trustee"), as lessor, acting as fiduciary for the owners of the Certificates, and the Neosho County Community College, Neosho County, Kansas, as Lessee (the "Lessee" and/or the "College"). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of October 8, 2025 (the "Declaration of Trust") by the Trustee. The net proceeds from the sale of the Certificates will be used to pay the costs of financing the acquisition, construction, and installation of certain fine arts center facility improvements and renovations to on the College campus in Chanute, Kansas (the "Improvements") all as more fully described under the caption "THE PROJECT".

The Certificates are payable (except to the extent payable from the proceeds of the Certificates and income from the investment thereof) solely from Basic Rent Payments to be paid by the College under the Lease for use of the Improvements and the Real Property on which is the Improvements are located (jointly defined as the "Project"), and to the extent received by the Trustee, net proceeds of certain insurance policies or proceeds from the liquidation of interest or enforcement of claims in connection with the Project. The Basic Rent Payments constitute a special obligation of the College payable from revenues of the College, including, if necessary, ad valorem taxation. NEITHER THE CERTIFICATES NOR THE LEASE GIVE RISE TO A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COLLEGE, THE STATE OF KANSAS, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR PROVISION NOR A MANDATORY PAYMENT OBLIGATION BEYOND THE TERMS OF THE LEASE. PURSUANT TO K.S.A. 71-201, THE TERM OF THE LEASE EXTENDS TO JUNE 30, 2035, WITH ANNUAL RENEWALS EXTENDING THE MAXIMUM LEASE TERM TO JUNE 30, 2037 (THE "LEASE TERM"). THE LEASE IS SUBJECT TO CHANGE OR TERMINATION BY REASON OF AN ACT OF THE KANSAS LEGISLATURE AS PROVIDED THEREIN AND PURSUANT TO K.S.A. 71-201, AND IS NOT SUBJECT TO ANNUAL APPROPRIATION (SEE "RISK FACTORS AND INVESTMENT CONSIDERATIONS"). Upon termination of the Lease prior to the end of its term, the Certificates will be payable solely from the proceeds of the liquidation by the Trustee of the Project, together with certain monies, if any, held by the Trustee under the Declaration of Trust, and any monies available therefor may be less than the principal amount of the Certificates outstanding and interest thereon. A prospective purchaser of the Certificates described herein should be aware that any such investment is subject to certain risks associated with the Certificates which must be recognized. Reference is made to the discussion herein under the heading "RISK FACTORS AND INVESTMENT CONSIDERATIONS."

MATURITY SCHEDULE*

(See inside cover page.)

The Certificates maturing on May 1, 2031 and thereafter are subject to optional prepayment on May 1, 2030 or thereafter in whole or in part at any time, at a price equal to 100% of the principal amount, plus accrued interest to the prepayment date. [The Term Certificates are also subject to mandatory redemption as described herein.] See "THE CERTIFICATES - Prepayment of the Certificates" herein.

The Certificates are offered when, as and if issued, subject to prior sale, to withdrawal or to modification of the offer without notice and to the delivery of an unqualified approving opinion by Gilmore & Bell, P.C., Wichita, Kansas, as Special Tax Counsel, and other conditions. Certain matters will be subject to approval by David Bideau, Chanute, Kansas as counsel for the College. It is expected that the Certificates will be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about October 8, 2025.

**BIDS WILL BE ACCEPTED ON BEHALF OF
NEOSHO COUNTY COMMUNITY COLLEGE**

BY:

**RANSON FINANCIAL GROUP, LLC
ON SEPTEMBER 10, 2025 UNTIL 10:00 A.M. CDT
AT 200 W. DOUGLAS, SUITE 110
WICHITA, KANSAS 67202**

PHONE: (316) 264-3400 ~ FAX: (316) 265-5403 ~ EMAIL: bids@ransonfinancial.com

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE PRELIMINARY OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. "APPENDIX C - DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS" CONTAINS DEFINITIONS USED IN THIS PRELIMINARY OFFICIAL STATEMENT.

* Subject to change.

\$3,235,000*

**NEOSHO COUNTY COMMUNITY COLLEGE
NEOSHO COUNTY, KANSAS**

LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2025

**Evidencing Proportionate Interests In and Rights to Receive Payments Under the
Lease Purchase Agreement Between the College and Security Bank of Kansas City, Kansas City, Kansas, As Trustee**

MATURITY SCHEDULE*

SERIAL CERTIFICATES

Stated Maturity	Principal	Annual	Price or	CUSIP ⁽¹⁾
<u>May 1</u>	<u>Amount*</u>	<u>Rate of</u>	<u>Yield</u>	<u>Base: 640546</u>
2028	\$275,000	____%	____%	
2029	285,000	____%	____%	
2030	295,000	____%	____%	
2031	305,000	____%	____%	
2032	315,000	____%	____%	
2033	325,000	____%	____%	
2034	340,000	____%	____%	
2035	350,000	____%	____%	
2036	365,000	____%	____%	
2037	380,000	____%	____%	

TERM CERTIFICATES

Stated Maturity	Principal	Annual	Price or	CUSIP ⁽¹⁾
<u>May 1</u>	<u>Amount*</u>	<u>Rate of</u>	<u>Yield</u>	<u>Base: 640546</u>
2037	\$	____%	____%	

(all plus accrued interest, if any)

⁽¹⁾ CUSIP® is a registered trademark of the American Bankers Association. CUSIP Global Services (CGS) is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. Copyright(c) 2024 CUSIP Global Services. All rights reserved. CUSIP® data herein is provided by CUSIP Global Services. This data is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP® numbers are provided for convenience of reference only. None of the College, the Trustee, the Underwriter or their agents or counsel assume responsibility for the accuracy of such numbers.

* Subject to change.

\$3,235,000*
NEOSHO COUNTY COMMUNITY COLLEGE
NEOSHO COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2025
Evidencing Proportionate Interests In and Rights to Receive Payments Under the
Lease Purchase Agreement Between the College and Trustee

BOARD OF TRUSTEES

Mr. Dennis Peters, Chairperson
Ms. Lori Kiblinger, Vice Chairperson
Ms. Martha McCoy, Trustee
Mr. Michael De La Torre, Trustee
Mr. David Peter, Trustee
Mr. Bryan Shulz, Trustee

OFFICERS OF THE BOARD

Dr. Brian Inbody, Secretary
Ms. Sandi Solander, Treasurer
Ms. Amy Ranabargar, Clerk

COLLEGE STAFF

Dr. Brian Inbody, College President
Ms. Sandi Solander, Chief Financial Officer
Mr. Kerry Ranabargar, Vice President of Operations
Ms. Sarah Robb, Vice President for Student Learning

SPECIAL TAX COUNSEL

Gilmore & Bell, P.C.
Wichita, Kansas

TRUSTEE

Security Bank of Kansas City
Kansas City, Kansas

FINANCIAL ADVISOR

Ranson Financial Group, LLC
Wichita, Kansas

UNDERWRITER

* Subject to change.

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

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

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

[THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE COLLEGE FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.]

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

No dealer, salesman or other person has been authorized to give any information or to make any representation, other than the information contained in this Preliminary Official Statement, in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorized by the College, or the Underwriter. The information in the Preliminary Official Statement, and no sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the College or others since the date thereof. This Preliminary Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the College and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The delivery of the Preliminary Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

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\$3,235,000*
NEOSHO COUNTY COMMUNITY COLLEGE
NEOSHO COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2025
Evidencing Proportionate Interests In and Rights to Receive Payments Under the
Lease Purchase Agreement Between the College and Trustee

INTRODUCTION

This Preliminary Official Statement, including its cover page and Appendices, is furnished in connection with the offering and sale of \$3,235,000* aggregate principal amount of Lease Purchase Agreement Certificates of Participation, Series 2025 (the “Certificates”) evidencing ownership of proportionate interests in, and rights to receive certain payments under that certain Lease Purchase Agreement, dated as of October 8, 2025 (the “Lease” or “Lease Purchase Agreement”), entered into between Security Bank of Kansas City, Kansas City, Kansas (the “Trustee” and “Lessor”), and acting as fiduciary for the owners of the Certificates, and Neosho County Community College, Neosho County, Kansas (the “College” and the “Lessee”). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of October 8, 2025 (the “Declaration of Trust”), made by the Trustee. The net proceeds from the sale of the Certificates will be used to pay the costs of financing the acquisition, construction, and installation of certain fine arts center facility improvements and renovations on the College campus in Chanute, Kansas (the “Improvements”) all as more fully described under the caption “THE PROJECT”.

The College and the Trustee are parties to a Site Lease, dated as of October 8, 2025, pursuant to which the College leases certain real property to the Trustee (the “Real Property”) and the Improvements thereon for a term extending to May 1, 2037, unless earlier terminated by the full payment of all Certificates outstanding under the Declaration of Trust and satisfaction of all obligations under the Lease. The Real Property and Improvements (jointly, the “Project,”) are leased to the College by the Trustee under the Lease.

The Certificates are payable (except to the extent payable from the proceeds of the Certificates and income from the investment thereof) solely from Basic Rent Payments to be paid by the College under the Lease for use of the Project. and, to the extent received by the Trustee, Net Proceeds of certain insurance policies or proceeds from the liquidation of interest or enforcement of claims in connection with the Project. The Basic Rent Payments constitute a special obligation of the College payable from revenues of the College, including, if necessary, ad valorem taxation. Neither the Certificates nor the Lease give rise to a general obligation or other indebtedness of the College, the State of Kansas, or any other political subdivision thereof within the meaning of any constitutional or statutory debt limitation or provision. The College will have the option to purchase the Trustee’s title and interest in the Project at the end of the Lease Term. PURSUANT TO K.S.A. 71-201, THE TERM OF THE LEASE IS FOR NOT MORE THAN TEN (10) YEARS, IS SUBJECT TO ANNUAL EXTENSION BY THE BOARD OF TRUSTEES OF THE COLLEGE AND ADDITIONAL TERMS AS MORE FULLY DESCRIBED HEREIN. THE OBLIGATION OF THE COLLEGE TO PAY BASIC RENT PAYMENTS IS NOT SUBJECT TO ANNUAL APPROPRIATION. THE LEASE IS SUBJECT TO CHANGE OR TERMINATION AT ANY TIME BY ACT OF THE KANSAS LEGISLATURE (see “RISK FACTORS AND INVESTMENT CONSIDERATIONS”). Upon termination of the Lease prior to the end of its term, the Certificates will be payable from the proceeds of the liquidation by the Trustee of the Project together with certain monies, if any, held by the Trustee under the Declaration of Trust, and any monies available therefor may be less than the principal amount of the Certificates outstanding and interest thereon. A prospective purchaser of the Certificates described herein should be aware that any such investment is subject to certain risks associated with the Certificates which must be recognized. Reference is made to the discussion herein under the heading “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”

The Trustee does not have any obligation to make, and will not make, any payment from the Trustee's own funds on the Certificates or pursuant to the Lease.

This Preliminary Official Statement contains a description of the Certificates, the Lease and the Declaration of Trust. Reference is made to the discussion herein under the heading “DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS” for the definitions of certain terms used in such documents and in this Preliminary Official Statement. These descriptions do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of such documents, which documents are available at the principal offices of the College or Trustee.

THE CERTIFICATES

General

The Certificates are executed and delivered in the total aggregate principal amount of \$3,235,000*, bear a Dated Date of October 8, 2025, and mature annually on May 1 (the “Principal Payment Dates”), commencing May 1, 2028, in the years and principal amounts as shown on the inside cover of this Official Statement. The Interest Portions of Basic Rent Payments represented by the Certificates accrue from the Dated Date and shall be payable semiannually on May 1 and November 1 (the “Interest Payment Dates”) of each year commencing May 1, 2026, until the Certificates are paid in full. The Certificates are issued in fully registered form without coupons in

* Subject to change.

denominations of \$5,000 or integral multiples thereof not exceeding the principal amount of the certificates maturing on any Principal Payment Date.

The principal of the Certificates will be payable in lawful money in the United States of America at maturity upon presentation of the Certificates to the Trustee. The Interest Portions of Basic Rent Payment represented by the Certificates will be payable in lawful money in the United States of America by check or draft of the Trustee mailed to the registered owners thereof whose names appear on the registration books as of the 15th day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the "Record Date") (a) by check or draft mailed by the Trustee to the address of such Owner shown on the registration books or at such other address as is furnished to the Trustee in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate amount of Principal Portions of Basic Rent, by electronic transfer to such Owner upon written notice given to the Trustee by such Owner, not less than 15 days prior to the Record Date for such Interest Portions of Basic Rent, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Owner wishes to have such transfer directed.

While the Certificates remain in book-entry form, payments to Beneficial Owners (as defined herein) are governed by the rules of DTC as described in the section "BOOK-ENTRY ONLY SYSTEM" herein. In the event that DTC ceases to act as securities depository for the Certificates, payment may be made as described below. Under the Declaration of Trust, the Trustee is designated as the initial paying agent for the Certificates (the "Paying Agent").

Source and Security for Payment

Each Certificate evidences ownership of a proportionate interest in, and rights to receive certain payments under, the Lease. The Trustee is acting in a fiduciary capacity as both Lessor (under the Lease) and Trustee (under the Declaration of Trust). The Trustee agrees to hold and exercise its rights to receive Basic Rent Payments and other monies under the Lease in trust solely for the benefit of the Certificate Owners.

The payments due on the Certificates are to be made by the Trustee from the Basic Rent Payments paid to it by the College pursuant to the Lease, from the proceeds of the sale of the Certificates (including that amount collected as accrued interest), and from certain investment proceeds earned from the investment of monies being held in the various trust funds, as hereinafter described.

The Basic Rent Payments constitute a special obligation of the College payable from revenues of the College, including ad valorem taxes. Neither the Certificates nor the Lease give rise to a general obligation or other indebtedness of the College, the State of Kansas, or any other political subdivision thereof within the meaning of any constitutional or statutory debt limitation or provision. The College intends to make the Basic Rent Payments from revenues generated by the College and other monies otherwise lawfully available therefore, including ad valorem taxes. The College has represented in the Lease that it will to the extent permitted by state law, and subject to other terms and conditions of the Lease, budget a sufficient amount annually to permit the College to discharge all of its obligations under the Lease.

The College is obligated for the term of the Lease to maintain insurance as more fully described under "DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS- SUMMARY OF THE LEASE-- Insurance."

NEITHER THE CERTIFICATES NOR THE LEASE GIVE RISE TO A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COLLEGE, THE STATE OF KANSAS, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR PROVISION. THE OBLIGATION OF THE COLLEGE TO PAY BASIC RENT PAYMENTS CONSTITUTES AN OBLIGATION FOR WHICH THE COLLEGE HAS OBLIGATED ITSELF TO LEVY TAXATION, IF NECESSARY, AND IS NOT SUBJECT TO ANNUAL APPROPRIATION

Transfer and Exchange

While the Certificates remain in book-entry form, transfers of ownership by Beneficial Owners may be made as described under the section "BOOK-ENTRY ONLY SYSTEM" herein. In the event that DTC ceases to act as securities depository for the Certificates, transfers may be effected as described below.

Books for the registration and transfer of the Certificates are to be kept by the Trustee, as registrar. Upon surrender for transfer of any Certificate at the principal corporate trust office of the Trustee and satisfaction of the conditions and restrictions of such transfer, the Trustee is to execute and deliver in the name of the transferee a new Certificate of the same maturity or maturities, interest rate and tenor as the Certificates surrendered. Certificates may be exchanged at the principal corporate trust office of the Trustee for an equal aggregate principal amount of Certificates of the same maturity or maturities, interest rate and tenor as the Certificate surrendered. All Certificates presented for transfer or exchange must be accompanied by a written instrument of transfer or authorization for exchange, in form satisfactory to the Trustee, duly executed by the Owner or by his attorney duly authorized in writing.

The Trustee shall not be obliged to make any such exchange or transfer of Certificates between any Record Date and any succeeding Interest Payment Date, nor during the period from the 15 days next preceding the giving of notice of redemption through the subject redemption date.

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE CERTIFICATES, THE TRUSTEE SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES. See “THE CERTIFICATES – Book-Entry Certificates; Securities Depository.”

Book-Entry Certificates: Securities Depository

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

- (a) If the College determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Certificates; or
- (b) If the Trustee receives written notice from Participants having interest in not less than 50% of the Certificates Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Certificates, then the Trustee shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Certificates to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the College, with the consent of the Trustee, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Certificate. Upon the issuance of Replacement Certificates, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Certificates. If the Securities Depository resigns and the College, the Trustee or Owners are unable to locate a qualified successor of the Securities Depository, then the Trustee shall authenticate and cause delivery of Replacement Certificates to Owners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Certificates. The cost of printing, registration, authentication, and delivery of Replacement Certificates shall be paid for by the College.

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

Prepayment Provisions

The Certificates shall be subject to prepayment and redemption prior to the stated maturity thereof, as follows:

- (a) *Prepayment in the Event of Damage, Destruction, Condemnation, and Certain Other Events.* The Certificates are callable for prepayment and redemption prior to maturity in whole or in part, at a prepayment price of 100% of the Principal Portion of Basic Rent represented thereby, plus the Interest Portion of Basic Rent accrued to the prepayment date in the event that (i) any of the Improvements is substantially damaged or destroyed, or taken in a condemnation proceeding (other than condemnation by the College), or title to or the use of substantially all of the Project shall be lost by reason of a defect in title thereto, or if, as a result of changes in the Constitution of

Kansas or legislative or administrative action by the State or the United States, the Site Lease or the Lease terminates or becomes unenforceable, and (ii) the College exercises its option to prepay Rent Payments under the Lease (See “DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS--SUMMARY OF THE LEASE--Damage, Destruction and Condemnation”).

(b) *Optional Prepayment.* At the option of the College, the Certificates maturing on May 1, 2031, and thereafter, may be prepaid prior to maturity on May 1, 2030 and thereafter, as a whole or in part at any time, at the prepayment price of 100% of the Principal Portion of Basic Rent Payments being prepaid, plus Interest Portions of Basic Rent Payments to the prepayment date.

(c) *[Mandatory Prepayment.* The Certificates that evidence Principal Portions of Basic Rent payable to Certificate Owners on May 1, 20__ shall be subject to mandatory prepayment on May 1, 20__, and on each May 1 thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Certificates being prepaid plus the Interest Portion of Basic Rent accrued thereon to the Prepayment Date, as follows:

<u>Principal Amount</u>	<u>Prepayment Date</u>
\$	*

*Final Certificate Maturity]

Selection of Certificates for Partial Prepayment.

Whenever provision is made in the Declaration of Trust for partial prepayment of Certificates, those not previously paid or called for prepayment shall be selected for prepayment upon instructions from the College in such equitable manner as the Trustee determines. In selecting portions of Certificates for prepayment, the Trustee shall treat each Outstanding Certificate as representing the number of Certificates which is obtained by dividing the Principal Portion of such Certificate by the authorized denomination.

Partial Prepayment of a Certificate

Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the College, a new Certificate or Certificates of authorized denomination equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the College and the Trustee shall be released and discharged from all liability to the extent of such payment.

Notice of Prepayment

When prepayment is authorized or required, the Trustee shall give notice, at the expense of the College, of the prepayment of the Certificates. Such notice shall specify (i) that the Certificates or a designated portion thereof are to be prepaid, (ii) the date of prepayment, (iii) the place or places where the prepayment will be made, and (iv) the prepayment price. Such notice shall further state that the prepayment price shall become due and payable, together with accrued interest, and that from and after the prepayment date interest shall cease to accrue.

Notice of such prepayment shall be given by mailing prepayment notices to the Owners of the Certificates designated for prepayment at their addresses appearing on the Certificate Register at least thirty (30) days but not more than sixty (60) days prior to the prepayment date.

So long as the book-entry only system is used for the Certificates, the Trustee will give any notice of prepayment or any other notices required to be given to owners only to DTC. Any failure of DTC to advise any DTC Participant or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the prepayment of the Certificates so called for prepayment. Beneficial Owners may desire to make arrangements with a DTC Participant so that all notices of prepayment or other communications to DTC which affect such Beneficial Owners, including notification of all interest payments, will be forwarded in writing by such DTC Participant. See “BOOK-ENTRY ONLY SYSTEM” herein.

Effect of Notice of Prepayment

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, shall be held by the Trustee and, if notice of prepayment thereof shall have been given as aforesaid, then, from and after said date of prepayment, Interest Portions of Basic Rent Payments represented by the Certificates shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of the Certificates shall be held in trust for the benefit of the Owners of the Certificates to be so prepaid.

[THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”, New York, New York, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each scheduled maturity of the Certificates, and will be deposited with DTC.
2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.
3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.
4. To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.
5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.
6. Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.
7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the College as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).
8. Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the College or Trustee, on the payment date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,”

and will be the responsibility of such Participant and not of DTC nor its nominee, Trustee, or the College, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the College or Trustee, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

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

CONTINUING DISCLOSURE

The Securities and Exchange Commission (the "SEC") has promulgated amendments to Rule 15c2-12 (the "Rule"), requiring continuous secondary market disclosure. In connection with the issuance of the Certificates, the College will enter into a continuing disclosure undertaking (the "Disclosure Undertaking") wherein the College covenants to annually provide certain financial information and operating data (collectively the "Annual Report") and other information necessary to comply with the Rule, and to transmit the same to the MSRB. Pursuant to the Disclosure Undertaking, the College has agreed to file its Annual Report with the national repository ("EMMA") not later than the last day of the ninth month after the end of the College's Fiscal Year, commencing with the year ending June 30, 2025. In the Lease, the College covenants with the Underwriter and the Beneficial Owners of the Certificates to apply the provisions of the Disclosure Undertaking to the Certificates. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Certificates.

The College has previously entered into disclosure undertakings pursuant to the Rule (the "Prior Undertakings"). In certain prior years, the College has failed to file its Annual Report within the time period prescribed by the Prior Undertakings. The College's filings for such years are set forth on the table below.

Fiscal Year	Filing Time	Financial Information	Operating Data
<u>Ending June 30</u>	<u>Period (Days/Date)</u>	<u>Filing Date</u>	<u>Filing Date</u>
2020	12/27/2020 ⁽¹⁾	02/24/2021 ⁽²⁾	02/25/2021 ⁽²⁾
2021	12/27/2021 ⁽¹⁾	12/14/2021	12/22/2021
2022	12/27/2022 ⁽¹⁾	11/28/2022	01/20/2023 ⁽³⁾
2023	12/27/2023 ⁽¹⁾	12/31/2023	08/01/2025 ⁽⁴⁾
2024	12/27/2024 ⁽¹⁾	02/20/2025 ⁽⁵⁾	08/01/2025 ⁽⁵⁾
2025	12/27/2025 ⁽¹⁾	Not yet due	Not yet due

⁽¹⁾ Filing requirements for the College's Refunding Certificates of Participation, Series 2016-A; and Refunding Certificates of Participation, Series 2016-B.

⁽²⁾ A notice of failure to file on time was submitted on December 23, 2020.

⁽³⁾ A notice of failure to file on time was submitted on December 27, 2022.

⁽⁴⁾ A notice of failure to file on time was submitted on December 31, 2023. An updated notice of failure to file was submitted on March 31, 2024.

⁽⁵⁾ A notice of failure to file on time was NOT submitted.

During the past five years, the College may not have made timely filings of other event notices on EMMA relating to bond calls, defeasances or rating changes. The College believes this information was disseminated or available through other sources, and the College has filed on EMMA some notices of its "failure to file."

In April 2018, the College entered into a service agreement with a designated agent in order to assist with the College's future submissions.

For more information regarding the College's continuing Disclosure Undertaking, see “*APPENDIX D-- FORM OF CONTINUING DISCLOSURE UNDERTAKING.*”

SOURCES AND USES OF FUNDS

It is contemplated that funds used in the transaction financed with the proceeds of the Certificates will be derived and applied approximately as follows:

<i>Sources of Funds:</i>	
Certificate Proceeds*	\$3,235,000.00
College Cash	
<i>Total Sources of Funds</i>	\$
 <i>Uses of Funds:</i>	
Deposit to Project Fund	
Underwriter's Discount	
Cost of Issuance	
<i>Total Uses of Funds</i>	\$

* Subject to change.

RISK FACTORS AND INVESTMENT CONSIDERATIONS

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

Security for the Certificates

Neither the Certificates nor the interest thereon constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by the State of Kansas or any governmental subdivision, agency or instrumentality. The Certificates and the interest thereon are payable solely and only from the Trust Estate and sources identified pursuant to the Declaration of Trust, including the revenues received by the Trustee from the Basic Rent Payments paid during the term of the Lease together with monies attributable to Certificate proceeds and the investment thereof and, under circumstances, the proceeds of subletting, sale of property, insurance or condemnation awards received pursuant to the Declaration of Trust and not from any other fund or source. The obligations of the College under the Lease, however, are not subject to annual appropriation under the Kansas Cash Basis Law and K.S.A. 71-201. As such, the obligation of the College to make Basic Rent Payments under the Lease is a special, limited obligation for which the College can, if necessary, levy ad valorem taxation. The obligation of the College to pay Basic Rent Payments does not constitute an indebtedness of the College, the State of Kansas, or any of its political subdivisions within the meaning of any constitutional or statutory debt limitation restriction.

The College is required under the Lease to pay Basic Rent Payments to the Trustee from any source of legally available funds, including ad valorem taxes, and has covenanted in the Lease to make the necessary appropriations within the parameters of the Lease for such purpose. The Kansas Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State, including changes related specifically to community college taxing districts. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes or successful challenges to the appraiser's determination of fair market value could affect the College's property tax collections. If a taxpayer valuation challenge is successful, the liability of the College to refund property taxes previously paid under protest may have a material impact on the College's financial situation. See “*APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections.*”

Lease Extensions

Under K.S.A. 71-201, as amended, the College cannot be the lessee under a lease that has a term that exceeds 10 years. The Lease has a current term extending to June 30, 2035, a term of not more than 10 years, and provides for an annual extension of that term for one additional year after the expiration of the current term and in a similar fashion each year until June 30, 2037, so that the Lease, as so extended, will remain in effect for a period that will extend to the final maturity date of the Certificates. The College has the right to not make any of the extensions of the term of the Lease, and in such event the Basic Rent Payments in the final year of the term of the

Lease shall be sufficient to pay all of the principal and interest on the Certificates, at scheduled maturity or earlier optional redemption and prepayment.

Termination of Lease

The Lease is subject to change or termination at any time by action of the Kansas Legislature. The Lease may also be terminated by reason of the occurrence of an Event of Default as defined in the Lease. See “APPENDIX C-DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS- SUMMARY OF THE LEASE - Events of Default.”

Results of a Termination of the Lease

The termination of the Lease caused by action of the Kansas Legislature or default by the College will relieve the College from any further obligation under the Lease. In the Event of Default, the College may remain liable for certain deficiencies in the payment of amounts due under the Lease. Upon termination the College is required to surrender possession of the Project, to the Trustee, subject to the Site Lease. Thereafter, the Trustee may enforce its interest in the Project subject to the Lease by either reletting or disposing of its interest. See “APPENDIX C--DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS –SUMMARY OF THE LEASE – Events of Default” for a discussion of the results of a default. The Proceeds therefrom along with other monies then held by the Trustee under its Declaration of Trust (with certain exceptions as provided in the Lease and the Declaration of Trust) are required to be used to redeem the Certificates. See “THE CERTIFICATES-Redemption Provisions.” **THERE ARE NO ASSURANCES THAT THE TRUSTEE'S INTEREST IN THE PROJECT WOULD HAVE ANY VALUE IF THE LEASE IS TERMINATED.**

A potential purchaser of the Certificates should not assume that it will be possible to liquidate the Trustee's interest in the Project after a termination of the Lease or enforce a monetary judgment against the College for an amount equal to the aggregate principal amount of the Certificates then outstanding plus accrued interest thereon. If the Certificates are redeemed subsequent to a termination of the Lease Term for an amount less than the aggregate principal amount thereof and accrued interest thereon, such partial redemption may have the effect of constituting a redemption in full of the Certificates; and upon such a partial redemption, no Certificate Owner shall have any further claim for payment upon the Trustee or the College.

Special Tax Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease Term. If the Lease Term is terminated, there is no assurance that the Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

In addition, Special Tax Counsel has rendered no opinion as to the treatment for federal income tax purpose of any monies received by an Owner of the Certificates subsequent to a termination of the Lease Term. There is no assurance that any monies received by the holders of the Certificates subsequent to such event will be excludable from federal income taxation.

Taxation of Interest

An opinion of Special Tax Counsel will be obtained to the effect that Interest Portion of Basic Rent Payments represented by the Certificates is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the “Code”), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the Interest Portion of Basic Rent Payments represented by the Certificates includable in gross income for federal income tax purposes.

The College has covenanted in the Lease, and in other documents and certificates to be delivered in connection with the issuance of the Certificates to comply with the provisions of the Code, including those which require the College to take or omit to take certain actions after the issuance of the Certificates. Because the existence and continuation of the excludability of the Interest Portion of Basic Rent Payments represented by the Certificates depends upon events occurring after the date of issuance of the Certificates, the opinion of Special Tax Counsel described under “TAX MATTERS” assumes the compliance by the College with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Special Tax Counsel with respect to the excludability of the Interest Portion of Basic Rent Payments represented by the Certificates in the event of noncompliance with such provisions. The failure of the College to comply with the provisions described above may cause the Interest Portion of Basic Rent Payments represented by the Certificates to become includable in gross income as of the date of issuance of the Certificates.

Limited Value of the Project

Because the Project consists of facilities designed for use by the College, the value of the Project to anyone other than the College may be limited in the event of default or the termination of the Lease. The Project has been designed and constructed for special use purposes and therefore the number of entities that could be expected to use the Project is limited. A PROSPECTIVE PURCHASER OF THE

CERTIFICATES SHOULD NOT ASSUME THAT IT WILL BE POSSIBLE TO RELET THE PROJECT OR SELL THE TRUSTEE'S INTEREST IN THE PROJECT, AFTER A TERMINATION OF THE LEASE.

Premium on Certificates

[The initial offering price of the Certificates that are subject to optional redemption are in excess of the respective principal amounts thereof.] Any person who purchases a Certificate in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Certificates are subject to redemption at par under the various circumstances described herein.

No Additional Interest or Mandatory Redemption upon Taxability

The Declaration of Trust and Lease do not provide for the payment of additional interest or penalty on the Certificates or the mandatory redemption thereof if the Interest Portion of Basic Rent Payments represented by the Certificates becomes includable in gross income for federal income tax purposes. Likewise, the Declaration of Trust and Lease do not provide for the payment of any additional interest or penalty on the Certificates if the Interest Portion of Basic Rent Payments represented by the Certificates becomes includable in gross income for Kansas income tax purposes.

Kansas Public Employees Retirement System

As described in “**APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans**,” the College participates in the Kansas Public Employees Retirement System (“KPERs”), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERs administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The College participates in the Public Employees Retirement System – State/School Group (the “Plan”). Under existing law, employees make contributions and the State makes all employer contributions to the Plan; the College is not responsible for supplemental contributions or any unfunded accrued actuarial liability (“UAAL”). According to KPERs’ Valuation Reports, the State/School Group had an UAAL of approximately \$6.200 billion in calendar year 2023. No assurance can be given by the College that future legislative action may require College contributions to the Plan or mandated College responsibility for a portion of the UAAL.

Suitability of Investment

The tax-exempt feature of the Certificates is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Certificates are an appropriate investment.

Rating

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

Secondary Market

There is no assurance that a secondary market will develop for the purchase and sale of the Certificates. The absence of continuing disclosure of financial or other information pertaining to the College may impair the development of a secondary market for the Certificates and could impair the ability of an owner to sell the Certificates in the secondary market. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Certificates as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the College, or a material adverse change in the financial condition of the College, whether or not the Certificates are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Possible Insufficiency of Casualty Insurance Proceeds.

The Project is to be insured by policies of casualty and property damage. In the event of damage to or destruction of the Project, the Net Proceeds from such insurance policies or certain other sources may not be sufficient to repair or replace the Improvements.

Cybersecurity Risks

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

Natural Disasters or Terrorist Attacks

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

Potential Impacts Resulting from Epidemics or Pandemics

The College's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics, such as the Coronavirus (COVID-19) pandemic. The College cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the local, State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the College, including but not limited to the payment of debt service on any of its outstanding debt obligations.

THE PROJECT

The proceeds of the Certificates will be used (1) to finance the acquisition, construction, and installation of certain fine arts center facility improvements and renovations on the College campus in Chanute, Kansas and (2) to pay the associated costs of issuance for the Certificates.

ABSENCE OF LITIGATION

At the present time there is no controversy, suit or other proceedings of any kind pending or threatened whereby any question is raised or may be raised questioning or affecting in any way the legal organization of the College or the legality of any official act shown to have been done in the Transcript of Proceedings leading up to the issuance of the Certificates, or the constitutionality or validity of the indebtedness represented by the Certificates shown to be authorized in said Transcript, or the validity of the Certificates or any of the proceedings in relation to the issuance or sale thereof, or the levying and collection of taxes to pay the principal and interest thereof.

LEGAL MATTERS

Approval of Certificates

All matters incident to the authorization and issuance of the Certificates are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas ("Special Tax Counsel"). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the College and its certified public accountants, as referred to herein. Special Tax Counsel has participated in the preparation of the Official Statement but expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE CERTIFICATES," "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX C – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS." Payment of the legal fee of Special Tax Counsel is contingent upon the delivery of the Certificates. Certain legal matters have been passed on for the College by David Bideau, Chanute, Kansas.

TAX MATTERS

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

Opinion of Special Tax Counsel

In the opinion of Special Tax Counsel, under the law existing as of the issue date of the Certificates:

Federal Tax Exemption. The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates [(including any original issue discount properly allocable to an owner thereof)] is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The College's obligation to pay the Basic Rent Payments under the Lease that is distributable to owners of the Certificates is a "qualified tax-exempt obligation" within the meaning of Code § 265(b)(3).

Kansas Tax Exemption. The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates is exempt from income taxation by the State of Kansas.

No Other Opinions. Special Tax Counsel's opinions are provided as of the date of the original issue of the Certificates, subject to the condition that the College comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Certificates in order that said Interest Portion of Basic Rent Payments be, or continue to be, excluded from gross income for federal income tax purposes. The College has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Portion of Basic Rent Payments represented by the Certificates in gross income for federal income tax purposes retroactive to the date of issuance of the Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Lease and Certificates.

Other Tax Consequences

[Original Issue Discount.

For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Certificate over its issue price. The stated redemption price at maturity of a Certificate is the sum of all payments on the Certificate other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Certificate is generally the first price at which a substantial amount of the Certificates of that maturity have been sold to the public. Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Certificate during any accrual period generally equals (1) the issue price of that Certificate, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Certificate during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.]

[Original Issue Premium.

For federal income tax purposes, premium is the excess of the issue price of a Certificate over its stated redemption price at maturity. The stated redemption price at maturity of a Certificate is the sum of all payments on the Certificate other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Certificate is generally the first price at which a substantial amount of the Certificates of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Certificate using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Certificate and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.]

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

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

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

Special Tax Counsel notes that for tax years beginning after December 31, 2022, the Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

RATINGS

An application has been made to S&P Global Ratings, a division of S&P Global Inc. for a rating on the Certificates. Such rating, if given, reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any Certificates, including the Certificates, or as to the market price or suitability thereof for a particular investor. The College furnished such rating agency with certain information and materials relating to the Certificates that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Certificates.

FINANCIAL ADVISOR

Ranson Financial Group, LLC, Wichita, Kansas, has acted as Financial Advisor to the College in connection with the sale of the Certificates. The Financial Advisor is a "municipal advisor" as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has participated in the preparation of this Preliminary Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the College for the purpose of passing upon the accuracy or completeness of this Preliminary Official Statement. The Financial Advisor's fee is contingent upon the actual issuance and delivery of the Certificates.

UNDERWRITING

The Certificates have been sold at public sale by the College to [] (the "Underwriter") on the basis of lowest true interest cost. [] bids were received by the College. The Underwriter has agreed, subject to certain conditions, to purchase the Certificates at a price equal to the principal amount of the Certificates, plus accrued interest from the Dated Date to the Issue Date[, plus a premium of \$][, less an underwriting discount of \$].

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

TRUSTEE

Security Bank of Kansas City has been appointed Trustee under the Declaration of Trust. Its principal corporate trust office for this transaction is located in Kansas City, Kansas. The Trustee has accepted the duties and responsibilities imposed upon it by the Declaration of Trust, which duties and responsibilities are limited to those expressly set forth therein and in the Lease. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and, if appropriate, upon advice of counsel (which may be counsel for the Trustee or the College). Trustee may resign by an instrument in writing delivered to the College to take effect not earlier than 45 days after its delivery. If the College is not in default under the Lease, the College may remove the Trustee. The successor

Trustee shall be a state or national trust company or bank having the powers of a trust company and being duly authorized to execute trust powers having a corporate trust office in the State, in good standing in the State, having a combined capital and surplus of at least ten million dollars (\$10,000,000), and subject to supervision and examination by federal or state authority. Such successor Trustee shall be subject to the same duties and obligations and shall have the same rights, privileges and immunities as are specified in the Declaration of Trust for the Trustee. The Trustee shall be entitled to payment or reimbursement for reasonable fees for reasonable fees, charges, advances and expenses.

The Trustee is not liable for the payment of Basic Rent Payments, and the Owners have no right to look to the Trustee for any payments of the Certificates or for any other payments other than from funds held under the Declaration of Trust.

MISCELLANEOUS

The reference herein to the Declaration of Trust, Lease and other documents referred to in this Preliminary Official Statement are brief summaries of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions, reference is made to such documents.

The agreement of the Trustee and the College with the owners of the Certificates is fully set forth in the Declaration of Trust and the Lease, and neither any advertisement of the Certificates nor this Preliminary Official Statement is to be construed as constituting an agreement with the purchasers of the Certificates. So far as any statements are made in this Preliminary Official Statement involving matters of opinion, estimates, projections or forecasts, whether or not expressly stated as such, they are not to be construed as representations of fact. Copies of the documents mentioned under this caption are on file at the office of the Financial Advisor and, following delivery of the Certificates, will be on file with the Trustee, the College and the Underwriter.

The Appendices attached hereto are an integral part of this Preliminary Official Statement and must be read together with all of the foregoing statements.

AUTHORIZATION OF PRELIMINARY OFFICIAL STATEMENT

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

**NEOSHO COUNTY COMMUNITY COLLEGE
NEOSHO COUNTY, KANSAS**

Mr. Dennis Peters, Chairperson

\$3,235,000*
NEOSHO COUNTY COMMUNITY COLLEGE
NEOSHO COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2025
Evidencing Proportionate Interests In and Rights to Receive Payments Under the
Lease Purchase Agreement Between the College and Trustee

Appendix A

INFORMATION CONCERNING THE COLLEGE

* Subject to change.

Exhibit A

GENERAL INFORMATION CONCERNING THE COLLEGE

History and General Information

Neosho County Community College (the "College" or the "Issuer") was originally established in 1936 as Chanute Junior College. Until July 1, 1965, the College operated as a unit of the Chanute City School System under the direction of a local board of education, enabling the graduates of high schools in Chanute (the "City") and surrounding towns to obtain two years of College training while living at home. In 1965, the Kansas State Legislature enacted laws allowing all Kansas Junior College Districts to expand their districts in order to become county community junior colleges. The citizens of Neosho County (the "County"), in a successful bond election, provided a new campus and four buildings which were ready for occupancy in September 1968.

In June 1991, the College opened an outreach campus in the City of Ottawa, Kansas (population 12,733) located in Franklin County, Kansas (population 26,273). The College offers evening classes in the communities of Chanute, Erie, St. Paul and Thayer in Neosho County; Ottawa, Pomona, Richmond and Wellsville in Franklin County; and in Garnett in Anderson County. The College also provides college-level classes during the regular school day for high school seniors in Chanute, Erie, Garnett, LaHarpe, St. Paul, Thayer, Yates Center, Lawrence, Pomona, Wellsville, Baldwin City and Ottawa.

Location

The main campus of the College is located at 800 West 14th Street in the southwest part of Chanute, Kansas (the "City"), in the County in southeastern Kansas. The College's taxing district (the "District") is contiguous with the boundaries of the County and includes the entire county, the City, and the cities of Erie, other cities located within the County, and other various special districts. The population of the City is 8,536 and the population of the County is 15,552. The City is located in the heart of southeast Kansas at the intersection of U.S. Highway 169 and Kansas Highway 39, approximately 105 miles east of Wichita and 122 miles southwest of Kansas City.

College Facilities

The College's main campus contains 14 buildings on 50 acres in the City. The main facilities of the College are described in the following paragraphs.

Two academic buildings featuring well-equipped, comfortable classrooms and recently renovated laboratories make up the central facility for instructional services. Stoltz Hall is a one-story structure, housing facilities for instruction in the sciences and liberal arts. Sanders Hall houses the administrative offices, a theater with seating for over 300 persons and facilities for instruction in business and liberal arts.

The Student Union includes the bookstore, food services, administrative offices, and two conference rooms. The Gymnasium is attached to the Student Union and seats nearly 2,500 spectators for athletic events.

The James A. Rowland Vocational Building was completed in January 1981 and houses the Mary Grimes School of Nursing, the Business and Computer programs, as well as other vocational programs. In 2011, a simulated hospital was added which included an eight-bed skills lab, secure med storage room, two exam rooms, nurses' station, three simulated hospital rooms with control room, a surgical tech lab with scrub room, and sterile rooms.

The Wellness Center located between the Gymnasium and the NEOKAN residence hall began operation in 1991. It features two workout spaces outfitted with weightlifting and aerobic equipment. It is used by faculty, staff, and students throughout the year.

Two residence hall buildings are also located on the Chanute campus. Bideau Residence Hall was constructed in 2000 and houses approximately 200 residents. NeoKan Residence Hall was constructed in 1971 and is used for both student housing and athletic department office space.

The Snyder Memorial Chapel was a gift to the College through the benevolence of the late Jewel and K.C. Snyder. The Snyder Memorial Chapel is the first structure of its kind in Kansas community college history. The operation and upkeep of this chapel has been endowed by the Snyder Estate.

Hudson Field was built in 1987 with a \$25,000 donation from Larry Hudson in honor of his wife, Carolyn Hudson. The Arceneaux Family Baseball Complex was added to Hudson Field in the fall of 2016. With the most recent round of renovations, the ballpark received \$750,000 upgrades to its facility. The upgrades include the addition of a clubhouse on the third base side. The 3,500-square foot clubhouse features a locker room/lounge area for the baseball student-athletes, a coaches' locker room, and umpire changing room. It also includes a storage room, men's and women's restrooms, concession stand, and a press box. The field side of the clubhouse features a new dugout with brand new benches and dugout heaters.

The Neosho Softball Complex opened in 2013. The complex features a home clubhouse, umpire locker room, press box, concession stand, and restrooms. The \$900,000 project was part of a larger 1.5-million-dollar facelift to many of the College's athletic facilities.

Chapman Library is a comprehensive, learning resource center dedicated to supporting all phases of the instructional program. The octagon-shaped building houses a video viewing room, individual study carrels, listening area for audio materials, as well as general and casual reading areas. The lower level contains the Center for Academic and Vocational Excellence, a Workforce Development Center, and Student Support Services.

In 2010/2011, the College's Foundation constructed a new 52,000 square feet facility in the City of Ottawa to replace the earlier Ottawa facilities. The College's Ottawa facility provides many additional educational opportunities for the people of Franklin County and surrounding counties.

In 2018 the college completed the purchase of a 64,000 square foot facility on six acres in the City's industrial park. The north end of this facility now houses grant program staff, an indoor practice facility, and serves as the institutional storage facility. There are currently 2 labs and 1 classroom in the south end of the facility however a renovation is underway in what will now be called the Mitchell Career and Technology Center that will add 4 classrooms, 3 additional labs, career advising and employment offices to the space.

Other Attendance Locations

The College has an Ottawa campus located 70 miles North of the Chanute campus. The campus serves students from several surrounding counties. Approximately 750 students attend the Ottawa Campus each semester.

The Ottawa Campus offers all the College Associate Degrees and offers a variety of transfer-oriented programs as well as workforce training programs in Construction Technology, Heating and Air Conditioning, Welding, Industrial Engineering Technology, etc. In addition, many students attend the Ottawa Campus to complete transfer requirements or prerequisite coursework in health-related programs such as nursing.

Board of Trustees and Administration

The College is operated by the Board of Trustees (the "Board") consisting of six members, elected for staggered terms of four years and serving without compensation. The Chairman is elected by the Board from among its members for a term of one year and has no regular administrative duties. The Vice-Chairman is elected by the Board. The following table sets forth the names and principal occupations of the members of the Board as of the date of this report:

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Mr. Dennis Peters	Chairman	2028
Ms. Lori Kiblinger	Vice Chairman	2028
Ms. Martha McCoy	Trustee	2026
Mr. Michael De La Torre	Trustee	2026
Mr. David Peter	Trustee	2028
Mr. Bryan Shulz	Trustee	2026
<u>Officers to the Board</u>		
Dr. Brian Inbody	Secretary	Appointed
Ms. Sandi Solander	Treasurer	Appointed
Ms. Amy Ranabargar	Clerk	Appointed

The Board appoints the President, who is the chief executive officer of the College. The current President is Dr. Brian Inbody, who was appointed President in 2010.

Other principal staff members and the year they were appointed to their current position follows:

Ms. Sarah Robb	Vice President for Student Learning	July, 2015
Mr. Kerry Ranabargar	Vice-President for Operations	June, 2019
Mr. David Bideau	Counsel to College	Appointed

Faculty/Employees

The College employs 166 full-time instructors and non-instructors, 109 adjunct faculty and 51 part time non-instructors. 73% members of the full-time instructors have a master's degree or more. The College has never experienced a strike or work slow-down. Employee relations are characterized as good.

Accreditation of the College

The College is fully accredited by the Higher Learning Commission of North Central Association of Colleges and Secondary Schools. Accreditation has been awarded through 3033-3034. The College is a member of the American Association of Community Colleges and the Kansas Association of Community College Trustees. The College's Mary Grimes School of Nursing is accredited by the Kansas State Board of Nursing and the National League for Nursing. Business programs are accredited by the Association of Collegiate Business Schools and Programs (ACBSP).

Ten-Year Enrollment and Credit Hour Summary

Credit hours at the College's different locations, FTE, and enrollment headcount for the last ten years is listed below:

<u>Academic Year</u>	<u>Chanute/Neosho County Campus</u>	<u>Ottawa Campus</u>	<u>Online/Outreach Campus</u>	<u>Credit Hours</u>						
2024-2025	10,115	4,490	18,111	32,716						
2023-2024	9,342	4,244	18,434	32,020						
2022-2023	8,463	4,174	16,582	29,159						
2021-2022	7,509	4,591	17,759	29,859						
2020-2021	7,340	4,633	18,901	30,904						
2019-2020	13,182	8,453	9,494	31,125						
2018-2019	14,863	10,240	11,393	36,496						
2017-2018	15,061	10,446	12,344	37,851						
2016-2017	16,147	10,813	12,784	39,744						
2015-2016	15,308	11,473	12,056	38,837						
<u>Academic Year:</u>	<u>15-16</u>	<u>16-17</u>	<u>17-18</u>	<u>18-19</u>	<u>19-20</u>	<u>20-21</u>	<u>21-22</u>	<u>22-23</u>	<u>23-24</u>	<u>24-25</u>
Enrollment	3,100	2,877	2,837	2,672	2,560	2,413	2,043	2,074	2,214	2,359
Headcount:										
Full-Time										
Equivalent	1,295	1,325	1,262	1,217	1,161	1,030	995	984	1,067	1,091
Enrollment:										

A decrease in credit hours was mainly due to the COVID-19 pandemic.

Source: The College; and the Kansas Board of Regents: *Community College Data Book*

The College provides a variety of financial aid for students in the form of scholarships, grants, loans and part-time employment. Approximately 90% of the College's full-time, first-time, degree/certificate-seeking students annually receive some type of financial aid from Federal, State, College and private sources.

Tuition

For school year 2025/2026, tuition and fees per credit hour for the College are as follows:

CHANUTE CAMPUS

<u>Residency</u>	<u>Tuition</u>	<u>Student Fees</u>	<u>Total</u>
Neosho Co. Resident On-Campus	\$ 97	\$38	\$135
Neosho Co. Resident Off-Campus	97	31	128
Kansas Resident On-Campus	97	53	150
Kansas Resident Off-Campus	97	46	143
Out-of-State On-Campus	97	75	172
Out-of-State Off-Campus	97	68	165
International On-Campus	170	57	227
International Off-Campus	170	46	216

OTTAWA CAMPUS

<u>Residency</u>	<u>Tuition</u>	<u>Student Fees</u>	<u>Total</u>
Neosho Co. Resident On-Campus	\$ 97	\$61	\$158
Neosho Co. Resident Off-Campus	97	47	144
Kansas Resident On-Campus	97	76	173
Kansas Resident Off-Campus	97	62	159
Out-of-State On-Campus	97	98	195
Out-of-State Off-Campus	97	84	181
International On-Campus	170	76	246
International Off-Campus	170	62	232

ONLINE STUDENTS

<u>Residency</u>	<u>Tuition</u>	<u>Student Fees</u>	<u>Total</u>
Neosho Co. Resident Online	\$ 97	\$31	\$128
Kansas Resident Online	97	46	143
Out-of-State Online	97	68	165
International Online	170	46	216

Curriculum Description

The College's degree programs are designed for students who plan to transfer to a four-year college or university to complete a bachelor's degree, for students who plan to enter the job market immediately after completing the programs and for students who wish to continue their education on a short-term basis. The College offers two-year curricula leading to the Associate of Arts, Associate of Science, Associate of Applied Science and Associate of General Studies Degrees. The minimum requirements for each degree include completion of 64 credit hours and a minimum cumulative GPA of 2.0.

Following is a summary of the programs offered at the College:

Athletic Training

Athletic training

Business

Accounting
Business Administration
Business Program
Management
Marketing
Office Technology

Career and Technical Education

Aircraft Sheet Metal Assembly
Automotive Technology
Construction Technology
Electrical Technology
Heating, Ventilation, and Air Conditioning
Maintenance Technology
Plumbing
Welding Technology

Computers

Computer Information Systems
Computer Support Specialist

Education

Elementary and Secondary Education

English

English
Philosophy and Humanities

Fine Arts

Art
Music
Theatre

Health Occupations

Cardiopulmonary Resuscitation (CPR)
Certified Medication Aide (CMA)
Certified Medication Aide Update (CMA Update)
Certified Nurse Aide (CNA)
Diagnostic Medical Sonography
Dietary Manager
Emergency Medical Technician (EMT)
Health Information Technology (HIT)
Medical Assistant
Medical Coding
Nursing
Occupation Therapy Assistant
Phlebotomy
Surgical Technology

Legal Studies

Criminal Justice
Paralegal

Mathematics

Mathematics

Science

Biology
Chemistry and Pre-Chemical Engineering
Physics and Pre-Engineering Technology

Social Science and History

History
Psychology
Sociology

Other Educational Facilities.

Unified School District No. 101 is headquartered in Erie and has a full-time equivalent enrollment of approximately 410 for the 2024/25 school year, and operates one elementary school, one middle school and one high school.

Unified School District No. 413 is headquartered in the City and has a full-time equivalent enrollment of approximately 1,623 for the 2024/25 school year, and operates one elementary school, one middle school and one high school.

Unified School District No. 505 is headquartered in Chetopa and has a full-time equivalent enrollment of approximately 375 for the 2024/25 school year, and operates two elementary schools, one middle school and two high schools.

The following universities or colleges offering bachelor's or advanced degrees are also located in the region:

<u>Name</u>	<u>Location</u>	<u>Distance from College (in Miles)</u>	<u>Estimated Enrollment (FTE)</u>
Allen Community College	Iola, KS	19	1,038
Pittsburg State University	Pittsburg, KS	46	5,257
Northeastern Oklahoma A&M College	Miami, OK	65	2,075
Emporia State University	Emporia, KS	65	3,980
Missouri Southern State University	Joplin, MO	68	6,006
Baker University	Baldwin City, KS	78	1,664
Butler Community College	El Dorado, KS	79	4,297

Student Health Facilities.

No health facilities are located on the campus of the College. Neosho Memorial Regional Medical Center is located a mile west of the College. The Medical Center provides an ample amount of services including Rehabilitation, ER Services, Orthopedic Services, Surgery, Therapy, and Respiratory Care.

Recreational, Cultural and Religious Facilities Available to Students.

At the College, many opportunities are offered to participate in extracurricular activities. Student activities include campus picnics, dances, movie nights, pool and volleyball tournaments and intramural sports. Students are encouraged to get involved in a variety of clubs and organizations such as Student Senate, President's Ambassadors, Phi Theta Kappa, Fine Arts Club, Student Nursing Organization, and activities such as drama, music, art, and spirit squad.

A wide variety of cultural and entertainment options are available to residents at the Osage Mission - Neosho County Museum, Martin and Osa Johnson Safari Museum, Scott Explorers Library, and the Chanute Public Library. There are twelve sites registered with the Kansas Historical Society located within the County, of which six are located in or around the City.

The County has recreational activities available through sporting events, one theater, three golf courses, two public swimming pools, a youth center, public parks that feature playground equipment, picnic facilities, including shelter houses, summer recreational programs, and many different clubs and other organizations. Birdwatching and other nature activities are available at Neosho Wildlife Area, located outside the City of St. Paul

The County has 22 churches that serve the local communities.

FINANCIAL INFORMATION CONCERNING THE COLLEGE

Community colleges in the State of Kansas finance their operations through student tuition, auxiliary operations, student fees, and a property tax levy, as well as State aid.

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

The College maintains seven basic fund groups, consisting of 18 separately identifiable funds. All funds (the "Funds") are segregated for accounting purposes. In the current fiscal year, property taxes are levied for the general fund only.

Property tax revenues for each tax-supported Fund are set and a budget is adopted by the Board, after a public hearing. The Board then certifies the property tax revenues to the County Clerk not later than October 1. The County Clerk receives assessments of real and personal property from the County Assessor and certifies such assessments and the total levy for all purposes (state, county, city, school and other taxing jurisdictions) to the County Treasurer, who is charged with the levying and collection to taxes. See “**Property Tax Levies and Collections--Tax Collections**” for information regarding the property tax imposition and payment process.

Accounting, Budgeting and Auditing Procedures

The College follows an accrual basis of accounting for all tax supported funds of the College, including the General Fund.

The Kansas statutes require the adoption of budgets for all funds on an 18-month basis unless exempted by a specific statute. Under state law, budgetary control is exercised at the fund level. Upon publishing appropriate notice, the Board conducts a public hearing to approve the budget. The College uses program-based budgeting for all governmental funds, except the Capital Projects Fund, in order to measure more accurately the results of educational programs. Budgets are prepared under the modified accrual basis of accounting, further modified by the encumbrance method of accounting in which purchase orders, contracts and commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation. Open encumbrances that do not lapse are reported as reservations of funds balances because the commitment will be honored through subsequent years budget appropriations.

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

The College may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the College and the assessed valuations provided by the County appraiser. In 2021, the Kansas Legislature passed legislation (the "Revenue Neutral Tax Act") that repealed the "tax lid" (formerly K.S.A. 79-2925c) and provides that, beginning January 1, 2021, a taxing subdivision (which includes any political subdivision of the State that levies an ad valorem property tax, including the College) is not authorized to levy a property tax rate in excess of its revenue neutral rate without first providing notice, holding a public hearing, and authorizing such property tax rate by majority vote of its governing body (the "Revenue Neutral Tax Act"). The revenue neutral rate means the tax rate for the current tax year that would generate the same property tax revenue as levied the previous tax year using the current tax year's total assessed valuation.

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must first publish notice of a public hearing and notify, by July 20, the county clerk of the taxing subdivision's intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer's property from the previous year's tax statement, (5) the appraised value and assessed value of the taxpayer's property, (6) estimates of the tax for the current tax year on the taxpayer's property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by a majority vote of its governing body, and the amount of tax to be levied must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.

The College cannot predict the impact of the Revenue Neutral Tax Act on the ratings on the Certificates, or the general rating of the College. A change in the rating on the Certificates or a change in the general rating of the College may adversely impact the market price of the Certificates in the secondary market.

Kansas law prohibits governmental units from creating indebtedness unless there are funds on hand in the proper accounts and unencumbered by previous action with which to pay such indebtedness. An exception to this cash basis operation is made where provision has been made for payment of obligations by bonds or other specific debt obligations authorized by law.

The financial records of the College are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Jared, Gilmore & Phillips, PA, Certified Public Accountants, Chanute, Kansas. Copies of the audit reports for the past five (5) years are on file with the College and are available for review.

Property Valuations

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

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

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

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

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

Assessed Valuation

The following table shows the assessed valuation of the taxable tangible property within the College taxing district for each of the last five years.

Levy Year	Budget Year	Real Property	Personal Property	Utilities	Other	Motor Vehicle Valuation	Equalized Assessed Valuation
2024	2025	\$120,145,524	\$ 8,291,883	\$20,343,529	\$2,694,820	\$17,649,704	\$169,125,460
2023	2024	121,193,168	12,806,205	18,758,557	0	16,968,296	169,726,226
2022	2023	106,929,316	10,656,548	18,392,453	0	16,642,780	152,621,097
2021	2022	103,516,775	6,994,120	17,473,014	2,217,527	17,792,414	147,993,850
2020	2021	105,397,227	9,621,803	16,889,675	0	17,184,767	149,093,472

Source: County Clerk

Property Tax Levies and Collections

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

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

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

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

The College tax levies per \$1,000 of the assessed valuation of tangible taxable property were as follows:

<u>Levy Year</u>	<u>Budget Year</u>	<u>General Fund</u>	<u>Employee Benefits</u>	<u>Capital Outlay</u>	<u>Vocational</u>	<u>Total</u>
2024	2025	39.853	0.000	0.000	0.000	39.853
2023	2024	39.509	0.000	0.000	0.000	39.509
2022	2023	39.527	0.000	0.000	0.000	39.527
2021	2022	39.552	0.000	0.000	0.000	39.552
2020	2021	38.595	0.000	0.000	0.000	38.595

Source: County Clerk

Sources of Revenue

The College finances its general operations through the local property tax levy, tuition, fees and other miscellaneous sources as indicated below for the current Fiscal Year:

<u>Source</u>	<u>Percent</u>
Property Taxes	26.09%
Federal Grants and Contracts	18.61%
Student Tuition and Fees	17.39%
State Appropriations	19.88%
Auxiliary Enterprises	9.39%
Other Revenue	2.09%
State Grants and Contracts	<u>6.55%</u>
Total	100.00%

Source: College's 2024 Audited Financial Statements

Tax Collection Record. The following table sets forth tax collection information (not including special assessments) for the College for the years indicated:

<u>Levy Year</u>	<u>Budget Year</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>	<u>Percentage Collected</u>
2024	2025	\$6,193,851	In Process	N/A
2023	2024	6,056,464	\$5,714,372	94.44%
2022	2023	5,401,723	5,303,606	98.18%
2021	2022	5,134,482	5,010,703	97.59%
2020	2021	5,103,548	4,875,100	95.52%

Source: County Clerk

Major Taxpayers. The following table sets forth the ten largest taxpayers in the District based on total assessed valuation in the most recent tax collection period (2024/25):

	<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxes Levied</u>
1.	Ash Grove Cement Co	\$18,460,586	\$2,985,297
2.	Chanute B&W Industrial LLC	1,548,395	250,394
3.	KB Chanute LLC	1,078,473	174,402
4.	WM Kansas Owner LLC Walmart Stores	1,063,685	172,010
5.	Kansas Development Corp Inc	683,558	110,539
6.	Cleaver Development LLC	562,031	90,887
7.	Young's Welding Inc	468,546	75,770
8.	Chanute City	411,599	66,499
9.	Southeast Kansas Mental Health Center	398,026	64,365
10.	Love's Travel Stops & Country Stores	394,551	63,803

Source: County Clerk

Risk Management

The College is exposed to various risks of loss from torts; cyber security, theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; natural disasters; and employee health, dental, and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters.

Defined Benefit Pension Plan

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

As of June 30, 2023, KPERS serves approximately 323,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

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

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

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

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

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

In 2004, 2015 and 2021, the Kansas Development Finance Authority, on behalf of the State, issued pension obligation bonds and contributed the proceeds thereof to KPERS to assist with improving the status of the unfunded actuarial pension liability. In 2022 the Legislature provided for additional contributions totaling \$1.125 billion in four payments to be deposited into the KPERS trust fund for

the School Group. For more information about the Legislature’s actions related to KPERS, please see the 2022 Valuation Report referenced below.

The State's contribution for school employees varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The State's contribution is 11.54% of the employee’s gross salary for the period beginning July 1, 2024, through June 30, 2025. In addition, the College contributes 1% of the employee’s gross salary for Death and Disability Insurance for covered employees.

According to the Valuation Report as of December 31, 2023 (the “2023 Valuation Report”) the KPERS School Group, of which the College is a member, carried an unfunded accrued actuarial liability (“UAAL”) of approximately \$4.899 billion at the end of 2023. The amount of the UAAL in 2023 changed from the previous year’s amount due to the factors discussed in the 2023 Valuation Report; such report also includes additional information relating to the funded status of the KPERS School Group, including recent trends in the funded status of the KPERS School Group. A copy of the 2023 Valuation Report is available on the KPERS website at kpers.org/about/reports. The College has no means to independently verify any of the information set forth on the KPERS website or in the 2023 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS School Group. The 2023 Valuation Report sets the employer contribution rate for the period beginning July 1, 2026, for the KPERS School Group, and KPERS’ actuaries identified that an employer contribution rate of 11.41% of covered payroll would be necessary, together with statutory contributions by covered employees, to eliminate the UAAL by the end of the actuarial periods set forth in the 2023 Valuation Report. Because the annual growth in employer contribution rates is limited by State law, the actual contribution rate permitted at the time of calculation was only 11.32%. As a result, members of the School Group are underfunding their projected actuarial liabilities and the UAAL can be expected to grow over time. KPERS’ actuaries project the required employer contribution rate to increase by an amount not exceeding the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter, until such time as the permitted rate equals the actuarial rate.

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

COLLEGE’S AUTHORITY TO INCUR DEBT

Estimated Actual Valuation ⁽¹⁾	\$1,057,034,125
Equalized Assessed Valuation of Tangible Valuation for Computation on Bonded Debt Limitations ⁽²⁾	\$169,125,460
Legal limitation of Bonded Debt ⁽³⁾	\$5,073,763
Outstanding general obligation debt as of October 8, 2025	\$0
Population (2024)	15,552
Direct general obligation debt per capita	\$0
Ratio of direct general obligation debt to equalized assessed valuation	0%
Underlying and overlapping debt	\$82,916,197
Direct and overlapping debt	\$82,916,197
Direct and overlapping debt per capita	\$5,331
Direct & overlapping debt as a percentage of equalized assessed valuation	49.03%
Direct & overlapping debt as a percentage of estimated actual valuation	7.84%

⁽¹⁾ Estimated based upon an average assessment ratio of 16%.
⁽²⁾ Includes Motor Vehicle Valuation.
⁽³⁾ Pursuant to K.S.A. 71-201.

Overlapping/Underlying General Obligation Indebtedness

The following table sets forth overlapping and underlying general obligation indebtedness and the percent attributable (on the basis of assessed valuation) to the College taxing district as of October 8, 2025:

<u>Jurisdiction</u>	<u>2024 Assessed Valuation</u>	<u>General Obligation Debt Outstanding</u>	<u>Percent Applicable To the College</u>	<u>Amount Applicable To the College</u>
Neosho County	\$151,475,756	\$ 0	100.00%	\$ 0
City of Chanute	68,391,854	31,510,000	100.00%	31,510,000
City of Earlton	144,883	0	100.00%	0
City of Erie	5,448,520	1,247,778	100.00%	1,247,778
City of Galesburg	877,190	72,020	100.00%	72,020
City of Stark	264,113	0	100.00%	0
City of St. Paul	3,687,253	424,092	100.00%	424,092
City of Thayer	1,969,174	0	100.00%	0
U.S.D. No. 101	38,661,562	15,490,000	99.26%	15,375,326
U.S.D. No. 247	48,293,062	0	2.40%	0
U.S.D. No. 248	54,127,642	5,480,000	1.25%	68,486
U.S.D. No. 413	97,598,784	28,895,000	98.63%	28,499,611
U.S.D. No. 447	34,030,376	0	16.35%	0
U.S.D. No 505	9,883,226	5,990,000	95.47%	<u>5,718,883</u>
TOTAL				\$82,916,197

Several cities and water districts have issued utility revenue bonds which are paid from receipt of the utility service being sold. Several cities have also issued industrial revenue bonds which are paid by the industry for which the bonds are issued. Revenue bonds are not considered a general obligation indebtedness under Kansas law and are not included in the total stated herein for underlying indebtedness.

Source: County Clerk

DEBT STRUCTURE OF THE COLLEGE

GENERAL OBLIGATION BONDS

As of October 8, 2025, the College had no general obligation debt outstanding.

CERTIFICATES OF PARTICIPATION OBLIGATIONS (As of October 8, 2025)

<u>Purpose</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Refunding Certificates of Participation	2015	06/01/2030	\$5,435,000	\$2,355,000
Refunding Certificates of Participation	2016	04/15/2030	4,535,000	1,875,000
Certificates of Participation	2025	05/01/2037	3,235,000	<u>3,235,000</u>
TOTAL				\$7,465,000

REVENUE BOND OBLIGATIONS

As of October 8, 2025, the College had no revenue bond debt outstanding.

CAPITAL LEASE OBLIGATIONS (As of October 8, 2025)

<u>Purpose</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Energy Conservation	2017	12/15/2027	\$3,162,044	\$750,925

LOAN OBLIGATIONS

As of October 8, 2025, the College had no loans outstanding.

Debt Payment Record

The College has never in its history defaulted on the payment of any of its debt or lease obligations.

Future Indebtedness

Periodically, the College will complete issues to: 1) lease small equipment and such leases may or may not have a purchase option in accordance with the terms of said lease; and 2) will refinance or refund outstanding debt as needed when sufficient savings can be achieved. Other than the potential projects listed above, the College does not have any plans to issue additional debt at this time.

REGIONAL, ECONOMIC, AND DEMOGRAPHIC INFORMATION REGARDING THE COLLEGE DISTRICT

General

The County occupies approximately 578 square miles in southeast Kansas. The county seat is the City of Erie.

The economy of the County is diversified among agricultural, manufacturing, wholesale, retail and service industries.

Transportation

The County is served by U.S. Highways 169 and 39.

Regularly scheduled air service is available at Dwight D. Eisenhower Airport, Wichita, Kansas and at Kansas City International Airport, Kansas City, Missouri.

Population Trends

The following table shows the approximate population of the County and the City in the years indicated:

<u>Year</u>	<u>County Population</u>	<u>City Population</u>
2024	15,552	8,536
2023	15,420	8,468
2022	15,606	8,568
2021	15,784	8,642
2020	15,904	8,722
2010	16,512	9,119

Source: State of Kansas – Division of the Budget (2021-2024); U.S. Census Bureau (2010, 2020)

Labor Force

The following table sets forth labor force figures for the County and the State of Kansas:

NEOSHO COUNTY

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2024	7,731	7,447	284	3.7%
2023	6,169	5,951	218	3.5%
2022	6,036	5,819	217	3.6%
2021	6,093	5,834	259	4.3%
2020	6,246	5,845	401	6.4%

STATE OF KANSAS

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2024	1,545,790	1,490,553	55,237	3.6%
2023	1,510,988	1,470,936	40,052	2.7%
2022	1,504,932	1,464,834	40,098	2.7%
2021	1,495,665	1,447,323	48,342	3.2%
2020	1,497,013	1,409,003	88,010	5.9%

Source: Kansas Statistical Abstract (2020 data); Kansas Department of Labor (2021 – 2024 data)

Retail Sales and Use Tax Collections

The following table lists the State of Kansas sales and use tax collections (excluding local sales tax) for the years indicated for the County:

<u>Year</u>	<u>Sales and Use Tax Collections</u>	<u>Per Capita Sales and Use Tax</u>
2023	\$18,729,434	\$1,246.76
2022	19,576,053	1,196.02
2021	18,530,885	1,182.17
2020	18,528,447	1,114.32
2019	15,930,632	934.03

Source: Kansas Statistical Abstract

Oil Production

The oil production (in number of barrels) for the County for the years listed is indicated in the following table:

NEOSHO COUNTY

<u>Year</u>	<u>Oil Production</u>
2024	18,878
2023	21,687
2022	18,997
2021	20,932
2020	25,425

Source: Kansas Geological Survey

Financial and Banking Institutions

There are currently seven banks with 14 different branch locations located within the County. During a five-year period, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2024	\$607,672
2023	570,213
2022	529,894
2021	499,651
2020	453,452

Source: FDIC

Personal Income Trends

The County's personal and per capita income and the State of Kansas per capita income are listed for the years indicated in the following table.

<u>Year</u>	<u>Neosho County Personal Income (\$000)</u>	<u>Neosho County Per Capita Income</u>	<u>State of Kansas Per Capita Income</u>
2023	\$781,767	\$50,698	\$66,115
2022	709,861	45,486	60,424
2021	756,080	47,902	58,924
2020	693,966	43,566	56,099
2019	661,481	41,324	53,426

Source: U.S. Bureau of Economic Analysis

\$3,235,000*
NEOSHO COUNTY COMMUNITY COLLEGE
NEOSHO COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2025
Evidencing Proportionate Interests In and Rights to Receive Payments Under the
Lease Purchase Agreement Between the College and Trustee

Appendix B

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2024

* Subject to change.

**NEOSHO COUNTY
COMMUNITY COLLEGE**
Chanute, Kansas

Independent Auditor's Report and
Financial Statements with
Supplementary Information

For the Year Ended June 30, 2024

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

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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, 2024 with selected comparative information for the year ended June 30, 2023. 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:

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

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.

Highlights to the Financial Statements:

Neosho County Community College completed a solid performance for the fiscal year ended June 30, 2024. At year end, the College's position exceeded its liabilities by \$21,214,998. Of this amount, \$5,005,260 is classified as unrestricted net position. This unrestricted net position may be used to meet the College's ongoing obligations. Cash and fund balances remained strong. Total credit hours generated in 2024 were 32,020. While funding levels will be a concern for the College into the foreseeable future, since our three major sources of revenue are dependent upon student enrollment, state aid appropriations and assessed property valuation, the revenues in the 2024 year helped to maintain the College's strong financial condition.

Statement of Net Position

The statement of net position presents the assets, liabilities, and net position of the College at June 30, 2024. The purpose of the statement of net position is to present the financial condition of the College.

The assets and liabilities are categorized between current and noncurrent. Noncurrent assets are externally restricted cash and investments restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, such as capital assets. Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with

Neosho County Community College
Management's Discussion and Analysis
Fiscal year ended June 30, 2024

contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; or (3) other liabilities that although payable within one year, are to be paid from funds that are classified as noncurrent assets. The College's current assets consist primarily of cash, short-term investments and accounts receivables, while noncurrent assets consist mainly of capital assets.

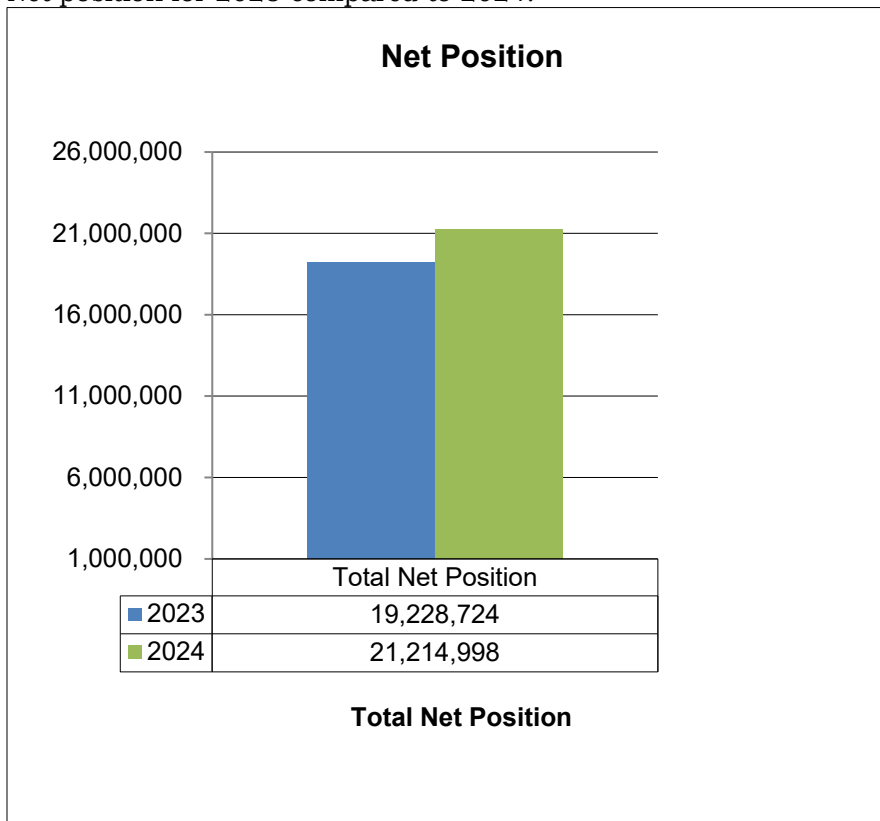
The Governmental Accounting Standards Board implemented Statement No. 87 -Leases that went into effect for the Fiscal Year 2022 audit. The fundamental principle of Statement 87 is that leases are financings of the right to use an underlying asset. The intangible right to use lease asset is recorded as a noncurrent asset and the outstanding liability of future lease payments is recorded in the noncurrent liabilities.

The Governmental Accounting Standards Board implemented Statement No. 96 - Subscription-Based Information Technology Arrangements that went into effect for the Fiscal Year 2023 audit. The fundamental principle of Statement 96 is that software arrangements be recognized as the right to use an underlying asset. The intangible right to use subscription-based information technology arrangements (SBITA) is recorded as a noncurrent asset.

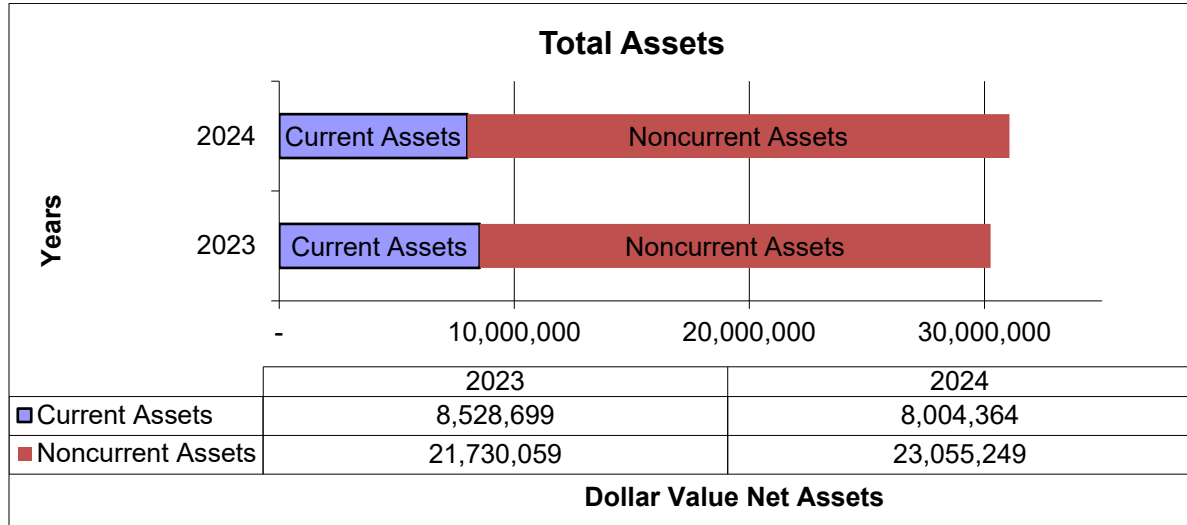
Comparison of Position – Fiscal Year 2023 to 2024

Net position is 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 position increased during the current fiscal year from \$19,228,724 to \$21,214,998 for a total increase of \$1,986,274; on a percentage basis this is a 10.33% increase.

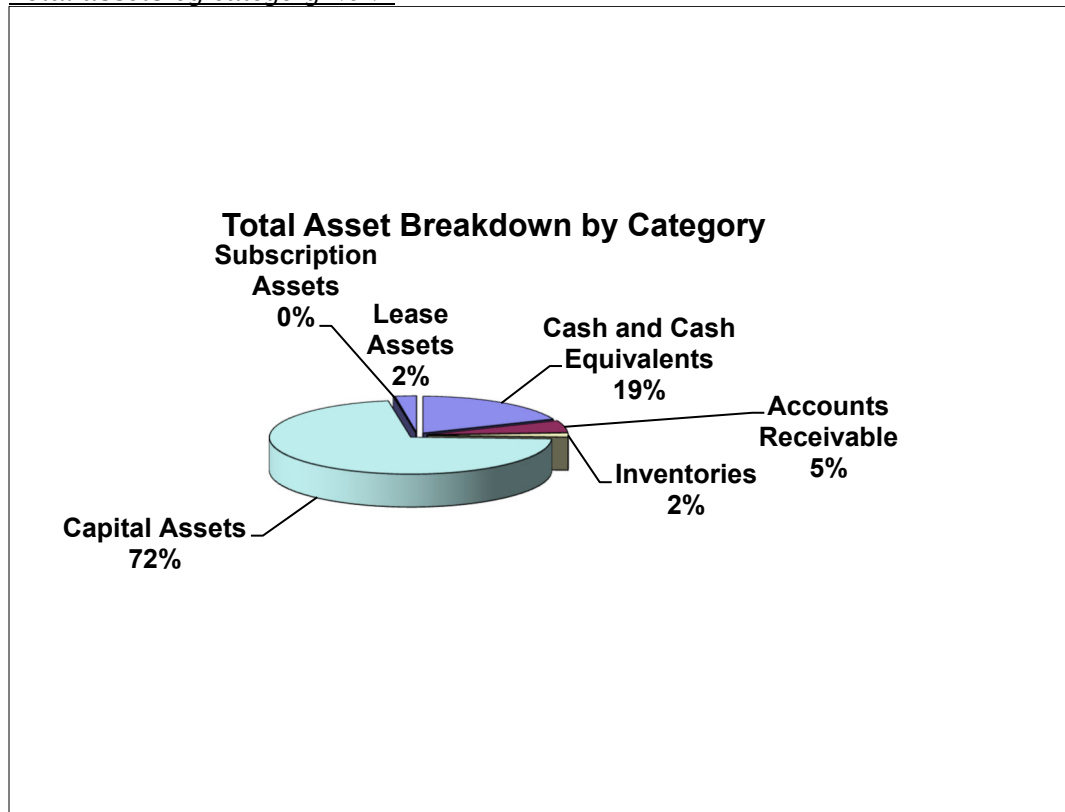
Net position for 2023 compared to 2024:



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



Total assets by category 2024



Of the \$31,059,613 in total assets, approximately 19% are in cash and cash equivalents. Capital assets represent 72% of total assets.

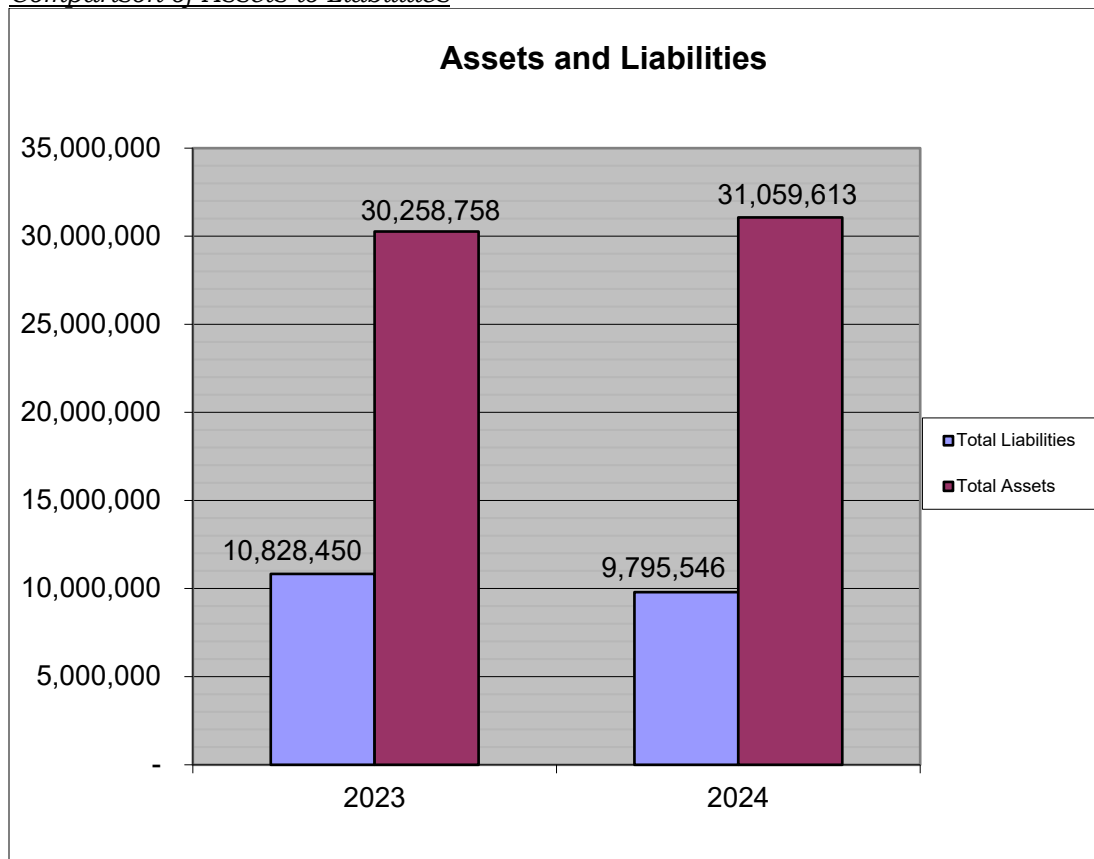
Neosho County Community College
Management's Discussion and Analysis
Fiscal year ended June 30, 2024

Comparison of Liabilities – Fiscal Year 2023 to 2024

	2023	% Total 2023	2024	% Total 2024
Current Liabilities	3,587,217	33.13%	3,287,786	33.56%
Noncurrent Liabilities	7,241,233	66.87%	6,507,760	66.44%
Total Liabilities	10,828,450	100.00%	9,795,546	100.00%

The liabilities are categorized between current and noncurrent. For example, the College's current liabilities consist primarily of accounts payable, accrued liabilities, and deferred revenue. The noncurrent liabilities portion is due to the accrued vacation, OBEB obligations, Bond premium and financing lease payable.

Comparison of Assets to Liabilities



Total liabilities decreased \$1,032,904 from \$10,828,450 in 2023 to \$9,795,546 in 2024. This represents a 9.54% decrease in total liabilities. Assets increased \$800,855 from \$30,258,758 to \$31,059,613 for a 2.65% increase. The asset to liability ratio was 2.79 (\$30,258,758/10,828,450) in 2023 and 3.17 (\$31,059,613/9,795,546) in 2024. In summary, assets increased \$800,855 while liabilities decreased by \$1,032,904.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses, and changes in net position present the College's financial results for the fiscal year ending June 30, 2024. 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 2024

	2023	% Total 2023	2024	% Total 2024
Student tuition and fees	3,975,721	16.10%	4,362,053	17.39%
Federal grants and contracts	6,517,272	26.38%	4,669,302	18.61%
State grants and contracts	1,560,750	6.32%	1,644,285	6.55%
Auxiliary enterprises	2,332,019	9.44%	2,354,502	9.39%
State appropriations	3,685,190	14.92%	4,986,092	19.88%
Property taxes	5,761,241	23.32%	6,546,060	26.09%
Other revenue	868,625	3.52%	523,626	2.09%
Total revenue	23,233,691	100.00%	25,085,920	100.00%

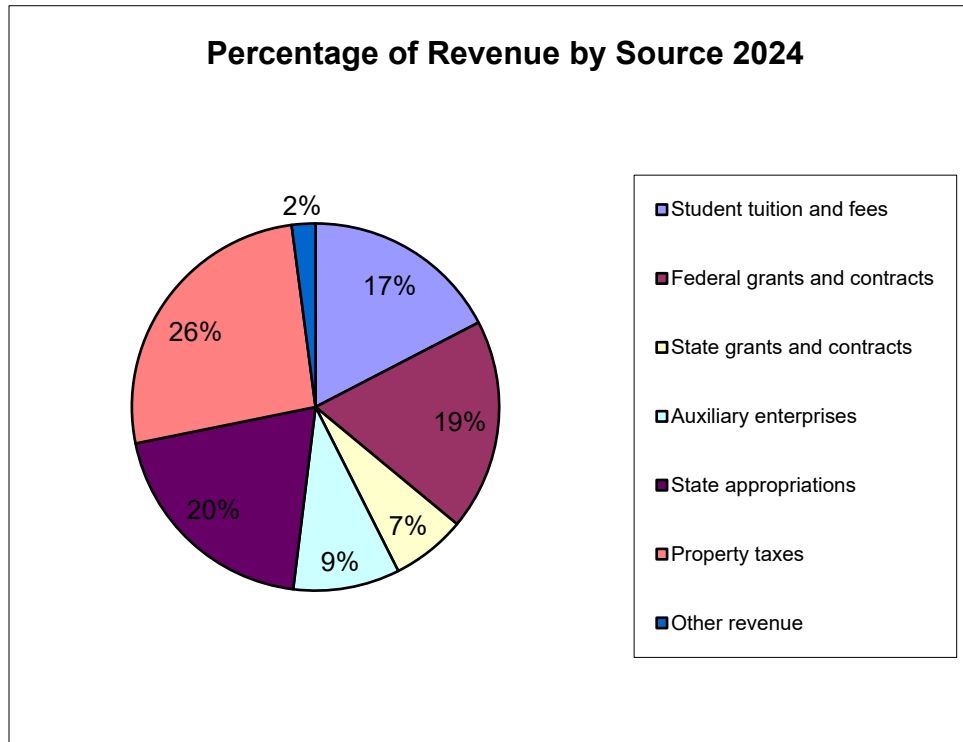
Revenue

Detail of the 2023 and 2024 expenditures:

Components and sources of revenue:

Neosho County Community College receives revenue from five major sources. They are: The State of Kansas; Federal Government; students, in the form of tuition and fees; local taxpayers, by way of property taxes; and through business style auxiliary enterprises. The percentage of state appropriation increased 4.96% and the percentage of student tuition and fees increased 1.29% in 2024.

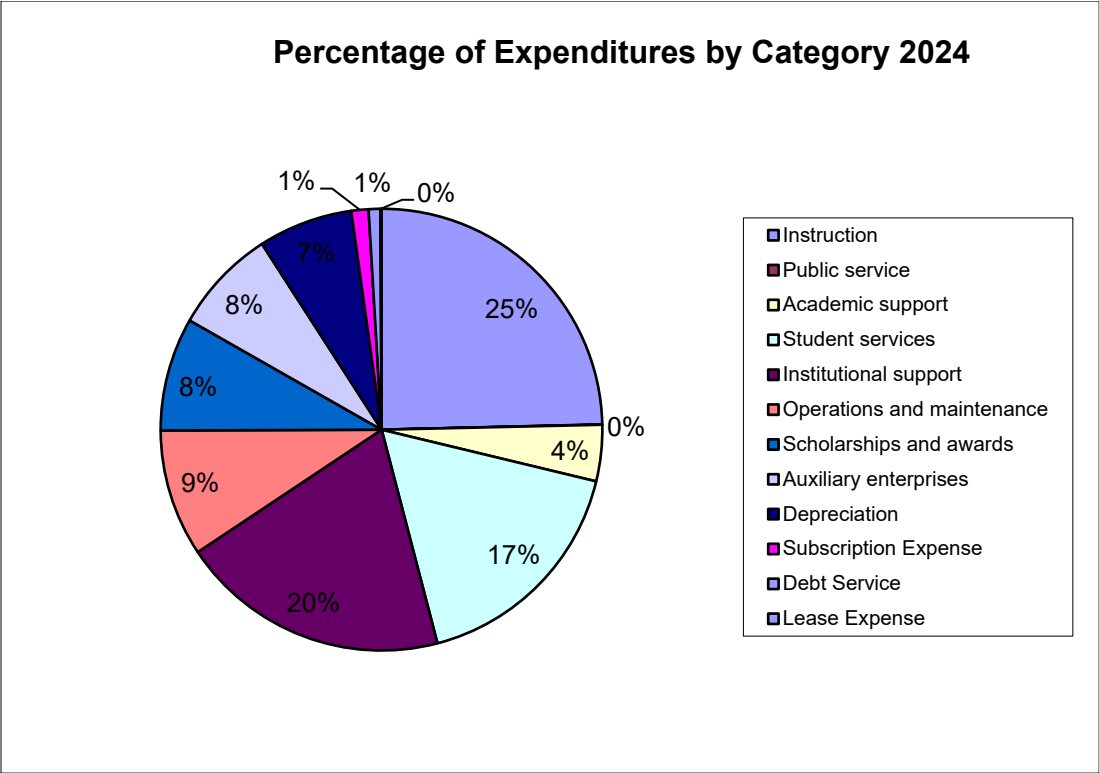
Neosho County Community College
Management's Discussion and Analysis
Fiscal year ended June 30, 2024



Expenditures

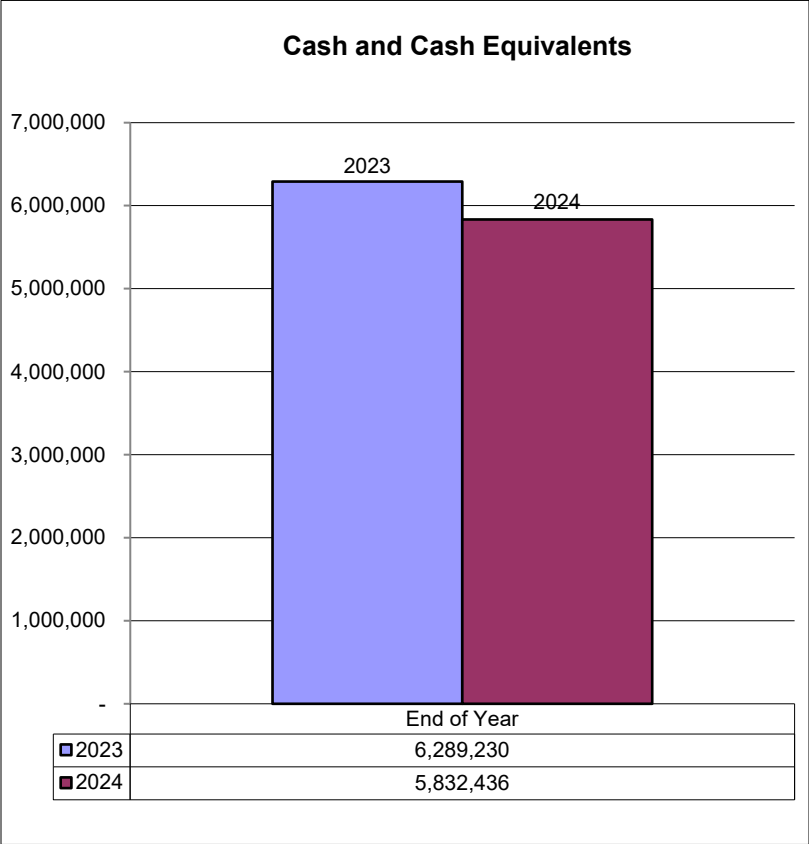
Detail of the 2023 and 2024 Education and General expenditures:

	2023	% Total 2023	2024	% Total 2024
Instruction	5,538,806	22.95%	5,798,693	24.63%
Public service	3,743	0.02%	3,848	0.02%
Academic support	1,107,586	4.59%	968,811	4.11%
Student services	4,702,167	19.48%	4,043,592	17.17%
Institutional support	4,487,821	18.59%	4,642,856	19.72%
Operations and maintenance	1,831,108	7.59%	2,187,045	9.29%
Scholarships and awards	3,030,310	12.56%	1,954,858	8.30%
Auxiliary enterprises	1,902,575	7.88%	1,802,430	7.65%
Depreciation	1,232,068	5.10%	1,628,864	6.92%
Subscription Expense	33,845	0.14%	292,940	1.24%
Debt Service	231,954	0.96%	202,813	0.86%
Lease Expense	33,582	0.14%	19,458	0.08%
Total expenditures	24,135,565	100.00%	23,546,208	100.00%



Statement of Cash Flows

Cash and Cash Equivalents 2023 compared to 2024:



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 remained stable overall this fiscal year. Net position increased, on an accrual basis, in 2024 from 2023 by \$1,986,274. Cash and cash equivalents decreased by \$456,794 (\$5,832,436-6,289,230). Fund balances on a budget basis (presented in supplementary information schedules 4-9) decreased by \$21,529 from \$5,231,126 to \$5,209,597 during the 2024 fiscal year.

Current Factors Having Probable Future Financial Significance

Since the new dorm was built, the College has not been able to fill all 294 beds in the two dorms throughout the entire semester. In the fall of 2023, the College had 258 residents. The occupancy decreased to 220 in the spring of 2024. The College had 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, nothing was transferred from agency funds as of June 30, 2024. The College has not had to transfer from agency funds for the past several years.

Economic Outlook

Neosho County Community College shows relatively steady cash reserves and steady enrollment. Credit hour enrollments increased by 1.67% between FY2003 and FY2024. The College continues to work on increasing enrollment numbers. In August 2022, a newly renovated 28,000 square foot Mitchell Career and Technical Center (MCTC) was opened which includes programs such as aero structures, electrical technology, HVAC, welding, construction, automotive, plumbing and industrial maintenance technology programs. In August 2024 the automotive technology program was launched in a newly renovated 4,300 square foot space at MCTC. Grant and gift funds made this renovation possible. The building also hosts the regional Kansas Works office and houses a career advisor from NCCC.

Additional Funding Sources

The College has been very successful in receiving grant monies to help leverage taxes received from Neosho County taxpayers. In FY 2023-24 Neosho County Community College Foundation received a donation of \$2.1 million. The purpose of this donation is to renovate the Chanute auditorium, add a reception/gallery/lobby area for the theatre and other advancements as funds are available. NCCC will be grant writing and doing additional fund-raising in 2024-25. Ideally the design of the space will be finalized in 2024-25 and NCCC will break ground in Fall 2025. The construction is anticipated to take 12-18 months. If all goes as planned, the new Performing Arts Center will open Fall 2026 or Spring 2027.

Neosho County Community College
Management's Discussion and Analysis
Fiscal year ended June 30, 2024

Request for Information

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

Signed:  _____

Title: _____ President _____

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Neosho County Community College
Chanute, Kansas

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Neosho County Community College, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Neosho County Community College, as of June 30, 2024, and the respective changes in financial position, and, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Neosho County Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Neosho County Community College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Neosho County Community College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Neosho County Community College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages i-ix and 31 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Neosho County Community College's basic financial statements. The supplementary information, as listed in the table of contents as pages 32 to 44, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards are required by Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with

GAAS. In our opinion, the supplementary information and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of Neosho County Community College, Kansas as of and for the year ended June 30, 2023 (not presented herein), and have issued our report thereon dated November 17, 2023 which contained an unmodified opinion on the basic financial statement. The 2023 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://admin.ks.gov/offices/accountsreports/local-government/municipal-services>. The 2023 actual column (2023 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended June 30, 2024 (Schedules 4 to 9 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2023 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2023 basic financial statement. The 2023 comparative information was subjected to the auditing procedures applied in the audit of the 2023 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2023 basic financial statement or to the 2023 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2023 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2023, on the basis of accounting described in Note 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 7, 2024 on our consideration of the Neosho County Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Neosho County Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Neosho County Community College's internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
November 7, 2024

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas
Statement of Net Position
June 30, 2024

	Primary Institution	Component Unit- Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 5,832,436.42	\$ 211,820.46
Investments	-	6,275,652.44
Accounts Receivable, Net	1,631,458.23	-
Current Portion of Unconditional Promises to Give	-	152,666.37
Inventories	540,469.44	-
Total Current Assets	8,004,364.09	6,640,139.27
Noncurrent Assets		
Long Term Unconditional Promises to Give	-	42,000.00
Capital Assets, Net of Accumulated Depreciation	22,262,093.34	11,788.78
Lease Assets, Net of Accumulated Amortization	32,455.53	-
Subscription Assets, Net of Accumulated Amortization	760,700.36	-
Total Noncurrent Assets	23,055,249.23	53,788.78
TOTAL ASSETS	31,059,613.32	6,693,928.05
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows	270,001.00	-
LIABILITIES		
Current Liabilities		
Accounts Payable	918,292.22	609.92
Deferred Revenue	221,901.58	-
Deposits Held in Custody for Others	629,306.76	130,787.52
Accrued Interest Expense	15,546.10	-
Accrued Vacation, Due Within One Year	63,890.73	-
Lease Liabilities, Due Within One Year	16,348.13	-
Financing Lease Payable, Due Within One Year	1,095,785.50	-
Subscription Liability, Due Within One Year	326,714.98	-
Total Current Liabilities	3,287,786.00	131,397.44
Noncurrent Liabilities		
Accrued Vacation	496,007.63	-
OPEB Obligations	605,165.00	-
Lease Liabilities	19,124.52	-
Financing Lease Payable	5,062,167.92	-
Subscription Liability	325,294.95	-
Total Noncurrent Liabilities	6,507,760.02	-
TOTAL LIABILITIES	9,795,546.02	131,397.44
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows	319,070.00	-
Invested in Capital Assets, Net of Related Debt	16,209,737.82	-
Restricted Net Position		
Restricted Net Position - Expendable	-	3,364,474.26
Restricted Net Position - Nonexpendable	-	2,003,524.74
Unrestricted Net Position	5,005,260.48	1,194,531.61
TOTAL NET POSITION	\$ 21,214,998.30	\$ 6,562,530.61

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 Position

For the Year Ended June 30, 2024

	Primary Institution	Component Unit- Foundation
REVENUES		
Operating Revenues		
Student Tuition and Fees, (Net of Scholarships, Discounts and Allowances of \$1,399,654.14)	\$ 4,362,053.17	\$ -
Federal Grants and Contracts	3,073,412.41	50,000.00
State Grants and Contracts	1,644,284.96	-
Sales and Services of Auxiliary Enterprises	2,354,502.46	-
Other Operating Revenues	361,647.74	7,809.89
Total Operating Revenues	11,795,900.74	57,809.89
EXPENSES		
Educational and General		
Instruction	5,798,693.41	-
Public Service	3,848.47	-
Academic Support	968,810.87	-
Student Services	4,043,592.13	-
Institutional Support	4,642,855.69	520,641.09
Operation and Maintenance	2,187,044.90	-
Scholarships and Awards	1,954,858.36	128,359.00
Auxiliary Enterprises	1,802,430.12	-
Subscription Expense	292,939.51	-
Lease Expense	19,457.79	-
Depreciation Expense	1,628,864.01	-
Total Operating Expenses	23,343,395.26	649,000.09
Operating Income (Loss)	(11,547,494.52)	(591,190.20)
Nonoperating Revenues (Expenses)		
State Appropriations	4,986,092.06	-
Federal Pell Grants	1,595,890.00	-
County Appropriations	6,546,059.55	-
Gifts	446,562.33	2,661,801.97
Investment Income	164,284.91	558,630.18
Debt Service	(202,812.63)	-
Gain (Loss) on Sale of Assets	(2,306.98)	9.00
Net Nonoperating Revenues (Expenses)	13,533,769.24	3,220,441.15
Increase (Decrease) in Net Position	1,986,274.72	2,629,250.95
Net Position - Beginning of Year	19,228,723.58	3,933,279.66
Net Position - End of Year	\$ 21,214,998.30	\$ 6,562,530.61

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, 2024

	Primary Institution	Component Unit- Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 4,274,523.68	\$ -
Federal Grants and Contracts	3,073,412.41	50,000.00
State Grants and Contracts	1,644,284.96	-
Sales and Services of Auxiliary Enterprises	2,354,502.46	-
Miscellaneous Income	361,647.74	7,809.89
Payments on Behalf of Employees	(12,292,007.67)	-
Payments for Supplies and Materials	(591,630.74)	-
Payments for Lease Expense	(19,457.79)	-
Payments for Other Expenses	(8,933,718.94)	(548,976.94)
Net cash provided by (used in) operating activities	(10,128,443.89)	(491,167.05)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State Appropriations	4,986,092.06	-
Federal Pell Grants	1,595,890.00	-
Federal Direct Loans	777,437.00	-
Federal Direct Loans Paid	(777,437.00)	-
County Appropriations	6,546,059.55	-
Gifts	446,562.33	2,452,142.21
Net cash provided by (used in) noncapital financing activities	13,574,603.94	2,452,142.21
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Payments for Purchase of Capital Assets	(3,231,287.11)	-
Proceeds on Sale of Assets	821.00	-
Interest Paid on Debt	(250,095.07)	-
Proceeds from the Issuance of Long-Term Liabilities	842,560.31	-
Principal Payments on Debt	(1,429,237.27)	-
Net cash provided by (used in) capital financing activities	(4,067,238.14)	-
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sales and Maturities of Investments	-	426,967.13
Purchase of Investments	-	(2,600,944.16)
Interest Earned on Investments	164,284.91	175,909.20
Net cash provided by (used in) investing activities	164,284.91	(1,998,067.83)
Net Increase (Decrease) in Cash and Cash Equivalents	(456,793.18)	(37,092.67)
Cash and Cash Equivalents, Beginning of Year	6,289,229.60	248,913.13
Cash and Cash Equivalents, End of Year	\$ 5,832,436.42	\$ 211,820.46

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, 2024

	Primary Institution	Component Unit- Foundation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (11,547,494.52)	\$ (591,190.20)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:		
Depreciation Expense	1,628,864.01	1,894.16
Amortization of Lease Assets	18,041.40	-
Amortization of Subscription Assets	262,746.73	
Non Cash Expenditures	-	110,035.53
(Increase) Decrease in Receivables	106,590.15	-
(Increase) Decrease in Inventory	(39,048.08)	-
Increase (Decrease) in Accounts Payable	(543,928.29)	609.92
Increase (Decrease) in Deferred Outflows	(117,729.00)	-
Increase (Decrease) in Deferred Revenue	(194,119.64)	-
Increase (Decrease) in Compensated Absences	31,060.75	-
Increase (Decrease) in OPEB Obligations	180,270.00	-
Increase (Decrease) in Deferred Inflows	(34,786.00)	-
Increase (Decrease) in Deposits Held for Others	121,088.60	(12,516.46)
Net cash provided by (used in) operating activities	<u>\$ (10,128,443.89)</u>	<u>\$ (491,167.05)</u>
Supplementary Information:		
Non Cash Contributions - Management and General	\$ -	\$ 110,035.53
Cash Paid for Interest	201,729.06	-

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, 2024

1. NATURE OF ACTIVITIES

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

Reporting Entity

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

Component Units

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

The College's component unit is a private not-for-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component unit's financial information in the College's financial report for these differences. The component unit's financial data has, however, been aggregated into like categories for presentation purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

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

Investments

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

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, 2023.

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

Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in November 2023 are recorded as taxes receivable. Approximately 10% of these taxes are normally distributed after June 30, 2024, and are presented as accounts receivable—taxes in process and deferred revenue to indicate that they are not appropriable. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories

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

Noncurrent Cash and Cash Equivalents

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

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 \$5,000.00 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.

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

Capital Assets (Continued)

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

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

Compensated Absences

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

Noncurrent Liabilities

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

Net position

The College's net position are classified as follows:

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

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income Taxes

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

Classification of Revenues

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

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

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

Scholarship Discounts and Allowances

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

Accounting Estimates

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

Pension Plan

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgetary Information

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

If the College is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The College did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication the hearing may be held and the governing body may amend the budget at that time. During the year ended June 30, 2024 the College amended the General Fund and Post-Secondary Education Fund.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's 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. Any unused budgeted expenditure authority lapses 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 is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Supplementary Schedules 4 to 9 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. Based upon these schedules, all were in compliance with Kansas cash basis and budget laws.

4. DEPOSITS

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, 2024.

At year-end, the College's carrying amount of the deposits was \$5,830,836.42 and the bank balance was \$5,682,421.73. The bank balance was held by seven institutions resulting in a concentration of credit risk. Of the bank balance, \$1,448,367.77, was covered by FDIC insurance, \$4,231,762.20 was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name, and \$2,291.76 was held in trust with Security Bank of Kansas City.

Component Unit:

At year-end, the carrying amount of the Foundation's deposits were \$211,820.46. The bank balances were \$213,726.66. The bank balance was held by six banks and one investment company resulting in a concentration of credit risk. Of the bank balances, \$183,586.52 was covered by FDIC insurance and the remaining \$30,140.14 was covered with SIPC insurance.

5. INVESTMENTS

Component Unit:

Investment Policy

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

5. **INVESTMENTS** (Continued)

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

Investments are made under the direction of the Board of Directors. Equity investments and other investments are recorded at fair values subject to comments on Investments under the summary of accounting policies.

Investments at June 30, 2024, are comprised of the following:

	<u>FAIR VALUE</u>
Mutual Funds	\$ 6,274,461.44
Morgan Dollar Collection	<u>1,191.00</u>
Total Investments	<u>\$ 6,275,652.44</u>

6. **FAIR VALUE MEASUREMENTS**

Component Unit:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy under FASB ASC 820 are described as follows:

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2. Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2024.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Morgan Dollar Collection: Valued at Greysheet value. The Greysheet value is the wholesale guide to coin prices published monthly widely used by coin dealers internationally.

	June 30, 2024		
	Level 1	Level 2	Total
Mutual Funds	\$ 6,274,461.44	\$ - -	\$ 6,274,461.44
Morgan Dollar Collection	- -	1,191.00	1,191.00
Totals	<u>\$ 6,274,461.44</u>	<u>\$ 1,191.00</u>	<u>\$ 6,275,652.44</u>

7. **ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2024, consisted of the amounts due under the following programs:

	Primary Institution
Current:	
Federal Grants	\$ 965,034.80
Taxes in Process	204,487.00
Student Accounts	461,936.43
Total Accounts Receivable	<u>\$1,631,458.23</u>

All receivables are considered collectible at June 30, 2024. The College has elected to record bad debts using the direct write off method. Generally accepted accounting principles require that the allowance method be used to recognize bad debts. However, the effect, if using the direct write-off method, is not materially different from the results that would have been obtained under the allowance method.

8. **INVENTORIES**

Inventories consisted of the following at June 30, 2024:

College Bookstore	
Rental and Consumable Textbooks	\$ 490,429.11
Garments	42,351.75
Other Supplies	<u>7,688.58</u>
Total Inventories	<u>\$ 540,469.44</u>

9. UNCONDITIONAL PROMISES TO GIVE

Component Unit:

Unconditional promises to give at June 30, 2024, consist of the following:

Score Board:	
Due within one year	\$ 2,000.00
Total	\$ 2,000.00
Mitchell Career & Technology Center:	
Due within one year	\$ 21,666.37
Due within next five years	10,000.00
Total	\$ 31,666.37
Greenhouse:	
Due within one year	\$ 4,000.00
Due within next five years	16,000.00
Thereafter	16,000.00
Total	\$ 36,000.00
Performing Arts Center:	
Due within one year	\$ 125,000.00
Total	\$ 125,000.00

Amounts are shown net of an allowance for uncollectible pledges of \$0.00.

10. CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2024:

Primary Institution:

	Balance 06/30/2023	Additions	Retirements	Transfers	Balance 06/30/2024
Capital Assets not being Depreciated					
Construction in Progress	\$ 100,627.37	\$1,130,108.64	\$ -	\$ (100,627.37)	\$ 1,130,108.64
Land	28,656.00	-	-	-	28,656.00
Other Capital Assets					
Buildings and Improvements	22,469,702.42	960,987.75	-	100,627.37	23,531,317.54
Buildings and Improvements Under Capital Lease	12,590,021.14	-	-	-	12,590,021.14
Equipment	5,202,946.22	290,501.60	(213,711.73)	-	5,279,736.09
Total Other Capital Assets	40,391,953.15	2,381,597.99	(213,711.73)	-	42,559,839.41
Accumulated Depreciation					
Buildings and Improvements	9,790,989.69	881,630.79	-	-	10,672,620.48
Buildings and Improvements Under Capital Lease	4,673,437.06	453,814.91	-	-	5,127,251.97
Equipment	4,415,039.06	293,418.31	(210,583.75)	-	4,497,873.62
Total Accumulated Depreciation	18,879,465.81	1,628,864.01	(210,583.75)	-	20,297,746.07
Net Capital Assets	\$21,512,487.34	\$ 752,733.98	\$ (3,127.98)	\$ -	\$22,262,093.34

10. CAPITAL ASSETS (Continued)

Following are the changes in capital assets for the year ended June 30, 2024:

Component Unit:

	Balance 06/30/2023	Additions	Retirements	Balance 06/30/2024
Capital Assets				
Leasehold Improvements	\$ 19,577.74	\$ -	\$ -	\$ 19,577.74
Equipment	7,490.26	-	-	7,490.26
Total Capital Assets	27,068.00	-	-	27,068.00
Accumulated Depreciation				
Leasehold Improvements	7,178.50	1,305.19	-	8,483.69
Equipment	6,206.56	588.97	-	6,795.53
Total Accumulated Depreciation	13,385.06	1,894.16	-	15,279.22
Net Capital Assets	\$ 13,682.94	\$ (1,894.16)	\$ -	\$ 11,788.78

11. FINANCING LEASES

The College entered into a financing lease/certificate of participation with Security Bank of Kansas City, dated April 15, 2015; requiring semi-annual interest only payments until May 15, 2018, then annual principal payments and semi-annual interest payments of between 2% and 4% through May 15, 2030, secured by dormitory and said revenues.

Financing Lease – Dorms and Improvements	
Debt requirements are as follows:	
June 30,	
2025	\$ 522,481.26
2026	524,581.26
2027	525,675.00
2028	525,725.00
2029	524,100.00
2030	504,400.00
Total Net Minimum Lease Payments	3,126,962.52
Less: Imputed Interest	(341,962.52)
Net Present Value of Financing Lease	2,785,000.00
Less: Current Maturities	(430,000.00)
Long-Term Financing Lease Obligations	\$ 2,355,000.00

11. FINANCING LEASES (Continued)

The College entered into a financing lease/certificate of participation with Security Bank of Kansas City, dated June 30, 2016; requiring annual principal payments and semi-annual interest payments of between 2% and 3% through April 15, 2030, secured by real property located in Ottawa, Kansas.

<u>Financing Lease – Ottawa Campus</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2025	\$ 403,668.76
2026	403,318.76
2027	404,443.76
2028	405,318.76
2029	405,475.00
2030	<u>405,368.76</u>
Total Net Minimum Lease Payments	2,427,593.80
Less: Imputed Interest	<u>(207,593.80)</u>
Net Present Value of Financing Lease	2,220,000.00
Less: Current Maturities	<u>(345,000.00)</u>
Long-Term Financing Lease Obligations	<u>\$ 1,875,000.00</u>

The College entered into a financing lease purchase agreement for the financing of various energy conservation measures at the College, dated June 16, 2017; requiring monthly payments including interest of 2.11% through December 15, 2027, secured by energy equipment purchased.

<u>Financing Lease – Energy Conservation</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2025	\$ 342,022.68
2026	342,022.68
2027	342,022.68
2028	<u>171,011.34</u>
Total Net Minimum Lease Payments	1,197,079.38
Less: Imputed Interest	<u>(44,125.96)</u>
Net Present Value of Financing Lease	1,152,953.42
Less: Current Maturities	<u>(320,785.50)</u>
Long-Term Financing Lease Obligations	<u>\$ 832,167.92</u>

12. LEASES

The College has entered into a number of operating leases for office space and two postage machines. The office space was leased beginning February 22, 2016, for a term of 12 months at \$575.00 per month, and was capitalized at an incremental borrowing rate of 2.95%, lease has been renewed annually. The postage machine located in Chanute was leased beginning April 1, 2020, for a term of 60 months at \$2,947.08 per quarter, and is capitalized at an incremental borrowing rate of 3.34%. The postage machine located in Ottawa was leased beginning July 1, 2023, for a term of 60 months at \$1,094.94 per quarter, and is capitalized at an incremental borrowing rate of 3.78%, the lease has continued on a quarter by quarter basis.

Lease Expense:

Amortization expense by class of underlying asset:

Office Space	\$ 5,831.88
Postage Machine	<u>12,209.52</u>
Total Amortization Expense	18,041.40
Interest on Lease Liability	<u>1,416.39</u>

Total Lease Expense \$ 19,457.79

Lease Assets:

	Beginning	Additions	Modifications & Remeasurements	Ending
Office Space	\$ 68,038.63	\$ 0.00	\$ 0.00	\$ 68,038.63
Postage Machine	<u>54,364.48</u>	<u>0.00</u>	<u>6,683.66</u>	<u>61,048.14</u>
	122,403.11	0.00	0.00	129,086.77
Less Accumulated Amortization				
Office Space	(43,253.11)	(5,831.88)	0.00	(49,084.99)
Postage Machine	<u>(35,336.73)</u>	<u>(12,209.52)</u>	<u>0.00</u>	<u>(47,546.25)</u>
	<u>(78,589.84)</u>	<u>18,041.40</u>	<u>6,683.66</u>	<u>(96,631.24)</u>
Net Lease Assets	<u>\$ 43,813.27</u>	<u>\$ (18,041.40)</u>	<u>\$ 0.00</u>	<u>\$ 32,455.53</u>

	Beginning	Modifications & Remeasurements	Principal	Ending
<i>Lease Liabilities:</i>	\$ 47,540.55	\$ 6,683.66	\$ (18,751.56)	\$ 35,472.65

Future Maturity Analysis:

	Principal	Interest	Total Payments
2025	\$ 16,348.13	\$ 853.03	\$ 17,201.16
2026	7,867.75	492.17	8,359.92
2027	8,114.31	245.61	8,359.92
2028	<u>3,142.46</u>	<u>42.46</u>	<u>3,184.92</u>
Totals	<u>\$ 35,472.65</u>	<u>\$ 1,633.27</u>	<u>\$ 37,105.92</u>

Lease Liabilities Accrued Interest:

	Beginning	Adjustment	Ending
Postage Machine	\$ 55.70	\$ 19.71	\$ 75.41

13. **SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

The College has entered multiple SBITA agreements for various software that extend through fiscal year 2029. As of June 30, 2024, the value of the subscription-based liability is \$652,009.93.

The College is required to make monthly or annual principal and interest payments. Annual payments range from \$4,690.00 to \$279,212.00 per year. The SBITA agreements have interest rates ranging from 2.99% to 3.85%. The software has an estimated useful life of eighteen months to five years. The total value of the SBITA assets as of the end of the current fiscal year was \$1,036,383.97 and had an accumulated amortization of \$275,683.61.

Lease Expense:

Amortization expense by class of underlying asset:	
SBITA – GASB 96	\$ 262,746.73
Interest on Lease Liability	<u>5,957.83</u>
Total Lease Expense	<u>\$ 268,704.56</u>

Lease Assets:

	Beginning	Additions	Subtractions	Ending
SBITA – GASB 96	\$ 186,694.85	\$ 849,689.12	\$ 0.00	\$1,036,383.97
Less Accumulated Amortization				
SBITA – GASB 96	<u>(12,936.88)</u>	<u>(262,746.73)</u>	<u>0.00</u>	<u>(275,683.61)</u>
Net Lease Assets	<u>\$ 173,757.97</u>	<u>\$ 586,942.39</u>	<u>\$ 0.00</u>	<u>\$ 760,700.36</u>

	Beginning	Additions	Principal	Ending
<i>Lease Liabilities:</i>	\$ 150,841.69	\$ 842,560.31	\$(341,392.07)	\$ 652,009.93

Future Maturity Analysis:

	Principal	Interest	Total Payments
2025	\$ 326,714.98	\$ 3,728.02	\$ 330,443.00
2026	<u>325,294.95</u>	<u>817.05</u>	<u>326,112.00</u>
Totals	<u>\$ 652,009.93</u>	<u>\$ 4,545.07</u>	<u>\$ 656,555.00</u>

14. **RESTRICTED NET POSITION – EXPENDABLE**

Component Unit:

Restricted Net Position – Expendable consist of donations received and are restricted to use and are presented as follows:

Mary Lee Johnson – Donor use restrictions	\$ 155,512.52
Bethel Evangelical Lutheran Church – Donor use restrictions	6,500.00
Mitchell Career and Technology Center – Donor use restrictions	31,666.37
Yuza Greenhouse Donation – Donor use restrictions	50,000.00
Score Board Panther Donation – Donor use restrictions	2,000.00
Stewart – Diesel Mechanic Program – Donor use restrictions	10,000.00
Performing Arts Building – Donor use restrictions	2,226,184.17
Title III-A Grant and Match – 50% interest only for 20 years (expires 06/2030)	781,943.62
Title III-B Grant and Match – 50% interest after 5 years only for 20 years (expires 06/2042)	<u>100,667.58</u>
Total Expendable Restricted Net Position	<u>\$ 3,364,474.26</u>

15. NET POSITION - NONEXPENDABLE

Component Unit:

On June 30, 2024 the Foundation Endowments are summarized in the following table:

	Nonexpendable
Donor-Restricted Endowment Funds	\$ 2,003,524.74

Changes in endowments as of June 30, 2024 are as follows:

	<u>Nonexpendable</u>
Endowment Net position, Beginning of Year	\$ 1,988,711.74
Contributions	<u>14,813.00</u>
Endowment Net position, End of Year	<u>\$ 2,003,524.74</u>

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

16. OTHER POST EMPLOYMENT BENEFITS

Description of Pension Plan

The College participates in a cost-sharing multiple-employer pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

- Public employees, which includes:
 - State/School employees
 - Local employees
- Police and Firemen
- Judges

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected. Those employees participating in the Pension Plan for the College are included in the State/School employee group.

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Special Funding Situation

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

16. OTHER POST EMPLOYMENT BENEFITS (Continued)

Benefits

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

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

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

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The actuarially determined employer contribution rates and the statutory contribution rates for school employees are 12.57% and 13.11%, respectively. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

16. OTHER POST EMPLOYMENT BENEFITS (Continued)

Employer and Nonemployer Allocations

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Firemen
- Judges

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

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

At June 30, 2023, the proportion recognized by the State of Kansas on behalf of the College was .169645%, which was an increase of .025913% from the proportion measured at June 30, 2022.

Net Pension Liability

At June 30, 2023 and 2022, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was \$11,801,033.00 and \$10,270,237.00, respectively.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023, using the following actuarial assumptions:

Price inflation	2.75%
Salary increases, including wage increases	3.50 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.00%

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

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study dated, January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

16. OTHER POST EMPLOYMENT BENEFITS (Continued)

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50	6.40
Private Equities	8.00	9.50
Private Real Estate	11.00	4.45
Yield Driven	8.00	4.70
Real return	11.00	3.25
Fixed Income	11.00	1.55
Short-term investments	4.00	0.25
Total	100.00%	

Discount Rate:

The discount rate used to measure the total pension liability at the measurement date of June 30, 2023 was 7.00%. The discount rate used to measure total pension liability at the prior measurement date of June 30, 2022 was 7.00%. The actuarial assumption used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Revenue and Pension Expense Recorded by the College:

For the year ended June 30, 2024, the College recognized revenue and pension expense in an equal amount of \$1,123,821.45.

Health Insurance: 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.

Plan Description: The College sponsors Medical and Dental insurance to qualifying retirees and their dependents. Coverage is provided through fully insured contracts that collectively operate as a single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate retirement benefits under the Kansas Public Employees Retirement System and retire prior to age 65. Retirees may continue coverage with the College until their Medicare eligibility (i.e age 65). Upon covered retiree death or attainment of age 65, spouses may elect COBRA coverage. Participants are required to contribute 100% of group insurance premiums to maintain coverage. Age-adjusted costs may exceed group insurance premiums thus creating an age-subsidy or indirect benefit that forms the basis for the valuation. The plan is identifiable as a single-employer plan. There are 161 total active employees and 1 retiree who are participating in the plan as of October 1, 2023, the census date used for the actuarial valuation.

16. OTHER POST EMPLOYMENT BENEFITS (Continued)

Funding of benefits: Costs under the College's group insurance program are paid from pooled operating assets. This arrangement does not qualify as an "OPEB Plan" under GASB requirements and thus these assets may not be reported as an offset to GASB liabilities.

Total OPEB Liability: The College's total OPEB liability of \$605,165.00 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	October 1, 2023
Measurement Date (End of Year)	June 30, 2024
Reporting Date	June 30, 2024
Discount Rate	4.1% (Measurement Date)
	4.0% (Year Preceding Measurement Date)
Salary Scale	3.0%
Actuarial Cost Method	Entry Age – Level Percent-of-Pay
Healthcare Cost Trend Rates	Starting at 10.10%, decreasing to 7.5% in year two, then decreasing by 0.25% per year until year reaching an ultimate trend rate of 4.5% in year 14

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 4.0% (beginning-of-year measurement) and 4.1% (end-of-year measurement).

Annual OPEB cost and net OPEB obligation:

Net OPEB Liability	
I. Total OPEB Liability	\$ 605,165.00
II. Plan Fiduciary Net Position (Trust Assets)	<u>0.00</u>
III. Net OPEB Liability at June 30, 2024 (I minus II)	<u>\$ 605,165.00</u>

OPEB Liability Changes	
Total OPEB Liability – Beginning of Year	\$ 424,895.00
1. Service Cost	30,906.00
2. Interest Cost	18,032.00
3. Changes in Benefit Terms	0.00
4. Differences between actual and expected experience	8,593.00
5. Changes in assumptions and inputs	132,739.00
6. Employer Contributions (Benefit Payments)	<u>10,000.00</u>
Net Changes (1 + 2 + 3 + 4 + 5 – 6)	<u>180,270.00</u>
Total OPEB Liability – End of Year	<u>\$ 605,165.00</u>

16. OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense – Fiscal Year 2023-24

1. Service Cost	\$ 30,906.00
2. Interest Cost	18,032.00
3. Changes in Benefit Terms	0.00
4. Differences between expected and actual experience	4,315.00
5. Changes of assumptions and inputs	(15,498.00)
6. Projected earnings on OPEB plan investments	0.00
7. Differences between projected & actual earnings on OPEB investments	<u>0.00</u>

OPEB Expense (1 + 2 + 3 + 4 + 5 – 6+7) \$ 37,755.00

OPEB Liability as a percentage of payroll

Total OPEB Liability	\$ 605,165.00
Payroll	*7,844,466.00
Percent of Payroll	7.7%

* Annualized pay as of October 1, 2023 of active employees

Sensitivity of Total OPEB Liability to changes in the Discount Rate

	1% Decrease 3.1%	Current Single Discount Rate Assumption 4.1%	1% Increase 5.1%
Total OPEB Liability	657,544.00	605,165.00	557,060.0
Increase/(Decrease) from Baseline	52,379.00		(48,105.00)

Sensitivity of Total OPEB Liability to changes in Healthcare Cost Trend Rate

	1% Decrease	Current Trend Assumption	1% Increase
Total OPEB Liability	535,792.00	605,165.00	687,708.00
Increase/(Decrease) from Baseline	(69,373.00)		82,543.00

Deferred Outflows and Inflows of Resources: The accumulated amount of Deferred Outflows and Inflows of Resources as of June 30, 2024 are shown below.

Category	Deferred Outflows of Resources	Deferred Inflow of Resources
Changes in Assumptions	207,198.00	147,865.00
Differences between expected and actual experience	62,803.00	171,205.00
Contributions Subsequent to Measurement Date (1)	0.00	0.00

(1) Expected Employer Contributions between Measurement date and Reporting date – Does not apply.

16. OTHER POST EMPLOYMENT BENEFITS (Continued)

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized as an expense / (income) item in OPEB expense as follows:

Fiscal Year Ending	Amount
2025	\$ (11,183.00)
2026	(11,183.00)
2027	(11,183.00)
2028	(11,183.00)
2029	(11,183.00)
2030 & Thereafter	6,846.00

Average Expected Remaining Service Life: 4.388 years

Early Retirement Benefits: The College provides an early retirement program for certain eligible employees. The early retirement benefit shall be an annual payment made in the retired employee's name to the college's identified 403 (b) plan provider. The payment will be determined by utilization of the percentage opposite the year of benefit on the following table. The percentage of the year shall be multiplied by the Full-time Employee's last annual contract salary. The payment shall be paid annually in either January or July through the college contract year in which the Full-time 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/July) shall then become the anniversary date for subsequent payments. Early retirement benefits shall be based on KPERS retirement eligibility and years of service after eligibility according to the chart below.

KPERS Eligible	21%
Eligibility + 1 year service	18%
Eligibility + 2 years' service	15%
Eligibility + 3 years' service	12%
Eligibility + 4 years' service	9%
Eligibility + 5 years' service	6%
Eligibility + 6 years' service	3%

The following is a schedule of benefits payable for eligible employees which have taken early retirement as of June 30, 2024:

<u>Paid or Payable</u>	<u>Year Ended June 30th</u>	<u>Amount</u>
Paid	2024	\$ 36,699.85
Payable	2025	232,243.88
Payable	2026	258,350.98
Payable	2027	257,182.30
Payable	2028	239,090.39

17. COMPENSATED ABSENCES

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

Schedule of Vacation Hours (Days)

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

Each full-time employee shall receive eight sick hours per month. A full-time employee may not accumulate in excess of 720 hours accumulated sick leave. Employees shall be compensated for all accumulated unused sick leave at the time of that employee's retirement. Compensation will be set at a rate of six dollars (\$6) per hour for each hour of accumulated unused sick leave at the time of retirement.

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.

18. 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.

19. CONCENTRATION OF RISK

Component Unit

47.56% of the Foundation's cash and investments are invested in growth and income funds at June 30, 2024. The effect in the future on the Foundation's portfolio is unknown and is subject to market economic conditions.

20. RISK MANAGEMENT

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

21. EMPLOYEE BENEFIT PLANS

The College has established a 403(B) plan available for its employees. An employee is eligible on the date of hire to contribute and receive employer match. The College has approved a match of not less than \$25.00 per month. Total contributions made by the College into the plan on behalf of the employees for the year ended June 30, 2024 was \$29,468.24.

22. 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, 2024 was \$128,359.00 for scholarships and \$372,029.33 in donations for capital projects. The Foundation disbursed on behalf of the College, through its activities funds for the year ended June 30, 2024, \$242,647.92. The College disbursed on behalf of the Foundation donated services and facilities for the year ended June 30, 2024 \$110,035.53.

23. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Amount</u>
General Fund	Adult Education Fund	\$ 27,400.00
General Fund	Postsecondary Technical Education Fund	968,141.69
Auxiliary Enterprise Student Union Fund	General Fund	24,000.00
Auxiliary Enterprise Bookstore Fund	General Fund	205,125.00

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

24. SUBSEQUENT EVENTS

The College evaluated events and transactions occurring subsequent to June 30, 2024, there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure. However, the College is in the process of planning to renovate the auditorium and performing arts center. The estimated cost of the project is \$5,500,000.00 of which \$2,400,000.00 will be covered with contributions received by the Foundation and the College plans to issue certificates of participation on July 9, 2025 for \$3,230,000.00 to cover the remainder of the project and cost of issuance.

**REQUIRED
SUPPLEMENTARY INFORMATION**

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Funding Progress

For the Year Ended June 30, 2024+

+ This schedule is to be built prospectively until it contains ten years of data

	06/30/2020	06/30/2021	06/30/2022	06/30/2023	06/30/2024
OPEB Liability Changes					
Total OPEB Liability - Beginning of Year	\$ 492,299.00	\$ 575,726.00	\$ 487,898.00	\$ 329,649.00	\$ 424,895.00
1. Service Cost	42,770.00	53,185.00	40,929.00	24,626.00	30,906.00
2. Interest Cost	15,617.00	15,975.00	10,307.00	13,081.00	18,032.00
3. Changes in Benefit Terms	-	-	-	-	-
4. Difference between actual and expected experience	(6,104.00)	(104,757.00)	(15,413.00)	49,605.00	8,593.00
5. Changes in assumptions and inputs	60,144.00	(23,231.00)	(167,072.00)	43,934.00	132,739.00
6. Employer Contributions (Benefit Payments)	29,000.00	29,000.00	27,000.00	36,000.00	10,000.00
Net Changes (1+2+3+4+5-6)	83,427.00	(87,828.00)	(158,249.00)	95,246.00	180,270.00
Total OPEB Liability - End of Year	\$ 575,726.00	\$ 487,898.00	\$ 329,649.00	\$ 424,895.00	\$ 605,165.00

OPEB Liability as a percentage of payroll					
Total OPEB Liability	\$ 575,726.00	\$ 487,898.00	\$ 329,649.00	\$ 424,895.00	\$ 605,165.00
Payroll	* 6,702,872.00	** 6,702,872.00	*** 6,777,414.00	*** 6,777,414.00	^ 7,844,466.00
Percent of Payroll	8.6%	7.3%	4.9%	6.3%	7.7%

	06/30/2018	06/30/2019
OPEB Liability Changes		
Total OPEB Liability - Beginning of Year	\$ 568,930.00	# \$ 427,015.00
1. Service Cost	49,757.00	38,196.00
2. Interest Cost	20,491.00	15,022.00
3. Changes in Benefit Terms	(17,890.00)	-
4. Difference between actual and expected experience	(165,557.00)	21,533.00
5. Changes in assumptions and inputs	3,284.00	10,533.00
6. Employer Contributions (Benefit Payments)	32,000.00	20,000.00
Net Changes (1+2+3+4+5-6)	(141,915.00)	65,284.00
Total OPEB Liability - End of Year	\$ 427,015.00	# \$ 492,299.00

OPEB Liability as a percentage of payroll		
Total OPEB Liability	\$ 427,015.00	\$ 492,299.00
Payroll	* 5,708,478.00	* 5,708,478.00
Percent of Payroll	7.5%	8.6%

* Annualized pay as of July 1, 2017 of active employees included in the valuation

** Annualized pay as of July 1, 2019 of active employees

*** Annualized pay as of October 1, 2021 of active employees

^ Annualized pay as of October 1, 2023 of active employees

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

Funding policy: Costs under the College's group insurance program are paid from general operating assets on a pay-as-you-go basis, not assets are accumulated to pay related benefits

Changes in Assumptions: Changes in assumptions or other inputs reflect a change in the discount rate from 4.0% (beginning-of-year measurement) to 4.1% (end-of-year measurement)

SUPPLEMENTARY INFORMATION

Schedule 2

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas
Combining Schedule of Net Position - Primary Institution
June 30, 2024

ASSETS	GENERAL	POSTSECONDARY TECHNICAL 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	\$ 3,296,505.15	\$ 377,449.23	\$ 99,815.32	\$ 27,094.85	\$ 1,150,779.06	\$ 796,398.14	\$ 3,286.48	\$ 71.00	\$ (1,058.00)
Receivables									
Taxes in Process	204,487.00	-	-	-	-	-	-	-	-
Federal	-	-	-	-	-	-	3,365.54	-	6,614.00
Other	90,671.34	121,756.25	-	5.00	102,173.12	50,655.08	-	-	-
Inventories	-	-	-	-	-	540,469.44	-	-	-
Total Current Assets	<u>3,591,663.49</u>	<u>499,205.48</u>	<u>99,815.32</u>	<u>27,099.85</u>	<u>1,252,952.18</u>	<u>1,387,522.66</u>	<u>6,652.02</u>	<u>71.00</u>	<u>5,556.00</u>
Noncurrent Assets									
Capital Assets, Net	-	-	-	-	-	-	-	-	-
Lease Assets, Net	-	-	-	-	-	-	-	-	-
Subscription Assets, Net	-	-	-	-	-	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>3,591,663.49</u>	<u>499,205.48</u>	<u>99,815.32</u>	<u>27,099.85</u>	<u>1,252,952.18</u>	<u>1,387,522.66</u>	<u>6,652.02</u>	<u>71.00</u>	<u>5,556.00</u>
DEFERRED OUTFLOWS OF RESOURCES									
Pension Related Deferred Outflows	<u>270,001.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES									
Current Liabilities									
Accounts Payable	620,745.67	45,846.17	2,215.17	629.00	18,523.08	12,676.27	-	-	6,614.00
Deferred Revenue	210,677.00	4,691.00	-	-	5,650.58	883.00	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-	-	-
Accrued Interest Expense	9,366.58	-	-	-	6,104.11	-	-	-	-
Current Portion of:									
Accrued Vacation	46,561.01	11,297.67	4,254.85	-	712.48	1,064.72	-	-	-
Lease Liabilities	-	-	-	-	-	-	-	-	-
Financing Lease Payable	-	-	-	-	-	-	-	-	-
Subscription Liability	-	-	-	-	-	-	-	-	-
Total Current Liabilities	<u>887,350.26</u>	<u>61,834.84</u>	<u>6,470.02</u>	<u>629.00</u>	<u>30,990.25</u>	<u>14,623.99</u>	<u>-</u>	<u>-</u>	<u>6,614.00</u>
Noncurrent Liabilities									
Accrued Vacation	361,470.51	87,708.04	33,032.01	-	5,531.28	8,265.79	-	-	-
OPEB Obligations	605,165.00	-	-	-	-	-	-	-	-
Lease Liabilities	-	-	-	-	-	-	-	-	-
Financing Lease Payable	-	-	-	-	-	-	-	-	-
Subscription Liability	-	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	<u>966,635.51</u>	<u>87,708.04</u>	<u>33,032.01</u>	<u>-</u>	<u>5,531.28</u>	<u>8,265.79</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>1,853,985.77</u>	<u>149,542.88</u>	<u>39,502.03</u>	<u>629.00</u>	<u>36,521.53</u>	<u>22,889.78</u>	<u>-</u>	<u>-</u>	<u>6,614.00</u>
DEFERRED INFLOWS OF RESOURCES									
Pension Related Deferred Inflows	<u>319,070.00</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION									
Invested in Capital Assets,									
Net of Related Debt	-	-	-	-	-	-	-	-	-
Unrestricted Net Position	1,688,608.72	349,662.60	60,313.29	26,470.85	1,216,430.65	1,364,632.88	6,652.02	71.00	(1,058.00)
TOTAL NET POSITION	<u>\$ 1,688,608.72</u>	<u>\$ 349,662.60</u>	<u>\$ 60,313.29</u>	<u>\$ 26,470.85</u>	<u>\$ 1,216,430.65</u>	<u>\$ 1,364,632.88</u>	<u>\$ 6,652.02</u>	<u>\$ 71.00</u>	<u>\$ (1,058.00)</u>

Schedule 2 (Continued)

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas
Combining Schedule of Net Position - Primary Institution
June 30, 2024

ASSETS	DIRECT LOANS	TITLE III	OTHER GRANT FUNDS	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
Current Assets									
Cash and Cash Equivalents	\$ -	\$ (1,287.20)	\$ (631,241.96)	\$ 1,029.96	\$ 205.64	\$ 172,068.71	\$ -	\$ 541,320.04	\$ 5,832,436.42
Receivables									
Taxes in Process	-	-	-	-	-	-	-	-	204,487.00
Federal	4,721.00	54,055.97	896,278.29	-	-	-	-	-	965,034.80
Other	-	-	-	-	-	-	-	96,675.64	461,936.43
Inventories	-	-	-	-	-	-	-	-	540,469.44
Total Current Assets	4,721.00	52,768.77	265,036.33	1,029.96	205.64	172,068.71	-	637,995.68	8,004,364.09
Noncurrent Assets									
Capital Assets, Net	-	-	-	-	-	-	22,262,093.34	-	22,262,093.34
Lease Assets, Net	-	-	-	-	-	-	32,455.53	-	32,455.53
Subscription Assets, Net	-	-	-	-	-	-	760,700.36	-	760,700.36
Total Noncurrent Assets	-	-	-	-	-	-	23,055,249.23	-	23,055,249.23
TOTAL ASSETS	4,721.00	52,768.77	265,036.33	1,029.96	205.64	172,068.71	23,055,249.23	637,995.68	31,059,613.32
DEFERRED OUTFLOWS OF RESOURCES									
Pension Related Deferred Outflows	-	-	-	-	-	-	-	-	270,001.00
LIABILITIES									
Current Liabilities									
Accounts Payable	4,721.00	1,513.77	183,104.17	-	-	13,015.00	-	8,688.92	918,292.22
Deferred Revenue	-	-	-	-	-	-	-	-	221,901.58
Deposits Held in Custody for Others	-	-	-	-	-	-	-	629,306.76	629,306.76
Accrued Interest Expense	-	-	-	-	-	-	75.41	-	15,546.10
Current Portion of:									
Accrued Vacation	-	-	-	-	-	-	-	-	63,890.73
Lease Liabilities	-	-	-	-	-	-	16,348.13	-	16,348.13
Financing Lease Payable	-	-	-	-	-	-	1,095,785.50	-	1,095,785.50
Subscription Liability	-	-	-	-	-	-	326,714.98	-	326,714.98
Total Current Liabilities	4,721.00	1,513.77	183,104.17	-	-	13,015.00	1,438,924.02	637,995.68	3,287,786.00
Noncurrent Liabilities									
Accrued Vacation	-	-	-	-	-	-	-	-	496,007.63
OPEB Obligations	-	-	-	-	-	-	-	-	605,165.00
Lease Liabilities	-	-	-	-	-	-	19,124.52	-	19,124.52
Financing Lease Payable	-	-	-	-	-	-	5,062,167.92	-	5,062,167.92
Subscription Liability	-	-	-	-	-	-	325,294.95	-	325,294.95
Total Noncurrent Liabilities	-	-	-	-	-	-	5,406,587.39	-	6,507,760.02
TOTAL LIABILITIES	4,721.00	1,513.77	183,104.17	-	-	13,015.00	6,845,511.41	637,995.68	9,795,546.02
DEFERRED INFLOWS OF RESOURCES									
Pension Related Deferred Inflows	-	-	-	-	-	-	-	-	319,070.00
NET POSITION									
Invested in Capital Assets,									
Net of Related Debt	-	-	-	-	-	-	16,209,737.82	-	16,209,737.82
Unrestricted Net Position	-	51,255.00	81,932.16	1,029.96	205.64	159,053.71	-	-	5,005,260.48
TOTAL NET POSITION	\$ -	\$ 51,255.00	\$ 81,932.16	\$ 1,029.96	\$ 205.64	\$ 159,053.71	\$ 16,209,737.82	\$ -	\$ 21,214,998.30

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution
For the Year Ended June 30, 2024

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE STUDENT UNION	AUXILIARY ENTERPRISE BOOKSTORE	FEDERAL WORK STUDY	SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT	PELL GRANT
REVENUES									
Operating Revenues									
Student Tuition and Fees	\$ 2,923,537.62	\$ 2,718,090.19	\$ 1,017.00	\$ 2,109.00	\$ 116,953.50	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	125,938.96	-	243,837.00	-	-	-	24,208.14	46,471.00	-
State Grants and Contracts	1,373,821.45	-	74,311.00	-	-	-	-	-	-
Sales and Services of Auxiliary Enterprises	-	-	-	-	1,653,206.15	701,296.31	-	-	-
Other Operating Revenues	145,174.85	69,902.89	146,570.00	-	-	-	-	-	-
Total Operating Revenues	<u>4,568,472.88</u>	<u>2,787,993.08</u>	<u>465,735.00</u>	<u>2,109.00</u>	<u>1,770,159.65</u>	<u>701,296.31</u>	<u>24,208.14</u>	<u>46,471.00</u>	<u>-</u>
EXPENSES									
Educational and General									
Instruction	1,761,889.64	3,528,369.49	515,596.61	164.00	-	-	-	-	-
Public Service	3,848.47	-	-	-	-	-	-	-	-
Academic Support	787,736.71	201,875.67	-	-	-	-	-	-	-
Student Services	2,163,203.88	288,664.12	-	-	-	-	-	-	-
Institutional Support	4,126,581.65	536,984.68	-	-	-	-	-	-	-
Operation and Maintenance	1,830,640.34	934,535.75	-	-	-	-	-	-	-
Scholarships and Awards	689,935.85	962,652.90	-	-	-	-	20,842.60	46,471.00	1,595,890.00
Auxiliary Enterprises	-	-	-	-	1,242,503.19	683,710.74	-	-	-
Subscription Expense	331,307.36	8,393.27	-	-	-	-	-	-	-
Lease Expense	13,248.24	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-	-
Total Operating Expenses	<u>11,708,392.14</u>	<u>6,461,475.88</u>	<u>515,596.61</u>	<u>164.00</u>	<u>1,242,503.19</u>	<u>683,710.74</u>	<u>20,842.60</u>	<u>46,471.00</u>	<u>1,595,890.00</u>
Operating Income (Loss)	(7,139,919.26)	(3,673,482.80)	(49,861.61)	1,945.00	527,656.46	17,585.57	3,365.54	-	(1,595,890.00)
Nonoperating Revenues (Expenses)									
State Appropriations	2,147,269.00	2,236,746.06	-	-	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-	-	-	1,595,890.00
County Appropriations	6,546,059.68	-	(0.13)	-	-	-	-	-	-
Gifts	16,200.00	430,362.33	-	-	-	-	-	-	-
Investment Income	163,116.25	-	-	-	1,168.66	-	-	-	-
Debt Service	(744,328.02)	-	-	-	(523,458.25)	-	-	-	-
Gain (Loss) on Sale of Asset	821.00	-	-	-	-	-	-	-	-
Operating Transfers	(766,416.69)	968,141.69	27,400.00	-	(24,000.00)	(205,125.00)	-	-	-
Net Nonoperating Revenues (Expenses)	<u>7,362,721.22</u>	<u>3,635,250.08</u>	<u>27,399.87</u>	<u>-</u>	<u>(546,289.59)</u>	<u>(205,125.00)</u>	<u>-</u>	<u>-</u>	<u>1,595,890.00</u>
Increase (Decrease) in Net Position	222,801.96	(38,232.72)	(22,461.74)	1,945.00	(18,633.13)	(187,539.43)	3,365.54	-	-
Net Position - Beginning of Year	1,465,806.76	387,895.32	82,775.03	24,525.85	1,235,063.78	1,552,172.31	3,286.48	71.00	(1,058.00)
Net Position - End of Year	<u>\$ 1,688,608.72</u>	<u>\$ 349,662.60</u>	<u>\$ 60,313.29</u>	<u>\$ 26,470.85</u>	<u>\$ 1,216,430.65</u>	<u>\$ 1,364,632.88</u>	<u>\$ 6,652.02</u>	<u>\$ 71.00</u>	<u>\$ (1,058.00)</u>

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution
For the Year Ended June 30, 2024

	DIRECT LOANS	TITLE III	OTHER GRANT FUNDS	BARBEE LIBRARY BEQUEST	ALL-FAITH CHAPEL	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	SUB-TOTAL PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
REVENUES										
Operating Revenues										
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,761,707.31	\$ (1,399,654.14)	\$ 4,362,053.17
Federal Grants and Contracts	777,437.00	510,548.41	2,122,408.90	-	-	-	-	3,850,849.41	(777,437.00)	3,073,412.41
State Grants and Contracts	-	-	196,152.51	-	-	-	-	1,644,284.96	-	1,644,284.96
Sales and Services of Auxiliary Enterprises	-	-	-	-	-	-	-	2,354,502.46	-	2,354,502.46
Other Operating Revenues	-	-	-	-	-	-	-	361,647.74	-	361,647.74
Total Operating Revenues	777,437.00	510,548.41	2,318,561.41	-	-	-	-	13,972,991.88	(2,177,091.14)	11,795,900.74
EXPENSES										
Educational and General										
Instruction	-	-	-	-	-	-	(7,326.33)	5,798,693.41	-	5,798,693.41
Public Service	-	-	-	-	-	-	-	3,848.47	-	3,848.47
Academic Support	-	-	-	-	-	-	(20,801.51)	968,810.87	-	968,810.87
Student Services	-	510,548.41	2,233,928.23	-	-	-	(1,152,752.51)	4,043,592.13	-	4,043,592.13
Institutional Support	-	-	-	-	-	-	(20,710.64)	4,642,855.69	-	4,642,855.69
Operation and Maintenance	-	-	-	-	-	478,092.00	(1,056,223.19)	2,187,044.90	-	2,187,044.90
Scholarships and Awards	777,437.00	-	38,720.15	-	-	-	-	4,131,949.50	(2,177,091.14)	1,954,858.36
Auxiliary Enterprises	-	-	-	-	-	-	(123,783.81)	1,802,430.12	-	1,802,430.12
Subscription Expense	-	-	39,013.03	-	-	-	(85,774.15)	292,939.51	-	292,939.51
Lease Expense	-	-	6,900.00	-	-	-	(690.45)	19,457.79	-	19,457.79
Depreciation Expense	-	-	-	-	-	-	1,628,864.01	1,628,864.01	-	1,628,864.01
Total Operating Expenses	777,437.00	510,548.41	2,318,561.41	-	-	478,092.00	(839,198.58)	25,520,486.40	(2,177,091.14)	23,343,395.26
Operating Income (Loss)	-	-	-	-	-	(478,092.00)	839,198.58	(11,547,494.52)	-	(11,547,494.52)
Nonoperating Revenues (Expenses)										
State Appropriations	-	-	-	-	-	602,077.00	-	4,986,092.06	-	4,986,092.06
Federal Pell Grants	-	-	-	-	-	-	-	1,595,890.00	-	1,595,890.00
County Appropriations	-	-	-	-	-	-	-	6,546,059.55	-	6,546,059.55
Gifts	-	-	-	-	-	-	-	446,562.33	-	446,562.33
Investment Income	-	-	-	-	-	-	-	164,284.91	-	164,284.91
Debt Service	-	-	-	-	-	(4,120.00)	1,069,093.64	(202,812.63)	-	(202,812.63)
Gain (Loss) on Sale of Asset	-	-	-	-	-	-	(3,127.98)	(2,306.98)	-	(2,306.98)
Operating Transfers	-	-	-	-	-	-	-	-	-	-
Net Nonoperating Revenues (Expenses)	-	-	-	-	-	597,957.00	1,065,965.66	13,533,769.24	-	13,533,769.24
Increase (Decrease) in Net Position	-	-	-	-	-	119,865.00	1,905,164.24	1,986,274.72	-	1,986,274.72
Net Position - Beginning of Year	-	51,255.00	81,932.16	1,029.96	205.64	39,188.71	14,304,573.58	19,228,723.58	-	19,228,723.58
Net Position - End of Year	\$ -	\$ 51,255.00	\$ 81,932.16	\$ 1,029.96	\$ 205.64	\$ 159,053.71	\$ 16,209,737.82	\$ 21,214,998.30	\$ -	\$ 21,214,998.30

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

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

For the Year Ended June 30, 2024

Schedules 4 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 - Regulatory Basis

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

		Current Year				
	Prior Year	Actual	Adjustments	Actual		Variance
	Budget	GAAP	Budget	Budget		Over
	Basis	Basis	Basis	Basis	Budget	(Under)
REVENUES						
Student Tuition and Fees						
Student Tuition	\$ 1,669,897.76	\$ 1,857,398.94	\$ (26,578.71)	\$ 1,830,820.23	\$ 1,331,740.00	\$ 499,080.23
Other Student Fees	1,103,726.83	1,066,138.68	-	1,066,138.68	1,957,056.00	(890,917.32)
Total Student Tuition and Fees	2,773,624.59	2,923,537.62	(26,578.71)	2,896,958.91	3,288,796.00	(391,837.09)
Federal Sources						
Federal Grant Administration	106,738.08	125,938.96	-	125,938.96	109,500.00	16,438.96
State Sources						
State Operating Grant	2,068,300.00	2,147,269.00	-	2,147,269.00	2,147,269.00	-
Other State Sources	-	1,373,821.45	(1,123,821.45)	250,000.00	250,000.00	-
Total State Sources	2,068,300.00	3,521,090.45	(1,123,821.45)	2,397,269.00	2,397,269.00	-
Local Sources						
Ad Valorem Tax	4,922,549.01	5,669,503.23	-	5,669,503.23	6,423,235.00	(753,731.77)
Motor Vehicle Tax	628,399.91	653,300.99	-	653,300.99	701,406.00	(48,105.01)
Commercial Vehicle Tax	34,008.18	30,218.93	-	30,218.93	-	30,218.93
Rental Motor Vehicle Tax	557.63	690.05	-	690.05	-	690.05
Recreational Vehicle Tax	7,519.66	8,839.23	-	8,839.23	9,101.00	(261.77)
16M-20M Truck Tax	23,056.03	23,410.54	-	23,410.54	-	23,410.54
Delinquent Tax	145,148.30	160,096.71	-	160,096.71	49,714.00	110,382.71
Total Local Sources	5,761,238.72	6,546,059.68	-	6,546,059.68	7,183,456.00	(637,396.32)
Use of Property and Money						
Interest	47,081.88	162,741.25	-	162,741.25	50,000.00	112,741.25
Facilities Use	325.00	375.00	-	375.00	-	375.00
Sale of Property	14.00	821.00	-	821.00	-	821.00
Total Use of Property and Money	47,420.88	163,937.25	-	163,937.25	50,000.00	113,937.25
Other Sources						
Commissions	12,469.80	18,447.25	-	18,447.25	-	18,447.25
Gifts	17,000.00	16,200.00	-	16,200.00	50,000.00	(33,800.00)
Miscellaneous	62,064.07	75,786.00	-	75,786.00	598,900.00	(523,114.00)
Reimbursements	572,212.33	50,941.60	-	50,941.60	1,000,000.00	(949,058.40)
Total Other Sources	663,746.20	161,374.85	-	161,374.85	1,648,900.00	(1,487,525.15)
Operating Transfers from:						
Auxiliary Enterprise						
Student Union Fund	324,000.00	24,000.00	-	24,000.00	-	24,000.00
Auxiliary Enterprise						
Bookstore Fund	225,000.00	205,125.00	-	205,125.00	-	205,125.00
Total Operating Transfers	549,000.00	229,125.00	-	229,125.00	-	229,125.00
TOTAL REVENUES	11,970,068.47	13,671,063.81	(1,150,400.16)	12,520,663.65	14,677,921.00	(2,157,257.35)

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

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

Current Funds - Unrestricted

General Fund - Regulatory Basis

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
EXPENDITURES						
Instruction	\$ 1,914,425.32	\$ 1,761,889.64	\$ 23,513.29	\$ 1,785,402.93	\$ 2,512,334.00	\$ (726,931.07)
Public Service	3,742.86	3,848.47	-	3,848.47	4,350.00	(501.53)
Academic Support	862,300.40	787,736.71	1,686.33	789,423.04	1,178,500.00	(389,076.96)
Student Services	2,064,693.32	2,163,203.88	(8,931.61)	2,154,272.27	2,687,475.00	(533,202.73)
Institutional Support	2,830,630.14	4,126,581.65	(1,163,140.81)	2,963,440.84	4,771,185.00	(1,807,744.16)
Operation and Maintenance	1,790,271.68	1,830,640.34	(8,702.56)	1,821,937.78	2,347,176.00	(525,238.22)
Scholarships	639,860.25	689,935.85	-	689,935.85	1,171,990.00	(482,054.15)
Subscription Expense	36,913.95	331,307.36	-	331,307.36	-	331,307.36
Lease Expense	43,271.62	13,248.24	-	13,248.24	-	13,248.24
Debt Service						
Principal	632,541.37	649,093.64	-	649,093.64	-	649,093.64
Interest	111,578.84	95,234.38	1,413.42	96,647.80	-	96,647.80
Operating Transfers to:						
Postsecondary Technical						
Education Fund	2,637,849.35	968,141.69	-	968,141.69	-	968,141.69
Other Grants Fund	292.50	-	-	-	-	-
Adult Education Fund	27,400.00	27,400.00	-	27,400.00	77,400.00	(50,000.00)
Total Certified Budget					14,750,410.00	(2,456,310.09)
Adjustments for Qualifying						
Budget Credits					67,141.60	(67,141.60)
TOTAL EXPENDITURES	13,595,771.60	13,448,261.85	(1,154,161.94)	12,294,099.91	14,817,551.60	(2,523,451.69)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(1,625,703.13)	222,801.96	3,761.78	226,563.74	(72,489.00)	366,194.34
Unencumbered Cash - Beginning of Year	4,074,898.87	1,465,806.76	983,388.98	2,449,195.74	3,303,690.00	(854,494.26)
End of Year	\$ 2,449,195.74	\$ 1,688,608.72	\$ 987,150.76	\$ 2,675,759.48	\$ 3,231,201.00	\$ 1,220,688.60

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

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

Current Funds - Unrestricted

Postsecondary Technical Education Fund - Regulatory Basis

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

		Current Year				
	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
REVENUES						
Student Tuition and Fees						
Student Tuition	\$ 2,415,384.05	\$ 2,624,458.19	\$ (59,520.42)	\$ 2,564,937.77	\$ 2,225,311.00	\$ 339,626.77
Other Student Fees	87,810.88	93,632.00	-	93,632.00	388,500.00	(294,868.00)
Total Student Tuition and Fees	2,503,194.93	2,718,090.19	(59,520.42)	2,658,569.77	2,613,811.00	44,758.77
State Sources						
State Operating Grant	1,387,305.00	1,777,898.00	-	1,777,898.00	1,468,764.00	309,134.00
Other State Sources	229,585.00	458,848.06	-	458,848.06	204,000.00	254,848.06
Total State Sources	1,616,890.00	2,236,746.06	-	2,236,746.06	1,672,764.00	563,982.06
Other Sources						
Gifts	198,319.85	430,362.33	-	430,362.33	1,500,000.00	(1,069,637.67)
Other Income	695.00	69,902.89	-	69,902.89	1,000,000.00	(930,097.11)
Total Other Sources	199,014.85	500,265.22	-	500,265.22	2,500,000.00	(1,999,734.78)
Operating Transfer from General Fund	2,637,849.35	968,141.69	-	968,141.69	-	968,141.69
TOTAL REVENUES	6,956,949.13	6,423,243.16	(59,520.42)	6,363,722.74	6,786,575.00	(422,852.26)
EXPENDITURES						
Instruction	4,446,537.75	3,528,369.49	(21,091.90)	3,507,277.59	3,400,154.00	107,123.59
Academic Support	226,978.51	201,875.67	-	201,875.67	848,501.00	(646,625.33)
Student Services	264,494.86	288,664.12	-	288,664.12	437,475.00	(148,810.88)
Institutional Support	498,129.30	536,984.68	-	536,984.68	496,285.00	40,699.68
Operation and Maintenance	818,622.23	934,535.75	-	934,535.75	1,150,160.00	(215,624.25)
Scholarships	663,405.75	962,652.90	-	962,652.90	454,000.00	508,652.90
Subscription Expense	-	8,393.27	-	8,393.27	-	8,393.27
Total Certified Budget					6,786,575.00	(346,191.02)
Adjustments for Qualifying Budget Credits					889,210.39	(889,210.39)
TOTAL EXPENDITURES	6,918,168.40	6,461,475.88	(21,091.90)	6,440,383.98	7,675,785.39	(1,235,401.41)
Excess of Revenues Over (Under) Expenditures	38,780.73	(38,232.72)	(38,428.52)	(76,661.24)	-	812,549.15
Unencumbered Cash - Beginning of Year	369,483.57	387,895.32	20,368.98	408,264.30	-	408,264.30
End of Year	\$ 408,264.30	\$ 349,662.60	\$ (18,059.54)	\$ 331,603.06	\$ -	\$ 331,603.06

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Revenues, Expenditures and Changes

in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

Adult Education Fund - Regulatory Basis

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

		Current Year				
	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
REVENUES						
Student Tuition and Fees						
Other Student Fees	\$ 1,220.00	\$ 1,017.00	\$ -	\$ 1,017.00	\$ 19,000.00	\$ (17,983.00)
Federal Sources						
Adult Basic Education Grant	219,681.28	243,837.00	-	243,837.00	257,304.00	(13,467.00)
State Sources						
Adult Basic Education Grant	67,759.66	74,311.00	-	74,311.00	104,744.00	(30,433.00)
Local Sources						
Delinquent Tax	2.66	(0.13)	-	(0.13)	-	(0.13)
Other Sources						
Miscellaneous	175,670.00	146,570.00	-	146,570.00	238,000.00	(91,430.00)
Operating Transfers from General Fund	27,400.00	27,400.00	-	27,400.00	-	27,400.00
TOTAL REVENUES	491,733.60	493,134.87	-	493,134.87	619,048.00	(125,913.13)
EXPENDITURES						
Instruction	456,429.94	515,596.61	(1,573.16)	514,023.45	745,252.00	(231,228.55)
TOTAL EXPENDITURES	456,429.94	515,596.61	(1,573.16)	514,023.45	745,252.00	(231,228.55)
Excess of Revenues Over (Under) Expenditures	35,303.66	(22,461.74)	1,573.16	(20,888.58)	(126,204.00)	105,315.42
Unencumbered Cash						
Beginning of Year	83,185.07	82,775.03	35,713.70	118,488.73	126,204.00	(7,715.27)
End of Year	\$ 118,488.73	\$ 60,313.29	\$ 37,286.86	\$ 97,600.15	\$ -	\$ 97,600.15

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 - Regulatory Basis

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
REVENUES						
Student Tuition and Fees						
Course Fees	\$ 37,078.13	\$ 2,109.00	\$ 50.00	\$ 2,159.00	\$ 40,000.00	\$ (37,841.00)
TOTAL REVENUES	37,078.13	2,109.00	50.00	2,159.00	40,000.00	(37,841.00)
EXPENDITURES						
Instruction	12,607.28	164.00	-	164.00	64,485.00	(64,321.00)
TOTAL EXPENDITURES	12,607.28	164.00	-	164.00	64,485.00	(64,321.00)
Excess of Revenues Over (Under) Expenditures	24,470.85	1,945.00	50.00	1,995.00	(24,485.00)	26,480.00
Unencumbered Cash						
Beginning of Year	-	24,525.85	(55.00)	24,470.85	24,485.00	48,955.85
End of Year	\$ 24,470.85	\$ 26,470.85	\$ (5.00)	\$ 26,465.85	\$ -	\$ (22,475.85)

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas
Schedule of Revenues, Expenditures, and Changes
in Unencumbered Cash - Budget and Actual
Current Funds - Unrestricted
Auxiliary Enterprise Funds (Regulatory Basis)
For the Year Ended June 30, 2024
(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Prior Year	Current Year						
	Total Auxiliary Enterprise Funds Budget Basis	Bookstore GAAP	Student Union And Dorm GAAP	Total Auxiliary Enterprise Funds GAAP	Adjustments To Budget Basis	Total Auxiliary Enterprise Funds Budget Basis	Final Budget	Variance Under (Over)
REVENUES								
Sales and Services of Auxiliary Enterprises	\$ 2,337,507.88	\$ 701,296.31	\$ 1,598,439.17	\$ 2,299,735.48	\$ (33,092.66)	\$ 2,266,642.82	\$ 2,017,500.00	\$ 249,142.82
Student Sources								
Student Fees	110,775.25	-	116,953.50	116,953.50	-	116,953.50	45,000.00	71,953.50
Use of Property and Money								
Interest	1,119.96	-	1,168.66	1,168.66	-	1,168.66	-	1,168.66
Local Sources								
Other Income	-	-	50,000.00	50,000.00	-	50,000.00	75,000.00	(25,000.00)
Other Sources								
Miscellaneous	49,907.18	-	1,741.16	1,741.16	-	1,741.16	-	1,741.16
Commissions	2,565.71	-	3,025.82	3,025.82	-	3,025.82	-	3,025.82
TOTAL REVENUES	2,501,875.98	701,296.31	1,771,328.31	2,472,624.62	(33,092.66)	2,439,531.96	2,137,500.00	302,031.96
EXPENDITURES								
Auxiliary Enterprise								
Salaries and Benefits	295,844.99	171,827.46	212,794.31	384,621.77	(4,396.78)	380,224.99	500,000.00	(119,775.01)
General Operating Expense	866,251.31	68,951.89	911,984.40	980,936.29	-	980,936.29	1,500,000.00	(519,063.71)
Supplies	15,240.54	542.22	18,526.77	19,068.99	-	19,068.99	-	19,068.99
Cost of Goods Sold	460,141.87	430,532.78	-	430,532.78	39,048.08	469,580.86	-	469,580.86
Equipment	244,297.11	3,136.89	33,799.98	36,936.87	5,582.61	42,519.48	650,000.00	(607,480.52)
Capital Outlay	222,989.44	8,719.50	65,397.73	74,117.23	(8,719.50)	65,397.73	1,720,312.00	(1,654,914.27)
Debt Service	522,231.26	-	523,458.25	523,458.25	1,623.01	525,081.26	525,000.00	81.26
Operating Transfers to (from)								
General Funds	549,000.00	205,125.00	24,000.00	229,125.00	-	229,125.00	24,000.00	205,125.00
TOTAL EXPENDITURES	3,175,996.52	888,835.74	1,789,961.44	2,678,797.18	33,137.42	2,711,934.60	4,919,312.00	(2,207,377.40)
Excess of Revenues Over (Under)								
Expenditures and Other Additions (Deductions)	(674,120.54)	(187,539.43)	(18,633.13)	(206,172.56)	(66,230.08)	(272,402.64)	(2,781,812.00)	2,509,409.36
Unencumbered Cash								
Beginning of Year	2,865,637.92	1,552,172.31	1,235,063.78	2,787,236.09	(595,718.71)	2,191,517.38	2,781,812.00	(590,294.62)
End of Year	\$ 2,191,517.38	\$ 1,364,632.88	\$ 1,216,430.65	\$ 2,581,063.53	\$ (661,948.79)	\$ 1,919,114.74	\$ -	\$ 1,919,114.74

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 - Regulatory Basis

For the Year Ended June 30, 2024

(With Comparative Actual Amounts for the Year Ended June 30, 2023)

	Prior Year Budget Basis	Current Year				
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
REVENUES						
State Sources						
Other State Income	\$ -	\$ 602,077.00	\$ -	\$ 602,077.00	\$ 607,000.00	\$ (4,923.00)
Other Sources						
Donations	93,500.00	-	-	-	200,000.00	(200,000.00)
TOTAL REVENUES	93,500.00	602,077.00	-	602,077.00	807,000.00	(204,923.00)
EXPENDITURES						
Improvement						
Capital Outlay	93,500.00	478,092.00	-	478,092.00	807,000.00	(328,908.00)
Debt Service						
Other Debt Service Expense	4,120.00	4,120.00	-	4,120.00	39,189.00	(35,069.00)
TOTAL EXPENDITURES	97,620.00	482,212.00	-	482,212.00	846,189.00	(363,977.00)
Excess of Revenues and Transfers						
Over (Under) Expenditures	(4,120.00)	119,865.00	-	119,865.00	(39,189.00)	159,054.00
Unencumbered Cash						
Beginning of Year	43,308.71	39,188.71	-	39,188.71	39,189.00	(0.29)
End of Year	\$ 39,188.71	\$ 159,053.71	\$ -	\$ 159,053.71	\$ -	\$ 159,053.71

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2024

Account Name	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
ACTIVITY FUND				
Student Services				
#Adulting	\$ -	\$ 529.90	\$ 529.90	\$ -
ACKKOP Conference	-	236.98	236.98	-
Anime Club	-	678.15	678.15	-
Art Club	-	1,008.30	1,008.30	-
Board Game Knights	-	887.72	887.72	-
Business Club	-	355.91	355.91	-
Chess Club	-	420.55	420.55	-
Construction and Welding	2,445.90	-	-	2,445.90
Crafting of Yarn Club	-	41.15	41.15	-
Gaming Club	-	794.88	794.88	-
History Club	-	368.27	368.27	-
Improv Club	-	906.44	906.44	-
International Club	-	952.51	952.51	-
International Student Application Fee	17,590.00	7,654.04	1,330.03	23,914.01
Literature Club	-	780.69	780.69	-
Mary Grimes Student Nurse - Chanute	-	1,000.00	1,000.00	-
Mary Grimes Student Nurse - Ottawa	-	1,000.00	1,000.00	-
Medical Sonography	-	1,160.00	805.00	355.00
Music Club	-	1,000.00	1,000.00	-
Occupational Therapy Assistance Appl	6,952.15	850.00	2,831.79	4,970.36
Occupational Therapy Club	-	269.81	269.81	-
Panther Players	-	846.51	846.51	-
PN Chanute	31,650.19	8,414.25	4,966.06	35,098.38
PN Ottawa	43,072.80	18,931.75	16,287.05	45,717.50
Reading and Creative Writing Club	-	146.51	146.51	-
RSVP Fundraising Activities	10,198.56	3,877.92	3,898.77	10,177.71
Science Club - Ottawa	-	782.57	782.57	-
Science Fair	2,792.00	-	-	2,792.00
SEK Art Exhibition Consortium	501.08	-	-	501.08
Surgical Technician Application Fee	11,308.22	2,365.00	2,093.37	11,579.85
Surgical Technician Uniform	-	100.56	100.56	-
Welding Scrap Metal	1,650.21	751.00	1,758.09	643.12
Wellness Committee	-	41.18	41.18	-
YFU Cultural Activities	28,103.40	231.00	1,031.56	27,302.84
Total Student Services	156,264.51	57,383.55	48,150.31	165,497.75
Scholarships				
Endowment Foundation Scholarships	-	115,428.00	115,428.00	-
ESI Camp	2,776.36	-	-	2,776.36
Total Scholarship Accounts	2,776.36	115,428.00	115,428.00	2,776.36

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2024

Account Name	Balance June 30, 2023	Additions	Deductions	Balance June 30, 2024
Other Student Accounts				
Building Fee Ottawa	\$ -	\$ 161,421.00	\$ 161,421.00	\$ -
Cash Over/Under	-	292.41	292.41	-
Dorm Damages	-	870.50	870.50	-
Gate Receipts	-	317,640.00	317,640.00	-
In/Out GED Testing	13,801.84	7,040.70	3,346.78	17,495.76
In/Out Chanute	370.20	552.35	922.55	-
In/Out Insurance	400.89	15,716.60	16,117.49	-
In/Out Fines	-	1,495.00	1,495.00	-
In/Out Youth for Understanding	231.00	-	231.00	-
Incidental Computer Fee Chanute	140,287.38	161,270.50	86,294.50	215,263.38
Incidental Computer Fee Ottawa	150,772.68	128,330.50	86,294.50	192,808.68
Incidental Fee Chanute	-	288,333.00	288,333.30	(0.30)
Incidental Fee Ottawa	-	208,920.00	208,920.00	-
Incidental Fee Outreach	-	147,931.00	147,931.00	-
International Student Insurance	-	54,156.29	54,156.29	-
NSF Check Fees	-	185.00	185.00	-
Out-District Fee	16,577.65	436,514.01	438,783.51	14,308.15
SB155 Tuition Waiver	-	868,341.00	868,341.00	-
Student Activity Fees	(228.00)	1,603,049.12	1,602,821.12	-
Student Senate	16,140.65	34,900.00	29,883.67	21,156.98
Student Senate-Ottawa	-	8,852.74	8,852.74	-
Student Union Fee	-	84,311.00	84,311.00	-
Title III Institutional Loan	-	14,460.00	14,460.00	-
Total Other Student Accounts	338,354.29	4,544,582.72	4,421,904.36	461,032.65
TOTAL ACTIVITY FUND	\$ 497,395.16	\$ 4,717,394.27	\$ 4,585,482.67	\$ 629,306.76
TOTAL - ALL AGENCY FUNDS				
Assets				
Cash and Investments	\$ 484,857.18	\$ 4,695,787.52	\$ 4,639,324.66	\$ 541,320.04
Other Receivables	75,068.89	96,675.64	75,068.89	96,675.64
TOTAL ASSETS	\$ 559,926.07	\$ 4,792,463.16	\$ 4,714,393.55	\$ 637,995.68
Liabilities				
Accounts Payable	\$ 62,530.91	\$ 8,688.92	\$ 62,530.91	\$ 8,688.92
Deposits Held For Others	497,395.16	4,717,394.27	4,585,482.67	629,306.76
TOTAL LIABILITIES	\$ 559,926.07	\$ 4,726,083.19	\$ 4,648,013.58	\$ 637,995.68

**NEOSHO COUNTY COMMUNITY COLLEGE
CHANUTE, KANSAS**

FEDERAL COMPLIANCE SECTION

For the Year Ended June 30, 2024

EIN NUMBER: 48-0698341
OPE ID NUMBER: 00193600
DUNS NUMBER: 789599172
UEI NUMBER RTK3Q5NTGZ25

COMPLIANCE ATTESTATION EXAMINATION
INCLUDING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

CHANUTE, KANSAS
OTTAWA, KANSAS
INDEPENDENCE, KANSAS
GARNETT, KANSAS
LAWRENCE, KANSAS

FEDERAL PELL GRANT PROGRAM (PELL) (84.063)
FEDERAL SUPPLEMENTARY EDUCATIONAL OPPORTUNITY GRANT (FSEOG) (84.007)
FEDERAL DIRECT STUDENT LOAN PROGRAM (DIRECT LOAN) (84.268)
FEDERAL WORK-STUDY PROGRAM (FWS) (84.033)
TALENT SEARCH (TS) (84.044)
STUDENT SUPPORT SERVICES (SSS) (84.042)
UPWARD BOUND (UB) (84.047)

AUDITOR INFORMATION SHEET

NEOSHO COUNTY COMMUNITY COLLEGE

800 W. 14th
CHANUTE, KANSAS 66720

EIN NUMBER: 48-0698341
OPE ID NUMBER: 00193600
DUNS NUMBER: 789599172
UEI NUMBER RTK3Q5NTGZ25

TELEPHONE: (620) 431-2820
FAX: (620) 431-0082

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

LEAD AUDITOR: Neil L. Phillips, CPA
EMAIL ADDRESS: nphillips@jgppa.com
LICENSE NUMBER & HOME STATE: 10957 KS
FIRM'S NAME & ADDRESS: JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants
1815 S. Santa Fe
P.O. Box 779
Chanute, Kansas 66720

FIRM'S FEDERAL ID NUMBER: 20-3906022
TELEPHONE: (620) 431-6342
FAX: (620) 431-0724

PROGRAMS EXAMINED:	PELL	84.063
	FSEOG	84.007
	DIRECT LOAN	84.268
	FWS	84.033
	TALENT SEARCH	84.044
	STUDENT SUPPORT SERVICES	84.042
	UPWARD BOUND	84.047

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

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

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

ALL LOCATIONS	> 50% OF PROGRAM OFFERED @ SITE	LOCATION ON ELIGIBILITY LETTER	NOTICE TO ED PRIOR TO OFFERING INSTRUCTION	DATE OPENED	DATE CLOSED	DATE OF CPA'S LAST VISIT	EXCLUSION REASON
Chanute, KS	Yes	Yes	Yes	1936	N/A	2024	N/A
Ottawa, KS	Yes	Yes	Yes	1991	N/A	2024	N/A
Independence, KS	Yes	Yes	Yes	2007	N/A	2024	N/A
Garnett, KS	Yes	Yes	Yes	2013	N/A	2024	N/A
Lawrence, KS	Yes	Yes	Yes	2016	N/A	2024	N/A

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

The College does not use a servicer.

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

NEOSHO COUNTY COMMUNITY COLLEGE
800 W. 14th
CHANUTE, KANSAS 66720

For Close-Out Examination only: N/A

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through Entity Identifying Number	FEDERAL CFDA NUMBER	PASSED THROUGH TO SUBRECIPIENTS	DISBURSE- MENTS/ EXPENDITURES
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Direct Grants:				
Student Financial Aid Cluster				
Federal Supplemental Education Opportunity	N/A	84.007	\$ -	\$ 46,471.00
Federal Direct Student Loan Program	N/A	84.268	(1) -	777,437.00
Federal Work-Study Program	N/A	84.033	-	20,842.60
Federal Work-Study Program - Admin	N/A	84.033	-	3,365.54
		Total 84.033	-	24,208.14
Federal Pell Grant	N/A	84.063	-	1,595,890.00
Federal Pell Grant - Admin	N/A	84.063	-	2,060.00
		Total 84.063	-	1,597,950.00
Total Student Financial Aid Cluster			-	2,446,066.14
TRIO Cluster				
TRIO - Talent Search	N/A	84.044	-	389,664.25
TRIO - Student Support Services	N/A	84.042	-	302,242.89
TRIO - Upward Bound	N/A	84.047	-	316,810.02
Total TRIO Cluster			-	1,008,717.16
Direct Grant				
Title III Part A, Charting New Pathways to Success	N/A	84.031A	-	510,548.41
Passed through the Kansas Board of Regents				
Adult Basic Education Program	FY24-ABE	84.002	-	237,304.00
Adult Basic Education Program - Discretionary	ABE -Professional Development	84.002	-	6,533.00
		Total 84.002	-	243,837.00
Passed through the Kansas Board of Regents				
Carl Perkins Vocational Education Grants:				
Career and Technical Education	V048A220016	84.048A	-	70,545.00
Career and Technical Education - Incentive	V048A210016	84.048A	-	8,000.00
Career and Technical Education - Implementation	V048A210016	84.048A	-	1,500.00
		Total 84.048A	-	80,045.00
Total U.S. Department of Education			-	4,289,213.71

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2024

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	Pass-Through Entity Identifying Number	FEDERAL CFDA NUMBER	PASSED THROUGH TO SUBRECIPIENTS	DISBURSE- MENTS/ EXPENDITURES
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Direct Grants:				
Retired and Senior Volunteer Program	N/A	94.002	\$ -	\$ 59,925.00
Total Corporation for National and Community Service			-	59,925.00
<u>U.S. DEPARTMENT OF LABOR</u>				
Passed through Heartland Works, Inc.				
WIA/WIOA Youth Activities	WIOAY-19-04	17.259	-	215,443.51
Passed through Kansas Department of Commerce				
WIA/WIOA Youth Activities	PY18-YSSA-NCCC	17.259	-	80,636.23
		Total 17.259	-	296,079.74
Total U.S. Department of Labor			-	296,079.74
<u>U.S. DEPARTMENT OF TREASURY</u>				
Passed through Kansas Department of Commerce				
Coronavirus State and Local Fiscal Recovery Funds - COVID-19	FY23-CTC-NEO	21.027	-	677,642.00
Total U.S. Department of Treasury			-	677,642.00
FEDERAL ASSISTANCE TOTALS			\$ -	\$ 5,322,860.45

NOTE A -- BASIS OF PRESENTATION

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

NOTE B --INDIRECT COST RATE

Neosho County Community College did not elect to use the 10% de minimis cost rate.

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

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, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the Neosho County Community College, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Neosho County Community College's basic financial statements and have issued our report thereon dated November 7, 2024.

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
November 7, 2024

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Trustees
Neosho County Community College
Chanute, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Neosho County Community College's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Neosho County Community College's major federal programs for the year ended June 30, 2024. Neosho County Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Neosho County Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards); and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report. We are required to be independent of Neosho County Community College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Neosho County Community College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Neosho County Community College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Neosho County Community College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance

requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Neosho County Community College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Neosho County Community College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Neosho County Community College internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Neosho County Community College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Purpose of this Report

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

A handwritten signature in black ink that reads "Jarred, Gilmore & Phillips, PA". The signature is written in a cursive, flowing style.

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
November 7, 2024

NEOSHO COUNTY COMMUNITY COLLEGE

Chanute, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**I. SUMMARY OF AUDITOR'S RESULTS****Financial Statements:**

The auditor's report expresses an unmodified 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 deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None Reported
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 deficiency(ies) identified?	_____	Yes	_____ <u>X</u> _____	None Reported

The auditor's report on compliance for the major federal award programs for Neosho County Community College expresses an unmodified opinion.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ Yes _____ X _____ No

Identification of major programs:

U.S. DEPARTMENT OF EDUCATION

Student Financial Aid Cluster

Federal Pell Grant Program – CFDA No. 84.063

Federal Supplementary Educational Opportunity Grant – CFDA No. 84.007

Federal Work-Study Program – CFDA No. 84.033

Federal Direct Student Loan Program – CFDA No. 84.268

TRIO Cluster

Talent Search – CFDA No. 84.044

Student Support Services – CFDA No. 84.042

Upward Bound – CFDA No. 84.047

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

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

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

NEOSHO COUNTY COMMUNITY COLLEGE
Chanute, Kansas

Schedule of Resolution of Prior Year's Findings and Questioned Costs
For the Year Ended June 30, 2024

None

\$3,235,000*
NEOSHO COUNTY COMMUNITY COLLEGE
NEOSHO COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2025
Evidencing Proportionate Interests In and Rights to Receive Payments Under the
Lease Purchase Agreement Between the College and Trustee

Appendix C

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

* Subject to change.

APPENDIX C

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

The summaries of the Declaration of Trust, the Lease and the Site Lease contained in this Appendix C do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the principal corporate office of the Trustee, or will be provided by the Trustee to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

Definitions

The definitions of certain words and terms used in this Official Statement are set forth below:

“Additional Certificates” means any Certificates executed and delivered pursuant to *Section 3.09* of the Declaration of Trust.

“Authorized Representative” means the Chairperson, President, or Chief Financial Officer of the College, or any other person designated as an Authorized Representative by the Chairperson, such designation being approved by the governing body of the Community College as set forth in a certificate or letter signed by the Chairperson and filed with the Trustee.

“Available Revenues” means, for any Fiscal Year, any balances of the College from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the College for such Fiscal Year plus any unencumbered balances of the College from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

“Site Lease” means the Site Lease dated as of October 8, 2025 between the College, as lessor, and the Trustee, as lessee.

“Basic Rent” means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion.

“Basic Rent Payment” means a payment of Basic Rent.

“Basic Rent Payment Date” means each May 1 and November 1 during the Lease Term, commencing on May 1, 2026.

“Business Day” means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Trustee is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“Certificate Payment” means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

“Certificates” means the Series 2025 Certificates and any Additional Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“College” means Neosho County Community College, Neosho County, Kansas.

“Completion Certificate” means the certificate of the College given in accordance with the Lease.

“Completion Date” means the date of completion of the Improvements as that date shall be certified as provided in the Lease.

“Construction Agreement” means one of any agreements between the College and various parties, if any, providing for the acquisition, construction and installation of various portions of the Improvements.

“Costs of Improvements” means all reasonable or necessary expenses related or incidental to the acquisition and construction of the Improvements, including amounts payable pursuant to any Construction Agreement, the expenses of studies, surveys, title policies, architectural and engineering services, legal and other special services and all other necessary and incidental expenses, including the Interest Portion of Basic Rent accruing up to the Completion Date. Costs of Improvements shall include Costs of Issuance.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the College or the Trustee and related to the authorization, execution, sale and delivery of the Site Lease, the Lease, the Declaration of Trust or the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

“Declaration of Trust” means the Declaration of Trust dated as of October 8, 2025, made by the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

“Defeasance Obligations” means any of the following obligations:

(a) Government Obligations that are not subject to redemption in advance of their maturity dates;
or

(b) obligations of any state or political subdivision of any state, the interest on which is excluded from gross income for federal income tax purposes and which meet the following conditions:

(1) the obligations are (i) not subject to redemption prior to maturity or (ii) the trustee for such obligations has been given irrevocable instructions concerning their calling and redemption and the issuer of such obligations has covenanted not to redeem such obligations other than as set forth in such instructions;

(2) the obligations are secured by cash or Government Obligations that may be applied only to principal of, premium, if any, and interest payments on such obligations;

(3) such cash and the principal of and interest on such Government Obligations (plus any cash in the escrow fund) are sufficient to meet the liabilities of the obligations;

(4) such cash and Government Obligations serving as security for the obligations are held in an escrow fund by an escrow agent or a trustee irrevocably in trust;

(5) such cash and Government Obligations are not available to satisfy any other claims, including those against the trustee or escrow agent; and

(6) such obligations are rated in a rating category by Moody's or Standard & Poor's that is no lower than the rating category then assigned by that Rating Agency to Government Obligations.

“Directive” means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Trustee, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

“Disclosure Undertaking” means the College’s Continuing Disclosure Undertaking relating to certain obligations contained in the SEC Rule with respect to the Series 2025 Certificates.

“Event of Default” with respect to the Lease has the meaning specified under the caption “SUMMARY OF THE LEASE - Events of Default” and with respect to the Declaration of Trust has the meaning specified under the caption “SUMMARY OF THE DECLARATION OF TRUST - Events of Default.”

“Event of Lease Default” means an Event of Default under the Lease.

“Extended Term” means the extended term of the Lease, each extension adding one year to the Term as provided in the Lease, except that the last possible Extended Term shall end on May 1, 2037.

“Fiscal Year” means the twelve-month period ending on June 30.

“Funds” means, collectively, the Project Fund, the Lease Revenue Fund, the Prepayment Fund, and all accounts therein.

“Government Obligations” means bonds, notes, certificates of indebtedness, treasury bills or other securities constituting direct obligations of, or obligations the principal of and interest on which are fully and unconditionally guaranteed as to full and timely payment by, the United States of America, including evidences of a direct ownership interest in future interest or principal payment on obligations issued by the United States of America (including the interest component of obligations of the Resolution Funding Corporation), or securities which represent an undivided interest in such obligations, and such obligations are held in a custodial account for the benefit of the College.

“Improvements” means the building improvements described in the Lease Purchase Agreement, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest.

“Lease” or **“Lease Purchase Agreement”** means the Lease Purchase Agreement dated as of October 8, 2025, between the Trustee, as lessor, and the College, as lessee, as amended and supplemented from time to time in accordance with its terms.

“Lease Revenue Fund” means the fund by that name established pursuant to the Declaration of Trust.

“Lease Revenues” means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund or account established pursuant to the Declaration of Trust.

“Moody's” means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware. and its successors and assigns, and, if such firm shall be dissolved or liquidated or shall no longer perform the functions of a securities rating service, “Moody's” shall be deemed to refer to any other nationally recognized securities rating service designated by the College, with notice to the Trustee.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys' fees, incurred in the collection thereof.

“Notice by Mail” or **“Notice”** of any action or condition **“by Mail”** means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates at the addresses shown on the registration books maintained by the Registrar.

“Original Term” means the period from October 8, 2025 until June 30, 2035.

“Outstanding” means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (i) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (ii) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (iii) Certificates whose payment or prepayment has been provided for in accordance with the Declaration of Trust, and (iv) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

“Owner” of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

“Permitted Investments” means and includes any of the following securities, if and to the extent the same are permitted by law:

- (a) Government Obligations;
- (b) other obligations issued by or on behalf of agencies or instrumentalities of the United States of America except for the Federal Farm Credit Bank;
- (c) negotiable certificates of deposit issued by banks or trust companies rated investment grade or better, repurchase agreements, and investment agreements (in each case, with banks or trust companies rated investment grade or better) continuously secured (to the extent not fully insured by the Federal Deposit Insurance Corporation), for the benefit of the Trustee by lodging with a bank or trust company (which may or may not be the bank or trust company issuing such negotiable certificates of deposit, repurchase agreement or investment agreement), as collateral security, Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit;
- (d) money market funds rated in the highest rating category by a nationally recognized rating service consisting of Government Obligations; and
- (e) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (a) or (b).

“Prepayment Date” means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates which will be a Basic Rent Payment Date.

“Prepayment Fund” means the fund by that name created pursuant to the Declaration of Trust.

“Prepayment Price” means with respect to any Certificate (or portion thereof) the amount specified in the Declaration of Trust.

“Principal Portion” means the principal portion of the Basic Rent Payments.

“Proceeds” means the aggregate moneys initially paid to the Trustee for the Certificates.

“Project” means the Real Property and the Improvements.

“Project Fund” means the Project Fund as defined in the Declaration of Trust.

“Purchase Price” means the amount designated as such in the Lease that the College must pay to the Trustee to purchase the Trustee's interest in the Project.

“Real Property” means the real property described in the Lease.

“Record Date” means the fifteenth day of the month prior to the applicable Basic Rent Payment Date.

“Registrar” means the Trustee when acting in that capacity, or its successor as Registrar.

“Rent” means, collectively, Basic Rent and Supplemental Rent.

“Series 2025 Certificates” means the \$3,235,000* aggregate principal amount of Certificates of Participation, Series 2025, evidencing a proportionate interest in Basic Rent Payments to be made by Neosho County Community College, Neosho County, Kansas, pursuant to a Lease Purchase Agreement, executed and delivered pursuant to the Declaration of Trust.

“Special Tax Counsel” means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions.

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

“State” means the State of Kansas.

“Supplemental Declaration of Trust” means any amendment or supplement to the Declaration of Trust entered pursuant to the Declaration of Trust.

“Supplemental Lease” means any amendment or supplement to the Lease entered pursuant to the Lease.

“Supplemental Rent” means all amounts due under the Lease other than Basic Rent.

“Supplemental Rent Payment” means a payment of Supplemental Rent.

“Tax Compliance Agreement” with respect to any series of Certificates means the tax compliance agreement or some other form of federal tax certificate delivered by the College concurrently with the execution and delivery of such series of Certificates or any replacement thereof made in accordance with the provisions thereof.

“Term” means, the Original Term, as extended by any Extended Terms.

“Trust Estate” means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

“Trustee” means Security Bank of Kansas City, Kansas City, Kansas, and its successor or successors and their respective assigns.

“Trustee's Expenses” means, collectively, all out-of-pocket expenses, disbursements and advances (including reasonable attorneys' fees) incurred by the Trustee under the Declaration of Trust in connection with the Certificates, the Site Lease and the Lease.

SUMMARY OF THE DECLARATION OF TRUST

General Provisions

The Declaration of Trust is made by the Trustee. The Declaration of Trust authorizes the Trustee to execute and deliver the Series 2025 Certificates, provides the terms of the Series 2025 Certificates and provides for various Funds related to the Project and the Lease.

Trust Estate

The Trustee has executed and delivered the Declaration of Trust in order to provide for the issuance of, security for, and payment of the Series 2025 Certificates and other Certificates. It further declares that it will hold in trust for the Owners of the Certificates as a part of the Trust Estate all of the assets, property and interests received by it under the terms of the Declaration of Trust, the Site Lease and the Lease and all agreements and instruments contemplated thereby (except the any compensation, indemnification or other amounts which may be due directly to the Trustee under the Declaration of Trust).

Additional Certificates

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in *Section 3.09* of the Declaration of Trust, for the purpose of providing funds to pay all or any part of the cost of (a) repairing, replacing or restoring the Improvements, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Real Property or the acquisition of additional real property to be included as a part of the Real Property or the acquisition, purchase, construction or equipping of additions to or expansions of or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates theretofore Outstanding under the Declaration of Trust.

Establishment of Funds

There is established with the Trustee the following funds and accounts:

- (a) Project Fund, including a Costs of Issuance Account;
- (b) Lease Revenue Fund, including the Principal Account and the Interest Account; and
- (c) Prepayment Fund

All funds and accounts established pursuant to the Declaration of Trust are held by the Trustee as a part of the Trust Estate for the benefit of the Certificate Owners. The money in all of the funds and the accounts will be held in trust and applied as provided in the Declaration of Trust.

Application of Proceeds of Series 2025 Certificates and Other Moneys

The Proceeds of the Series 2025 Certificates and certain other moneys of the College will be deposited in the Project Fund as set forth in the Declaration of Trust. Moneys deposited in the Project Fund will be applied to pay Costs of Improvements and Costs of Issuance as provided in the Lease.

Application of Lease Revenues

Lease Revenues will be deposited, as received, pursuant to the Lease, as follows:

- (a) The Basic Rent shall be deposited to the Lease Revenue Fund, as provided in the Declaration of Trust.
- (b) Optional prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Prepayment Fund.
- (c) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.

Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Project Fund

Moneys in the Project Fund shall be used to pay Costs of Improvements, including Costs of Issuance. Payment shall be made from moneys in the Project Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative of the College and in most instances, by an independent architect, engineer or contractor. The Completion Date of the Improvements and the payment of all Costs of Improvements (other than Costs of Improvements for which sufficient amounts are retained in the Project Fund) shall be evidenced by the filing with the Trustee of a Completion Certificate pursuant to the Lease. As soon as practicable thereafter, any balance remaining in the Project Fund shall be transferred and deposited to the credit of the Lease Revenue Fund without further authorization as provided in the Lease. In the event of the acceleration of all the Certificates pursuant to the Lease, any moneys then remaining in the Project Fund shall be transferred to the credit of the Lease Revenue Fund and shall be used to pay the Interest Portion and Principal Portion of Basic Rent.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to distribute Basic Rent as received from the College to those entitled thereto, as represented by the Certificates, when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity) pursuant to the Declaration of Trust.

Application of Moneys in the Prepayment Fund

All amounts deposited in the Prepayment Fund shall be used and withdrawn by the Trustee solely to prepay Principal Portions of Basic Rent represented by prepaid Certificates.

Investment of Moneys in Various Funds

Moneys held in the Project Fund, the Lease Revenue Fund, and the Prepayment Fund, shall, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the College, signed by an Authorized Representative of the College, in Permitted Investments that mature or are subject to prepayment by the holder prior to the date such funds will be needed.

The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments held by the Trustee in any fund held under the Declaration of Trust whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Permitted Investments will be held by or under the control of the Trustee and will be deemed at all times a part of the Fund or Account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Permitted Investments will be credited to such Fund or Account, and any loss resulting from such Permitted Investments shall be charged to such Fund or Account.

For purposes of determining the amount in any Fund or account, the value of any investments shall be computed at the market value thereof (excluding accrued interest), the purchase price thereof (excluding accrued interest) or principal amount, whichever is lower.

The Trustee may make any and all investments through its own bond department or short-term investment department.

Amendments to the Declaration of Trust, the Lease or the Site Lease

The Declaration of Trust, the Lease and the Site Lease and the rights and obligations of the College and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time by an amendment or supplement thereto which the parties thereto may enter into when the written consent of the Trustee and the College, if not a party thereto, and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (i) extend the nominal maturity of any Certificate, or reduce the Principal Portion of Basic Rent represented thereby, or extend the time of payment or reduce the amount of any prepayment price provided in the Declaration of Trust for the payment of any Certificate, or reduce the Interest Portion of Basic Rent payable with respect thereto, or extend the time of payment of the Interest Portion of Basic Rent payable with respect thereto without the consent of the Owner of each Certificate so affected, (ii) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Project Fund, the Lease Revenue Fund, and the Prepayment Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Project Fund, the Lease Revenue Fund and the Prepayment Fund, or (iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the preceding paragraph, the Declaration of Trust, the Lease or the Site Lease and the rights and obligations of the College, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time by an agreement which the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes: (i) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Payment of Rent pursuant to the Lease (or any portion thereof), or to surrender any right or power in the Declaration of Trust reserved to or conferred upon the College; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (ii) to add to the covenants and agreements of the College in the Site Lease or the Lease, other

covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the College; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust, the Site Lease or the Lease, or in regard to matters or questions arising under the Declaration of Trust, the Site Lease or the Lease as the Trustee and the College may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the College, the Trustee or the Trustee and which shall not, in any such case adversely affect the interests in the Trust Estate of the Owners of the Certificates; (iv) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification of the Declaration of Trust under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (v) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation; (vi) to provide for the execution and delivery of Additional Certificates in accordance with the provisions of *Section 3.09* of the Declaration of Trust; or (vii) to make any other change which does not have a materially adverse effect on the rights of the Certificate Owners in the Lease, Basic Rent payable pursuant to the Lease, or any other property rights constituting a part of the Trust Estate.

Opinion of Counsel

In executing or accepting any Supplemental Declaration of Trust or Supplemental Lease permitted by the Declaration of Trust or modification thereby of the Declaration of Trust or the Lease, the Trustee shall be entitled to receive, and, subject to the Declaration of Trust shall be fully protected in relying upon, an opinion of Special Tax Counsel addressed and delivered to the Trustee stating that the execution of such Supplemental Declaration of Trust or Lease is authorized and permitted by and in compliance with the terms of the Declaration of Trust or Lease. The Trustee may, but shall not be obligated to enter into any such Supplemental Declaration of Trust or Supplemental Lease which affects the Trustee's own rights, duties or immunities under the Declaration of Trust or Lease or otherwise.

Defaults

The occurrence of any of the following events, subject to the provisions permitting waivers of defaults, is defined as an "Event of Default" under the Declaration of Trust:

- (a) Default in the due and punctual payment to the Certificate Owner of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment to the Certificate Owner of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the prepayment date set therefor in accordance with the terms of the Declaration of Trust; or
- (c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the College, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Fiscal Year immediately due and payable.

Other Remedies Upon an Event of Default

Upon the occurrence of an Event of Lease Default, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Project or the Trustee's interest in the Project and apply the net proceeds thereof to make Certificate Payments and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy is cumulative and in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or now or hereafter existing at law or in equity or by statute.

Rights of Certificate Owners

If an Event of Default under the Declaration of Trust shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred by the Declaration of Trust as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by a Directive executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings under the Declaration of Trust; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

No Owner of any Certificate shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Site Lease, the Lease or the Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder, unless (a) an Event of Default under the Declaration of Trust has occurred; (b) the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding shall have issued a directive to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee shall thereafter fail or shall refuse to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceedings. Such notification, request and indemnity are at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Declaration of Trust and to any action or cause of action for the enforcement of the Declaration of Trust or for the appointment of a receiver or for any other right or remedy thereunder.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of *Article IX* of the Declaration of Trust shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including the Trustee's fees and expenses), be deposited into the Lease Revenue Fund and all moneys in the Lease Revenue Fund together with all moneys in the Prepayment Fund shall be applied as follows:

- (a) unless the Principal Portions of Basic Rent represented by all the Certificates shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of the Interest Portions of Basic Rent represented by the Certificates in the order of the maturity of the installments of such interest and, to the payment ratably, according to the amount due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid Principal Portions of Basic Rent represented by any Certificates that shall have become due (other than Principal Portions of Basic Rent represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of this Declaration of Trust) in the order of such due dates, with interest from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the Principal Portions of Basic Rent represented by Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the Certificates.

(b) If the Principal Portions of Basic Rent represented by all Certificates shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Principal Portions and the Interest Portions of the Basic Rent then due and unpaid upon the Certificates without preference or priority of principal over the interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the certificates.

(c) If the Principal Portions of the Basic Rent represented by all Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of *Article IX* of the Declaration of Trust, then subject to the provisions of subparagraph (b) above in the event that the Principal Portions of Basic Rent represented by all the Certificates shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subparagraph (a) above.

Whenever moneys are to be applied as above set forth, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for the application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be a Basic Rent Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever the Principal Portion and the Interest Portion of all Certificates have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Lease Revenue Fund shall be paid to the College.

Defeasance

When (i) all or a portion of the obligations of the College under the Lease shall have been satisfied in connection with the prepayment of Rent in accordance with the Lease by the irrevocable deposit in escrow of cash or Defeasance Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Defeasance Obligations, (ii) the College shall have delivered to the Trustee an opinion of counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for, and (iii) the College shall have deposited sufficient moneys to pay the fees, compensation and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply the moneys and Defeasance Obligations referred to below to the payment of the Certificates as set forth in the Declaration of Trust.

Payment of Certificates After Discharge of Declaration of Trust

Notwithstanding any provisions of the Declaration of Trust, any moneys held by the Trustee in trust for the payment of the Principal Portions or Interest Portions of Basic Rent represented by any Certificates and remaining unclaimed for four years after the Principal Portion of Basic Rent represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment or by acceleration as provided in the Declaration of Trust), if such moneys were so held at such date, or four years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the College free from the trusts created by the Declaration of Trust, and all liability of the Trustee with respect to such moneys shall thereupon cease. In the event of the repayment of any such moneys to the College as aforesaid, the Owners of the Certificates with respect to which such moneys were deposited shall thereafter be deemed to be general unsecured creditors of the College as lessors under the Lease for amounts equivalent to the respective amounts deposited for the payment of amounts represented by such Certificates and so repaid to the College (without interest thereon), subject to any applicable statute of limitations.

The Trustee

The Trustee shall, prior to an Event of Default under the Declaration of Trust and after the curing of all Events of Default which may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee shall, during the existence of any Event of Default under the Declaration of Trust, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may be removed at any time by a Directive or shall resign at any time the Trustee shall cease to be eligible or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the property or affairs for the purpose of rehabilitation, conservation or liquidation and thereupon a successor Trustee shall be appointed by a Directive. Written notice of any removal or resignation pursuant to this Section shall be given by the Trustee to the College.

The Trustee may at any time resign by giving written notice of such resignation to the College and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee. Upon receiving such notice of resignation, a successor Trustee shall be appointed by a Directive.

SUMMARY OF THE LEASE

General

The Lease has been entered into between the Trustee and the College and contains the terms and conditions under which the Project will be leased to and used by the College.

Lease Term

The Original Term of the Lease terminates on June 30, 2035. The Lease Term may be extended, solely at the option of the College, at the end each Fiscal Year for an additional one year, provided that the final Extended Term shall not extend beyond May 1, 2037. At the end of each Fiscal Year, unless the Lease has terminated and for no other reason, the College shall be deemed to have exercised its option to extend the Lease for an additional one year. The terms and conditions during an Extended Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

Continuation of Lease Term by the College

The College reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and the Extended Terms can be obtained. The College covenants in the Lease that its responsible financial officer will do all things lawfully within his power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law.

Change or Termination by Act of the Kansas Legislature

The College is authorized to enter into the Lease pursuant to K.S.A. 71-201, provided the Lease and any assignment is subject to change or termination at any time by act of the Kansas legislature. If the Lease is terminated pursuant to this provision, the College agrees peaceably to deliver possession of the Project to the Trustee.

Payment for Construction of the Improvements

Costs and expenses of every nature incurred in the construction of the Improvements that qualify as Costs of Improvements shall be paid by the Trustee from the Project Fund upon receipt by the Trustee of a completed requisition certificate of the College signed by the Authorized Representative of the College and containing the statements, representations and certifications set forth in the form of such requisition certificate attached to the Declaration of Trust.

Completion Date; Excess Funds

The Completion Date shall be evidenced to Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the College (the "Completion Certificate") stating (a) the date on which the Improvements were substantially completed, (b) that all other facilities necessary in connection with the Improvements have been purchased, constructed and installed, (c) that the Improvements and such other facilities have been purchased, constructed, made and installed in accordance with the plans and specifications and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for Costs of Improvements described in accordance with clause (e), all Costs of Improvements have been paid, and (e) the amounts, if any, to be retained in the Project Fund for the payment of Costs of Improvements, if any, not yet due or Costs of Improvements whose liability the College is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the College that then

exist or may subsequently come into being against third parties. Any amounts remaining in the Project Fund that are not needed to pay any remaining Costs of Improvements shall be transferred to the Lease Revenue Fund.

Enjoyment of Project

The Trustee shall provide the College during the Lease Term with quiet use and enjoyment of the Project, and the College shall during the Lease Term peaceably and quietly have, hold and enjoy the Project, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The College shall have the right to use the Project for any essential governmental or proprietary purpose of the College, subject to the limitations contained in the Lease. Notwithstanding any other provision in the Lease, the Trustee shall have no responsibility to cause the Improvements to be constructed or to maintain or repair the Project.

The College shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Project, as to the manner and use or the condition of the Improvements. The College shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. The College shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the College to comply with the foregoing provisions. Notwithstanding any provision contained in this paragraph, however, the College shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the College may refrain from complying therewith, if the College furnishes, on request, to the Trustee, at the College's expense, indemnity satisfactory to the Trustee.

Basic Rent

The College will promptly pay all Basic Rent, subject to change or termination of the Lease by action of the Kansas Legislature, on each Basic Rent Payment Date. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the College shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five business days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The College will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Basic Rent Payments scheduled to come due during the Lease Term, and to meet its other obligations for the Lease Term and such funds will not be expended for other purposes.

Supplemental Rent

The College will pay, subject to change or termination of the Lease by action of the Kansas Legislature, as Supplemental Rent (a) all Impositions (as defined in the Lease); (b) all amounts required and all other payments which the College has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease or the Site Lease by the Trustee; (d) all fees and charges of the Trustee as provided in the Lease; and (e) any payments required to be made pursuant to the Arbitrage Instructions.

Rent Payments to Constitute a Current Expense and Special Obligation of the College

The obligation of the College to pay Rent under the Lease is limited to payment from Available Revenues and constitutes a current expense of the College and not in any way be construed to be a debt of the College in contravention of any applicable constitutional or statutory limitation or requirement concerning the

creation of indebtedness by the College, nor shall anything contained therein constitute a pledge of the general tax revenues, funds or moneys of the College.

Net Lease; Rent Payments to be Unconditional

The Lease is intended to be net, net, net to the Trustee. Subject to change or termination of the Lease by action of the Kansas Legislature, the obligations of the College to make payment of Rent and to perform and observe the other covenants and agreements contained therein will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, for any reason, including any failure of the Project to be constructed or installed, any defects, malfunctions, breakdowns or infirmities in the Project or any accident, condemnation or unforeseen circumstances.

Nothing in the Lease will be construed as a waiver by the College of any rights or claims the College may have against the Trustee, but any recovery upon such rights and claims shall be from the Trustee separately.

Increased Basic Rent

Notwithstanding any other provision of the Lease, the Trustee and the College may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the College on any Basic Rent Payment Date to provide funds to pay the costs of (a) repairing, replacing or restoring the Improvements, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Project or the acquisition of additional real property to be included in the Project or the acquisition, purchase construction or equipping of additions to or expansions or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates Outstanding from time to time. Each such Supplemental Lease shall include an amended Exhibit A reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date.

The College may not enter into a Supplemental Lease for any of the purposes specified in clauses (a), (b) or (c) of the preceding paragraph unless all of the following conditions are met:

- (a) No Event of Lease Default has occurred and is continuing;
- (b) The delivery by the College of the proposed Supplemental Lease is permitted by the laws of the State; and
- (c) The terms, conditions, covenants and provisions of the Supplemental Lease are substantially the same as those set forth in the Lease.

Disclaimer of Warranties

The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition or fitness for particular purpose or fitness for use of the Improvements or any part thereof, or warranty with respect thereto. In no event will the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease or the existence, furnishing, functioning or the College's use of the Improvements or any part thereof.

Deficiency of Project Fund

If the Project Fund shall be insufficient to pay fully all Costs of Improvements and to complete fully the Improvements lien free, the College shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same shall become

due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the College shall save the Trustee whole and harmless from any obligation to pay such deficiency.

Impositions

The College shall bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, which may be lawfully imposed upon or against or be payable for or in respect of the Project, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Project (all of the foregoing being herein referred to as "Impositions").

Contest of Impositions

The College shall have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition which the College is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least ten days before the Imposition complained of becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the College that, in the opinion of counsel, by nonpayment of any such items the interest of the Trustee in the Project will be endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the College shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

Insurance

The College will, during the Lease Term, cause the Improvements to be kept continuously insured against such risks customarily insured against for facilities such as the Improvements and will pay (except as otherwise provided in the Lease) as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) Insurance insuring the Improvements against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the greater of the Principal Portion of the Certificates then Outstanding or the replacement value of the Improvements and issued by such insurance company or companies authorized to do business in the State as may be selected by the College. The replacement value of the Improvements may be determined from time to time at the request of the Trustee or the College (but not less frequently than every five years) by an architect, contractor, appraiser, appraisal company or one of the insurers, to be selected, subject to the insurer's approval, and paid by the College. The policy or policies of such insurance shall name the College and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance shall be applied as provided in the Lease. During acquisition, construction and installation of the Improvements, the College shall cause to be provided, insofar as the Improvements are concerned, the insurance required by subparagraph (b) below in lieu of the insurance required by this subparagraph (a) to the extent appropriate;

(b) To the extent appropriate, during the acquisition, construction and installation of the Improvements and in lieu of the insurance required in subparagraph (a) of this Section, builder's risk-completed value insurance insuring the Improvements against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Improvements (subject to reasonable loss deductible clauses) issued by such insurance company or

companies authorized to do business in the State as may be selected by the College. Such policy or policies of insurance shall name the College and the Trustee as insureds, as their respective interests may appear, and all payments received under such policy or policies by the College shall be paid over to the Trustee;

(c) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the College and the Trustee are named as insureds, in an amount not less than \$500,000 combined single limit for bodily injuries and property damage;

(d) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State;

(e) A leasehold owners policy of title insurance, subject to any permitted encumbrances identified in the Lease, insuring the Trustee's interest in the Real Property under the Site Lease, in an amount not less than \$3,235,000 on the standard ALTA form, subject only to such exceptions as shall be acceptable to the Trustee, with such endorsements and affirmative coverages as may be reasonably required by the Trustee, and issued by a company acceptable to the Trustee and authorized to issue such insurance in the State; and

(f) Performance, labor and material payment and statutory bonds with respect to the Construction Agreements in the full amount of the Construction Agreements (to the extent bondable) from surety companies qualified to do business in the State.

Enforcement of Contract and Surety Bonds

In the event of material default of any contractor or subcontractor under a Construction Agreement or any other contract made in connection with the acquisition, construction and installation of the Improvements, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the College will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the College against the contractor or subcontractor in default and against each surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the College of any amounts theretofore paid by the College not previously reimbursed to the College for correction or remedying of the default which gave rise to the proceedings against the contractor or subcontractor or surety, shall be paid to the Trustee for deposit in the Project Fund if received before the Completion Date and, if such funds are received after the Completion Date, for deposit in the Lease Revenue Fund to be used solely for the purpose of paying Basic Rent under the Lease.

Maintenance and Modification of Improvements by the College

The College will at its own expense (a) keep the Improvements in a safe condition, (b) with respect to the Improvements, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Improvements in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the College will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Improvements the maintenance, repair, replacement or renewal of which becomes uneconomical to the College because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The College shall not permit or suffer others to commit a nuisance in or about the Improvements

or itself commit a nuisance in connection with its use or occupancy of the Improvements. The College will pay all costs and expenses of operation of the Improvements.

The College may, also at its own expense, make from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Improvements. All such additions, modifications or improvements made by the College shall (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Project.

During the Lease Term, the Improvements will be used by the College only for the purpose of performing essential governmental or proprietary functions of the College consistent with the permissible scope of the College's authority.

Financial Statements

The College will annually provide the Trustee with current financial statements, budgets, proofs of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of the College to continue and satisfy the Lease as may be requested by the Trustee.

Continuing Disclosure

The College covenants and agrees that it will comply and carry out all of the provisions of the Disclosure Undertaking. Notwithstanding any other provision of the Lease, failure of the College to comply with the Disclosure Undertaking shall not be considered a default or an Event of Default under the Lease; provided, however, that the Trustee, pursuant to the Declaration of Trust may (and, at the request of the Owners of Certificates of a majority of the aggregate principal amount in Outstanding Certificates, shall) or any Owners of Certificates may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the College to comply with its obligations under this Section.

Damage, Destruction and Condemnation

The College will bear the risk of loss with respect to the Improvements during Lease Term. If (a) the Improvements or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Project or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the College and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Improvements, unless the College shall have exercised its option to purchase the Trustee's interest in the Project by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the College and shall be held and appropriated by the College for the exclusive purpose of paying Rent under the Lease.

If the College determines that the repair, restoration, modification or improvement of the Improvements is not economically feasible or in the best interest of the College, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the College shall promptly purchase the Trustee's interest in the Project pursuant to the Lease by paying the Purchase Price and such Net Proceeds shall be applied by the College to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the College.

In the Lease, the College acknowledges the provisions pertaining to eminent domain in the Site Lease. The Trustee and College have agreed that the terms of the Site Lease are incorporated in and made a part of the Lease to the same extent as if set forth in full in the Lease. Incorporation of provisions of the Site Lease survives the termination of the Lease for any reason.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to above, and the College has not elected to purchase the Trustee's interest in the Project, the College shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the College shall make any payments as provided in this paragraph, the College will not be entitled to any reimbursement therefor from the Trustee nor will the College be entitled to any diminution of Rent.

Purchase Option

The College shall have the option to purchase the Trustee's interest in the Project, upon giving written notice to the Trustee at least 60 days before the date of purchase, at the following times and on the following terms :

(a) On or after May 1, 2034 upon payment in full of Rent then due hereunder, plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

(b) On any date, upon deposit of moneys or Defeasance Obligations or both with the Trustee in accordance with the Declaration of Trust in the amount necessary to provide for the Basic Rent Payments until and on, and the Purchase Price calculated as described in (a) above on the Certificates, to the prepayment date, which will be on or after May 1, 2034.

(c) In the event of substantial damage to or destruction or condemnation of substantially all of the Project, or if, as a result of changes in the Constitution of Kansas or legislative or administrative action by the State or the United States, the Site Lease or the Lease becomes unenforceable, on the Basic Rent Payment Date the Lessee specifies as the purchase date in the Lessee's notice to the Lessor of its exercise of the purchase option, upon payment in full of the Rent then due hereunder plus then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

Partial Prepayment

The College shall have the option to prepay the Basic Rent Payments in whole or in part, upon giving written notice to the Trustee at least 60 days before the date of such prepayment, on any Basic Rent Payment Date occurring on or after May 1, 2034, at the Prepayment Price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Basic Rent Payment Date.

The Principal Portion of Basic Rent prepaid pursuant to the provisions of the Lease shall be in integral multiples of \$5,000. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter shall be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion.

Assignment and Subleasing by the College

Except as provided in the Lease, none of the College's right, title and interest in, to and under the Site Lease, the Lease and in the Project may be assigned or encumbered by the College for any reason; except that the College may sublease any one or more parts of the Project if the College obtains an opinion of Special Tax Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Project shall be subject to the Site Lease, the Lease and the rights of the Trustee in, to and under the Site Lease, the Lease and the Project.

Events of Default

Any of the following shall constitute an "Event of Default" under the Lease:

(a) Failure by the College to make any deposits into the Lease Revenue Fund required by the Lease to pay Basic Rent at the time specified in the Lease;

(b) Failure by the College to make any Supplemental Rent Payment when due and the continuance of such failure for ten days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee;

(c) Failure by the College to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee unless such party shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, such party will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the College within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the College in or pursuant to the Site Lease or the Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect or misleading or breached in any material respect on the date when made;

(e) Any provision of the Lease or the Site Lease at any time for any reason cease to be valid and binding on the College, or is declared to be null and void, or the validity or enforceability thereof is contested by the College or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

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

In the event the College fails to comply with the Disclosure Undertaking, such failure shall not be an Event of Default under the Lease.

Remedies on Default

Whenever any Event of Default under the Lease exists, the Trustee will have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

- (a) By written notice to the College, the Trustee may declare all Rent payable by the College under the Lease to the end of the Lease Term to be due;
- (b) With or without terminating the Lease, the Trustee may take possession of the Project (in which event the College shall take all actions necessary to authorize, execute and deliver to the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all of the College's interest in the Project), and sell the Trustee's interest in the Project or lease the Project or, for the account of the College, sublease the Project continuing to hold the College liable for the difference between (a) the Rent payable by the College under the Lease for the Lease Term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Project and all brokerage, auctioneers and attorney's fees);
- (c) The Trustee may terminate any rights the College may have in any funds held by the Trustee under the Declaration of Trust; and
- (d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Project and under the Lease.

SUMMARY OF THE SITE LEASE

Generally

The College and the Trustee have entered into the Site Lease under which the College leases the site for the Improvements constituting the Real Property to the Trustee on the terms and conditions set forth therein.

Term

The term of the Site Lease commences from October 8, 2025, and ends on May 1, 2037, unless extended or terminated as provided therein.

Rental

As and for rental under the Site Lease and in consideration for the leasing of the Real Property to the Trustee, the Trustee enters into the Lease simultaneously with the delivery of the Site Lease, and directs the Trustee to make deposits from the proceeds of the sale of the Certificates into the funds and accounts established and as set forth in the Declaration of Trust.

Assignments and Subleases

The Trustee will hold the Site Lease and its rights thereunder for the benefit of owners of the Certificates. The Trustee and its assigns may assign the Site Lease and its rights thereunder or lease or sublease the Project without the written consent of the College (i) if the Lease is terminated for any reason, or (ii) if any Event of Default under the Lease has occurred.

Termination

The Site Lease will terminate at the end of its stated term, provided, however, in the event the College makes or prepays all of the Rent Payments pursuant to the Lease, then the Site Lease is considered assigned to the College and terminated through merger of the leasehold interest under the Site Lease with the fee interest of the College, if the College is the owner of the fee interest.

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\$3,235,000*
NEOSHO COUNTY COMMUNITY COLLEGE
NEOSHO COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2025
Evidencing Proportionate Interests In and Rights to Receive Payments Under the
Lease Purchase Agreement Between the College and Trustee

Appendix D

FORM OF DISCLOSURE UNDERTAKING

* Subject to change.

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of October 8, 2025 (the “Continuing Disclosure Undertaking”), is executed and delivered by **NEOSHO COUNTY COMMUNITY COLLEGE, NEOSHO COUNTY, KANSAS** (the “College”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the College in connection with the College entering into a Lease Purchase Agreement between the College and Security Bank of Kansas City, Kansas City, Kansas (the “Trustee”), dated as of October 8, 2025, and issuance of Lease Purchase Agreement Certificates of Participation, Series 2025 (the “Certificates”) by the Trustee, pursuant to the Declaration of Trust, dated as of October 8, 2025, and a Resolution adopted by the governing body of the College.

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

The College covenants and agrees as follows:

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

“**Annual Report**” means any Annual Report provided by the College pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking, which may include the College's Annual Comprehensive Financial Report, if any, so long as the Annual Comprehensive Financial Report contains the financial information and operating data described in **Section 2(a)(1)** and **(2)**.

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

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

“**College**” means Neosho County Community College, Neosho County, Kansas, and any successors or assigns.

“**Designated Agent**” means Gilmore & Bell, P.C. or one or more other entities designated in writing by the College to serve as a designated agent of the College for purposes of this Disclosure Undertaking.

“Declaration of Trust” means the Declaration of Trust made by Security Bank of Kansas City, Kansas City, Kansas, dated as of October 8, 2025.

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

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

“Financial Obligation” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

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

“Lease” means the Lease Purchase Agreement between the College and Security Bank of Kansas City, Kansas City, Kansas, dated as of October 8, 2025.

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

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

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

Section 2. Provision of Annual Reports.

(a) The College shall, not later than the last day of the ninth month after the end of the College’s Fiscal Year, commencing with the Fiscal Year ending June 30, 2025, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

(1) The audited financial statements of the College for the prior Fiscal Year, in substantially the format contained in the Official Statement relating to the Certificates. A more detailed explanation of the accounting basis and method of preparation of the financial statements is contained in the Official Statement relating to the Certificates. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Certificates, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

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

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

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

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

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

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

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

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

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

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

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

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

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

Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

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

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

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

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

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

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

**NEOSHO COUNTY COMMUNITY COLLEGE,
NEOSHO COUNTY, KANSAS**

(SEAL)

Chairperson

Secretary

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

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

FINANCIAL INFORMATION CONCERNING THE COLLEGE

- Assessed Valuation
- Property Tax Levies and Collections
 - Tax Rates
 - Tax Collection Record
 - Major Taxpayers

DEBT STRUCTURE OF THE COLLEGE*

- General Obligation Bonds
- Certificates of Participation Obligations
- Revenue Bond Obligations
- Capital Lease Obligations
- Loan Obligations

COLLEGE'S AUTHORITY TO INCUR DEBT

- Overlapping/Underlying General Obligation
Indebtedness

* This Operating Data is also available in the College's financial information portion of its Annual Report.