

DODGE CITY COMMUNITY COLLEGE

**BASIC FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and
OMB CIRCULAR A-133 SINGLE AUDIT REPORTS
YEAR ENDED JUNE 30, 2011**

DODGE CITY COMMUNITY COLLEGE

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Dodge City Community College
Dodge City, Kansas

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge City Community College as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the Kansas Municipal Audit Guide. The financial statements of the Dodge City Community College Endowment Association were not audited in accordance with *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge City Community College, as of June 30, 2011, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Vocational Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2011, on our consideration of Dodge City 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

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

Kennedy McKee & Company LLP

November 21, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

DODGE CITY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Dodge City Community College's financial performance provides an overview of the College's financial activities for the year ended June 30, 2011. It should be read in conjunction with the College's basic financial statements, listed in the table of contents.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide statements consist of the Statement of Net Assets and the Statement of Activities. These provide information about the activities of the College as a whole and present a longer-term view of the College's finances. Fund financial statements follow the government-wide statements. For governmental activities, these statements tell how the services of the College were financed in the short term as well as what remains for future spending. Fund financial statements report the College's operations in more detail than the government-wide statements by providing information about the College's most significant funds.

The Statement of Net Assets and the Statement of Activities

One of the most important questions asked about the College's finances is this: "Is the College as a whole better off or worse off as a result of the year's activities?" The Statement of Net Assets and the Statement of Activities provide answers to this question by reporting information about the College as a whole and about its activities. These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most commercial entities. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the College's net assets and the changes in them. The net assets represent the difference between assets and liabilities. Net assets are one way to measure the financial position of the College. Over time, increases or decreases in the College's net assets are one indicator of whether its financial health is improving or deteriorating. Other factors, such as changes in the property tax base, and economic conditions at the state and local level must also be considered when assessing the overall financial position of the College.

In the Statement of Net Assets and in the Statement of Activities, the information is divided into three kinds of activities:

- Governmental activities—Most of the College's basic services are reported here, including instruction, student services, operation and maintenance, scholarships and community service. Tuition and fees, property taxes, federal and state grants and general obligation bonds finance most of these activities.
- Business-type-activities—The College charges a fee to students to help cover all or most of the cost of certain services it provides. These services are bookstore, food service, student housing, and student union operations.
- Component units—The College includes one separate legal entity in its report: the Dodge City Community College Endowment Association. Although legally separate, this component unit is important because of its relationship with the College.

USING THIS ANNUAL REPORT (CONTINUED)

To aid in the understanding of the Statement of Activities some additional explanation is given. Of particular interest is the format that is significantly different from a typical Statement of Revenue, Expenditures, and Changes in Fund Balance. The expenses are listed in the first column with revenues from that particular program reported to the right. The result is a net (expense)/revenue. The reason for this kind of format is to highlight the relative financial burden of each of the functions on the College's taxpayers. It also identifies how much each function draws from the general revenues or if it is self-financing through fees and grants.

Fund Financial Statements

Our analysis of the College's major funds follows in this discussion. The fund financial statements provide detailed information about the most significant funds – not the College as a whole. Some funds are required to be established by state law or by contract. However, the Board of Trustees establishes many other funds to help control and manage money for particular purposes, or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money. The College's two kinds of funds – governmental and proprietary – use different accounting approaches.

- Governmental funds—Most of the College's basic services are reported in governmental funds. The focus is on how money flows into and out of those funds and on the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the College's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the College's programs. A reconciliation between the governmental funds reported here and the overall governmental activities column of the Statement of Net Assets is provided.
- Proprietary funds—When the College charges for the services it provides – whether to students and citizens, or to other units of the College – these services are generally reported in proprietary funds. Proprietary funds are reported using the same accounting approach that all activities use in the Statement of Net Assets and in the Statement of Activities. The enterprise funds (a component of proprietary funds) are the same ones that are called business-type activities in the government-wide financial statements. Since they use the same accounting approach in all statements, no reconciliation is necessary among the statements. Internal service funds (the other component of proprietary funds) are used to report activities that provide supplies and services for the College's other programs and activities, such as central stores and medical self-insurance.

THE COLLEGE AS A WHOLE

Government-wide Statements - Overview

The College's overall financial position and operations for the past two years are summarized in the following tables based on the information included in the government-wide financial statements.

Table 1: Financial Position

	Governmental activities		Business-type activities		Total primary government	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 9,489,252	\$ 9,545,058	\$ 6,698,909	\$ 1,654,792	\$ 16,188,161	\$ 11,199,850
Capital assets	7,652,242	7,280,342	977,687	711,784	8,629,929	7,992,126
Total assets	17,141,494	16,825,400	7,676,596	2,366,576	24,818,090	19,191,976
Long-term liabilities	2,682,854	3,231,169	4,980,000	-	7,662,854	3,231,169
Other liabilities	715,343	632,368	140,140	13,239	855,483	645,607
Deferred revenue	2,937,188	2,763,563	-	-	2,937,188	2,763,563
Total liabilities	6,335,385	6,627,100	5,120,140	13,239	11,455,525	6,640,339
Net assets						
Invested in capital assets net of related debt	6,000,556	5,974,894	894,649	711,784	6,895,205	6,686,678
Restricted	442,693	1,213,574	-	-	442,693	1,213,574
Unrestricted	4,362,860	3,009,832	1,661,807	1,641,553	6,024,667	4,651,385
Total net assets	\$ 10,806,109	\$ 10,198,300	\$ 2,556,456	\$ 2,353,337	\$ 13,362,565	\$ 12,551,637

Total net assets for the College increased \$810,928 with the net assets of the governmental activities increasing about \$607,809, and those of the business-type activities increasing about \$203,119.

Table 2: Operations

	Governmental activities		Business-type activities		Total primary government	
	2011	2010	2011	2010	2011	2010
Revenue:						
Program revenue:						
Charges for services	\$ 3,192,367	\$ 2,910,013	\$ 1,702,669	\$ 1,665,454	\$ 4,895,036	\$ 4,575,467
Operating grants	6,455,736	5,715,256	-	-	6,455,736	5,715,256
Capital grants	474,971	389,838	-	-	474,971	389,838
General revenue:						
Property taxes	8,864,474	8,425,230	-	-	8,864,474	8,425,230
Unrestricted grants	2,479,592	2,225,350	7,000	7,000	2,486,592	2,232,350
Investment earnings	87,256	89,400	8,273	15,112	95,529	104,512
Transfers	(200,000)	-	200,000	-	-	-
Other general revenue	202,305	139,788	-	-	202,305	139,788
Total revenue	21,556,701	19,894,875	1,917,942	1,687,566	23,474,643	21,582,441
Program expenses:						
Institutional support	4,311,622	3,789,422	-	-	4,311,622	3,789,422
Instruction	5,124,961	4,960,180	-	-	5,124,961	4,960,180
Student services	1,873,800	1,775,703	-	-	1,873,800	1,775,703
Academic support	842,602	673,436	-	-	842,602	673,436
Operation and maintenance	2,073,786	1,838,390	-	-	2,073,786	1,838,390
Scholarships and grants	5,834,638	4,626,774	-	-	5,834,638	4,626,774
Community service	691,568	655,668	-	-	691,568	655,668
Capital outlay	161,747	397,825	-	-	161,747	397,825
Indirect depreciation	3,310	4,225	-	-	3,310	4,225
Interest on long-term debt	30,858	32,324	-	-	30,858	32,324
Bookstore	-	-	702,078	638,225	702,078	638,225
Food service	-	-	458,526	445,121	458,526	445,121
Student housing	-	-	439,385	466,851	439,385	466,851
Student union	-	-	114,834	60,243	114,834	60,243
Total expenses	20,948,892	18,753,947	1,714,823	1,610,440	22,663,715	20,364,387
Increase (decrease) in net assets	\$ 607,809	\$ 1,140,928	\$ 203,119	\$ 77,126	\$ 810,928	\$ 1,218,054

THE COLLEGE AS A WHOLE (CONTINUED)

Government-wide Statements – Overview (continued)

Governmental revenues increased about \$1,662,000 from the prior year. This increase was composed of the following;

- Increase of \$282,000 in charges for services;
- Increase of \$740,000 in operating grants;
- Increase of \$439,000 in property taxes;
- Increase of \$254,000 in unrestricted grants;
- Decrease of \$200,000 in transfers;

Expenses increased about \$2,195,000 as follows:

- \$522,000 increase in institutional support;
- \$165,000 increase in instruction;
- \$99,000 increase in student services;
- \$1,208,000 increase in scholarships;
- \$236,000 decrease in capital outlay.

Business-type revenues increased about \$230,000, most of which was in the food service area. Business-type expenses increased about \$104,000 with bookstore expense increasing \$64,000 and student union expense increasing \$55,000.

Governmental Activities

The most significant governmental activities are instruction, institutional support, student services, operation and maintenance, and scholarships. The main sources of revenue are property taxes, charges for services (including tuition and fees), and operating grants and contributions (including state aid).

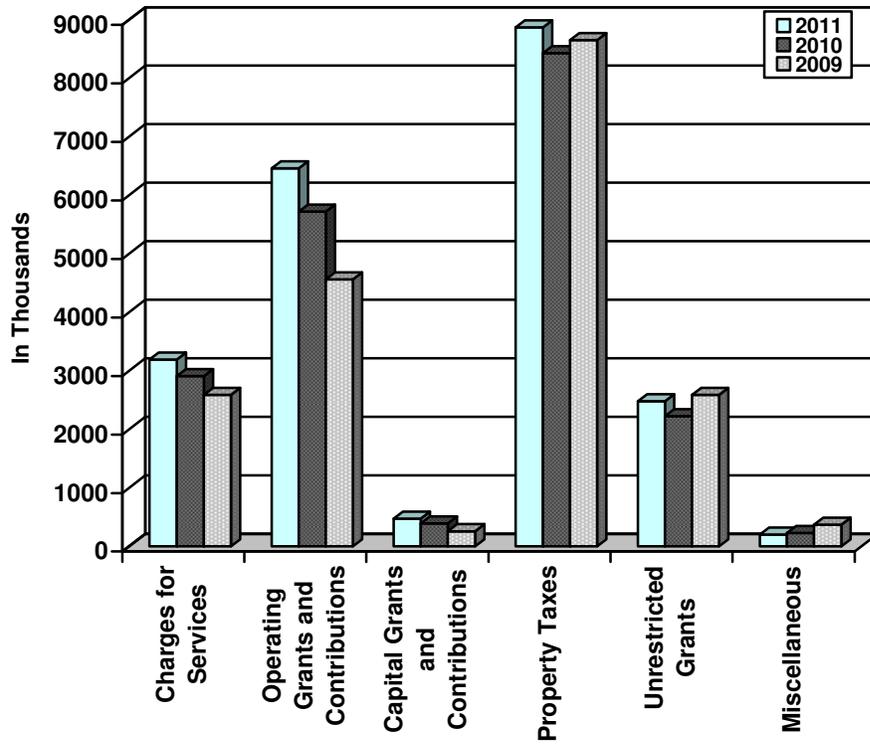
The cost of all governmental activities this year was \$20,949,000 compared to \$18,754,000 last year. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities through property taxes was only \$8,864,000 because some of the cost was paid by those who directly benefited from the programs (\$3,192,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$9,410,000). The College paid for the remaining portion of governmental activities with other revenues such as interest and general entitlements. These revenues compared to expenses resulted in an increase in net assets of \$608,000.

The following charts reflect a comparison among all the activities and sources of revenue for the years ended June 30, 2011, 2010 and 2009 based on the information included in the government-wide financial statements.

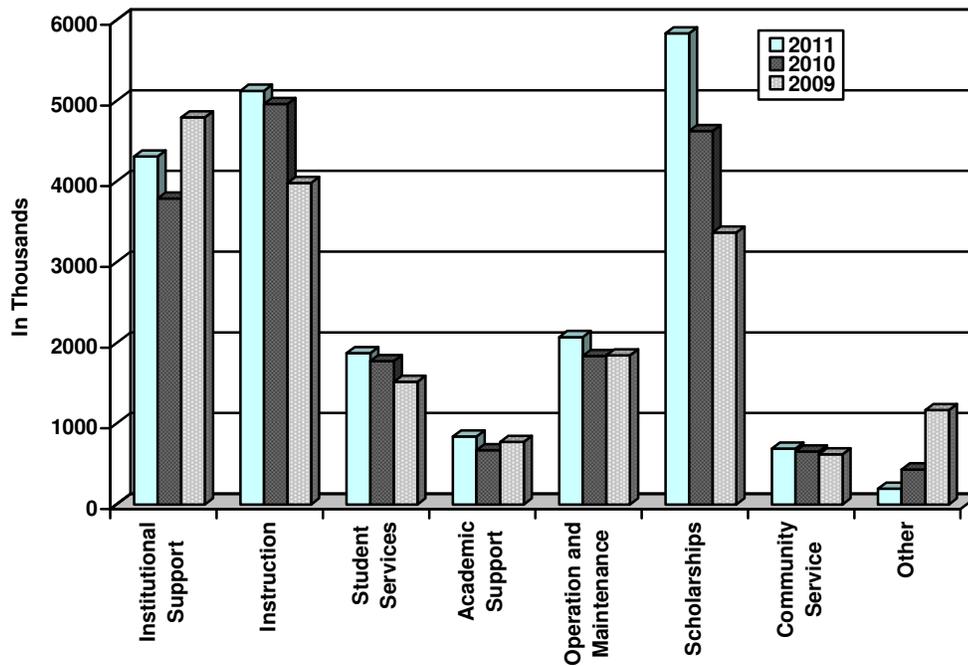
THE COLLEGE AS A WHOLE (CONTINUED)

Governmental Activities (continued)

Governmental Activities - Revenues



Governmental Activities - Expenses



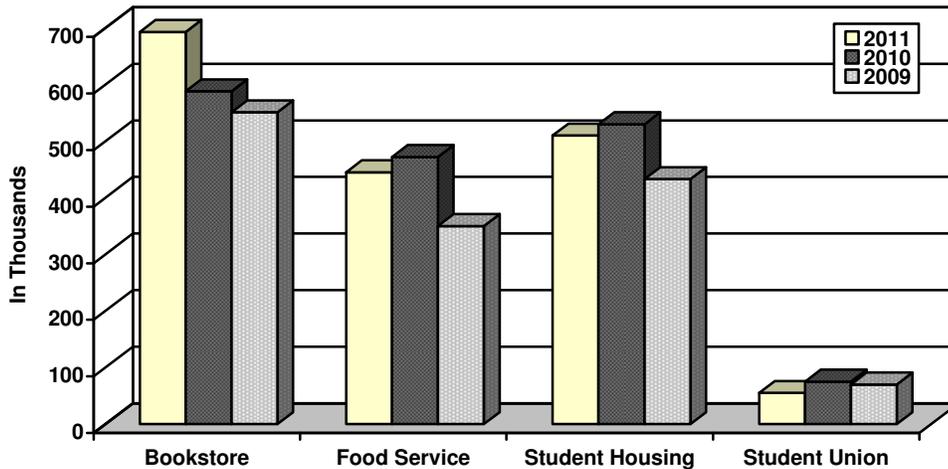
THE COLLEGE AS A WHOLE (CONTINUED)

Business-Type Activities

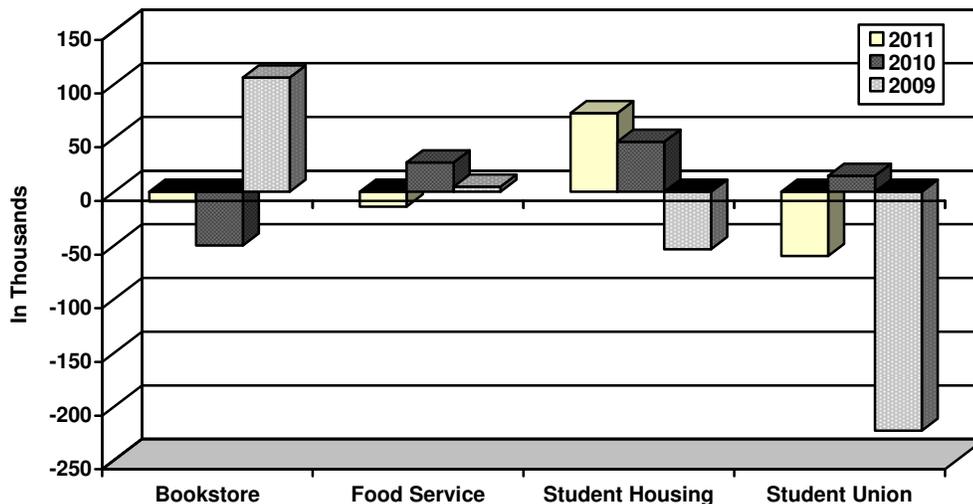
The business-type activities of the College are the bookstore, food service, student housing, and student union operations. These activities derive most of their revenue from charges for services. Total business-type charges for services were \$1,703,000 compared with \$1,665,000 last year. Expenses were \$1,715,000 compared with \$1,610,000.

The charts below compare charges for services and operating income (loss) among the business-type activities based on the information included in the government-wide financial statements for the years ending June 30, 2011, 2010 and 2009.

Business-Type Activities - Charges for Services



Business-Type Activities Operating Income (Loss)

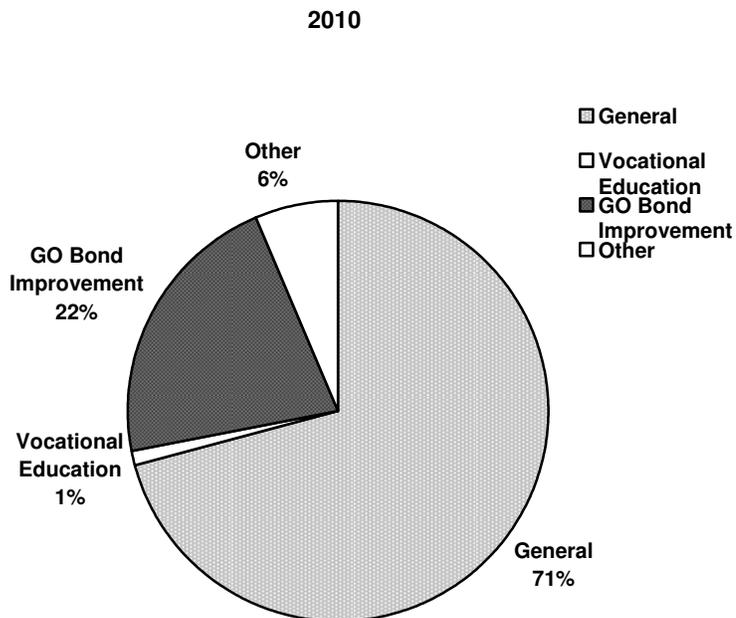
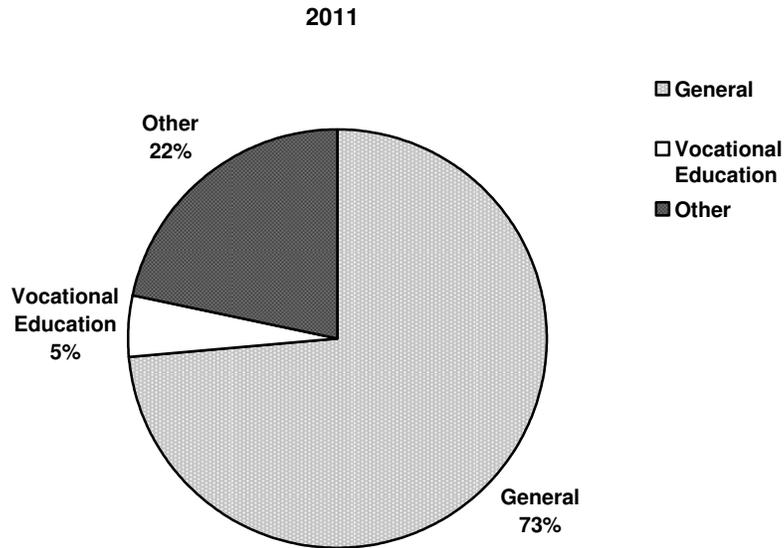


THE COLLEGE'S FUND BALANCES

The College's combined fund balances as of the end of the current year for governmental funds were \$4,665,000, as reflected in the Balance Sheet of the Governmental Funds. This balance represents a decrease of \$692,000 (13%) from last year's ending balance.

A comparison of fund balances as of June 30, 2011 and 2010 based on information included in the fund financial statements is presented below:

Governmental Fund Balances



THE COLLEGE'S FUND BALANCES (CONTINUED)

Following is an analysis of General Fund and Vocational Education Fund revenue and expenditures compared to the previous year:

Table 3: Comparison to Prior Year

GENERAL FUND

	<u>2011</u>	<u>2010</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$ 891,098	\$ 800,303	\$ 90,795	11%
Tuition	758,428	737,649	20,779	3%
Charges for services	54,060	53,392	668	1%
Local support	8,255,194	7,981,914	273,280	3%
State support	1,752,741	1,574,772	177,969	11%
Federal support	179,777	-	179,777	100%
Investment earnings	81,906	76,203	5,703	7%
Miscellaneous	54,587	43,558	11,029	25%
Total revenue	<u>12,027,791</u>	<u>11,267,791</u>	<u>760,000</u>	7%
Expenditures				
Institutional support	3,704,090	3,405,477	298,613	9%
Instruction	2,427,234	2,332,122	95,112	4%
Student services	1,785,906	1,660,599	125,307	8%
Academic support	748,007	608,800	139,207	23%
Operation and maintenance	2,012,123	1,897,884	114,239	6%
Scholarships and grants	606,698	508,455	98,243	19%
Capital outlay	186,322	168,840	17,482	10%
Transfers out	913,000	465,000	448,000	96%
Total expenditures	<u>12,383,380</u>	<u>11,047,177</u>	<u>1,336,203</u>	12%
Change in fund balance	<u>\$ (355,589)</u>	<u>\$ 220,614</u>	<u>\$ (576,203)</u>	

VOCATIONAL EDUCATION FUND

	<u>2011</u>	<u>2010</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$ 22,467	\$ -	\$ 22,467	100%
Tuition	637,681	572,189	65,492	11%
Charges for services	67,461	62,720	4,741	8%
State support	882,448	801,529	80,919	10%
Federal support	139,597	114,458	25,139	22%
Private gifts	15,000	-	15,000	100%
Miscellaneous	2,682	3,108	(426)	-14%
Transfers in	700,000	450,000	250,000	56%
Total revenue	<u>2,467,336</u>	<u>2,004,004</u>	<u>463,332</u>	23%
Expenditures				
Institutional support	122,842	110,355	12,487	11%
Instruction	2,016,332	1,693,602	322,730	19%
Academic support	62,288	133,091	(70,803)	-53%
Capital outlay	57,901	134,114	(76,213)	-57%
Debt service	41,822	-	41,822	100%
Total expenditures	<u>2,301,185</u>	<u>2,071,162</u>	<u>230,023</u>	11%
Change in fund balance	<u>\$ 166,151</u>	<u>\$ (67,158)</u>	<u>\$ 233,309</u>	

THE COLLEGE'S FUND BALANCES (CONTINUED)

Total revenue in the General Fund increased \$760,000 as follows:

- Increase of \$91,000 in student fees;
- Increase of \$273,000 in local support;
- Increase of \$177,000 in state support;
- Increase of \$180,000 in federal support.

Expenditures increased about \$1,336,000 as follows:

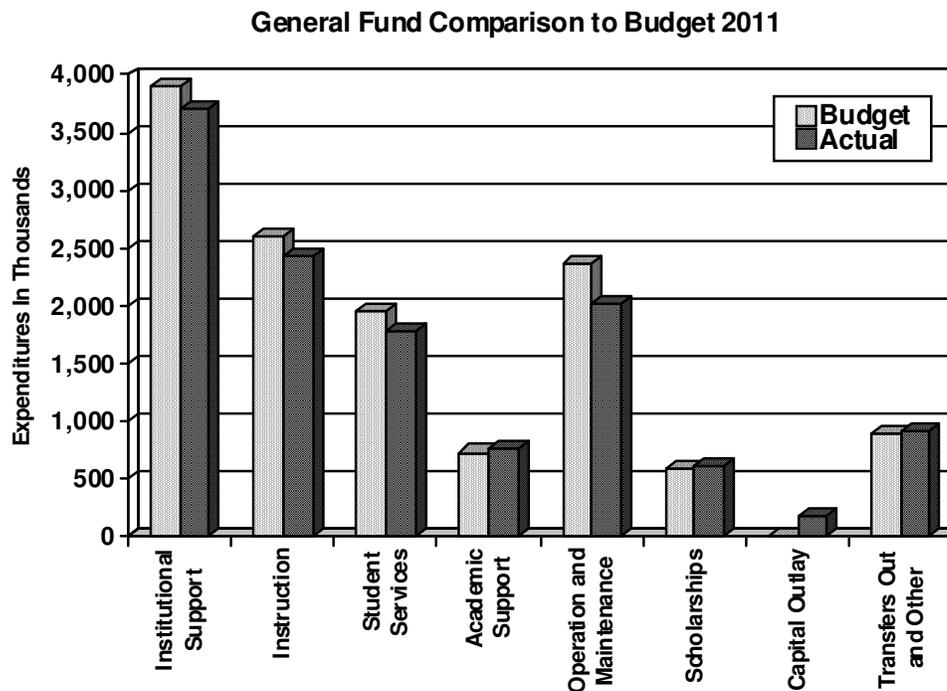
- Increase of \$299,000 in institutional support;
- Increase of \$125,000 in student services;
- Increase of \$139,000 in academic support;
- Increase of \$114,000 in operations and maintenance;
- Increase of \$448,000 in transfers.

The General Fund and the Vocational Education Fund are tied together because the General Fund supports the Vocational Education Fund through annual operating transfers. Transfers were \$700,000 and \$450,000 as of June 30, 2011 and 2010, respectively.

BUDGETARY HIGHLIGHTS

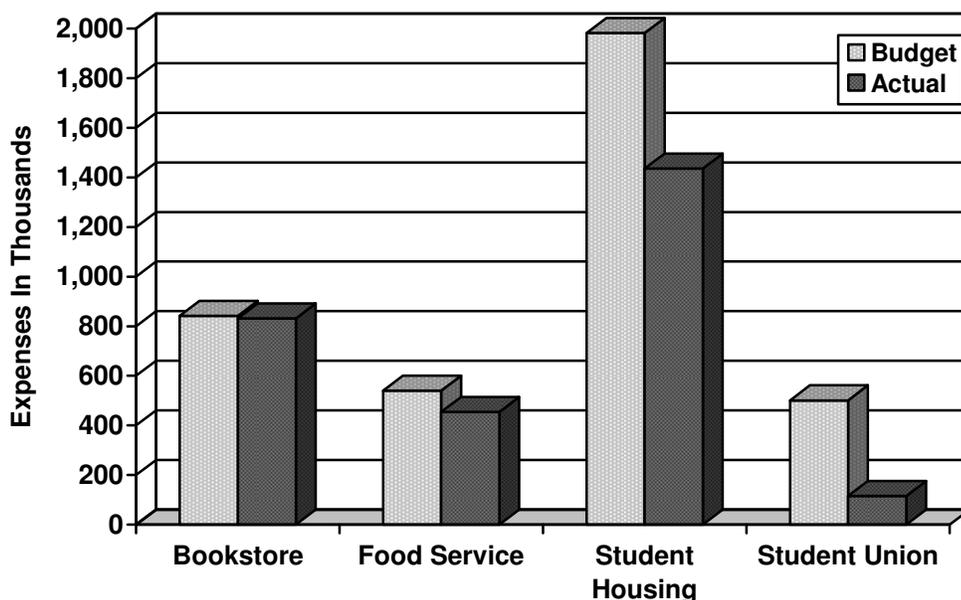
The governmental funds included in the published budget are the General Fund, Vocational Education Fund, Adult Education Fund, Adult Supplementary Education Fund and Capital Outlay Fund. Budgeted business-type funds are as follows: Bookstore Fund, Food Service Fund, Student Housing Fund, and Student Union Operations Fund. No fund spent more than its budgeted amount for the year.

The following charts show expenditures by category compared with the published budget for the current year.



BUDGETARY HIGHLIGHTS (CONTINUED)

Enterprise Funds Comparison to Budget 2011



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The College has invested \$8.63 million in capital assets (net of depreciation). Approximately 89% of this investment is related to governmental activities and includes infrastructure, buildings and equipment. Net governmental capital assets increased about 5.1% from the prior year. Net capital assets held for business-type activities have increased about 37% from the previous year. This increase is largely due to construction in progress expenditures. Capital assets held by the College at the end of the current and previous years are summarized as follows:

	Capital Assets (Net of Depreciation, in Thousands)					
	Governmental activities		Business-type activities		Total	
	2011	2010	2011	2010	2011	2010
Land	\$ 191	\$ 191	\$ -	\$ -	\$ 191	\$ 191
Buildings and improvements	5,906	5,456	739	674	6,645	6,130
Furniture and equipment	1,520	1,478	29	38	1,549	1,516
Infrastructure	35	39	-	-	35	39
Construction in progress	-	116	209	-	209	116
Totals	\$ 7,652	\$ 7,280	\$ 977	\$ 712	\$ 8,629	\$ 7,992

During the current year, major capital additions for governmental activities were computer equipment and vehicles for \$504,000 and building improvements for \$742,000.

Additional information about the College's capital assets is presented in Note F of the financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

At the end of the current year, the College had long-term liabilities related to governmental activities of \$2,868,000. This includes \$398,000 in capital leases, \$1,025,000 in general obligation bonds, \$617,000 in notes payable, \$593,000 net OPEB obligation, \$185,000 in compensated absences payable and \$50,000 in early retirement payable. All of the leases outstanding as of the end of the year were secured by liens on the property purchased. The general obligation bonds were issued on June 15, 2010 at an interest rate of 1.75% for building and campus improvements. The notes payable were issued on March 26, 2008 and March 25, 2009 not to exceed \$840,000 and \$277,000, respectively, at a zero percent interest rate to finance infrastructure improvement projects. Advances on the notes are being made as improvement expenses are incurred. The College had long-term liabilities related to business-type activities of \$4,980,000. The revenue bonds were issued on August 15, 2010 at an interest rate of 3.25% to 5.375% for student union and dormitory improvements.

The debt position of the College is summarized below and is more fully analyzed in Note G of the financial statements.

	Long-term Obligations (in Thousands)					
	Governmental activities		Business-type activities		Total	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Capital lease obligations	\$ 398	\$ 466	\$ -	\$ -	\$ 398	\$ 466
General obligation bonds	1,025	1,275	-	-	1,025	1,275
Revenue bonds	-	-	4,980	-	4,980	-
Notes payable	617	724	-	-	617	724
Net OPEB obligation	593	686	-	-	593	686
Compensated absences	185	194	-	-	185	194
Other obligations	<u>50</u>	<u>80</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>80</u>
Totals	<u>\$ 2,868</u>	<u>\$ 3,425</u>	<u>\$ 4,980</u>	<u>\$ -</u>	<u>\$ 7,848</u>	<u>\$ 3,425</u>

RELEVANT CURRENT ECONOMIC FACTORS, DECISIONS AND CONDITIONS

The College plans to build a new dormitory building to replace existing dormitory buildings. The College has issued revenue bonds to finance the plans. Construction of the new dormitory began subsequent to year-end. Subsequent to year-end, the College issued general obligation capital outlay bonds in the amount of \$1,181,000 to remodel the student union.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide various interested parties with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Director of Business Services, Dodge City Community College, 2501 N. 14th Avenue, Dodge City, Kansas 67801. The separately issued financial statements of the Dodge City Community College Endowment Association, a component unit of the College, may be obtained at the same location.

BASIC FINANCIAL STATEMENTS

DODGE CITY COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

June 30, 2011

	Primary government			Component unit
	Governmental activities	Business-type activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 7,226,237	\$ 763,114	\$ 7,989,351	\$ 151,581
Investments	-	-	-	999,760
Receivables (net)	45,289	26,672	71,961	-
Due from other governments	356,758	-	356,758	-
Inventories and other assets	133,072	288,186	421,258	-
Restricted cash and cash equivalents	1,727,896	5,620,937	7,348,833	-
Capital assets, net	7,652,242	977,687	8,629,929	-
Total assets	17,141,494	7,676,596	24,818,090	1,151,341
<u>LIABILITIES</u>				
Accounts payable	423,815	82,305	506,120	-
Compensated absences payable	184,838	-	184,838	-
Deferred revenue	2,937,188	-	2,937,188	-
Payable from restricted assets:				
Medical claims payable	106,690	-	106,690	-
Noncurrent liabilities:				
Due within one year:				
Capital lease obligations	109,479	-	109,479	-
General obligation bonds	250,000	-	250,000	-
Revenue bonds	-	130,000	130,000	-
Notes payable	142,681	-	142,681	-
Early retirement payable	27,367	-	27,367	-
Due in more than one year:				
Capital lease obligations	288,551	-	288,551	-
General obligation bonds	775,000	-	775,000	-
Revenue bonds	-	4,850,000	4,850,000	-
Notes payable	474,674	-	474,674	-
Early retirement payable	22,547	-	22,547	-
Net OPEB obligation	592,555	-	592,555	-
Total liabilities	6,335,385	5,120,140	11,455,525	-
<u>NET ASSETS</u>				
Invested in capital assets, net of related debt	6,000,556	894,649	6,895,205	-
Restricted:				
Nonexpendable:				
Future educational purpose	53,995	-	53,995	-
Scholarships	-	-	-	927,115
Expendable:				
Construction	388,698	-	388,698	-
Scholarships	-	-	-	88,236
Unrestricted	4,362,860	1,661,807	6,024,667	135,990
Total net assets	\$ 10,806,109	\$ 2,556,456	\$ 13,362,565	\$ 1,151,341

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

DODGE CITY COMMUNITY COLLEGE

STATEMENT OF ACTIVITIES

Year ended June 30, 2011

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
Institutional support	\$ 4,311,622	\$ 192,420	\$ 768,864	\$ -
Instruction	5,124,961	1,563,092	393,882	-
Student services	1,873,800	909,892	87,829	-
Academic support	842,602	-	-	-
Operation and maintenance	2,073,786	-	-	-
Scholarships and grants	5,834,638	526,963	4,720,152	-
Community service	691,568	-	485,009	-
Capital outlay	161,747	-	-	474,971
Indirect depreciation	3,310	-	-	-
Indirect interest on long-term debt	30,858	-	-	-
Total governmental activities	<u>20,948,892</u>	<u>3,192,367</u>	<u>6,455,736</u>	<u>474,971</u>
Business-type activities:				
Bookstore	702,078	692,881	-	-
Food service	458,526	444,812	-	-
Student housing	439,385	509,827	-	-
Student union operations	114,834	55,149	-	-
Total business-type activities	<u>1,714,823</u>	<u>1,702,669</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 22,663,715</u>	<u>\$ 4,895,036</u>	<u>\$ 6,455,736</u>	<u>\$ 474,971</u>
Component unit:				
DCCC Endowment Association	<u>\$ 58,993</u>	<u>\$ -</u>	<u>\$ 15,770</u>	<u>\$ -</u>

General revenues:

Taxes:

- Property taxes, levied for general purposes
- Grants and contributions not restricted to specific programs
- Investment earnings
- Contributions to endowment
- Transfers
- Miscellaneous

Total general revenues

Change in net assets

Net assets - beginning

Net assets - ending

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

Changes in net assets

Primary government			
Governmental activities	Business-type activities	Total	Component unit
\$ (3,350,338)	\$ -	\$ (3,350,338)	\$ -
(3,167,987)	-	(3,167,987)	-
(876,079)	-	(876,079)	-
(842,602)	-	(842,602)	-
(2,073,786)	-	(2,073,786)	-
(587,523)	-	(587,523)	-
(206,559)	-	(206,559)	-
313,224	-	313,224	-
(3,310)	-	(3,310)	-
<u>(30,858)</u>	<u>-</u>	<u>(30,858)</u>	<u>-</u>
 (10,825,818)	 -	 (10,825,818)	 -
-	(9,197)	(9,197)	-
-	(13,714)	(13,714)	-
-	70,442	70,442	-
<u>-</u>	<u>(59,685)</u>	<u>(59,685)</u>	<u>-</u>
 -	 (12,154)	 (12,154)	 -
<u>(10,825,818)</u>	<u>(12,154)</u>	<u>(10,837,972)</u>	<u>-</u>
 -	 -	 -	 (43,223)
8,864,474	-	8,864,474	-
2,479,592	7,000	2,486,592	-
87,256	8,273	95,529	132,061
-	-	-	3,665
(200,000)	200,000	-	-
<u>202,305</u>	<u>-</u>	<u>202,305</u>	<u>-</u>
 11,433,627	 215,273	 11,648,900	 135,726
607,809	203,119	810,928	92,503
<u>10,198,300</u>	<u>2,353,337</u>	<u>12,551,637</u>	<u>1,058,838</u>
<u>\$ 10,806,109</u>	<u>\$ 2,556,456</u>	<u>\$ 13,362,565</u>	<u>\$ 1,151,341</u>

DODGE CITY COMMUNITY COLLEGE

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2011

	General	Vocational education	Federal PELL grants	Other governmental funds	Total governmental funds
<u>ASSETS</u>					
Cash	\$ 6,082,323	\$ 415,058	\$ -	\$ 725,428	\$ 7,222,809
Property taxes receivable	296,564	-	-	19,823	316,387
Due from other governments	-	-	-	40,371	40,371
Due from other funds	786	-	-	-	786
Restricted cash	-	-	-	446,463	446,463
Total assets	<u>\$ 6,379,673</u>	<u>\$ 415,058</u>	<u>\$ -</u>	<u>\$ 1,232,085</u>	<u>\$ 8,026,816</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 786	\$ 786
Accounts payable	189,977	192,939	-	40,591	423,507
Deferred revenue	2,751,743	-	-	185,445	2,937,188
Total liabilities	<u>2,941,720</u>	<u>192,939</u>	<u>-</u>	<u>226,822</u>	<u>3,361,481</u>
Fund balances:					
Nonspendable	-	-	-	53,995	53,995
Restricted	-	-	-	458,583	458,583
Assigned	3,437,953	222,119	-	493,471	4,153,543
Unassigned	-	-	-	(786)	(786)
Total fund balances	<u>3,437,953</u>	<u>222,119</u>	<u>-</u>	<u>1,005,263</u>	<u>4,665,335</u>
Total liabilities and fund balances	<u>\$ 6,379,673</u>	<u>\$ 415,058</u>	<u>\$ -</u>	<u>\$ 1,232,085</u>	<u>\$ 8,026,816</u>

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

DODGE CITY COMMUNITY COLLEGE

**RECONCILIATION OF THE BALANCE SHEET OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET ASSETS**

June 30, 2011

Total fund balances on the balance sheet	\$ 4,665,335
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Accounts receivable from governmental activities are not financial resources and therefore are not reported in the funds.	45,289
Prepaid accounts of governmental activities are not financial resources and therefore are not reported in the funds.	90,454
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	7,652,242
Deferred bond issue costs of governmental activities are not financial resources and therefore are not reported in the funds.	16,054
Internal service funds are used by management to charge the costs of certain activities, such as central stores and health insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	1,204,427
Long-term liabilities, including capitalized leases, are not due and payable in the current period and therefore are not reported in the funds.	(2,090,299)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(184,838)
Net OPEB obligation is not due and payable in the current period and therefore is not reported in the funds.	<u>(592,555)</u>
Net assets of governmental activities	<u><u>\$ 10,806,109</u></u>

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

DODGE CITY COMMUNITY COLLEGE

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

Year ended June 30, 2011

	General	Vocational education	Federal PELL grants	Other governmental funds	Total governmental funds
Revenue:					
Student fees	\$ 891,098	\$ 22,467	\$ -	\$ 516,066	\$ 1,429,631
Tuition	758,428	637,681	-	29,907	1,426,016
Charges for services	54,060	67,461	-	213,977	335,498
Local support	8,255,194	-	-	609,280	8,864,474
State support	1,752,741	882,448	-	41,411	2,676,600
Federal support	179,777	139,597	3,036,515	2,860,214	6,216,103
Private gifts	-	15,000	-	502,596	517,596
Investment earnings	81,906	-	-	831	82,737
Miscellaneous	54,587	2,682	-	145,036	202,305
Total revenue	12,027,791	1,767,336	3,036,515	4,919,318	21,750,960
Expenditures:					
Education and general:					
Institutional support	3,704,090	122,842	-	910,843	4,737,775
Instruction	2,427,234	2,016,332	-	433,557	4,877,123
Student services	1,785,906	-	-	-	1,785,906
Academic support	748,007	62,288	-	-	810,295
Operation and maintenance	2,012,123	-	-	495	2,012,618
Scholarships and grants	606,698	-	3,036,515	2,191,425	5,834,638
Community service	-	-	-	678,354	678,354
Capital outlay	186,322	57,901	-	821,999	1,066,222
Debt service:					
Principal	-	41,822	-	400,119	441,941
Interest	-	-	-	30,858	30,858
Total expenditures	11,470,380	2,301,185	3,036,515	5,467,650	22,275,730
Excess (deficiency) of revenue over expenditures	557,411	(533,849)	-	(548,332)	(524,770)
Other financing sources (uses):					
Debt issue proceeds	-	-	-	35,442	35,442
Transfers in	-	700,000	-	10,000	710,000
Transfers out	(913,000)	-	-	-	(913,000)
Total other financing sources and uses	(913,000)	700,000	-	45,442	(167,558)
Net change in fund balances	(355,589)	166,151	-	(502,890)	(692,328)
Fund balances, beginning of year	3,793,542	55,968	-	1,508,153	5,357,663
Fund balances, end of year	\$3,437,953	\$ 222,119	\$ -	\$1,005,263	\$4,665,335

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

DODGE CITY COMMUNITY COLLEGE

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

Year ended June 30, 2011

Net change in fund balances, total governmental funds \$ (692,328)

Amounts reported for governmental activities in the statement of activities are different because of the following:

Governmental funds recognize receivables and related revenue when they become measurable and available. Available is defined as expected to be collected within sixty days of year-end. In the statement of net assets, receivables are accrued when earned. This is the amount of the change in net receivables in the current year. 1,222

Governmental funds recognize prepaid expenses when they are paid. In the statement of net assets, they are accrued over the life of the service. This is the amount of the change in prepaid expense in the current year. 18,069

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and losses in the current year. 322,396

Governmental funds report bond issue costs as expenditures. However, in the statement of activities, the costs of those assets is allocated over the repayment term of the bonds. This is the amount by which amortization expense exceeded bond issuance costs in the current year. (4,013)

Increases in long-term liabilities provide current financial resources to governmental funds, but entering into such obligations increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds in the current year. 474,852

Compensated absences and early retirement liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the change in these liabilities in the current year. 39,628

Internal service funds are used by management to charge the cost of certain activities, such as central stores and medical insurance, to individual funds. The net operating income (loss) of the internal service funds and the interest income are reported with governmental activities in the statement of activities. 354,983

Net OPEB obligation reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. This is the change in the liability in the current year. 93,000

Change in net assets of governmental activities \$ 607,809

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

DODGE CITY COMMUNITY COLLEGE

**BALANCE SHEET
PROPRIETARY FUNDS**

June 30, 2011

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 188,515	\$ 128,073
Receivables, net	8,182	-
Inventories	142,321	-
	339,018	128,073
Total current assets		
Noncurrent assets:		
Restricted cash and cash equivalents	-	-
Capital assets:		
Buildings and equipment	33,518	171,042
Construction in progress	-	-
Less accumulated depreciation	(33,244)	(161,206)
Deferred bond issue costs	-	-
	274	9,836
Total noncurrent assets		
	\$ 339,292	\$ 137,909
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 488	\$ 33,414
Accrued interest payable	-	-
Revenue bonds payable	-	-
Payable from restricted assets:		
Medical claims payable	-	-
	488	33,414
Total current liabilities		
Noncurrent liabilities:		
Revenue bonds payable	-	-
	488	33,414
Total liabilities		
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	274	9,836
Unrestricted	338,530	94,659
	338,804	104,495
Total net assets		
	\$ 339,292	\$ 137,909

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

Business-type activities			Governmental activities
Enterprise funds			Internal service funds
Student housing	Student union operations	Total	
\$ 402,085	\$ 44,441	\$ 763,114	\$ 3,428
18,490	-	26,672	-
-	-	142,321	26,564
<u>420,575</u>	<u>44,441</u>	<u>932,107</u>	<u>29,992</u>
5,620,937	-	5,620,937	1,281,433
2,638,283	8,139	2,850,982	-
208,872	-	208,872	-
(1,879,578)	(8,139)	(2,082,167)	-
145,865	-	145,865	-
<u>6,734,379</u>	<u>-</u>	<u>6,744,489</u>	<u>1,281,433</u>
<u>\$ 7,154,954</u>	<u>\$ 44,441</u>	<u>\$ 7,676,596</u>	<u>\$ 1,311,425</u>
\$ 39,722	\$ 8,681	\$ 82,305	\$ 308
57,835	-	57,835	-
130,000	-	130,000	-
-	-	-	106,690
<u>227,557</u>	<u>8,681</u>	<u>270,140</u>	<u>106,998</u>
<u>4,850,000</u>	<u>-</u>	<u>4,850,000</u>	<u>-</u>
<u>5,077,557</u>	<u>8,681</u>	<u>5,120,140</u>	<u>106,998</u>
884,539	-	894,649	-
1,192,858	35,760	1,661,807	1,204,427
<u>2,077,397</u>	<u>35,760</u>	<u>2,556,456</u>	<u>1,204,427</u>
<u>\$ 7,154,954</u>	<u>\$ 44,441</u>	<u>\$ 7,676,596</u>	<u>\$ 1,311,425</u>

DODGE CITY COMMUNITY COLLEGE

**STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS**

Year ended June 30, 2011

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Operating revenue:		
Charges for services	\$ 692,881	\$ 444,812
Operating expenses:		
Personal services	69,356	-
Contractual services	9,364	448,472
Repairs and maintenance	7,012	703
Other supplies and expenses	612,781	3,874
Capital outlay	3,051	1,042
Depreciation	514	4,435
Total operating expenses	702,078	458,526
Operating income (loss)	(9,197)	(13,714)
Nonoperating revenue (expense):		
Interest and investment revenue	813	158
Interest expense	-	-
Donations	-	-
Transfers in	-	-
Total nonoperating revenue (expense)	813	158
Change in net assets	(8,384)	(13,556)
Total net assets, beginning of year	347,188	118,051
Total net assets, end of year	\$ 338,804	\$ 104,495

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

Business-type activities			Governmental
Enterprise funds			activities
Student housing	Student union operations	Total	Internal service funds
\$ 509,827	\$ 55,149	\$ 1,702,669	\$ 1,450,387
246,593	32,280	348,229	-
33,906	17,130	508,872	1,057,704
23,945	64,481	96,141	-
3,971	943	621,569	45,219
45,080	-	49,173	-
83,989	-	88,938	-
437,484	114,834	1,712,922	1,102,923
72,343	(59,685)	(10,253)	347,464
6,125	1,177	8,273	4,519
(1,901)	-	(1,901)	-
-	7,000	7,000	-
200,000	-	200,000	3,000
204,224	8,177	213,372	7,519
276,567	(51,508)	203,119	354,983
1,800,830	87,268	2,353,337	849,444
\$ 2,077,397	\$ 35,760	\$ 2,556,456	\$ 1,204,427

DODGE CITY COMMUNITY COLLEGE

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year ended June 30, 2011

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Cash flows from operating activities:		
Receipts from customers	\$ 684,699	\$ 444,812
Payments for goods and services	(706,071)	(423,020)
Payments to employees	(69,356)	-
Net cash provided (used) by operating activities	(90,728)	21,792
Cash flows from noncapital financing activities:		
Operating subsidies from other funds	-	-
Private gifts received	-	-
Net cash provided by noncapital financing activities	-	-
Cash flows from capital and related financing activities:		
Purchases of capital assets	-	-
Principal paid on capital debt	-	-
Interest paid on capital debt	-	-
Proceeds of capital debt	-	-
Net cash used by capital and related financing activities	-	-
Cash flows from investing activities:		
Interest and dividends	813	158
Net increase in cash and cash equivalents	(89,915)	21,950
Balances, beginning of year	278,430	106,123
Balances, end of year	\$ 188,515	\$ 128,073
Cash and cash equivalents	\$ 188,515	\$ 128,073
Restricted cash and cash equivalents	-	-
Total balance, end of year	\$ 188,515	\$ 128,073

Business-type activities			Governmental
Enterprise funds			activities
Student housing	Student union operations	Total	Internal service funds
\$ 513,989	\$ 55,149	\$ 1,698,649	\$ 1,450,387
(72,114)	(78,070)	(1,279,275)	(1,046,904)
(246,593)	(32,280)	(348,229)	-
195,282	(55,201)	71,145	403,483
200,000	-	200,000	3,000
-	7,000	7,000	-
200,000	7,000	207,000	3,000
(145,969)	-	(145,969)	-
(80,000)	-	(80,000)	-
(146,860)	-	(146,860)	-
4,908,057	-	4,908,057	-
4,535,228	-	4,535,228	-
6,125	1,177	8,273	4,519
4,936,635	(47,024)	4,821,646	411,002
1,086,387	91,465	1,562,405	873,859
\$ 6,023,022	\$ 44,441	\$ 6,384,051	\$ 1,284,861
\$ 402,085	\$ 44,441	\$ 763,114	\$ 3,428
5,620,937	-	5,620,937	1,281,433
\$ 6,023,022	\$ 44,441	\$ 6,384,051	\$ 1,284,861

DODGE CITY COMMUNITY COLLEGE

**STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS**

Year ended June 30, 2011

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (9,197)	\$ (13,714)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	514	4,435
Change in assets and liabilities:		
Receivables, net	(8,182)	-
Inventories	(72,586)	-
Accounts and other payables	(1,277)	31,071
	\$ (90,728)	\$ 21,792
Net cash provided by operating activities	\$ (90,728)	\$ 21,792

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

<u>Business-type activities</u>			<u>Governmental activities</u> <u>Internal service funds</u>
<u>Enterprise funds</u>			
<u>Student housing</u>	<u>Student union operations</u>	<u>Total</u>	
\$ 72,343	\$ (59,685)	\$ (10,253)	\$ 347,464
83,989	-	88,938	-
4,162	-	(4,020)	-
-	-	(72,586)	(2,194)
<u>34,788</u>	<u>4,484</u>	<u>69,066</u>	<u>58,213</u>
<u>\$ 195,282</u>	<u>\$ (55,201)</u>	<u>\$ 71,145</u>	<u>\$ 403,483</u>

DODGE CITY COMMUNITY COLLEGE

**STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS**

June 30, 2011

ASSETS

Cash and cash equivalents	\$ 82,529
Loans receivable	<u>5,797</u>
Total assets	<u>\$ 88,326</u>

LIABILITIES

Due to other governments	\$ 5,797
Due to others	<u>82,529</u>
Total liabilities	<u>\$ 88,326</u>

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

DODGE CITY COMMUNITY COLLEGE

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND**

Year ended June 30, 2011

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 5,938,720	\$ 5,938,720	\$ 6,127,645	\$ 188,925
Resources (inflows):				
Student fees	287,200	287,200	891,098	603,898
Tuition	740,000	740,000	758,428	18,428
Charges for services	-	-	54,060	54,060
Local	8,632,680	8,632,680	8,376,270	(256,410)
State	1,593,339	1,593,339	1,752,741	159,402
Federal	168,206	168,206	179,777	11,571
Investment earnings	50,000	50,000	81,906	31,906
Miscellaneous	-	-	54,587	54,587
Amounts available for appropriation	<u>17,410,145</u>	<u>17,410,145</u>	<u>18,276,512</u>	<u>866,367</u>
Charges to appropriations (outflows):				
Education and general:				
Institutional support	3,900,000	3,900,000	3,704,090	195,910
Instruction	2,600,000	2,600,000	2,427,234	172,766
Student services	1,950,000	1,950,000	1,785,906	164,094
Academic support	733,000	733,000	764,841	(31,841)
Operation and maintenance	2,367,500	2,367,500	2,012,123	355,377
Scholarships	600,000	600,000	606,698	(6,698)
Capital outlay	-	-	186,322	(186,322)
Transfers to other funds	900,000	900,000	913,000	(13,000)
Total charges to appropriations	<u>13,050,500</u>	<u>13,050,500</u>	<u>12,400,214</u>	<u>650,286</u>
Budgetary fund balance, end of year	<u>\$ 4,359,645</u>	<u>\$ 4,359,645</u>	<u>\$ 5,876,298</u>	<u>\$ 1,516,653</u>

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

DODGE CITY COMMUNITY COLLEGE

**BUDGETARY COMPARISON STATEMENT
VOCATIONAL EDUCATION FUND**

Year ended June 30, 2011

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 153,182	\$ 153,182	\$ 55,968	\$ (97,214)
Resources (inflows):				
Student fees	-	-	22,467	22,467
Tuition	600,000	600,000	637,681	37,681
Charges for services	-	-	67,461	67,461
State	682,859	682,859	882,448	199,589
Federal	100,000	100,000	139,597	39,597
Private gifts	-	-	15,000	15,000
Miscellaneous	469,331	469,331	2,682	(466,649)
Transfers from other funds	500,000	500,000	700,000	200,000
Amounts available for appropriation	<u>2,505,372</u>	<u>2,505,372</u>	<u>2,523,304</u>	<u>17,932</u>
Charges to appropriations (outflows):				
Education and general:				
Institutional support	48,000	48,000	122,842	(74,842)
Instruction	2,232,000	2,232,000	2,016,332	215,668
Student services	-	-	-	-
Academic support	85,372	85,372	62,288	23,084
Operation and maintenance	140,000	140,000	-	140,000
Capital outlay	-	-	92,102	(92,102)
Debt service	-	-	41,822	(41,822)
Adjustment for qualifying budget credits	<u>139,597</u>	<u>139,597</u>	<u>-</u>	<u>139,597</u>
Total charges to appropriations	<u>2,644,969</u>	<u>2,644,969</u>	<u>2,335,386</u>	<u>309,583</u>
Add back adjustment for qualifying budget credits	<u>139,597</u>	<u>139,597</u>	<u>-</u>	<u>(139,597)</u>
Budgetary fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 187,918</u>	<u>\$ 187,918</u>

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

DODGE CITY COMMUNITY COLLEGE

**BUDGETARY COMPARISON STATEMENT
BUDGET TO GAAP RECONCILIATION**

Year ended June 30, 2011

	<u>General fund</u>	<u>Vocational education fund</u>
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison schedule	\$ 18,276,512	\$ 2,523,304
Differences, budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes.	(6,127,645)	(55,968)
Budgetary local taxes include the actual amount of taxes received, GAAP local taxes are adjusted for property taxes receivable and deferred revenue.	(121,076)	-
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	<u>-</u>	<u>(700,000)</u>
 Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	 <u><u>\$ 12,027,791</u></u>	 <u><u>\$ 1,767,336</u></u>
 Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison schedule	\$ 12,400,214	\$ 2,335,386
Differences, budget to GAAP:		
Encumbrances are included as a budgetary outflow.	(16,834)	(34,201)
Transfers to other funds are outflows of budgetary resources, but they are not expenditures for financial reporting purposes.	<u>(913,000)</u>	<u>-</u>
 Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	 <u><u>\$ 11,470,380</u></u>	 <u><u>\$ 2,301,185</u></u>

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

NOTES TO BASIC FINANCIAL STATEMENTS

DODGE CITY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2011

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Dodge City Community College was incorporated in 1935, under the laws of the State of Kansas and is governed by an elected six-member board of trustees. The College's major operations include post-secondary education and the operation of student housing for its students.

The College's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the College has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the College has chosen not to do so. The more significant accounting policies established in GAAP and used by the College are discussed below.

1. Reporting entity

These financial statements present Dodge City Community College (the primary government) and its component unit, the Dodge City Community College Endowment Association. As defined by GASB Statement No. 14 and clarified by GASB Statement No. 39, component units are legally separate entities that are included in the College's reporting entity because of the significance of their operating or financial relationships with the College. The information of the Association is discretely presented in the government-wide financial statements of the College.

The DCCC Endowment Association is a not-for-profit corporation organized on February 14, 1969, under Section 501(c)(3) of the Internal Revenue Code. As such, it is exempt from federal income taxes and is not a private foundation. The purpose of the DCCC Endowment Association is to provide financial assistance through academic scholarships and to support any educational undertaking of Dodge City Community College. Separate financial statements for the DCCC Endowment Association may be obtained by contacting the business office at the College.

The Association uses a calendar year for financial reporting and during the year ended December 31, 2010, it awarded scholarships in the amount of \$40,486 to individuals attending the college.

2. Basic financial statements - government-wide statements

The College's basic financial statements include both government-wide (reporting the College as a whole) and fund financial statements (reporting the College's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The College's institutional support, instruction, student services, academic support, operation and maintenance, scholarships and grants, community service, and capital outlay functions are classified as governmental activities. The College's bookstore, food service, student housing and student union operations are classified as business-type activities.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basic financial statements - government-wide statements (continued)

In the government-wide Statement of Net Assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) are reported on a full accrual, economic resource basis which recognizes all long-term assets and receivables as well as long-term debt and obligations. The College's net assets are reported in three parts: invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets. Restricted net assets include those restricted for future educational purposes according to the Title III grant contract. The DCCC Endowment Association has donor-restricted net assets as part of its endowment for scholarships. The College first utilizes restricted resources to finance qualifying activities.

The government-wide Statement of Activities reports both the gross and net cost of each of the College's governmental functions and business-type activities. The functions are also supported by general government revenues (property taxes and certain intergovernmental revenues). The Statement of Activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the governmental function or business-type activity. Governmental charges for services include student tuition and fees, day care center charges, and sales from vocational education classes. Business-type charges (operating revenue) include book sales, meal sales, housing charges, and student union fees. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants. All internal activity has been eliminated.

The net costs (by governmental function or business-type activity) are normally covered by general government revenues such as property taxes, intergovernmental revenues, and interest income.

The College does not allocate indirect costs. The direct costs of General Fund services provided such as finance, personnel, purchasing, legal, technology management, etc. are included in the governmental functions categories.

This government-wide focus is on the sustainability of the College as an entity and the change in the College's net assets resulting from the current year's activities.

3. Basic financial statements - fund financial statements

The financial transactions of the College are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The various funds are reported by generic classification within the financial statements.

The following types of funds are used by the College:

a. Governmental Funds

The focus of the governmental funds' measurement in the fund statements is upon determination of financial position and changes in financial position (sources, uses, and balances of current financial resources) rather than upon net income. The following is a description of the governmental funds of the College.

General fund is the general operating fund of the College. It is used to account for all financial resources except those required to be accounted for in another fund.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basic financial statements - fund financial statements (continued)

a. Governmental Funds (continued)

Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

Capital project funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

Permanent funds are used to report resources that are restricted to the extent that only earnings, and not principal, may be used for purposes that support the College's programs.

b. Proprietary Funds

The focus of proprietary fund measurement is upon determination of operating income, changes in net assets, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. The following is a description of the proprietary funds of the College.

Enterprise funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of the net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) establishes fees and charges based on a pricing policy designed to recover similar costs. Operating revenues include charges for services, and non-operating revenues include investment income, grants and contributions.

Internal service funds are used to account for the financing of goods or services provided by an activity to other departments or funds of the College on a cost-reimbursement basis.

c. Fiduciary Funds

Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support College programs. The reporting focus is on net assets and changes in net assets.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column in the fund financial statements. GASB Statement No. 34 sets forth the minimum criteria (percentage of the assets, liabilities, revenues or expenditures/expenses of either fund category or the governmental and enterprise combined) for the determination of major funds. The College may electively add funds as major funds. Major governmental funds are the General, Vocational Education and Federal Pell Grant Funds. The major business-type fund is the Student Housing Fund. The College has designated the Bookstore, Food Service and Student Union Operations Funds as major funds.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3. Basic financial statements - fund financial statements (continued)

The College's internal service funds are presented in the proprietary funds financial statements. Because the principal users of the internal services are the College's governmental activities, the financial statements of the internal service funds are consolidated into the governmental column when presented in the government-wide financial statements. The administrative overhead component of these programs is not eliminated, but is included in direct expenses. To the extent possible, the cost of these services is reported in the appropriate governmental functional activity (institutional support, instruction, student services, etc.). Internal service funds provide supplies through the Central Stores Fund and medical insurance through the Medical Benefit Plan Fund.

The College's fiduciary funds are presented in the fiduciary fund financial statements by type: pension, investment and private purpose trust funds and agency funds. Since by definition these assets are being held for the benefit of a third party (other local governments, private parties, etc.) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the government-wide statements. Agency funds are the Nursing Loan Fund, the Flexible Spending Account Fund, and the Activity Accounts Fund.

4. Measurement focus and basis of accounting

Measurement focus is a term used to describe "which" transactions are recorded within the various financial statements. Basis of accounting refers to "when" transactions are recorded regardless of the measurement focus applied.

Measurement Focus

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the "current financial resources" measurement focus or the "economic resources" measurement focus is used as appropriate:

- a. All governmental funds utilize a "current financial resources" measurement focus. Only current financial assets and liabilities are generally included on their balance sheets. Their operating statements present sources and uses of available spendable financial resources during a given period. These funds use fund balance as their measure of available spendable financial resources at the end of the period.
- b. The proprietary funds utilize an "economic resources" measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net assets (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net assets.
- c. Agency funds are not involved in the measurement of results of operations; therefore, measurement focus is not applicable to them.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Measurement focus and basis of accounting (continued)

Basis of Accounting

In the government-wide Statement of Net Assets and Statement of Activities, both governmental and business-type activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when "measurable and available." Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or soon enough thereafter to pay current liabilities. The College considers revenues to be available if they are expected to be collected within 60 days of the end of the year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred, except for general obligation bond principal and interest which are reported when due.

All proprietary funds utilize the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used.

5. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is used in the governmental funds. For budgetary purposes, appropriations lapse at fiscal year-end, except for the portion related to encumbered amounts. Encumbrances outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitment will be honored during the subsequent year.

6. Budgetary control

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Budgetary control (continued)

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for the General Fund and major special revenue fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

All legal annual operating budgets are prepared using the statutory basis of accounting. 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 state and federal grant funds, donation funds, reserve funds, capital projects funds, permanent funds, agency funds and the following special revenue funds:

- DCCC Child Development Center
- Divisional Scholarship
- Financial Aid
- Special Revenue Activity Accounts

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.

7. Pension plan

Substantially all full-time employees are members of the State of Kansas Public Employees' Retirement System (KPERs) which is a cost-sharing multiple-employer state-wide pension plan. The State of Kansas pays the College's share of pension costs; such costs to be funded are determined annually by the system's actuary.

Dodge City Community College has established a defined contribution pension plan for all eligible employees. The College's policy is to fund all pension costs accrued; such costs to be funded are determined annually.

8. Section 125 plan

The College offers a Section 125 flexible benefit plan to employees electing to participate. It is used for health insurance premiums, other medical costs and child care costs. The plan is administered by the health insurance provider.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

9. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

10. Financial statement amounts

a. Pooled cash

To facilitate better management of the College's cash resources, excess cash is combined in pooled operating accounts. Each fund's portion of total cash is based on its equity in the pooled cash amount. Cash in excess of current operating needs is invested on a pooled investment basis and earnings thereon are distributed to the appropriate funds based on the average monthly balance of cash and temporary investments included in the combined pool of cash and temporary investments.

b. Investments and restricted cash

Restricted cash is for the payment of medical insurance claims, and for compliance with the Title III grant contract. Investments of the DCCC Endowment Association, a component unit, consist of mutual funds, corporate bonds and asset and mortgage-backed securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values (quoted market price or the best available estimate) in the statement of net assets. Unrealized gains and losses are included in the change in net assets.

c. Cash and cash equivalents

The College has defined cash and cash equivalents to include cash on hand, demand deposits, and all highly liquid investments, including restricted assets, with a maturity of three months or less when purchased.

d. Receivables

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Allowances for uncollectible accounts receivable are based upon historical trends and the periodic aging of accounts receivable. Major receivable balances for the governmental activities include accounts receivable for tuition and fees, and due from other governments for grant funding. Business-type activities report accounts receivable for student housing charges.

The determination of assessed valuation and the collections of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk allocates the annual assessment to the taxing units. Taxes are levied by November 1, and a lien for all taxes attaches on that same date until the taxes are paid. One-half of the property taxes is due December 20 and distributed by January 20 and the second half is due May 10 and distributed by June 5. A portion of the taxes distributed to the College have been deferred as those amounts are not available to finance the current year operations. Also, current year property taxes receivable are not available as a resource that can be used to finance the current year operations of the College. Accruals of uncollected current year property taxes have been deferred and are not reflected in revenue.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

d. Receivables (continued)

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 relation to the financial statements taken as a whole.

In applying GASB Statement No. 33 to grant revenues, the provider recognizes liabilities and expenses and the recipient recognizes receivables and revenue when the applicable eligibility requirements, including time requirements, are met. Resources transmitted before the eligibility requirements are met are reported as advances by the provider and deferred revenue by the recipient. Subsidies and grants to proprietary funds, which finance either capital or current operations, are reported as nonoperating revenue.

e. Inventories

Inventories in the Central Stores Fund consist of expendable supplies held for the College's use and are carried at cost using the average cost method. Bookstore inventories consist of new and used books and soft goods, and are carried at most recent cost.

f. Capital assets

Capital assets purchased or acquired with an original cost of \$1,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

Buildings and improvements	10-40 years
Furniture and equipment	5-10 years
Infrastructure	10-50 years

g. Compensated absences

The College's vacation policy permits employees to accumulate vacation at rates based on length of employment, which range from five days per year to twenty-two days per year. The current costs of vacation pay are recorded in the applicable fund. Faculty members who retire and are eligible for KPERS are paid for unused sick leave at a rate of \$25 per day up to sixty days.

h. Early retirement

Full-time employees may voluntarily elect to retire early. Qualifying employees must have at least 15 years of service with the College, must meet the KPERS Early Retirement Qualification of 85 points (years of experience plus age), and must not be more than 64 years of age. The annual rate of retirement compensation is twelve percent of the last annual salary. Benefits end after five years or when the retiree reaches age 65, whichever occurs first. The net present value of this obligation is included in the government-wide financial statements. The discount rate is four percent.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

i. Other post employment benefits

As provided by K.S.A. 12-5040, the College allows retirees to participate in the group health insurance plan. Plan members retiring with at least 15 years service have a portion of their blended premium paid by the College until age 65. Otherwise, retirees must pay the full blended premium to maintain coverage. Coverage is available for life. Spouses of deceased retirees may continue coverage up to 3 additional years by paying the Cobra rate.

j. Government-wide and proprietary fund net assets

Government-wide and proprietary fund net assets are divided into three components:

1. Invested in capital assets, net of related debt – consist of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.
2. Restricted net assets – consist of net assets that are restricted by creditors, by state enabling legislation, by grantors, and by other contributors. Net assets restricted for future educational purpose was created to comply with the terms of the Title III grant contract. During the first five years all contributions and earnings become corpus. During years six through twenty, half of the earnings may be used for college operations. After twenty years, corpus and earnings may be used for any educational purpose.
3. Unrestricted net assets – all other net assets are reported under this category.

k. Governmental fund balances

In the governmental fund financial statements, fund balances are classified as follows:

1. Nonspendable – Amounts that cannot be spent either because they are in a nonspendable form or because they are legally or contractually required to be maintained intact.
2. Restricted – Amounts that can be spent only for specific purposes because College resolutions, state or federal laws, or externally imposed conditions by grantors and creditors.
3. Committed – Amounts that can be used only for specific purposes determined by a formal action by College Board of Trustee resolution.
4. Assigned – Amounts that are designated by the Board of Trustees or management for a particular purpose but are not spendable until there is formal approval.
5. Unassigned – All amounts not included in other spendable classifications.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

I. Interfund activity

Interfund activity is reported as loans, reimbursements or transfers. Loans are reported as interfund receivables and payables and are subject to elimination upon consolidation. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide financial statements. The purpose of these transfers is to provide operating resources to the recipient fund.

B. COMPLIANCE WITH KANSAS STATUTES

References made herein to the statutes are not intended as interpretations of law, but are offered for consideration to the Director of Accounts and Reports, Kansas Department of Administration, and for interpretation by the legal representatives of the College.

The cash basis law as provided by K.S.A. 10-1113 prohibits the creation of indebtedness in any fund in excess of monies available in that fund. Federal law, which requires that grantee funds be spent before federal reimbursement is requested, takes precedence over state law. The following funds have fund deficits at June 30, 2011, but are not in violation of Kansas statutes:

<u>Fund</u>	<u>Amount</u>
NIH Kansas Bridges Grant	\$ 786

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by the budget. Budgeted and actual expenditures for the year ended June 30, 2011 are as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 13,050,500	\$ 12,400,214	\$ 650,286
Vocational Education	2,644,969	2,335,386	309,583
Adult Supplementary Education	99,861	46,072	53,789
Adult Education	243,670	156,941	86,729
Capital Outlay	1,000,000	372,789	627,211
Bookstore	842,000	830,797	11,203
Food Service	540,000	454,091	85,909
Student Housing	1,982,000	1,435,995	546,005
Student Union Operations	501,000	114,834	386,166

C. DEPOSITS AND INVESTMENTS

Policies. Board of Trustee policy on deposits requires the Board to designate by resolution the name and location of each bank approved as an official College depository and the maximum amount which may be deposited at each bank. All deposits in any bank must have one hundred percent secured pledging for each account. The policy on investments directs that funds be invested in accordance with the statutes of the State of Kansas.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

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 to have a main or branch bank in the county in which the College is located, or in an adjoining county if such institution has been designated as an official depository, and the banks to provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the College's deposits in financial institutions to be entirely covered by federal depository insurance, by a corporate surety bond, 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.

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. State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The College has no investment policy that would further limit its investment choices.

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. At year-end the carrying amount of the College's deposits, including certificates of deposit, was \$9,527,252. The bank balance was \$9,758,116. Of the bank balance, \$4,169,483 was covered by FDIC insurance, and \$5,588,633 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the College's name.

Investments. As of June 30, 2011, the College had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
BlackRock FedFund	\$ 4,892,052	(See below)	AAAm
Kansas Municipal Investment Pool	<u>1,000,208</u>	(See below)	AAAf/S1+
	<u>\$ 5,892,260</u>		

BlackRock Liquidity Funds are money market mutual funds distributed by BlackRock Investments, LLC and co-administered by BALLC and BNY Mellon. At June 30, 2011, the College had invested \$4,892,052 in bond proceeds in BlackRock FedFund Instl Shares. The portfolio invests in U.S. Treasury bills, notes and obligations guaranteed by the U.S. government and its agencies and instrumentalities.

At June 30, 2011, the College had invested \$1,000,208 in the State's Municipal Investment Pool. The Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. Separately issued financial statements of the Municipal Investment Pool may be obtained from the Pooled Money Investment Board, 900 S.W. Jackson, Suite 209, Topeka, Kansas 66612-1220.

Credit quality risk. Investment quality ratings given above are per Standard & Poor's, and they are as of June 30, 2011.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of credit risk. Investment types and percents at cost are as follows: BlackRock FedFund 83% and Kansas Municipal Investment Pool 17%.

Interest Rate Risk. The College's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

D. INVESTMENTS – DCCC ENDOWMENT ASSOCIATION

The DCCC Endowment Association is not limited as to the types of investments it may have. Investments of the Association are held in its own name, and are carried at fair value. Investments are listed below by type as of December 31, 2010:

Mutual funds	\$ 833,727
Asset and mortgage backed securities	<u>166,033</u>
	<u>\$ 999,760</u>
Investments at cost	\$ 1,012,513
Unrealized depreciation	<u>(12,753)</u>
Investments at fair value	<u>\$ 999,760</u>

E. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2011 consist of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Tuition receivable	\$ 91,958	\$ -	\$ 91,958
Fees receivable	105,427	-	105,427
Housing charges receivable	-	106,847	106,847
Other receivables	-	8,182	8,182
Allowance for doubtful accounts	<u>(152,096)</u>	<u>(88,357)</u>	<u>(240,453)</u>
Net receivables	<u>\$ 45,289</u>	<u>\$ 26,672</u>	<u>\$ 71,961</u>

F. CAPITAL ASSETS

Financial Accounting Standards Board (FASB) Statement No. 34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FAS-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. During 2011 interest costs capitalized as a cost of construction totaled \$208,872.

F. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2011 was as follows:

	Primary government			Ending balance
	Beginning balance	Increases	Decreases	
Governmental activities:				
Land	\$ 190,988	\$ -	\$ -	\$ 190,988
Buildings and improvements	11,020,989	814,516	-	11,835,505
Furniture and equipment	5,229,607	504,281	74,184	5,659,704
Infrastructure	241,758	-	-	241,758
Construction in progress	116,038	742,082	858,120	-
Total capital assets at historical cost	<u>16,799,380</u>	<u>2,060,879</u>	<u>932,304</u>	<u>17,927,955</u>
Less accumulated depreciation for:				
Buildings and improvements	5,564,717	364,832	-	5,929,549
Furniture and equipment	3,751,503	460,502	71,969	4,140,036
Infrastructure	202,818	3,310	-	206,128
Total accumulated depreciation	<u>9,519,038</u>	<u>828,644</u>	<u>71,969</u>	<u>10,275,713</u>
Governmental activities capital assets, net	<u>\$ 7,280,342</u>	<u>\$ 1,232,235</u>	<u>\$ 860,335</u>	<u>\$ 7,652,242</u>
Business-type activities:				
Buildings and improvements	\$ 2,418,560	\$ 143,045	\$ -	\$ 2,561,605
Furniture and equipment	287,847	2,924	1,394	289,377
Construction in progress	-	208,872	-	208,872
Total capital assets at historical cost	<u>2,706,407</u>	<u>354,841</u>	<u>1,394</u>	<u>3,059,854</u>
Less accumulated depreciation for:				
Buildings and improvements	1,744,620	77,155	-	1,821,775
Furniture and equipment	250,003	11,783	1,394	260,392
Total accumulated depreciation	<u>1,994,623</u>	<u>88,938</u>	<u>1,394</u>	<u>2,082,167</u>
Business-type activities capital assets, net	<u>\$ 711,784</u>	<u>\$ 265,903</u>	<u>\$ -</u>	<u>\$ 977,687</u>
Depreciation expense was charged to functions as follows:				
Governmental activities:				
Institutional support				\$ 42,189
Instruction				551,568
Student services				97,519
Academic support				32,307
Operations and maintenance				80,017
Community service				21,734
Indirect depreciation				3,310
Total governmental activities				<u>\$ 828,644</u>
Business-type activities:				
Bookstore				\$ 514
Food service				4,435
Student housing				83,989
Total business-type activities				<u>\$ 88,938</u>

G. LONG-TERM LIABILITIES

The College's long-term liabilities are segregated between amounts to be repaid from governmental activities and amounts to be repaid from business-type activities.

Governmental activities

As of June 30, 2011, the governmental long-term liabilities of the College consisted of the following:

Capital leases:

• A ten-year \$510,000 lease purchase entered into on March 1, 2006, for the purchase of equipment for the science building. The interest rates are 3.4 to 3.9 percent. The obligation is secured by the equipment.	\$ 280,000
• A five-year \$175,000 lease purchase entered into on September 27, 2007 for the purchase of a motor coach bus and an IBM AS400 computer. The interest rate is 4.18 percent. The obligation is secured by the vehicle.	74,326
• A four-year \$24,915 lease purchase entered into on June 15, 2008, for the purchase of a telecommunications system. The interest rate is 3.74 percent. The obligation is secured by the equipment.	6,576
• A three-year \$49,504 lease purchase entered into on October 21, 2010 for the purchase of two 2010 Ford Econoline Vans. The interest rate is zero percent. The obligation is secured by the vehicles.	<u>37,128</u>
	<u>\$ 398,030</u>
Current portion	\$ 109,479
Noncurrent portion	<u>288,551</u>
Total capital leases	<u>\$ 398,030</u>

Interest expense for the fiscal year was \$18,488. Assets recorded under capital leases were \$879,776, and corresponding accumulated depreciation at June 30, 2011 was \$235,675.

Notes payable:

Notes payable were issued on March 26, 2008 not to exceed \$839,814 at a zero percent interest rate to finance infrastructure improvement projects. Advances on the note are being made as improvement expenses are incurred. The principal balance at June 30, 2011 is \$409,725.

Notes payable were issued on March 25, 2009 not to exceed \$276,841 at a zero percent interest rate to finance infrastructure improvement projects. Advances on the note are being made as improvement expenses are incurred. The principal balance at June 30, 2009 is \$207,631.

G. LONG-TERM LIABILITIES (CONTINUED)

General obligations bonds:

General obligation bonds for building and campus improvements were issued June 15, 2010 in the original amount of \$1,275,000. Interest rates are 1.00% to 1.75% and the maturity date is June 15, 2015. The principal balance at June 30, 2011 is \$1,025,000.

Revenue bonds:

Revenue bonds for student union and dormitory system improvements were issued August 15, 2010 in the original amount of \$5,060,000. Interest rates are 3.25% to 5.375% and the maturity date is April 1, 2035. The principal balance at June 30, 2011 is \$4,980,000.

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

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Governmental activities:				
Capital lease obligations	\$ 466,379	\$ 49,504	\$ 117,853	\$ 398,030
Notes payable	724,354	35,442	142,441	617,355
General obligation bonds	1,275,000	-	250,000	1,025,000
Compensated absences payable	194,499	-	9,661	184,838
Early retirement payable	<u>79,881</u>	<u>-</u>	<u>29,967</u>	<u>49,914</u>
	<u>2,740,113</u>	<u>84,946</u>	<u>549,922</u>	<u>2,275,137</u>
Business-type activities:				
Revenue bonds	<u>-</u>	<u>5,060,000</u>	<u>80,000</u>	<u>4,980,000</u>
	<u>\$ 2,740,113</u>	<u>\$ 5,144,946</u>	<u>\$ 629,922</u>	<u>\$ 7,255,137</u>

Payments on the vehicle leases are made from the General Fund. The science building lease is paid from the Vocational Education and Capital Outlay Funds. The note payable is being paid from the Capital Outlay and Title V Funds. Compensated absences are paid from the General and Vocational Education Funds and early retirement from the General Fund. The dormitory revenue bonds are paid from the Student Housing Fund.

Annual debt service requirements to maturity for capital leases follow:

Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 109,479	\$ 14,004	\$ 123,483
2013	109,426	10,388	119,814
2014	59,125	6,740	65,865
2015	60,000	4,650	64,650
2016	<u>60,000</u>	<u>2,340</u>	<u>62,340</u>
Total	<u>\$ 398,030</u>	<u>\$ 38,122</u>	<u>\$ 436,152</u>

For purposes of comparing actual expenditures to budget, only the amounts actually due in the current period are included in accordance with K.S.A. 10-1116b.

G. LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for notes payable follow:

Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 142,681	\$ -	\$ 142,681
2013	142,950	-	142,950
2014	143,222	-	143,222
2015	119,292	-	119,292
2016	34,605	-	34,605
2017	<u>34,605</u>	<u>-</u>	<u>34,605</u>
Total	<u>\$ 617,355</u>	<u>\$ -</u>	<u>\$ 617,355</u>

Annual debt service requirements to maturity for general obligation bonds follow:

Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 250,000	\$ 14,010	\$ 264,010
2013	255,000	11,510	266,510
2014	260,000	8,450	268,450
2015	<u>260,000</u>	<u>4,550</u>	<u>264,550</u>
Total	<u>\$1,025,000</u>	<u>\$ 38,520</u>	<u>\$1,063,520</u>

Annual debt service requirements to maturity for revenue bonds follow:

Business-type activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2012	\$ 130,000	\$ 231,338	\$ 361,338
2013	130,000	227,113	357,113
2014	135,000	223,213	358,213
2015	140,000	219,163	359,163
2016	145,000	214,963	359,963
2017-2021	800,000	994,813	1,794,813
2022-2026	985,000	809,182	1,794,182
2027-2031	1,255,000	541,425	1,796,425
2032-2035	<u>1,260,000</u>	<u>173,882</u>	<u>1,433,882</u>
Total	<u>\$4,980,000</u>	<u>\$3,635,092</u>	<u>\$8,615,092</u>

Student union and dormitory revenue bond disclosures

Statement of revenue, expenditures, and changes in net assets of the student housing fund is on page twenty one.

Balance sheet of student housing is on page twenty.

The number of student housing users at the first and last day of classes during the fiscal year was 262 and 169 respectively.

G. LONG-TERM LIABILITIES (CONTINUED)

Student union and dormitory revenue bond disclosures (continued)

Insurance is carried on the property constituting Series 2010 Student Union and Dormitory Revenue Bonds by the Contractor in the amount of the initial contract sum, plus the value of subsequent contract modifications, comprising total value for the entire work of the project at the site on the replacement cost basis through a builders risk "all-risk" policy. Such property insurance shall be maintained until final payment has been made or until no person or entity other than the Owner has an insurable interest in the property.

Insurance is carried on existing dormitory buildings in the amount of \$5,193,005 with EMC Insurance Companies. The policy renews on May 1, 2012. The dormitory buildings are part of the College's blanket policy. Premiums paid for the blanket policy were \$55,132.

Rate covenants set forth in Section 802 of the bond resolution require a debt service coverage ratio of not less than 125%. Debt service payments were 113% of net income, which is less than the required debt service coverage ratio.

The issuer complied with the arbitrage rebate covenants as set forth in the federal tax certificate.

The issuer complied with the continuing disclosure covenants set forth in Section 1301.

H. OPERATING LEASES

The College is obligated under certain leases accounted for as operating leases for the rental of copy machines, a postage machine, communication equipment and two vehicles. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected as capital assets. Rental expenditures during the year for these operating leases were \$39,888. Future minimum rental payments required under operating leases that have an initial lease term in excess of one year as of June 30, 2011, are \$23,652 and \$4,350 due in fiscal years ending June 30, 2012 and 2013, respectively.

I. INTERFUND TRANSFERS

The following is a summary of operating transfers made during the year:

<u>Transfer from</u>		<u>Transfer to</u>
General	\$ 700,000	Vocational Education
General	3,000	Adult Basic Education
General	10,000	DCCC Child Development Center
General	<u>200,000</u>	Student Housing
	<u>\$ 913,000</u>	

J. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are used when one fund has an obligation to transfer funds to another. The following is a summary of interfund receivables and payables at June 30, 2011:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
<u>\$ 786</u>	General Fund	NIH Kansas Bridges

The NIH Kansas Bridges grant is a reimbursement basis grant that will be repaid when the reimbursement is received.

K. DEFINED BENEFIT PENSION PLAN

Plan description. Dodge City Community College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, *et seq.* KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603-3803) or by calling 1-888-275-5737.

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% for Tier 1 employees (generally active members prior to July 1, 2009) and 6% for Tier 2 (generally active members after July 1, 2009). The employer collects and remits member-employees contributions according to the provisions of section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rate be determined annually based on the results of an annual actuarial valuation. KPERS is funded on an actuarial reserve basis. State law sets a limitation on annual increases in the contribution rates for KPERS employers. The State of Kansas contributes 9.17% of covered payroll for the period July 1, 2010 through June 30, 2011. These contribution requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for all Kansas public school employees for the years ending June 30, 2011, 2010, and 2009 were \$253,834,044, \$248,468,186, and \$242,277,363, respectively, equal to the required contributions for each year.

L. DEFINED CONTRIBUTION PLAN

The employees of the College may participate in the Dodge City Community College Defined Contribution Retirement Plan adopted under the provisions of Internal Revenue Code Section 403(b). Employees become eligible after one year of service.

The defined contribution plan is administered by Dodge City Community College and is available to all eligible employees of the College. Under the plan, employees may elect to contribute a whole dollar amount out of their salaries with the employer matching 75% of the contribution up to \$900 per year and avoid paying taxes on the contributed portion until the withdrawal date. All eligible employees are immediately vested. The defined contribution amount is available for withdrawal by employees upon termination, retirement, death, or unforeseeable emergency. For the year ended June 30, 2011, the College made total contributions of \$58,252 and the employees contributed \$116,105 to the defined contribution plan.

M. VOLUNTARY EARLY RETIREMENT PLAN

Full-time employees may voluntarily elect to retire early. Qualifying employees must have at least 15 years of service with the College, must meet the KPERS Early Retirement Qualification of 85 points (years of experience plus age), and must not be more than 64 years of age. The annual rate of retirement compensation is twelve percent of the last annual salary. Benefits will end after five years or when the retiree reaches age 65, whichever occurs first.

The future commitment for the voluntary early retirement plan is as follows:

<u>Year</u>	
2012	\$ 28,836
2013	18,492
2014	<u>4,764</u>
	52,092
Discount to present value	<u>(2,178)</u>
Net present value	<u>\$ 49,914</u>

N. RISK MANAGEMENT

Risk management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; employees' health and life; and natural disasters. The College purchases commercial insurance to cover property, liability and worker's compensation claims. There have been no significant reductions in coverage from the prior year. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years. The College has a medical self-insurance program to finance its uninsured risks of loss for medical insurance claims of College employees and their covered dependents, and to minimize the total costs of annual insurance to the College.

Medical self-insurance

The College currently reports all of its medical self-insurance activities in the Medical Benefit Plan Fund. The self-insurance program is handled by an outside administrator who determines claims to be paid by the College. A stop loss insurance policy is purchased by the College to cover claims above \$35,000 per employee. Liability for unpaid claims is estimated based upon fiscal year claims paid after year-end. Changes in the claims liability for the current and prior fiscal years have been as follows:

	<u>Beginning of year liability</u>	<u>Claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year liability</u>
FY 2010	\$ 98,931	\$ 1,100,392	\$ 1,150,680	\$ 48,643
FY 2011	48,643	1,296,119	1,238,072	106,690

O. GOVERNMENTAL FUND BALANCES

	<u>General fund</u>	<u>Major Special revenue funds</u>		<u>Capital project fund</u>	<u>Permanent fund</u>	<u>Other funds</u>
		<u>Vocational Education</u>	<u>Federal Pell Grants</u>	<u>GO Bond Improvement</u>	<u>Academic Improvement</u>	
Fund balances:						
Non-spendable:						
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ 53,995	\$ -
Restricted for:						
Institutional support grants	-	-	-	-	-	1,967
Instruction grants	-	-	-	-	-	5,948
Community service grants	-	-	-	-	-	15,287
Construction	-	-	-	388,698	-	-
Scholarships and student grants	-	-	-	-	-	46,683
Assigned to:						
Vocational education	-	222,119	-	-	-	-
Adult education	-	-	-	-	-	170,684
Child care	-	-	-	-	-	11,619
Designated for subsequent years expenditure	3,437,953	-	-	-	-	-
Other capital expenditures	-	-	-	-	-	234,955
Other purposes	-	-	-	-	-	76,213
Unassigned	-	-	-	-	-	(786)
Total	<u>\$ 3,437,953</u>	<u>\$ 222,119</u>	<u>\$ -</u>	<u>\$ 388,698</u>	<u>\$ 53,995</u>	<u>\$ 562,570</u>

P. CONTINGENCIES

The College receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the College at June 30, 2011.

Q. SUBSEQUENT EVENTS

Subsequent events were evaluated through November 21, 2011, which is the date the financial statements were available to be issued. On June 28, 2011, the Board of Trustees approved a resolution authorizing the issuance of general obligation capital outlay bonds in the amount of \$1,185,000 to remodel the student union. The bond proceeds were received in July 2011.

R. POSTEMPLOYMENT HEALTHCARE PLAN

Plan Description: The Dodge City Community College Medical Benefit Plan is a single-employer defined benefit healthcare plan administered by the College. The College sponsors medical, prescription drug and dental insurance to qualifying retirees and their dependents. Coverage is provided through self-insurance with stop-loss coverage. Qualifying retirees are those employees who retire with immediate benefits under the Kansas Public Employees Retirement System. The College does not issue separate financial statements for the Medical Benefit Plan.

Funding Policy: The contribution requirements of the plan members and the College are established and may be amended by the College. Plan members retiring with at least 15 years service have a portion of their blended premium paid by the College until age 65. Otherwise, retirees must pay the full blended premium to maintain coverage. Coverage is available for life. Spouses of deceased retirees may continue coverage up to 3 additional years by paying the Cobra rate. The employer contribution is paid from general operating assets of the College.

Annual OPEB and Net OPEB Obligation: The College's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the *annual required contribution of the employer* (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Colleges annual OPEB cost for the year, the amount actually contributed to the plan, and the College's net OPEB obligation.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation were as follows:

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 84,000	10.9%	\$ 685,555
6/30/11	\$ 93,000	13.57%	\$ 592,555

R. POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2008, was as follows:

Actuarial accrued liability (AAL)	\$ 5,868,144
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	5,868,144
Funded ratio (actuarial value of plan assets/AAL)	-
Coverage payroll (active plan members)	5,570,505
UAAL as a percentage of covered payroll	105.3%

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

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

In the July 1, 2008, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.0 percent initially, reduced by decrements to an ultimate rate of 6.0 percent after 4 years. Benefits are paid from general operating assets of the College. 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. The unfunded actuarial accrued liability is being amortized as a level percent-of-pay on an open-basis period. The remaining amortization period at July 1, 2008 was 30 years.

S. CAPITAL PROJECTS

Capital project authorizations with approved change orders compared with cash disbursements and accounts payable from inception are as follows:

	<u>Project authorization</u>	<u>Expenditures to date</u>	<u>Remaining commitment</u>
Dormitory Building	\$4,900,000	\$ -	\$4,900,000
Main Campus Plaza Waterlines	72,900	-	72,900
Bookstore Remodel	151,000	-	151,000

T. SEGMENT INFORMATION

The College has four enterprise funds. The Bookstore Fund operates the College bookstore. The Food Service Fund provides the food service program for eligible students and also for special events. The Student Housing Fund operates the five dormitories available for students. The Student Union Operations Fund operates the student government office. Financial information for each enterprise fund is presented in the Balance Sheet, the Statement of Revenue, Expenses and Changes in Fund Net Assets, and the Statement of Cash Flows for proprietary funds.

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

DODGE CITY COMMUNITY COLLEGE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2011

	<u>Nonmajor special revenue funds</u>	<u>Capital project GO bond improvement</u>	<u>Permanent fund Academic improvement</u>	<u>Total nonmajor governmental funds</u>
<u>ASSETS</u>				
Cash	\$ 725,428	\$ -	\$ -	\$ 725,428
Property taxes receivable	19,823	-	-	19,823
Due from other governments	40,371	-	-	40,371
Restricted cash	-	392,468	53,995	446,463
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 785,622</u>	<u>\$ 392,468</u>	<u>\$ 53,995</u>	<u>\$ 1,232,085</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ 786	\$ -	\$ -	\$ 786
Accounts payable	36,821	3,770	-	40,591
Deferred revenue	185,445	-	-	185,445
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>223,052</u>	<u>3,770</u>	<u>-</u>	<u>226,822</u>
Fund balances:				
Nonspendable	-	-	53,995	53,995
Restricted	69,885	388,698	-	458,583
Assigned	493,471	-	-	493,471
Unassigned	(786)	-	-	(786)
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>562,570</u>	<u>388,698</u>	<u>53,995</u>	<u>1,005,263</u>
Total liabilities and fund balances	<u>\$ 785,622</u>	<u>\$ 392,468</u>	<u>\$ 53,995</u>	<u>\$ 1,232,085</u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

June 30, 2011

	Adult supplementary education	Adult basic education	Capital outlay	Adult basic education United Way
<u>ASSETS</u>				
Cash	\$ 25,241	\$ 141,905	\$ 401,016	\$ 4,231
Property taxes receivable	-	-	19,823	-
Due from other governments	-	-	-	-
	-	-	-	-
Total assets	\$ 25,241	\$ 141,905	\$ 420,839	\$ 4,231
<u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	241	452	439	-
Deferred revenue	-	-	185,445	-
	-	-	185,445	-
Total liabilities	241	452	185,884	-
Fund balances (deficits):				
Restricted	-	-	-	-
Assigned	25,000	141,453	234,955	4,231
Unassigned	-	-	-	-
	-	-	-	-
Total fund balances (deficits)	25,000	141,453	234,955	4,231
Total liabilities and fund balances (deficits)	\$ 25,241	\$ 141,905	\$ 420,839	\$ 4,231

<u>DCCC child development center</u>	<u>Memorial endowed scholarship</u>	<u>DCCC scholarship award program</u>	<u>Divisional scholarship</u>	<u>Financial aid administration</u>
\$ 13,893	\$ 1,310	\$ 20,831	\$ 17,826	\$ 110
-	-	-	-	-
-	-	-	-	-
<u>\$ 13,893</u>	<u>\$ 1,310</u>	<u>\$ 20,831</u>	<u>\$ 17,826</u>	<u>\$ 110</u>
\$ -	\$ -	\$ -	\$ -	\$ -
2,274	-	-	-	63
-	-	-	-	-
<u>2,274</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>63</u>
-	1,310	20,831	17,826	-
11,619	-	-	-	47
-	-	-	-	-
<u>11,619</u>	<u>1,310</u>	<u>20,831</u>	<u>17,826</u>	<u>47</u>
<u>\$ 13,893</u>	<u>\$ 1,310</u>	<u>\$ 20,831</u>	<u>\$ 17,826</u>	<u>\$ 110</u>

DODGE CITY COMMUNITY COLLEGE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)

June 30, 2011

	<u>Special revenue activity accounts</u>	<u>RSVP grants</u>	<u>RSVP reserve</u>	<u>Home food program</u>
<u>ASSETS</u>				
Cash	\$ 62,840	\$ 1,967	\$ 2,998	\$ 8,268
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	40,371
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 62,840</u>	<u>\$ 1,967</u>	<u>\$ 2,998</u>	<u>\$ 48,639</u>
 <u>LIABILITIES AND FUND BALANCES (DEFICITS)</u>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	33,352
Deferred revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> -	<hr/> -	<hr/> 33,352
 Fund balances (deficits):				
Restricted	-	1,967	-	15,287
Assigned	62,840	-	2,998	-
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances (deficits)	<hr/> 62,840	<hr/> 1,967	<hr/> 2,998	<hr/> 15,287
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances (deficits)	<u>\$ 62,840</u>	<u>\$ 1,967</u>	<u>\$ 2,998</u>	<u>\$ 48,639</u>

<u>Home food program reserve</u>	<u>Nontraditional initiative grants</u>	<u>NIH Kansas bridges grants</u>	<u>Federal family educational loan</u>	<u>Total nonmajor special revenue funds</u>
\$ 10,328	\$ 5,948	\$ -	\$ 6,716	\$ 725,428
-	-	-	-	19,823
-	-	-	-	40,371
<u>\$ 10,328</u>	<u>\$ 5,948</u>	<u>\$ -</u>	<u>\$ 6,716</u>	<u>\$ 785,622</u>
\$ -	\$ -	\$ 786	\$ -	\$ 786
-	-	-	-	36,821
-	-	-	-	185,445
-	-	786	-	223,052
-	5,948	-	6,716	69,885
10,328	-	-	-	493,471
-	-	(786)	-	(786)
<u>10,328</u>	<u>5,948</u>	<u>(786)</u>	<u>6,716</u>	<u>562,570</u>
<u>\$ 10,328</u>	<u>\$ 5,948</u>	<u>\$ -</u>	<u>\$ 6,716</u>	<u>\$ 785,622</u>

DODGE CITY COMMUNITY COLLEGE

COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS

Year ended June 30, 2011

	Nonmajor special revenue funds	Capital project <u>GO bond improvement</u>	Permanent fund <u>Academic improvement</u>	Total nonmajor governmental funds
Revenue:				
Student fees	\$ 516,066	\$ -	\$ -	\$ 516,066
Tuition	29,907	-	-	29,907
Charges for services	213,977	-	-	213,977
Local support	609,280	-	-	609,280
State support	41,411	-	-	41,411
Federal support	2,860,214	-	-	2,860,214
Private gifts	502,596	-	-	502,596
Investment earnings	125	-	706	831
Miscellaneous	145,036	-	-	145,036
	<u>4,918,612</u>	<u>-</u>	<u>706</u>	<u>4,919,318</u>
Expenditures:				
Current:				
Education and general:				
Institutional support	910,843	-	-	910,843
Instruction	433,557	-	-	433,557
Operation and maintenance	495	-	-	495
Scholarships and grants	2,191,425	-	-	2,191,425
Community service	678,354	-	-	678,354
Capital outlay	50,412	771,587	-	821,999
Debt service:				
Principal	400,119	-	-	400,119
Interest	30,858	-	-	30,858
	<u>4,696,063</u>	<u>771,587</u>	<u>-</u>	<u>5,467,650</u>
Excess (deficiency) of revenue over expenditures	<u>222,549</u>	<u>(771,587)</u>	<u>706</u>	<u>(548,332)</u>
Other financing sources (uses):				
Debt issue proceeds	35,442	-	-	35,442
Transfers in	10,000	-	-	10,000
	<u>45,442</u>	<u>-</u>	<u>-</u>	<u>45,442</u>
Net change in fund balances	267,991	(771,587)	706	(502,890)
Fund balances, beginning of year	<u>294,579</u>	<u>1,160,285</u>	<u>53,289</u>	<u>1,508,153</u>
Fund balances, end of year	<u>\$ 562,570</u>	<u>\$ 388,698</u>	<u>\$ 53,995</u>	<u>\$ 1,005,263</u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS**

Year ended June 30, 2011

	<u>Adult supplementary education</u>	<u>Adult basic education</u>	<u>Capital outlay</u>	<u>Adult basic education United Way</u>
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Tuition	29,907	-	-	-
Charges for services	-	10,660	-	-
Local support	-	56,998	552,282	-
State support	-	33,046	-	-
Federal support	-	61,952	-	-
Private support and gifts	20,000	-	-	21,000
Investment earnings	30	145	-	-
Miscellaneous	130	-	20,020	-
	<u>50,067</u>	<u>162,801</u>	<u>572,302</u>	<u>21,000</u>
Total revenue				
Expenditures:				
Current:				
Education and general:				
Institutional support	-	52,749	-	-
Instruction	25,832	104,192	-	22,019
Operation and maintenance	-	-	-	-
Scholarships and grants	-	-	-	-
Community service	20,240	-	-	-
Capital outlay	-	-	50,412	-
Debt service:				
Principal	-	-	292,784	-
Interest and fees	-	-	29,593	-
	<u>46,072</u>	<u>156,941</u>	<u>372,789</u>	<u>22,019</u>
Total expenditures				
Excess (deficiency) of revenue over expenditures	<u>3,995</u>	<u>5,860</u>	<u>199,513</u>	<u>(1,019)</u>
Other financing sources (uses):				
Debt issue proceeds	-	-	35,442	-
Transfers in	-	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>35,442</u>	<u>-</u>
Net change in fund balances	3,995	5,860	234,955	(1,019)
Fund balances (deficits), beginning of year	<u>21,005</u>	<u>135,593</u>	<u>-</u>	<u>5,250</u>
Fund balances (deficits), end of year	<u>\$ 25,000</u>	<u>\$ 141,453</u>	<u>\$ 234,955</u>	<u>\$ 4,231</u>

<u>DCCC child development center</u>	<u>Scroggins park</u>	<u>Memorial endowed scholarship</u>	<u>DCCC scholarship award program</u>	<u>McLain grove</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
178,874	-	-	-	-
-	-	-	-	-
-	-	-	-	-
11,160	-	-	-	-
1,226	-	-	206,505	-
25	-	-	-	-
-	-	-	-	-
<u>191,285</u>	<u>-</u>	<u>-</u>	<u>206,505</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	76	-	-	419
-	-	500	195,215	-
210,153	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>210,153</u>	<u>76</u>	<u>500</u>	<u>195,215</u>	<u>419</u>
<u>(18,868)</u>	<u>(76)</u>	<u>(500)</u>	<u>11,290</u>	<u>(419)</u>
-	-	-	-	-
10,000	-	-	-	-
10,000	-	-	-	-
(8,868)	(76)	(500)	11,290	(419)
<u>20,487</u>	<u>76</u>	<u>1,810</u>	<u>9,541</u>	<u>419</u>
<u>\$ 11,619</u>	<u>\$ -</u>	<u>\$ 1,310</u>	<u>\$ 20,831</u>	<u>\$ -</u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Year ended June 30, 2011

	<u>Divisional scholarship</u>	<u>Financial aid administration</u>	<u>Special revenue activity accounts</u>	<u>Kan-ed technology grant</u>
Revenue:				
Student fees	\$ 516,066	\$ -	\$ -	\$ -
Tuition	-	-	-	-
Charges for services	10,897	-	13,546	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	-	-	-	-
Private support and gifts	43,028	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	7,600	117,286	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	569,991	7,600	130,832	-
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Education and general:				
Institutional support	-	7,982	114,504	-
Instruction	-	-	-	9,774
Operation and maintenance	-	-	-	-
Scholarships and grants	565,501	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	565,501	7,982	114,504	9,774
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	4,490	(382)	16,328	(9,774)
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Debt issue proceeds	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources and uses	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	4,490	(382)	16,328	(9,774)
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	13,336	429	46,512	9,774
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), end of year	\$ 17,826	\$ 47	\$ 62,840	\$ -
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

<u>RSVP grants</u>	<u>RSVP reserve</u>	<u>Home food program</u>	<u>Home food program reserve</u>	<u>Target tech talent grants</u>	<u>Nursing initiative grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
33,907	1,815	463,783	-	-	8,365
12,425	-	-	-	-	-
(82)	-	-	-	-	-
-	-	-	-	-	-
<u>46,250</u>	<u>1,815</u>	<u>463,783</u>	<u>-</u>	<u>-</u>	<u>8,365</u>
48,537	-	-	-	-	-
-	-	-	-	8,646	8,575
-	-	-	-	-	-
-	-	448,682	(721)	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>48,537</u>	<u>-</u>	<u>448,682</u>	<u>(721)</u>	<u>8,646</u>	<u>8,575</u>
<u>(2,287)</u>	<u>1,815</u>	<u>15,101</u>	<u>721</u>	<u>(8,646)</u>	<u>(210)</u>
-	-	-	-	-	-
-	-	-	-	-	-
<u>(2,287)</u>	<u>1,815</u>	<u>15,101</u>	<u>721</u>	<u>(8,646)</u>	<u>(210)</u>
<u>4,254</u>	<u>1,183</u>	<u>186</u>	<u>9,607</u>	<u>8,646</u>	<u>210</u>
<u>\$ 1,967</u>	<u>\$ 2,998</u>	<u>\$ 15,287</u>	<u>\$ 10,328</u>	<u>\$ -</u>	<u>\$ -</u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS (CONTINUED)**

Year ended June 30, 2011

	<u>Nontraditional initiative grants</u>	<u>NIH Kansas bridges grants</u>	<u>Community based job training grants</u>	<u>Federal family educational loan</u>
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Tuition	-	-	-	-
Charges for services	-	-	-	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	7,108	33,302	254,519	66,586
Private support and gifts	3,403	-	-	195,009
Investment earnings	-	-	-	7
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	<u>10,511</u>	<u>33,302</u>	<u>254,519</u>	<u>261,602</u>
Expenditures:				
Current:				
Education and general:				
Institutional support	4,263	33,940	-	-
Instruction	-	-	254,519	-
Operation and maintenance	-	-	-	-
Scholarships and grants	-	-	-	261,595
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>4,263</u>	<u>33,940</u>	<u>254,519</u>	<u>261,595</u>
Excess (deficiency) of revenue over expenditures	<u>6,248</u>	<u>(638)</u>	<u>-</u>	<u>7</u>
Other financing sources (uses):				
Debt issue proceeds	-	-	-	-
Transfers in	-	-	-	-
Total other financing sources and uses	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	6,248	(638)	-	7
Fund balances (deficits), beginning of year	<u>(300)</u>	<u>(148)</u>	<u>-</u>	<u>6,709</u>
Fund balances (deficits), end of year	<u>\$ 5,948</u>	<u>\$ (786)</u>	<u>\$ -</u>	<u>\$ 6,716</u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS**

June 30, 2011

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total internal service funds</u>
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 3,428	\$ -	\$ 3,428
Inventories	26,564	-	26,564
	<hr/>	<hr/>	<hr/>
Total current assets	29,992	-	29,992
Noncurrent assets:			
Restricted cash and cash equivalents	-	1,281,433	1,281,433
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 29,992</u>	<u>\$ 1,281,433</u>	<u>\$ 1,311,425</u>
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 308	\$ -	\$ 308
Medical claims payable	-	106,690	106,690
	<hr/>	<hr/>	<hr/>
Total current liabilities	308	106,690	106,998
<u>NET ASSETS</u>			
Unrestricted	<hr/> 29,684	<hr/> 1,174,743	<hr/> 1,204,427
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 29,992</u>	<u>\$ 1,281,433</u>	<u>\$ 1,311,425</u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING STATEMENT OF REVENUE,
EXPENSES, AND CHANGES IN FUND NET ASSETS
INTERNAL SERVICE FUNDS**

Year ended June 30, 2011

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total internal service funds</u>
Operating revenue:			
Charges for services	<u>\$ 43,800</u>	<u>\$ 1,406,587</u>	<u>\$ 1,450,387</u>
Operating expenses:			
Contractual services	-	1,057,704	1,057,704
Other supplies and expenses	<u>45,219</u>	<u>-</u>	<u>45,219</u>
Total operating expenses	<u>45,219</u>	<u>1,057,704</u>	<u>1,102,923</u>
Operating income	(1,419)	348,883	347,464
Nonoperating revenue:			
Interest and investment revenue	-	4,519	4,519
Transfer in	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Total nonoperating revenue (expense)	<u>3,000</u>	<u>4,519</u>	<u>7,519</u>
Change in net assets	1,581	353,402	354,983
Total net assets, beginning of year	<u>28,103</u>	<u>821,341</u>	<u>849,444</u>
Total net assets, end of year	<u><u>\$ 29,684</u></u>	<u><u>\$ 1,174,743</u></u>	<u><u>\$ 1,204,427</u></u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**

Year ended June 30, 2011

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 43,800	\$ 1,406,587	\$ 1,450,387
Payments for goods and services	<u>(47,247)</u>	<u>(999,657)</u>	<u>(1,046,904)</u>
Net cash provided (used) by operating activities	(3,447)	406,930	403,483
Cash flows from noncapital financing activities:			
Operating subsidies from other funds	<u>3,000</u>	<u>-</u>	<u>3,000</u>
Cash flows from investing activities:			
Interest and dividends	<u>-</u>	<u>4,519</u>	<u>4,519</u>
Net increase (decrease) in cash and cash equivalents	(447)	411,449	411,002
Balances, beginning of year	<u>3,875</u>	<u>869,984</u>	<u>873,859</u>
Balances, end of year	<u><u>\$ 3,428</u></u>	<u><u>\$ 1,281,433</u></u>	<u><u>\$ 1,284,861</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (1,419)	\$ 348,883	\$ 347,464
Adjustments to reconcile operating income (loss) to to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Inventories	(2,194)	-	(2,194)
Accounts and other payables	<u>166</u>	<u>58,047</u>	<u>58,213</u>
Net cash provided (used) by operating activities	<u><u>\$ (3,447)</u></u>	<u><u>\$ 406,930</u></u>	<u><u>\$ 403,483</u></u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS**

June 30, 2011

	<u>Nursing loan</u>	<u>Flexible spending account</u>	<u>Activity accounts</u>	<u>Total agency funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	\$ -	\$ 25,282	\$ 57,247	\$ 82,529
Loans receivable	<u>5,797</u>	<u>-</u>	<u>-</u>	<u>5,797</u>
Total assets	<u>\$ 5,797</u>	<u>\$ 25,282</u>	<u>\$ 57,247</u>	<u>\$ 88,326</u>
<u>LIABILITIES</u>				
Due to other governments	\$ 5,797	\$ -	\$ -	\$ 5,797
Due to others	<u>-</u>	<u>25,282</u>	<u>57,247</u>	<u>82,529</u>
Total liabilities	<u>\$ 5,797</u>	<u>\$ 25,282</u>	<u>\$ 57,247</u>	<u>\$ 88,326</u>

APPENDICES

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**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
Dodge City Community College
Dodge City, Kansas

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge City Community College as of and for the year ended June 30, 2011, which collectively comprise Dodge City Community College's basic financial statements and have issued our report thereon dated November 21, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the Dodge City Community College Endowment Association were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be a significant deficiency in internal control over financial reporting as item 2011-01. 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.

Compliance and Other Matters

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

Dodge City Community College's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Dodge City Community College's response, and, accordingly, we express no opinion on it.

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

Kennedy McKee & Company LLP

November 21, 2011

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

Board of Trustees
Dodge City Community College
Dodge City, Kansas

Compliance

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

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

In our opinion, Dodge City Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items 2011-02, 2011-03 and 2011-04. *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.

Dodge City Community College's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Dodge City Community College's responses and, accordingly, we express no opinion on the responses.

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

Kennedy McKee & Company LLP

November 21, 2011

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2011

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures
U.S. Department of Agriculture			
Passed through Kansas			
Department of Education:			
Child and Adult Care Food Program, 2009-10	10.558	SA# JO807	\$ 124,562
Child and Adult Care Food Program, 2010-11	10.558	SA# JO807	335,280
U.S. Department of Labor			
Direct Program:			
Community Based Job Training	17.269	N/A	254,519
U.S. Department of Education			
Direct programs:			
Student Financial Assistance Programs:			
Federal Supplemental Educational Opportunity Grant, 2009-10	84.007	N/A	4,145
Federal Supplemental Educational Opportunity Grant, 2010-11	84.007	N/A	24,962
Federal Family Education Loan Program	84.032	N/A	-
Federal Work Study Program, 2010-11	84.033	N/A	47,140
Federal Pell Grant Program, 2009-10	84.063	N/A	143,392
Federal Pell Grant Program, 2010-11	84.063	N/A	2,851,080
Federal Direct Student Loans	84.268	N/A	-
Academic Competitiveness Grants, 2011	84.375	N/A	42,043
Title V – Maximizing Student Success 2007-08	84.031S	N/A	16,074
Title V – Maximizing Student Success 2008-09	84.031S	N/A	21,898
Title V – Maximizing Student Success 2009-10	84.031S	N/A	121,502
Title V – Maximizing Student Success 2010-11	84.031S	N/A	459,130
TRIO – Student Support Services 2010-11	84.042A	N/A	87,829
Passed through Kansas Board of Regents:			
Adult Education State Grant Program	84.002	N/A	61,952
Passed through Kansas			
Department of Education:			
Vocational Education – Carl Perkins	84.048	N/A	139,337
State Fiscal Stabilization Fund – Education			
State Grants, Recovery Act 2009-10	84.394	N/A	44,127
State Grants, Recovery Act 2010-11	84.394	N/A	135,650
U.S. Department of Health and Human Services			
Direct program:			
Student Financial Assistance Program:			
Nursing Student Loans	93.364	N/A	-
Passed through Kansas State University:			
Kansas Bridges to the Future, 2009-10	93.859	N/A	20,126
Kansas Bridges to the Future, 2010-11	93.859	N/A	13,814

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year ended June 30, 2011

<u>Federal grantor/ pass-through grantor/ program title</u>	<u>Federal CFDA number</u>	<u>Pass-through grantor's number</u>	<u>Expenditures</u>
Corporation for National Service			
Direct program:			
Retired and Senior Volunteer Program, 2010-11	94.002	N/A	\$ 21,856
Retired and Senior Volunteer Program, 2011-12	94.002	N/A	6,598
Passed through Kansas			
Department of Education:			
Volunteer Generation Fund	94.021	N/A	<u>2,918</u>
Total federal awards			<u>\$ 4,979,934</u>

1. New Federal Family Education loans made in the current year are \$42,218.
2. New Federal Direct Student Loans made in the current year are \$1,151,124.
3. Change in loan balance:

	<u>Nursing</u>
Loan balance as of June 30, 2010 and 2011	<u>\$ 5,797</u>

Note: The schedule of expenditures of federal awards was prepared using the accrual basis of accounting.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2011

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of Dodge City Community College.
2. One significant deficiency relating to the audit of the financial statements is reported in the 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*.
3. No instances of noncompliance material to the financial statements of Dodge City Community College which would be required to be reported in accordance with *Government Auditing Standards* were disclosed during the audit.
4. Three significant deficiencies relating to the audit of internal control over major federal award programs are reported in the Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award programs for Dodge City Community College expresses an unqualified opinion on all major federal programs.
6. Audit findings required to be reported in accordance with Section 510(a) of OMB A-133 are reported in this schedule.
7. The programs tested as major programs included:

Student Financial Assistance Programs:	
Federal Supplemental Educational Opportunity Grant	CFDA 84.007
Federal Family Education Loan Program	CFDA 84.032
Federal Work Study Program	CFDA 84.033
Federal Pell Grant Program	CFDA 84.063
Federal Direct Student Loans	CFDA 84.268
Academic Competitiveness Grants	CFDA 84.375
Nursing Student Loan Program	CFDA 93.364
State Fiscal Stabilization Fund – Education State Grants, Recovery Act	CFDA 84.394
8. The threshold for distinguishing between Type A and Type B programs was \$300,000.
9. Dodge City Community College did not qualify as a low-risk auditee.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2011

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

2011-01 Capital Asset Listing

Condition: The capital asset listing provided by the client was incomplete. No capital asset disposals were entered when the information was originally provided.

Criteria: Since the College reports capital assets in its financial statements, the detail capital asset listing must be complete and current.

Effect: The capital asset balances in the financial statements would have been overstated by \$75,578 if the College had not updated the detail listing before the statements were finalized.

Cause: The procedures to keep the capital asset listing current were not followed.

Recommendation: We recommend capital asset records be updated in a timely manner.

Grantee Response: Capital Assets will be inventoried, updated and retired annually during spring break. This will allow sufficient time to have the asset changes completed by the end of the fiscal year.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2011

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

2011-02 Student Financial Assistance Programs
Grant period: Year Ended June 30, 2011

Condition: A random sample of 40 students was selected for eligibility testing. We noted one student was selected for verification on the Institutional Student Information Record by the U.S. Department of Education. The verification resulted in an increase to the student's expected family contribution. However, the student's Pell and Stafford loans were disbursed based on the original information.

Criteria: Pell grant awards are based on cost of attendance, expected family contribution and enrollment status. A Subsidized Stafford Loan is based on cost of attendance less expected family contribution less all other aid received.

Effect: The increase in the student's revised expected family contribution resulted in the student being over awarded Pell by \$5,550 and \$1,750 in a Subsidized Stafford Loan.

Cause: Financial aid personnel failed to update the student's expected family contribution based on the revised verification information.

Recommendation: We recommend that financial aid personnel be diligent in reviewing student files to ensure that student files are complete and awards are within prescribed limits.

Grantee Response: Documentation was requested and received to verify the file. The corrections were hand-written on the paper ISIR, but the Financial Aid Administrator failed to submit the changes to CPS. The FAA was new to the verification process and the failure to submit corrections was a one-time error. We now submit corrections daily through our PowerFAIDS software and submit them to CPS. Also, we have reallocated the student's loans from Subsidized and Unsubsidized, to all Unsubsidized to match her true eligibility.

2011-03 Student Financial Assistance Programs
Grant period: Year Ended June 30, 2011

Condition: A random sample of 40 students was selected for eligibility testing. We noted that one student selected received an Unsubsidized Stafford Loan in excess of the allowed limits.

Criteria: An Unsubsidized Stafford Loan is limited to the lesser of cost of attendance less all other aid received or \$6,000 for an independent sophomore.

Effect: Based on the above criteria, the student was eligible to borrow \$4,656 from the Unsubsidized Stafford Loan Program. The amount actually received was \$4,976. This resulted in an over award of \$320.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2011

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

2011-03 Student Financial Assistance Programs (Continued)
Grant period: Year Ended June 30, 2011

Cause: Per review of the official financial aid award notification the student's cost of attendance was calculated at in-state rates but should have been calculated using Ford County rates.

Recommendation: We recommend that financial aid personnel be diligent in reviewing student files to ensure that student files are complete and awards are within prescribed limits.

Grantee Response: In an effort to increase productivity, we made some changes to our PowerFAIDS software to increase the automation. As a result Ford County students' COA was overstated and we had to correct them as we found them. In the case of this student we corrected the file incorrectly. However, upon further review, he was enrolled in our Welding Technology program and that program has additional direct and indirect costs. There is a tool requirement with a cost of \$132 per semester. There were also additional lab fees totaling \$170, resulting in an increased COA of \$434. So while we did not catch the mistake in the student's COA category, we also missed additional COA components that resulted in his account not being over awarded. For the current year, and subsequent years, the software error has been fixed and we check and recalculate COA budgets for any student for whom we receive a late additional scholarship and make sure that they are not over awarded in loans or any other Title IV aid.

2011-04 Student Financial Assistance Programs
Grant period: Year Ended June 30, 2011

Condition: During the review of the Returns of Title IV funds it was noted that funds were not always returned by the 45 day requirement, based on dates entered in the Return to Title IV forms.

Criteria: Returns of Title IV funds are required to be deposited or transferred into the SFA account or electronic fund transfers initiated to ED or the appropriate lender as soon as possible, but no later than 45 days after the date the institution determines that the student withdrew.

Effect: The College did not return Title IV funds in a timely manner.

Cause: Financial aid personnel had trouble determining students' actual withdrawal dates but did not have proper documentation to show when date of withdrawal was actually determined.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2011

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

2011-04 Student Financial Assistance Programs (Continued)
Grant period: Year Ended June 30, 2011

Recommendation: We recommend that financial aid personnel be diligent in determining student withdrawal dates and timely return unearned Title IV aid.

Grantee Response: We did return Title IV funds in a timely manner. We put the wrong date on some of the R2T4 paperwork for the fall semester of 2010 and have misplaced the back-up documentation. Our R2T4 submissions for the spring semester of 2011 are evidence that it is being done correctly. In the future, we will be more diligent to make sure that back-up documentation is placed with the official documentation of Return to Title IV Funds calculations and that submissions are dated correctly as well.

DODGE CITY COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2011

- 2010-02 State Fiscal Stabilization Fund – Education State Grants, Recovery Act;
Grant period: Year Ended June 30, 2010

Condition: The College did not receive weekly certified payrolls from contractors to monitor prevailing wage rates required by the Davis-Bacon Act.

Recommendation: We recommend weekly copies of payrolls and a statement of compliance be obtained in the future when the Davis-Bacon Act applies.

Current Status: The College did not have any expenditures subject to the Davis-Bacon Act in the June 30, 2011 audit.

- 2010-03 State Fiscal Stabilization Fund – Education State Grants, Recovery Act;
Grant period: Year Ended June 30, 2010

Condition: Awards to contractors for construction, alteration, maintenance, or repairs of public buildings or public works did not contain the required Buy-American award term.

Recommendation: We recommend the College include the Buy-American award term in future ARRA awards for construction, alteration, maintenance, or repairs of public buildings or public works.

Current Status: The College did not have any expenditures subject to the Buy-American terms in the June 30, 2011 audit.

- 2010-04 Student Financial Assistance Programs
Grant period: Year Ended June 30, 2010

Condition: A random sample of 40 students was selected for eligibility testing. We noted one student was selected for verification on the Institutional Student Information Record by the U.S. Department of Education. The verification resulted in an increase to the student's expected family contribution. However, the student Pell was disbursed based on the original information.

Recommendation: We recommend that financial aid personnel be diligent in reviewing student files to ensure that student files are complete and awards are within prescribed limits.

Current Status: The Financial Aid Office concurred with the recommendation. One similar finding was noted in the June 30, 2011 audit, finding 2011-02.

DODGE CITY COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2011

2010-05 Student Financial Assistance Programs
Grant period: Year Ended June 30, 2010

Condition: A random sample of 40 students was selected for eligibility testing. We noted one student was selected for verification on the Institutional Student Information Record by the U.S. Department of Education. A verification worksheet was not completed by the student. Consequently, the household size was not verified.

Recommendation: We recommend that financial aid personnel be diligent in reviewing student files to ensure that student files are complete and awards are within prescribed limits.

Current Status: The Financial Aid Office concurred with the recommendation. No similar findings were noted in the June 30, 2011 audit.

2010-06 Student Financial Assistance Programs
Grant period: Year Ended June 30, 2010

Condition: A random sample of 40 students was selected for eligibility testing. We noted one student did not meet the College's satisfactory academic progress policy while on financial aid probation for the Spring 2009 term. The student received a Pell award for the Fall 2009 term while the student should have been on financial aid disqualification.

Recommendation: We recommend that financial aid personnel be diligent in reviewing student files to ensure that student files are complete and awards are within prescribed limits.

Current Status: The Financial Aid Office concurred with the recommendation. No similar findings were noted in the June 30, 2011 audit.