

DODGE CITY COMMUNITY COLLEGE

**BASIC FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and
OMB CIRCULAR A-133 SINGLE AUDIT REPORTS
YEAR ENDED JUNE 30, 2012**

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, 2012, 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, 2012, 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 October 31, 2012, 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 financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, are required by the U.S. Office of Management and Budget Circular A-133, *Audit of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Kennedy McKee & Company LLP

October 31, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

DODGE CITY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2012

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, 2012. 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	
	2012	2011	2012	2011	2012	2011
Current and other assets	\$ 9,003,045	\$ 9,489,252	\$ 1,963,229	\$ 6,698,909	\$ 10,966,274	\$ 16,188,161
Capital assets	9,568,184	7,652,242	6,556,884	977,687	16,125,068	8,629,929
Total assets	18,571,229	17,141,494	8,520,113	7,676,596	27,091,342	24,818,090
Long-term liabilities	4,395,149	2,682,854	4,850,000	4,980,000	9,245,149	7,662,854
Other liabilities	882,936	715,343	426,348	140,140	1,309,284	855,483
Deferred revenue	2,910,143	2,937,188	-	-	2,910,143	2,937,188
Total liabilities	8,188,228	6,335,385	5,276,348	5,120,140	13,464,576	11,455,525
Net assets						
Invested in capital assets net of related debt	6,694,581	6,000,556	1,706,883	894,649	8,401,464	6,895,205
Restricted	283,984	442,693	-	-	283,984	442,693
Unrestricted	3,404,436	4,362,860	1,536,882	1,661,807	4,941,318	6,024,667
Total net assets	\$ 10,383,001	\$ 10,806,109	\$ 3,243,765	\$ 2,556,456	\$ 13,626,766	\$ 13,362,565

Total net assets for the College increased \$264,201 with the net assets of the governmental activities decreasing \$423,108, and those of the business-type activities increasing \$687,309.

Table 2: Operations

	Governmental activities		Business-type activities		Total primary government	
	2012	2011	2012	2011	2012	2011
Revenue:						
Program revenue:						
Charges for services	\$ 3,666,157	\$ 3,192,367	\$ 2,026,577	\$ 1,702,669	\$ 5,692,734	\$ 4,895,036
Operating grants	8,278,227	6,455,736	-	-	8,278,227	6,455,736
Capital grants	287,257	474,971	453,463	-	740,720	474,971
General revenue:						
Property taxes	9,334,627	8,864,474	-	-	9,334,627	8,864,474
Unrestricted grants	2,540,466	2,479,592	5,000	7,000	2,545,466	2,486,592
Investment earnings	41,697	87,256	1,558	8,273	43,255	95,529
Transfers	-	(200,000)	-	200,000	-	-
Other general revenue	253,118	202,305	-	-	253,118	202,305
Total revenue	24,401,549	21,556,701	2,486,598	1,917,942	26,888,147	23,474,643
Program expenses:						
Institutional support	5,678,771	4,311,622	-	-	5,678,771	4,311,622
Instruction	5,897,420	5,124,961	-	-	5,897,420	5,124,961
Student services	2,194,583	1,873,800	-	-	2,194,583	1,873,800
Academic support	1,007,928	842,602	-	-	1,007,928	842,602
Operation and maintenance	1,982,335	2,073,786	-	-	1,982,335	2,073,786
Scholarships and grants	6,562,602	5,834,638	-	-	6,562,602	5,834,638
Community service	680,277	691,568	-	-	680,277	691,568
Capital outlay	783,988	161,747	-	-	783,988	161,747
Indirect depreciation	3,267	3,310	-	-	3,267	3,310
Interest on long-term debt	33,486	30,858	-	-	33,486	30,858
Bookstore	-	-	674,616	702,078	674,616	702,078
Food service	-	-	492,269	458,526	492,269	458,526
Student housing	-	-	548,660	439,385	548,660	439,385
Student union	-	-	83,744	114,834	83,744	114,834
Total expenses	24,824,657	20,948,892	1,799,289	1,714,823	26,623,946	22,663,715
Increase (decrease) in net assets	\$ (423,108)	\$ 607,809	\$ 687,309	\$ 203,119	\$ 264,201	\$ 810,928

THE COLLEGE AS A WHOLE (CONTINUED)

Government-wide Statements – Overview (continued)

Governmental revenues increased about \$2,845,000 from the prior year. This increase was composed of the following;

- Increase of \$474,000 in charges for services;
- Increase of \$1,822,000 in operating grants;
- Increase of \$470,000 in property taxes;
- Increase of \$254,000 in unrestricted grants;
- Decrease of \$200,000 in transfers;

Expenses increased about \$3,876,000 as follows:

- \$1,367,000 increase in institutional support;
- \$772,000 increase in instruction;
- \$320,000 increase in student services;
- \$165,000 increase in academic support;
- \$728,000 increase in scholarships;
- \$622,000 increase in capital outlay.

Business-type revenues increased about \$568,000, with bookstore increasing \$109,000, food service decreasing \$107,000 and student housing increasing \$566,000. Business-type expenses increased about \$84,000 with student housing expense increasing \$109,000.

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).

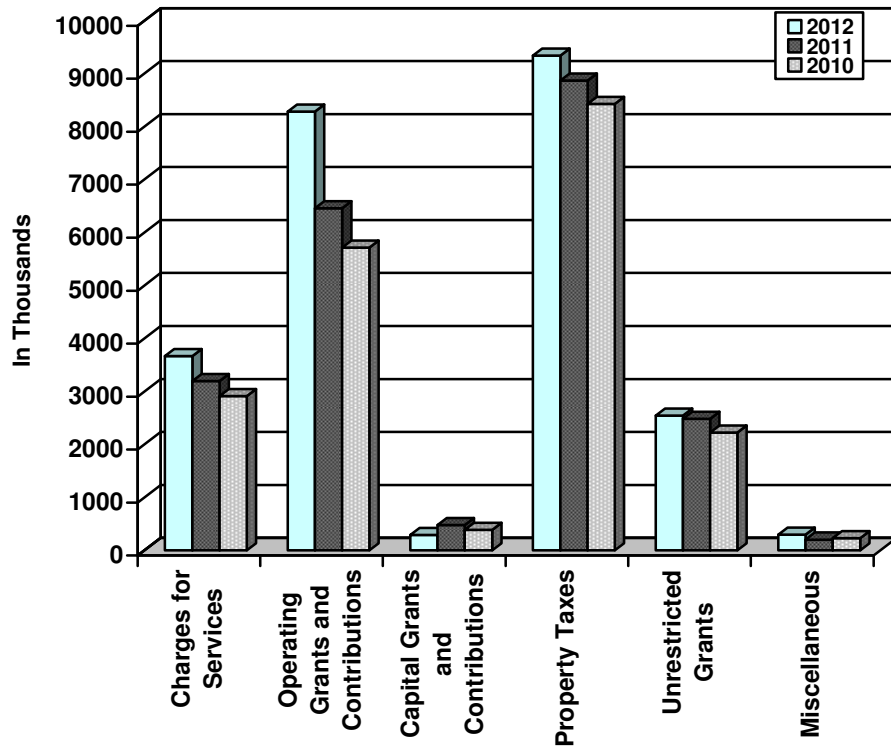
The cost of all governmental activities this year was \$24,825,000 compared to \$20,949,000 last year. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities through property taxes was only \$9,335,000 because some of the cost was paid by those who directly benefited from the programs (\$3,666,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11,106,000). 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 a decrease in net assets of \$423,000.

The following charts reflect a comparison among all the activities and sources of revenue for the years ended June 30, 2012, 2011 and 2010 based on the information included in the government-wide financial statements.

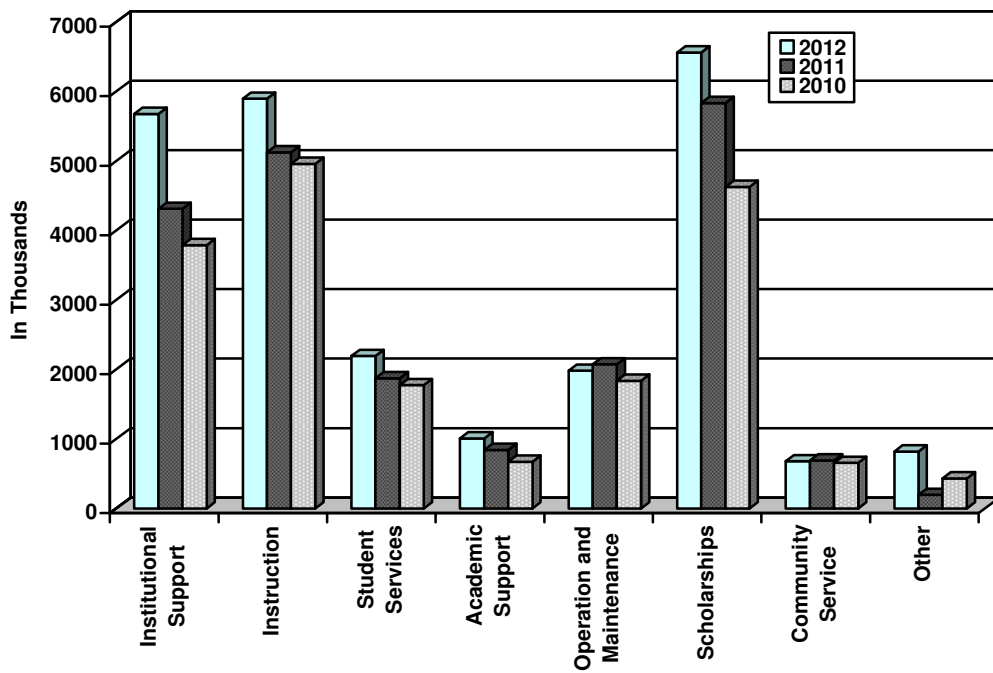
THE COLLEGE AS A WHOLE (CONTINUED)

Governmental Activities (continued)

Governmental Activities - Revenues



Governmental Activities - Expenses



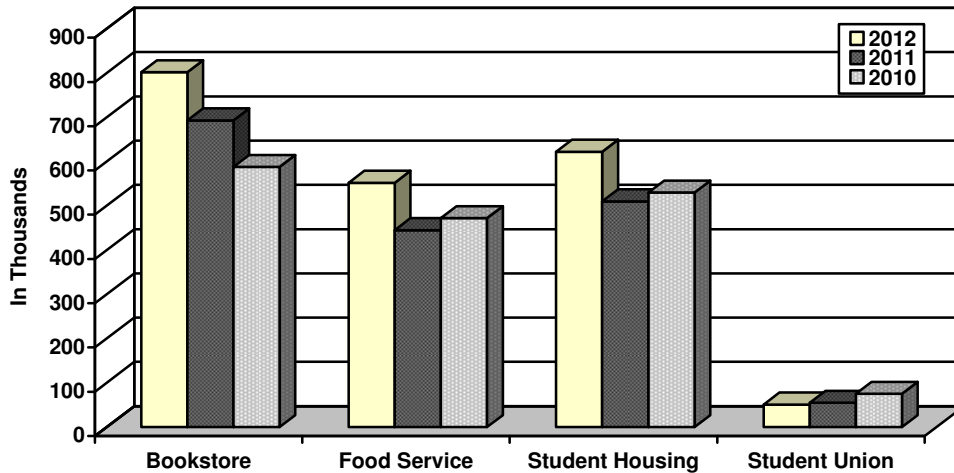
THE COLLEGE AS A WHOLE (CONTINUED)

Business-Type Activities

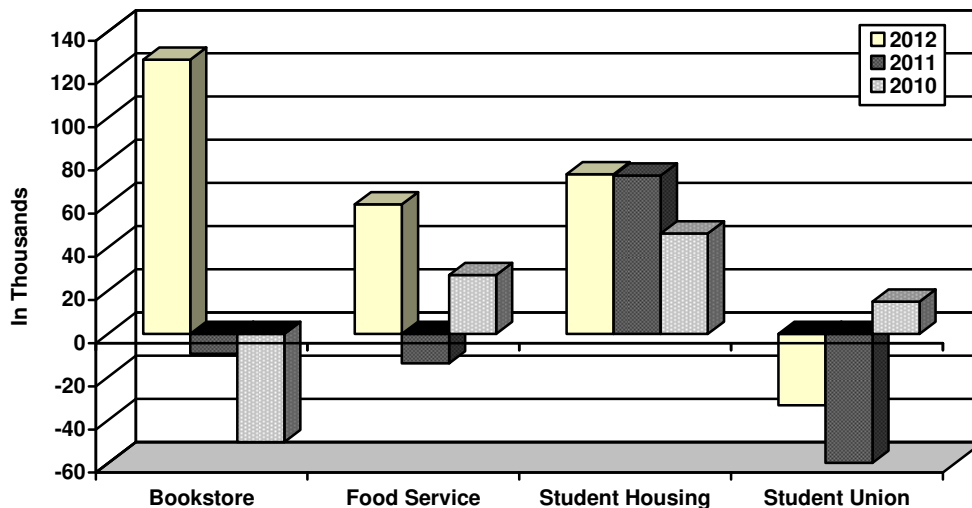
The business-type activities of the College are the bookstore, food service, student housing, and student union operations. These activities derive most of their revenue from charges for services. Total business-type charges for services were \$2,027,000 compared with \$1,703,000 last year. Expenses were \$1,799,000 compared with \$1,715,000.

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, 2012, 2011 and 2010.

Business-Type Activities - Charges for Services



Business-Type Activities Operating Income (Loss)

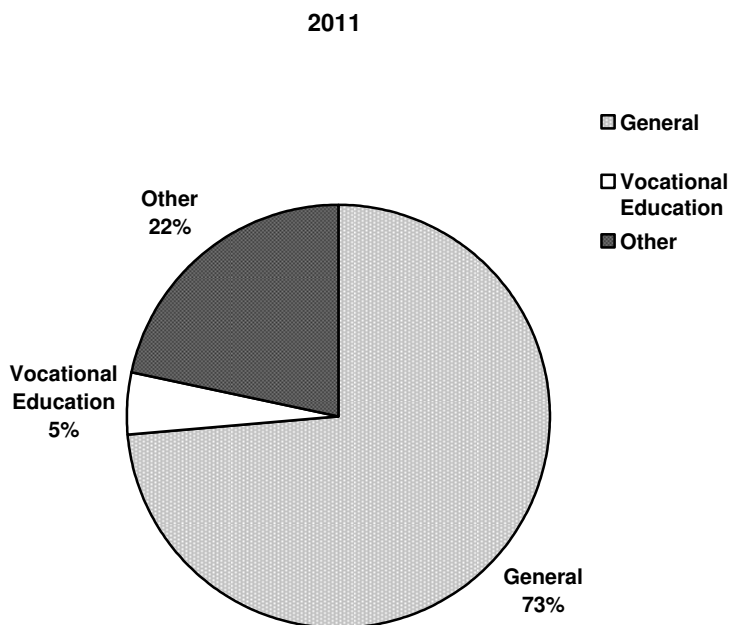
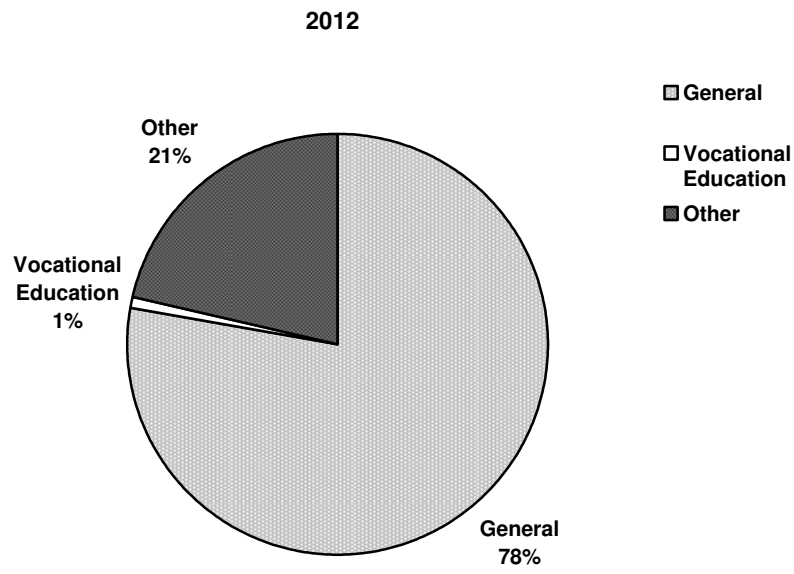


THE COLLEGE'S FUND BALANCES

The College's combined fund balances as of the end of the current year for governmental funds were \$3,662,000, as reflected in the Balance Sheet of the Governmental Funds. This balance represents a decrease of \$1,003,000 (23%) from last year's ending balance.

A comparison of fund balances as of June 30, 2012 and 2011 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>2012</u>	<u>2011</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$ 645,257	\$ 891,098	\$ (245,841)	-28%
Tuition	960,459	758,428	202,031	27%
Charges for services	48,416	54,060	(5,644)	-10%
Local support	8,703,319	8,255,194	448,125	5%
State support	1,702,180	1,752,741	(50,561)	-3%
Federal support	1,436	179,777	(178,341)	-99%
Investment earnings	34,356	81,906	(47,550)	-58%
Miscellaneous	98,196	54,587	43,609	80%
Total revenue	<u>12,193,619</u>	<u>12,027,791</u>	<u>165,828</u>	1%
Expenditures				
Institutional support	2,419,142	3,704,090	(1,284,948)	-35%
Instruction	2,457,770	2,427,234	30,536	1%
Student services	2,092,859	1,785,906	306,953	17%
Academic support	870,104	748,007	122,097	16%
Operation and maintenance	2,269,481	2,012,123	257,358	13%
Scholarships and grants	597,346	606,698	(9,352)	-2%
Capital outlay	71,339	186,322	(114,983)	-62%
Transfers out	2,000,000	913,000	1,087,000	119%
Total expenditures	<u>12,778,041</u>	<u>12,383,380</u>	<u>394,661</u>	3%
Change in fund balance	<u>\$ (584,422)</u>	<u>\$ (355,589)</u>	<u>\$ (228,833)</u>	

VOCATIONAL EDUCATION FUND

	<u>2012</u>	<u>2011</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$ 475,026	\$ 22,467	\$ 452,559	2014%
Tuition	595,339	637,681	(42,342)	-7%
Charges for services	68,617	67,461	1,156	2%
State support	984,414	882,448	101,966	12%
Federal support	139,693	139,597	96	- %
Private gifts	-	15,000	(15,000)	-100%
Miscellaneous	2,990	2,682	308	11%
Transfers in	2,000,000	700,000	1,300,000	186%
Total revenue	<u>4,266,079</u>	<u>2,467,336</u>	<u>1,798,743</u>	73%
Expenditures				
Institutional support	1,759,232	122,842	1,636,390	1332%
Instruction	2,339,603	2,016,332	323,271	16%
Student services	41,696	-	41,696	100%
Academic support	111,663	62,288	49,375	79%
Capital outlay	129,342	57,901	71,441	123%
Debt service	80,010	41,822	38,188	91%
Total expenditures	<u>4,461,546</u>	<u>2,301,185</u>	<u>2,160,361</u>	94%
Change in fund balance	<u>\$ (195,467)</u>	<u>\$ 166,151</u>	<u>\$ (361,618)</u>	

THE COLLEGE'S FUND BALANCES (CONTINUED)

Total revenue in the General Fund increased \$165,000 as follows:

- Decrease of \$246,000 in student fees;
- Increase of \$202,000 in tuition;
- Increase of \$448,000 in local support;
- Decrease of \$178,000 in federal support.

Expenditures increased about \$395,000 as follows:

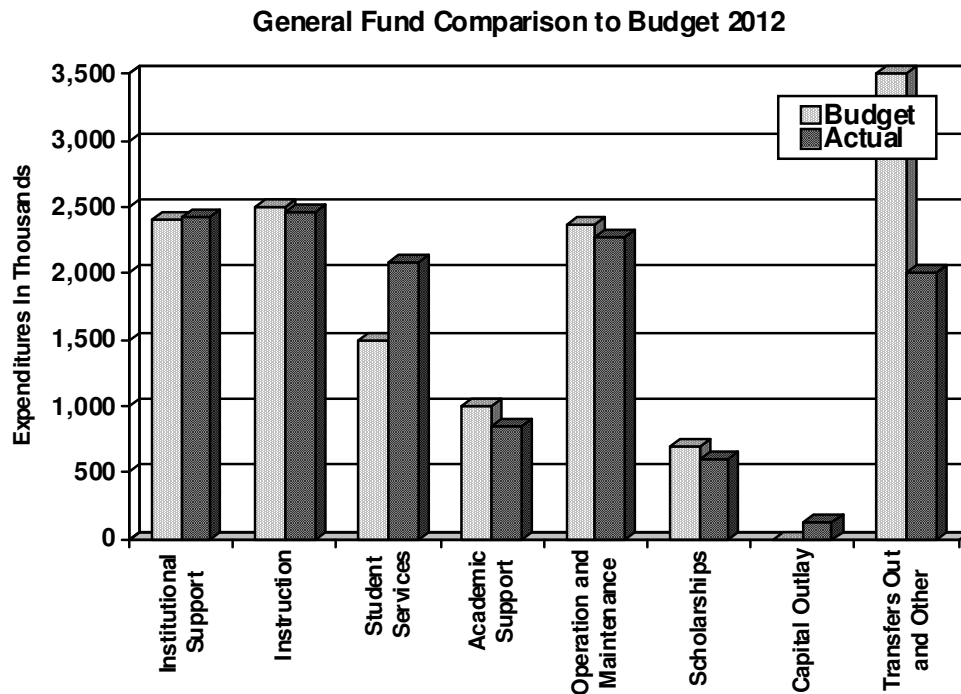
- Decrease of \$1,285,000 in institutional support;
- Increase of \$307,000 in student services;
- Increase of \$122,000 in academic support;
- Increase of \$257,000 in operations and maintenance;
- Decrease of \$115,000 in capital outlay;
- Increase of \$1,087,000 in transfers.

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 \$2,000,000 and \$700,000 as of June 30, 2012 and 2011, respectively.

BUDGETARY HIGHLIGHTS

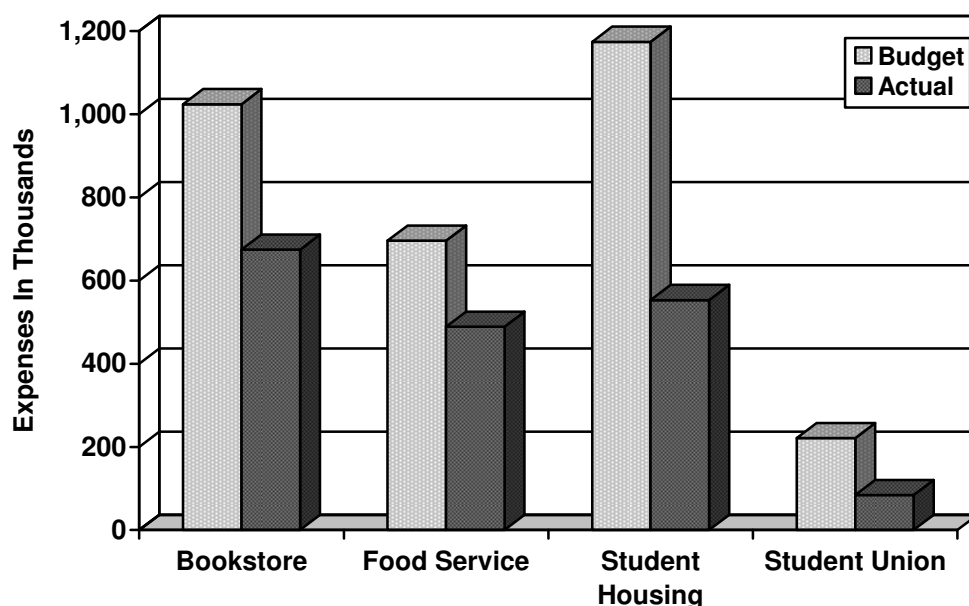
The governmental funds included in the published budget are the General Fund, Vocational Education Fund, Adult Education Fund, Adult Supplementary Education Fund and Capital Outlay Fund. Budgeted business-type funds are as follows: Bookstore Fund, Food Service Fund, Student Housing Fund, and Student 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 2012



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The College has invested \$16.125 million in capital assets (net of depreciation). Approximately 59% of this investment is related to governmental activities and includes infrastructure, buildings and equipment. Net governmental capital assets increased about 25% from the prior year. Net capital assets held for business-type activities have increased about 570% 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	
	2012	2011	2012	2011	2012	2011
Land	\$ 191	\$ 191	\$ -	\$ -	\$ 191	\$ 191
Buildings and improvements	5,661	5,906	661	739	6,322	6,645
Furniture and equipment	2,174	1,520	70	29	2,244	1,549
Infrastructure	32	35	-	-	32	35
Construction in progress	1,510	-	5,826	209	7,336	209
Totals	<u>\$ 9,568</u>	<u>\$ 7,652</u>	<u>\$ 6,557</u>	<u>\$ 977</u>	<u>\$ 16,125</u>	<u>\$ 8,629</u>

During the current year, major capital additions for governmental activities and business-type activities were construction in progress relating to student union improvements and a new dormitory respectively.

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 \$4,598,000. This includes \$964,000 in capital leases, \$1,665,000 in general obligation bonds, \$475,000 in notes payable, \$1,264,000 net OPEB obligation, \$202,000 in compensated absences payable and \$28,000 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 and June 28, 2011 at an interest rate of 1.75% and 1.20% 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 \$4,985,000. 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>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>	<u>2012</u>	<u>2011</u>
Capital lease obligations	\$ 964	\$ 398	\$ -	\$ -	\$ 964	\$ 398
General obligation bonds	1,665	1,025	-	-	1,665	1,025
Revenue bonds	-	-	4,850	4,980	4,850	4,980
Notes payable	475	617	-	-	475	617
Net OPEB obligation	1,264	593	-	-	1,264	593
Compensated absences	202	185	-	-	202	185
Other obligations	28	50	-	-	28	50
Totals	<u>\$ 4,598</u>	<u>\$ 2,868</u>	<u>\$ 4,850</u>	<u>\$ 4,980</u>	<u>\$ 9,448</u>	<u>\$ 7,848</u>

RELEVANT CURRENT ECONOMIC FACTORS, DECISIONS AND CONDITIONS

The College is currently building a new dormitory building to replace existing dormitory buildings. The College is also remodeling the student union. The College has issued bonds to finance the construction and remodeling. The projects will be completed in the June 30, 2013 fiscal year.

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 Vice-President of Operations and Finance, 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, 2012

	Primary government			Component unit
	Governmental activities	Business-type activities	Total	
ASSETS				
Cash and cash equivalents	\$ 1,020,921	\$ 920,175	\$ 1,941,096	\$ 141,344
Investments	4,800,000	-	4,800,000	948,061
Receivables (net)	89,855	19,544	109,399	-
Due from other governments	908,018	-	908,018	-
Inventories and other assets	186,684	278,709	465,393	-
Restricted cash and cash equivalents	1,997,567	744,801	2,742,368	-
Capital assets, net	9,568,184	6,556,884	16,125,068	-
Total assets	18,571,229	8,520,113	27,091,342	1,089,405
LIABILITIES				
Accounts payable	680,506	369,570	1,050,076	-
Accrued interest payable	-	56,778	56,778	-
Compensated absences payable	202,430	-	202,430	-
Deferred revenue	2,910,143	-	2,910,143	-
Noncurrent liabilities:				
Due within one year:				
Capital lease obligations	221,348	-	221,348	-
General obligation bonds	550,000	-	550,000	-
Revenue bonds	-	130,000	130,000	-
Notes payable	142,951	-	142,951	-
Early retirement payable	23,106	-	23,106	-
Due in more than one year:				
Capital lease obligations	742,208	-	742,208	-
General obligation bonds	1,115,000	-	1,115,000	-
Revenue bonds	-	4,720,000	4,720,000	-
Notes payable	331,723	-	331,723	-
Early retirement payable	4,662	-	4,662	-
Net OPEB obligation	1,264,151	-	1,264,151	-
Total liabilities	8,188,228	5,276,348	13,464,576	-
NET ASSETS				
Invested in capital assets, net of related debt	6,694,581	1,706,883	8,401,464	-
Restricted:				
Nonexpendable:				
Future educational purpose	54,358	-	54,358	-
Scholarships	-	-	-	929,717
Expendable:				
Construction	229,626	-	229,626	-
Scholarships	-	-	-	43,206
Unrestricted	3,404,436	1,536,882	4,941,318	116,482
Total net assets	\$ 10,383,001	\$ 3,243,765	\$ 13,626,766	\$ 1,089,405

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

DODGE CITY COMMUNITY COLLEGE

STATEMENT OF ACTIVITIES

Year ended June 30, 2012

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
Institutional support	\$ 5,678,771	\$ 246,432	\$ 993,055	\$ -
Instruction	5,897,420	1,686,936	1,213,601	-
Student services	2,194,583	1,124,525	257,235	-
Academic support	1,007,928	-	-	-
Operation and maintenance	1,982,335	-	-	-
Scholarships and grants	6,562,602	608,264	5,351,997	-
Community service	680,277	-	462,339	-
Capital outlay	783,988	-	-	287,257
Indirect depreciation	3,267	-	-	-
Indirect interest on long-term debt	33,486	-	-	-
Total governmental activities	24,824,657	3,666,157	8,278,227	287,257
Business-type activities:				
Bookstore	674,616	801,585	-	-
Food service	492,269	552,298	-	-
Student housing	548,660	622,068	-	453,463
Student union operations	83,744	50,626	-	-
Total business-type activities	1,799,289	2,026,577	-	453,463
Total primary government	\$ 26,623,946	\$ 5,692,734	\$ 8,278,227	\$ 740,720
Component unit:				
DCCC Endowment Association	\$ 48,901	\$ -	\$ 19,987	\$ -

General revenues:

- Property taxes, levied for general purposes
- Grants and contributions not restricted to specific programs
- Investment earnings
- Contributions to endowment
- 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
\$ (4,439,284)	\$ -	\$ (4,439,284)	\$ -
(2,996,883)	-	(2,996,883)	-
(812,823)	-	(812,823)	-
(1,007,928)	-	(1,007,928)	-
(1,982,335)	-	(1,982,335)	-
(602,341)	-	(602,341)	-
(217,938)	-	(217,938)	-
(496,731)	-	(496,731)	-
(3,267)	-	(3,267)	-
<u>(33,486)</u>	<u>-</u>	<u>(33,486)</u>	<u>-</u>
 (12,593,016)	 -	 (12,593,016)	 -
 -	 126,969	 126,969	 -
 -	 60,029	 60,029	 -
 -	 526,871	 526,871	 -
 -	 (33,118)	 (33,118)	 -
 -	 680,751	 680,751	 -
 (12,593,016)	 680,751	 (11,912,265)	 -
 -	 -	 -	 (28,914)
 9,334,627	 -	 9,334,627	 -
 2,540,466	 5,000	 2,545,466	 -
 41,697	 1,558	 43,255	 (34,837)
 -	 -	 -	 1,815
 253,118	 -	 253,118	 -
 12,169,908	 6,558	 12,176,466	 (33,022)
 (423,108)	 687,309	 264,201	 (61,936)
 10,806,109	 2,556,456	 13,362,565	 1,151,341
 <u>\$ 10,383,001</u>	 <u>\$ 3,243,765</u>	 <u>\$ 13,626,766</u>	 <u>\$ 1,089,405</u>

DODGE CITY COMMUNITY COLLEGE

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2012

	General	Vocational education	Federal PELL grants	Other governmental funds	Total governmental funds
<u>ASSETS</u>					
Cash	\$ 4,865,558	\$ 224,478	\$ -	\$ 854,018	\$ 5,944,054
Property taxes receivable	181,123	-	-	12,086	193,209
Due from other governments	-	-	-	714,809	714,809
Due from other funds	665,258	-	-	-	665,258
Restricted cash	-	-	-	400,966	400,966
 Total assets	<u>\$ 5,711,939</u>	<u>\$ 224,478</u>	<u>\$ -</u>	<u>\$ 1,981,879</u>	<u>\$ 7,918,296</u>
 <u>LIABILITIES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 665,258	\$ 665,258
Accounts payable	186,114	138,435	-	355,957	680,506
Deferred revenue	2,672,294	59,391	-	178,458	2,910,143
 Total liabilities	<u>2,858,408</u>	<u>197,826</u>	<u>-</u>	<u>1,199,673</u>	<u>4,255,907</u>
 Fund balances:					
Nonspendable	-	-	-	54,358	54,358
Restricted	-	-	-	308,930	308,930
Assigned	2,853,531	26,652	-	418,918	3,299,101
 Total fund balances	<u>2,853,531</u>	<u>26,652</u>	<u>-</u>	<u>782,206</u>	<u>3,662,389</u>
 Total liabilities and fund balances	<u>\$ 5,711,939</u>	<u>\$ 224,478</u>	<u>\$ -</u>	<u>\$ 1,981,879</u>	<u>\$ 7,918,296</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, 2012

Total fund balances on the balance sheet	\$ 3,662,389
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.	47,923
Prepaid accounts of governmental activities are not financial resources and therefore are not reported in the funds.	106,743
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	9,568,184
Deferred bond issue costs of governmental activities are not financial resources and therefore are not reported in the funds.	52,176
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.	1,543,165
Long-term liabilities, including capitalized leases, are not due and payable in the current period and therefore are not reported in the funds.	(3,130,998)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(202,430)
Net OPEB obligation is not due and payable in the current period and therefore is not reported in the funds.	<u>(1,264,151)</u>
Net assets of governmental activities	<u><u>\$ 10,383,001</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, 2012

	General	Vocational education	Federal PELL grants	Other governmental funds	Total governmental funds
Revenue:					
Student fees	\$ 645,257	\$ 475,026	\$ -	\$ 590,623	\$ 1,710,906
Tuition	960,459	595,339	-	5,711	1,561,509
Charges for services	48,416	68,617	-	274,074	391,107
Local support	8,703,319	-	-	631,308	9,334,627
State support	1,702,180	984,414	-	259,492	2,946,086
Federal support	1,436	139,693	3,286,282	4,288,850	7,716,261
Private gifts	-	-	-	443,603	443,603
Investment earnings	34,356	-	-	363	34,719
Miscellaneous	98,196	2,990	-	151,932	253,118
	<u>12,193,619</u>	<u>2,266,079</u>	<u>3,286,282</u>	<u>6,645,956</u>	<u>24,391,936</u>
Total revenue					
Expenditures:					
Education and general:					
Institutional support	2,419,142	1,759,232	-	1,185,501	5,363,875
Instruction	2,457,770	2,339,603	-	1,196,985	5,994,358
Student services	2,092,859	41,696	-	20,203	2,154,758
Academic support	870,104	111,663	-	-	981,767
Operation and maintenance	2,269,481	-	-	-	2,269,481
Scholarships and grants	597,346	-	3,286,282	2,678,974	6,562,602
Community service	-	-	-	660,901	660,901
Capital outlay	71,339	129,342	-	2,106,191	2,306,872
Debt service:					
Principal	-	80,010	-	691,772	771,782
Interest	-	-	-	33,486	33,486
	<u>10,778,041</u>	<u>4,461,546</u>	<u>3,286,282</u>	<u>8,574,013</u>	<u>27,099,882</u>
Total expenditures					
Excess (deficiency) of revenue over expenditures					
	<u>1,415,578</u>	<u>(2,195,467)</u>	<u>-</u>	<u>(1,928,057)</u>	<u>(2,707,946)</u>
Other financing sources (uses):					
Debt issue proceeds	-	-	-	1,705,000	1,705,000
Transfers in	-	2,000,000	-	6,460	2,006,460
Transfers out	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>(6,460)</u>	<u>(2,006,460)</u>
Total other financing sources and uses	<u>(2,000,000)</u>	<u>2,000,000</u>	<u>-</u>	<u>1,705,000</u>	<u>1,705,000</u>
Net change in fund balances					
	(584,422)	(195,467)	-	(223,057)	(1,002,946)
Fund balances, beginning of year	<u>3,437,953</u>	<u>222,119</u>	<u>-</u>	<u>1,005,263</u>	<u>4,665,335</u>
Fund balances, end of year	<u>\$2,853,531</u>	<u>\$ 26,652</u>	<u>\$ -</u>	<u>\$ 782,206</u>	<u>\$ 3,662,389</u>

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, 2012

Net change in fund balances, total governmental funds	\$ (1,002,946)
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.	2,634
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.	16,289
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.	1,915,943
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 bond issuance costs exceeded amortization expense in the current year.	36,122
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 proceeds exceeded repayments in the current year.	(1,062,846)
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.	4,554
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.	338,738
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.	<u>(671,596)</u>
Change in net assets of governmental activities	<u>\$ (423,108)</u>

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

DODGE CITY COMMUNITY COLLEGE

**BALANCE SHEET
PROPRIETARY FUNDS**

June 30, 2012

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 330,692	\$ 159,999
Receivables, net	-	-
Inventories	138,922	-
Total current assets	469,614	159,999
Noncurrent assets:		
Restricted cash and cash equivalents	-	-
Capital assets:		
Buildings and equipment	33,518	171,042
Construction in progress	-	-
Less accumulated depreciation	(33,518)	(164,588)
Deferred bond issue costs	-	-
Total noncurrent assets	-	6,454
Total assets	\$ 469,614	\$ 166,453
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	\$ 3,424	\$ 1,929
Accrued interest payable	-	-
Revenue bonds payable	-	-
Total current liabilities	3,424	1,929
Noncurrent liabilities:		
Revenue bonds payable	-	-
Total liabilities	3,424	1,929
<u>NET ASSETS</u>		
Invested in capital assets, net of related debt	-	6,454
Unrestricted	466,190	158,070
Total net assets	466,190	164,524
Total liabilities and net assets	\$ 469,614	\$ 166,453

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	
\$ 408,003	\$ 21,481	\$ 920,175	\$ 1,185
19,544	-	19,544	41,932
-	-	138,922	27,765
<u>427,547</u>	<u>21,481</u>	<u>1,078,641</u>	<u>70,882</u>
744,801	-	744,801	1,472,283
2,688,895	8,139	2,901,594	-
5,825,937	-	5,825,937	-
(1,964,402)	(8,139)	(2,170,647)	-
139,787	-	139,787	-
<u>7,435,018</u>	<u>-</u>	<u>7,441,472</u>	<u>1,472,283</u>
<u>\$ 7,862,565</u>	<u>\$ 21,481</u>	<u>\$ 8,520,113</u>	<u>\$ 1,543,165</u>
\$ 350,378	\$ 13,839	\$ 369,570	\$ -
56,778	-	56,778	-
130,000	-	130,000	-
<u>537,156</u>	<u>13,839</u>	<u>556,348</u>	<u>-</u>
4,720,000	-	4,720,000	-
<u>5,257,156</u>	<u>13,839</u>	<u>5,276,348</u>	<u>-</u>
1,700,429	-	1,706,883	-
904,980	7,642	1,536,882	1,543,165
<u>2,605,409</u>	<u>7,642</u>	<u>3,243,765</u>	<u>1,543,165</u>
<u>\$ 7,862,565</u>	<u>\$ 21,481</u>	<u>\$ 8,520,113</u>	<u>\$ 1,543,165</u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2012

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Operating revenue:		
Charges for services	\$ 801,585	\$ 552,298
Operating expenses:		
Personal services	103,904	-
Contractual services	11,564	482,915
Repairs and maintenance	1,600	846
Other supplies and expenses	507,479	1,693
Capital outlay	49,795	3,433
Depreciation	274	3,382
Total operating expenses	674,616	492,269
Operating income (loss)	126,969	60,029
Nonoperating revenue (expense):		
Contributed capital, net	-	-
Interest and investment revenue	417	-
Interest expense	-	-
Donations	-	-
Total nonoperating revenue (expense)	417	-
Change in net assets	127,386	60,029
Total net assets, beginning of year	338,804	104,495
Total net assets, end of year	\$ 466,190	\$ 164,524

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
<u>\$ 622,068</u>	<u>\$ 50,626</u>	<u>\$ 2,026,577</u>	<u>\$ 1,407,304</u>
228,855	35,155	367,914	-
32,029	23,552	550,060	1,030,303
45,685	525	48,656	-
8,243	4,512	521,927	45,241
148,594	20,000	221,822	-
84,824	-	88,480	-
<u>548,230</u>	<u>83,744</u>	<u>1,798,859</u>	<u>1,075,544</u>
<u>73,838</u>	<u>(33,118)</u>	<u>227,718</u>	<u>331,760</u>
453,463	-	453,463	-
1,141	-	1,558	6,978
(430)	-	(430)	-
<u>-</u>	<u>5,000</u>	<u>5,000</u>	<u>-</u>
<u>454,174</u>	<u>5,000</u>	<u>459,591</u>	<u>6,978</u>
528,012	(28,118)	687,309	338,738
<u>2,077,397</u>	<u>35,760</u>	<u>2,556,456</u>	<u>1,204,427</u>
<u>\$ 2,605,409</u>	<u>\$ 7,642</u>	<u>\$ 3,243,765</u>	<u>\$ 1,543,165</u>

DODGE CITY COMMUNITY COLLEGE

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year ended June 30, 2012

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Cash flows from operating activities:		
Receipts from customers	\$ 809,767	\$ 552,298
Payments for goods and services	(564,103)	(520,372)
Payments to employees	(103,904)	-
	141,760	31,926
Net cash provided (used) by operating activities		
Cash flows from noncapital financing activities:		
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	-	-
	-	-
Net cash used by capital and related financing activities		
Cash flows from investing activities:		
Interest and dividends	417	-
	417	-
Net increase (decrease) in cash and cash equivalents	142,177	31,926
Balances, beginning of year	188,515	128,073
Balances, end of year	\$ 330,692	\$ 159,999
Cash and cash equivalents	\$ 330,692	\$ 159,999
Restricted cash and cash equivalents	-	-
Total balance, end of year	\$ 330,692	\$ 159,999

Business-type activities			Governmental
Enterprise funds			activities
Student housing	Student union operations	Total	Internal service funds
\$ 621,014	\$ 50,626	\$ 2,033,705	\$ 1,365,372
(246,440)	(43,431)	(1,374,346)	(1,183,743)
(228,855)	(35,155)	(367,914)	-
145,719	(27,960)	291,445	181,629
-	5,000	5,000	-
-	5,000	5,000	-
(4,655,741)	-	(4,655,741)	-
(130,000)	-	(130,000)	-
(231,337)	-	(231,337)	-
(5,017,078)	-	(5,017,078)	-
1,141	-	1,558	6,978
(4,870,218)	(22,960)	(4,719,075)	188,607
6,023,022	44,441	6,384,051	1,284,861
\$ 1,152,804	\$ 21,481	\$ 1,664,976	\$ 1,473,468
\$ 408,003	\$ 21,481	\$ 920,175	\$ 1,185
744,801	-	744,801	1,472,283
\$ 1,152,804	\$ 21,481	\$ 1,664,976	\$ 1,473,468

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2012

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ 126,969	\$ 60,029
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	274	3,382
Change in assets and liabilities:		
Receivables, net	8,182	-
Inventories	3,399	-
Accounts and other payables	2,936	(31,485)
Net cash provided (used) by operating activities	\$ 141,760	\$ 31,926

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
\$ 73,838	\$ (33,118)	\$ 227,718	\$ 331,760
84,824	-	88,480	-
(1,054)	-	7,128	(41,932)
-	-	3,399	(1,201)
<u>(11,889)</u>	<u>5,158</u>	<u>(35,280)</u>	<u>(106,998)</u>
<u>\$ 145,719</u>	<u>\$ (27,960)</u>	<u>\$ 291,445</u>	<u>\$ 181,629</u>

DODGE CITY COMMUNITY COLLEGE

**STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS**

June 30, 2012

ASSETS

Cash and cash equivalents	<u>\$ 167,422</u>
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LIABILITIES

Due to others	<u>167,422</u>
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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, 2012

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 5,911,119	\$ 5,911,119	\$ 5,876,298	\$ (34,821)
Resources (inflows):				
Student fees	900,000	900,000	645,257	(254,743)
Tuition	790,000	790,000	960,459	170,459
Charges for services	-	-	48,416	48,416
Local	8,976,385	8,976,385	8,739,311	(237,074)
State	1,702,218	1,702,218	1,702,180	(38)
Federal	179,777	179,777	1,436	(178,341)
Investment earnings	75,000	75,000	34,356	(40,644)
Miscellaneous	-	-	98,196	98,196
Amounts available for appropriation	<u>18,534,499</u>	<u>18,534,499</u>	<u>18,105,909</u>	<u>(428,590)</u>
Charges to appropriations (outflows):				
Education and general:				
Institutional support	2,400,000	2,400,000	2,419,142	(19,142)
Instruction	2,500,000	2,500,000	2,457,770	42,230
Student services	1,500,000	1,500,000	2,092,859	(592,859)
Academic support	1,000,000	1,000,000	853,270	146,730
Operation and maintenance	2,374,100	2,374,100	2,269,481	104,619
Scholarships	700,000	700,000	597,346	102,654
Capital outlay	-	-	123,195	(123,195)
Transfers to other funds	<u>3,500,000</u>	<u>3,500,000</u>	<u>2,000,000</u>	<u>1,500,000</u>
Total charges to appropriations	<u>13,974,100</u>	<u>13,974,100</u>	<u>12,813,063</u>	<u>1,161,037</u>
Budgetary fund balance, end of year	<u>\$ 4,560,399</u>	<u>\$ 4,560,399</u>	<u>\$ 5,292,846</u>	<u>\$ 732,447</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, 2012

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 255,897	\$ 255,897	\$ 187,918	\$ (67,979)
Resources (inflows):				
Student fees	105,000	837,310	475,026	(362,284)
Tuition	237,310	705,000	654,730	(50,270)
Charges for services	-	-	68,617	68,617
State	901,793	901,793	984,414	82,621
Federal	-	-	139,693	139,693
Miscellaneous	-	-	2,990	2,990
Transfers from other funds	<u>3,300,000</u>	<u>3,300,000</u>	<u>2,000,000</u>	<u>(1,300,000)</u>
Amounts available for appropriation	<u>4,800,000</u>	<u>6,000,000</u>	<u>4,513,388</u>	<u>(1,486,612)</u>
Charges to appropriations (outflows):				
Education and general:				
Institutional support	950,000	1,550,000	1,759,232	(209,232)
Instruction	2,800,000	2,800,000	2,339,603	460,397
Student services	-	-	41,696	(41,696)
Academic support	100,000	100,000	111,663	(11,663)
Operation and maintenance	950,000	1,550,000	-	1,550,000
Capital outlay	-	-	95,141	(95,141)
Debt service	-	-	80,010	(80,010)
Adjustment for qualifying budget credits	<u>138,709</u>	<u>138,709</u>	<u>-</u>	<u>138,709</u>
Total charges to appropriations	4,938,709	6,138,709	4,427,345	1,711,364
Add back adjustment for qualifying budget credits	<u>138,709</u>	<u>138,709</u>	<u>-</u>	<u>(138,709)</u>
Budgetary fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 86,043</u>	<u>\$ 86,043</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, 2012

	General fund	Vocational education fund
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison schedule	\$ 18,105,909	\$ 4,513,388
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.	(5,876,298)	(187,918)
Budgetary local taxes include the actual amount of taxes received, GAAP local taxes are adjusted for property taxes receivable and deferred revenue.	(35,992)	-
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	-	(2,000,000)
Budgetary tuition is the actual amount received, GAAP tuition is adjusted for deferred revenue	-	(59,391)
 Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	 \$ 12,193,619	 \$ 2,266,079
 Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison schedule	\$ 12,813,063	\$ 4,427,345
Differences, budget to GAAP:		
Encumbrances are included as a budgetary outflow.	(35,022)	34,201
Transfers to other funds are outflows of budgetary resources, but they are not expenditures for financial reporting purposes.	(2,000,000)	-
 Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds	 \$ 10,778,041	 \$ 4,461,546

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, 2012

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, 2011, it awarded scholarships in the amount of \$30,198 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 College consist of certificates of deposit and the Kansas Municipal Investment Pool. 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 of 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, 2012, but are not in violation of Kansas statutes:

<u>Fund</u>	<u>Amount</u>
RSVP Grant	\$ 7,670
KVC RSVP Grant	2,105
Technical Retraining to Achieve Credentials	607,126
Pathway to Public Health	24,974
NIH Kansas Bridges Grant	89
NIH Kansas Bridges Grant	8,007
Innovative Tech Grant	26,150
Federal Direct Loans	4,114

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, 2012 are as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 13,974,100	\$ 12,813,063	\$ 1,161,037
Vocational Education	6,138,709	4,427,345	1,711,364
Adult Supplementary Education	75,000	10,288	64,712
Adult Education	287,558	189,975	97,583
Capital Outlay	1,010,800	824,169	186,631
Bookstore	1,023,516	674,368	349,148
Food Service	695,659	488,887	206,772
Student Housing	1,173,700	553,306	620,694
Student Union Operations	220,760	83,743	137,017

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.

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 \$4,710,226. The bank balance was \$6,106,852. Of the bank balance, \$4,585,532 was covered by FDIC insurance, and \$1,521,320 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, 2012, the College had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
BlackRock FedFund	\$ 212,482	(See below)	AAAm
Fidelity Treasury Fund	226,124	(See below)	AAAm
Kansas Municipal Investment Pool	<u>4,500,857</u>	(See below)	AAAf/S1+
	<u>\$ 4,939,463</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, 2012, the College had invested \$212,482 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.

Fidelity Treasury Funds are money market funds distributed by Fidelity Investments and managed by Fidelity Management & Research Company. At June 30, 2012, the College had invested \$226,124 in bond proceeds in Fidelity Institutional Money Market shares. The portfolio invests in U.S. Treasury securities, and repurchase agreements for those securities.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2012, the College had invested \$4,500,857 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, 2012.

Concentration of credit risk. Investment types and percents at cost are as follows: BlackRock FedFund 4%, Fidelity Treasury Fund 5% and Kansas Municipal Investment Pool 91%.

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, 2011:

Mutual funds	\$ 837,106
Asset and mortgage backed securities	<u>110,955</u>
	<u>\$ 948,061</u>
Investments at cost	\$ 1,016,190
Unrealized depreciation	<u>(68,129)</u>
Investments at fair value	<u>\$ 948,061</u>

E. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2012 consist of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Tuition receivable	\$ 97,927	\$ -	\$ 97,927
Fees receivable	136,673	-	136,673
Housing charges receivable	-	110,912	110,912
Other receivables	41,932	-	41,932
Allowance for doubtful accounts	<u>(186,677)</u>	<u>(91,368)</u>	<u>(278,045)</u>
Net receivables	<u>\$ 89,855</u>	<u>\$ 19,544</u>	<u>\$ 109,399</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 2012 interest costs capitalized as a cost of construction totaled \$235,928.

F. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2012 was as follows:

	Primary government			Ending balance
	Beginning balance	Increases	Decreases	
Governmental activities:				
Land	\$ 190,988	\$ -	\$ -	\$ 190,988
Buildings and improvements	11,835,505	154,000	-	11,989,505
Furniture and equipment	5,659,704	1,133,140	58,883	6,733,961
Infrastructure	241,758	-	-	241,758
Construction in progress	-	1,663,692	154,000	1,509,692
Total capital assets at historical cost	<u>17,927,955</u>	<u>2,950,832</u>	<u>212,883</u>	<u>20,665,904</u>
Less accumulated depreciation for:				
Buildings and improvements	5,929,549	398,502	-	6,328,051
Furniture and equipment	4,140,036	462,038	41,800	4,560,274
Infrastructure	206,128	3,267	-	209,395
Total accumulated depreciation	<u>10,275,713</u>	<u>863,807</u>	<u>41,800</u>	<u>11,097,720</u>
Governmental activities capital assets, net	<u>\$ 7,652,242</u>	<u>\$ 2,087,025</u>	<u>\$ 171,083</u>	<u>\$ 9,568,184</u>
Business-type activities:				
Buildings and improvements	\$ 2,561,605	\$ -	\$ -	\$ 2,561,605
Furniture and equipment	289,377	50,612	-	339,989
Construction in progress	208,872	5,617,065	-	5,825,937
Total capital assets at historical cost	<u>3,059,854</u>	<u>5,667,677</u>	<u>-</u>	<u>8,727,531</u>
Less accumulated depreciation for:				
Buildings and improvements	1,821,775	78,760	-	1,900,535
Furniture and equipment	260,392	9,720	-	270,112
Total accumulated depreciation	<u>2,082,167</u>	<u>88,480</u>	<u>-</u>	<u>2,170,647</u>
Business-type activities capital assets, net	<u>\$ 977,687</u>	<u>\$ 5,579,197</u>	<u>\$ -</u>	<u>\$ 6,556,884</u>
Depreciation expense was charged to functions as follows:				
Governmental activities:				
Institutional support				\$ 41,454
Instruction				555,972
Student services				118,741
Academic support				29,134
Operations and maintenance				94,153
Community service				21,086
Indirect depreciation				<u>3,267</u>
Total governmental activities				<u>\$ 863,807</u>
Business-type activities:				
Bookstore				\$ 274
Food service				3,382
Student housing				<u>84,824</u>
Total business-type activities				<u>\$ 88,480</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, 2012, the governmental long-term liabilities of the College consisted of the following:

Capital leases:

<ul style="list-style-type: none"> • 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. 	\$ 230,000
<ul style="list-style-type: none"> • 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. 	37,924
<ul style="list-style-type: none"> • 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. 	20,626
<ul style="list-style-type: none"> • A three-year \$90,317 lease purchase entered into on June 25, 2012 for the purchase of Student Union Furniture and Cubicles. The interest rate is 7.50%. The obligation is secured by the equipment. 	90,317
<ul style="list-style-type: none"> • A two-year \$98,791 lease purchase entered into on April 21, 2012 for the purchase of Computer Hardware. The interest rate is 3.60%. The obligation is secured by the equipment. 	64,689
<ul style="list-style-type: none"> • A ten-year \$520,000 lease purchase entered into on March 1, 2012 for the purchase of Student Union Equipment. The interest rate is 0.50% to 2.25%. The obligation is secured by the equipment. 	<u>520,000</u>
	<u>\$ 963,556</u>
Current portion	\$ 221,348
Noncurrent portion	<u>742,208</u>
Total capital leases	<u>\$ 963,556</u>

Interest expense for the fiscal year was \$14,005. Assets recorded under capital leases were \$960,117, and corresponding accumulated depreciation at June 30, 2012 was \$210,576. Construction in progress recorded under capitalized lease was \$400,904.

G. LONG-TERM LIABILITIES (CONTINUED)

Notes payable:

Notes payable were issued on March 26, 2008 not to exceed \$839,814 at a zero percent interest rate and the maturity date is December 1, 2014 to finance infrastructure improvement projects. The principal balance at June 30, 2012 is \$301,649.

Notes payable were issued on March 25, 2009 not to exceed \$276,841 at a zero percent interest rate and the maturity date is December 1, 2016 to finance infrastructure improvement projects. The principal balance at June 30, 2012 is \$173,025.

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, 2012 is \$775,000.

General obligation capital outlay bonds for building improvements were issued June 28, 2011 in the original amount of \$1,185,000. Interest rates are 0.50% to 1.20% and the maturity date is April 1, 2015. The principal balance at June 30, 2012 is \$890,000.

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, 2012 is \$4,850,000.

The following is a summary of changes in long-term liabilities for the year ended June 30, 2012:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Governmental activities:				
Capital lease obligations	\$ 398,030	\$ 709,107	\$ 143,581	\$ 963,556
Notes payable	617,355	-	142,681	474,674
General obligation bonds	1,025,000	1,185,000	545,000	1,665,000
Compensated absences payable	184,838	17,592	-	202,430
Early retirement payable	49,914	-	22,146	27,768
	<u>2,275,137</u>	<u>1,911,699</u>	<u>853,408</u>	<u>3,333,428</u>
Business-type activities:				
Revenue bonds	<u>4,980,000</u>	<u>-</u>	<u>130,000</u>	<u>4,850,000</u>
	<u>\$ 7,255,137</u>	<u>\$ 1,911,699</u>	<u>\$ 983,408</u>	<u>\$ 8,183,428</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.

G. LONG-TERM LIABILITIES (CONTINUED)

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>
2013	\$ 221,348	\$ 22,936	\$ 244,284
2014	171,004	19,378	190,382
2015	141,204	13,613	154,817
2016	110,000	9,015	119,015
2017	50,000	6,175	56,175
2018-2022	<u>270,000</u>	<u>17,388</u>	<u>287,388</u>
Total	<u>\$ 963,556</u>	<u>\$ 88,505</u>	<u>\$1,052,061</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.

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>
2013	\$ 142,951	\$ -	\$ 142,951
2014	143,221	-	143,221
2015	119,292	-	119,292
2016	34,605	-	34,605
2017	<u>34,605</u>	<u>-</u>	<u>34,605</u>
Total	<u>\$ 474,674</u>	<u>\$ -</u>	<u>\$ 474,674</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>
2013	\$ 550,000	\$ 20,273	\$ 570,273
2014	555,000	15,000	570,000
2015	<u>560,000</u>	<u>3,600</u>	<u>563,600</u>
Total	<u>\$1,665,000</u>	<u>\$ 38,873</u>	<u>\$1,703,873</u>

G. LONG-TERM LIABILITIES (CONTINUED)

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>
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	150,000	210,613	360,613
2018-2022	830,000	963,113	1,793,113
2023-2027	1,030,000	763,000	1,793,000
2028-2032	1,320,000	476,419	1,796,419
2033-2035	<u>970,000</u>	<u>106,157</u>	<u>1,076,157</u>
Total	<u>\$4,850,000</u>	<u>\$3,403,754</u>	<u>\$8,253,754</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 213 respectively.

Insurance is carried on all dormitory buildings in the amount of \$10,444,934 with EMC Insurance Companies. The policy renews on May 1, 2013. The dormitory buildings are part of the College's blanket policy. Premiums paid for the blanket policy were \$64,884.

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 57% 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, vehicles and building. 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 \$90,182. Future minimum rental payments required under operating leases that have an initial lease term in excess of one year as of June 30, 2012, are \$75,230 and \$59,960 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	\$ 2,000,000	Vocational Education
RSVP Grants	1,441	RSVP Reserve
Federal Work Study Grants	<u>5,019</u>	Federal SEOG Grants
	<u>\$ 2,006,460</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, 2012:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
\$ 1,071	General Fund	RSVP Grants
89	General Fund	HIH Kansas Bridges
4,114	General Fund	Federal Direct Loan
607,126	General Fund	Technical Retraining
		Achieve Credentials
24,974	General Fund	Path to Public Health
1,734	General Fund	Innovative Tech
		Grant
<u>26,150</u>	General Fund	Innovative Tech Agri
		Grant
<u>\$ 665,258</u>		

The General Fund made advances to grant funds that operate on a reimbursement basis 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 9.77% of covered payroll for the period July 1, 2010 through June 30, 2012. 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, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, 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, 2012, the College made total contributions of \$61,840 and the employees contributed \$122,162 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>	
2013	\$ 23,796
2014	<u>4,764</u>
	28,560
Discount to present value	<u>(792)</u>
Net present value	<u>\$ 27,768</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.

N. RISK MANAGEMENT (CONTINUED)

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 2011	\$ 48,643	\$ 1,296,119	\$ 1,238,072	\$ 106,690
FY 2012	106,690	1,426,805	1,575,427	(41,932)

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 Bonds</u>	<u>Academic Improvement</u>	
Fund balances:						
Non-spendable:						
Permanent fund principal	\$ -	\$ -	\$ -	\$ -	\$ 54,358	\$ -
Restricted for:						
Institutional support grants	-	-	-	-	-	8,704
Instruction grants	-	-	-	-	-	9,724
Student services grants	-	-	-	-	-	659
Community service grants	-	-	-	-	-	14,916
Construction	-	-	-	229,626	-	-
Scholarships and student grants	-	-	-	-	-	45,301
Assigned to:						
Vocational education	-	26,652	-	-	-	-
Adult education	-	-	-	-	-	196,198
Child care	-	-	-	-	-	70,917
Designated for subsequent years expenditure	2,853,531	-	-	-	-	-
Other capital expenditures	-	-	-	-	-	59,471
Other purposes	-	-	-	-	-	92,332
Unassigned	-	-	-	-	-	-
Total	<u>\$ 2,853,531</u>	<u>\$ 26,652</u>	<u>\$ -</u>	<u>\$ 229,626</u>	<u>\$ 54,358</u>	<u>\$ 498,222</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, 2012.

Q. SUBSEQUENT EVENTS

Subsequent events were evaluated through October 31, 2012, which is the date the financial statements were available to be issued. Management's evaluation concluded that there are no subsequent events that are required to be recognized or disclosed in these financial statements.

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:

Annual required contribution	\$ 739,698
Interest on net OPEB obligation	20,739
Adjustment to annual required contribution	<u>(25,841)</u>
Annual OPEB Cost (expense)	734,596
Contributions made	<u>(63,000)</u>
Increase in net OPEB obligation	671,596
Net OPEB obligation - beginning of year	<u>592,555</u>
Net OPEB obligation - end of year	<u>\$ 1,264,151</u>

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>
6/30/11	\$ -	13.57%	\$ 592,555
6/30/12	\$ 734,596	8.60%	\$1,264,151

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2011, was as follows:

Actuarial accrued liability (AAL)	\$ 4,889,274
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	4,889,274
Funded ratio (actuarial value of plan assets/AAL)	-
Coverage payroll (active plan members)	6,462,364
UAAL as a percentage of covered payroll	75.7%

R. POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 8.5 percent initially, reduced by decrements to an ultimate rate of 5.5 percent after 7 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, 2011 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	\$5,832,011	\$5,825,937	\$ 6,074
Student Union Remodel	1,757,148	1,461,692	295,456

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, 2012

	Nonmajor special revenue funds	Capital project funds	Permanent fund <u>Academic improvement</u>	Total nonmajor governmental funds
<u>ASSETS</u>				
Cash	\$ 854,018	\$ -	\$ -	\$ 854,018
Property taxes receivable	12,086	-	-	12,086
Due from other governments	714,809	-	-	714,809
Restricted cash	-	346,608	54,358	400,966
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total assets	<u>\$ 1,580,913</u>	<u>\$ 346,608</u>	<u>\$ 54,358</u>	<u>\$ 1,981,879</u>
<u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ 665,258	\$ -	\$ -	\$ 665,258
Accounts payable	238,975	116,982	-	355,957
Deferred revenue	178,458	-	-	178,458
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities	<u>1,082,691</u>	<u>116,982</u>	<u>-</u>	<u>1,199,673</u>
Fund balances:				
Nonspendable	-	-	54,358	54,358
Restricted	79,304	229,626	-	308,930
Assigned	418,918	-	-	418,918
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total fund balances	<u>498,222</u>	<u>229,626</u>	<u>54,358</u>	<u>782,206</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total liabilities and fund balances	<u>\$ 1,580,913</u>	<u>\$ 346,608</u>	<u>\$ 54,358</u>	<u>\$ 1,981,879</u>

DODGE CITY COMMUNITY COLLEGE

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

June 30, 2012

	<u>Adult supplementary education</u>	<u>Adult basic education</u>	<u>Capital outlay</u>	<u>Adult basic education United Way</u>
<u>ASSETS</u>				
Cash	\$ 20,423	\$ 160,600	\$ 425,843	\$ 16,244
Property taxes receivable	-	-	12,086	-
Due from other governments	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 20,423</u>	<u>\$ 160,600</u>	<u>\$ 437,929</u>	<u>\$ 16,244</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	1,069	200,000	-
Deferred revenue	-	-	178,458	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> -	<hr/> 1,069	<hr/> 378,458	<hr/> -
Fund balances:				
Restricted	-	-	-	-
Assigned	20,423	159,531	59,471	16,244
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<hr/> 20,423	<hr/> 159,531	<hr/> 59,471	<hr/> 16,244
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 20,423</u>	<u>\$ 160,600</u>	<u>\$ 437,929</u>	<u>\$ 16,244</u>

<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>
\$ 73,309	\$ 1,810	\$ 33,350	\$ 8,802	\$ 2,708
-	-	-	-	-
-	-	-	-	-
<u>\$ 73,309</u>	<u>\$ 1,810</u>	<u>\$ 33,350</u>	<u>\$ 8,802</u>	<u>\$ 2,708</u>
\$ -	\$ -	\$ -	\$ -	\$ -
2,392	-	-	-	307
-	-	-	-	-
<u>2,392</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307</u>
-	1,810	33,350	8,802	-
70,917	-	-	-	2,401
<u>70,917</u>	<u>1,810</u>	<u>33,350</u>	<u>8,802</u>	<u>2,401</u>
<u>\$ 73,309</u>	<u>\$ 1,810</u>	<u>\$ 33,350</u>	<u>\$ 8,802</u>	<u>\$ 2,708</u>

DODGE CITY COMMUNITY COLLEGE

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

June 30, 2012

	<u>Special revenue activity accounts</u>	<u>RSVP grants</u>	<u>RSVP reserve</u>	<u>Home food program</u>
<u>ASSETS</u>				
Cash	\$ 70,645	\$ -	\$ 2,213	\$ 9,276
Property taxes receivable	-	-	-	-
Due from other governments	-	9,775	-	34,574
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 70,645</u>	<u>\$ 9,775</u>	<u>\$ 2,213</u>	<u>\$ 43,850</u>
 <u>LIABILITIES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -	\$ 1,071	\$ -	\$ -
Accounts payable	-	-	-	28,934
Deferred revenue	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<u>-</u>	<u>1,071</u>	<u>-</u>	<u>28,934</u>
 Fund balances:				
Restricted	-	8,704	-	14,916
Assigned	70,645	-	2,213	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<u>70,645</u>	<u>8,704</u>	<u>2,213</u>	<u>14,916</u>
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 70,645</u>	<u>\$ 9,775</u>	<u>\$ 2,213</u>	<u>\$ 43,850</u>

<u>DCCC foundation capital campaign</u>	<u>Home food program reserve</u>	<u>Nontraditional initiative grants</u>	<u>NIH Kansas bridges grants</u>	<u>Federal family educational loan</u>
\$ 13,833	\$ 3,240	\$ 5,834	\$ -	\$ 1,339
-	-	-	-	-
-	-	-	89	-
<u>\$ 13,833</u>	<u>\$ 3,240</u>	<u>\$ 5,834</u>	<u>\$ 89</u>	<u>\$ 1,339</u>
\$ -	\$ -	\$ -	\$ 89	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	89	-
-	-	5,834	-	1,339
13,833	3,240	-	-	-
<u>13,833</u>	<u>3,240</u>	<u>5,834</u>	<u>-</u>	<u>1,339</u>
<u>\$ 13,833</u>	<u>\$ 3,240</u>	<u>\$ 5,834</u>	<u>\$ 89</u>	<u>\$ 1,339</u>

DODGE CITY COMMUNITY COLLEGE

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

June 30, 2012

	<u>Federal direct loan</u>	<u>Accelerating opportunity Kansas grant</u>	<u>Technical retraining to achieve credentials</u>
<u>ASSETS</u>			
Cash	\$ -	\$ 659	\$ -
Property taxes receivable	-	-	-
Due from other governments	<u>4,114</u>	<u>-</u>	<u>607,126</u>
Total assets	<u>\$ 4,114</u>	<u>\$ 659</u>	<u>\$ 607,126</u>
 <u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Due to other funds	\$ 4,114	\$ -	\$ 607,126
Accounts payable	-	-	-
Deferred revenue	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	<u>4,114</u>	<u>-</u>	<u>607,126</u>
Fund balances:			
Restricted	-	659	-
Assigned	<u>-</u>	<u>-</u>	<u>-</u>
Total fund balances	<u>-</u>	<u>659</u>	<u>-</u>
Total liabilities and fund balances	<u>\$ 4,114</u>	<u>\$ 659</u>	<u>\$ 607,126</u>

<u>Path to public health grant</u>	<u>High school equivalency program grant</u>	<u>Innovative tech grant</u>	<u>Innovative tech agri grant</u>	<u>Total nonmajor special revenue funds</u>
\$ -	\$ 3,890	\$ -	\$ -	\$ 854,018
-	-	-	-	12,086
<u>24,974</u>	<u>-</u>	<u>8,007</u>	<u>26,150</u>	<u>714,809</u>
<u>\$ 24,974</u>	<u>\$ 3,890</u>	<u>\$ 8,007</u>	<u>\$ 26,150</u>	<u>\$ 1,580,913</u>
\$ 24,974	\$ -	\$ 1,734	\$ 26,150	\$ 665,258
-	-	6,273	-	238,975
-	-	-	-	178,458
<u>24,974</u>	<u>-</u>	<u>8,007</u>	<u>26,150</u>	<u>1,082,691</u>
-	3,890	-	-	79,304
-	-	-	-	418,918
<u>-</u>	<u>3,890</u>	<u>-</u>	<u>-</u>	<u>498,222</u>
<u>\$ 24,974</u>	<u>\$ 3,890</u>	<u>\$ 8,007</u>	<u>\$ 26,150</u>	<u>\$ 1,580,913</u>

DODGE CITY COMMUNITY COLLEGE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS

June 30, 2012

	<u>Tech GO bond improvement</u>	<u>Capital outlay GO bond remodeling</u>	<u>Total nonmajor capital projects funds</u>
<u>ASSETS</u>			
Restricted cash	<u>\$ 53,477</u>	<u>\$ 293,131</u>	<u>\$ 346,608</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Liabilities:			
Accounts payable	-	116,982	116,982
Fund balances:			
Restricted	<u>53,477</u>	<u>176,149</u>	<u>229,626</u>
Total liabilities and fund balances	<u>\$ 53,477</u>	<u>\$ 293,131</u>	<u>\$ 346,608</u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2012

	<u>Nonmajor special revenue funds</u>	<u>Capital project funds</u>	<u>Permanent fund Academic improvement</u>	<u>Total nonmajor governmental funds</u>
Revenue:				
Student fees	\$ 590,623	\$ -	\$ -	\$ 590,623
Tuition	5,711	-	-	5,711
Charges for services	274,074	-	-	274,074
Local support	631,308	-	-	631,308
State support	259,492	-	-	259,492
Federal support	4,288,850	-	-	4,288,850
Private gifts	443,603	-	-	443,603
Investment earnings	(6)	6	363	363
Miscellaneous	151,932	-	-	151,932
Total revenue	6,645,587	6	363	6,645,956
Expenditures:				
Current:				
Education and general:				
Institutional support	1,185,501	-	-	1,185,501
Instruction	1,196,985	-	-	1,196,985
Student services	20,203	-	-	20,203
Scholarships and grants	2,678,974	-	-	2,678,974
Community service	660,901	-	-	660,901
Capital outlay	242,113	1,864,078	-	2,106,191
Debt service:				
Principal	691,772	-	-	691,772
Interest	33,486	-	-	33,486
Total expenditures	6,709,935	1,864,078	-	8,574,013
Excess (deficiency) of revenue over expenditures	(64,348)	(1,864,072)	363	(1,928,057)
Other financing sources (uses):				
Debt issue proceeds	-	1,705,000	-	1,705,000
Transfers in	6,460	-	-	6,460
Transfers out	(6,460)	-	-	(6,460)
Total other financing sources and uses	-	1,705,000	-	1,705,000
Net change in fund balances	(64,348)	(159,072)	363	(223,057)
Fund balances, beginning of year	562,570	388,698	53,995	1,005,263
Fund balances, end of year	\$ 498,222	\$ 229,626	\$ 54,358	\$ 782,206

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2012

	<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	5,711	-	-	-
Charges for services	-	10,002	-	-
Local support	-	57,422	573,886	-
State support	-	57,696	-	-
Federal support	-	82,932	-	-
Private support and gifts	-	-	-	21,250
Investment earnings	-	-	-	-
Miscellaneous	-	-	74,800	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	5,711	208,052	648,686	21,250
	<hr/>	<hr/>	<hr/>	<hr/>
Expenditures:				
Current:				
Education and general:				
Institutional support	-	54,513	-	-
Instruction	10,288	135,461	-	9,237
Student services	-	-	-	-
Scholarships and grants	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	242,113	-
Debt service:				
Principal	-	-	549,595	-
Interest and fees	-	-	32,462	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	10,288	189,974	824,170	9,237
	<hr/>	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenue over expenditures	(4,577)	18,078	(175,484)	12,013
	<hr/>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	<hr/>	<hr/>	<hr/>	<hr/>
	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net change in fund balances	(4,577)	18,078	(175,484)	12,013
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances (deficits), beginning of year	25,000	141,453	234,955	4,231
	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances end of year	\$ 20,423	\$ 159,531	\$ 59,471	\$ 16,244
	<hr/>	<hr/>	<hr/>	<hr/>

<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>	<u>Special revenue activity accounts</u>
\$ -	\$ -	\$ -	\$ 590,623	\$ -	\$ -
-	-	-	-	-	-
226,918	-	-	17,641	-	19,513
-	-	-	-	-	-
23,483	-	-	-	-	-
1,226	500	205,456	35,525	-	-
-	-	-	-	-	-
-	-	-	-	9,246	67,886
<u>251,627</u>	<u>500</u>	<u>205,456</u>	<u>643,789</u>	<u>9,246</u>	<u>87,399</u>
-	-	-	-	6,892	79,594
-	-	-	-	-	-
-	-	-	-	-	-
192,329	-	192,937	652,813	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>192,329</u>	<u>-</u>	<u>192,937</u>	<u>652,813</u>	<u>6,892</u>	<u>79,594</u>
<u>59,298</u>	<u>500</u>	<u>12,519</u>	<u>(9,024)</u>	<u>2,354</u>	<u>7,805</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>59,298</u>	<u>500</u>	<u>12,519</u>	<u>(9,024)</u>	<u>2,354</u>	<u>7,805</u>
<u>11,619</u>	<u>1,310</u>	<u>20,831</u>	<u>17,826</u>	<u>47</u>	<u>62,840</u>
<u>\$ 70,917</u>	<u>\$ 1,810</u>	<u>\$ 33,350</u>	<u>\$ 8,802</u>	<u>\$ 2,401</u>	<u>\$ 70,645</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, 2012

	RSVP grants	RSVP reserve	Home food program	DCCC foundation capital campaign
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Tuition	-	-	-	-
Charges for services	-	-	-	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	51,206	2,528	461,113	-
Private support and gifts	27,152	-	-	13,833
Investment earnings	(6)	-	-	-
Miscellaneous	-	-	-	-
	<u>78,352</u>	<u>2,528</u>	<u>461,113</u>	<u>13,833</u>
Total revenue				
Expenditures:				
Current:				
Education and general:				
Institutional support	76,122	4,754	-	-
Instruction	-	-	-	-
Student services	-	-	-	-
Scholarships and grants	-	-	-	-
Community service	-	-	461,484	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
	<u>76,122</u>	<u>4,754</u>	<u>461,484</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenue over expenditures	<u>2,230</u>	<u>(2,226)</u>	<u>(371)</u>	<u>13,833</u>
Other financing sources (uses):				
Transfers in	-	1,441	-	-
Transfers out	(1,441)	-	-	-
Total other financing sources and uses	<u>(1,441)</u>	<u>1,441</u>	<u>-</u>	<u>-</u>
Net change in fund balances	789	(785)	(371)	13,833
Fund balances (deficits), beginning of year	<u>7,915</u>	<u>2,998</u>	<u>15,287</u>	<u>-</u>
Fund balances end of year	<u>\$ 8,704</u>	<u>\$ 2,213</u>	<u>\$ 14,916</u>	<u>\$ 13,833</u>

Home food program reserve	Nursing initiative grants	Endowed ABA scholarships	NIH Kansas bridges grants	Federal family educational loan	Federal SEOG grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	9,101	-	-	-	-
-	-	-	46,116	-	14,550
-	-	125	-	137,800	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>9,101</u>	<u>125</u>	<u>46,116</u>	<u>137,800</u>	<u>14,550</u>
-	-	-	45,330	-	1,406
-	3,267	-	-	-	-
-	-	-	-	-	-
-	-	125	-	143,177	18,163
7,088	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>7,088</u>	<u>3,267</u>	<u>125</u>	<u>45,330</u>	<u>143,177</u>	<u>19,569</u>
<u>(7,088)</u>	<u>5,834</u>	<u>-</u>	<u>786</u>	<u>(5,377)</u>	<u>(5,019)</u>
-	-	-	-	-	5,019
-	-	-	-	-	-
-	-	-	-	-	5,019
<u>(7,088)</u>	<u>5,834</u>	<u>-</u>	<u>786</u>	<u>(5,377)</u>	<u>-</u>
<u>10,328</u>	<u>-</u>	<u>-</u>	<u>(786)</u>	<u>6,716</u>	<u>-</u>
<u>\$ 3,240</u>	<u>\$ 5,834</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,339</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, 2012

	<u>Federal work study grants</u>	<u>Federal direct loan</u>	<u>Title V grant</u>	<u>Student support services</u>
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Tuition	-	-	-	-
Charges for services	-	-	-	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	67,912	1,671,759	559,418	222,540
Private support and gifts	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenue	<u>67,912</u>	<u>1,671,759</u>	<u>559,418</u>	<u>222,540</u>
Expenditures:				
Current:				
Education and general:				
Institutional support	62,893	-	416,217	222,540
Instruction	-	-	-	-
Student services	-	-	-	-
Scholarships and grants	-	1,671,759	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Debt service:				
Principal	-	-	142,177	-
Interest and fees	-	-	1,024	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	<u>62,893</u>	<u>1,671,759</u>	<u>559,418</u>	<u>222,540</u>
Excess (deficiency) of revenue over expenditures	<u>5,019</u>	<hr/>	<hr/>	<hr/>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	<u>(5,019)</u>	<hr/>	<hr/>	<hr/>
Total other financing sources and uses	<u>(5,019)</u>	<hr/>	<hr/>	<hr/>
Net change in fund balances	-	-	-	-
Fund balances (deficits), beginning of year	<hr/>	<hr/>	<hr/>	<hr/>
Fund balances end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Accelerating opportunity Kansas grant</u>	<u>Technical retraining to achieve credentials</u>	<u>Path to public health grant</u>	<u>High school equivalency program grant</u>	<u>Innovative tech grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
13,722	-	-	8,000	40,223
7,140	993,663	84,490	-	-
-	-	-	736	-
-	-	-	-	-
-	-	-	-	-
<u>20,862</u>	<u>993,663</u>	<u>84,490</u>	<u>8,736</u>	<u>40,223</u>
-	-	84,490	-	-
-	993,663	-	4,846	40,223
20,203	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>20,203</u>	<u>993,663</u>	<u>84,490</u>	<u>4,846</u>	<u>40,223</u>
<u>659</u>	<u>-</u>	<u>-</u>	<u>3,890</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
659	-	-	3,890	-
-	-	-	-	-
<u>\$ 659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,890</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, 2012

	Innovative tech agri grant	Total nonmajor special revenue funds
	<u> </u>	<u> </u>
Revenue:		
Student fees	\$ -	\$ 590,623
Tuition	-	5,711
Charges for services	-	274,074
Local support	-	631,308
State support	130,750	259,492
Federal support	-	4,288,850
Private support and gifts	-	443,603
Investment earnings	-	(6)
Miscellaneous	-	151,932
	<u> </u>	<u> </u>
Total revenue	<u>130,750</u>	<u>6,645,587</u>
Expenditures:		
Current:		
Education and general:		
Institutional support	130,750	1,185,501
Instruction	-	1,196,985
Student services	-	20,203
Scholarships and grants	-	2,678,974
Community service	-	660,901
Capital outlay	-	242,113
Debt service:		
Principal	-	691,772
Interest and fees	-	33,486
	<u> </u>	<u> </u>
Total expenditures	<u>130,750</u>	<u>6,709,935</u>
Excess (deficiency) of revenue over expenditures	<u>-</u>	<u>(64,348)</u>
Other financing sources (uses):		
Transfers in	-	6,460
Transfers out	-	(6,460)
Total other financing sources and uses	<u>-</u>	<u>-</u>
Net change in fund balances	-	(64,348)
Fund balances (deficits), beginning of year	<u>-</u>	<u>562,570</u>
Fund balances end of year	<u><u>\$ -</u></u>	<u><u>\$ 498,222</u></u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2012

	<u>Tech building improvement</u>	<u>Capital outlay GO bond remodeling</u>	<u>Total nonmajor capital projects funds</u>
Revenue:			
Investment earnings	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 6</u>
Expenditures:			
Current:			
Education and general:			
Capital outlay	<u>335,221</u>	<u>1,528,857</u>	<u>1,864,078</u>
Excess (deficiency) of revenue over expenditures	<u>(335,221)</u>	<u>(1,528,851)</u>	<u>(1,864,072)</u>
Other financing sources (uses):			
Bond issue proceeds	<u>-</u>	<u>1,705,000</u>	<u>1,705,000</u>
Net change in fund balances	<u>(335,221)</u>	<u>176,149</u>	<u>(159,072)</u>
Fund balances, beginning of year	<u>388,698</u>	<u>-</u>	<u>388,698</u>
Fund balances end of year	<u><u>\$ 53,477</u></u>	<u><u>\$ 176,149</u></u>	<u><u>\$ 229,626</u></u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS**

June 30, 2012

	Central stores	Medical benefit plan	Total internal service funds
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 1,185	\$ -	\$ 1,185
Receivables, net	-	41,932	41,932
Inventories	27,765	-	27,765
Total current assets	28,950	41,932	70,882
Noncurrent assets:			
Restricted cash and cash equivalents	-	1,472,283	1,472,283
Total assets	\$ 28,950	\$ 1,514,215	\$ 1,543,165
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ -	\$ -	\$ -
<u>NET ASSETS</u>			
Unrestricted	28,950	1,514,215	1,543,165
Total liabilities and net assets	\$ 28,950	\$ 1,514,215	\$ 1,543,165

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2012

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total internal service funds</u>
Operating revenue:			
Charges for services	<u>\$ 44,507</u>	<u>\$ 1,362,797</u>	<u>\$ 1,407,304</u>
Operating expenses:			
Contractual services	-	1,030,303	1,030,303
Other supplies and expenses	<u>45,241</u>	<u>-</u>	<u>45,241</u>
Total operating expenses	<u>45,241</u>	<u>1,030,303</u>	<u>1,075,544</u>
Operating income	(734)	332,494	331,760
Nonoperating revenue:			
Interest and investment revenue	<u>-</u>	<u>6,978</u>	<u>6,978</u>
Change in net assets	(734)	339,472	338,738
Total net assets, beginning of year	<u>29,684</u>	<u>1,174,743</u>	<u>1,204,427</u>
Total net assets, end of year	<u><u>\$ 28,950</u></u>	<u><u>\$ 1,514,215</u></u>	<u><u>\$ 1,543,165</u></u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2012

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total</u>
Cash flows from operating activities:			
Receipts from customers	\$ 44,507	\$ 1,320,865	\$ 1,365,372
Payments for goods and services	(46,750)	(1,136,993)	(1,183,743)
	<u>(2,243)</u>	<u>183,872</u>	<u>181,629</u>
Net cash provided (used) by operating activities			
Interest and dividends	-	6,978	6,978
	<u>-</u>	<u>6,978</u>	<u>6,978</u>
Net increase (decrease) in cash and cash equivalents	(2,243)	190,850	188,607
Balances, beginning of year	<u>3,428</u>	<u>1,281,433</u>	<u>1,284,861</u>
Balances, end of year	<u><u>\$ 1,185</u></u>	<u><u>\$ 1,472,283</u></u>	<u><u>\$ 1,473,468</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (734)	\$ 332,494	\$ 331,760
Adjustments to reconcile operating income (loss) to to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Receivables, net	-	(41,932)	(41,932)
Inventories	(1,201)	-	(1,201)
Accounts and other payables	(308)	(106,690)	(106,998)
	<u>(1,509)</u>	<u>(148,612)</u>	<u>(150,121)</u>
Net cash provided (used) by operating activities	<u><u>\$ (2,243)</u></u>	<u><u>\$ 183,872</u></u>	<u><u>\$ 181,629</u></u>

DODGE CITY COMMUNITY COLLEGE

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

June 30, 2012

	<u>Flexible spending account</u>	<u>Activity accounts</u>	<u>Activity accounts clearing</u>	<u>Total agency funds</u>
<u>ASSETS</u>				
Cash and cash equivalents	<u>\$ 19,102</u>	<u>\$ 78,563</u>	<u>\$ 69,757</u>	<u>\$ 167,422</u>
<u>LIABILITIES</u>				
Due to others	<u>\$ 19,102</u>	<u>\$ 78,563</u>	<u>\$ 69,757</u>	<u>\$ 167,422</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, 2012, which collectively comprise Dodge City Community College's basic financial statements and have issued our report thereon dated October 31, 2012. 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

Management of Dodge City Community College is responsible for establishing and maintaining effective 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 previously.

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*.

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

October 31, 2012

Kennedy
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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, 2012. 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.

As described in item 2012-02 in the accompanying schedule of findings and questioned costs, Dodge City Community College did not comply with the requirements regarding the Davis-Bacon Act that are applicable to the Technical Retraining to Achieve Credentials Grant. Compliance with such requirements is necessary, in our opinion, for Dodge City Community College to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2012.

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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2012-02 to be a material weakness.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-03 and 2012-04 to be significant deficiencies.

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

October 31, 2012

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2012

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures
U.S. Department of Agriculture			
Direct Program:			
Pathways to Public Health	10.217	N/A	\$ 84,490
Passed through Kansas			
Department of Education:			
Child and Adult Care Food Program, 2010-11	10.558	SA# JO807	146,195
Child and Adult Care Food Program, 2011-12	10.558	SA# JO807	338,772
U.S. Department of Labor			
Passed through Washburn Technical Institute:			
Technical Retraining to Achieve Credentials	17.282	TRAC7	993,663
U.S. Department of Education			
Direct programs:			
Student Financial Assistance Programs:			
Federal Supplemental Educational Opportunity Grant, 2010-11	84.007	N/A	5,019
Federal Supplemental Educational Opportunity Grant, 2011-12	84.007	N/A	14,550
Federal Work Study Program, 2010-11	84.033	N/A	5,367
Federal Work Study Program, 2011-12	84.033	N/A	57,526
Federal Pell Grant Program, 2010-11	84.063	N/A	341,546
Federal Pell Grant Program, 2011-12	84.063	N/A	2,944,384
Federal Direct Student Loans	84.268	N/A	-
Academic Competitiveness Grants, 2011	84.375	N/A	352
Title V – Maximizing Student Success 2009-10	84.031S	N/A	53
Title V – Maximizing Student Success 2010-11	84.031S	N/A	135,859
Title V – Maximizing Student Success 2011-12	84.031S	N/A	423,505
TRIO – Student Support Services 2010-11	84.042A	N/A	116,240
TRIO – Student Support Services 2011-12	84.042A	N/A	106,299
Passed through Kansas Board of Regents:			
Adult Education State Grant Program	84.002	N/A	82,932
Vocational Education – Carl Perkins	84.048	N/A	138,709
Accelerating Opportunity Kansas - Carl Perkins	84.048	N/A	5,167
State Fiscal Stabilization Fund – Education State Grants, Recovery Act 2010-11	84.394	N/A	1,436
U.S. Department of Health and Human Services			
Passed through Kansas State University:			
Kansas Bridges to the Future, 2010-11	93.859	N/A	19,136
Kansas Bridges to the Future, 2011-12	93.859	N/A	26,194

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)

Year ended June 30, 2012

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures
Corporation for National Service			
Direct program:			
Retired and Senior Volunteer Program, 2011-12	94.002	N/A	22,773
Passed through Kansas			
Department of Education:			
Volunteer Generation Fund 2010-11	94.021	N/A	17,023
Volunteer Generation Fund 2011-12	94.021	N/A	7,330
Total federal awards			\$ 6,034,520

1. New Federal Direct Student Loans made in the current year are \$1,685,090.

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, 2012

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. No significant deficiencies 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. Four 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. One deficiency is reported as a material weakness.
5. The auditor's report on compliance for the major federal award programs for Dodge City Community College expresses a qualified opinion on the Technical Retraining to Achieve Credentials, and an unqualified opinion on the Child and Adult Care Food Program, Student Financial Assistance Programs and Title V Program.
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:

Child and Adult Care Food Program	CFDA 10.558
Technical Retraining to Achieve Credentials	CFDA 17.282
Student Financial Assistance Programs:	
Federal Supplemental Educational Opportunity Grant	CFDA 84.007
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
Title V - Maximizing Student Success	CFDA 84.031S
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 (CONTINUED)

Year ended June 30, 2012

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None noted

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2012

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

2012-01 Child and Adult Care Food Program
Grant period: Year Ended June 30, 2012

Condition: We selected the month of April 2012 to test meal reporting and reimbursement requests. We noted that the Child Development Center reimbursement request was not submitted in a timely manner.

Criteria: Original reimbursement claims must be submitted within 60 days of the end of the month. Revisions must be filed within 90 days of the end of the month.

Effect: The 60 day deadline passed before the reimbursement request was submitted. The \$1,377.62 reimbursement claim was forfeited.

Cause: Child Development Center personnel failed to compile the necessary information required to submit the reimbursement request prior to the filing deadline.

Recommendation: We recommend that Child Development Center personnel compile information necessary to submit reimbursement requests and file the reimbursement requests in a timely manner.

Grantee Response: Additional staff is being added to the DCCC Child Development Center to allow director time to prepare reports by due dates.

2012-02 Technical Retraining to Achieve Credentials Program
Grant period: Year Ended June 30, 2012

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

Criteria: The Davis-Bacon Act requires contractors and subcontractors to comply with prevailing wage rates clauses and submit weekly copies of payrolls and a statement of compliance for work performed on contracts in excess of \$2,000.

Effect: Weekly copies of contractor and subcontractor payrolls and a statement of compliance were not obtained in a timely manner.

Cause: College personnel were not aware the Davis-Bacon Act applied to the Technical Retraining to Achieve Credentials Program.

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

Grantee Response: All future bids for services will require compliance with Davis-Bacon Act as appropriate.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2012

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

2012-03 Student Financial Assistance Programs
Grant period: Year Ended June 30, 2012

Condition: A random sample of students was selected for eligibility testing. We noted three instances where the Institutional Student Information Reports were not properly updated in the computer system after verification. All three instances of verification resulted in an increase to the student's expected family contribution.

Criteria: Pell grant awards are based on cost of attendance, expected family contribution and enrollment status.

Effect: The increase in each student's revised expected family contribution resulted in over awarded Pell's by \$488, \$525 and \$50.

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: All three of the instances were related to the verification process. The first was a mistake made in reading an Income Tax Return Transcript. This was the first year of using the transcript and we were not familiar with which line actually corresponded with line 55 on the 1040. We have since received training at a financial aid conference and feel this type of mistake will not happen again. The other two errors were related to child support received and were not taken correctly from the verification worksheet. We have had a staff meeting to raise awareness of this issue. For the fourth consecutive year, we have a new employee doing the verification process. Training is on-going and competency has been achieved. We will continue to monitor these issues.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2012

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

2012-04 Student Financial Assistance Programs
Grant period: Year Ended June 30, 2012

Condition: A random sample of students was selected for eligibility testing. We noted one instance where a student's Pell grant award was incorrect based on the expected family contribution.

Criteria: Pell grant awards are based on cost of attendance, expected family contribution and enrollment status.

Effect: The Pell grant disbursed to the student was under awarded by \$69.

Cause: Financial aid personnel calculated the award incorrectly.

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: This student was eligible for the minimum Pell amount. Staff was in the habit of manually adjusting Pell for less than full time enrollment from the full time Pell chart. In this particular case the full time and less than full time Pell amounts were the same. Since then we have learned to let our PowerFAIDS software make those calculations.

DODGE CITY COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2012

- 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.
- 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, 2012 audit, finding 2012-03.
- 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.
- 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, 2012 audit, finding 2012-04.
- 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.
- Recommendation:* We recommend that financial aid personnel be diligent in determining student withdrawal dates and timely return unearned Title IV aid.
- Current Status:* The Financial Aid Office concurred with the recommendation. No similar finding was noted in the June 30, 2012 audit.



DODGE CITY COMMUNITY COLLEGE

and AREA TECHNICAL CENTER

2501 North 14th Avenue • Dodge City, Kansas 67801 • www.dcc.edu • (620) 225-1321 • 1-800-367-3222

CORRECTIVE ACTION PLAN

October 31, 2012

Dodge City Community College respectfully submits the following corrective action plan for the fiscal year ended June 30, 2012.

Name and address of independent public accounting firm:

Kennedy McKee and Company LLP
P.O. Box 1477
Dodge City, Kansas 67801

Audit period: July 1, 2011 through June 30, 2012

The findings from the June 30, 2012 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the Schedule.

FINDINGS AND QUESTIONED COSTS - Financial Statement Audit

None noted

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs Audit

2012-01 Child and Adult Care Food Program
Grant period: Year Ended June 30, 2012

Condition: We selected the month of April 2012 to test meal reporting and reimbursement requests. We noted that the Child Development Center reimbursement request was not submitted in a timely manner.

Criteria: Original reimbursement claims must be submitted within 60 days of the end of the month. Revisions must be filed within 90 days of the end of the month.

Effect: The 60 day deadline passed before the reimbursement request was submitted. The \$1,377.62 reimbursement claim was forfeited.

Cause: Child Development Center personnel failed to compile the necessary information required to submit the reimbursement request prior to the filing deadline.

Recommendation: We recommend that Child Development Center personnel compile information necessary to submit reimbursement requests and file the reimbursement requests in a timely manner.

Grantee Response:

Additional staff is being added to the DCCC Child Development Center to allow director time to prepare reports by due dates.

2012-02 Technical Retraining to Achieve Credentials Program
Grant period: Year Ended June 30, 2012

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

Criteria: The Davis-Bacon Act requires contractors and subcontractors to comply with prevailing wage rates clauses and submit weekly copies of payrolls and a statement of compliance for work performed on contracts in excess of \$2,000.

Effect: Weekly copies of contractor and subcontractor payrolls and a statement of compliance were not obtained in a timely manner.

Cause: College personnel were not aware the Davis-Bacon Act applied to the Technical Retraining to Achieve Credentials Program.

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

Grantee Response:

All future bids for services will require compliance with Davis-Bacon Act as appropriate.

FINDINGS AND QUESTIONED COSTS - Major Federal Award Programs Audit

2012-03 Student Financial Assistance Program
Grant period: Year Ended June 30, 2012

Condition: A random sample of students was selected for eligibility testing. We noted three instances where the Institutional Student Information Reports were not properly updated in the computer system after verification. All three instances of verification resulted in an increase to the student's expected family contribution.

Criteria: Pell grant awards are based on cost of attendance, expected family contribution and enrollment status.

Effect: The increase in each student's revised expected family contribution resulted in over awarded Pell's by \$488, \$525 and \$50.

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:

All three of the instances were related to the verification process. The first was a mistake made in reading an Income Tax Return Transcript. This was the first year of using the Transcript and we were not familiar with which line actually corresponded with line 55 on the 1040. We have since received training at a financial aid conference and feel this type of mistake will not happen again. The other two errors were related to child support received and were not taken correctly from the verification worksheet. We have had a staff meeting to raise awareness of this issue. For the fourth consecutive year, we have a new employee doing the verification process. Training is on-going and competency has been achieved. We will continue to monitor these issues.

2011-04 Student Financial Assistance Programs
Grant period: Year Ended June 30, 2012

Condition: A random sample of students was selected for eligibility testing. We noted one instance where a student's Pell grant award was incorrect based on the expected family contribution.

Criteria: Pell grant awards are based on cost of attendance, expected family contribution and enrollment status.

Effect: The Pell grant disbursed to the student was under awarded by \$69.

Cause: Financial aid personnel calculated the award incorrectly.


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:

This student was eligible for the minimum Pell amount. Staff was in the habit of manually adjusting Pell for less than full time enrollment from the full time Pell chart. In this particular case the Full time and less than full time Pell amounts were the same. Since then we have learned to let our PowerFAIDS software make those calculations.

If the Oversight Agency has questions regarding this plan, please call Vada Hermon at (620) 227-9213.

Sincerely yours,



Vada Hermon
Vice President of Operations and Finance