

Garden City Community College

OPEID No.: 00191900
EIN: 48-0698107

June 30, 2013

Garden City Community College
Basic Financial Statements
For the Year Ended June 30, 2013

TABLE OF CONTENTS

	<u>Statement</u>
Independent Auditors' Report	
Management's Discussion and Analysis	
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	1
Statement of Revenues, Expenses and Changes in Net Position	2
Statement of Cash Flows	3
Statement of Fiduciary Net Position	4
Notes to Financial Statements	
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Funding Progress - Other Post-Employment Benefits	RSI-1
SUPPLEMENTARY INFORMATION	
<u>Schedule</u>	
Combining Schedule of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash - Actual and Budget - Current Funds - Unrestricted (Legal Basis)	1
Schedule of Revenue - Actual and Budget - General Fund - Unrestricted (Legal Basis)	1-A
Schedule of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash - Actual and Budget - Adult Basic Education Fund (Legal Basis)	2
Schedule of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash - Actual and Budget - Postsecondary Technical Education Fund (Legal Basis)	3
Schedule of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash - Actual and Budget - Plant Funds - Unexpended (Legal Basis)	4
Notes to Supplementary Information	
ADDITIONAL INFORMATION -	
<u>Schedule</u>	
Schedules of Management Information	
Combining Statement of Revenue, Expenditures and Other Changes - Current Funds	5

Garden City Community College
Basic Financial Statements
For the Year Ended June 30, 2013

TABLE OF CONTENTS
(Continued)

	<u>Schedule</u>
ADDITIONAL INFORMATION - Schedules of Management Information (continued)	
Combining Statement of Net Position - All Current Funds - Unrestricted	6
Combining Statement of Revenue and Expenditures - All Current Funds - Unrestricted	7
Combining Statement of Changes in Net Position - All Current Funds - Unrestricted	8
Combining Schedule of Changes in Net Position - Various Funds	9
Combining Statement of Changes in Assets and Liabilities - All Agency Funds	10
Combining Statement of Changes in Assets and Liabilities - All Agency Funds – Due to Agency Funds	11
GRAPHS	
Comparison of Revenues - All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises	12
Comparison of Expenditures, Encumbrances and Net Transfers - All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises	13
Comparison of Revenues, and Expenditures, Encumbrances and Net Transfers – All Current Funds – Unrestricted (Legal Basis) excluding Auxiliary Enterprises	14
FEDERAL AWARD PROGRAMS	



INDEPENDENT AUDITORS' REPORT

Board of Trustees
Garden City Community College
801 Campus Drive
Garden City, Kansas 67846

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component units of Garden City Community College, Garden City, Kansas, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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; 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 and Accounting Guide*, issued by the State of Kansas. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Garden City Community College Endowment Association and the Broncbuster Athletic Association were not audited in accordance with *Government Auditing Standards* or the *Kansas Municipal Audit and Accounting Guide*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

405 North Sixth Street | P.O. Box 699
Garden City, KS 67846
620-275-9267 | 800-627-0636
Fax: 620-275-8936 | www.lhd.com

CPAs

Charles H. Claar, Jr, CPA
Theresa Dasenbrock, CPA, CFE
David L. Hetrick, CPA
Steven D. Josseland, CPA
Gary A. Schlappe, CPA
Rodney Van Norden, CPA

Lisa L. Axman, CPA
Sarah J. Bartel, CPA
Sue A. Bradley, CPA
Rebecca L. Brady, CPA
Susan A. Burgardt, CPA
Tracey Himm, CPA, CSEP
Shannon N. Miller, CPA
Kimberly A. Roth, CPA
Kristin J. Sekavec, CPA
Keysha Urie, CPA
Monica J. Wilson, CPA

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Garden City Community College, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages vii through xv) and schedule of funding progress – other postemployment benefits (page 32) 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 evidence sufficient to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Garden City Community College's basic financial statements. The supplementary information and additional information as listed in the table of contents (pages 33 through 52); the Schedule of Expenditures of Federal Awards (pages 67 and 68), required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*; and the Revenues and Expenditures Compared to Budget (page 76) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, additional information, Schedule of Expenditures of Federal Awards, and Revenues and Expenditures Compared to Budget are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Graphs presented in Schedules 12, 13 and 14 (pages 53 through 56), and on page 77 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have issued our report dated November 4, 2013, on our consideration of Garden City Community College's internal control over financial reporting and 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* in considering Garden City Community College's internal control over financial reporting and compliance.


LEWIS, HOOPER & DICK, LLC

November 4, 2013

This page intentionally left blank.

Management's Discussion and Analysis

As management of Garden City Community College, Garden City, Kansas, we offer readers of Garden City Community College's financial statements this narrative overview and analysis of the financial activity of the City of Garden City for the fiscal year ended June 30, 2013.

Financial Highlights

- The assets of Garden City Community College exceeded its liabilities at the close of the most recent fiscal year by \$24,054,232 (net position). Of this amount, \$9,280,514 (unrestricted net position) may be used to meet the College's ongoing obligations to citizens and creditors.
- The College's total net position increased by \$3,946,990. This increase was attributable to the increase in assets net of liabilities to fund capital improvement projects at the College.
- Capital assets increased a total of \$2,300,996 from 2012, as a result of construction in progress. Major projects during fiscal year 2013 include the Academic, Administration, and John Collins building renovations, and the multi-sports facility. The indoor rodeo arena was also acquired during fiscal year 2013.
- Garden City Community College's total long-term debt increased by \$1,321,420 (17.2%) during the current fiscal year. The key factor in this increase was the issuance of \$2,600,000 in capital lease obligations for the multi-sports facility.
- Operating revenues increased by \$2,270,030, or 29.54% from 2012. This was due primarily to an increase in revenues from federal grants.
- Operating expenses increased by \$534,671, or 2.63% from 2012. This was primarily because of increases due to operations of the bookstore and overall increases in costs.
- Actual expenditures, excluding transfers, for the General Fund were under budget \$2,350,333, or 15.1%. The comparison of actual to published budget reflects that the College operated within its legal budget authority as required by the State of Kansas.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Garden City Community College's basic financial statements. Garden City Community College's basic financial statements are comprised of two components: 1) government-wide financial statements, and 2) the notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Garden City Community College's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the College's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position of Garden City Community College is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include not only Garden City Community College itself (known as the primary government), but also a legally separate endowment association and a legally separate athletic association for which the College is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. See Note 1, item B, in the notes to the financial statements for more details regarding the relationship between these entities and the College.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 29 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Garden City Community College's progress in funding its obligation to provide other postemployment benefits (OPEB) benefits to its employees. Required supplementary information can be found on pages 31 through 32 of this report.

Supplementary information comparing actual and budget results is presented immediately following the required supplementary information on OPEB. Additional information containing schedules of management information are also presented. The supplementary and additional information can be found on pages 33 through 52 of this report.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of Garden City Community College, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$24,054,232 at the close of the most recent fiscal year.

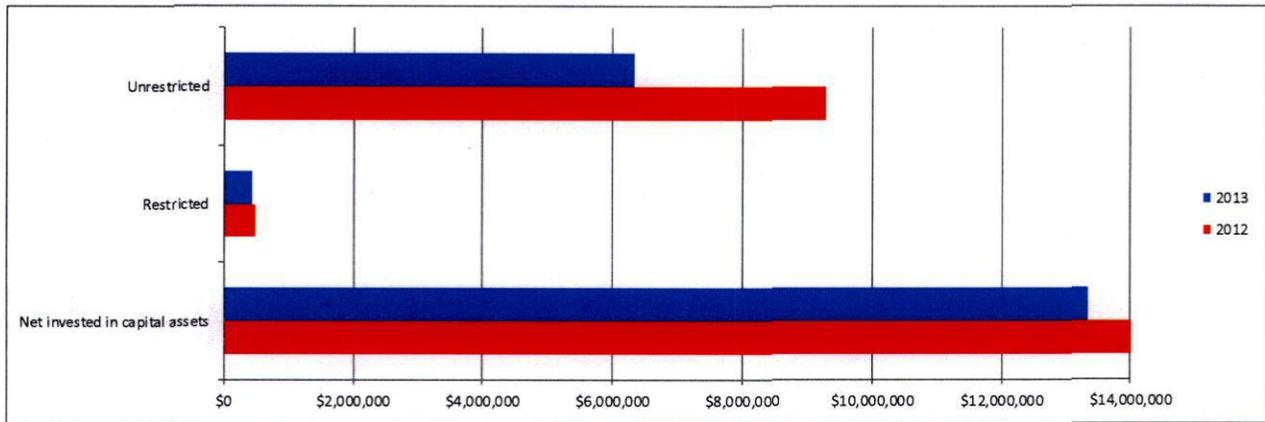
Net position			
As of June 30, 2013 and 2012			
	2013	2012	Increase (Decrease)
Assets			
Current assets	\$ 15,728,387	\$ 12,557,351	\$ 3,171,036
Non-current assets	22,674,267	20,373,271	2,300,996
Total assets	\$ 38,402,654	\$ 32,930,622	\$ 5,472,032
Liabilities			
Current liabilities	\$ 1,729,946	\$ 1,975,393	\$ (245,447)
Non-current liabilities	8,003,372	6,440,562	1,562,810
Total liabilities	\$ 9,733,318	\$ 8,415,955	\$ 1,317,363
Total deferred inflows of resources	\$ 4,615,104	\$ 4,407,425	\$ 207,679
Net position			
Investment in capital assets	\$ 14,285,279	\$ 13,339,949	\$ 945,330
Restricted for: expendable	488,439	437,744	50,695
Unrestricted	9,280,514	6,329,549	2,950,965
Total net position	\$ 24,054,232	\$ 20,107,242	\$ 3,946,990

By far the largest portion of Garden City Community College's net position (59.4%) reflects its investment in capital assets (e.g., land, property, plant and equipment); less any related debt used to acquire those assets that is still outstanding. The College uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Garden City Community College's net position (2.0%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (\$9,280,514) may be used to meet the College's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Garden City Community College is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

Net Position June 30, 2013 and 2012



The College's net position increased by \$3,946,990 during the current fiscal year. This increase was attributable to an increase in assets net of liabilities to fund capital improvement projects at the College. Non-current assets consist primarily of net capital assets.

The balance of this page intentionally left blank.

The operating results for the current fiscal year were positive in that overall net position increased to reach an ending balance of \$24,054,232. The key elements of this increase were additional state appropriations and property taxes received.

**Statement of Revenues, Expenses and Changes in Net Position
As of June 30, 2013 and 2012**

	2013	2012	Increase (Decrease)
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	\$ 1,136,492	\$ 851,349	\$ 285,143
Federal grants and contracts	6,204,081	4,897,119	1,306,962
Auxiliary enterprises	817,382	442,280	375,102
Other	1,796,465	1,493,642	302,823
Total operating revenues	<u>9,954,420</u>	<u>7,684,390</u>	<u>2,270,030</u>
Operating expenses	<u>20,853,137</u>	<u>20,318,466</u>	<u>534,671</u>
Operating loss	(10,898,717)	(12,634,076)	1,735,359
Non-operating revenues (expenses)			
State appropriations	2,820,954	2,530,535	290,419
Property taxes	11,125,851	10,420,712	705,139
Other	(224,652)	(438,866)	214,214
Capital grants and gifts	<u>1,123,554</u>	<u>377,000</u>	<u>746,554</u>
Increase in net position	3,946,990	255,305	3,691,685
Net position, beginning of year	<u>20,107,242</u>	<u>19,851,937</u>	<u>255,305</u>
Net position, end of year	<u>\$ 24,054,232</u>	<u>\$ 20,107,242</u>	<u>\$ 3,946,990</u>
Total revenues	<u>\$ 25,062,259</u>	<u>\$ 21,053,747</u>	<u>\$ 4,008,512</u>

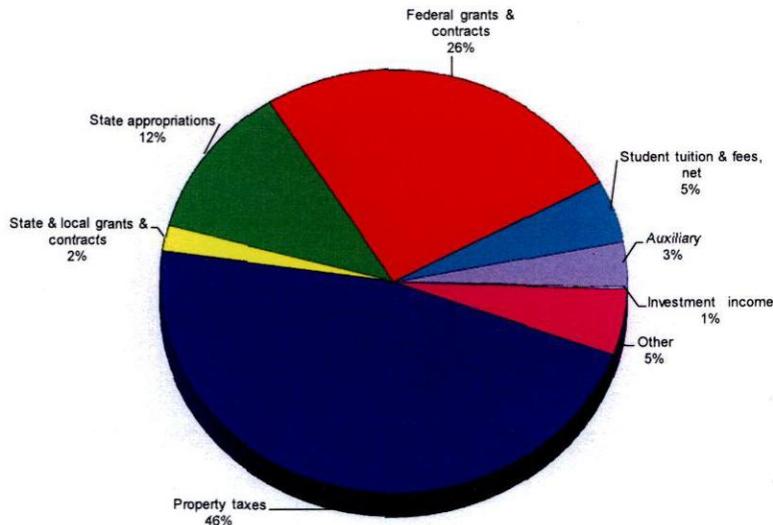
Operating revenues increased by \$2,270,030. This reflects an increase in student tuition and fees of \$285,143 after the allowance for scholarships and federal student financial aid. The increase in federal grants and contracts of \$1,306,962 is primarily a result of the increase in the Trac 7 grant for the current year. Auxiliary enterprises experienced an increase of \$375,102 as a result of increases in dormitory and student union fees collected due to more students and the college taking over the operation of the bookstore. Other operating revenues increased \$302,823 primarily as a result of increases in the other restricted funds' sponsorship agreements.

Total non-operating revenues (expenses) increased by \$1,209,772. This was primarily due to increases in property taxes.

Capital grants and gifts due to contributions received through the State's tax credit program increased \$746,554 over the prior year.

The following is a graphic illustration of revenues by source.

Revenues by Source



As of June 30, 2012

Property taxes	51%
State & local grants & contracts	2%
State appropriations	12%
Federal grants & contracts	24%
Student tuition & fees, net	4%
Auxiliary	2%
Investment income	1%
Other	4%

As shown in the revenues by source graph, the three primary sources of revenue for the College are property taxes at 47%, federal grants and contracts at 26% and state appropriations at 12%.

Local funding consists primarily of property tax allocations. Here is an analysis of the College's mill levy for the past 10 years.

Mill Analysis

Year Taxes Levied	Abstract Assessed Valuation	Total Mills Assessed	Total Taxes Levied	% Taxes Increase/Decrease
2013	\$497,840,335	21.156	\$ 10,532,226	-0.06%
2012	497,204,462	21.196	10,538,746	7.16%
2011	485,847,279	20.242	9,834,521	7.72%
2010	451,133,347	20.238	9,130,037	-8.92%
2009	497,714,282	20.183	10,024,377	5.20%
2008	492,125,637	19.360	9,528,537	4.45%
2007	475,127,875	19.200	9,122,827	-6.42%
2006	507,386,172	19.220	9,748,992	6.02%
2005	470,512,179	19.543	9,195,220	4.54%
2004	452,245,616	19.450	8,796,117	10.82%

The average increase over the 10 year period is 3.05%. Since over half of the College's funding comes from local sources, the local tax levy has a significant impact on the College's finances.

State funding consists primarily of State operating grants. An analysis of the grants received for the past ten years under the new State funding formula are as follows:

State Operating Grant Analysis

Year	Grant Amount	% Increase/ Decrease
2013	\$ 2,669,553	5.49%
2012	2,530,535	-1.14%
2011	2,559,826	-2.34%
2010	2,621,285	-3.31%
2009	2,711,153	0.59%
2008	2,695,144	-4.66%
2007	2,827,007	6.02%
2006	2,666,547	6.70%
2005	2,499,062	2.26%
2004	2,443,941	-6.54%

As shown, the State operating grant increased in the current year. The reason for this change is due to the State funding formula based on State budget appropriations and increases in overall State aid to educational institutions.

Student tuition is determined by the number of credit hours and the tuition rate. The following is an analysis of credit hours and tuition rates over the past 10 years.

Credit Hour Analysis

Cost per Credit Hour

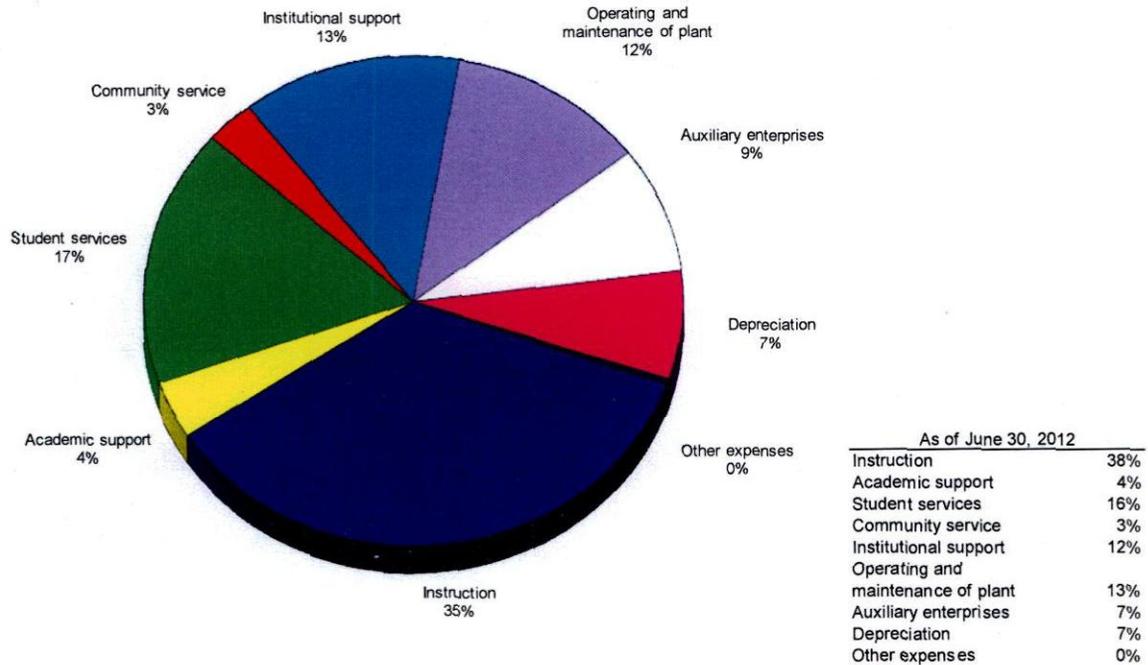
Year	In State	Out of State	Total	% Increase/ Decrease	Year	In State	Out of State
2013	36,715	7,365	44,080	6.53%	2013	\$ 50	\$70 and \$65
2012	36,201	5,176	41,377	-8.42%	2012	45	65
2011	40,077	5,104	45,181	0.06%	2011	45	65
2010	39,990	5,165	45,155	8.26%	2010	43	65
2009	37,118	4,590	41,708	2.13%	2009	41	65
2008	35,446	5,391	40,837	-3.07%	2008	41	65
2007	37,630	4,501	42,131	-6.19%	2007	39	65
2006	40,134	4,778	44,912	8.23%	2006	39	65
2005	37,110	4,385	41,495	-2.19%	2005	37	65
2004	37,340	5,082	42,422	-6.61%	2004	37	65

The number of credit hours fluctuates based on course offerings and resulting student enrollment.

The balance of this page intentionally left blank.

The following is a graphic illustration of operating expenses.

Operating Expenses



As shown, the four largest areas of operating expenses are instruction at 35%, student services at 17%, institutional support at 13%, and operating and maintenance of plant at 12%. Total operating expenses increased \$534,671, or 2.63% from 2012. This was primarily because of increases due to operations of the bookstore and overall increases in costs.

The balance of this page intentionally left blank.

Capital Asset and Debt Administration

Capital Assets

Garden City Community College's investment in capital assets as of June 30, 2013, amounts to \$22,674,267 (net of accumulated depreciation). This investment in capital assets includes land; buildings and system; improvements; and machinery and equipment. The total increase in capital assets for the current fiscal year was approximately 11.3% over the 2012 total.

The following chart summarizes the changes in net capital assets by the various categories of assets.

Changes in Capital Assets

	Beginning Balance	Additions	Retirements	Ending Balance
Cost:				
Land	\$ 786,758	\$ 200,540	\$ -	\$ 987,298
Construction in progress	1,149,384	1,983,555	1,575,426	1,557,513
Improvements other than buildings	5,394,220	-	505,802	4,888,418
Buildings	29,176,042	2,290,490	-	31,466,532
Equipment	6,975,594	1,030,889	431,132	7,575,351
Total cost	<u>43,481,998</u>	<u>5,505,474</u>	<u>2,512,360</u>	<u>46,475,112</u>
Less accumulated depreciation:				
Improvements other than buildings	2,414,405	242,686	402,925	2,254,166
Buildings	15,536,430	873,287	-	16,409,717
Equipment	5,157,892	388,545	409,475	5,136,962
Total accumulated depreciation	<u>23,108,727</u>	<u>1,504,518</u>	<u>812,400</u>	<u>23,800,845</u>
Property, plant and equipment, net	<u>\$ 20,373,271</u>	<u>\$ 4,000,956</u>	<u>\$ 1,699,960</u>	<u>\$ 22,674,267</u>

Major capital asset events during the current fiscal year included the following:

Academic building renovations	\$ 1,296,260
Indoor rodeo arena	776,500
Administrative building renovations	279,165

Additional information on Garden City Community College's capital assets can be found in Note 3, item C on page 18, and Note 3, item F on page 21 of this report.

Long-term Debt

At the end of the current fiscal year, Garden City Community College had total debt outstanding of \$8,388,988, which was backed by the full faith and credit of the College.

The College's total debt increased by \$1,355,666 (19.3%) during the current fiscal year. The key factor in this increase was issuance of \$2,600,000 of certificates of participation for a lease purchase agreement related to the multi-sports facility during 2013.

State statutes limit the amount of general obligation debt the College may issue to 14% of its total assessed valuation. The current debt limitation for Garden City Community College is \$69,659,145, which is significantly in excess of the College's outstanding debt.

Additional information about the College's long-term debt can be found in Note 3, item H on pages 22 through 25; and Note 3, item I on pages 26 through 27 of this report.

Budgetary Highlights

The legally adopted budget for the College was not amended by the Board of Trustees during fiscal year 2013. However, departments within the College are allowed to transfer budget authority between line items and between cost centers within a department. As a result of these budget transfers, the original budget and the final budget may not be the same in some cost centers.

The comparison of actual to published budget, as shown on pages 34 through 40 of this report, reflects that the College operated within its legal budget authority as required by the State of Kansas.

Other Economic Factors

The economics in the State of Kansas and Garden City continue to be a challenge. A large portion of the College's resources come from state and local sources.

Requests for Information

This financial report is designed to provide a general overview of Garden City Community College's finances for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Dee A. Wigner
Executive Vice President
Garden City Community College
801 Campus Drive
Garden City, KS 67846
dee.wigner@gcccks.edu

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

GARDEN CITY COMMUNITY COLLEGE
Statement of Net Position
As of June 30, 2013

	Community College	Endowment Association	Broncbuster Athletic Association
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 3,271,421	\$ -	\$ 158,896
Short-term investments	8,909,054	-	-
Receivables (net of allowance for uncollectibles):			
Taxes	61,067	-	-
Miscellaneous	3,486,845	100	116,365
Total current assets	<u>15,728,387</u>	<u>100</u>	<u>275,261</u>
Noncurrent assets:			
Restricted cash and cash equivalents	-	1,500,436	-
Endowment investments	-	4,360,111	-
Property, plant and equipment, net	22,674,267	68,218	-
Total noncurrent assets	<u>22,674,267</u>	<u>5,928,765</u>	<u>-</u>
Total assets	<u>\$ 38,402,654</u>	<u>\$ 5,928,865</u>	<u>\$ 275,261</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 684,471	\$ -	\$ 21,375
Accrued interest	32,418	-	-
Long-term liabilities, current portion	1,013,057	-	-
Total current liabilities	<u>1,729,946</u>	<u>-</u>	<u>21,375</u>
Noncurrent liabilities:			
Long-term liabilities	8,003,372	-	-
Total liabilities	<u>9,733,318</u>	<u>-</u>	<u>21,375</u>
Deferred inflows of resources:			
Deposits held in custody for others	348,298	-	-
Unearned revenue - membership dues	-	-	125,165
Unearned revenue - current property taxes	4,266,806	-	-
Total deferred inflows of resources	<u>4,615,104</u>	<u>-</u>	<u>125,165</u>
Net position:			
Investment in capital assets, net of related debt	14,285,279	-	-
Restricted, expendable for:			
Scholarships	-	240,094	-
Loans	-	14,117	-
Capital projects, net of related debt	-	90,235	-
Other	488,439	234,317	-
Unrestricted	9,280,514	5,350,102	128,721
Total net position	<u>24,054,232</u>	<u>5,928,865</u>	<u>128,721</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 38,402,654</u>	<u>\$ 5,928,865</u>	<u>\$ 275,261</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GARDEN CITY COMMUNITY COLLEGE
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013

	Community College	Endowment Association	Broncbuster Athletic Association
REVENUES			
Operating revenues:			
Student tuition and fees (net of scholarship allowances of \$2,059,170)	\$ 1,136,492	\$ -	\$ -
Gifts and contributions	-	685,906	76,237
Federal grants and contracts	6,204,081	-	-
State and local grants and contracts	461,325	-	-
Nongovernmental grants and contracts	99,955	-	-
Sales and services of educational departments	17,651	-	-
Auxiliary enterprises (net of scholarship allowances of \$1,088,639)	817,382	-	-
Other operating revenues	1,217,534	5,524	103,709
Total operating revenues	<u>9,954,420</u>	<u>691,430</u>	<u>179,946</u>
EXPENSES			
Operating expenses:			
Instruction	7,330,159	-	-
Academic support	798,913	-	-
Student services	3,551,457	-	-
Community service	614,446	-	87,425
Operating and maintenance of plant	2,481,668	-	5,581
Institutional support	2,745,691	373,963	-
Auxiliary enterprises	1,750,963	-	-
Depreciation	1,504,518	1,023	-
Other expenses	75,322	-	-
Total operating expenses	<u>20,853,137</u>	<u>374,986</u>	<u>93,006</u>
Operating income (loss)	<u>(10,898,717)</u>	<u>316,444</u>	<u>86,940</u>
NONOPERATING REVENUES (EXPENSES)			
State appropriations	2,820,954	-	-
Property taxes	11,125,851	-	-
Investment income	37,480	507,444	-
Payments to GCCC	-	(452,390)	(112,356)
Loss from disposal of assets	(124,534)	(96)	-
Interest on capital asset related debt	(137,598)	-	-
Net nonoperating revenues (expenses)	<u>13,722,153</u>	<u>54,958</u>	<u>(112,356)</u>
Income (loss) before other revenues, expenses, gains or losses	2,823,436	371,402	(25,416)
Capital grants and gifts	1,123,554	-	-
Increase (decrease) in net position	3,946,990	371,402	(25,416)
NET POSITION			
Net position, beginning of year	<u>20,107,242</u>	<u>5,557,463</u>	<u>154,137</u>
Net position, end of year	<u>\$ 24,054,232</u>	<u>\$ 5,928,865</u>	<u>\$ 128,721</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

GARDEN CITY COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2013

	<u>Community College</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ (1,319,101)
Federal grants and contracts	6,204,081
State and local grants and contracts	461,325
Nongovernmental grants and contracts	99,955
Payment to suppliers	(8,420,584)
Payment to employees	(10,944,685)
Sales and services of educational departments	17,651
Auxiliary enterprise charges	817,382
Other	<u>1,217,534</u>
Net cash used by operating activities	<u>(11,866,442)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	11,460,510
State appropriations	<u>2,820,954</u>
Net cash provided by noncapital financing activities	<u>14,281,464</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants and gifts	347,055
Proceeds from capital debt and leases	6,210,000
Purchases of capital assets	(3,153,549)
Principal paid on capital debt and leases	(4,854,334)
Interest paid on capital debt and leases	<u>(159,251)</u>
Net cash used by capital and related financing activities	<u>(1,610,079)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	12,394,540
Interest on investments	37,480
Purchase of investments	<u>(13,301,033)</u>
Net cash used by investing activities	<u>(869,013)</u>
Net decrease in cash	(64,070)
Cash, beginning of year	<u>3,335,491</u>
Cash, end of year	<u><u>\$ 3,271,421</u></u>

(continued)

GARDEN CITY COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2013

	<u>Community College</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (10,898,717)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	1,504,518
Changes in net assets:	
Miscellaneous receivables	(2,475,740)
Accounts payable and accrued liabilities	17,596
Deposits held in custody for others	20,216
Deferred revenues	(69)
Accrued compensated absences	(3,230)
Net OPEB liability	<u>(31,016)</u>
Net cash used by operating activities	<u>\$ (11,866,442)</u>
Schedule of non-cash capital and related financing activities:	
Contribution of capital assets received	\$ 776,499

The accompanying Notes to Financial Statements are an integral part of this statement.

GARDEN CITY COMMUNITY COLLEGE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Agency Accounts</u>
<u>ASSETS</u>	
Cash and investments	\$ 348,662
Total assets	<u>\$ 348,662</u>
<u>LIABILITIES</u>	
Accounts payable	\$ 364
Due to agency funds	<u>348,298</u>
Total liabilities	<u>\$ 348,662</u>

The accompanying Notes to Financial Statements are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

Garden City Community College
Notes to Financial Statements
June 30, 2013

1. Summary of significant accounting policies

The Garden City Community College, Garden City, Kansas, was incorporated under the provisions of the State of Kansas.

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the College's accounting policies are described below.

A. Description of government-wide financial statement

The government-wide financial statement (i.e., the statement of net position) reports information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The College has no *governmental activities*.

B. Financial reporting entity

The College is governed by an elected six-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Garden City Community College (the primary government) and its component units. Component units are included in the College's reporting entity because of the significance of their operational or financial relationships with the College.

The following organizations, functions or activities are discretely presented component units of the College and are included in the component units' columns in the College's basic financial statements. They are reported in a separate column to emphasize that they are not-for-profit entities legally separate from the College. Each discretely presented component unit has a June 30th year end.

The Garden City Community College Endowment Association is a not-for-profit corporation organized to raise funds to support educational undertakings at Garden City Community College, and to receive and hold in trust any property transferred to the Association for the benefit of the College, or any student or employee of the College, managing all property received according to the uses specified by the donors or, in case the gift is a general one, to such uses as may be agreed upon by the Board of Directors. Scholarships totaling \$452,390 were provided the College during the year.

The Broncbuster Athletic Association is a not-for profit organization created to promote activities and events to raise funds to provide scholarships, education equipment and opportunities for student athletes at Garden City Community College. Scholarships totaling \$112,356 were provided the College during the year.

Separately issued financial reports of the individual component units can be obtained from the College's business office or from their respective administrative offices.

Garden City Community College
Endowment Association
801 Campus Drive
Garden City, Kansas 67846

Broncbuster Athletic Association
801 Campus Drive
Garden City, Kansas 67846

Garden City Community College
Notes to Financial Statements
June 30, 2013

1. Summary of significant accounting policies (continued)

C. Basis of presentation – government-wide financial statements

While separate government-wide and fund financial statements are presented, they are interrelated. For financial statement reporting purposes, the College is considered a special-purpose government engaged only in a business-type activity. The business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units. While neither the Endowment Association nor the Broncbuster Athletic Association is considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

D. Basis of presentation – fund financial statements

The fund financial statements provide information about the College's funds, including its fiduciary funds. Separate statements for each fund category – proprietary and fiduciary - are presented. The emphasis of fund financial statements is on major enterprise funds, each displayed in a separate column. All remaining enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The College reports all operating activity under one major enterprise fund.

Additionally, the College reports the following fund type:

The *agency fund* accounts for student organization accounts and special revolving accounts for funds collected by the College on behalf of other governments.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. *Property taxes are recognized as revenues in the year for which they are levied*. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The proprietary funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. The agency fund has no measurement focus but utilizes the *accrual basis of accounting* for reporting its assets and liabilities.

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

Garden City Community College
Notes to Financial Statements
June 30, 2013

1. Summary of significant accounting policies (continued)

F. Budgetary information

Although the College's financial statements consist of only one enterprise-type activity, budgets are adopted for the departments classified as Current Unrestricted Funds (including Auxiliary Enterprises), and Unexpended Plant Funds. All budgets are prepared using the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The Schedules of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash – Actual and Budget; Schedules 1, 1-A, 2, 3 and 4 in the SUPPLEMENTARY INFORMATION section; present the comparisons by funds of the legally adopted budget with actual data on the budgetary basis. Encumbrances outstanding at June 30, 2013, in the Current Unrestricted Funds, Current Funds – Restricted – Adult Basic Education; Plant Funds – Unexpended; and Plant Funds – Capital Project Accounts totaled \$1,580,697.

Although directory rather than mandatory, Kansas statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments to the adopted annual operating budget for fiscal year 2013.

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 each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Spending in funds which are not subject to the legal annual operating budget requirements are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

Excess of expenditures over appropriations

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. Management is not aware of any statutory violations.

Budgetary compliance – non-GAAP financial statements

By statute, the College prepares its annual budget on a non-GAAP basis of accounting as described above. A reconciliation of these budgetary basis statements to the GAAP statements is presented in the Notes to Supplementary Information.

Garden City Community College
Notes to Financial Statements
June 30, 2013

1. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources and net position

Cash and cash equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits and investments

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the Dean of Administrative Services. Cash includes amounts in demand deposits. Investments of the pooled accounts consist of certificates of deposit and money market investments backed by U.S. government securities. Interest income earned is allocated among funds based on average monthly cash balances and in accordance with the adopted budget.

State statutes authorize the College to invest idle funds in U.S. government securities, temporary notes, no-fund warrants, repurchase agreements and the Kansas Municipal Investment Pool. The Kansas Municipal Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the investment in the Kansas Municipal Investment Pool is the same as the fair value of its pool shares. Other investments of the College and its component units are stated at fair value, which equals cost. The aggregate value of the investments at June 30, 2013, is \$847.

Allowance for doubtful accounts

All trade receivables are considered to be fully collectible; accordingly, no allowance for uncollectible accounts is required. If amounts become uncollectible, an allowance will be established.

Inventories and prepaid items

The College deems inventory as immaterial to the financial statements. No capitalization or amortization has been recorded in the financial statements of the primary government.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses when consumed rather than when purchased.

Capital assets

Capital assets include property, plant and equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Garden City Community College
Notes to Financial Statements
June 30, 2013

1. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources and net position (continued)

Capital assets (continued)

Land and construction in progress are not depreciated. Property, plant and equipment of the College are depreciated using the straight-line method over the following useful lives:

Buildings	20 to 40 years
Improvements other than buildings	20 years
Equipment	5 to 22 years
Computer technology	3 years

The College's library collection adheres to the College's policy to (a) maintain the library collection for education or research; (b) protect, keep unencumbered, care for, and preserve the library collection; and (c) require proceeds from the sale of the library collection to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at time of purchase rather than capitalized.

Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The College has two items that qualify for reporting in this category. The College reports unearned revenues from two sources: deposits for tuition and fees, and property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Net position flow assumption

Sometimes the College will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the College's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Net position

Net position of the College is classified in four components. *Net position invested in capital assets net of related debt* consist of property and equipment net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted expendable net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the College. *Restricted nonexpendable net position* equals the principal portion of permanent endowments. *Unrestricted net position* is remaining net position that does not meet the definition of *invested in capital assets net of related debt* or *restricted in expendable or nonexpendable net position*.

Garden City Community College
Notes to Financial Statements
June 30, 2013

1. Summary of significant accounting policies (continued)

H. Revenues and expenses

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the College are sales and services of educational departments and auxiliary enterprises. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tuition and fee revenues collected during the fiscal year which relate to the period after June 30, 2013, have been deferred.

Property taxes

Property taxes are levied each calendar year on all taxable real property located in the taxing district. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board of Trustee resolution, property tax levies passed in August 2012, were allocated thirty-seven percent to fiscal year 2014.

The College's property taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20th and distributed to the College by January 20th to finance a portion of the current year's budget. The second half is due May 10th and distributed to the College by June 5th. This distribution to the College is for its next budget year and is reflected as deferred revenues. The College draws available funds from the County Treasurer's office at designated times throughout the year.

The College has a concentration of credit risk in the form of taxes receivable from the County Treasurer for property taxes collected in Finney County, Kansas.

Grants and contributions

The College receives grants from federal agencies and the State of Kansas, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Garden City Community College
Notes to Financial Statements
June 30, 2013

1. Summary of significant accounting policies (continued)

H. Revenues and expenses (continued)

Compensated absences

The College's policy regarding sick leave pay permits employees to accumulate leave days at a maximum rate of 10 days per year up to 60 days. Leave may be used for sick leave and personal leave. The College does not pay for unused leave time if the employee leaves the College's employ.

The College's policy regarding vacation leave permits employees to accumulate vacation leave to a maximum of up to 20 days. Personnel leaving the employment of the College will be paid for unused vacation days at the daily rate of the employee's last contract. The estimated dollar amount of accumulated vacation leave pay at June 30, 2013, totals \$254,668. The current portion of accrued vacation leave, which would be liquidated with expendable available resources, is not material.

I. New pronouncements

The GASB has issued the following statements which will have an impact on the College's future financial reporting, although they are not yet required to be implemented by the College:

- GASB Statement No. 67, *Financial Reporting for Pension Plans*, issued June 2012, will be effective for the College beginning with its year ending June 30, 2014. This Statement is intended to improve financial reporting by state and local governmental pension plans. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. This Statement replaces the requirements of Statements No. 25 and No. 50 as they relate to pension plans that are administered through trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 25 and 50 remain applicable to pension plans that are not administered through trusts covered by the scope of this Statement and to defined contribution plans that provide postemployment benefits other than pensions.
- GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27*, issued June 2012, will be effective for the College beginning with its year ending June 30, 2015. This Statement is intended to improve accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency.
- GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, issued January 2013, will be effective for the College beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations.

The College's management has not yet determined the effect these Statements will have on the College's financial statements.

Garden City Community College
Notes to Financial Statements
June 30, 2013

2. Stewardship, compliance and accountability

A. Compliance with Kansas statutes

References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Director of Accounts and Reports and interpretation by the County Attorney and the legal representative of the College. There were no violations noted for the year ended June 30, 2013.

3. Detailed notes on all activities and funds

A. Cash and investments

A reconciliation of cash and investments as shown on the government-wide statement of net position for the primary government follows:

Cash and cash equivalents	\$ 3,271,421
Short-term investments	<u>8,909,054</u>
 Total cash and investments	 <u>\$ 12,180,475</u>
 Carrying amount of deposits	 \$ 12,177,592
Carrying amount of investments	847
Cash on hand	<u>2,036</u>
 Total cash and investments	 <u>\$ 12,180,475</u>

Cash Deposits with Financial Institutions

Custodial credit risk – deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka and held by a third party bank that is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the College, the pledging bank and the independent third-party bank holding the pledged securities. All deposits were secured at June 30, 2013.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

A. Cash and investments (continued)

Cash Deposits with Financial Institutions (continued)

Custodial credit risk – deposits (continued)

At June 30, 2013, the College's carrying amount of deposits was \$12,177,592 and the bank balance was \$13,415,453. Seventy percent of the bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$7,170,564 was covered by federal depository insurance and \$6,244,889 was collateralized with securities held by the pledging financial institutions' agents in the College's name. The College's cash deposits by financial institution at year end are as follows:

	Commerce Bank	Landmark National Bank	First National Bank	First National Bank - Holcomb	Western State Bank
Bank balance covered by:					
FDIC coverage	\$ 500,000	\$ 250,000	\$ 5,920,564	\$ 250,000	\$ 250,000
Pledged securities at market value	2,984,333	1,760,556	-	750,000	750,000
<i>Total bank balance</i>	<u>\$ 3,484,333</u>	<u>\$ 2,010,556</u>	<u>\$ 5,920,564</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

Investments

Credit and Interest Rate Risks

K.S.A. 9-1401 establishes the depositories which may be used by the College. The statute requires banks eligible to hold the College's funds have a main 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 provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The College has no other policies that would further limit interest rate risk or limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute limits the College's investment maturities to two years or less.

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. All investments must be insured, registered, or held by the College or its agent in the College's name. The College has no investment policy that would further limit its investment choices. The rating of the Government's investments is noted above.

As of June 30, 2013, the College had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	<u>Rating</u>
		<u>Less Than 1</u>	
Municipal Investment Pool	\$ 847	\$ 847	S&P AAAf/S1+
Total fair value	<u>\$ 847</u>	<u>\$ 847</u>	

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

A. Cash and investments (continued)

Investments (continued)

Concentration of credit risk

State statutes places 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's allocation of investments as of June 30, 2013, is as follows:

Investment Type	Percentage of Investments
Municipal Investment Pool	100.00%

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College has no custodial credit risk exposure for its investments.

B. Receivables

Receivables as of year-end for the College, including the applicable allowances for uncollectible accounts, are as follows:

Taxes	\$ 61,067
Miscellaneous	1,914,237
Note receivable	1,572,608
Gross receivables	3,547,912
Less allowance for uncollectibles	-
Total net receivables	\$ 3,547,912

Revenues of the enterprise funds are reduced by uncollectible amounts when written off.

Proprietary funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the proprietary funds were as follows:

Current property taxes receivable:	<u>Unavailable</u>
General	\$ 173
Plant Funds - Unexpended	3,016
Total deferred revenue	\$ 3,189

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

C. Capital assets

The following is a summary of changes in the various capital asset categories for the year ended June 30, 2013:

	Beginning Balance	Additions	Retirements	Ending Balance
Cost:				
Land	\$ 786,758	\$ 200,540	\$ -	\$ 987,298
Construction in progress	1,149,384	1,983,555	1,575,426	1,557,513
Improvements other than buildings	5,394,220	-	505,802	4,888,418
Buildings	29,176,042	2,290,490	-	31,466,532
Equipment	6,975,594	1,030,889	431,132	7,575,351
Total cost	<u>43,481,998</u>	<u>5,505,474</u>	<u>2,512,360</u>	<u>46,475,112</u>
Less accumulated depreciation:				
Improvements other than buildings	2,414,405	242,686	402,925	2,254,166
Buildings	15,536,430	873,287	-	16,409,717
Equipment	5,157,892	388,545	409,475	5,136,962
Total accumulated depreciation	<u>23,108,727</u>	<u>1,504,518</u>	<u>812,400</u>	<u>23,800,845</u>
Property, plant and equipment, net	<u>\$ 20,373,271</u>	<u>\$ 4,000,956</u>	<u>\$ 1,699,960</u>	<u>\$ 22,674,267</u>

Depreciation expense for the year ended June 30, 2013, was \$1,504,518.

D. Defined benefit pension plan

Plan description: The Garden 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 Avenue, Topeka, KS 66603) or by calling 1-888-275-5737.

Funding policy: K.S.A. 74-4919 establishes the KPERs member-employee contribution rate at up to 6% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas contributed 10.37% of covered payroll. These contribution requirements are established by KPERs and are periodically revised. Kansas' contributions to KPERs for all Kansas school-type municipality employees for the years ending June 30, 2013, 2012 and 2011, were \$323,067,803, \$298,635,383, and \$253,834,044, respectively, equal to the required contributions for each year.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

E. Other postemployment healthcare benefits

Plan description

Kansas statute provides that post-employment healthcare benefits be extended to retired employees who have met the age and/or service eligibility requirements. The health insurance benefit generally provides the same coverage for retirees and their dependents as for active employees and their dependents. The health insurance benefit plan is a single employer defined benefit plan administered by the College. The benefit is available for selection at retirement and is extended to retirees and their dependents until the age of 65. The benefits renew annually each October 1st. The accounting for the health insurance for retirees is included in the College's general operating fund, with the subsidy provided from the general operating fund.

Funding policy

The College provides health insurance benefits to qualifying retirees and their dependents in accordance with Kansas law. Kansas statute, which may be amended by the State legislature, established that participating retirees may remain in the College's health insurance plan by paying the entire premium.

Currently, eligible retirees receive a direct contribution from the College for their premium equivalent to the Plan Option 2 and dental single premium rates as established annually by the Board of Trustees. The required retiree contribution rate equals the carrier-charged premium less any direct premium paid by the College. The carrier-charged premium after College paid premium for the year ended June 30, 2013, ranged from \$0 to \$1,259.70 per month per retiree participant. The direct premium paid by the College for the year ended June 30, 2013, was \$399.08 per month per retiree participant. Spouses of retirees do not receive a direct contribution from the College for their coverage. The College appropriates funds annually for the costs associated with the retirement benefit and provides funding for the expenditures on a pay-as-you-go basis.

Annual OPEB cost and net OPEB obligation

The College's annual OPEB (Other Postemployment Benefits) cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table presents the components of the College's annual OPEB cost for the year, the contribution to the plan, and changes in the College's net OPEB obligation.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

E. Other postemployment healthcare benefits (continued)

Annual OPEB cost and net OPEB obligation (continued)

Normal cost	\$ 30,636
Amortization of unfunded actuarial accrued liability	<u>50,915</u>
Annual required contribution	81,551
Interest on net OPEB obligation	14,133
Adjustment to annual required contribution	<u>(21,212)</u>
Annual OPEB cost (expense)	74,472
Contributions made	<u>105,488</u>
Decrease in net OPEB obligation	(31,016)
Net OPEB obligation, July 1	<u>403,789</u>
Net OPEB obligation, June 30	<u><u>\$ 372,773</u></u>

Fiscal Year	Annual OPEB Cost	Net Employer Contributions	Percentage Contributed	End of Year Net OPEB Obligation
2009	\$ 212,316	\$ 66,000	31%	\$ 146,316
2010	212,316	66,000	31%	292,632
2011	123,321	60,505	49%	355,448
2012	122,341	74,000	60%	403,789
2013	74,472	105,488	142%	372,773

Funded status and funding progress

As of July 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$936,430. The College's policy is to fund the benefits on a pay as you go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$936,430. The covered payroll (annual payroll of active employees covered by the plan) was \$8,842,612 and the ratio of the UAAL to the covered payroll was 10.6%.

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. The valuation includes, for example, assumptions about future employment, mortality and the healthcare cost trends. Amounts determined regarding the funded status of the plan and the annual required contributions of employer are subject to continual revision as actual results are compared with the past expectations and new estimates are made about the future. The schedule of funding progress will present in time, multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

E. Other postemployment healthcare benefits (continued)

Actuarial methods and assumptions

Projections of benefits for reporting purposes are based on the substantive plan and include the types of benefits provided at the time of valuation and the historical pattern of sharing of benefit cost between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and actuarial value of assets, consistent with the long-term perspective of the calculations.

The ARC for the plan's year was determined as part of the July 1, 2012, actuarial valuation using the following methods and assumptions:

Actuarial cost method	projected unit credit
Amortization method	level dollar
Remaining amortization period	30 years
Asset valuation method	not applicable
Investment return	3.5%
Healthcare cost trend rate	-2.5% to 7.0% in first 3 years; 6.5% to 5.0% thereafter

F. Construction and other significant commitments

Construction commitments

Capital projects in process at June 30, 2013, are as follows:

<u>Project</u>	<u>Authorization</u>	<u>Expended</u>	<u>Committed</u>
Collins building renovations	\$ 448,000	\$ 487,524	\$ 66,080
Multi-sport facility	2,600,000	1,053,162	1,603,078

Operating leases

During the year ended June 30, 1995, the College entered into an agreement to purchase an additional facility to be used for another Adult Learning Center. The agreement contains a lease for the facility site for a period of 36 months, renewable on a year to year basis thereafter. As consideration for the purchase, the College has been granted the leasehold interest without obligation for payment of any basic cash rent for the facility site during the original, or any renewal term, of the agreement.

Commitments

The College is party to a service agreement with Southwest Plains Regional Service Center for communications facilities and services. Payments for the year ended June 30, 2013, amounted to \$18,808. Annual payments of \$15,000 each are due through fiscal year 2014, with four renewal options for five years each.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

G. 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; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

H. Lease obligations

Capital leases

The College has entered into various capital lease agreements outstanding at June 30, 2013, as follows:

1. Bank of New York

The College entered into a lease purchase agreement with the Bank of New York (formerly Intrust Bank, N.A.) dated March 1, 2002. The College has leased building sites to the above entity. Buildings constructed on the sites leased to the Bank of New York are leased by the College for its use. On March 1, 2002, the College participated in the issuance of lease purchase agreement certificates of participation in the amount of \$3,820,000. On October 1, 2008, the College participated in the issuance of refunding certificates of participation in the amount of \$2,065,000.

The lease purchase agreement commenced March 1, 2002, and expires April 1, 2018. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the facility granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments and additional rental payments to the trustee bank. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the buildings after construction. The lease agreement also requires certain insurance requirements which the College has met.

2. UMB National Bank of America

The College entered into a lease purchase agreement for equipment with UMB National Bank of America dated January 1, 2004, resulting in the issuance of lease purchase agreement certificates of participation in the amount of \$3,085,000.

The lease purchase agreement commenced January 1, 2004, and was terminated August 1, 2012, as a result of the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease.

3. Security Bank of Kansas City

The College entered into a lease purchase agreement with Security Bank of Kansas City dated December 1, 2004. The College leased a building site to the above entity. Buildings constructed on the site leased to Security Bank of Kansas City were leased by the College for its use. On December 1, 2004, the College participated in the issuance of lease purchase agreement certificates of participation in the amount of \$3,120,000.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

H. Lease obligations (continued)

Capital leases (continued)

3. Security Bank of Kansas City (continued)

The lease purchase agreement commenced December 1, 2004, and was terminated August 1, 2012, as a result of the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease.

4. UMB Bank, NA

The College entered into a lease purchase agreement with UMB Bank, NA dated August 1, 2008. The College leased a building site to the above entity. Buildings constructed on the site leased to UMB Bank, NA were leased by the College for its use. On August 1, 2008, the College participated in the issuance of lease purchase agreement certificates of participation in the amount of \$1,084,000. The lease purchase agreement commenced August 1, 2008, and expired August 1, 2012.

5. Commerce Bank, NA

The College entered into a lease purchase agreement for equipment with Commerce Bank, NA dated July 10, 2009, in the amount of \$130,000. The lease was effective as of June 30, 2009.

The lease purchase agreement commenced June 30, 2009, and expires July 10, 2013. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Commerce Bank, NA. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the equipment. The lease agreement also requires certain insurance requirements which the College has met.

6. Western State Bank

The College entered into a lease purchase agreement for equipment with Western State Bank dated September 16, 2011, in the amount of \$79,842.

The lease purchase agreement commenced September 16, 2011, and was terminated June 28, 2013, as a result of the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease.

7. County Club Bank

The College entered into a lease purchase agreement for equipment and a building with Country Club Bank dated July 5, 2012, under a refinancing arrangement involving the issuance of lease purchase agreement certificates of participation in the amount of \$3,610,000. Proceeds from the lease purchase agreement were used to terminate the 2004 lease purchase agreements with UMB National Bank of America and Security Bank of Kansas City, for a net savings of \$289,357 in total minimum lease commitments.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

H. Lease obligations (continued)

Capital leases (continued)

7. County Club Bank (continued)

The lease purchase agreement commenced July 5, 2012, and expires May 1, 2020. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Country Club Bank. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the equipment. The lease agreement also requires certain insurance requirements which the College has met.

8. First Security Finance, Inc.

The College entered into a lease purchase agreement for equipment and improvements with First Security Finance, Inc. dated June 20, 2013.

The lease purchase agreement commenced June 20, 2013, and expires June 1, 2023. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to First Security Finance, Inc. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the equipment. The lease agreement also requires certain insurance requirements which the College has met.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

H. Lease obligations (continued)

Capital leases (continued)

The total amount of the assets and construction in progress included on the College's fixed asset records under these lease agreements are as follows for the fiscal year ended June 30, 2013:

Cost:	
Improvements other than buildings	\$ 2,685,211
Buildings	7,091,458
Equipment	<u>1,342,164</u>
Total cost	<u>11,118,833</u>
Less accumulated depreciation:	
Improvements other than buildings	690,234
Buildings	1,250,043
Equipment	<u>1,227,848</u>
Total accumulated depreciation	<u>3,168,125</u>
Total, net	<u>\$ 7,950,708</u>

The College's future minimum lease obligations and the net present value of those minimum lease payments are as follows for the fiscal years ended June 30:

<u>Year</u>	<u>Total</u>
2014	\$ 1,126,100
2015	1,113,772
2016	1,112,772
2017	1,116,782
2018	1,114,097
2019-2023	<u>2,465,258</u>
Total minimum lease commitments	8,048,781
Amount representing interest	<u>(734,368)</u>
Present value of minimum lease payments	<u>\$ 7,314,413</u>

The above payments are reduced by interest earnings on any reserve funds held by the trustee banks.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

I. Long-term liabilities

Notes payable

The College entered into a loan agreement with the Kansas Board of Regents acting on behalf of the State of Kansas, for a \$2,216,645 loan at a zero percentage interest rate with an annual financing fee of 0.25%. The loan is to finance capital improvements at the College.

The annual debt service requirements to maturity for this note payable outstanding at June 30, 2013, including interest payments (servicing fees), are as follows:

	<u>Principal</u>	<u>Interest/Fees</u>	<u>Total</u>
2014	\$ 268,644	\$ 2,686	\$ 271,330
2015	268,644	2,015	270,659
2016	268,644	1,253	269,897
2017	268,643	672	269,315
Total	<u>\$ 1,074,575</u>	<u>\$ 6,626</u>	<u>\$ 1,081,201</u>

Changes in long-term liabilities

The following is a summary of changes in long-term liabilities of the College for the year ended June 30, 2013:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Ending Balance</u>	<u>Current Portion</u>
Notes payable:					
Kansas Board of Regents	\$ 1,343,219	\$ -	\$ 268,644	\$ 1,074,575	\$ 268,644
Leases payable:					
Lease obligation - improvements and equipment	710,000	-	710,000	-	-
Lease obligation - building	2,780,000	-	2,780,000	-	-
Lease obligation - building	290,000	-	290,000	-	-
Lease obligation - building	1,780,000	-	270,000	1,510,000	275,000
Lease obligation - equipment	67,506	-	33,093	34,413	34,413
Lease obligation - equipment	62,597	-	62,597	-	-
Lease obligation - buildings, improvements and equipment - refinancing	-	3,610,000	440,000	3,170,000	435,000
Lease obligation - improvements and equipment	-	2,600,000	-	2,600,000	-
Total leases payable	<u>5,690,103</u>	<u>6,210,000</u>	<u>4,585,690</u>	<u>7,314,413</u>	<u>744,413</u>
Other liabilities:					
Compensated absences, net	257,898	-	3,230	254,668	-
Net OPEB liability, net	403,789	-	31,016	372,773	-
Total other liabilities	<u>661,687</u>	<u>-</u>	<u>34,246</u>	<u>627,441</u>	<u>-</u>
Total long-term liabilities	<u>\$ 7,695,009</u>	<u>\$ 6,210,000</u>	<u>\$ 4,888,580</u>	<u>\$ 9,016,429</u>	<u>\$ 1,013,057</u>

In addition to the \$4,857,564 in principal retired during the year, the College paid \$137,598 in interest on the notes and leases payable during the year ended June 30, 2013.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

I. Long-term liabilities (continued)

Legal debt margin

The College is subject to a debt limit that is 14% of the assessed valuation of taxable real property. For the year ended June 30, 2013, that amount was \$69,659,145. As of June 30, 2013, the total outstanding debt applicable to the limit was \$7,314,413 which is 10.5% of the total debt limit.

J. Related party transactions

The College purchases goods and services from businesses owned and operated by a board member. The College paid this business \$1,015 during the year ended June 30, 2013.

K. Discretely presented component units

1. Garden City Community College Endowment Association

At year end, the Endowment Association's investment balances consisted of \$3,064,930 in marketable securities with a fair value of \$2,986,677, and \$1,373,434 of certificates of deposit.

The carrying amount of deposits for the Endowment Association, a discretely presented component unit, was \$2,873,870 and the bank balance was \$2,892,641. Of the bank balance, \$2,281,635 was covered by a combination of federal depository insurance, national credit union share insurance and securities investor protection insurance, and \$611,006 was unsecured.

Property and equipment at June 30, 2013, for the Endowment Association consisted of the following:

Land	\$ 56,000
Buildings and improvements	9,500
Equipment	<u>21,442</u>
 Total, cost	 86,942
Less accumulated depreciation	<u>(18,724)</u>
 Property and equipment, net	 <u><u>\$ 68,218</u></u>

2. Broncbuster Athletic Association

The carrying amount of deposits for the Broncbuster Athletic Association, a discretely presented component unit, was \$158,896 and the bank balance was \$173,751. All of the bank balance was covered by federal depository insurance.

Property and equipment at June 30, 2013, for the Broncbuster Athletic Association consisted of the following:

Property and equipment	\$ 875
Less accumulated depreciation	<u>(875)</u>
 Property and equipment, net	 <u><u>\$ -</u></u>

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

L. Jointly governed organizations

The following organizations are jointly governed organizations in which the College participates and are not included in the combined financial statements of the College's basic financial statements:

Garden City Information Technologies Cooperative is a jointly governed organization between Garden City Community College, the County of Finney, Kansas, the City of Garden City, Kansas, Unified School District No. 457, and St. Catherine Hospital, created under K.S.A. 12-2901. Garden City Information Technologies Cooperative is governed by a board appointed by the participating parties. The purpose of Garden City Information Technologies Cooperative is to enhance the coordination and technology sharing among the members of the Cooperative, address the long-term goals of the Cooperative that provide an enhanced community and regional telecommunications and integrated community network, and to seek out the opportunities that are identified by the Cooperative that provide services to local and regional interest and lead to the use of the Cooperative as a tool for economic development. This is accomplished by coordinating technology purchases and training, development of communication networks within Garden City and southwest Kansas, and providing videoconferencing, telecommuting and office access within the community. The primary source of funding for Garden City Information Technologies Cooperative is from the general funds of the participating parties and through procuring grants. Garden City Community College contributed \$0- to the operations of Garden City Information Technologies Cooperative during the year ended June 30, 2013. The College has no equity interest nor does the College materially contribute to the continued existence of Garden City Information Technologies Cooperative. Garden City Information Technologies Cooperative has a December 31st year end.

Western Kansas Community College Virtual Education Consortium is a jointly governed organization between six western Kansas community colleges. Western Kansas Community College Virtual Education Consortium is governed by a six member board of official institutional representatives appointed by the member educational institutions. The purpose of Western Kansas Community College Virtual Education Consortium is to serve as an instrument of cooperation among the member educational institutions on the design and delivery of distance education courses, programs and degrees. This is accomplished by expanding distance education programs and increasing effectiveness of individual institutions by combining forces, coordinating activities, and eliminating duplication of efforts by pooling and sharing the financial, physical, and intellectual resources and expenditures of the individual institutions to realize a broader base of support through affiliation. A primary source of funding for Western Kansas Community College Virtual Education Consortium is from the general funds of the participating parties, student fees and through procuring grants. Garden City Community College contributed \$399,504 to the operations of Western Kansas Community College Virtual Education Consortium during the year ended June 30, 2013. Garden City Community College has no equity interest nor does the College materially contribute to the continued existence of Western Kansas Community College Virtual Education Consortium. Western Kansas Community College Virtual Education Consortium has a June 30th year end.

Garden City Community College
Notes to Financial Statements
June 30, 2013

3. Detailed notes on all activities and funds (continued)

M. Contingencies

Grant audits

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 applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

Student financial aid programs

The College participates in federally funded PELL Grants, SEOG Grants, Federal Work-Study, and Federal Family Education Loans programs. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 Audit of States, Local Governments and Non-Profit Organizations, and the Compliance Supplement.

Litigation

The College is named as a party in various lawsuits. These lawsuits are in the discovery stages and the effect, if any, on the College is not determinable at this time. In the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the financial condition of the College.

This page intentionally left blank.

REQUIRED SUPPLEMENTARY INFORMATION

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Funding Progress –
 Other Post-Employment Benefits
 June 30, 2013

As of July 1, 2012, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$936,430. The College's policy is to fund the benefits on a pay as you go basis, resulting in an unfunded actuarial accrued liability (UAAL) of \$936,430. The covered payroll (annual payroll of active employees covered by the plan) was \$8,842,612 and the ratio of the UAAL to the covered payroll was 10.6%.

Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded (AAL) (UAAL) (b-a)	Funded Ratio	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7/1/2008	\$ -	\$ 1,641,117	\$ 1,641,117	0.0%	\$10,172,560	16.1%
7/1/2010	-	997,975	997,975	0.0%	8,980,971	11.1%
7/1/2012	-	936,430	936,430	0.0%	8,842,612	10.6%

SUPPLEMENTARY INFORMATION

GARDEN CITY COMMUNITY COLLEGE
Combining Schedule of Revenue, Expenditures,
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
Current Funds - Unrestricted (Legal Basis)
For the Year Ended June 30, 2013

	General		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local	\$ 10,894,134	\$ 11,128,173	\$ (234,039)
State	1,691,376	1,691,376	-
Federal	-	-	-
Student tuition and fees	2,664,485	4,875,000	(2,210,515)
Other:			
Interest	36,967	100,000	(63,033)
Miscellaneous	265,267	650,000	(384,733)
Private gifts and grants	100	500,000	(499,900)
Total revenue	<u>15,552,329</u>	<u>18,944,549</u>	<u>(3,392,220)</u>
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	3,220,689	5,000,000	(1,779,311)
Community service	60,980	225,000	(164,020)
Academic support	655,848	1,000,000	(344,152)
Student services	3,028,005	3,000,000	28,005
Institutional support	3,206,854	3,000,000	206,854
Operation and maintenance	2,757,833	2,950,000	(192,167)
Scholarships	294,458	400,000	(105,542)
Total expenditures and encumbrances	<u>13,224,667</u>	<u>15,575,000</u>	<u>(2,350,333)</u>
Revenue over (under) expenditures and encumbrances	2,327,662	3,369,549	(1,041,887)
OTHER FINANCING SOURCES (USES)			
Mandatory transfers in	2,805,673	-	2,805,673
Mandatory transfers out	<u>(4,977,440)</u>	<u>(5,000,000)</u>	<u>(22,560)</u>
REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	155,895	(1,630,451)	1,786,346
Unencumbered cash, July 1, 2012	<u>7,734,155</u>	<u>7,755,366</u>	<u>(21,211)</u>
Unencumbered cash, June 30, 2013	<u>\$ 7,890,050</u>	<u>\$ 6,124,915</u>	<u>\$ 1,765,135</u>
From fiscal year 2014 budget Adjustment	\$ 7,931,813	(41,763)	
Total	<u>\$ 7,890,050</u>		

Adult Supplementary Education			Auxiliary Enterprise Funds		
Actual	Budget	Variance Over (Under)	Actual	Budget	Variance Over (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	2,700,000	(2,700,000)
183,633	625,000	(441,367)	2,007,785	-	2,007,785
-	-	-	-	-	-
73,275	50,000	23,275	32,621	425,000	(392,379)
91,335	25,000	66,335	-	25,000	(25,000)
<u>348,243</u>	<u>700,000</u>	<u>(351,757)</u>	<u>2,040,406</u>	<u>3,150,000</u>	<u>(1,109,594)</u>
220,079	1,000,000	(779,921)	-	-	-
-	-	-	7,154	-	7,154
-	-	-	-	-	-
-	-	-	1,707,495	2,425,000	(717,505)
-	-	-	-	-	-
-	-	-	-	-	-
<u>220,079</u>	<u>1,000,000</u>	<u>(779,921)</u>	<u>1,714,649</u>	<u>2,425,000</u>	<u>(710,351)</u>
128,164	(300,000)	428,164	325,757	725,000	(399,243)
-	-	-	125,000	-	125,000
-	-	-	(338,925)	(338,025)	900
128,164	(300,000)	428,164	111,832	386,975	(275,143)
613,580	591,278	22,302	408,216	422,955	(14,739)
<u>\$ 741,744</u>	<u>\$ 291,278</u>	<u>\$ 450,466</u>	<u>\$ 520,048</u>	<u>\$ 809,930</u>	<u>\$ (289,882)</u>
\$ 750,126 (8,382)			\$ 504,974 15,074		
<u>\$ 741,744</u>			<u>\$ 520,048</u>		

(continued)

GARDEN CITY COMMUNITY COLLEGE
Combining Schedule of Revenue, Expenditures,
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
Current Funds - Unrestricted (Legal Basis)
For the Year Ended June 30, 2013

	Total (Memorandum Only)		
	Actual	Budget	Variance Over (Under)
REVENUE			
Local	\$ 10,894,134	\$ 11,128,173	\$ (234,039)
State	1,691,376	1,691,376	-
Federal	-	2,700,000	(2,700,000)
Student tuition and fees	4,855,903	5,500,000	(644,097)
Other:			
Interest	36,967	100,000	(63,033)
Miscellaneous	371,163	1,125,000	(753,837)
Private gifts and grants	91,435	550,000	(458,565)
Total revenue	<u>17,940,978</u>	<u>22,794,549</u>	<u>(4,853,571)</u>
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	3,440,768	6,000,000	(2,559,232)
Community service	68,134	225,000	(156,866)
Academic support	655,848	1,000,000	(344,152)
Student services	4,735,500	5,425,000	(689,500)
Institutional support	3,206,854	3,000,000	206,854
Operation and maintenance	2,757,833	2,950,000	(192,167)
Scholarships	294,458	400,000	(105,542)
Total expenditures and encumbrances	<u>15,159,395</u>	<u>19,000,000</u>	<u>(3,840,605)</u>
Revenue over (under) expenditures and encumbrances	2,781,583	3,794,549	(1,012,966)
OTHER FINANCING SOURCES (USES)			
Mandatory transfers in	2,930,673	-	2,930,673
Mandatory transfers out	<u>(5,316,365)</u>	<u>(5,338,025)</u>	<u>(21,660)</u>
REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	395,891	(1,543,476)	1,939,367
Unencumbered cash, July 1, 2012	<u>8,755,951</u>	<u>8,769,599</u>	<u>(13,648)</u>
Unencumbered cash, June 30, 2013	<u>\$ 9,151,842</u>	<u>\$ 7,226,123</u>	<u>\$ 1,925,719</u>

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Revenue - Actual and Budget -
 General Fund - Unrestricted (Legal Basis)
 For the Year Ended June 30, 2013

	General		Variance Over (Under)
	Actual	Budget	
Local:			
Prior year ad valorem property tax	\$ 176,358	\$ 197,319	\$ (20,961)
Current year ad valorem property tax	9,788,228	10,021,213	(232,985)
Motor vehicle tax	666,037	686,033	(19,996)
Recreational vehicle tax	6,115	8,404	(2,289)
Delinquent tax	137,414	93,451	43,963
In lieu of tax	119,982	121,753	(1,771)
Total local	<u>10,894,134</u>	<u>11,128,173</u>	<u>(234,039)</u>
State:			
State operating grant	<u>1,691,376</u>	<u>1,691,376</u>	<u>-</u>
Student tuition and fees:			
Tuition - in State	1,672,289	3,375,000	(1,702,711)
Tuition - out of State	462,604	-	462,604
Course fees	75,407	1,500,000	(1,424,593)
Other student fees	<u>454,185</u>	<u>-</u>	<u>454,185</u>
Total student tuition and fees	<u>2,664,485</u>	<u>4,875,000</u>	<u>(2,210,515)</u>
Other:			
Interest	36,967	100,000	(63,033)
Miscellaneous	265,267	650,000	(384,733)
Private gifts and grants	<u>100</u>	<u>500,000</u>	<u>(499,900)</u>
Total other	<u>302,334</u>	<u>1,250,000</u>	<u>(947,666)</u>
Total revenue	<u>\$ 15,552,329</u>	<u>\$ 18,944,549</u>	<u>\$ (3,392,220)</u>

GARDEN CITY COMMUNITY COLLEGE
Schedule of Revenue, Expenditures,
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
Adult Basic Education Fund (Legal Basis)
For the Year Ended June 30, 2013

	Adult Basic Education		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local	\$ -	\$ 15	\$ (15)
State	63,650	150,000	(86,350)
Federal	325,795	700,000	(374,205)
Other:			
Miscellaneous	192,202	250,000	(57,798)
Total revenue	<u>581,647</u>	<u>1,100,015</u>	<u>(518,368)</u>
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	670,602	1,195,000	(524,398)
Total expenditures and encumbrances	<u>670,602</u>	<u>1,195,000</u>	<u>(524,398)</u>
Revenue over (under) expenditures and encumbrances	(88,955)	(94,985)	6,030
OTHER FINANCING SOURCES			
Mandatory transfers in	32,500	53,950	(21,450)
REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES	(56,455)	(41,035)	(15,420)
Unencumbered cash, July 1, 2012	72,632	61,560	11,072
Unencumbered cash, June 30, 2013	<u>\$ 16,177</u>	<u>\$ 20,525</u>	<u>\$ (4,348)</u>
From fiscal year 2014 budget	\$ 18,058		
Adjustment	<u>(1,881)</u>		
Total	<u>\$ 16,177</u>		

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Revenue, Expenditures,
 Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
 Postsecondary Technical Education Fund (Legal Basis)
 For the Year Ended June 30, 2013

	<u>Postsecondary Technical Education</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Variance Over (Under)</u>
REVENUE			
State	\$ 1,129,578	\$ 1,012,931	\$ 116,647
Student tuition and fees:			
Tuition	-	2,000,000	(2,000,000)
Course fees	507,403	1,000,000	(492,597)
Total revenue	<u>1,636,981</u>	<u>4,012,931</u>	<u>(2,375,950)</u>
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	2,500,813	4,500,000	(1,999,187)
Community service	-	400,000	(400,000)
Academic support	135,553	750,000	(614,447)
Student services	-	500,000	(500,000)
Institutional support	-	1,300,000	(1,300,000)
Operation and maintenance	-	1,300,000	(1,300,000)
Scholarships	-	200,000	(200,000)
Total expenditures and encumbrances	<u>2,636,366</u>	<u>8,950,000</u>	<u>(6,313,634)</u>
Revenue over (under) expenditures and encumbrances	(999,385)	(4,937,069)	3,937,684
OTHER FINANCING SOURCES (USES)			
Mandatory transfers in	3,956,294	5,000,000	(1,043,706)
Mandatory transfers out	(2,805,673)	-	(2,805,673)
REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	151,236	62,931	88,305
Unencumbered cash, July 1, 2012	-	-	-
Unencumbered cash, June 30, 2013	<u>\$ 151,236</u>	<u>\$ 62,931</u>	<u>\$ 88,305</u>
From fiscal year 2014 budget Adjustment	\$ - <u>151,236</u>		
Total	<u>\$ 151,236</u>		

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Revenue, Expenditures,
 Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
 Plant Funds - Unexpended (Legal Basis)
 For the Year Ended June 30, 2013

	Capital Outlay		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local:			
Prior year ad valorem property tax	\$ 9,751	\$ 10,875	\$ (1,124)
Current year ad valorem property tax	505,146	517,082	(11,936)
Motor vehicle tax	37,329	37,797	(468)
Recreational vehicle tax	343	463	(120)
Delinquent tax	7,578	5,149	2,429
In lieu of tax	6,229	6,708	(479)
Total local	<u>566,376</u>	<u>578,074</u>	<u>(11,698)</u>
Other	<u>347,055</u>	<u>2,687,055</u>	<u>(2,340,000)</u>
Total revenue	<u>913,431</u>	<u>3,265,129</u>	<u>(2,351,698)</u>
EXPENDITURES AND ENCUMBRANCES			
Plant facilities and equipment	<u>104,040</u>	<u>2,750,000</u>	<u>(2,645,960)</u>
Total expenditures and encumbrances	<u>104,040</u>	<u>2,750,000</u>	<u>(2,645,960)</u>
Revenue over expenditures and encumbrances	809,391	515,129	294,262
OTHER FINANCING USES			
Mandatory transfers out	<u>(347,055)</u>	<u>(500,000)</u>	<u>(152,945)</u>
REVENUE OVER EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING USES	462,336	15,129	447,207
Unencumbered cash, July 1, 2012	<u>251,628</u>	<u>251,627</u>	<u>1</u>
Unencumbered cash, June 30, 2013	<u>\$ 713,964</u>	<u>\$ 266,756</u>	<u>\$ 447,208</u>
From fiscal year 2014 budget Adjustment	\$ 666,407 <u>47,557</u>		
Total	<u>\$ 713,964</u>		

This page intentionally left blank.

GARDEN CITY COMMUNITY COLLEGE
Notes to Supplementary Information
For the Year Ended June 30, 2013

Reconciliation of Revenue, Expenditures, and Other Financing Sources (Uses) for budgetary funds on a budgetary basis to GAAP basis.

	Current Funds - Unrestricted		
	General	Adult Supplementary Education	Auxiliary Enterprise Funds
REVENUE			
Actual amounts (budgetary basis) revenues from combining schedules (Schedules 1, 2, 3 and 4)	\$ 15,552,329	\$ 348,243	\$ 2,040,406
Adjustments:			
Ad valorem property tax receipts from May, but not available revenue until following fiscal year for GAAP reporting -			
Plus 2012 tax receipts	3,668,778	-	-
Less 2013 tax receipts	<u>(3,998,832)</u>	<u>-</u>	<u>-</u>
Total revenue as reported under the GAAP basis	<u>\$ 15,222,275</u>	<u>\$ 348,243</u>	<u>\$ 2,040,406</u>
EXPENDITURES			
Actual amounts (budgetary basis) expenditures from combining schedules (Schedules 1, 2, 3 and 4)	\$ 13,224,667	\$ 220,079	\$ 1,714,649
Adjustments:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the items are received for GAAP reporting -			
Less 2013 encumbrances	(1,069,076)	(6,809)	(57,010)
Plus 2012 encumbrances	120,359	2,172	93,324
Reclassifications:			
Budgetary expenditures for plant facilities are reclassified to other financing sources (uses) for GAAP reporting	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures as reported under the GAAP basis	<u>\$ 12,275,950</u>	<u>\$ 215,442</u>	<u>\$ 1,750,963</u>
OTHER FINANCING SOURCES (USES)			
Actual amounts (budgetary basis) other financing sources (uses) from combining schedules (Schedules 1, 2, 3 and 4)	\$ (2,171,767)	\$ -	\$ (213,925)
Reclassifications:			
Budgetary expenditures for plant facilities are reclassified to other financing sources (uses) for GAAP reporting	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses) as reported under the GAAP basis	<u>\$ (2,171,767)</u>	<u>\$ -</u>	<u>\$ (213,925)</u>

<u>Total</u>	<u>Current Funds - Restricted</u>			<u>Plant Funds - Unexpended</u>
	<u>Adult Basic Education</u>	<u>Postsecondary Technical Education</u>	<u>Total</u>	<u>Capital Outlay</u>
\$ 17,940,978	\$ 581,647	\$ 1,636,981	\$ 2,218,628	\$ 913,431
3,668,778	-	-	-	202,302
<u>(3,998,832)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(206,907)</u>
<u>\$ 17,610,924</u>	<u>\$ 581,647</u>	<u>\$ 1,636,981</u>	<u>\$ 2,218,628</u>	<u>\$ 908,826</u>
\$ 15,159,395	\$ 670,602	\$ 2,636,366	\$ 3,306,968	\$ 104,040
(1,132,895)	(8,089)	(22,593)	(30,682)	-
215,855	-	1,968	1,968	345,665
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(449,705)</u>
<u>\$ 14,242,355</u>	<u>\$ 662,513</u>	<u>\$ 2,615,741</u>	<u>\$ 3,278,254</u>	<u>\$ -</u>
\$ (2,385,692)	\$ 32,500	\$ 1,150,621	\$ 1,183,121	\$ (347,055)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(449,705)</u>
<u>\$ (2,385,692)</u>	<u>\$ 32,500</u>	<u>\$ 1,150,621</u>	<u>\$ 1,183,121</u>	<u>\$ (796,760)</u>

**ADDITIONAL INFORMATION –
Schedule of Management Information**

GARDEN CITY COMMUNITY COLLEGE
Additional Information –
Schedule of Management Information
June 30, 2013

The following schedules are additional financial information maintained for management purposes only.

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Management Information
 Combining Statement of Revenue, Expenditures and Other Changes - Current Funds
 For the Year Ended June 30, 2013

	Current Funds		Total (Memorandum Only)
	Unrestricted	Restricted	
REVENUE			
Local	\$ 10,564,080	\$ -	\$ 10,564,080
State	1,691,376	1,590,903	3,282,279
Federal	-	7,971,433	7,971,433
Student tuition and fees	2,932,231	517,618	3,449,849
Other:			
Interest	36,967	-	36,967
Miscellaneous	371,163	846,371	1,217,534
Private gifts and grants	91,435	-	91,435
Sales and services of auxiliary's enterprises	1,923,672	-	1,923,672
Institutional support	-	39,392	39,392
Total revenue	17,610,924	10,965,717	28,576,641
EXPENDITURES			
Education and general:			
Instruction	3,354,614	5,651,997	9,006,611
Community service	60,980	553,466	614,446
Academic support	658,618	140,295	798,913
Student services	2,855,971	5,570,376	8,426,347
Institutional support	2,785,083	-	2,785,083
Operating and maintenance of plant	2,481,668	-	2,481,668
Scholarships	294,458	-	294,458
Total education and general	12,491,392	11,916,134	24,407,526
Auxiliary enterprises:			
Expenditures	1,750,963	-	1,750,963
Total expenditures	14,242,355	11,916,134	26,158,489
OTHER FINANCING SOURCES (USES)			
Mandatory transfers in	2,930,673	4,055,943	6,986,616
Mandatory transfers out	(5,316,365)	(3,054,831)	(8,371,196)
Total other financing sources (uses)	(2,385,692)	1,001,112	(1,384,580)
NET INCREASE IN NET POSITION	\$ 982,877	\$ 50,695	\$ 1,033,572

GARDEN CITY COMMUNITY COLLEGE
Schedule of Management Information
Combining Statement of Net Position -
All Current Funds - Unrestricted
June 30, 2013

<u>ASSETS</u>	<u>General</u>	<u>Adult Supple- mental Education</u>	<u>Auxiliary Enterprise Funds</u>	<u>Total (Memorandum Only)</u>
Cash and investments	\$ 8,137,137	\$ 821,805	\$ 628,472	\$ 9,587,414
Receivables (net of allowance for uncollectibles):				
Taxes	58,051	-	-	58,051
Miscellaneous	1,914,237	-	-	1,914,237
Total assets	<u>\$ 10,109,425</u>	<u>\$ 821,805</u>	<u>\$ 628,472</u>	<u>\$ 11,559,702</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>				
Liabilities:				
Accounts payable	\$ 464,807	\$ 73,252	\$ 51,414	\$ 589,473
Compensated absences	254,668	-	-	254,668
Net OPEB liability	372,773	-	-	372,773
Total liabilities	<u>1,092,248</u>	<u>73,252</u>	<u>51,414</u>	<u>1,216,914</u>
Deferred inflows of resources:				
Unearned revenue - current property taxes	4,056,883	-	-	4,056,883
Total deferred inflows of resources	<u>4,056,883</u>	<u>-</u>	<u>-</u>	<u>4,056,883</u>
Net position:				
Reserved for encumbrances	1,069,076	6,809	57,010	1,132,895
Unreserved:				
Designated for subsequent year's expenditures	3,891,218	741,744	504,974	5,137,936
Undesignated	-	-	15,074	15,074
Total net position	<u>4,960,294</u>	<u>748,553</u>	<u>577,058</u>	<u>6,285,905</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,109,425</u>	<u>\$ 821,805</u>	<u>\$ 628,472</u>	<u>\$ 11,559,702</u>

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Management Information
 Combining Statement of Revenue and Expenditures -
 All Current Funds - Unrestricted
 For the Year Ended June 30, 2013

	General	Adult Supple- mental Education	Auxiliary Enterprise Funds	Total (Memorandum Only)
REVENUE				
Local	\$ 10,564,080	\$ -	\$ -	\$ 10,564,080
State	1,691,376	-	-	1,691,376
Student tuition and fees	2,664,485	183,633	84,113	2,932,231
Other:				
Interest	36,967	-	-	36,967
Miscellaneous	265,267	73,275	32,621	371,163
Private gifts and grants	100	91,335	-	91,435
Sales and services of auxiliary enterprises	-	-	1,923,672	1,923,672
Total revenue	15,222,275	348,243	2,040,406	17,610,924
EXPENDITURES				
Education and general:				
Instruction	3,139,172	215,442	-	3,354,614
Community service	60,980	-	-	60,980
Academic support	658,618	-	-	658,618
Student services	2,855,971	-	-	2,855,971
Institutional support	2,785,083	-	-	2,785,083
Operation and maintenance of plant	2,481,668	-	-	2,481,668
Scholarships	294,458	-	-	294,458
Total education and general expenditures	12,275,950	215,442	-	12,491,392
Auxiliary enterprise expenditures	-	-	1,750,963	1,750,963
Total expenditures	12,275,950	215,442	1,750,963	14,242,355
Revenue over expenditures	2,946,325	132,801	289,443	3,368,569
OTHER FINANCING SOURCES (USES)				
Mandatory transfers in	2,805,673	-	125,000	2,930,673
Mandatory transfers out	(4,977,440)	-	(338,925)	(5,316,365)
REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ 774,558	\$ 132,801	\$ 75,518	\$ 982,877

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Management Information
 Combining Statement of Changes in Net Position -
 All Current Funds - Unrestricted
 For the Year Ended June 30, 2013

	<u>General</u>	<u>Adult Supple- mental Education</u>	<u>Other Auxiliary Enterprise Funds</u>	<u>Total (Memorandum Only)</u>
NET POSITION, July 1, 2012 as previously reported				
Unencumbered cash	\$ 7,734,155	\$ 613,580	\$ 408,216	\$ 8,755,951
Add:				
Reserve for encumbrances	120,359	2,172	93,324	215,855
Subtract:				
Deferred property tax receipts, 7/1/12	<u>(3,668,778)</u>	<u>-</u>	<u>-</u>	<u>(3,668,778)</u>
NET POSITION, July 1, 2012	4,185,736	615,752	501,540	5,303,028
REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>774,558</u>	<u>132,801</u>	<u>75,518</u>	<u>982,877</u>
NET POSITION, June 30, 2013	<u>\$ 4,960,294</u>	<u>\$ 748,553</u>	<u>\$ 577,058</u>	<u>\$ 6,285,905</u>
NET POSITION, June 30, 2013				
Reserve for encumbrances	\$ 1,069,076	\$ 6,809	\$ 57,010	\$ 1,132,895
Unreserved:				
Designated for subsequent year's expenditures	3,891,218	741,744	504,974	5,137,936
Undesignated	<u>-</u>	<u>-</u>	<u>15,074</u>	<u>15,074</u>
NET POSITION, June 30, 2013	<u>\$ 4,960,294</u>	<u>\$ 748,553</u>	<u>\$ 577,058</u>	<u>\$ 6,285,905</u>

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Management Information
 Combining Schedule of Changes in Net Position -
 Various Funds
 For the Year Ended June 30, 2013

	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
AUXILIARY ENTERPRISE FUNDS:				
Adult Ed Orientation Fund	\$ 8,552	\$ 7,593	\$ 7,105	\$ 9,040
Student Union	389,789	1,541,705	1,517,001	414,493
Cosmetology	77,686	97,560	85,909	89,337
Child Care Center	25,513	-	25,513	-
Bookstore	-	491,480	452,652	38,828
Arena	-	27,068	1,708	25,360
	<u>501,540</u>	<u>2,165,406</u>	<u>2,089,888</u>	<u>577,058</u>
Total auxiliary enterprise funds	<u>\$ 501,540</u>	<u>\$ 2,165,406</u>	<u>\$ 2,089,888</u>	<u>\$ 577,058</u>
FEDERAL STUDENT AID:				
College Work Study	\$ -	\$ 78,994	\$ 78,994	\$ -
Guaranteed Student Loans	-	1,767,352	1,767,352	-
SEOG Grants	-	49,672	49,672	-
PELL Grants	-	3,057,866	3,057,866	-
	<u>-</u>	<u>3,057,866</u>	<u>3,057,866</u>	<u>-</u>
Total federal student aid	<u>\$ -</u>	<u>\$ 4,953,884</u>	<u>\$ 4,953,884</u>	<u>\$ -</u>
RESTRICTED GRANTS:				
HIV/Aids Education Grant	\$ 31,408	\$ 3,500	\$ 32,757	\$ 2,151
Small Business Development Center - Federal	-	52,416	52,416	-
Small Business Development Center - State	-	39,221	39,221	-
Small Business Development Center - Local	2,896	36,514	36,000	3,410
Small Business Development Center - Indirect	-	28,900	28,900	-
Small Business Development Center - Program Income	8,823	490	461	8,852
Small Business Development Center - Veterans	-	4,083	4,083	-
KSBDC Outreach Center Grant	(8,000)	70,188	62,188	-
TRIO - Student Support Services	2,962	271,196	274,158	-
TRIO - Educational Talent Search	1,332	278,311	276,767	2,876
College Access Challenge Grant	5,652	-	-	5,652
Federal Funds Administration	33,280	10,492	12,750	31,022
Title V	47,514	335,017	382,531	-
AO-K Title IB/WIA Grant	-	3,333	3,333	-
AO-K Carl Perkins Grant	-	5,167	5,167	-
AO-K Workforce Solutions Grant	-	44,444	44,444	-
Drug Prevention Grant	50	206,715	206,765	-
Drug Prevention Program Income	85,947	-	533	85,414
Kansas Bridges Grant	-	40,614	40,614	-
Kansas Meth Prevention Grant	10,995	-	549	10,446
Problem Gambling	3,987	-	-	3,987
Project KANCO Grant	-	38,990	38,990	-
Kansas Technology Instruction Grant	-	16,824	16,824	-
Carl Perkins Program Improvement Grant	-	117,432	117,432	-
Operation Advance	299	196,712	197,011	-
Greensburg Grant - Federal	-	55,374	55,374	-
Greensburg Grant	-	26,439	26,439	-
IME Becas Grant	10,000	10,000	14,332	5,668
Trac 7	12,432	1,320,240	1,324,592	8,080
Motorcycle Safety Grant	-	3,233	3,233	-
AO-K Accelerated Opportunity Grant	224	66,079	65,212	1,091
	<u>249,801</u>	<u>3,281,924</u>	<u>3,363,076</u>	<u>168,649</u>
Total restricted grants	<u>\$ 249,801</u>	<u>\$ 3,281,924</u>	<u>\$ 3,363,076</u>	<u>\$ 168,649</u>
OTHER RESTRICTED FUNDS:				
Cox Communications Grant	\$ 54,968	\$ -	\$ -	\$ 54,968
Pepsi Campus Support	12,227	8,599	11,975	8,851
GED Testing Fund	6,703	9,725	4,498	11,930
Other Donations	-	12,345	5,123	7,222
Shriver Trust	3,916	382	-	4,298
	<u>77,814</u>	<u>31,051</u>	<u>21,596</u>	<u>87,269</u>
Total other restricted funds	<u>\$ 77,814</u>	<u>\$ 31,051</u>	<u>\$ 21,596</u>	<u>\$ 87,269</u>

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Management Information
 Combining Statement of Changes in Assets and Liabilities -
 All Agency Funds
 For the Year Ended June 30, 2013

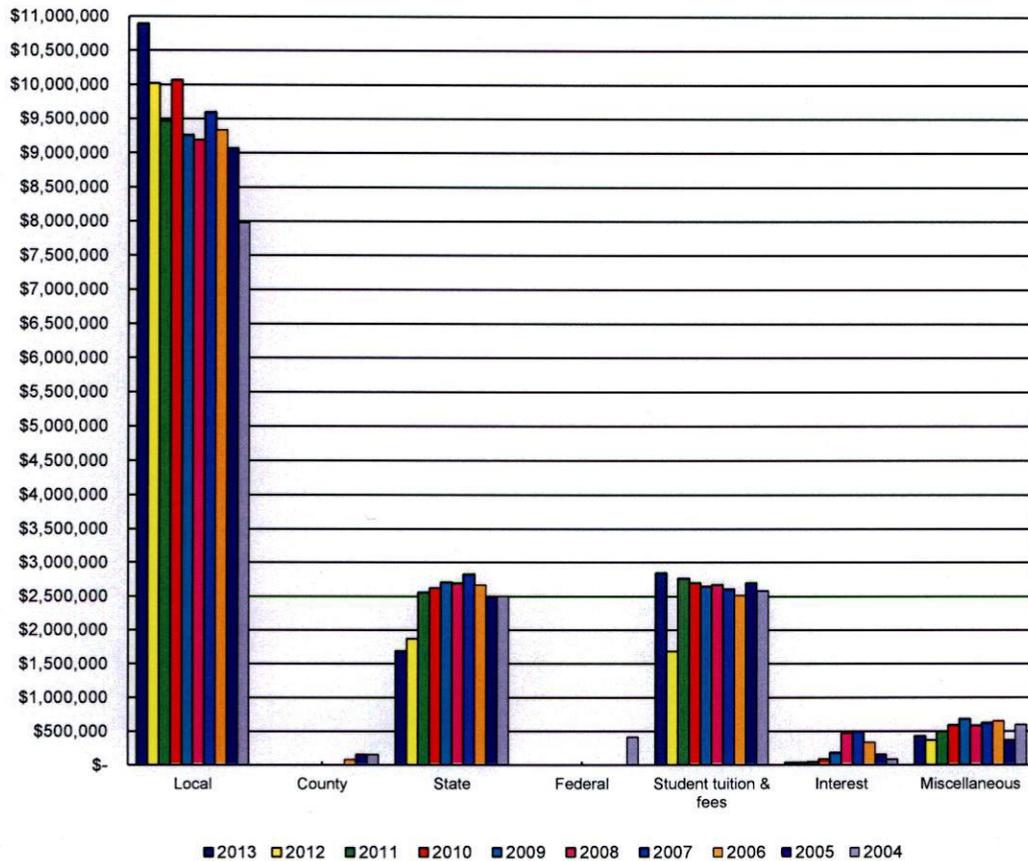
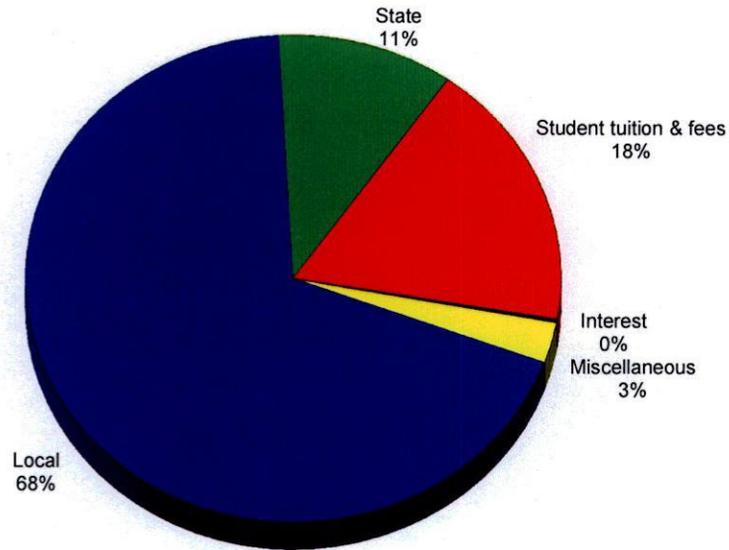
	<u>Balance July 1, 2012</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2013</u>
<u>ASSETS</u>				
Cash and investments	\$ 332,342	\$ 723,675	\$ 707,355	\$ 348,662
Total assets	<u>\$ 332,342</u>	<u>\$ 723,675</u>	<u>\$ 707,355</u>	<u>\$ 348,662</u>
<u>LIABILITIES</u>				
Accounts payable	\$ 4,260	\$ 364	\$ 4,260	\$ 364
Due to agency funds	<u>328,082</u>	<u>723,311</u>	<u>703,095</u>	<u>348,298</u>
Total liabilities	<u>\$ 332,342</u>	<u>\$ 723,675</u>	<u>\$ 707,355</u>	<u>\$ 348,662</u>

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Management Information
 Combining Statement of Changes in Assets and Liabilities
 All Agency Funds - Due to Agency Funds
 For the Year Ended June 30, 2013

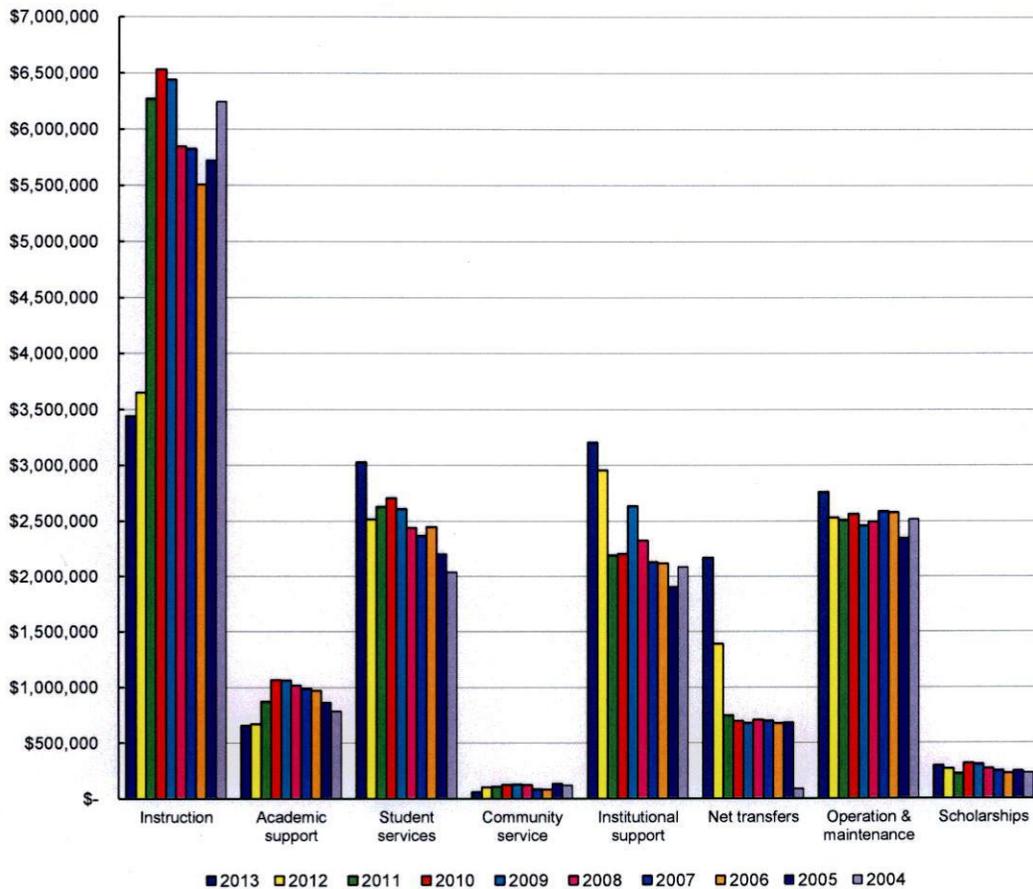
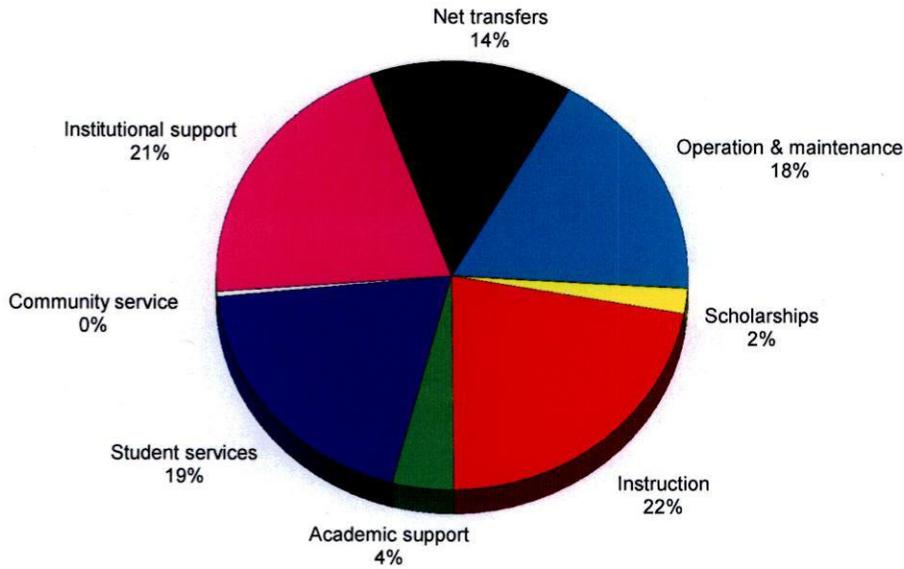
	Balance July 1, 2012	Additions	Deletions	Balance June 30, 2013
STUDENT ORGANIZATION ACCOUNTS				
Clubs and organizations:				
Academic Challenge	\$ 3,183	\$ 1,410	\$ 2,912	\$ 1,681
ADN Students Club	2,884	4,112	3,570	3,426
Ag Tech Club	11,069	9,320	6,109	14,280
All Pro Auto Club	834	-	-	834
Art Club	3,599	2,347	2,955	2,991
Black Student Union	1,661	2,500	677	3,484
Block & Bridle Club	1,857	3,950	3,677	2,130
Bloodmobile	104	-	-	104
Breakaway Magazine	21,671	10,000	9,404	22,267
BSNT Voucher Program	540	-	-	540
Business Contest	669	-	-	669
Christian Athletes	257	-	-	257
Collegiate Farm Bureau	750	950	731	969
College Players	3,684	4,133	4,582	3,235
Creative Writing Club	1,755	-	-	1,755
DECA Club	904	2,757	2,968	693
Dormitory Club	40,303	24,715	13,787	51,231
Fine Arts Travel	-	1,000	683	317
Gamma Omega Gamma	79	-	-	79
GCCC Education Support Professionals	63	-	-	63
GC3 Media	3,114	-	-	3,114
HALO (Mecha Club)	14,241	9,187	7,328	16,100
Intramurals	76	-	-	76
Karate Club	1,144	1	-	1,145
Lecture Series	5,931	3,500	-	9,431
Math Club	7,335	2,539	1,400	8,474
National Student Travel	11,224	10,000	9,944	11,280
Newman Club	2,695	250	2,844	101
Phi Rho Pi Organization	1,846	-	-	1,846
Phi Theta Kappa	3,024	8,497	9,510	2,011
Potter's Guild	658	606	750	514
Practical Nursing Student Association	1,599	2,689	4,288	-
River & Gulf Coast Ecology	2,121	-	-	2,121
Rodeo Club	553	64,958	64,847	664
Science Club	4,101	-	804	3,297
SNEA	1,497	2,899	365	4,031
Sold Out	703	200	619	284
Student Athletic Training	749	500	600	649
Student Government Association	132,204	137,501	129,951	139,754
Student Government Association Scholarships	1,995	374,270	376,265	-
Student Newspaper	32,279	16,556	18,984	29,851
Tau Epsilon Lambda	626	4,498	4,135	989
Trap Shooting Club	17	-	-	17
Vocal Music Council	579	-	-	579
Welding	1,905	946	1,886	965
Total student organization accounts	<u>328,082</u>	<u>706,791</u>	<u>686,575</u>	<u>348,298</u>
SPECIAL REVOLVING ACCOUNTS				
Tax - state sales	-	16,520	16,520	-
Total special revolving accounts	<u>-</u>	<u>16,520</u>	<u>16,520</u>	<u>-</u>
Total - all agency funds	<u>\$ 328,082</u>	<u>\$ 723,311</u>	<u>\$ 703,095</u>	<u>\$ 348,298</u>

GRAPHS

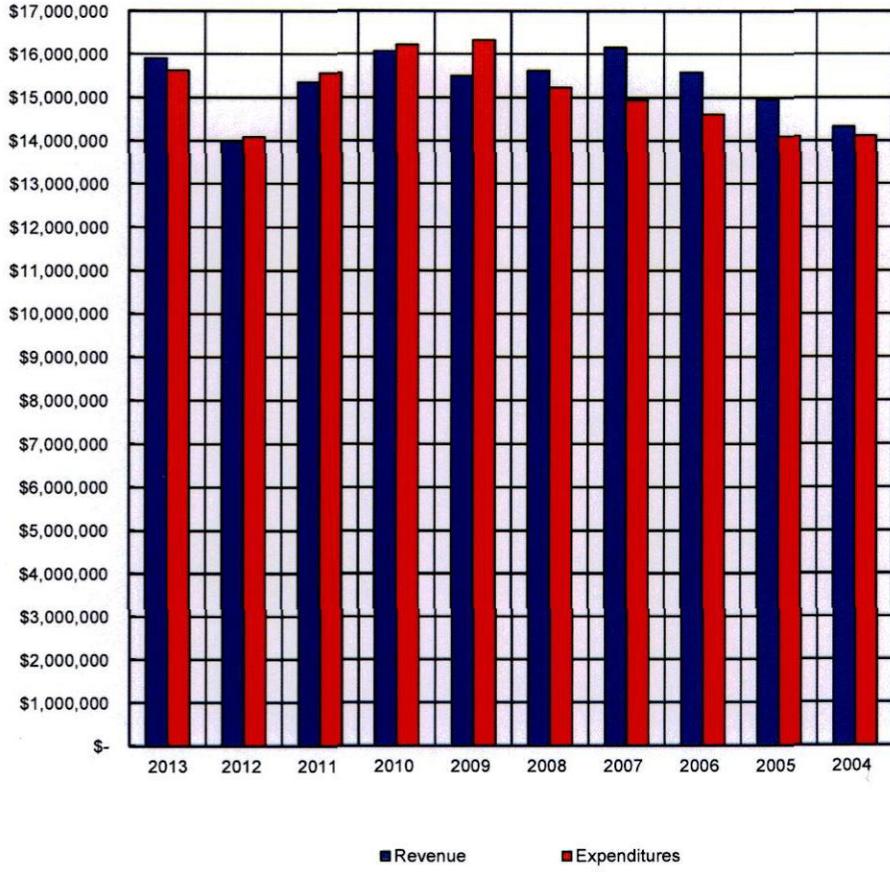
GARDEN CITY COMMUNITY COLLEGE
 Schedule of Management Information
 Comparison of Revenues -
 All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises
 For the Years Ended June 30



GARDEN CITY COMMUNITY COLLEGE
 Schedule of Management Information
 Comparison of Expenditures, Encumbrances and Net Transfers -
 All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises
 For the Years Ended June 30



GARDEN CITY COMMUNITY COLLEGE
 Schedule of Management Information
 Comparison of Revenues, and Expenditures, Encumbrances and Net Transfers -
 All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises
 For the Years Ended June 30

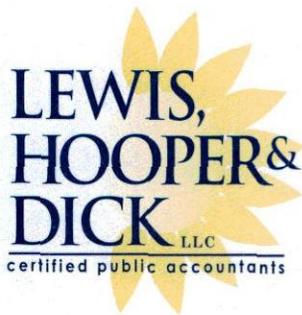


GARDEN CITY COMMUNITY COLLEGE

OPEID No.: 00191900
EIN: 48-0698107

FEDERAL AWARD PROGRAMS

June 30, 2013



INDEPENDENT AUDITORS' 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
Garden City Community College
801 Campus Drive
Garden City, Kansas 67846

We have audited 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 business-type activities and the aggregate discretely presented component units of Garden City Community College as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Garden City Community College's basic financial statements, and have issued our report thereon dated November 4, 2013. The financial statements of the Garden City Community College Endowment Association and the Broncbuster Athletic Association were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Garden City Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Garden City Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Garden City Community College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or 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. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

405 North Sixth Street | P.O. Box 699
Garden City, KS 67846
620-275-9267 | 800-627-0636
Fax: 620-275-8936 | www.lhd.com

CPAs

Charles H. Claar, Jr, CPA
Theresa Dasenbrock, CPA, CFE
David L. Hetrick, CPA
Steven D. Josseland, CPA
Gary A. Schlappe, CPA
Rodney Van Norden, CPA

Lisa L. Axman, CPA
Sarah J. Bartel, CPA
Sue A. Bradley, CPA
Rebecca L. Brady, CPA
Susan A. Burgardt, CPA
Tracey Homm, CPA, CSEP
Shannon N. Miller, CPA
Kimberly A. Roth, CPA
Kristin J. Sekavec, CPA
Keysha Urie, CPA
Monica J. Wilson, CPA

Compliance and Other Matters

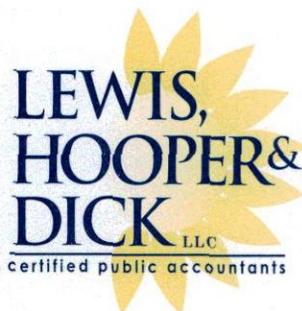
As part of obtaining reasonable assurance about whether Garden City Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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*.

Purpose of this Report

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


LEWIS, HOOPER & DICK, LLC

November 4, 2013



INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Garden City Community College
801 Campus Drive
Garden City, Kansas 67846

Report on Compliance for Each Major Federal Program

We have audited the compliance of Garden City Community College, Garden City, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2013. Garden 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.

Garden City Community College's financial statements include the operations of the Garden City Community College Endowment Association and the Broncbuster Athletic Association, which received no federal awards during the year ended June 30, 2013. Our audit, described below, did not include the operations of the Garden City Community College Endowment Association and the Broncbuster Athletic Association because they expended no federal awards.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Garden City Community College's major federal programs based on our audit of the types of compliance requirements referred to above. 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 U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and 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 Garden 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. However, our audit does not provide a legal determination on Garden City Community College's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, Garden 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, 2013.

405 North Sixth Street | P.O. Box 699
Garden City, KS 67846
620-275-9267 | 800-627-0636
Fax: 620-275-8936 | www.lhd.com

CPAs

Charles H. Claar, Jr, CPA
Theresa Dasenbrock, CPA, CFE
David L. Hetrick, CPA
Steven D. Josseland, CPA
Gary A. Schlappe, CPA
Rodney Van Norden, CPA

Lisa L. Axman, CPA
Sarah J. Bartel, CPA
Sue A. Bradley, CPA
Rebecca L. Brady, CPA
Susan A. Burgardt, CPA
Tracey Homm, CPA, CSEP
Shannon N. Miller, CPA
Kimberly A. Roth, CPA
Kristin J. Sekavec, CPA
Keysha Urie, CPA
Monica J. Wilson, CPA

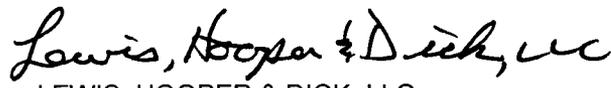
Report on Internal Control over Compliance

Management of Garden City Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Garden City Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 Garden City Community College's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


LEWIS, HOOPER & DICK, LLC

November 4, 2013

Garden City Community College
Schedule of Findings and Questioned Costs
 For the Year Ended June 30, 2013

I. SUMMARY OF AUDIT RESULTS

A. Financial Statements

- Type of auditors' report issued: Unqualified
- Internal control over financial reporting as reported in the INDEPENDENT AUDITORS' 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:

 Material weaknesses identified: None
 Significant deficiencies identified: None reported
- Noncompliance material to financial statements noted: None

B. Federal Awards

- Internal control over major programs as reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133:

 Material weaknesses identified: None
 Significant deficiencies identified: None reported
- Type of auditors' report issued on compliance for major programs: Unqualified
- Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133: None
- The programs tested as major programs include:

Program	CFDA	Expenditures
Student Financial Aid Cluster:		
Federal Supplemental Educational Opportunity Grant Programs	84.007	\$ 33,760
Federal Supplemental Educational Opportunity Grant Programs	84.007	2,060
Federal Supplemental Educational Opportunity Grant Programs	84.007	1,484
Federal Work-Study Program, Recovery Act	84.033	54,962
Federal Work-Study Program, Recovery Act	84.033	5,765
Federal PELL Grant Program, Recovery Act	84.063	3,057,866
Federal Family Education Loans Programs:		
Stafford Student Loan Program	84.268	1,134,087
Unsubsidized Stafford Student Loan Program	84.268	649,461
Trade Adjustment Assistance Community College and Career Training (TAACCCT)	17.282	1,324,592

- Dollar threshold used to distinguish between type A and B programs: \$300,000
- Auditee qualified as low-risk auditee: Yes

Garden City Community College
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2013

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

This page intentionally left blank.



Corrective Action Plan
and Comments on Audit Resolution Matters Relating
to the Student Financial Assistance and Federal Award Programs
June 30, 2013

November 4, 2013

Department of Education:

Garden City Community College, Garden City, Kansas, respectfully submits the following corrective action plan for the year ended June 30, 2013.

Name and address of independent accounting firm: Lewis, Hooper & Dick, LLC
PO Box 699
Garden City, KS 67846

Audit period: July 1, 2012 through June 30, 2013

The findings from the June 30, 2013, Schedule of Findings and Questioned Costs related to the federal award programs are discussed below. The findings are numbered consistently with the number assigned in the Schedule. Section I of the Schedule, Summary of Auditors' Results, does not include findings and is not addressed.

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

IV. STATUS OF CORRECTIVE ACTIONS ON PRIOR FINDINGS

None

If the Department of Education, the oversight agency, has questions regarding this plan, please call Dee A. Wigner at (620)276-7611.

Sincerely,

Dee A. Wigner
Executive Vice President

This page intentionally left blank.

GARDEN CITY COMMUNITY COLLEGE
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2013

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Clusters</u>	<u>Grant Number</u>	<u>Disburse- ments/ Expenditures</u>
DEPARTMENT OF EDUCATION				
Direct Programs:				
Federal Supplemental Educational Opportunity Grants	84.007	A	P007A121513	\$ 33,760
Federal Supplemental Educational Opportunity Grants	84.007	A	P007A111513	2,060
Federal Supplemental Educational Opportunity Grants	84.007	A	P007A101513	1,484
Higher Education - Institutional Aid	84.031		P031S070010	15,094
Higher Education - Institutional Aid	84.031		P031S070010	364,179
Higher Education - Institutional Aid	84.031		P031S070010	3,258
Federal Work-Study Program, Recovery Act	84.033	A	P033A121513	54,962
Federal Work-Study Program, Recovery Act	84.033	A	P033A111513	5,765
TRIO - Student Support Services	84.042	B	PO42A100272	171,961
TRIO - Student Support Services	84.042	B	PO42A100272	98,920
TRIO - Talent Search	84.044	B	P044A110209	146,285
TRIO - Talent Search	84.044	B	P044A070443	130,483
Federal PELL Grant Program, Recovery Act	84.063	A	P063P111468	3,057,866
Federal Family Education Loans:				
Stafford Student Loan Program	84.268	A		1,134,087
Unsubsidized Stafford Student Loan Program	84.268	A		649,461
Passed through the Kansas Board of Regents:				
Adult Education - Basic Grants to States:				
Adult Education	84.002			175,435
EL Civics	84.002			49,771
Career and Technical Education - Basic Grants to States	84.048			5,167
Career and Technical Education - Basic Grants to States	84.048		J0809	117,927
Passed through Kansas State University:				
Migrant Education High School Equivalency Program - Project Destiny	84.141		S141A110025	153,467
Migrant Education High School Equivalency Program - Project Destiny	84.141		S141A110025	43,544
Migrant Education College Assistance Migrant Program - Project KANCO	84.149		S149A090031	38,990
DEPARTMENT OF LABOR				
Passed through the Kansas Board of Regents:				
WIA Youth Activities	17.259			3,333
Passed through Washburn University:				
Trade Adjustment Assistance Community College and Career Training (TAACCCT)	17.282	TC-22513-11-60-A-2		1,324,592

GARDEN CITY COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

<u>Grant Title</u>	<u>Federal CFDA Number</u>	<u>Clusters</u>	<u>Grant Number</u>	<u>Disburse- ments/ Expenditures</u>
(continued)				
SMALL BUSINESS ADMINISTRATION				
Passed through Fort Hays State University:				
Small Business Development Center	59.037		0-603001-Z-0017-17A	\$ 21,872
Small Business Development Center	59.037		0-603001-Z-0017-15	30,544
Small Business Development Center	59.037		SBAHQ-10-V-0003	4,083
Small Business Development Center	59.037		OSDBC-2011-03	55,374
DEPARTMENT OF HEALTH AND HUMAN SERVICES				
Passed through the State Department of Education:				
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		23-3100-CD09	6,359
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		23-3100-CD09	8,100
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		23-3100-CD09	3,500
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		23-3100-CD08	1,994
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		23-3100-CD08	1,600
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		23-3100-CD08	8,681
Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems	93.938		23-3100-CD06	2,523
Passed through the State Department of Social and Rehabilitation Services:				
2013 Block Grants for Community Mental Health Services	93.958		RPC-DBHS-47532-2013	206,715
2012 Block Grants for Community Mental Health Services	93.958		PREV 08-15-03	
Refugee and Entrant Assistance - State Administered Programs - 2012 Refugee Grant	93.566		RSS-2012-03	96,618
Refugee and Entrant Assistance - State Administered Programs - 2012 Refugee Grant	93.566		RSS-09-01	31,517
Refugee and Entrant Assistance - State Administered Programs - 2011 Refugee Grant	93.566		RSS-09-01	10,215
Passed through Kansas State University:				
Biomedical Research and Research Training	93.859		R25GM067589	30,711
Biomedical Research and Research Training	93.859		R25GM067589	9,904
Total				<u>\$ 8,312,161</u>

The accompanying Notes to Schedule of Federal Financial Awards are an integral part of this statement.

Garden City Community College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial assistance programs of the Garden City Community College, Garden City, Kansas. The College's reporting entity is defined in Note 1 of the Notes to Financial Statements to the College's basic purpose financial statements. All federal financial assistance received, directly from federal agencies as well as federal financial assistance passed through other government agencies, is included in the Schedule of Expenditures of Federal Awards.

Significant accounting policies, relating to federal financial assistance programs, followed by the College and other related information are described below to enhance the usefulness of the Schedule of Expenditures of Federal Awards to the reader.

A. Scope of audit

The audit of the College's federal financial assistance programs was performed in accordance with auditing standards generally accepted in the United States of America; the financial and compliance elements of *Government Auditing Standards* issued by the Comptroller General in 1994; and the provisions of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Audit requirements set forth in the Department of Education's *Compliance Audits (Attestation Engagements) of Federal Student Financial Assistance Programs at Participating Institutions*, January, 2000, set forth these objectives:

1. Expressing an opinion on the basic financial statements and required supplementary information.
2. Evaluation of the College's policies, procedures and practices used to administer the programs.
3. Determination of compliance with applicable sections of the acts, related federal regulations and Department of Education policies and procedures.
4. Evaluation of the College's system of internal control, accounting and reporting, and the controls maintained in the operation of an accounting for the funds provided for the programs.
5. Reconciliation of the information reported on the appropriate financial statements with ED Form 646 for the year audited.

The audit covered the period of July 1, 2012, through June 30, 2013, and was conducted at the College's business and student financial aid offices.

B. Administration

The College officials responsible for overall administration of the federal financial assistance programs are the Dean of Administrative Services and the Dean of Student Services (Director of Financial Aid).

The Financial Aid Office is responsible for application processing and loan approvals, as well as the College's compliance with the various U.S. Department of Education regulations governing the College's participation in the federal student financial aid programs.

The Executive Vice President, Finance and Operations is responsible for the programs' financial management and general ledger accounting functions.

Garden City Community College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

1. General (continued)

C. Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared in accordance with accounting principles generally accepted in the United States of America and the format as set forth in the publications: *Government Auditing Standards* issued by the Comptroller General in 1994; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. The purpose of the Schedule is to present, in summary form, the expenditures of Garden City Community College, Garden City, Kansas, for the year ended June 30, 2013, which have been financed by the United States Government (federal awards). Except as described in the following paragraphs, generally accepted accounting principles are in agreement with the accounting principles prescribed for such programs by the Department of Education's fiscal control and fund accounting procedures.

For the purposes of this Schedule, federal awards include all federal assistance and procurement relationships entered into directly between Garden City Community College and the federal government and sub-awards from non-federal organizations made under federally sponsored agreements.

Because the Schedule presents only a selected portion of the activities of Garden City Community College, it is not intended to and does not present either the financial position, changes in financial position or cash flows for Garden City Community College. For reporting purposes, federal awards have been classified into two types:

1. Awards other than student financial aid; principally, sponsored research and training activities.
2. Student financial aid.

D. Basis of accounting

The accounting principles followed by Garden City Community College in each of the above two areas and used in preparing the accompanying Schedule are as follows:

1. Awards other than student financial aid

Deductions (expenditures) for direct costs are recognized as incurred using the accrual method of accounting and the cost accounting principles contained in OMB Circular A-21, *Cost Principles for Educational Institutions*. Under those cost principles, certain types of expenditures are not allowable or are limited as to reimbursement.

2. Student financial aid

Deductions are recognized on the accrual basis for awards made to students and allowable administrative expenses of running such programs. Additions, in turn, are recognized when advances are received from the federal government.

Garden City Community College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

2. Summary of programs from sponsoring agencies

A. Department of Education

1. Supplemental Educational Opportunity Grant Program

The Supplemental Educational Opportunity Grant (SEOG) Program was established by the Garden City Community College in 1973, pursuant to Title IV, Part A, of the Higher Education Act of 1965, as amended. During the academic year ended June 30, 2013, 150 students participated in the program, receiving awards that aggregated \$49,472. Of these awards, \$37,104 were paid from federal funds and \$12,368 were paid from institutional contributions. An administrative allowance of \$200 from federal funds was also paid the College.

2. Higher Education – Strengthening Developing Institutions

The Higher Education – Strengthening Developing Institutions grant is from Title V for expanding opportunities for Hispanic students in rural Kansas.

3. Federal Work Study Program

The Federal Work Study (FWS) Program was established by the Garden City Community College in 1967, pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2013, 65 students participated in the program, earning \$73,067 in wages. Of these wages, \$54,800 were paid from federal funds and \$18,267 were paid from institutional contributions. An administrative allowance of \$5,927 from federal funds was also paid the College.

4. TRIO – Student Support Services Program

The Title IV TRIO – Student Support Services Program objective at Garden City Community College is to provide supportive services to disadvantaged college students to enhance their potential for successfully completing the postsecondary education program in which they are enrolled and increase their transfer rates from 2-year to 4-year institutions.

5. TRIO - Talent Search Program

The Title IV TRIO - Talent Search Program objective at Garden City Community College is to identify qualified disadvantaged youths with potential for postsecondary education; to encourage them in completing secondary school and in enrolling in programs of postsecondary education; to publicize the availability of, and facilitate the application for, student financial aid; and to increase the number of secondary and postsecondary school dropouts who reenter and complete an educational program.

6. Federal PELL Grant Program

The College entered into an agreement with the Department of Education to participate in the Federal PELL Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post-secondary education. During the 2013 academic year, \$3,057,866 was expended for PELL awards to 812 full-time and part-time students.

Garden City Community College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

2. Summary of programs from sponsoring agencies (continued)

A. Department of Education (continued)

7. Federal Family Education Loans

The Stafford Student Loan (SSL) Program, formerly the Guaranteed Student Loan Program, was established to make low interest loans available to students to pay for their costs of attending post-secondary educational institutions. The SSL Program in Kansas is administered by the Higher Education Assistance Foundation (HEAF), a private, nonprofit corporation chartered to guarantee student loans. The loans are made through lending institutions, but post-secondary institutions, such as Garden City Community College, are responsible for completing portions of the loan applications, verifying student eligibility, filing student confirmation reports, refunding money to lenders, when appropriate, and handling loan checks when they are sent to the education institution rather than to the borrower. The College handled 470 approved Stafford Student Loans for college students during the 2013 academic year. In addition, the College processed 275 approved loans under the related Unsubsidized Stafford Student Loan.

8. Adult Education Program

The objective of the Adult Education Program is to provide, improve and expand post-secondary vocational services and activities to train and retrain adults. Funds are awarded annually based upon submission of an application and program plan.

9. Career and Technical Education - Basic Grants to States

Enacted as the Carl D. Perkins Career and Technical Education Act of 2006, the objective of the Career and Technical Education program is to develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in career and technical education programs

10. Migrant Education High School Equivalency Programs

Kansas State University entered into a subaward agreement with the College to deliver quality educational services to eligible migrant families.

11. Migrant Education College Assistance Migrant Program

Kansas State University entered into a subaward agreement with the College to deliver quality educational services to eligible migrant students.

B. Department of Labor

1. WIA Youth Activities

The WIA Youth Activities programs is to help low income youth, between the ages of 14 and 21, acquire the educational and occupational skills, training, and support needed to achieve academic and employment success and successfully transition to careers and productive adulthood.

2. Trade Adjustment Assistance Community College and Career Training Grant

The Trade Adjustment Assistance Community College and Career Training (TAACCCT) Grants Program provides community colleges and other eligible institutions of higher education with funds to expand and improve their ability to deliver education and career training programs that can be completed in two years or less, are suited for workers who are eligible for training under the Trade Adjustment Assistance for Workers program, and prepare program participants for employment in high-wage, high-skill occupations. The targeted population of this program is workers who have lost their jobs or are threatened with job loss as a result of foreign trade.

Garden City Community College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2013

2. Summary of programs from sponsoring agencies (continued)

C. Small Business Administration

1. Small Business Development Center

Fort Hays State University is providing funds to the College for the purpose of promotion and development of small businesses and free enterprise within the twenty counties in Southwest Kansas served by the Garden City Community College Small Business Development Center.

D. Department of Health and Human Services

1. Cooperative Agreements to Support Comprehensive School Health Programs

The Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems grants are to provide funding for a CDC HIV/AIDS Education Regional Resource Center at Garden City Community College.

2. Block Grants for Community Mental Health Services

The objective of the Block Grants for Community Mental Health Services is to develop a network of coordination, communication and training to aid communities within a 19 county area to work toward a drug-free region.

3. Refugee and Entrant Assistance – State Administered Programs

The objective of the Refugee and Entrant Assistance – State Administered Programs is to fund cash assistance, medical assistance, care of unaccompanied refugee minors, and social services for the eligible population.

4. Biomedical Research and Research Training Program

The College is a subrecipient of the Biomedical Research and Research Training program through a Kansas State University project, Kansas Bridges to the Future.

This page intentionally left blank.

ADDITIONAL INFORMATION

GARDEN CITY COMMUNITY COLLEGE
2013 Block Grants for Prevention and Treatment of Substance Abuse
Number RPC-CBHS-47532-2013
Revenues and Expenditures Compared to Budget
For the Year Ended June 30, 2013

Grant period: July 1, 2012, to June 30, 2013	Grant Budget	7/1/12 to 6/30/13 Actual - PREV	Variance Over/ (Under)
REVENUE			
Grant advance - federal	\$ 207,500	\$ 206,715	\$ (785)
Total revenue	<u>207,500</u>	<u>206,715</u>	<u>(785)</u>
EXPENDITURES			
Personnel	114,125	111,913	(2,212)
Employer taxes and fringe benefits	26,125	25,249	(876)
Travel	16,760	8,806	(7,954)
Marketing and publishing	30,000	41,986	11,986
Staff education and training	-	280	280
Supplies	2,622	1,808	(814)
Other	17,868	16,673	(1,195)
Total expenditures	<u>207,500</u>	<u>206,715</u>	<u>(785)</u>
REVENUE OVER EXPENDITURES	-	-	-
FUND BALANCE, BEGINNING OF PERIOD	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE, END OF PERIOD	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

GARDEN CITY COMMUNITY COLLEGE
Comparison of Expenditures of Federal Awards
For the Years Ended June 30

