

DODGE CITY COMMUNITY COLLEGE

**BASIC FINANCIAL STATEMENTS
with
INDEPENDENT AUDITOR'S REPORT
and
UNIFORM GUIDANCE SINGLE AUDIT REPORTS
YEAR ENDED JUNE 30, 2017**

DODGE CITY COMMUNITY COLLEGE

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Dodge City Community College
Dodge City, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge City Community College as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Dodge City Community College, as of June 30, 2017, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund and the Vocational Education Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Dodge City Community College's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2018, on our consideration of Dodge City Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Dodge City Community College's internal control over financial reporting and compliance.

Kennedy McKee & Company LLP

January 5, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

DODGE CITY COMMUNITY COLLEGE

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Our discussion and analysis of Dodge City Community College's financial performance provides an overview of the College's financial activities for the year ended June 30, 2017. It should be read in conjunction with the College's basic financial statements, listed in the table of contents.

USING THIS ANNUAL REPORT

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

The Statement of Net Position and the Statement of Activities

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

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

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

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

USING THIS ANNUAL REPORT (CONTINUED)

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

Fund Financial Statements

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

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

THE COLLEGE AS A WHOLE

Government-wide Statements - Overview

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

Table 1: Financial Position

	Governmental activities		Business-type activities		Total primary government	
	2017	2016	2017	2016	2017	2016
Current and other assets	\$ 13,146,727	\$ 11,663,135	\$ 2,344,823	\$ 4,770,321	\$ 15,491,550	\$ 16,433,456
Capital assets	<u>20,964,921</u>	<u>20,066,852</u>	<u>13,859,519</u>	<u>13,078,734</u>	<u>34,824,440</u>	<u>33,145,586</u>
Total assets	<u>34,111,648</u>	<u>31,729,987</u>	<u>16,204,342</u>	<u>17,849,055</u>	<u>50,315,990</u>	<u>49,579,042</u>
Deferred outflows of resources						
Deferred charges	-	-	561,249	37,414	561,249	37,414
Long-term liabilities	14,699,370	15,023,076	14,360,000	14,405,000	29,059,370	29,428,076
Other liabilities	<u>830,309</u>	<u>1,160,769</u>	<u>93,857</u>	<u>754,230</u>	<u>924,166</u>	<u>1,914,999</u>
Total liabilities	<u>15,529,679</u>	<u>16,183,845</u>	<u>14,453,857</u>	<u>15,159,230</u>	<u>29,983,536</u>	<u>31,343,075</u>
Deferred inflows of resources						
Property taxes	3,409,848	3,295,300	-	-	3,409,848	3,295,300
Charges for service	255,480	-	-	-	255,480	-
Bond premium	-	-	123,183	-	123,183	-
Total deferred inflows of resources	<u>3,665,328</u>	<u>3,295,300</u>	<u>123,183</u>	<u>-</u>	<u>3,788,511</u>	<u>3,295,300</u>
Net position						
Invested in capital assets net of related debt	6,273,752	9,089,969	83,076	535,862	6,356,828	9,625,831
Restricted	2,530,151	703,930	1,375,427	-	3,905,578	703,930
Unrestricted	<u>6,112,738</u>	<u>2,456,943</u>	<u>730,048</u>	<u>2,191,377</u>	<u>6,842,786</u>	<u>4,648,320</u>
Total net position	<u>\$ 14,916,641</u>	<u>\$ 12,250,842</u>	<u>\$ 2,188,551</u>	<u>\$ 2,727,239</u>	<u>\$ 17,105,192</u>	<u>\$ 14,978,081</u>

Total net position for the College increased \$2,127,111 with the net position of the governmental activities increasing \$2,665,799, and those of the business-type activities decreasing \$538,688.

Table 2: Operations

	Governmental activities		Business-type activities		Total primary government	
	2017	2016	2017	2016	2017	2016
Revenue:						
Program revenue:						
Charges for services	\$ 10,035,317	\$ 5,653,751	\$ 2,531,779	\$ 2,380,323	\$ 12,567,096	\$ 8,034,074
Operating grants	7,000,911	6,192,080	-	-	7,000,911	6,192,080
Capital grants	239,813	754,113	-	-	239,813	754,113
General revenue:						
Property taxes	10,828,427	10,488,912	-	-	10,828,427	10,488,912
Unrestricted grants	4,074,910	3,969,859	5,000	5,000	4,079,910	3,974,859
Investment earnings	132,235	30,364	7,084	1,939	139,319	32,303
Contributed capital (net)	-	-	1,421	40,891	1,421	40,891
Transfers	1,201,823	(200,000)	-	200,000	1,201,823	-
Other general revenue	<u>216,678</u>	<u>278,455</u>	<u>-</u>	<u>-</u>	<u>216,678</u>	<u>278,455</u>
Total revenue	<u>33,730,114</u>	<u>27,167,534</u>	<u>2,545,284</u>	<u>2,628,153</u>	<u>36,275,398</u>	<u>29,795,687</u>
Program expenses:						
Institutional support	6,802,903	6,236,352	-	-	6,802,903	6,236,352
Instruction	6,414,754	6,094,344	-	-	6,414,754	6,094,344
Student services	3,015,270	3,554,063	-	-	3,015,270	3,554,063
Academic support	4,667,895	1,352,820	-	-	4,667,895	1,352,820
Operation and maintenance	3,803,058	3,609,937	-	-	3,803,058	3,609,937
Scholarships and grants	5,384,572	5,564,284	-	-	5,384,572	5,564,284
Community service	601,778	667,916	-	-	601,778	667,916
Indirect depreciation	67,930	73,761	-	-	67,930	73,761
Interest on long-term debt	306,155	121,827	-	-	306,155	121,827
Bookstore	-	-	687,445	599,858	687,445	599,858
Food service	-	-	729,395	604,034	729,395	604,034
Student housing	-	-	1,602,913	1,328,830	1,602,913	1,328,830
Student union	-	-	64,219	58,473	64,219	58,473
Total expenses	<u>31,064,315</u>	<u>27,275,304</u>	<u>3,083,972</u>	<u>2,591,195</u>	<u>34,148,287</u>	<u>29,866,499</u>
Increase (decrease) in net position	<u>\$ 2,665,799</u>	<u>\$ (107,770)</u>	<u>\$ (538,688)</u>	<u>\$ 36,958</u>	<u>\$ 2,127,111</u>	<u>\$ (70,812)</u>

THE COLLEGE AS A WHOLE (CONTINUED)

Government-wide Statements – Overview (continued)

Governmental revenues increased about \$6,563,000 from the prior year. This increase was composed of the following;

- Increase of \$4,382,000 in charges for services;
- Increase of \$809,000 in operating grants;
- Increase of \$340,000 in property taxes;
- Increase of \$105,000 in unrestricted grants;

Expenses increased about \$3,731,000 as follows:

- \$567,000 increase in institutional support;
- \$320,000 increase in instruction;
- \$539,000 decrease in student services;
- \$3,315,000 increase in academic support;
- \$193,000 increase in operations and maintenance;
- \$180,000 decrease in scholarships and grants;

Business-type revenues decreased about \$83,000, with bookstore decreasing \$64,000, food service increasing \$157,000, and student housing decreasing \$170,000. Business-type expenses increased about \$493,000 with bookstore decreasing \$88,000, food service increasing \$125,000, student housing increasing \$274,000 and student union operations increasing \$6,000.

Governmental Activities

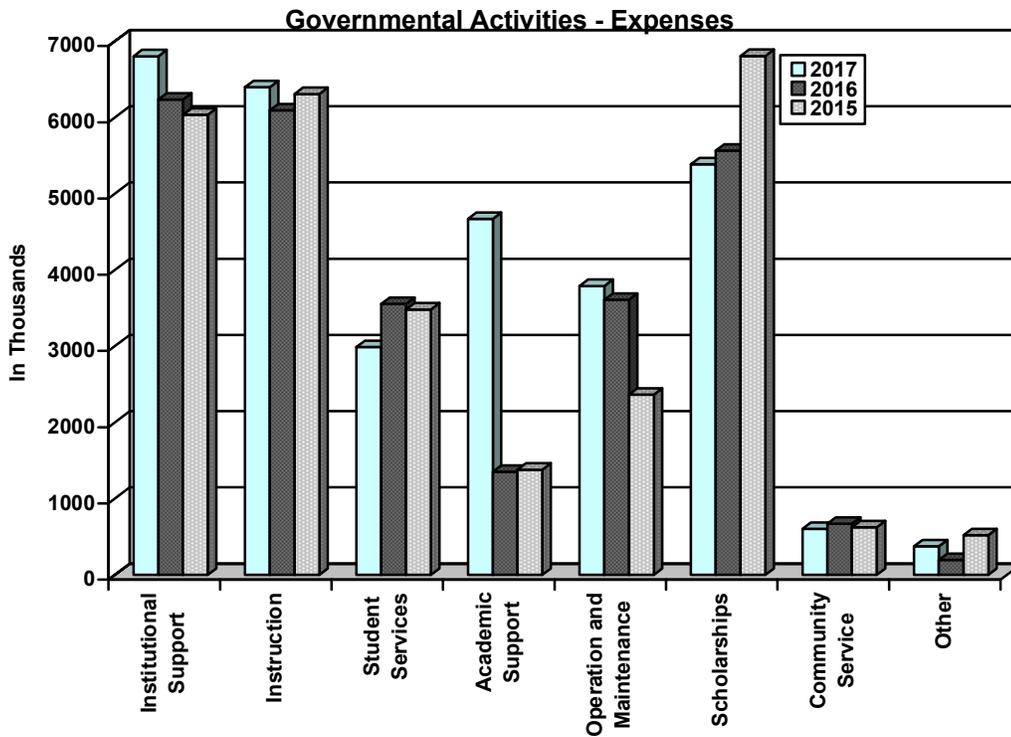
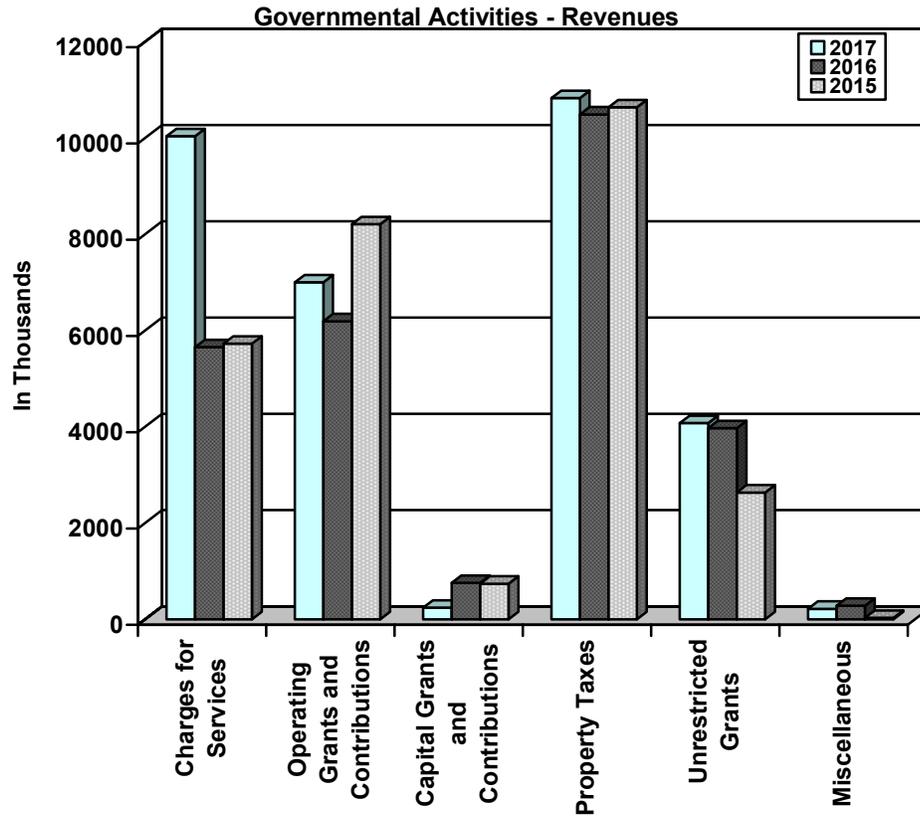
The most significant governmental activities are instruction, institutional support, student services, operation and maintenance, and scholarships. The main sources of revenue are property taxes, charges for services (including tuition and fees), and operating grants and contributions (including state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

The cost of all governmental activities this year was \$31,064,000 compared to \$27,275,000 last year. However, as shown in the Statement of Activities, the amount that the taxpayers ultimately financed for these activities through property taxes was only \$10,828,000 because some of the cost was paid by those who directly benefited from the programs (\$10,035,000) or by other governments and organizations that subsidized certain programs with grants and contributions (\$11,316,000). The College paid for the remaining portion of governmental activities with other revenues such as interest and general entitlements. These revenues compared to expenses resulted in an increase in net position of \$2,656,000.

The following charts reflect a comparison among all the activities and sources of revenue for the years ended June 30, 2017, 2016 and 2015 based on the information included in the government-wide financial statements.

THE COLLEGE AS A WHOLE (CONTINUED)

Governmental Activities (continued)



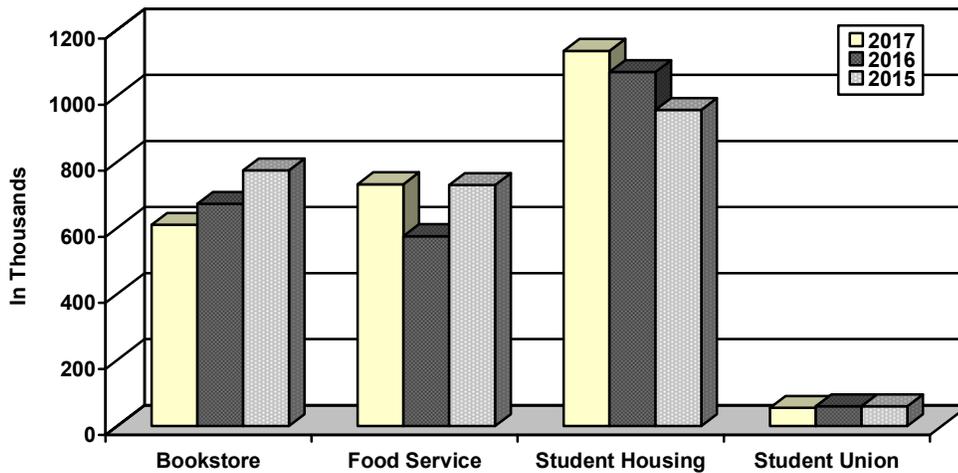
THE COLLEGE AS A WHOLE (CONTINUED)

Business-Type Activities

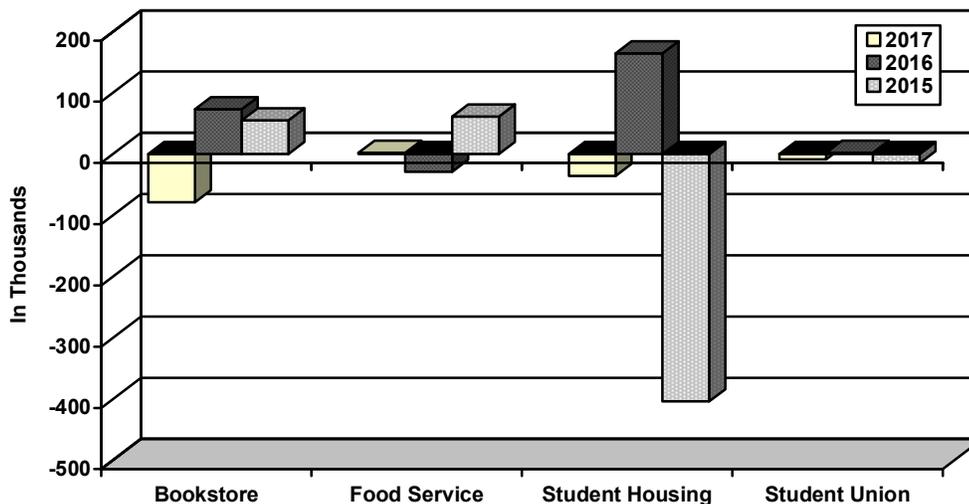
The business-type activities of the College are the bookstore, food service, student housing, and student union operations. These activities derive most of their revenue from charges for services. Total business-type charges for services were \$2,532,000 compared with \$2,380,000 last year. Expenses were \$3,084,000 compared with \$2,591,000.

The charts below compare charges for services and operating income (loss) among the business-type activities based on the information included in the government-wide financial statements for the years ending June 30, 2017, 2016 and 2015.

Business-Type Activities - Charges for Services



Business-Type Activities Operating Income (Loss)

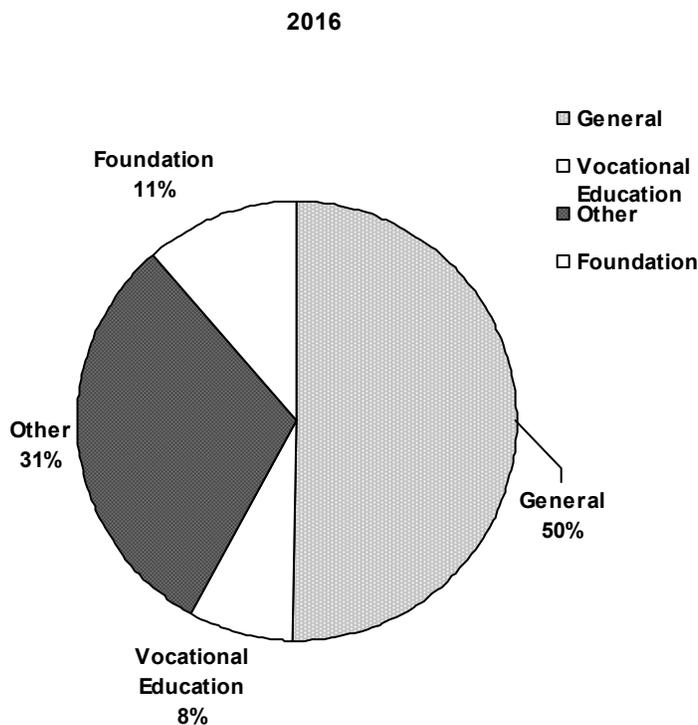
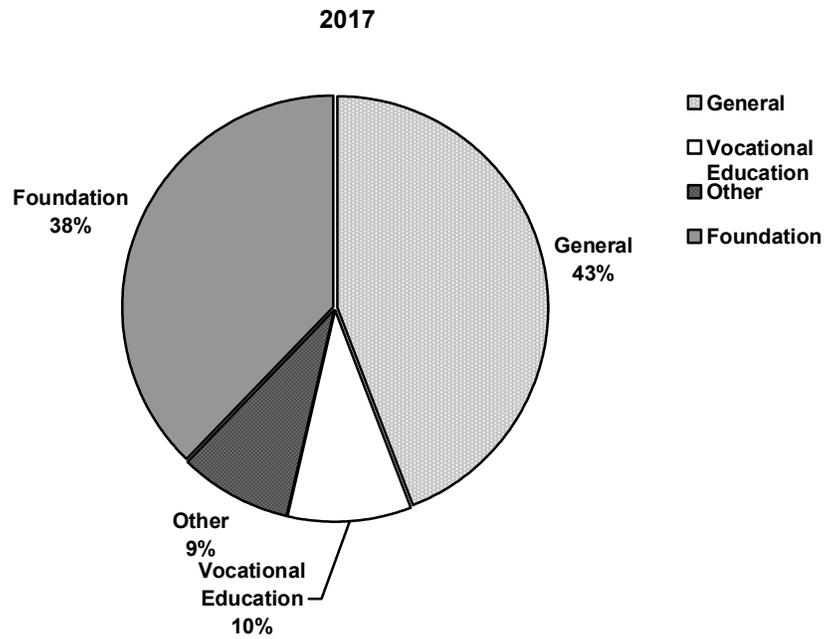


THE COLLEGE'S FUND BALANCES

The College's combined fund balances as of the end of the current year for governmental funds were \$6,490,000, as reflected in the Balance Sheet of the Governmental Funds. This balance represents an increase of \$1,532,000 (31%) from last year's ending balance. The increase is the result of a residual equity transfer from the Endowment to the Foundation.

A comparison of fund balances as of June 30, 2017 and 2016 based on information included in the fund financial statements is presented below:

Governmental Fund Balances



THE COLLEGE'S FUND BALANCES (CONTINUED)

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

Table 3: Comparison to Prior Year

GENERAL FUND

	<u>2017</u>	<u>2016</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$1,069,573	\$ 908,579	\$ 160,994	18%
Tuition	1,194,214	1,138,749	55,465	5%
Charges for services	762,335	781,509	(19,174)	-2%
Local support	10,128,418	9,807,986	320,432	3%
State support	1,467,731	1,528,887	(61,156)	-4%
Private gifts	356,405	-	356,405	
Investment earnings	20,297	9,530	10,767	113%
Debt issue proceeds	91,641	-	91,641	0%
Miscellaneous	1,184,806	153,780	1,031,026	670%
Total revenue	16,275,420	14,329,020	1,946,400	14%
Expenditures				
Institutional support	4,088,737	3,763,796	324,941	9%
Instruction	2,742,573	2,713,719	28,854	1%
Student services	2,541,975	2,497,817	44,158	2%
Academic support	938,303	946,604	(8,301)	-1%
Operation and maintenance	2,754,622	1,731,643	1,022,979	59%
Scholarships and grants	279,753	248,425	31,328	13%
Capital outlay	685,531	229,549	455,982	199%
Debt service principal	432,912	277,816	155,096	56%
Debt service interest	186,335	-	186,335	
Transfers out	1,256,405	1,905,045	(648,640)	-34%
Total expenditures	15,907,146	14,314,414	1,592,732	11%
Change in fund balance	\$ 368,274	\$ 14,606	\$ 353,668	

VOCATIONAL EDUCATION FUND

	<u>2017</u>	<u>2016</u>	<u>Increase (decrease)</u>	<u>Percent</u>
Revenue				
Student fees	\$ 464,031	\$ 561,579	\$ (97,548)	-17%
Tuition	655,198	779,875	(124,677)	-16%
Charges for services	4,744,857	536,214	4,208,643	785%
State support	1,264,265	1,306,452	(42,187)	-3%
Federal support	87,898	115,359	(27,461)	-24%
Private gifts	2,000	-	2,000	
Miscellaneous	3,240	9,515	(6,275)	-66%
Transfers in	900,000	1,700,000	(800,000)	-47%
Total revenue	8,121,489	5,008,994	3,112,495	62%
Expenditures				
Institutional support	963,281	1,191,233	(227,952)	-19%
Instruction	2,598,832	2,251,369	347,463	15%
Student services	173,064	519,327	(346,263)	-67%
Academic support	3,597,349	280,779	3,316,570	1,181%
Operations and maintenance	458,906	712,246	(253,340)	-36%
Capital outlay	93,683	127,278	(33,595)	-26%
Total expenditures	7,885,115	5,082,232	2,802,883	55%
Change in fund balance	\$ 236,374	\$ (73,238)	\$ 309,612	

THE COLLEGE'S FUND BALANCES (CONTINUED)

Total revenue in the General Fund increased \$1,946,000 as follows:

- Increase of \$161,000 in student fees;
- Increase of \$55,000 in tuition;
- Decrease of \$19,000 in charges for services;
- increase of \$320,000 in local support;
- Increase of \$1,031,000 in miscellaneous.

Expenditures in the General Fund increased approximately \$1,593,000 as follows:

- Increase of \$325,000 in institutional support;
- Increase of \$1,023,000 in operations and maintenance;
- Increase of \$456,000 in capital outlay;
- Increase of \$155,000 in debt service principal;
- Decrease of \$649,000 in transfers.

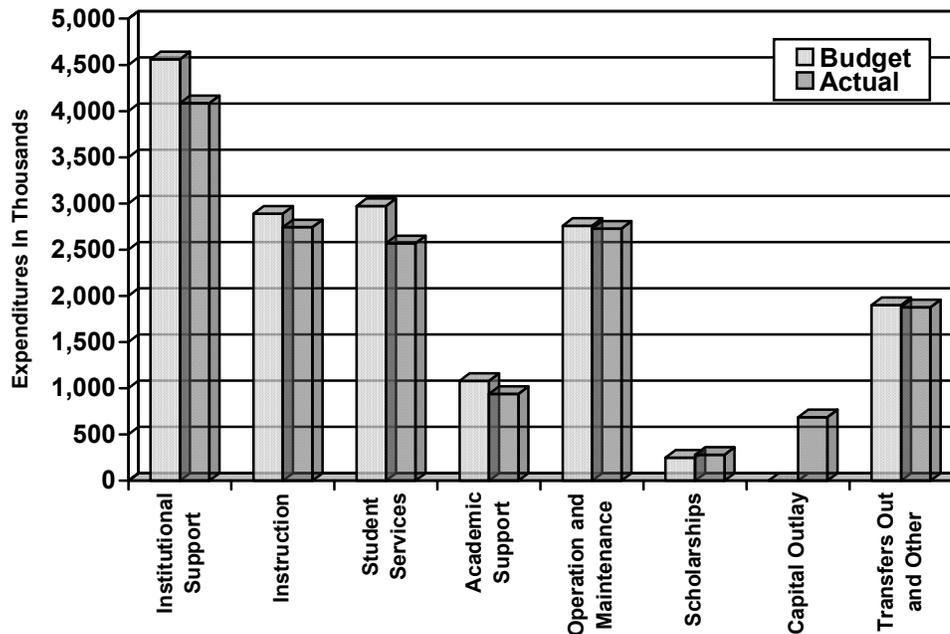
The General Fund and the Vocational Education Fund are tied together because the General Fund supports the Vocational Education Fund through annual operating transfers. Transfers were \$900,000 and \$1,700,000 as of June 30, 2017 and 2016, respectively.

BUDGETARY HIGHLIGHTS

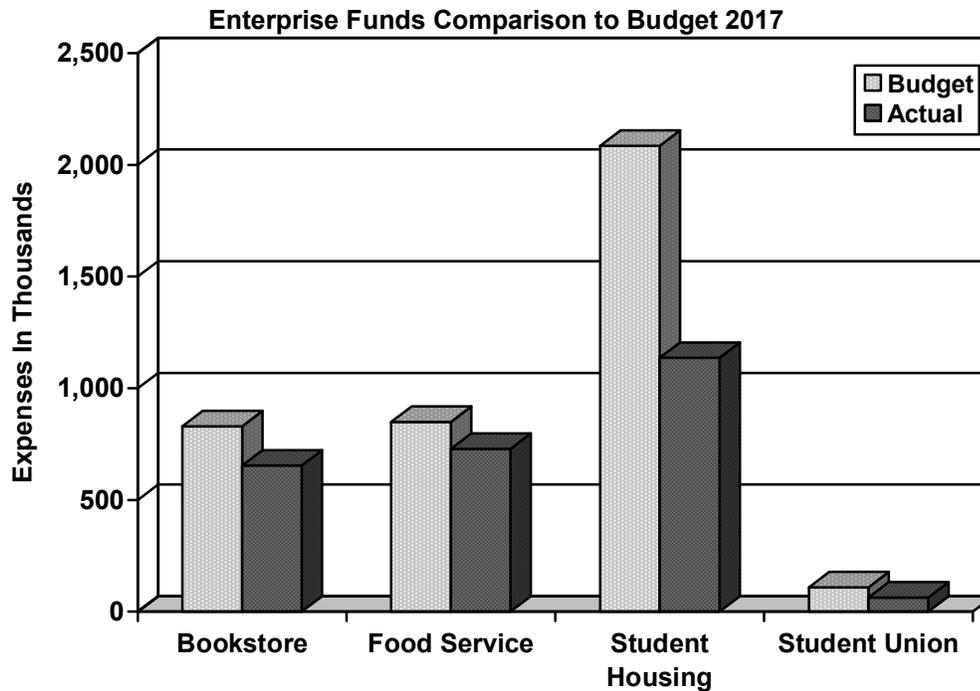
The governmental funds included in the published budget are the General Fund, Vocational Education Fund, Adult Education Fund, Adult Supplementary Education Fund and Capital Outlay Fund. Budgeted business-type funds are as follows: Bookstore Fund, Food Service Fund, Student Housing Fund, and Student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

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

General Fund Comparison to Budget 2017



BUDGETARY HIGHLIGHTS (CONTINUED)



CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The College has invested \$34.824 million in capital assets (net of depreciation). Approximately 60% of this investment is related to governmental activities and includes infrastructure, buildings and equipment. Net governmental capital assets increased about 4% from the prior year. Net capital assets held for business-type activities have increased about 6% from the previous year. Capital assets held by the College at the end of the current and previous years are summarized as follows:

	Capital Assets (Net of Depreciation, in Thousands)					
	Governmental activities		Business-type activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Land	\$ 150	\$ 150	\$ -	\$ -	\$ 150	\$ 150
Buildings and improvements	18,814	10,589	13,540	10,850	32,354	21,439
Furniture and equipment	1,888	1,907	319	223	2,207	2,130
Infrastructure	112	181	-	-	112	181
Construction in progress	-	-	-	2,006	-	2,006
DCCC Foundation (Component unit) Construction in progress	-	7,240	-	-	-	7,240
Totals	<u>\$ 20,964</u>	<u>\$ 20,067</u>	<u>\$ 13,859</u>	<u>\$ 13,079</u>	<u>\$ 34,823</u>	<u>\$ 33,146</u>

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

CAPITAL ASSET AND DEBT ADMINISTRATION (CONTINUED)

Long-Term Liabilities

At the end of the current year, the College had long-term liabilities related to governmental activities of \$14,870,000. This includes \$5,035,000 in capital leases, \$960,000 in general obligation bonds, \$3,967,000 net OPEB obligation, \$171,000 in compensated absences payable, and \$4,715,000 in revenue bonds payable. All of the leases outstanding as of the end of the year were secured by liens on the property purchased. Revenue bonds were issued in the name of the DCCC Foundation on September 17, 2014 at an interest rate of 2.00% to 3.25% for construction of a student activity center. The College had long-term liabilities related to business-type activities of \$14,360,000. The revenue bonds were issued on March 14, 2013 and February 1, 2016 at an interest rate of 1.00% to 4.00% for student union and dormitory improvements. Refunding certificates of participation were issued on November 15, 2016 at an interest rate of 3.00%.

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

	Long-term Obligations (in Thousands)					
	Governmental activities		Business-type activities		Total	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Capital lease obligations	\$ 5,035	\$ 5,376	\$ 4,440	\$ -	\$ 9,475	\$ 5,376
General obligation bonds	960	1,170	-	-	960	1,170
Revenue bonds	4,715	4,950	9,920	14,405	14,635	19,355
Notes payable	-	35	-	-	-	35
Net OPEB obligation	3,967	3,492	-	-	3,967	3,492
Compensated absences	171	333	-	-	171	333
Other obligations	<u>22</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>
Totals	<u>\$ 14,870</u>	<u>\$ 15,356</u>	<u>\$ 14,360</u>	<u>\$ 14,405</u>	<u>\$ 29,230</u>	<u>\$ 29,761</u>

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide various interested parties with a general overview of the College's finances and to show the College's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Vice-President of Operations and Finance, Dodge City Community College, 2501 N. 14th Avenue, Dodge City, Kansas 67801.

BASIC FINANCIAL STATEMENTS

DODGE CITY COMMUNITY COLLEGE

STATEMENT OF NET POSITION

June 30, 2017

	Primary government			Component unit
	Governmental activities	Business-type activities	Total	
<u>ASSETS</u>				
Cash and cash equivalents	\$ 932,687	\$ 843,143	\$ 1,775,830	\$ -
Investments	8,945,871	-	8,945,871	-
Receivables (net)	323,585	18,799	342,384	-
Due from other governments	405,929	-	405,929	-
Inventories and other assets	8,117	107,454	115,571	-
Restricted cash and cash equivalents	2,530,538	1,375,427	3,905,965	-
Capital assets, net	20,964,921	13,859,519	34,824,440	-
Total assets	34,111,648	16,204,342	50,315,990	-
<u>DEFERRED OUTFLOWS OF RESOURCES</u>				
Deferred charges	-	561,249	561,249	-
<u>LIABILITIES</u>				
Accounts payable	184,402	7,663	192,065	-
Accrued interest payable	128,777	86,194	214,971	-
Compensated absences payable	170,994	-	170,994	-
Payable from restricted assets:				
Medical claims payable	346,136	-	346,136	-
Noncurrent liabilities:				
Due within one year:				
Capital lease obligations	444,764	-	444,764	-
General obligation bonds	230,000	-	230,000	-
Revenue bonds	735,000	310,000	1,045,000	-
Early retirement payable	13,111	-	13,111	-
Due in more than one year:				
Capital lease obligations	4,590,477	4,440,000	9,030,477	-
General obligation bonds	730,000	-	730,000	-
Revenue bonds	3,980,000	9,610,000	13,590,000	-
Early retirement payable	8,601	-	8,601	-
Net OPEB obligation	3,967,417	-	3,967,417	-
Total liabilities	15,529,679	14,453,857	29,983,536	-
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Property taxes	3,409,848	-	3,409,848	-
Charges for services	255,480	-	255,480	-
Bond premium	-	123,183	123,183	-
Total deferred inflows of resources	3,665,328	123,183	3,788,511	-
<u>NET POSITION</u>				
Invested in capital assets, net of related debt	6,273,752	83,076	6,356,828	-
Restricted:				
Nonexpendable:				
Future educational purpose	2,501,726	-	2,501,726	-
Expendable:				
Construction	28,425	791,871	820,296	-
Debt service	-	583,556	583,556	-
Unrestricted	6,112,738	730,048	6,842,786	-
Total net position	\$ 14,916,641	\$ 2,188,551	\$ 17,105,192	\$ -

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

DODGE CITY COMMUNITY COLLEGE

STATEMENT OF ACTIVITIES

Year ended June 30, 2017

Functions/programs	Expenses	Program revenue		
		Charges for services	Operating grants and contributions	Capital grants and contributions
Primary government:				
Governmental activities:				
Institutional support	\$ 6,802,903	\$ 236,656	\$ 927,581	\$ -
Instruction	6,414,754	3,213,448	270,865	-
Student services	3,015,270	1,870,255	894,719	-
Academic support	4,667,895	4,152,241	-	-
Operation and maintenance	3,803,058	-	-	-
Scholarships and grants	5,384,572	562,717	4,457,775	-
Community service	601,778	-	449,971	-
Capital outlay	-	-	-	239,813
Indirect depreciation	67,930	-	-	-
Indirect interest on long-term debt	306,155	-	-	-
Total governmental activities	<u>31,064,315</u>	<u>10,035,317</u>	<u>7,000,911</u>	<u>239,813</u>
Business-type activities:				
Bookstore	687,445	608,644	-	-
Food service	729,395	731,879	-	-
Student housing	1,602,913	1,136,121	-	-
Student union operations	64,219	55,135	-	-
Total business-type activities	<u>3,083,972</u>	<u>2,531,779</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 34,148,287</u>	<u>\$ 12,567,096</u>	<u>\$ 7,000,911</u>	<u>\$ 239,813</u>
Component unit:				
DCCC Endowment Association	<u>\$ 83,660</u>	<u>\$ -</u>	<u>\$ 24,152</u>	<u>\$ -</u>

General revenues:

- Property taxes, levied for general purposes
- Grants and contributions not restricted to specific programs
- Investment earnings
- Contributed capital (net)
- Transfer from Endowment to Foundation
- Miscellaneous

Total general revenues

Change in net assets

Net position - beginning

Net position - ending

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

Changes in net assets

Primary government			
Governmental activities	Business-type activities	Total	Component unit
\$ (5,638,666)	\$ -	\$ (5,638,666)	\$ -
(2,930,441)	-	(2,930,441)	-
(250,296)	-	(250,296)	-
(515,654)	-	(515,654)	-
(3,803,058)	-	(3,803,058)	-
(364,080)	-	(364,080)	-
(151,807)	-	(151,807)	-
239,813	-	239,813	-
(67,930)	-	(67,930)	-
<u>(306,155)</u>	<u>-</u>	<u>(306,155)</u>	<u>-</u>
<u>(13,788,274)</u>	<u>-</u>	<u>(13,788,274)</u>	<u>-</u>
-	(78,801)	(78,801)	-
-	2,484	2,484	-
-	(466,792)	(466,792)	-
-	(9,084)	(9,084)	-
<u>-</u>	<u>(552,193)</u>	<u>(552,193)</u>	<u>-</u>
<u>(13,788,274)</u>	<u>(552,193)</u>	<u>(14,340,467)</u>	<u>-</u>
-	-	-	(59,508)
10,828,427	-	10,828,427	-
4,074,910	5,000	4,079,910	-
132,235	7,084	139,319	83,428
-	1,421	1,421	-
1,201,823	-	1,201,823	(1,201,823)
216,678	-	216,678	-
<u>16,454,073</u>	<u>13,505</u>	<u>16,467,578</u>	<u>(1,118,395)</u>
2,665,799	(538,688)	2,127,111	(1,177,903)
<u>12,250,842</u>	<u>2,727,239</u>	<u>14,978,081</u>	<u>1,177,903</u>
<u>\$ 14,916,641</u>	<u>\$ 2,188,551</u>	<u>\$ 17,105,192</u>	<u>\$ -</u>

DODGE CITY COMMUNITY COLLEGE

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2017

	<u>General</u>	<u>Vocational education</u>	<u>Dodge City Community College Foundation</u>	<u>Other governmental funds</u>	<u>Total governmental funds</u>
<u>ASSETS</u>					
Cash	\$5,773,112	\$ 956,244	\$ 43,156	\$ 673,885	\$ 7,446,397
Investments	-	-	2,399,828	-	2,399,828
Property taxes receivable	347,127	-	-	15,125	362,252
Due from other governments	-	-	-	43,677	43,677
Due from other funds	2,524	-	-	-	2,524
Restricted cash	-	-	8	87,159	87,167
Total assets	<u>\$6,122,763</u>	<u>\$ 956,244</u>	<u>\$2,442,992</u>	<u>\$ 819,846</u>	<u>\$ 10,341,845</u>
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>					
Liabilities:					
Due to other funds	\$ -	\$ -	\$ -	\$ 2,524	\$ 2,524
Accounts payable	59,046	79,089	-	45,823	183,958
Total liabilities	<u>59,046</u>	<u>79,089</u>	<u>-</u>	<u>48,347</u>	<u>186,482</u>
Deferred inflows of resources:					
Property taxes	3,205,536	-	-	204,312	3,409,848
Charges for services	-	255,480	-	-	255,480
Total deferred inflows of resources	<u>3,205,536</u>	<u>255,480</u>	<u>-</u>	<u>204,312</u>	<u>3,665,328</u>
Fund balances:					
Nonspendable	-	-	1,661,667	58,734	1,720,401
Restricted	-	-	781,325	105,638	886,963
Assigned	2,858,181	621,675	-	402,815	3,882,671
Unassigned	-	-	-	-	-
Total fund balances	<u>2,858,181</u>	<u>621,675</u>	<u>2,442,992</u>	<u>567,187</u>	<u>6,490,035</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$6,122,763</u>	<u>\$ 956,244</u>	<u>\$2,442,992</u>	<u>\$ 819,846</u>	<u>\$ 10,341,845</u>

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

DODGE CITY COMMUNITY COLLEGE

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

June 30, 2017

Total fund balances on the balance sheet	\$ 6,490,035
Amounts reported for governmental activities in the statement of net assets are different because of the following:	
Accounts receivable from governmental activities are not financial resources and therefore are not reported in the funds.	91,900
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	20,964,921
Internal service funds are used by management to charge the costs of certain activities, such as central stores and health insurance, to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets.	2,368,926
Long-term liabilities, including capitalized leases, are not due and payable in the current period and therefore are not reported in the funds.	(10,731,953)
Accrued interest is not due and payable in the current period and therefore is not reported in the funds.	(128,777)
Compensated absences are not due and payable in the current period and therefore are not reported in the funds.	(170,994)
Net OPEB obligation is not due and payable in the current period and therefore is not reported in the funds.	<u>(3,967,417)</u>
Net position of governmental activities	<u><u>\$ 14,916,641</u></u>

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

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	General	Vocational education	Dodge City Community College Foundation	Other governmental funds	Total governmental funds
Revenue:					
Student fees	\$1,069,573	\$ 464,031	\$ -	\$ 550,000	\$ 2,083,604
Tuition	1,194,214	655,198	-	-	1,849,412
Charges for services	762,335	4,744,857	372,545	265,302	6,145,039
Local support	10,128,418	-	10,473	700,009	10,838,900
State support	1,467,731	1,264,265	-	80,868	2,812,864
Federal support	-	87,898	-	5,530,788	5,618,686
Private gifts	356,405	2,000	323,807	696,570	1,378,782
Investment earnings	20,297	-	102,202	386	122,885
Miscellaneous	1,184,806	3,240	-	117,055	1,305,101
Total revenue	16,183,779	7,221,489	809,027	7,940,978	32,155,273
Expenditures:					
Education and general:					
Institutional support	4,088,737	963,281	52,405	1,381,479	6,485,902
Instruction	2,742,573	2,598,832	-	206,347	5,547,752
Student services	2,541,975	173,064	-	-	2,715,039
Academic support	938,303	3,597,349	-	-	4,535,652
Operation and maintenance	2,754,622	458,906	-	-	3,213,528
Scholarships and grants	279,753	-	-	5,104,819	5,384,572
Community service	-	-	-	671,885	671,885
Capital outlay	685,531	93,683	-	1,303,605	2,082,819
Refund to state	-	-	-	1,042	1,042
Debt service:					
Principal	432,912	-	235,000	244,605	912,517
Interest	186,335	-	136,370	42,843	365,548
Total expenditures	14,650,741	7,885,115	423,775	8,956,625	31,916,256
Excess (deficiency) of revenue over expenditures	1,533,038	(663,626)	385,252	(1,015,647)	239,017
Other financing sources (uses):					
Debt issue proceeds	91,641	-	-	-	91,641
Transfers in	-	900,000	356,405	75,715	1,332,120
Transfer from DCCC	-	-	-	-	-
Endowment	-	-	1,201,823	-	1,201,823
Transfers out	(1,256,405)	-	(68,000)	(7,715)	(1,332,120)
Total other financing sources and uses	(1,164,764)	900,000	1,490,228	68,000	1,293,464
Net change in fund balances	368,274	236,374	1,875,480	(947,647)	1,532,481
Fund balances, beginning of year	2,489,907	385,301	567,512	1,514,834	4,957,554
Fund balances, end of year	\$2,858,181	\$ 621,675	\$2,442,992	\$ 567,187	\$6,490,035

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

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

Net change in fund balances, total governmental funds	\$1,532,481
Amounts reported for governmental activities in the statement of activities are different because of the following:	
Governmental funds recognize receivables and related revenue when they become measurable and available. Available is defined as expected to be collected within sixty days of year-end. In the statement of net assets, receivables are accrued when earned. This is the amount of the change in net receivables in the current year.	(42,738)
Governmental funds recognize prepaid expenses when they are paid. In the statement of net assets, they are accrued over the life of the service. This is the amount of the change in prepaid expense in the current year.	(159,383)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense and losses in the current year.	898,069
Governmental funds report interest on long-term debt as expenditures when due. However, in the statement of activities, interest is accrued from the last payment made through the payment due date. This is the amount of the change in accrued interest payable in the current year.	26,579
Increases in long-term liabilities provide current financial resources to governmental funds, but entering into such obligations increases long-term liabilities in the statement of net assets. Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. This is the amount by which repayments exceeded proceeds in the current year.	820,876
Compensated absences and early retirement liabilities reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. This is the change in these liabilities in the current year.	140,259
Internal service funds are used by management to charge the cost of certain activities, such as central stores and medical insurance, to individual funds. The net operating income (loss) of the internal service funds and the interest income are reported with governmental activities in the statement of activities.	(74,886)
Net OPEB obligation reported in the statement of activities does not require the use of current financial resources and therefore is not reported as expenditures in the governmental funds. This is the change in the liability in the current year.	<u>(475,458)</u>
Change in net assets of governmental activities	<u><u>\$2,665,799</u></u>

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

DODGE CITY COMMUNITY COLLEGE

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

June 30, 2017

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
<u>ASSETS</u>		
Current assets:		
Cash and cash equivalents	\$ 395,570	\$ 48,037
Receivables, net	-	-
Inventories	107,454	-
Total current assets	503,024	48,037
Noncurrent assets:		
Restricted cash and cash equivalents	-	-
Capital assets:		
Buildings and equipment	-	-
Less accumulated depreciation	-	-
Total noncurrent assets	-	-
Total assets	503,024	48,037
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred charges	-	-
<u>LIABILITIES</u>		
Current liabilities:		
Accounts payable	704	1,725
Accrued interest payable	-	-
Revenue bonds payable	-	-
Payable from restricted assets:		
Medical claims payable	-	-
Total current liabilities	704	1,725
Noncurrent liabilities:		
Revenue bonds payable	-	-
Capital lease payable	-	-
Deferred bond premium	-	-
Total long-term liabilities	-	-
Total liabilities	704	1,725
<u>NET POSITION</u>		
Invested in capital assets, net of related debt	-	-
Restricted for construction	-	-
Restricted for debt service	-	-
Unrestricted	502,320	46,312
Total net position	502,320	46,312
Total liabilities and net position	\$ 503,024	\$ 48,037

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

Business-type activities			Governmental activities
Enterprise funds			Internal service funds
Student housing	Student union operations	Total	
\$ 392,592	\$ 6,944	\$ 843,143	\$ 32,333
18,799	-	18,799	231,685
-	-	107,454	8,117
411,391	6,944	969,396	272,135
1,375,427	-	1,375,427	2,443,371
16,843,882	-	16,843,882	-
(2,984,363)	-	(2,984,363)	-
15,234,946	-	15,234,946	2,443,371
15,646,337	6,944	16,204,342	2,715,506
561,249	-	561,249	-
3,356	1,878	7,663	444
86,194	-	86,194	\$ -
310,000	-	310,000	-
-	-	-	346,136
399,550	1,878	403,857	346,580
9,610,000	-	9,610,000	-
4,440,000	-	4,440,000	-
123,183	-	123,183	-
14,173,183	-	14,173,183	-
14,572,733	1,878	14,577,040	346,580
83,076	-	83,076	-
791,871	-	791,871	-
583,556	-	583,556	-
176,350	5,066	730,048	2,368,926
1,634,853	5,066	2,188,551	2,368,926
\$ 16,207,586	\$ 6,944	\$ 16,765,591	\$ 2,715,506

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Operating revenue:		
Charges for services	\$ 608,644	\$ 731,879
Operating expenses:		
Personal services	140,061	-
Contractual services	13,889	700,811
Repairs and maintenance	9,348	-
Other supplies and expenses	518,964	1,900
Capital outlay	5,183	26,684
Depreciation	-	-
Total operating expenses	687,445	729,395
Operating income (loss)	(78,801)	2,484
Nonoperating revenue (expense):		
Contributed capital, net	-	-
Interest and investment revenue	272	-
Interest expense	-	-
Donations	-	-
Total nonoperating revenue (expense)	272	-
Change in net position	(78,529)	2,484
Total net position, beginning of year	580,849	43,828
Total net position, end of year	\$ 502,320	\$ 46,312

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

Business-type activities			Governmental activities
Enterprise funds			Internal service funds
Student housing	Student union operations	Total	
\$ 1,136,121	\$ 55,135	\$ 2,531,779	\$ 1,610,752
208,497	-	348,558	-
331,153	51,956	1,097,809	1,642,300
32,173	495	42,016	-
8,891	240	529,995	52,688
7,900	11,528	51,295	-
583,512	-	583,512	-
1,172,126	64,219	2,653,185	1,694,988
(36,005)	(9,084)	(121,406)	(84,236)
1,421	-	1,421	-
6,812	-	7,084	9,350
(430,787)	-	(430,787)	-
-	5,000	5,000	-
(422,554)	5,000	(417,282)	9,350
(458,559)	(4,084)	(538,688)	(74,886)
2,093,412	9,150	2,727,239	2,443,812
\$ 1,634,853	\$ 5,066	\$ 2,188,551	\$ 2,368,926

DODGE CITY COMMUNITY COLLEGE

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

Year ended June 30, 2017

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Cash flows from operating activities:		
Receipts from customers	\$ 608,644	\$ 731,879
Payments for goods and services	(538,206)	(729,564)
Payments to employees	(140,061)	-
Net cash provided (used) by operating activities	<u>(69,623)</u>	<u>2,315</u>
Cash flows from noncapital financing activities:		
Private gifts received	-	-
Net cash provided by noncapital financing activities	<u>-</u>	<u>-</u>
Cash flows from capital and related financing activities:		
Purchases of capital assets	-	-
Principal paid on capital debt	-	-
Interest paid on capital debt	-	-
Payment to escrow on refinancing	-	-
Net cash used by capital and related financing activities	<u>-</u>	<u>-</u>
Cash flows from investing activities:		
Interest and dividends	272	-
Net increase (decrease) in cash and cash equivalents	<u>(69,351)</u>	<u>2,315</u>
Balances, beginning of year	<u>464,921</u>	<u>45,722</u>
Balances, end of year	<u>\$ 395,570</u>	<u>\$ 48,037</u>
Cash and cash equivalents	\$ 395,570	\$ 48,037
Restricted cash and cash equivalents	<u>-</u>	<u>-</u>
Total balance, end of year	<u>\$ 395,570</u>	<u>\$ 48,037</u>

Business-type activities			Governmental activities
Enterprise funds			Internal service funds
Student housing	Student union operations	Total	
\$ 1,167,681	\$ 55,135	\$ 2,563,339	\$ 1,379,067
(383,503)	(62,987)	(1,714,260)	(1,462,024)
(208,497)	-	(348,558)	-
575,681	(7,852)	500,521	(82,957)
-	5,000	5,000	-
-	5,000	5,000	-
(1,797,192)	-	(1,797,192)	-
(185,000)	-	(185,000)	-
(529,386)	-	(529,386)	-
(361,200)	-	(361,200)	-
(2,872,778)	-	(2,872,778)	-
6,812	-	7,084	9,350
(2,290,285)	(2,852)	(2,360,173)	(73,607)
4,058,304	9,796	4,578,743	2,549,311
\$ 1,768,019	\$ 6,944	\$ 2,218,570	\$ 2,475,704
\$ 392,592	\$ 6,944	\$ 843,143	\$ 32,333
1,375,427	-	1,375,427	2,443,371
\$ 1,768,019	\$ 6,944	\$ 2,218,570	\$ 2,475,704

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	Business-type activities	
	Enterprise funds	
	Bookstore	Food service
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:		
Operating income (loss)	\$ (78,801)	\$ 2,484
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	-	-
Change in assets and liabilities:		
Receivables, net	-	-
Inventories	33,765	-
Accounts and other payables	(24,587)	(169)
Net cash provided (used) by operating activities	<u>\$ (69,623)</u>	<u>\$ 2,315</u>

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

<u>Business-type activities</u>			<u>Governmental</u>
<u>Enterprise funds</u>			<u>activities</u>
<u>Student housing</u>	<u>Student union operations</u>	<u>Total</u>	<u>Internal service funds</u>
\$ (36,005)	\$ (9,084)	\$ (121,406)	\$ (84,236)
583,512	-	583,512	-
31,560	-	31,560	(231,685)
-	-	33,765	16,237
<u>(3,386)</u>	<u>1,232</u>	<u>(26,910)</u>	<u>216,727</u>
<u>\$ 575,681</u>	<u>\$ (7,852)</u>	<u>\$ 500,521</u>	<u>\$ (82,957)</u>

DODGE CITY COMMUNITY COLLEGE

**STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS**

June 30, 2017

ASSETS

Cash and cash equivalents	<u>\$ 809,502</u>
Total assets	<u><u>\$ 809,502</u></u>

LIABILITIES

Due to others	<u>\$ 809,502</u>
Total liabilities	<u><u>\$ 809,502</u></u>

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

DODGE CITY COMMUNITY COLLEGE

**BUDGETARY COMPARISON STATEMENT
GENERAL FUND**

Year ended June 30, 2017

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 5,275,719	\$ 5,275,719	\$ 5,317,819	\$ 42,100
Resources (inflows):				
Student fees	1,000,000	1,000,000	1,069,573	69,573
Tuition	1,160,000	1,160,000	1,194,214	34,214
Charges for services	-	-	762,335	762,335
Local	10,244,107	10,244,107	10,125,792	(118,315)
State	1,451,580	1,451,580	1,467,731	16,151
Private gifts	-	-	356,405	356,405
Investment earnings	-	-	20,297	20,297
Miscellaneous	2,000,000	2,000,000	1,184,806	(815,194)
Debt issue proceeds	-	-	91,641	91,641
Amounts available for appropriation	<u>21,131,406</u>	<u>21,131,406</u>	<u>21,590,613</u>	<u>459,207</u>
Charges to appropriations (outflows):				
Education and general:				
Institutional support	4,560,449	4,560,449	4,083,626	476,823
Instruction	2,890,000	2,890,000	2,742,573	147,427
Student services	2,970,600	2,970,600	2,569,975	400,625
Academic support	1,082,207	1,082,207	938,303	143,904
Operation and maintenance	2,787,507	2,787,507	2,726,610	60,897
Scholarships	250,000	250,000	279,753	(29,753)
Capital outlay	-	-	685,531	(685,531)
Debt service	-	-	619,247	(619,247)
Transfers to other funds	<u>1,900,000</u>	<u>1,900,000</u>	<u>1,256,405</u>	<u>643,595</u>
Total charges to appropriations	<u>16,440,763</u>	<u>16,440,763</u>	<u>15,902,023</u>	<u>538,740</u>
Budgetary fund balance, end of year	<u>\$ 4,690,643</u>	<u>\$ 4,690,643</u>	<u>\$ 5,688,590</u>	<u>\$ 997,947</u>

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

DODGE CITY COMMUNITY COLLEGE

BUDGETARY COMPARISON STATEMENT VOCATIONAL EDUCATION FUND

Year ended June 30, 2017

	Budgeted amounts		Actual amounts (budgetary basis)	Variance with final budget positive (negative)
	Original	Final		
Budgetary fund balance, beginning of year	\$ 388,810	\$ 388,810	\$ 385,301	\$ (3,509)
Resources (inflows):				
Student fees	1,150,000	4,990,000	464,031	(4,525,969)
Tuition	850,000	850,000	655,198	(194,802)
Charges for services	-	-	5,000,337	5,000,337
State	1,258,501	1,258,501	1,264,265	5,764
Federal	105,000	105,000	87,898	(17,102)
Private gifts	-	-	2,000	2,000
Miscellaneous	170,000	170,000	3,240	(166,760)
Transfers from other funds	<u>1,700,000</u>	<u>1,700,000</u>	<u>900,000</u>	<u>(800,000)</u>
Amounts available for appropriation	<u>5,622,311</u>	<u>9,462,311</u>	<u>8,762,270</u>	<u>(700,041)</u>
Charges to appropriations (outflows):				
Education and general:				
Institutional support	730,000	730,000	963,281	(233,281)
Instruction	3,882,311	3,882,311	2,598,832	1,283,479
Student services	220,000	220,000	173,064	46,936
Academic support	490,000	4,330,000	3,597,349	732,651
Operation and maintenance	300,000	300,000	458,906	(158,906)
Capital outlay	<u>-</u>	<u>-</u>	<u>129,056</u>	<u>(129,056)</u>
Total charges to appropriations	<u>5,622,311</u>	<u>9,462,311</u>	<u>7,920,488</u>	<u>1,541,823</u>
Budgetary fund balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 841,782</u>	<u>\$ 841,782</u>

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

DODGE CITY COMMUNITY COLLEGE

**BUDGETARY COMPARISON STATEMENT
BUDGET TO GAAP RECONCILIATION**

Year ended June 30, 2017

	General fund	Vocational education fund
Sources/inflows of resources:		
Actual amounts available for appropriation from the budgetary comparison schedule	\$ 21,590,613	\$ 8,762,270
Differences, budget to GAAP:		
The fund balance at the beginning of the year is a budgetary resource, but is not a current-year revenue for financial reporting purposes.	(5,317,819)	(385,301)
Budgetary local taxes include the actual amount of taxes received, GAAP local taxes are adjusted for property taxes receivable and deferred revenue.	2,626	-
Transfers from other funds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	-	(900,000)
Budgetary charges for services is the actual amount received, GAAP tuition is adjusted for deferred revenue.	-	(255,480)
Debt proceeds are inflows of budgetary resources, but are not revenues for financial reporting purposes.	(91,641)	-
	\$ 16,183,779	\$ 7,221,489
Total revenue as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds		
Uses/outflows of resources:		
Actual amounts of charges to appropriations from the budgetary comparison schedule	\$ 15,902,023	\$ 7,920,488
Differences, budget to GAAP:		
Encumbrances are included as a budgetary outflow.	5,123	(35,373)
Transfers to other funds are outflows of budgetary resources, but they are not expenditures for financial reporting purposes.	(1,256,405)	-
	\$ 14,650,741	\$ 7,885,115
Total expenditures as reported on the statement of revenue, expenditures, and changes in fund balances, governmental funds		

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

NOTES TO BASIC FINANCIAL STATEMENTS

DODGE CITY COMMUNITY COLLEGE

NOTES TO BASIC FINANCIAL STATEMENTS

June 30, 2017

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The College's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant policies established in GAAP and used by the College are discussed below.

1. Reporting entity

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

The DCCC Foundation is a not-for-profit corporation organized on September 24, 1991, under Section 501(c)(3) of the Internal Revenue Code. As such, it is exempt from federal income taxes and is not a private foundation. The purpose of the DCCC Foundation is to aid the fulfillment of the research, teaching, and service functions and to provide financial assistance through academic scholarships to Dodge City Community College. Separate financial statements for the DCCC Foundation may be obtained by contacting the business office at the College.

The DCCC Endowment Association is a not-for-profit corporation organized on February 14, 1969, under Section 501(c)(3) of the Internal Revenue Code. As such, it is exempt from federal income taxes and is not a private foundation. The purpose of the DCCC Endowment Association is to provide financial assistance through academic scholarships and to support any educational undertaking of Dodge City Community College. The DCCC Endowment Association merged with the DCCC Foundation on December 31, 2016.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basic financial statements - government-wide statements

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

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

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

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

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

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

3. Basic financial statements - fund financial statements

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

The following types of funds are used by the College:

a. Governmental Funds

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

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

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

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

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

b. Proprietary Funds

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

b. Proprietary Funds (continued)

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

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

c. Fiduciary Funds

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

4. Measurement focus and basis of accounting

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

Measurement Focus

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

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

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

Basis of Accounting

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

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

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

5. Encumbrances

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

6. Budgetary control

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

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

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. Budgets were amended as follows:

<u>Fund</u>	<u>Original budget</u>	<u>Amended budget</u>
Vocational Education	\$5,622,311	\$9,462,311

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

All legal annual operating budgets are prepared using the regulatory basis of accounting. Revenues are recognized when cash is received and expenditures include disbursements, accounts payable and encumbrances with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the municipality for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. Any unused budgeted expenditure authority lapses at year-end.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Budgetary control (continued)

A legal operating budget is not required for state and federal grant funds, donation funds, reserve funds, capital projects funds, permanent funds, agency funds and the following special revenue funds:

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

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

7. Pension plan

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

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

8. Section 125 plan

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

9. Use of estimates

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

10. Financial statement amounts

a. Pooled cash

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

b. Investments and restricted cash

Restricted cash is for the payment of medical insurance claims, compliance with the Title III grant contract, housing debt service and housing construction. Investments of the College consist of certificates of deposit and the Kansas Municipal Investment Pool. Investments of the DCCC Foundation consist of mutual funds, corporate bonds and asset and mortgage-backed securities. Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values using the market approach (prices generated by market transactions involving identical or similar assets) and Level 1 inputs (quoted prices for identical assets in an active market) in the statement of net position. Unrealized gains and losses are included in the change in net position.

c. Cash and cash equivalents

The College has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agent. Additionally, each fund's equity in the College's investment pool is treated as a cash equivalent because the funds can deposit or effectively withdraw cash at any time without prior notice or penalty.

d. Receivables

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

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

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relation to the financial statements taken as a whole.

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

e. Inventories

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

f. Capital assets

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

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

g. Compensated absences

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

h. Early retirement

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

i. Deferred outflows of resources

In addition to assets, the statement of 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. The College has deferred charges relating to the refinancing of long-term debt amortized over the life of the debt service payments.

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

j. Deferred inflows of resources

In addition to liabilities, the statement of net 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 the future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has nonexchange revenue transactions where a receivable has been recorded because property taxes were levied and collected, but the resources cannot be used until a future period.

k. Other post-employment benefits

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

l. Government-wide and proprietary fund net position

Government-wide and proprietary fund net position is divided into three components:

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

A. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

10. Financial statement amounts (continued)

m. Governmental fund balances

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

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

n. Interfund activity

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

B. COMPLIANCE WITH KANSAS STATUTES

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

The budget law provided by K.S.A. 79-2935 prohibits the expenditure of funds in excess of that allowed by the budget. Budgeted (including qualified budget credits) and actual expenditures for the year ended June 30, 2017 are as follows:

<u>Fund</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
General	\$ 16,440,763	\$ 15,902,023	\$ 538,740
Vocational Education	9,462,311	7,920,488	1,541,823
Adult Supplementary Education	162,414	762	161,652
Adult Education	435,000	261,679	173,321
Capital Outlay	731,378	685,403	72,975
Bookstore	830,000	653,680	176,320
Food Service	850,000	729,395	120,605
Student Housing	2,085,000	1,136,479	948,521
Student Union Operations	109,150	64,219	44,931

B. COMPLIANCE WITH KANSAS STATUTES (CONTINUED)

K.S.A. 10-130 requires that municipalities remit payments for any bonds or interest to the state fiscal agent at least twenty days before the date of maturity. Remittances were not made in accordance with this statute.

C. DEPOSITS AND INVESTMENTS

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

K.S.A. 9-1401 establishes the depositories which may be used by the College. The statute requires banks eligible to hold the College's funds to have a main or branch bank in the county in which the College is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The College has no other policies that would further limit interest rate risk.

K.S.A. 12-1675 limits the College's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The College has no investment policy that would further limit its investment choices.

Custodial credit risk - deposits. Custodial credit risk is the risk that, in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2017.

At June 30, 2017, the College's carrying amount of deposits, including certificates of deposit, was \$9,352,532 and the bank balance was \$10,482,149. Of the bank balance, \$821,179 was covered by federal depository insurance, and \$9,660,970 was collateralized by pledged securities held under joint custody receipts issued by a third-party bank in the College's name.

Investments. As of June 30, 2017, the College had the following investments and maturities.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
Federated Government Obligations Fund	\$ 23,541	(See below)	AAAmf
Kansas Municipal Investment Pool	<u>3,616,357</u>	(See below)	AAAf/S1+
	<u>\$ 3,639,898</u>		

Federated Government Obligations Fund is an open-end fund which seeks to provide current income consistent with stability of principal. The Fund invests in a portfolio of short-term US treasury and government agency securities, including repurchase agreements collateralized fully by US treasury and government agency securities. At June 30, 2017, the College had invested \$23,541 in Federated Government Obligations.

C. DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2017, the College had invested \$3,616,357 in the State's Municipal Investment Pool. The Municipal Investment Pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations of, or obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers. Separately issued financial statements of the Municipal Investment Pool may be obtained from the Pooled Money Investment Board, 900 S.W. Jackson, Suite 209, Topeka, Kansas 66612-1220.

Credit quality risk. Investment quality ratings given above are per Standard & Poor's, and they are as of June 30, 2017.

Concentration of credit risk. Investment types and percents at cost are as follows: Federated Government Obligations Fund <1% and Kansas Municipal Investment Pool >99%.

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

D. INVESTMENTS – DCCC FOUNDATION

The DCCC Foundation is not limited as to the types of investments it may have. Investments of the Foundation are held in its own name, and are carried at fair value. Investments are listed below by type as of June 30, 2017:

Cash and cash alternatives	\$	271,360
Common stock equities		448,915
Mutual funds		1,575,585
Master limited partnerships		13,872
Asset and mortgage backed securities		90,096
		<u>\$ 2,399,828</u>
Investments at cost	\$	2,268,656
Unrealized appreciation		131,172
Investments at fair value	\$	<u>2,399,828</u>

E. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2017 consist of the following:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Tuition receivable	\$ 100,910	\$ -	\$ 100,910
Fees receivable	195,867	-	195,867
Housing charges receivable	-	98,796	98,796
Stop-loss receivable	231,685	-	231,685
Allowance for doubtful accounts	<u>(204,877)</u>	<u>(79,997)</u>	<u>(284,874)</u>
Net receivables	<u>\$ 323,585</u>	<u>\$ 18,799</u>	<u>\$ 342,384</u>

F. CAPITAL ASSETS

Financial Accounting Standards Board (FASB) Statement No. 34 (Capitalization of Interest Costs) requires that interest expenditures incurred during construction of assets be capitalized. FAS-62 (Capitalization of Interest Cost in Situations Involving Certain Tax-Exempt Borrowings and Certain Gifts and Grants) concludes that constructed assets financed with the proceeds of tax-exempt debt (if those funds are externally restricted to finance the acquisitions of the asset or used to service the related debt) should include capitalized interest only to the extent that interest cost exceeds interest earned on related interest-bearing investments acquired with proceeds of the related tax-exempt borrowing. During 2017 interest costs capitalized as a cost of construction totaled \$57,171.

F. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2017 was as follows:

	Primary government			Ending balance
	Beginning balance	Increases	Decreases	
Governmental activities:				
Land	\$ 149,668	\$ -	\$ -	\$ 149,668
Buildings and improvements	18,994,868	1,274,527	83,536	20,185,859
Foundation building	-	8,136,936	-	8,136,936
Furniture and equipment	7,500,602	550,772	661,541	7,389,833
Infrastructure	684,292	-	-	684,292
DCCC Foundation construction in progress	7,240,408	896,528	8,136,936	-
Total capital assets at historical cost	<u>34,569,838</u>	<u>10,858,763</u>	<u>8,882,013</u>	<u>36,546,588</u>
Less accumulated depreciation for:				
Buildings and improvements	8,405,903	981,860	26,615	9,361,148
Foundation building	-	146,973	-	146,973
Furniture and equipment	5,593,646	568,023	659,490	5,502,179
Infrastructure	503,437	67,930	-	571,367
Total accumulated depreciation	<u>14,502,986</u>	<u>1,764,786</u>	<u>686,105</u>	<u>15,581,667</u>
Governmental activities capital assets, net	<u>\$ 20,066,852</u>	<u>\$ 9,093,977</u>	<u>\$ 8,195,908</u>	<u>\$ 20,964,921</u>
Business-type activities:				
Buildings and improvements	\$ 13,271,464	\$ 3,213,763	\$ 185,175	\$ 16,300,052
Furniture and equipment	396,448	163,277	15,895	543,830
Construction in progress	2,006,263	1,178,902	3,185,165	-
Total capital assets at historical cost	<u>15,674,175</u>	<u>4,555,942</u>	<u>3,386,235</u>	<u>16,843,882</u>
Less accumulated depreciation for:				
Buildings and improvements	2,421,567	515,706	177,692	2,759,581
Furniture and equipment	173,874	67,806	16,898	224,782
Total accumulated depreciation	<u>2,595,441</u>	<u>583,512</u>	<u>194,590</u>	<u>2,984,363</u>
Business-type activities capital assets, net	<u>\$ 13,078,734</u>	<u>\$ 3,972,430</u>	<u>\$ 3,191,645</u>	<u>\$ 13,859,519</u>
Depreciation expense was charged to functions as follows:				
Governmental activities:				
Institutional support				\$ 77,841
Instruction				635,139
Student services				375,633
Student services - Foundation building				146,973
Academic support				26,129
Operations and maintenance				420,352
Community service				14,789
Indirect depreciation				67,930
Total governmental activities				<u>\$ 1,764,786</u>
Business-type activities:				
Bookstore				\$ -
Food service				-
Student housing				583,512
Student union				-
Total business-type activities				<u>\$ 583,512</u>

G. LONG-TERM LIABILITIES

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

Governmental activities

As of June 30, 2017, the governmental long-term liabilities of the College consisted of the following:

Capital leases:

• A ten-year \$520,000 lease purchase entered into on March 1, 2012 for the purchase of Student Union Equipment. The interest rate is 0.50% to 2.25%. The obligation is secured by the equipment.	\$ 270,000
• A twelve-year \$1,360,000 lease purchase entered into on April 15, 2013 for the purchase of Football Field, Bus, Dining Tables & Chairs. The interest rate is 1.833%. The obligation is secured by the equipment.	935,000
• A three-year \$95,165 lease purchase entered into on November 30, 2015 for the purchase of 100 HP computers. The interest rate is 3.89%. The obligation is secured by the equipment.	31,706
• A fifteen-year \$2,620,000 lease purchase entered into on August 15, 2015 for the purchase of equipment. The interest rate is 1.90% to 3.75%. The obligation is secured by the equipment.	2,495,000
• A fifteen-year \$1,305,000 lease purchase entered into on August 15, 2015 for energy conservation improvements. The interest rate is 0.75% to 3.75%. The obligation is secured by the equipment.	1,245,000
• A three-year \$91,641 lease purchase entered into on October 31, 2016 for 100 Lenovo ThinkCentre M700 Computers. The interest rate is 8.30%. The obligation is secured by the equipment.	<u>58,535</u>
	<u>\$ 5,035,241</u>
Current portion	\$ 444,763
Noncurrent portion	<u>4,590,478</u>
Total capital leases	<u>\$ 5,035,241</u>

Interest expense for the fiscal year was \$181,914. Assets recorded under capital leases were \$5,894,685, and corresponding accumulated depreciation at June 30, 2017 was \$805,377.

G. LONG-TERM LIABILITIES (CONTINUED)

Governmental activities (continued)

General obligations bonds:

General obligation capital outlay bonds for improvements were issued July 28, 2015 in the original amount of \$1,170,000. Interest rates are 2.00% to 3.00% and the maturity date is August 1, 2020. The principal balance at June 30, 2017 is \$960,000.

Industrial revenue bonds – component unit:

Industrial revenue bonds for a student activity center were issued by the Dodge City Community College Foundation on September 17, 2014 in the original amount of \$4,715,000. Interest rates are 2.00% to 3.25% and the maturity date is July 15, 2030. The principal balance at June 30, 2017 is \$4,715,000.

Business-type activities

As of June 30, 2017, the business-type long-term liabilities of the College consisted of the following:

Capital lease:

Refunding certificates of participation to refinance student union and dormitory system improvements were issued November 15, 2016 in the original amount of \$4,440,000. Interest rate is 3.00% and the maturity date is April 1, 2035. The principal balance at June 30, 2017 is \$4,300,000.

Revenue bonds:

Revenue bonds for student union and dormitory system improvements were issued August 15, 2010 in the original amount of \$5,060,000. Interest rates are 3.25% to 5.375% and the maturity date is April 1, 2035. These bonds were defeased by refunding certificates of participating on November 15, 2016.

Revenue bonds for student union and dormitory system improvements were issued March 14, 2013 in the original amount of \$6,270,000. Interest rates are 1.00% to 4.00% and the maturity date is April 15, 2039. The principal balance at June 30, 2017 is \$5,725,000.

Revenue bonds for student union and dormitory system improvements were issued February 1, 2016 in the original amount of \$4,195,000. Interest rates are 1.50% to 4.00% and the maturity date is May 1, 2041. The principal balance at June 30, 2017 is \$4,195,000.

G. LONG-TERM LIABILITIES (CONTINUED)

Business-type activities (continued)

The following is a summary of changes in long-term liabilities for the year ended June 30, 2017:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>
Governmental activities:				
Capital lease obligations	\$ 5,376,512	\$ 91,641	\$ 432,912	\$ 5,035,241
Notes payable	34,605	-	34,605	-
General obligation bonds	1,170,000	-	210,000	960,000
Compensated absences payable	332,965	-	161,971	170,994
Early retirement payable	-	21,712	-	21,712
	<u>6,914,082</u>	<u>113,353</u>	<u>839,488</u>	<u>6,187,947</u>
DCCC Foundation activities:				
Industrial revenue bonds	<u>4,950,000</u>	-	<u>235,000</u>	<u>4,715,000</u>
Business-type activities:				
Capital lease	-	4,440,000	-	4,440,000
Revenue bonds	<u>14,405,000</u>	-	<u>4,485,000</u>	<u>9,920,000</u>
	<u>14,405,000</u>	<u>4,440,000</u>	<u>4,485,000</u>	<u>14,360,000</u>
	<u>\$26,269,082</u>	<u>\$ 4,553,353</u>	<u>\$ 5,559,488</u>	<u>\$25,262,947</u>

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

Annual debt service requirements to maturity for capital leases follow:

Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 444,763	\$ 133,098	\$ 577,861
2019	430,478	122,222	552,700
2020	410,000	112,065	522,065
2021	410,000	104,471	514,471
2022	415,000	96,135	511,135
2023-2027	1,700,000	337,978	2,037,978
2028-2032	<u>1,225,000</u>	<u>91,352</u>	<u>1,316,352</u>
Total	<u>\$5,035,241</u>	<u>\$ 997,321</u>	<u>\$6,032,562</u>

G. LONG-TERM LIABILITIES (CONTINUED)

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

Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 230,000	\$ 24,200	\$ 254,200
2019	240,000	18,300	258,300
2020	240,000	11,100	251,100
2021	<u>250,000</u>	<u>3,750</u>	<u>253,750</u>
Total	<u>\$ 960,000</u>	<u>\$ 57,350</u>	<u>\$1,017,350</u>

Annual debt service requirements to maturity for Foundation revenue bonds follow:

Governmental activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 735,000	\$ 126,670	\$ 861,670
2019	255,000	116,770	371,770
2020	260,000	110,320	370,320
2021	270,000	102,370	372,370
2022	280,000	94,120	374,120
2023-2027	1,520,000	338,300	1,858,300
2028-2032	<u>1,395,000</u>	<u>91,335</u>	<u>1,486,335</u>
Total	<u>\$4,715,000</u>	<u>\$ 979,885</u>	<u>\$5,694,885</u>

Annual debt service requirements to maturity for capital leases follow:

Business-type activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ -	\$ 133,200	\$ 133,200
2019	-	133,200	133,200
2020	185,000	133,200	318,200
2021	230,000	127,650	357,650
2022	235,000	120,750	355,750
2023-2027	1,290,000	493,350	1,783,350
2028-2032	1,495,000	288,000	1,783,000
2033-2036	<u>1,005,000</u>	<u>60,900</u>	<u>1,065,900</u>
Total	<u>\$ 4,440,000</u>	<u>\$1,490,250</u>	<u>\$ 5,930,250</u>

G. LONG-TERM LIABILITIES (CONTINUED)

Annual debt service requirements to maturity for revenue bonds follow:

Business-type activities

<u>Year ended June 30,</u>	<u>Principal due</u>	<u>Interest due</u>	<u>Total due</u>
2018	\$ 310,000	\$ 336,220	\$ 646,220
2019	320,000	330,645	650,645
2020	325,000	324,255	649,255
2021	330,000	317,007	647,007
2022	340,000	307,978	647,978
2023-2027	1,845,000	1,397,230	3,242,230
2028-2032	2,175,000	1,077,491	3,252,491
2033-2037	2,590,000	647,093	3,237,093
2038-2041	<u>1,685,000</u>	<u>141,800</u>	<u>1,826,800</u>
Total	<u>\$ 9,920,000</u>	<u>\$4,879,719</u>	<u>\$14,799,719</u>

Student union and dormitory revenue bond disclosures

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

Balance sheet of student housing is on page twenty.

The number of student housing users at the first and last day of classes during the fiscal year was 234 and 271, respectively.

Insurance coverage is carried on all dormitory buildings in the amount of \$16,559,379 with Fee Insurance Group. The policy renews on July 1, 2017. The dormitory buildings are part of the College's blanket policy. Premiums paid for the blanket policy were \$182,263. The approximate premium for the dormitory buildings is \$26,863.

Rate covenants set forth in Section 802 of the bond resolution require debt service coverage ratio of not less than 125%. The College met the rate covenant ratio requirements set forth in Section 802.

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

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

H. BOND DEFEASANCE

On November 15, 2016, the College issued \$4,440,000 of refunding certificates of participation bonds with an interest rate of 3.00%. The College issued the bonds to advance refund \$4,300,000 of outstanding debt with rates ranging between 3.25 and 5.375% interest rate. The refunding proceeds were deposited with an Escrow Agent to provide for all future debt service on the refunded portion of the callable debt. As a result, the refunded bonds are considered defeased, and the College has removed the liability from its accounts.

The advance refunding reduced total debt service payments over the next 19 years by \$733,424. This results in an economic gain (difference between the present values of the debt service payments on the old and new debt) of \$213,663.

I. OPERATING LEASES

The College is obligated under certain leases accounted for as operating leases for the rental of copy machines, a postage machine, communication equipment, vehicles and building. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected as capital assets. Rental expenditures during the year for these operating leases were \$38,183. Future minimum rental payments required under operating leases that have an initial lease term in excess of one year as of June 30, 2017 are \$28,501 and \$17,784 due in fiscal years ending June 30, 2018 and 2019, respectively.

Operating Sub-lease – Dodge City Community College Foundation

On October 15, 2014, the College entered into a sub-lease agreement with the Dodge City Community College Foundation in connection with financing the construction of a community events center and recreational facility for the benefit of the College students. The original term of the lease shall terminate on January 15, 2024. The lease may be extended for extended terms, solely at the option of the lessee, in each of the lessee's fiscal years, provided that at the time of any such extension the remaining lease term shall not exceed ten years and, provided further, that the final extended term shall not exceed beyond July 15, 2030.

Future minimum rental payments due to the Foundation under the original term are as follows:

<u>Year ended June 30,</u>	
2018	\$ 861,670
2019	371,770
2020	370,320
2021	372,372
2022	374,120
Thereafter	<u>1,117,510</u>
Total	<u>\$3,467,760</u>

J. INTERFUND TRANSFERS

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

<u>Transfer from</u>		<u>Transfer to</u>	
General	\$ 900,000	Vocational Education	
RSVP	7,543	RSVP Reserve	
Federal SEOG Grants	<u>172</u>	Federal Work Study Grants	
Total operating	<u>\$ 907,715</u>		

A summary of transfers to and from component unit follows:

<u>Transfer from</u>		<u>Transfer to</u>	
General	\$ 356,405	DCCC Foundation	
DCCC Foundation	<u>68,000</u>	DCCC Scholarship Fund	
Total component unit	<u>\$ 424,405</u>		

K. INTERFUND RECEIVABLES AND PAYABLES

Interfund balances are used when one fund has an obligation to transfer funds to another. The following is a summary of interfund receivables and payables at June 30, 2017:

<u>Amount</u>	<u>Due to</u>	<u>Due from</u>
\$ 2,326	General Fund	LSAMP Grant
<u>198</u>	General Fund	NIH KS Bridges Grant
<u>\$ 2,524</u>		

The General Fund made advances to grant funds that operate on a reimbursement basis that will be repaid when the reimbursement is received.

L. DEFINED CONTRIBUTION PLAN

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

The defined contribution plan is administered by Dodge City Community College and is available to all eligible employees of the College. Under the plan, employees may elect to contribute a whole dollar amount out of their salaries with the employer matching 100% of the contribution up to \$1,500 per year and avoid paying taxes on the contributed portion until the withdrawal date. All eligible employees are immediately vested. The defined contribution amount is available for withdrawal by employees upon termination, retirement, death, or unforeseeable emergency. For the year ended June 30, 2017, the College made total contributions of \$90,947 and the employees contributed \$128,853 to the defined contribution plan.

M. VOLUNTARY EARLY RETIREMENT PLAN

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

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

Year ended June 30,	
2018	\$ 13,741
2019	<u>8,731</u>
	22,472
Discount to present value	<u>(760)</u>
Net present value	<u>\$ 21,712</u>

N. RISK MANAGEMENT

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

Medical self-insurance

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

	<u>Beginning of year liability</u>	<u>Claims and changes in estimates</u>	<u>Claim payments</u>	<u>End of year liability</u>
FY 2016	\$ 57,364	\$ 1,467,034	\$ 1,395,002	\$129,396
FY 2017	129,396	1,873,986	1,657,246	346,136

O. GOVERNMENTAL FUND BALANCES

	<u>General fund</u>	<u>Major Special revenue funds</u>		<u>Capital project fund</u>	<u>Permanent fund</u>	<u>Other funds</u>
		<u>Vocational Education</u>	<u>DCCC Foundation</u>	<u>GO Bonds</u>	<u>Academic Improvement</u>	
Fund balances:						
Non-spendable:						
Endowed	\$ -	\$ -	\$ 1,661,667	\$ -	\$ 58,734	\$ -
Restricted for:						
Institutional support grants	-	-	-	-	-	22,119
Instruction grants	-	-	-	-	-	16,704
Community service grants	-	-	-	-	-	7,205
Construction	-	-	-	28,425	-	-
Scholarships and student grants	-	-	781,325	-	-	27,183
Assigned to:						
Vocational education	-	621,675	-	-	-	-
Adult education	-	-	-	-	-	170,000
Child care	-	-	-	-	-	79,420
Designated for subsequent years expenditure	2,830,181	-	-	-	-	-
Encumbrances	28,000	-	-	-	-	-
Other capital expenditures	-	-	-	-	-	33,107
Other purposes	-	-	-	-	-	124,290
Unassigned	-	-	-	-	-	-
Total	<u>\$ 2,858,181</u>	<u>\$ 621,675</u>	<u>\$ 2,442,992</u>	<u>\$ 28,425</u>	<u>\$ 58,734</u>	<u>\$ 480,028</u>

P. CONTINGENCIES

The College receives significant financial assistance from numerous Federal and State governmental agencies in the form of grants and State pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the College at June 30, 2017.

Q. POSTEMPLOYMENT HEALTHCARE PLAN

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

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

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

Annual required contribution	\$ 600,522
Interest on net OPEB obligation	122,219
Adjustment to annual required contribution	<u>(152,283)</u>
Annual OPEB cost (expense)	570,458
Contributions made	<u>(95,000)</u>
Increase in net OPEB obligation	475,458
Net OPEB obligation - beginning of year	<u>3,491,959</u>
Net OPEB obligation - end of year	<u>\$ 3,967,417</u>

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
6/30/16	\$ 574,591	14.45%	3,491,959
6/30/17	\$ 570,458	16.45%	3,967,417

Funded Status and Funding Progress: The funded status of the plan as of July 1, 2014, was as follows:

Actuarial accrued liability (AAL)	\$ 4,062,459
Actuarial value of assets	-
Unfunded actuarial accrued liability (UAAL)	4,062,459
Funded ratio (actuarial value of plan assets/AAL)	-
Coverage payroll (active plan members)	7,544,257
UAAL as a percentage of covered payroll	53.8%

Q. POSTEMPLOYMENT HEALTHCARE PLAN (CONTINUED)

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

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

In the July 1, 2014, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 3.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 6.5 percent initially, reduced by decrements to an ultimate rate of 4.75 percent after 7 years. Benefits are paid from general operating assets of the College. This arrangement does not qualify as an "OPEB Plan" under GASB requirements and thus these assets may not be reported as an offset to GASB liabilities. The unfunded actuarial accrued liability is being amortized as a level percent-of-pay on an open-basis period. The remaining amortization period at July 1, 2014 was 30 years.

R. DEFINED BENEFIT PENSION PLAN

Plan Description. The College contributes to the Kansas Public Employees Retirement System which is a cost sharing multiple employer defined benefit pension plan. The Kansas Public Employees Retirement System (KPERs, or the System) is a body corporate and an instrumentality of the State of Kansas. KPERs is the administrator of a cost-sharing multiple-employer defined-benefit pension plan (Pension Plan) as defined in Governmental Accounting Standards Board (GASB) Statement No. 67, Financial Reporting for Pension Plans. KPERs financial statements are included in its Comprehensive Annual Financial Report which can be found on the System's website at www.kpers.org. Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional but irrevocable once elected.

Benefits: Benefits are established by statute and may only be changed by the General Assembly. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of credited service equal 85 "points" (Police and Firemen' normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 32 years of service).

R. DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

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

For the year ended June 30, 2017, the College's total payroll for all employees was \$11,750,366. Total covered payroll was \$10,216,174. Covered payroll refers to all compensation paid by the College to active employees covered by the Plan.

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers, which includes the state and the school employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 0.9% of total payroll for the fiscal year ended June 30, 2017.

The actuarially determined employer contribution rates (not including the 0.85% contribution rate for the Death and Disability Program) and the statutory contribution rates are as follows:

	<u>Actuarial employer rate</u>	<u>Statutory employer capped rate</u>
State employees	11.44%	10.91%
School employees	16.00	10.91
State/School employees (combined rate) *	14.95	10.91
Local government employees	9.18	9.18
Police and Firemen	20.42	20.42
Judges	23.98	23.98

R. DEFINED BENEFIT PENSION PLAN (CONTINUED)

* The State/School subgroups are combined into one group for purposes of determining a contribution rate.

Member contribution rates as a percentage of eligible compensation in fiscal year 2017 are 6.00% for Public employees, 7.15% for Police and Firemen, and 2.00% or 6.00% for Judges.

Special Funding Situation: The employer contributions for non-public school district schools, as defined in K.S.A. 74-4913 (2) and (4), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, area vocational-technical schools and community junior colleges, are considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the System.

Since the College does not contribute directly to the System, there is no net pension liability or deferred inflows or outflows to report in their financial statements. The notes to their financial statements must disclose the portion of the College's total proportionate share of the collective net pension liability that is associated with the College. In addition, the College must recognize the pension expense contributed by the State of Kansas as well as revenue in an amount equal to the College's total proportionate share of the collective pension expense associated with the College.

Pension Liabilities: At June 30, 2017 and 2016, the proportionate share of the net pension liability reported by the State attributable to the College was \$15,727,234 and \$15,651,512. The net pension liability was measured as of June 30, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date.

Pension Expense: At June 30, 2017 and 2016, the State of Kansas contributed \$1,494,829 and \$981,905. The payments made by the State of Kansas have been recognized as revenues and expenses in the Statement of Activities.

Actuarial Assumptions. The total pension liability for the June 30, 2016 measurement date was determined by an actuarial valuation as of December 31, 2015, which was rolled forward to June 30, 2016. The total pension liability for the June 30, 2015 measurement date was determined by an actuarial valuation as of December 31, 2014, which was rolled forward to June 30, 2015. These actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	3.00 percent
Wage inflation	4.00 percent
Salary increases, including wage increases	4.00 to 16.00 percent, including inflation
Long-term rate of return net of investment expense, and including price inflation	8.00 percent

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on Scale AA.

The actuarial assumptions used in the December 31, 2015 valuation was based on the results of an actuarial experience study conducted for the three year period ending December 31, 2012.

R. DEFINED BENEFIT PENSION PLAN (CONTINUED)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2016 (see the discussion of the pension plan's investment policy) are summarized in the following table:

Asset class	<u>June 30, 2016</u>	
	<u>Long-term target allocation</u>	<u>Long-term expected real rate of return</u>
Global Equity	47.00%	6.80%
Fixed income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	<u>2.00</u>	(0.25)
Total	<u>100.00%</u>	

Discount Rate: The discount rate used to measure the total pension liability was 8.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by the System's Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Employers contribute the full actuarial determined rate for Police & Firemen, and Judges. Future employer contribution rates were also modeled for Police & Firemen and Judges, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate: The following tables present the net pension liability of the Pension Plan as of June 30, 2016, calculated using the discount rate of 8.00%, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (7.00%) or 1-percentage-point higher (9.00%) than the current rate:

	<u>Discount rate</u>	<u>College's proportionate share of net pension liability</u>
1% decrease	7.0%	\$ 217,788
Current discount rate	8.0%	167,489
1% increase	9.0%	124,763

S. SUBSEQUENT EVENTS

Subsequent events were evaluated through January 5, 2018, which is the date the financial statements were available to be issued. Management's evaluation concluded the following subsequent be disclosed in these financial statements:

On July 10, 2017, the College and specified current and former employees of the College were served with a Grand Jury Subpoena issued by the U.S. District Court for the District of Arizona. The Grand Jury Subpoena identified numerous documents to be produced primarily related to the College's business relationship with a private corporation, the College's flight program and benefits paid to or on behalf of students through the U.S. Department of Veterans Affairs. The College is cooperating fully in responding to the Grand Jury Subpoena.

T. SEGMENT INFORMATION

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

SUPPLEMENTARY INFORMATION

COMBINING FINANCIAL STATEMENTS

DODGE CITY COMMUNITY COLLEGE

**COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2017

	Nonmajor special revenue funds	Capital project funds	Permanent fund <u>Academic improvement</u>	Total nonmajor governmental funds
<u>ASSETS</u>				
Cash	\$ 673,885	\$ -	\$ -	\$ 673,885
Property taxes receivable	15,125	-	-	15,125
Due from other governments	43,677	-	-	43,677
Restricted cash	-	28,425	58,734	87,159
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 732,687</u>	<u>\$ 28,425</u>	<u>\$ 58,734</u>	<u>\$ 819,846</u>
<u>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</u>				
Liabilities:				
Due to other funds	\$ 2,524	\$ -	\$ -	\$ 2,524
Accounts payable	45,823	-	-	45,823
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	48,347	-	-	48,347
Deferred inflows of resources:				
Property taxes	204,312	-	-	204,312
	<hr/>	<hr/>	<hr/>	<hr/>
Total deferred inflows of resources	204,312	-	-	204,312
Fund balances:				
Nonspendable	-	-	58,734	58,734
Restricted	77,213	28,425	-	105,638
Assigned	402,815	-	-	402,815
Unassigned	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	480,028	28,425	58,734	567,187
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 732,687</u>	<u>\$ 28,425</u>	<u>\$ 58,734</u>	<u>\$ 819,846</u>

DODGE CITY COMMUNITY COLLEGE

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

June 30, 2017

	<u>Adult supplementary education</u>	<u>Adult basic education</u>	<u>Capital outlay</u>	<u>Adult basic education United Way</u>
<u>ASSETS</u>				
Cash	\$ 11,652	\$ 143,270	\$ 222,294	\$ 17,001
Property taxes receivable	-	-	15,125	-
Due from other governments	-	-	-	-
 Total assets	 <u>\$ 11,652</u>	 <u>\$ 143,270</u>	 <u>\$ 237,419</u>	 <u>\$ 17,001</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	992	-	931
 Total liabilities	 <u>-</u>	 <u>992</u>	 <u>-</u>	 <u>931</u>
Deferred inflows of resources:				
Property taxes	-	-	204,312	-
 Total deferred inflows of resources	 <u>-</u>	 <u>-</u>	 <u>204,312</u>	 <u>-</u>
Fund balances:				
Restricted	-	-	-	-
Assigned	11,652	142,278	33,107	16,070
 Total fund balances	 <u>11,652</u>	 <u>142,278</u>	 <u>33,107</u>	 <u>16,070</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 11,652</u>	 <u>\$ 143,270</u>	 <u>\$ 237,419</u>	 <u>\$ 17,001</u>

<u>DCCC child development center</u>	<u>DCCC scholarship award program</u>	<u>Divisional scholarship</u>	<u>Financial aid administration</u>
\$ 82,130	\$ 2,774	\$ 12,937	\$ 26,034
-	-	-	-
-	-	-	-
<u>\$ 82,130</u>	<u>\$ 2,774</u>	<u>\$ 12,937</u>	<u>\$ 26,034</u>
\$ -	\$ -	\$ -	\$ -
2,710	-	-	-
<u>2,710</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-
-	-	-	-
-	2,774	12,937	-
79,420	-	-	26,034
<u>79,420</u>	<u>2,774</u>	<u>12,937</u>	<u>26,034</u>
\$ 82,130	\$ 2,774	\$ 12,937	\$ 26,034

DODGE CITY COMMUNITY COLLEGE

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

June 30, 2017

	<u>Special revenue activity accounts</u>	<u>Kit Walker Ashland scholarship</u>	<u>RSVP grants</u>	<u>RSVP reserve</u>
<u>ASSETS</u>				
Cash	\$ 79,081	\$ 7,981	\$ 14,192	\$ 12,352
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
 Total assets	<u>\$ 79,081</u>	<u>\$ 7,981</u>	<u>\$ 14,192</u>	<u>\$ 12,352</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	918	-
 Total liabilities	<u>-</u>	<u>-</u>	<u>918</u>	<u>-</u>
Deferred inflows of resources:				
Property taxes	-	-	-	-
 Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:				
Restricted	-	7,981	13,274	-
Assigned	79,081	-	-	12,352
 Total fund balances	<u>79,081</u>	<u>7,981</u>	<u>13,274</u>	<u>12,352</u>
 Total liabilities, deferred inflows of resources and fund balances	<u>\$ 79,081</u>	<u>\$ 7,981</u>	<u>\$ 14,192</u>	<u>\$ 12,352</u>

<u>Home food program</u>	<u>DCCC foundation capital campaign</u>	<u>LSAMP grant</u>	<u>Nursing initiative grants</u>	<u>NIH Kansas bridges grants</u>	<u>Federal family educational loan</u>
\$ 1,003	\$ 2,821	\$ -	\$ 5,320	\$ -	\$ 1,339
-	-	-	-	-	-
<u>39,352</u>	<u>-</u>	<u>2,326</u>	<u>1,780</u>	<u>219</u>	<u>-</u>
<u>\$ 40,355</u>	<u>\$ 2,821</u>	<u>\$ 2,326</u>	<u>\$ 7,100</u>	<u>\$ 219</u>	<u>\$ 1,339</u>
\$ -	\$ -	\$ 2,326	\$ -	\$ 198	\$ -
33,150	-	-	7,076	21	-
<u>33,150</u>	<u>-</u>	<u>2,326</u>	<u>7,076</u>	<u>219</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
7,205	-	-	24	-	1,339
-	2,821	-	-	-	-
<u>7,205</u>	<u>2,821</u>	<u>-</u>	<u>24</u>	<u>-</u>	<u>1,339</u>
<u>\$ 40,355</u>	<u>\$ 2,821</u>	<u>\$ 2,326</u>	<u>\$ 7,100</u>	<u>\$ 219</u>	<u>\$ 1,339</u>

DODGE CITY COMMUNITY COLLEGE

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

June 30, 2017

	<u>GED accelerator</u>	<u>High school equivalency program grant</u>	<u>Workforce aid grant</u>	<u>International rescue grant</u>
<u>ASSETS</u>				
Cash	\$ 4,002	\$ 8,140	\$ 8,540	\$ 629
Property taxes receivable	-	-	-	-
Due from other governments	-	-	-	-
 Total assets	 <u>\$ 4,002</u>	 <u>\$ 8,140</u>	 <u>\$ 8,540</u>	 <u>\$ 629</u>
 <u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</u>				
Liabilities:				
Due to other funds	\$ -	\$ -	\$ -	\$ -
Accounts payable	-	-	-	-
 Total liabilities	 -	 -	 -	 -
Deferred inflows of resources:				
Property taxes	-	-	-	-
 Total deferred inflows of resources	 -	 -	 -	 -
Fund balances:				
Restricted	4,002	8,140	8,540	629
Assigned	-	-	-	-
 Total fund balances	 <u>4,002</u>	 <u>8,140</u>	 <u>8,540</u>	 <u>629</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 4,002</u>	 <u>\$ 8,140</u>	 <u>\$ 8,540</u>	 <u>\$ 629</u>

Dollar Tree ABE grant	Title V	Goals partners 4 success	Total nonmajor special revenue funds
\$ 8,845 - -	\$ - - -	\$ 1,548 - -	\$ 673,885 15,125 43,677
<u>\$ 8,845</u>	<u>\$ -</u>	<u>\$ 1,548</u>	<u>\$ 732,687</u>
\$ - -	\$ - -	\$ - 25	\$ 2,524 45,823
-	-	25	48,347
-	-	-	204,312
-	-	-	204,312
8,845 -	- -	1,523 -	77,213 402,815
<u>8,845</u>	<u>-</u>	<u>1,523</u>	<u>480,028</u>
<u>\$ 8,845</u>	<u>\$ -</u>	<u>\$ 1,548</u>	<u>\$ 732,687</u>

DODGE CITY COMMUNITY COLLEGE

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
CAPITAL PROJECTS FUNDS

June 30, 2017

	<u>Certificates of participation series 2013</u>	<u>Capital outlay GO bond deferred maintenance</u>	<u>Total nonmajor capital projects funds</u>
<u>ASSETS</u>			
Restricted cash	<u>\$ 23,641</u>	<u>\$ 4,784</u>	<u>\$ 28,425</u>
<u>LIABILITIES AND FUND BALANCES</u>			
Accounts payable	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balances:			
Restricted	<u>23,641</u>	<u>4,784</u>	<u>28,425</u>
Total fund balances	<u>23,641</u>	<u>4,784</u>	<u>28,425</u>
Total liabilities and fund	<u>\$ 23,641</u>	<u>\$ 4,784</u>	<u>\$ 28,425</u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	Nonmajor special revenue funds	Capital project funds	Permanent fund <u>Academic improvement</u>	Total nonmajor governmental funds
Revenue:				
Student fees	\$ 550,000	\$ -	\$ -	\$ 550,000
Charges for services	265,302	-	-	265,302
Local support	700,009	-	-	700,009
State support	80,868	-	-	80,868
Federal support	5,530,788	-	-	5,530,788
Private gifts	696,570	-	-	696,570
Investment earnings	6	56	324	386
Miscellaneous	117,055	-	-	117,055
	<u>7,940,598</u>	<u>56</u>	<u>324</u>	<u>7,940,978</u>
Expenditures:				
Education and general:				
Institutional support	1,381,479	-	-	1,381,479
Instruction	206,347	-	-	206,347
Scholarships and grants	5,104,819	-	-	5,104,819
Community service	671,885	-	-	671,885
Capital outlay	686,454	617,151	-	1,303,605
Refund to state	1,042	-	-	1,042
Debt service:				
Principal	244,605	-	-	244,605
Interest	42,843	-	-	42,843
	<u>8,339,474</u>	<u>617,151</u>	<u>-</u>	<u>8,956,625</u>
Excess (deficiency) of revenue over expenditures	<u>(398,876)</u>	<u>(617,095)</u>	<u>324</u>	<u>(1,015,647)</u>
Other financing sources (uses):				
Transfers in	75,715	-	-	75,715
Transfers out	(7,715)	-	-	(7,715)
	<u>68,000</u>	<u>-</u>	<u>-</u>	<u>68,000</u>
Net change in fund balances	<u>(330,876)</u>	<u>(617,095)</u>	<u>324</u>	<u>(947,647)</u>
Fund balances, beginning of year	810,904	645,520	58,410	1,514,834
Fund balances, end of year	<u>\$ 480,028</u>	<u>\$ 28,425</u>	<u>\$ 58,734</u>	<u>\$ 567,187</u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	Adult supplementary education	Adult basic education	Capital outlay	Adult basic education United Way
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Charges for services	-	15,929	-	-
Local support	-	56,367	643,642	-
State support	-	59,968	-	-
Federal support	-	122,675	-	-
Private support and gifts	-	-	-	16,504
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
	-	254,939	643,642	16,504
Total revenue	-	254,939	643,642	16,504
Expenditures:				
Education and general:				
Institutional support	-	138,094	-	-
Instruction	762	127,335	-	4,279
Scholarships and grants	-	-	-	-
Community service	-	-	-	-
Capital outlay	-	-	370,956	-
Refund to state	-	-	-	-
Debt service:				
Principal	-	-	244,605	-
Interest and fees	-	-	42,843	-
	762	265,429	658,404	4,279
Total expenditures	762	265,429	658,404	4,279
Excess (deficiency) of revenue over expenditures	(762)	(10,490)	(14,762)	12,225
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Total other financing sources and uses	-	-	-	-
Net change in fund balances	(762)	(10,490)	(14,762)	12,225
Fund balances (deficits), beginning of year	12,414	152,768	47,869	3,845
Fund balances end of year	\$ 11,652	\$ 142,278	\$ 33,107	\$ 16,070

<u>DCCC child development center</u>	<u>DCCC scholarship award program</u>	<u>Activity center grant</u>	<u>Divisional scholarship</u>	<u>Financial aid administration</u>
\$ -	\$ -	\$ -	\$ 550,000	\$ -
221,242	-	-	12,717	-
-	-	-	-	-
-	-	-	-	-
12,232	-	-	-	-
-	200,674	-	20,500	-
-	-	-	-	-
-	-	-	-	10,361
<u>233,474</u>	<u>200,674</u>	<u>-</u>	<u>583,217</u>	<u>10,361</u>
-	-	-	-	3,745
-	-	-	-	-
-	228,596	-	649,511	-
219,823	-	-	-	-
-	-	265,104	-	-
-	-	-	-	-
-	-	-	-	-
<u>219,823</u>	<u>228,596</u>	<u>265,104</u>	<u>649,511</u>	<u>3,745</u>
<u>13,651</u>	<u>(27,922)</u>	<u>(265,104)</u>	<u>(66,294)</u>	<u>6,616</u>
-	-	-	68,000	-
-	-	-	-	-
-	-	-	68,000	-
13,651	(27,922)	(265,104)	1,706	6,616
<u>65,769</u>	<u>30,696</u>	<u>265,104</u>	<u>11,231</u>	<u>19,418</u>
<u>\$ 79,420</u>	<u>\$ 2,774</u>	<u>\$ -</u>	<u>\$ 12,937</u>	<u>\$ 26,034</u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	Special revenue activity accounts	Kit Walker Ashland scholarship	RSVP grants	RSVP reserve
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Charges for services	15,414	-	-	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	-	-	64,392	-
Private support and gifts	-	-	4,677	-
Investment earnings	-	-	-	-
Miscellaneous	106,594	-	-	-
	<u>122,008</u>	<u>-</u>	<u>69,069</u>	<u>-</u>
Total revenue				
Expenditures:				
Education and general:				
Institutional support	121,853	-	63,069	-
Instruction	-	-	-	-
Scholarships and grants	-	7,019	-	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Refund to state	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
	<u>121,853</u>	<u>7,019</u>	<u>63,069</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenue over expenditure:	<u>155</u>	<u>(7,019)</u>	<u>6,000</u>	<u>-</u>
Other financing sources (uses):				
Transfers in	-	-	-	7,543
Transfers out	-	-	(7,543)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(7,543)</u>	<u>7,543</u>
Net change in fund balances	155	(7,019)	(1,543)	7,543
Fund balances (deficits), beginning of year	<u>78,926</u>	<u>15,000</u>	<u>14,817</u>	<u>4,809</u>
Fund balances end of year	<u>\$ 79,081</u>	<u>\$ 7,981</u>	<u>\$ 13,274</u>	<u>\$ 12,352</u>

<u>Home food program</u>	<u>DCCC foundation capital campaign</u>	<u>Home food program reserve</u>	<u>Nursing initiative grants</u>	<u>NIH Kansas bridges grants</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	8,900	-
449,971	-	-	5,000	17,253
-	2,810	-	-	-
-	6	-	-	-
100	-	-	-	-
<u>450,071</u>	<u>2,816</u>	<u>-</u>	<u>13,900</u>	<u>17,253</u>
-	-	-	-	17,253
-	-	-	14,878	-
-	-	-	-	-
452,062	-	-	-	-
-	50,394	-	-	-
1,042	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>453,104</u>	<u>50,394</u>	<u>-</u>	<u>14,878</u>	<u>17,253</u>
<u>(3,033)</u>	<u>(47,578)</u>	<u>-</u>	<u>(978)</u>	<u>-</u>
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>(3,033)</u>	<u>(47,578)</u>	<u>-</u>	<u>(978)</u>	<u>-</u>
<u>10,238</u>	<u>50,399</u>	<u>-</u>	<u>1,002</u>	<u>-</u>
<u>\$ 7,205</u>	<u>\$ 2,821</u>	<u>\$ -</u>	<u>\$ 24</u>	<u>\$ -</u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	Federal PELL grants	Federal family educational loan	Federal SEOG grants	Federal work study grants
Revenue:				
Student fees	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Local support	-	-	-	-
State support	-	-	-	-
Federal support	2,286,129	-	51,417	64,813
Private support and gifts	-	435,082	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
	<u>2,286,129</u>	<u>435,082</u>	<u>51,417</u>	<u>64,813</u>
Total revenue				
	<u>2,286,129</u>	<u>435,082</u>	<u>51,417</u>	<u>64,813</u>
Expenditures:				
Education and general:				
Institutional support	-	-	7,136	64,985
Instruction	-	-	-	-
Scholarships and grants	2,286,129	435,082	44,400	-
Community service	-	-	-	-
Capital outlay	-	-	-	-
Refund to state	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fees	-	-	-	-
	<u>2,286,129</u>	<u>435,082</u>	<u>51,536</u>	<u>64,985</u>
Total expenditures				
	<u>2,286,129</u>	<u>435,082</u>	<u>51,536</u>	<u>64,985</u>
Excess (deficiency) of revenue over expenditure:	<u>-</u>	<u>-</u>	<u>(119)</u>	<u>(172)</u>
Other financing sources (uses):				
Transfers in	-	-	-	172
Transfers out	-	-	(172)	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>(172)</u>	<u>172</u>
Net change in fund balances	-	-	(291)	-
Fund balances (deficits), beginning of year	<u>-</u>	<u>1,339</u>	<u>291</u>	<u>-</u>
Fund balances end of year	<u>\$ -</u>	<u>\$ 1,339</u>	<u>\$ -</u>	<u>\$ -</u>

<u>Federal direct loan</u>	<u>Student support services</u>	<u>GED accelerator</u>	<u>High school equivalency program grant</u>	<u>Workforce aid grant</u>
\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-
-	-	-	-	-
-	-	-	12,000	-
1,454,082	207,695	4,002	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,454,082</u>	<u>207,695</u>	<u>4,002</u>	<u>12,000</u>	<u>-</u>
-	207,695	-	-	-
-	-	-	8,782	-
1,454,082	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
<u>1,454,082</u>	<u>207,695</u>	<u>-</u>	<u>8,782</u>	<u>-</u>
-	-	4,002	3,218	-
-	-	-	-	-
-	-	-	-	-
-	-	-	-	-
-	-	4,002	3,218	-
-	-	-	4,922	8,540
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,002</u>	<u>\$ 8,140</u>	<u>\$ 8,540</u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	International rescue grant	Dollar Tree ABE grant	LSAMP grant
	<u> </u>	<u> </u>	<u> </u>
Revenue:			
Student fees	\$ -	\$ -	\$ -
Charges for services	-	-	-
Local support	-	-	-
State support	-	-	-
Federal support	3,568	-	41,049
Private support and gifts	6,323	10,000	-
Investment earnings	-	-	-
Miscellaneous	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total revenue	<u>9,891</u>	<u>10,000</u>	<u>41,049</u>
Expenditures:			
Education and general:			
Institutional support	-	12,662	-
Instruction	9,262	-	41,049
Scholarships and grants	-	-	-
Community service	-	-	-
Capital outlay	-	-	-
Refund to state	-	-	-
Debt service:			
Principal	-	-	-
Interest and fees	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Total expenditures	<u>9,262</u>	<u>12,662</u>	<u>41,049</u>
Excess (deficiency) of revenue over expenditures	<u>629</u>	<u>(2,662)</u>	<u>-</u>
Other financing sources (uses):			
Transfers in	-	-	-
Transfers out	-	-	-
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	629	(2,662)	-
Fund balances (deficits), beginning of year	<u>-</u>	<u>11,507</u>	<u>-</u>
Fund balances end of year	<u><u>\$ 629</u></u>	<u><u>\$ 8,845</u></u>	<u><u>\$ -</u></u>

<u>Title V</u>	<u>Goals partners 4 success</u>	<u>Total nonmajor special revenue funds</u>
\$ -	\$ -	\$ 550,000
-	-	265,302
-	-	700,009
-	-	80,868
743,741	2,769	5,530,788
-	-	696,570
-	-	6
-	-	117,055
<u>743,741</u>	<u>2,769</u>	<u>7,940,598</u>
743,741	1,246	1,381,479
-	-	206,347
-	-	5,104,819
-	-	671,885
-	-	686,454
-	-	1,042
-	-	244,605
-	-	42,843
<u>743,741</u>	<u>1,246</u>	<u>8,339,474</u>
<u>-</u>	<u>1,523</u>	<u>(398,876)</u>
-	-	75,715
-	-	(7,715)
-	-	68,000
-	1,523	(330,876)
-	-	810,904
<u>\$ -</u>	<u>\$ 1,523</u>	<u>\$ 480,028</u>

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	<u>Certificates of participation series 2013</u>	<u>Capital outlay GO bond deferred maintenance</u>	<u>Certificates of participation series 2015B</u>	<u>Total nonmajor capital projects funds</u>
Revenue:				
Investment earnings	\$ 34	\$ -	\$ 22	\$ 56
Expenditures:				
Education and general:				
Capital outlay	<u>-</u>	<u>86,477</u>	<u>530,674</u>	<u>617,151</u>
Net change in fund balances	34	(86,477)	(530,652)	(617,095)
Fund balances, beginning of year	<u>23,607</u>	<u>91,261</u>	<u>530,652</u>	<u>645,520</u>
Fund balances end of year	<u><u>\$ 23,641</u></u>	<u><u>\$ 4,784</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 28,425</u></u>

DODGE CITY COMMUNITY COLLEGE

**COMBINING BALANCE SHEET
INTERNAL SERVICE FUNDS**

June 30, 2017

	Central stores	Medical benefit plan	Total internal service funds
<u>ASSETS</u>			
Current assets:			
Cash and cash equivalents	\$ 32,333	\$ -	\$ 32,333
Receivables, net	-	231,685	231,685
Inventories	8,117	-	8,117
Total current assets	40,450	231,685	272,135
Noncurrent assets:			
Restricted cash and cash equivalents	-	2,443,371	2,443,371
Total assets	\$ 40,450	\$ 2,675,056	\$ 2,715,506
<u>LIABILITIES</u>			
Current liabilities:			
Accounts payable	\$ 444	\$ -	\$ 444
Medical claims payable	-	346,136	346,136
Total current liabilities	444	346,136	346,580
<u>NET POSITION</u>			
Unrestricted	40,006	2,328,920	2,368,926
Total liabilities and net position	\$ 40,450	\$ 2,675,056	\$ 2,715,506

DODGE CITY COMMUNITY COLLEGE

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

Year ended June 30, 2017

	<u>Central stores</u>	<u>Medical benefit plan</u>	<u>Total internal service funds</u>
Operating revenue:			
Charges for services	<u>\$ 48,016</u>	<u>\$ 1,562,736</u>	<u>\$ 1,610,752</u>
Operating expenses:			
Contractual services	-	1,642,300	1,642,300
Other supplies and expenses	<u>52,688</u>	<u>-</u>	<u>52,688</u>
Total operating expenses	<u>52,688</u>	<u>1,642,300</u>	<u>1,694,988</u>
Operating income	(4,672)	(79,564)	(84,236)
Nonoperating revenue:			
Interest and investment revenue	<u>-</u>	<u>9,350</u>	<u>9,350</u>
Change in net position	(4,672)	(70,214)	(74,886)
Total net position, beginning of year	<u>44,678</u>	<u>2,399,134</u>	<u>2,443,812</u>
Total net position, end of year	<u><u>\$ 40,006</u></u>	<u><u>\$ 2,328,920</u></u>	<u><u>\$ 2,368,926</u></u>

DODGE CITY COMMUNITY COLLEGE

COMBINING STATEMENT OF CASH FLOWS INTERNAL SERVICE FUNDS

Year ended June 30, 2017

	Central stores	Medical benefit plan	Total
Cash flows from operating activities:			
Receipts from customers	\$ 48,016	\$ 1,331,051	\$ 1,379,067
Payments for goods and services	(36,464)	(1,425,560)	(1,462,024)
Net cash provided (used) by operating activities	11,552	(94,509)	(82,957)
Cash flows from investing activities:			
Interest and dividends	-	9,350	9,350
Net increase (decrease) in cash and cash equivalents	11,552	(85,159)	(73,607)
Balances, beginning of year	20,781	2,528,530	2,549,311
Balances, end of year	\$ 32,333	\$ 2,443,371	\$ 2,475,704
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ (4,672)	\$ (79,564)	\$ (84,236)
Adjustments to reconcile operating income (loss) to to net cash provided (used) by operating activities:			
Change in assets and liabilities:			
Receivables, net	-	(231,685)	(231,685)
Inventories	16,237	-	16,237
Accounts and other payables	(13)	216,740	216,727
Net cash provided (used) by operating activities	\$ 11,552	\$ (94,509)	\$ (82,957)

DODGE CITY COMMUNITY COLLEGE

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

June 30, 2017

	<u>Flexible spending account</u>	<u>Activity accounts</u>	<u>Janney interest free loan</u>	<u>Activity accounts clearing</u>	<u>Helicopter flight fees</u>	<u>Universal Helicopter admin fees</u>	<u>Total agency funds</u>
<u>ASSETS</u>							
Cash and cash equivalents	<u>\$ 14,171</u>	<u>\$ 97,595</u>	<u>\$ 650</u>	<u>\$358,751</u>	<u>\$326,269</u>	<u>\$ 12,066</u>	<u>\$ 809,502</u>
Total assets	<u><u>\$ 14,171</u></u>	<u><u>\$ 97,595</u></u>	<u><u>\$ 650</u></u>	<u><u>\$358,751</u></u>	<u><u>\$326,269</u></u>	<u><u>\$ 12,066</u></u>	<u><u>\$ 809,502</u></u>
<u>LIABILITIES</u>							
Due to others	<u>\$ 14,171</u>	<u>\$ 97,595</u>	<u>\$ 650</u>	<u>\$358,751</u>	<u>\$326,269</u>	<u>\$ 12,066</u>	<u>\$ 809,502</u>
Total liabilities	<u><u>\$ 14,171</u></u>	<u><u>\$ 97,595</u></u>	<u><u>\$ 650</u></u>	<u><u>\$358,751</u></u>	<u><u>\$326,269</u></u>	<u><u>\$ 12,066</u></u>	<u><u>\$ 809,502</u></u>

APPENDICES

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

Board of Trustees
Dodge City Community College
Dodge City, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Dodge City Community College, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise Dodge City Community College's basic financial statements and have issued our report thereon dated January 5, 2018. The financial statements of the Dodge City Community College Endowment Association were not audited in accordance with *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Dodge 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 Dodge City Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Dodge 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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Dodge City Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Kennedy McKee & Company LLP

January 5, 2018

Kennedy
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

Board of Trustees
Dodge City Community College
Dodge City, Kansas

Report on Compliance for Each Major Federal Program

We have audited Dodge City Community College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Dodge City Community College's major federal programs for the year ended June 30, 2017. Dodge City Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Dodge 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Dodge City Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Dodge City Community College's compliance.

Opinion on Each Major Federal Program

In our opinion, Dodge City Community College complied, in all material respects, with the types of 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, 2017.

Other Matters

The results our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2017-001. Our opinion on each major federal program is not modified with respect to these matters.

Dodge City Community College's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Dodge city Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Dodge 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 Dodge City Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Dodge City Community College's internal control over compliance.

A 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2017-001, 2017-002 and 2017-003, which we consider to be significant deficiencies.

Dodge City Community College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Dodge City Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Kennedy McKee & Company LLP

January 5, 2018

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2017

Federal grantor/ pass-through grantor/ program title	Federal CFDA number	Pass-through grantor's number	Expenditures
U.S. Department of Agriculture			
Passed through Kansas			
Department of Education:			
Team Nutrition Grant	10.574	SA# J0807	\$ 100
Child and Adult Care Food Program, 2016-17	10.558	SA# J0807	346,257
Child and Adult Care Food Program, 2015-16	10.558	SA# J0807	117,937
Passed through Garden City			
Community College:			
Generating Opportunities to Attain Lifelong Success	10.596	EES-2016- E&TPILOT 2017	1,246
National Science Foundation			
Passed through Kansas State University			
Pathways to STEM: Kansas Louis Stokes			
Alliance for Minority Participation	47.076	S14099	41,049
U.S. Department of Education			
Direct programs:			
Student Financial Assistance Programs:			
Federal Supplemental Educational Opportunity Grant, 2016-17	84.007	N/A	42,225
Federal Supplemental Educational Opportunity Grant, 2015-16	84.007	N/A	9,311
Federal Work Study Program, 2016-17	84.033	N/A	64,985
Federal Pell Grant Program, 2016-17	84.063	N/A	2,144,977
Federal Pell Grant Program, 2015-16	84.063	N/A	141,152
Federal Direct Student Loans	84.268	N/A	1,478,226
Title V – Connecting to Success 2015-16	84.031S	N/A	288,701
Title V – Connecting to Success 2016-2017	84.031S	N/A	455,040
TRIO – Student Support Services 2016-17	84.042A	N/A	157,118
TRIO – Student Support Services 2015-16	84.042A	N/A	50,577
Passed through Kansas Board of Regents:			
Adult Education State Grant Program	84.002	N/A	122,675
Vocational Education – Carl Perkins	84.048	N/A	87,898
Outcome Metrics – Carl Perkins	84.048	N/A	5,000
U.S. Department of Health and Human Services			
Passed through International Rescue Committee:			
Refugee Social Services 2015-16	93.566	EES-2015-RSS-04-G	3,568
Passed through Kansas State University:			
Kansas Bridges to the Future, 2014-15	93.859	S17028	17,253
Corporation for National Service			
Direct program:			
Retired and Senior Volunteer Program, 2016-17	94.002	N/A	43,500
Total federal awards			<u>\$ 5,618,795</u>

DODGE CITY COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended June 30, 2017

A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Dodge City Community College under programs of the federal government for the year ended June 30, 2017. The information in this Schedule is presented in accordance with the requirement of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operation of Dodge City Community College, it is not intended to and does not present the financial position and changes in net position of Dodge City Community College.

B. BASIS OF ACCOUNTING

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

C. INDIRECT COST RATE

Dodge City Community College has not elected to use the 10% de minimis cost rate as allowed under the Uniform Guidance.

D. AWARDS PASSED-THROUGH TO SUBRECIPIENTS

Dodge City Community College did not make any awards to subrecipients.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended June 30, 2017

A. SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on whether the financial statements of Dodge City Community College were prepared in accordance with GAAP.
2. No significant deficiencies relating to the audit of the financial statements are reported in the Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*.
3. No instances of noncompliance material to the financial statements of Dodge City Community College, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. Three significant deficiencies in internal control over major federal award programs disclosed during the audit are reported in the Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance. No material weaknesses are reported.
5. The auditor's report on compliance for the major federal award programs for Dodge City Community College expresses an unmodified opinion on all major federal programs.
6. Audit findings required to be reported in accordance with 2 CFR section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs included:

Student Financial Aid Cluster:	
Federal Supplemental Educational Opportunity Grant	CFDA 84.007
Federal Work Study Program	CFDA 84.033
Federal Pell Grant Program	CFDA 84.063
Federal Direct Student Loans	CFDA 84.268
8. The threshold for distinguishing between Type A and Type B programs was \$750,000.
9. Dodge City Community College qualified as a low-risk auditee.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2017

B. FINDINGS--FINANCIAL STATEMENTS AUDIT

None noted

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

DEPARTMENT OF EDUCATION

SIGNIFICANT DEFICIENCY

2017-001 Student Financial Aid Cluster – CFDA No. 84.063, 84.268
Grant period: Year Ended June 30, 2017

Condition: We examined 40 of the 732 Title IV aid recipients to verify that information reported on the Enrollment Reporting roster file sent to the National Student Loan Data System (NSLDS) matched the student's academic files and found 21 instances where information was reported incorrectly to the NSLDS.

Criteria: Per 34 CFR 685.309 and 690.83(b)(2) and the compliance supplement, enrollment information must be reported within 30 days whenever attendance changes for students, unless a roster will be submitted within 60 days.

Cause: College personnel failed to review, update, and verify student enrollment statuses and effective dates on the enrollment reporting roster file.

Effect: Students could potentially not be placed into grace or repayment status in a timely manner; and in other cases they may be placed in a grace or repayment status when they should not have.

Recommendation: We recommend that personnel in charge of enrollment reporting be diligent in reviewing the roster file to ensure that attendance changes are reported in a timely and accurate manner.

Grantee Response: Dodge City Community College staff involved in enrollment reporting to the NSLDS has reviewed the NSLDS Reporting Manual to better understand and accurately report a student's enrollment status. This process will be monitored by the Dean of Students.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2017

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

DEPARTMENT OF EDUCATION

SIGNIFICANT DEFICIENCY

2017-002 Student Financial Aid Cluster – CFDA No. 84.063
Grant period: Year Ended June 30, 2017

Condition: We examined 40 of the 732 Title IV aid recipients for eligibility testing. We noted one instance where the Institutional Student Information Report (ISIR) was not properly updated in the computer system after verification.

Criteria: Per 34 CFR 690.62 the amount of a student's Pell Grant for an academic year is based up the payment and disbursement schedules published by the Secretary for each award year. These schedules determine a student's Pell Grant based on enrollment status, cost of attendance, and expected family contribution (EFC).

Cause: Financial aid personnel failed to update one line of the student's ISIR after receiving the required verification information.

Effect: If the ISIR were updated appropriately it would have resulted in a decrease of the student's EFC and increased the amount of the student's Pell Grant by \$100. Therefore, the student was under award their Pell Grant.

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

Grantee Response: Financial aid (FA) staff will be more diligent at double checking all of the required information on a student's FA file that is selected for verification. More specifically, the educational credit will be double checked as well as other tax information.

DODGE CITY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

Year ended June 30, 2017

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

DEPARTMENT OF EDUCATION

SIGNIFICANT DEFICIENCY

2017-003 Student Financial Aid Cluster – CFDA No. 84.063, 84.268
Grant period: Year Ended June 30, 2017

Condition: We examined 40 of the 732 Title IV aid recipients for eligibility testing. We noted two instances where a student was not meeting student financial aid satisfactory academic progress requirements, yet the students received Title IV aid.

Criteria: Per 34 CFR 668.32(f) for a student to be eligible for Title IV aid, the student must maintain satisfactory academic progress that meets the requirement of 34 CFR 668.34. Per 34 CFR 668.34(c) an institution that evaluates satisfactory academic progress at the end of each payment period and determines that a student is not making progress under its policy may nevertheless disburse Title IV aid to the student if the student is placed on financial aid warning or probation.

Cause: Financial aid personnel failed to properly document that the students were receiving aid under financial aid warning or probation.

Effect: The College disbursed financial aid totaling \$10,176 in Pell Grants, \$1,750 in Direct Subsidized Loans, and \$1,850 in Direct Unsubsidized Loans to students that were not meeting satisfactory academic progress requirements and not properly placed on financial aid warning or probation.

Recommendation: We recommend that financial aid personnel be diligent in reviewing student files to ensure that the files are complete and they are eligible for financial aid. When students are placed on financial aid warning, probation, or suspension, documentation should be retained in the student's file.

Grantee Response: Our institutional policies on satisfactory academic progress (SAP) were reviewed. The college will be using the semester GPA and cumulative GPA for verification that students are meeting SAP. Students requesting a professional judgement on their SAP will do so in writing. Documentation will be included in the FA file.

DODGE CITY COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2017

DEPARTMENT OF EDUCATION

2016-001 Student Financial Aid Cluster

Condition: We examined 40 Title IV aid recipients to verify that information reported on the Enrollment Reporting roster file sent to the National Student Loan Data System (NSLDS) matched the student's academic files and found 3 instances where Title IV aid recipients were not shown on the Enrollment Reporting roster file sent to NSLDS.

Recommendation: We recommend that personnel in charge of enrollment reporting be diligent in reviewing the roster file to ensure that attendance changes are reported in a timely and accurate manner.

Current Status: A similar finding was noted in the June 30, 2017 audit, finding 2017-001.

2016-002 Student Financial Aid Cluster

Condition: We examined the SCHER1 report obtained from the NSLDS website, noting the college did not return the roster file within 15 days for 5 of the 6 rosters required to be updated during the fiscal year.

Recommendation: We recommend that personnel in charge of enrollment reporting read the latest NSLDS Enrollment Reporting Guide and report the appropriate information in a timely and accurate manner.

Current Status: Once the College became aware of the 15 day requirement in November 2016, College personnel timely submitted all required roster files since that time.

2016-003 Student Financial Aid Cluster

Condition: During the review of the Returns of Title IV funds it was noted that for the Spring Term (Spring 2016) of the 2015/16 academic year which ended 5/12/16 the College did not determine the withdrawal date for students until 6/22/16.

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

Current Status: Financial aid personnel concurred with the recommendation. No similar finding was noted in the June 30, 2017 audit.