Dodge City Community College

Financial Statements
With
Independent Auditor's Report

June 30, 2019

Dodge City Community College

June 30, 2019

TABLE OF CONTENTS

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 business-type activities and the aggregate discretely presented component units of the Dodge City Community College (the College), as of and for the year ended June 30, 2019, 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*. 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of the College, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Hutchinson Office
200 N Main • Hutchinson, KS 67504
P: 888.414.0123 • F: 620.662.3350

McPherson Office
123 S. Main • McPherson, KS 67460
P: 888.241.1826 • F: 620.241.6926

Wichita Office
220 W. Douglas, Ste. 300 • Wichita, KS 67202
P: 316.265.5600 • F: 316.265.8021

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, other post-employment benefits and pension information on pages 3-11 and 40-46 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 an opinion on the financial statements that collectively comprise the College's basic financial statements. Individual 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 individual 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 individual 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, in 2019 the College corrected the calculation of deferred property taxes. Our opinion is not modified with respect to this matter.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 21, 2020, on our consideration of the 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 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 the College's internal control over financial reporting and compliance.

Swindoll, Janzen, Hawk + Loyd, LLC

Swindoll, Janzen, Hawk, & Loyd, LLC
Hutchinson, Kansas

February 21, 2020

Management's Discussion and Analysis

Introduction

The following discussion and analysis of the financial performance and activity of Dodge City Community College (The College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2019, with selected comparative information for the year ended June 30, 2018. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness and accuracy of this information.

Using the Annual Report

The College's financial statements are prepared in accordance with the standards outlined in GASB statement 35. The method is intended to summarize and simplify the user's analysis of the costs of various College services. The annual financial report will include the basic financial statements and required supplementary information for both the College and its component units. Further information on the component units are available upon request from the Dodge City Community College Foundation and the Alumni-Booster Association of Dodge City Community College.

Basic financial statements are comprised of two parts

1. Basic Financial Statements – These include Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. These statements present the results of a single measurement focus and basis of accounting.
    a. The Statement of Net Position is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term expendable resources) with capital assets.
    b. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of College activities which are supported mainly by property taxes, state revenues and tuition.
    c. The Statement of Cash Flows provides information about the cash receipts and cash disbursements of the College during the fiscal period.
2. The Notes to the Basic Financial Statements are an integral and essential portion of the financial statements.

Required Supplementary Information

Management Discussion and Analysis (MD&A), Other Post-Employment Benefits, and Pension Schedules - This is information required by standards to be presented but is not part of the basic financial statements.

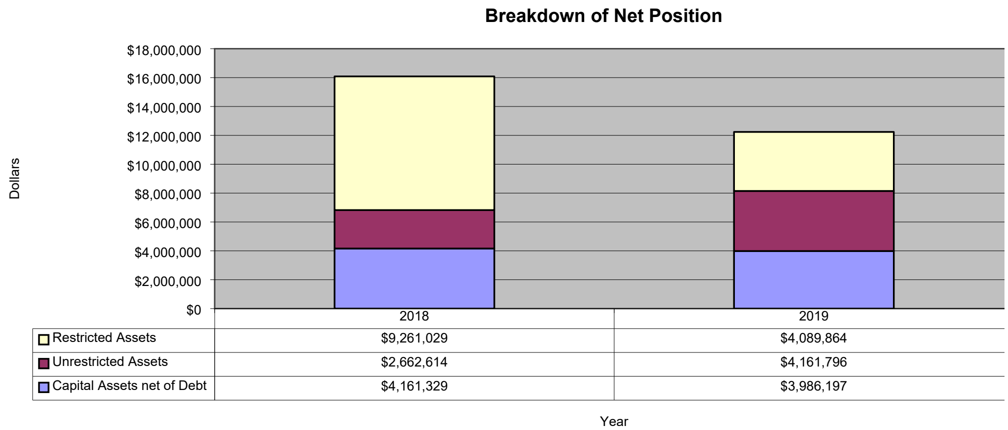
Highlights to the Financial Statements

Statement of Net Position

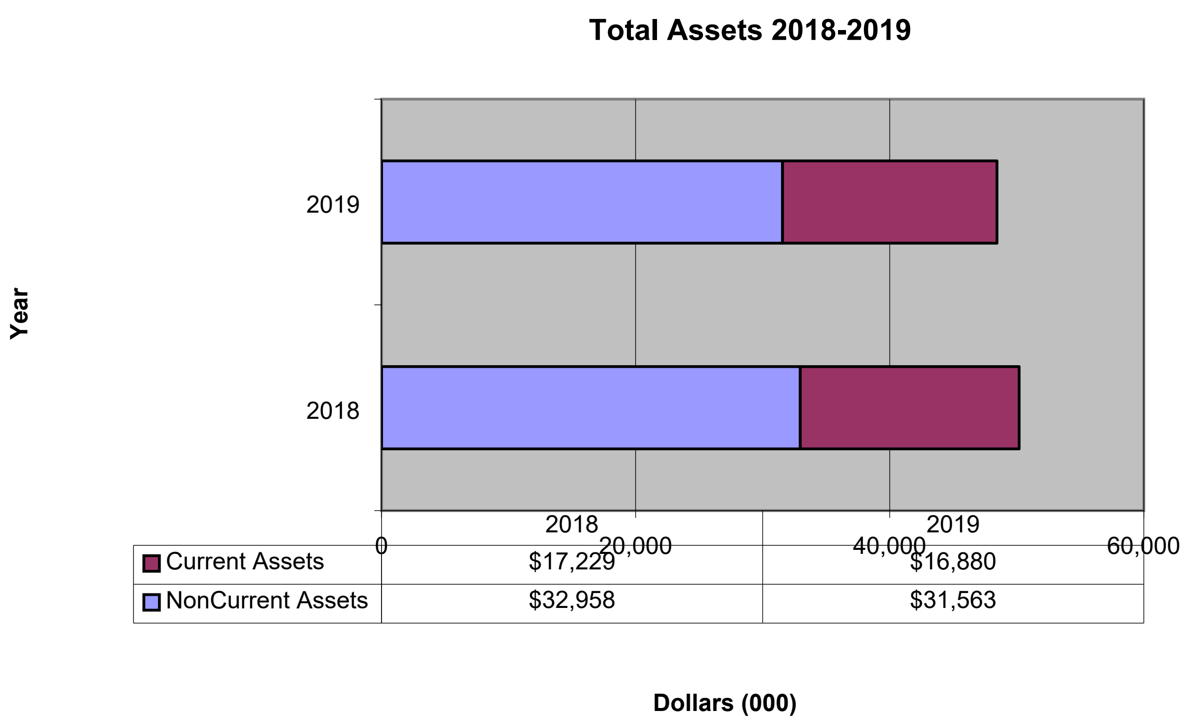
Comparison Net Position – Fiscal Year 2018 and 2019

The Statement of Net Position presents the assets, deferred outflow of resources (deferred outflows), liabilities, deferred inflow of resources (deferred inflows) and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows, Liabilities (current and noncurrent), Deferred Inflows, and Net Position (Assets and Deferred Outflows minus Liabilities and Deferred Inflows). The difference between current and noncurrent assets is as follows: current assets are those assets that are expected to be used or consumed within one year. Noncurrent assets are those assets that are expected to provide value for greater than one year.

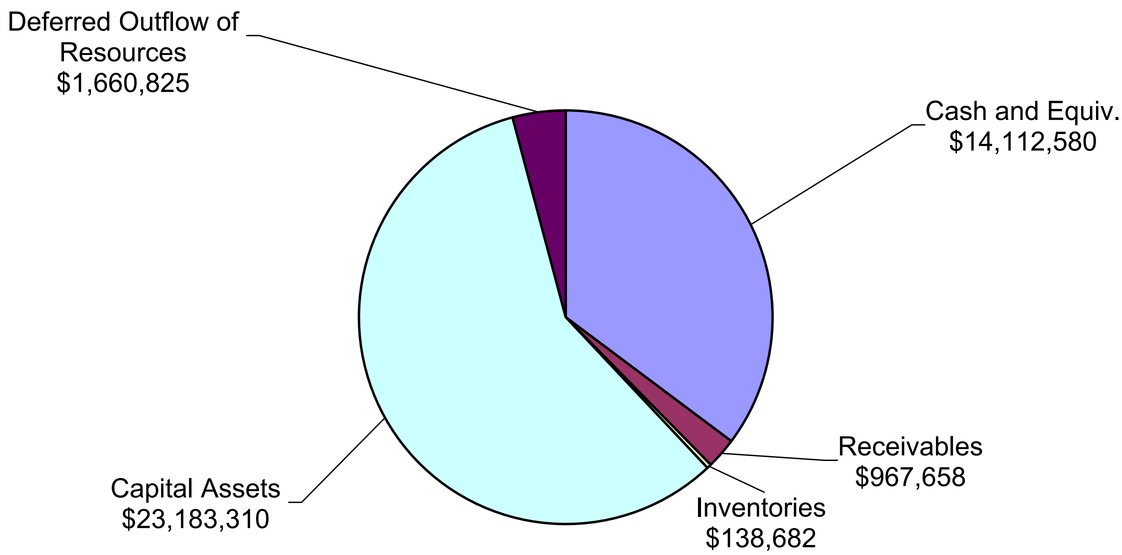
Net assets decreased from $16,084,972 in 2018 to $12,237,857 for 2019. This is a decrease of $3,847,115 over the previous year, primarily due to change in presentation of the Foundation as a discretely presented component unit under the GASB 35 model.



Total breakdown of assets between current and noncurrent classification for 2018 through 2019 is as follows:



Total Assets and Deferred Outflows by Category 2019



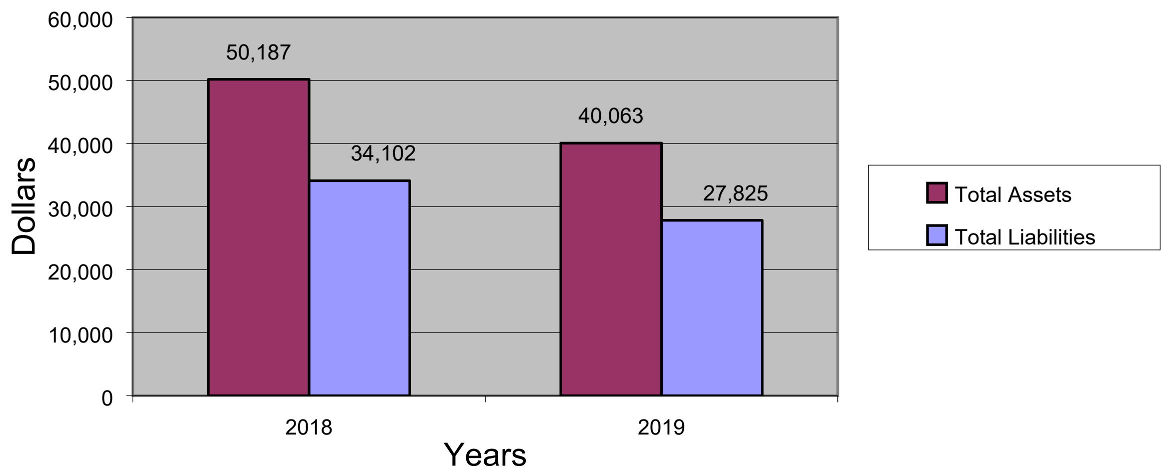
Of the $40,063,054 in total assets and deferred outflows, approximately 35% are in cash and cash equivalents and capital assets represent 57.9% of total assets.

Comparison of Liabilities

	2018	% Total 2018	2019	% Total 2019
Current Liabilities				
Noncurrent Liabilities	798,646	3.87%	2,729,195	9.81%
Total Liabilities	19,841,397	96.13%	25,096,002	90.19%
	20,640,043	100.00%	27,825,197	100.00%

Noncurrent liabilities in 2019 include, but are not limited to, bonds payable related to student housing, lease payments, and other postemployment benefits. Current liabilities consist primarily of accounts payable and accrued liabilities, deposits held in custody for others, and the current portion of the bond and lease payments.

Comparison of Assets, Deferred Outflows, Liabilities and Deferred Inflows 2018-2019 (in 000)



Total liabilities and deferred inflows decreased from $30,434,543 in 2018 and $27,825,197 for 2019. This is a decrease of $2,609,346 from the previous year. Assets and deferred outflows decreased from $50,186,950 in 2018 to $40,063,054 in 2019. The asset to liability ratio (total assets/total liabilities) 1.65 in 2018 and 1.44 in 2019. The decreases in both categories are primarily due to the change in presentation of the Foundation as a discretely presented component unit under the GASB 35 model.

Results of Operations Fiscal Year 2019

Statement of Revenues, Expenses and Changes in Net Position

Changes in total net position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the institution.

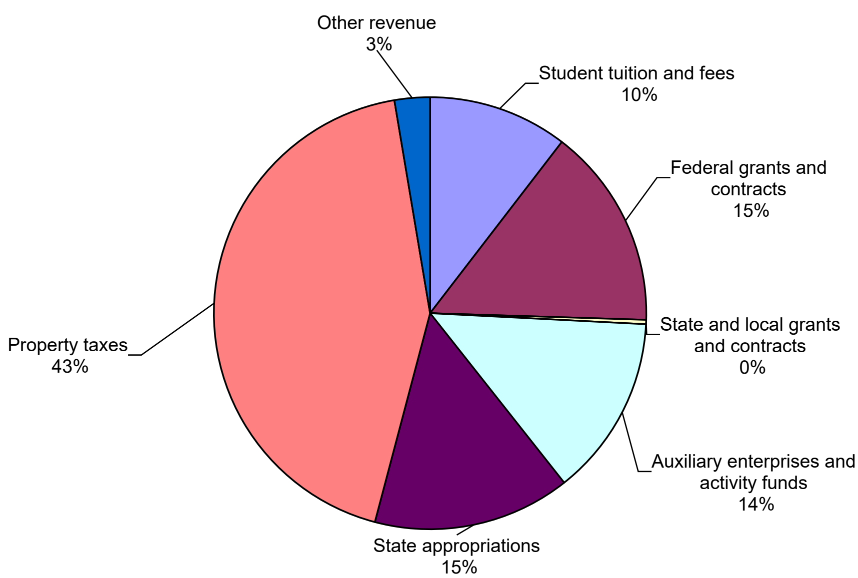
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the legislature to the institution without the legislature directly receiving commensurate goods and services for those revenues.

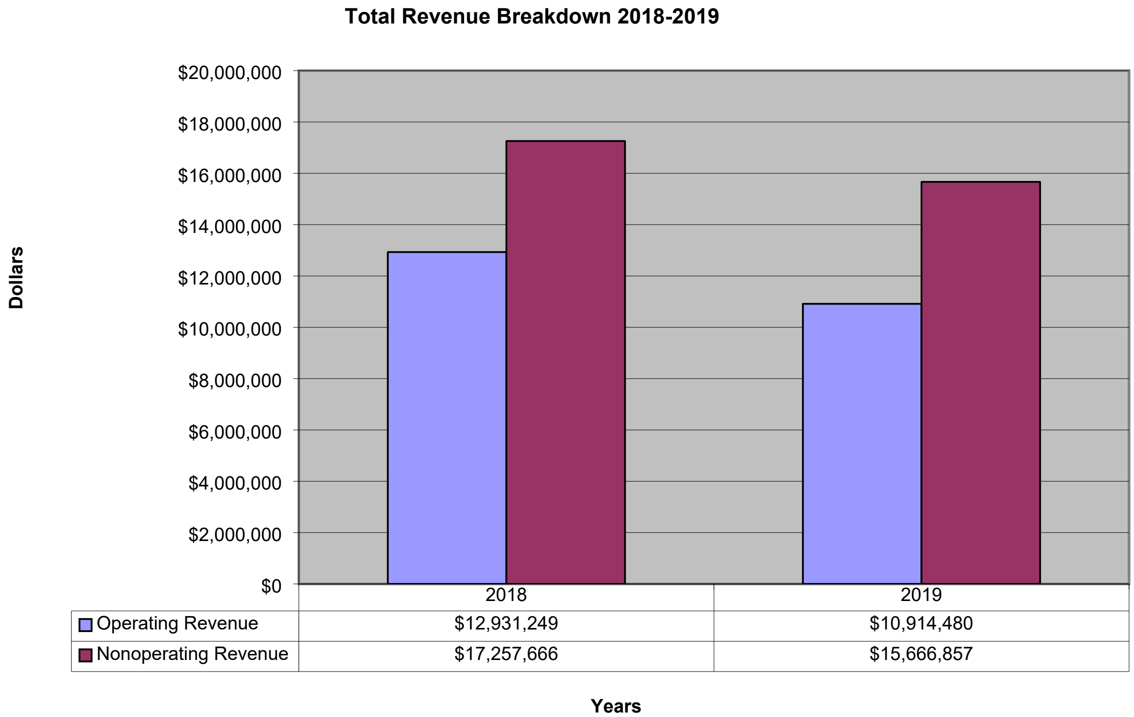
Revenue

The College receives revenue from a number of sources. In broad terms, they are: the State of Kansas, the Federal Government, students--in the form of tuition and fees, local taxpayers--by way of property taxes, business style auxiliary enterprises, and private gifts and grants. These sources are relatively stable from year to year as a percentage of the total.

	2018	% Total 2018	2019	% Total 2019
Revenue Sources				
Student tuition and fees	$ 4,496,947	13.66%	$ 2,861,346	10.43%
Federal sources	4,117,066	12.51%	4,130,825	15.06%
State and local grants and contracts	69,938	0.21%	88,633	0.32%
Auxiliary enterprises	4,247,298	12.91%	3,714,700	13.54%
State appropriations	4,349,248	13.22%	4,048,225	14.76%
Propery taxes	11,598,626	35.24%	11,862,521	43.24%
Other revenues	4,031,174	12.25%	725,239	2.64%
Total revenues	$ 32,910,297	100.00%	$ 27,431,489	100.00%

Percentage of Revenue by Source 2019

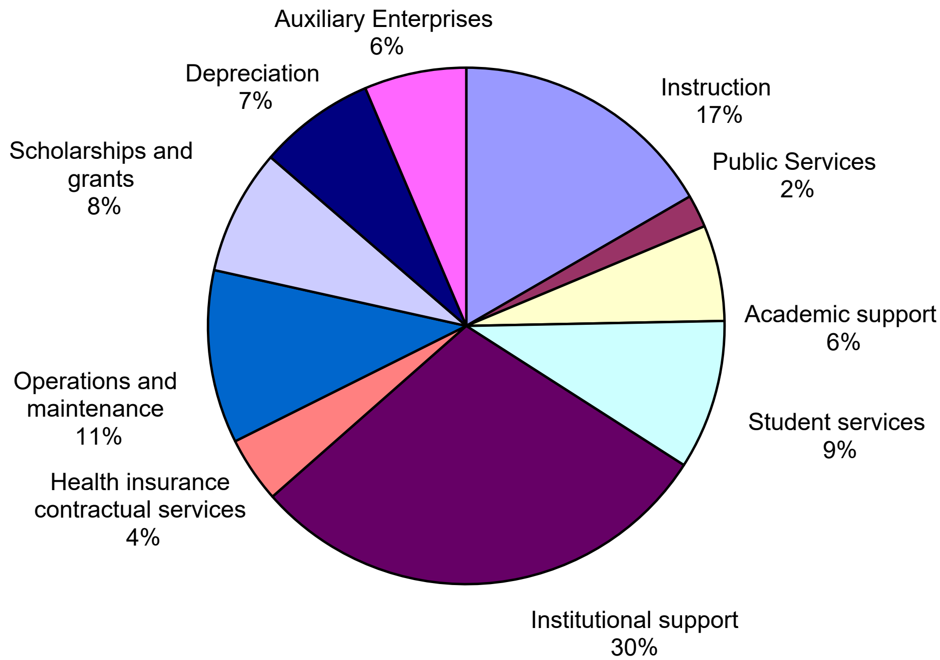




Expenses
Detail of the 2018 through 2019 education, general, and auxiliary enterprise operating and nonoperating expenditures

	2018	% Total 2018	2019	% Total 2019
Operating Expenses				
Instruction	$ 5,631,204	16.77%	$ 4,584,038	16.23%
Public services	689,243	2.05%	564,227	2.00%
Academic support	3,185,484	9.49%	1,652,627	5.85%
Student services	2,988,806	8.90%	2,579,779	9.13%
Institutional support	8,304,159	24.73%	8,109,529	28.71%
Health insurance contractual services	1,462,968	4.36%	1,136,151	4.02%
Operations and maintenance of plant	2,724,237	8.11%	2,986,107	10.57%
Depreciation and amortization	1,501,800	4.47%	2,163,280	7.66%
Scholarships and grants	5,074,707	15.11%	2,006,657	7.10%
Auxiliary enterprises	1,731,781	5.16%	1,759,493	6.23%
Subtotal	33,294,389	99.16%	27,541,888	97.50%
Nonoperating Expenses				
Interest on Capital asset-related debt	281,964	0.84%	706,780	2.50%
Subtotal	281,964	0.84%	706,780	2.50%
Total Expenses	$ 33,576,353	100.00%	$ 28,248,668	100.00%

2019 Percentage of Operating Expenses By Category



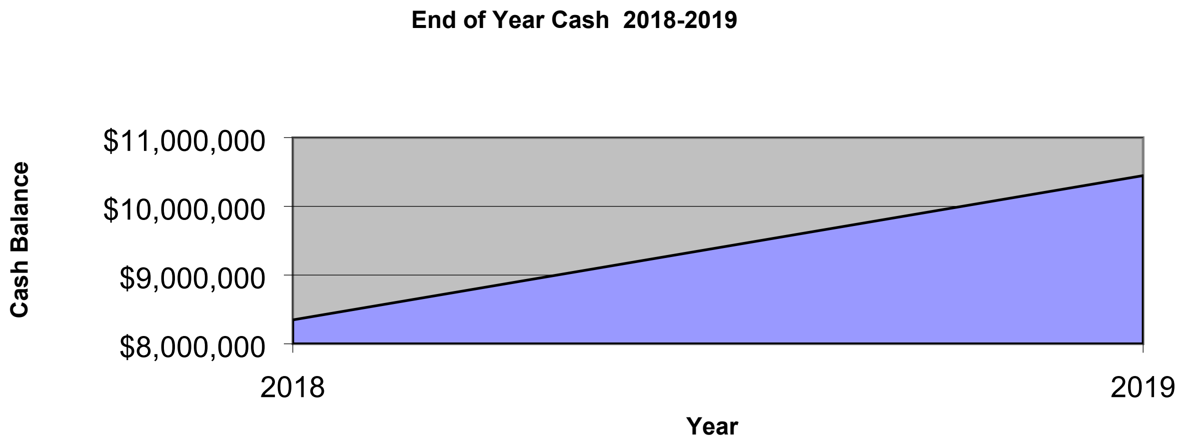
Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year.

The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used in the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section includes the cash received and spent from state and local appropriations and private gifts. The third section reflects the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities and shows the interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Summary Statement of Cash Flows information

	2017	2018
Net Cash From:		
Operating activities	$(14,938,470)	$(10,769,861)
Noncapital financing activities	15,947,874	14,529,584
Capital and related financial activities	(1,000,655)	(1,672,887)
Investing activities	60,441	12,325
Net Change in Cash	69,190	2,099,161
Cash beginning of year	8,278,709	8,347,899
Cash end of year	$ 8,347,899	$ 10,447,060



Summary of Overall Performance

The College completed another solid performance for the fiscal year ended June 30, 2019. Its financial condition continues to be strong. Cash balances increased slightly more than $2 million from fiscal year 2018 balances. Combined operating and nonoperating revenue and expenses for 2019 decreased by approximately $5,000,000 from the same measures in 2018. This decrease stems from implementing the scholarship allowance calculation under the GASB 35 model. The formula for this calculation is put out by the National Association of College and University Business Officers. It is also caused by the change in presentation of the Dodge City Community College Foundation under the GASB 35 model. Finally, enrollment decreased for the College in 2019. Auxiliary enterprises also continued to perform well during the fiscal year under review.

Capital Assets and Long Term Debt Activities

Capital Assets

The College has invested $23.2 million in capital assets (net of depreciation). Capital assets attributed to the college foundation that were included in the financial statements of prior years are no longer included in total assets. As a result, net capital assets have decreased from $33 million to $23.2 million. Capital assets held by the College at the end of the current year are as follows:

	Beginning Balance	Increases	(Decrease) Adjustments	Ending Balance
Non-depreciable capital assets:				
Land	$ 149,668	$ -	$ (149,668)	$ -
Total non-depreciable capital assets	149,668	-	(149,668)	-
Depreciable capital assets:				
Buildings and Improvements	20,253,696	113,878	(152,285)	20,215,289
Furniture and Equipment	7,675,109	130,811	(17,916)	7,788,004
Infrastructure	684,292	-	-	684,292
Dorm	16,564,314	1,025	(5,901)	16,559,438
Leased Assets	-	130,165		130,165
Construction in progress	20,850	-	(20,850)	-
Total depreciable capital assets	45,198,261	375,879	(196,952)	45,377,188
Less accumulated depreciation:				
Buildings and Improvements	(10,390,836)	(1,010,428)	146,040	(11,255,224)
Furniture and Equipment	(5,824,627)	(447,336)	17,916	(6,254,047)
Infrastructure	(579,809)	(8,409)	-	(588,218)
Dorm	(3,405,184)	(697,107)	5,902	(4,096,389)
Total accumulated depreciation	(20,200,456)	(2,163,280)	169,858	(22,193,878)
Total capital assets, net	$25,147,473	$ (1,787,401)	$ (176,762)	$23,183,310

Additional information regarding the capital assets of the College is presented in Note 5 of the financial statements.

Long-Term Liabilities

At the end of the current year, the College had long-term liabilities totaling $26.6 million. This includes $9.5 million in capital leases, $490,000 in general obligation bonds, $404,000 in net pension liability, $6.5 million net OPEB obligation, $166,235 in compensated absences payable, $114,074 in early retirement benefit obligations, and $9.290 million in revenue bonds payable. All of the leases outstanding as of the end of the year were secured by liens on the property purchased.

The debt position of the College is summarized below and is more fully analyzed in Note 6 of the financial statements.

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Current Portion
Capital lease obligations	$ 9,877,311	$ 130,165	$ (554,707)	$ 9,452,769	$ 746,471
Premium on capital lease	175,468	-	(13,079)	162,389	13,079
General obligation bonds	730,000	-	(240,000)	490,000	240,000
Revenue bonds	9,610,000	-	(320,000)	9,290,000	325,000
Compensated absences	197,869	-	(31,634)	166,235	166,235
Early retirement benefits	36,846	158,284	(81,056)	114,074	31,581
Other post employment benefits	5,247,449	1,268,475	-	6,515,924	-
Net pension liability	386,206	18,120	-	404,326	-
Total long-term liabilities	$ 26,261,149	$ 1,575,044	$ (1,240,476)	$ 26,595,717	$ 1,522,366

Although no new construction is currently planned, the College is evaluating several projects to improve College facilities including: remodeling the Physical Education Building for use, seating in the Little Theater, and acoustic installation in the Student Activity Center. In addition, revenue bonds in the amount of $5.16 million related to student residential housing were in the process of being refinanced at a lower interest rate as of June 30, 2019, with refinancing consideration to be given to other revenue bonds in the future.

The future continues to be positive for Dodge City Community College. The commitment of the College to offer student-centered, service-oriented instruction and learning continues the impetus for strong credit enrollment. In addition, market driven business and industry noncredit offerings are planned for growth and expansion as the College serves the needs of that segment of the community. Dodge City Community College is truly striving to be the premier, two-year educational institution in Western Kansas and continues to expand its tradition of excellence through learning and collaboration.

Dr. Glendon Forgey
Vice President of Administration and Finance
and Chief Financial Officer

BASIC FINANCIAL STATEMENTS

Dodge City Community College
Statements of Net Position
June 30, 2019

	Dodge City Community College	Component Unit DCCC Foundation	Component Unit Alumni
ASSETS			
Current Assets			
Cash, cash equivalents and investments	$ 10,447,057	$ 2,893,809	$ 172,927
Restricted cash and investments	3,665,522	88,756	-
Receivables - property taxes	410,153	-	-
Receivables - federal and state grants and contracts	350,144	-	-
Receivables - students (net of allowance)	54,629	-	-
Receivables - health insurance	152,732	-	-
Inventories	138,682	-	-
Total current assets	15,218,919	2,982,565	172,927
Noncurrent Assets			
Unconditional promises to give	-	205,940	-
Capital assets, net of accumulated depreciation	23,183,310	7,605,577	-
Total noncurrent assets	23,183,310	7,811,517	-
TOTAL ASSETS	38,402,229	10,794,082	172,927
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	500,858	-	-
Deferred outflows related to other post-employment benefits	929,260	-	-
Deferred outflows related to net pension liability	230,707	-	-
Deferred bond issuance costs	-	124,548	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	1,660,825	124,548	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 40,063,054	$ 10,918,630	$ 172,927
LIABILITIES			
Current Liabilities			
Accounts payable	$ 374,158	$ -	$ -
Deposits held in custody for others	681,063	-	-
Accrued interest payable	151,608	52,377	-
Compensated absences payable	166,235	-	-
Early retirement benefits payable	31,581	-	-
Capital lease obligations	759,550	-	-
Promissory note payable	-	53,991	-
Bonds payable	565,000	54,201	-
Total current liabilities	2,729,195	160,569	-
Noncurrent Liabilities			
Early retirement benefits payable	82,493	-	-
Other postemployment benefits payable	6,515,924	-	-
Net pension liabilities	404,326	-	-
Capital lease obligations	8,855,608	-	-
Bonds payable	9,215,000	3,725,000	-
Total noncurrent liabilities	25,073,351	3,725,000	-
TOTAL LIABILITIES	27,802,546	3,885,569	-
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to net pension liability	22,651	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	22,651	-	-
NET POSITION			
Net investment in capital assets	4,089,864	-	-
Restricted for:			
Nonexpendable - endowments	-	1,843,372	-
Expendable:			
Foundation activity	-	1,250,320	
Capital outlay	333,113	-	-
Restricted funds	2,704,039	-	-
Debt retirement	949,045	-	-
Unrestricted	4,161,796	3,939,369	172,927
Total net position	12,237,857	7,033,061	172,927
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 40,063,054	$ 10,918,630	$ 172,927

The accompanying notes are an integral part of these financial statements.

Dodge City Community College
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	Dodge City Community College	Component Unit DCCC Foundation	Component Unit Alumni
OPERATING REVENUES			
Student tuition and fees	$ 4,731,281	$ -	$ -
Less allowances for institutional scholarships	(197,227)	-	-
Less allowances for federal grants	(1,672,708)	-	-
Net student source revenue	2,861,346	-	-
Federal sources	4,130,825	-	-
State sources	88,633	-	-
Auxiliary enterprises:			
Residential life	1,089,217	-	-
Campus store	582,207	-	-
Union	60,180	-	-
Central stores	30,698	-	-
Food service	688,257	-	-
Health insurance charges for services	1,264,141	-	-
Other operating revenues	118,976	412,846	-
Total operating revenues	10,914,480	412,846	-
OPERATING EXPENSES			
Educational and General:			
Instruction	4,584,038	-	-
Public service	564,227	-	-
Academic support	1,652,627	-	-
Student services	2,579,779	-	-
Institutional support	6,687,954	572,380	267,779
KPERS contribution paid directly by the State of Kansas	1,421,575	-	-
Health insurance contractual services	1,136,151	-	-
Operations and maintenance of plant	2,986,107	-	-
Depreciation and amortization	2,163,280	-	-
Scholarships and grants	2,006,657	-	-
Auxiliary Enterprises:			
Residential life	497,345	-	-
Campus store	536,070	-	-
Union	45,584	-	-
Central stores	27,474	-	-
Food service	653,020	-	-
Total operating expenses	27,541,888	572,380	267,779
Operating income (loss)	(16,627,408)	(159,534)	(267,779)
NONOPERATING REVENUES (EXPENSES)			
State appropriations	2,626,650	-	-
State contribution directly to the KPERS retirement system	1,421,575	-	-
Local sources	11,862,521	-	-
Private grants and gifts	450,566	434,261	6,810
Investment income	12,325	100,537	9,093
Interest on capital asset-related debt	(706,780)	-	-
Net nonoperating revenues (expenses)	15,666,857	534,798	15,903
Income(loss) before other revenues	(960,551)	375,264	(251,876)
Capital grants and gifts	143,372	-	-
Net increase (decrease) in net position	(817,179)	375,264	(251,876)
NET POSITION			
Net position - beginning of year, as originally reported	9,563,070	6,657,797	424,803
Prior period adjustment (Note 13)	3,491,966	-	-
Net position - beginning of year, restated	13,055,036	6,657,797	424,803
Net position - end of year	$ 12,237,857	$ 7,033,061	$ 172,927

The accompanying notes are an integral part of these financial statements.

Dodge City Community College
Statement of Cash Flows
For the Year Ended June 30, 2019

	2019
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 3,659,083
Grants and contracts	4,996,234
Sales and services of auxiliary enterprises	2,450,559
Health insurance charges for services	1,720,217
Other receipts	118,976
Payments to employees for salaries and benefits	(11,456,469)
Payments to suppliers	(11,534,405)
Loans issued to students	(724,056)
Net cash provided (used) by operating activities	(10,769,861)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	2,626,650
County and local appropriations	11,452,368
Private gifts and grants	450,566
Net cash provided (used) by noncapital financing activities	14,529,584
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(199,117)
Proceeds from debt	130,165
Principal paid on debt and capital lease	(1,114,707)
Interest paid on debt and capital lease	(632,600)
Capital gifts and grants	143,372
Net cash provided (used) by capital and related financing activities	(1,672,887)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	12,325
Net cash provided (used) by investing activities	12,325
Net increase (decrease) in cash and cash equivalents and investments	2,099,161
Cash, cash equivalents and investments - beginning of year	8,347,896
Cash, cash equivalents and investments - end of year	$ 10,447,057
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED (USED) IN OPERATING ACTIVITIES	
Operating loss	$ (16,627,408)
Depreciation and amortization expense	2,163,280
Changes in operating assets and liabilities:	
Receivables, net	324,989
Inventories	34,218
Accounts payable	(119,851)
Compensated absences payable	(25,267)
Early retirement benefits	77,228
Other postemployment benefits	1,268,475
Net pension liabilities	404,326
Deferred inflows and outflows related to net pension and other post employment benefits	(792,249)
Deposits held in custody for others	681,063
Medical benefits	419,760
Employee benefits paid directly by State of Kansas	1,421,575
Net cash provided (used) in operating activities	$ (10,769,861)

The accompanying notes are an integral part of these financial statements.

1. 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 seven-member board of trustees. The College's major operations include post-secondary education and the operation of student housing for its students.

The accounting and reporting policies of the College relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(a) Reporting Entity

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. It is governed by a Board of Trustees elected by the voters of Ford County, Kansas. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the College (the primary government) and its discretely presented component units. The component units discussed below are included in the College's reporting entity because of the significance of their financial relationship with the College. The financial data of the College's component units are discretely presented in a separate column to emphasize that it is a legally separate entity.

Dodge City Community College Foundation (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. For financial reporting purposes only, the Foundation's statements of financial position and activities are included in the College's financial statements as required by generally accepted accounting principles for public colleges and universities.

For financial reporting purposes, the Foundation follows the provisions of the Financial Accounting Standards Board (FASB) which establish the financial reporting standards for all nonprofit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information. Complete financial statements for the Foundation can be obtained from the Foundation's business office.

Alumni - Booster Association of Dodge City Community College (Alumni) is a legally separate, tax-exempt component unit of the College. The Alumni acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Alumni, the majority of resources, or income thereon, that the Alumni holds and invests are restricted to the activities of the College by the donors. Because these restricted resources held by the Alumni can only be used by, or for the benefit of, the College, the Alumni is considered a component unit of the College and is discretely presented in the College's financial statements. For financial reporting purposes only, the Alumni's statements of financial position and activities are included in the College's financial statements as required by generally accepted accounting principles for public colleges and universities.

1. Summary of Significant Accounting Policies (Cont.)

(a) Reporting Entity (Cont.)

For financial reporting purposes, the Alumni follows the provisions of the Financial Accounting Standards Board (FASB) which establish the financial reporting standards for all nonprofit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information. Complete financial statements for the Alumni can be obtained from the Alumni's business office.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the College are included on the statement of net position. Revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. All significant interfund transactions have been eliminated.

Nonexchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations, and other contributions. Property taxes are recognized in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The College does not present budgetary comparison information in the basic financial statements or as required supplemental information. This is because the College reports as a business-type activity and does not have the reporting requirements related to major funds. The College does present budgetary comparison information in the supplementary information to these financial statements.

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Cash and Cash Equivalents and Investments

Kansas Statute (KSA) 12-1675 authorizes the College to invest monies in time deposits, certificates of deposits, repurchase agreements consisting of obligations insured by the U.S. government or any agency thereof, U.S. Treasury bills or notes with maturities not exceeding two years, and the Kansas Municipal Investment Pool. Investments are reported at fair value based on quoted market prices.

Cash resources of the individual funds (except for any proceeds of revenue bonds, which are separately invested) are combined to form a pool of cash and temporary investments that are managed by the College. Investments of the pooled accounts consist primarily of certificates of deposits. Interest income earned is allocated to various funds based upon statutory guidelines.

For purposes of the statement of cash flows, the College considers all investments with original maturities of one year or less to be cash equivalents.

Receivables

Receivables consist of tuition and fees charged to students, amounts due from the federal, state, and local governments in connection with reimbursement of allowable expenses made pursuant to the College's grants and contracts, and other receivables. Receivables are recorded net of estimated uncollectible amounts.

1. Summary of Significant Accounting Policies (Cont.)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Inventories

Inventories of the campus store are stated at the lower of cost or net realizable value, cost being determined principally on the basis of average cost. Campus store inventories consist of books, clothing, and supplies. Inventories have been adjusted for obsolete merchandise. Inventories are recorded as an expense when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, and equipment, are recorded at cost at the date of acquisition, or their estimated fair market value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $1,000 or more, and an estimated useful life of greater than three years. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed on assets having a value of more than $1,000 using the straight-line method over the estimated useful lives of the assets. Depreciation is not allocated to the various functions of the College but is reported separately on these financial statements. The amortization expense of equipment under capital leases is included in depreciation expense.

Estimated useful lives used for calculating depreciation are as follows:

Land improvements – 10 to 15 years
Buildings and improvements – 10 to 40 years
Furniture and equipment – 5 to 10 years
Infrastructure – 10 to 50 years

Unearned Revenues

Unearned revenue includes amounts received for tuition, fees, and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting periods. Unearned revenue may also include amounts received from grant and contract sponsors that have not yet been earned.

Federal programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Compensated Absences Payable

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.

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.

1. Summary of Significant Accounting Policies (Cont.)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable, certificates of participation payable, related premiums and discounts, loans payable, and capital lease obligations with contractual maturities greater than one year; and (2) estimated amounts for the early retirement benefits, compensated absences, other post employment benefits and net pension liabilities not anticipated to be paid within the next fiscal year.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflow/Inflow of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflow 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 two items that qualify for reporting in this category. The first is the deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or original debt. The second is deferred outflows related to other post employment benefits and pensions as actuarially determined and explained in Note 7, 8 and 9, respectively.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has one item that qualifies for reporting in this category. It is the deferred inflows relating to other postemployment benefits and pensions as actuarially determined and explained in Note 7, 8 and 9, respectively.

Net Position

The College's net positions are classified as follows:

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

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

1. Summary of Significant Accounting Policies (Cont.)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Net Position (Cont.)

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

Unrestricted net position – Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose.

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.

Net Position Flow Assumption

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

Classification of Revenues

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

> *Operating revenues* – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship allowances, (2) sales and services of auxiliary enterprises, and (3) most federal, state and local grants and contracts.
>
> *Nonoperating revenues* – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources such as state and county appropriations and investment income.

Property Tax Information

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until the January of the current fiscal year, such procedure being in conformity with governing Kansas statutes, current year property taxes receivable are recognized net of an allowance for delinquent taxes. A sixty-day period is used for revenue recognition.

The County Appraiser is responsible for assessment of all taxable property within Ford County. The County Clerk computes the annual tax and issues the tax bills to all taxpayers. Property taxes are collected by the County Treasurer, who remits to the College its respective share of the tax collections. Property taxes become a lien against all property on November 1st. Taxpayers have the option of paying in full, or in two installments. The installment dates are December 20 and May 10.

1. Summary of Significant Accounting Policies (Cont.)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Scholarship Allowances

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

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

(a) Budgetary Information

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:

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

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

Kansas 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.

2. Stewardship, Compliance, and Accountability (Cont.)

(a) Budgetary Information (Cont.)

All legal annual operating budgets are prepared using the regulatory basis of accounting. Regulatory receipts are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments for future payment and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbered appropriations are not re-appropriated in the ensuing year's budget but are carried forward until liquidated or canceled. Accordingly, the data presented in the budgetary comparison schedules differs from the data presented in the financial statements prepared in accordance with GAAP. The reconciliations are presented on the face of the budgetary comparison schedules.

A legal operating budget is not required for current restricted funds, capital project funds, trust funds, and some special revenue funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

(b) Cash-Basis Law (KSA 10-1113)

Kansas municipalities are subject to the cash-basis law as stated in KSA 10-1113. Some sub-funds of the Restricted Funds have a negative unencumbered cash balance at June 30, 2019, which is allowable under KSA 12-1663. This fund will be reimbursed from federal grants, state grants, and other contracts for expenditures already incurred by the College in the following fiscal year. This combined receivable has been recognized for GAAP purposes on these financial statements.

3. Cash, Cash Equivalents, and Investments

As of June 30, 2019, the College had cash and cash equivalents as listed below:

Deposits in financial banking institutions	$ 1,370,028
State investment pool	9,077,029
Total cash and investments	$ 10,447,057

The College did not have any activity in investment-type assets.

The College's policies relating to deposits and investments are governed by various Kansas Statutes (KSA). Those statutes specify the type of deposits and investments as well as the securing of those deposits and investments.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with KSA 12-1675, the College manages its exposure to interest rate fluctuations by limiting all time investments to maturities of less than two years.

3. Cash, Cash Equivalents and Investments (Cont.)

Credit risk – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675. The College's practice is to place idle funds in certificates of deposits, United States obligations, and the Kansas Municipal Investment Pool (KMIP). The KMIP was rated AAAf/S1+ by Standard & Poor's as of March, 2019. The KMIP is permitted to invest in fully collateralized certificates of deposit, certain obligations of the United States, certain repurchase/reverse repurchase agreements, and other types of investments.The fair value of the investments in the pool are the same as the value of the pool shares. The KMIP is managed by the Pool Investment Board of which four members are appointed by the Governor of the State of Kansas.

Custodial credit risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. KSA 9-1402 and 9-1405 requires that governments obtain security for all deposits. The College manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks. Monies in the KMIP are not required to have pledged securities. As of June 30, 2019, the College was not exposed to custodial credit risk with its deposits or investments.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area and by the fact that the monies in the KMIP are diverse according to the policies of the investment pool.

Component unit – Investments of the Dodge City Community College Foundation consists of mutual funds, treasury obligations, certificates of deposits, and other investments. These investments are managed by the Finance Committee of the Foundation. These types of investments are not regulated by Kansas statutes. These investments are subject to all normal market risks.

At June 30, 2019, the College had invested in funds 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 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.

4. Operating Lease

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 $30,950.

The future minimum lease payments for operating leases are as follows:

Year Ending	Total
6/30/2020	$ 50,424
6/30/2021	51,937
6/30/2022	53,495
Total	$ 155,856

4. Operating Lease (Cont.)

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:

Year Ended June 30,	
2020	$ 370,320
2021	372,370
2022	374,120
2023	370,645
2024	371,945

5. Capital Assets

Capital asset activity for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	(Decrease) Adjustments	Ending Balance
Non-depreciable capital assets:				
Land	$ 149,668	$ -	$ (149,668)	$ -
Total non-depreciable capital assets	149,668	-	(149,668)	-
Depreciable capital assets:				
Buildings and Improvements	20,253,696	113,878	(152,285)	20,215,289
Furniture and Equipment	7,675,109	130,811	(17,916)	7,788,004
Infrastructure	684,292	-	-	684,292
Dorm	16,564,314	1,025	(5,901)	16,559,438
Leased Assets	-	130,165		130,165
Construction in progress	20,850	-	(20,850)	-
Total depreciable capital assets	45,198,261	375,879	(196,952)	45,377,188
Less accumulated depreciation:				
Buildings and Improvements	(10,390,836)	(1,010,428)	146,040	(11,255,224)
Furniture and Equipment	(5,824,627)	(447,336)	17,916	(6,254,047)
Infrastructure	(579,809)	(8,409)	-	(588,218)
Dorm	(3,405,184)	(697,107)	5,902	(4,096,389)
Total accumulated depreciation	(20,200,456)	(2,163,280)	169,858	(22,193,878)
Total capital assets, net	$ 25,147,473	$ (1,787,401)	$ (176,762)	$ 23,183,310

Depreciation expense and amortization for the year ended June 30, 2019, is $2,163,280.

6. Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2019:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Current Portion
Capital lease obligations	$ 9,877,311	$ 130,165	$ (554,707)	$ 9,452,769	$ 746,471
Premium on capital lease	175,468	-	(13,079)	162,389	13,079
General obligation bonds	730,000	-	(240,000)	490,000	240,000
Revenue bonds	9,610,000	-	(320,000)	9,290,000	325,000
Compensated absences	197,869	-	(31,634)	166,235	166,235
Early retirement benefits	36,846	158,284	(81,056)	114,074	31,581
Other post employment benefits	5,247,449	1,268,475	-	6,515,924	-
Net pension liability	386,206	18,120	-	404,326	-
Total long-term liabilities	$ 26,261,149	$ 1,575,044	$ (1,240,476)	$ 26,595,717	$ 1,522,366

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 and industrial revenue bonds are being paid by the Foundation. Compensated absences, early retirement benefits, postemployment healthcare benefits, and the pension benefits are paid from the General and Vocational Education Fund. The dormitory revenue bonds are paid from the Student Housing Fund.

(a) General obligation 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, 2019, is $490,000.

The annual debt service requirements for the general obligation bonds are as follows:

Year Ending	Principal	Interest	Total
6/30/2020	$ 240,000	$ 11,100	$ 251,100
6/30/2021	250,000	3,750	253,750
Total	$ 490,000	$ 14,850	$ 504,850

(b) Revenue bonds

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, 2018 is $5,540,000.

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, 2018 is $4,070,000.

6. Long-Term Liabilities (Cont.)

(b) Revenue bonds (cont.)

The annual debt service requirements for the revenue bonds are as follows:

Year Ending	Principal	Interest	Total
6/30/2020	$ 325,000	$ 324,255	$ 649,255
6/30/2021	330,000	317,008	647,008
6/30/2022	340,000	308,978	648,978
6/30/2023	350,000	300,165	650,165
6/30/2024	355,000	290,505	645,505
6/30/25 - 6/30/29	1,965,000	1,282,025	3,247,025
6/30/30 - 6/30/34	2,330,000	918,377	3,248,377
6/30/35 - 6/30/39	2,795,000	442,340	3,237,340
6/30/40 - 6/30/41	500,000	30,200	530,200
Total	$ 9,290,000	$ 4,213,853	$ 13,503,853

(c) 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, 2034.

The College has entered into a 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.

The College has entered into 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.

The College has entered into 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.

The College has entered into 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.

The College has entered into 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.

The College has entered into a five-year $276,833 lease purchase entered into on January 23, 2018 for a 2007 MCI J4500 Motorcoach. The interest rate is 3.73%. The obligation is secured by the equipment.

The College has entered into a three-year $130,165 lease purchase entered into on June 25, 2019 for seven Chevrolet Malibu sedans. The interest rate is 4.902%. The obligation is secured by the equipment.

The College has entered into an eight-year $570,000 lease purchase entered into on May 14, 2018 for a Jenzabar EX Module, 2018 Dodge Ram, and Snowdogg Snow Blade. The interest rate is 2.92% - 3.25%. The obligation is secured by the equipment.

6. Long-Term Liabilities (Cont.)

(c) Capital lease (cont.)

The annual debt service requirements for capital leases are as follows:

Year Ending	Principal	Interest	Total
6/30/2020	$ 746,471	$ 272,536	$ 1,019,007
6/30/2021	800,092	254,211	1,054,303
6/30/2022	853,293	233,243	1,086,536
6/30/2023	727,913	210,264	938,177
6/30/2024	705,000	191,488	896,488
6/30/25 - 6/30/29	3,055,000	663,179	3,718,179
6/30/30 - 6/30/34	2,565,000	270,649	2,835,649
Total	$ 9,452,769	$ 2,095,570	$ 11,548,339

Interest expense for the fiscal year was $277,529.

(d) Early Retirement Benefit 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. For the year ended June 30, 2019, the College paid $24,821 in benefits. The liability for the early retirement benefit plan includes the expected cash outflows discounted at a range of 2.0% to 2.5%. At year end, there were 13 retirees receiving benefits.

(e) Revenue Bond Covenants

The College is required to maintain certain covenants related to the revenue bond. Specifics of these covenants are as follows:

The 2016 Revenue Bond covenants request the number of users served by the Student Union and Dormitory System (System). The number of users totaled 270.

The 2016 Revenue Bond covenants request information on insurance coverage for the System. Insurance is as follows:

Character	Amount	Expiration Date	Annual Premium
Building	$ 16,559,379	7/1/2019	$ 16,725

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 College issued revenue bonds to finance activities of its auxiliary enterprise funds. Investors in those bonds rely on the revenue generated by the individual activities for repayment. Descriptive information for the College’s segment is listed below.

6. Long-Term Liabilities (Cont.)

Student Union and Dormitory System Revenue Bonds Series 2016

The revenues pledged to this Series 2016 bonds consist of net revenues generated from the Dormitory system and the Union system of the College. The condensed financial information for this segment is as follows:

Condensed Statement of Net Assets	
Assets:	
Current assets	$ 1,529,521
Capital assets, net	12,463,049
Total assets	13,992,570
Deferred outflows of resources:	
Deferred charge on refunding	500,858
Total assets and deferred outflows of resources	$ 14,493,428
Liabilities:	
Current liabilities	$ 406,748
Long-term liabilities	13,545,000
Total liabilities	13,951,748
Net Position:	
Invested in capital assets, net of related debt	(875,589)
Restricted	814,709
Unrestricted	602,560
Total net position	541,680
Total liabilities and net assets	$ 14,493,428
Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating Revenue	$ 1,149,397
Depreciation and amortization expense	(697,106)
Other operating expense	(542,929)
Operating income	(90,638)
Nonoperating revenues (expenses):	
Interest expense	(497,455)
Change in net assets	(588,093)
Beginning net assets	1,129,774
Ending net assets	$ 541,680
Condensed Statement of Cash Flows	
Net cash provided (used) by:	
Operating activities	$ 604,826
Capital financing activities	(786,266)
Net increase (decrease)	(181,440)
Beginning cash and cash equivalents and investments	1,666,258
Ending cash and cash equivalents and investments	$ 1,484,818

7. Other Postemployment Healthcare Benefits (OPEB)

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.

Coverage is available for life. Spouses of deceased retirees may continue coverage up to 3 additional years by paying the Cobra rate.

Retiree coverage is delivered through the group insurance program of the College. Coverage is provided through a self-insurance arrangement with stop-loss coverage for claims exceeding $35,000. Plan coverage coordinates with Medicare for those retirees age 65 and over. Medical coverage is made available through a PPO program with three deductible level plan options. A high deductible plan option (Option 3) was added effective July 1, 2019.

Covered Employees	-
Retirees and beneficiaries receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	154
Total	161

Funding Policy

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.

Employer Contribution

An employer may make contributions through an irrevocable transfer of assets to a qualifying trust, direct payment of benefits or a combination of these. Without a trust and self-funded, the contribution equals retiree claims plus admin costs, less any retiree contribution premiums. Without a trust and not self-funded, the contribution equals age-adjusted premium costs, less any retiree contribution premiums.

Annual OPEB Cost and Net OPEB Obligation

The College’s annual OPEB cost (expense) consists of the service cost plus interest on total OPEB liability and changes in assumptions and inputs. The service cost is the portion of the Actuarial Present Value of OPEB benefits that is allocated to the current year by the Actuarial Cost method. The following table presents the components of the College’s annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the College’s total OPEB obligation to the Plan.

7. Other Postemployment Healthcare Benefits (OPEB) (Cont.)

Annual OPEB Cost and Net OPEB Obligation (Cont.)

	June 30, 2019
Total OPEB liability - beginning of year	$ 5,247,449
Service cost	505,656
Interest cost	188,153
Changes in benefit terms	-
Differences between actual and expected experience	441,241
Changes in assumptions and inputs	236,425
Employer contributions (benefit payments)	(103,000)
Net changes	1,268,475
Net OPEB liability - end of year	$ 6,515,924

The College saw no benefit changes to the disabilitant's percentage of replacement income due to the changes from FY18 to FY19.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.40% (GASB 45) to 3.43% (beginning-of-year) in accordance with GASB 75.

Changes from the beginning to the end of year measurement for FY 2018-19 are noted below:

- The assumed mortality was changed to the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2019 Full Generational Improvement.
- The discount rate was changed from 3.40% (GASB 45) to 3.30% and actual 2018-19 premiums, admin fees and stop-loss premiums were valued.
- Value actual 2019-20 contribution premiums, admin fees and stop-loss premiums based on the July 1, 2019 renewal. Continue to value per capita claims at assumed trends.

Total OPEB Liability

The College's total OPEB liability of $6,515,924 reported as of June 30, 2019 was measured as of June 30, 2018 (the measurement date), and was determined by an actuarial valuation as of July 1, 2018, using the following actuarial assumptions:

Valuation Procedures and Discount Rate

Salary increases; including wage increases	2.50%
Discount rate	3.00%

GASB 75 standards require a single discount rate be determined. To the extent Plan (i.e. Trust) assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent a Plan is not projected to be sufficient make future benefit payments the yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to the College's program.

In order to determine the municipal bond rate the actuaries took the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 3.3% and 3.0% as of the beginning and end of year measurement dates, respectively. These were used as the discount rates to determine present value costs.

7. Other Postemployment Healthcare Benefits (OPEB) (Cont.)

Valuation Procedures and Discount Rate (Cont.)

Mortality rates used for the dealth benefits were based on the Society of Actuaries RPH-2014 adjusted to 2006 Total Dataset Headcount-weighted Mortality with Scale MP-2019 Full Generational Improvement.

The financial information for fiscal year 2018-19 is based upon a GASB 75 actuarial valuation performed as of January 1, 2017 using the participant census as of January 1, 2017. The results of the valuation were projected to the beginning and end of year measurement dates using standard actuarial techniques. Appropriate assumptions and benefit terms as of the applicable measurement date were valued.

The measurement date as selected by the College under GASB 75 Standards is June 30th.

In the January 1, 2017, actuarial valuation, the Entry Age Normal - Level Percent of pay Actuarial Cost method was applied. The actuarial assumptions included a 3.50% investment rate of return, which is a blended rate of the expected long-term investment returns on Plan assets and on the College's pooled funds and investments. The valuation assumed annual healthcare cost trend rate of 7.00% in the first year and then 6.50% in year two, decreasing by 0.50% until year 3 and then decreasing by 0.25% until year nine when it reaches an ultimate rate of 4.50%. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the accuracy of the results.

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

	1% Decrease	Current Trend Assumption	1% Increase
Total OPEB Liability	$ 5,262,392	$ 6,515,924	$ 8,203,889
Increase / (Decrease) from Baseline	(1,252,532)		1,687,965

Sensitivity of Total OPEB Liability to changes in the Discount Rate

	1% Decrease 2.30%	Current Single Discount Rate Assumption 3.30%	1% Increase 4.30%
Total OPEB Liability	$ 7,819,845	$ 6,515,924	$ 5,497,690
Increase / (Decrease) from Baseline	1,303,921		(1,018,234)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2019 the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Category	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	$ 402,193	$ -
Changes in assumptions	527,067	-
Benefit payments subsequent to the measurement date (1)	-	-
Total	$ 929,260	$ -

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

7. Other Postemployment Healthcare Benefits (OPEB) (Cont.)

Deferred Outflows of Resources and Deferred Inflows of Resources (cont.)

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

Year ended June 30:	Amount
2020	$ 93,473
2021	93,473
2022	93,473
2023	93,473
2024	93,473
Thereafter	461,895

8. Other Post Employment Benefit Plan - KPERS Death and Disabilities

The College participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* . Accordingly, the Plan is considered to be administered on a pay-as-you-go basis.

Contributions

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended June 30, 2019, totaled $10,511.

Special Funding Situation

The employer contributions for the College, as defined in K.S.A. 74-4931 (2) and (3), are made by the State of Kansas on behalf of the College. Therefore, the College is considered to be in a special funding situation. Accordingly, the State is required to recognize the total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense for the OPEB plan attributable to the College. The College records revenue and OPEB expense in an amount equal to the expense recognized by the State on behalf of the College.

Benefits

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60% (prior to January 1, 2006, 66 2/3 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

8. Other Post Employment Benefit Plan - KPERS Death and Disabilities

Benefits (cont.)

The monthly long-term disability benefit is 60% of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered Employees

The College has the following employees covered by the Plan as of June 30, 2017:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	212
Total	213

Total OPEB Liability

At June 30, 2018, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $93,797.

Actuarial Assumptions

The financial information for fiscal year 2018-19 is based upon actuarial valuation performed as of December 31, 2017 rolled forward to June 30, 2019, using the participant census as of July 1, 2017.

The measurement date as selected by the College under GASB 75 Standards is June 30th. The results of the valuation were projected to the end of year measurement date using standard actuarial techniques.

Price inflation	2.75%
Salary increases, including wage increases	3.50-10.00%
Discount rate (based on the 20 year municipal bond rate with an average rating of AA/Aa or better, obtained from the index.)	3.87%

Mortality rates used for the death benefits were based on the RP-2014 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using MP-2018. Mortality rates used for the disability benefits were based on the RP-2014 Disabled Life Table with generational mortality improvement using MP-2018.

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of an actuarial experience study conducted for three years ending June 30, 2015.

8. Other Post Employment Benefit Plan - KPERS Death and Disabilities (Cont.)

Revenue and OPEB Expense Recorded by the College

For the year ended June 30, 2018, the College recognized revenue and OPEB expense in an equal amount of $24,539.

9. Defined Benefit Pension Plan

Plan Description

The College participates in the Kansas Public Employees Retirement System (KPERS or System), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law and administered by KPERS, a body corporate and an instrumentality of the State of Kansas. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available, stand-alone comprehensive annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737, or at the KPERS website at www.kpers.org.

KPERS provides pension benefits to the following statewide pension groups under one plan, as provided by KSA 74, article 49:

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

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.

The employer contributions for non-public school district schools, as defined in KSA 74-4931 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, are 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 these employers do not contribute directly to the System for active employees, there is no net pension liability or deferred inflows or outflows to report in the financial statements for active employees. The notes to the College's financial statements must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the non-public school district employer. In addition, each non-public school district employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with their employer.

A number of these employers make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per KSA 74-4937, "working after retirement" employees. The resulting proportional share of these agencies "working after retirement" contributions and resulting net pension liability are attributable to the employer.

Benefits Provided

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

9. Defined Benefit Pension Plan (Cont.)

Benefits Provided (Cont.)

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 KSA 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.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

Contributions

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund established by KSA 74-4922. 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 for each of the three state wide pension groups to be determined based on the results of each annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by KSA 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.20% of total payroll for the fiscal year ended June 30, 2018.

The State is required to contributed 100% of the College's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. However, they do make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per KSA 74-4937, "working after retirement" employees. The resulting proportinal share of the "working after retirement" contributions and resulting new pension liability are attributable to the employer.

KSA 74-4919 and KSA 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members.

9. Defined Benefit Pension Plan (Cont.)

Contributions (cont.)

The College's contractually required contributions rate for the year ended June 30, 2019, was 16.38% of the annual college payroll of which .01% of payroll was required from the College and 99.99% of payroll was required from the State. The College's contributions to the pension plan were $35,498 for the year ended June 30, 2019.

Legislature in the 2015 session authorized issuance of $1.0 billion in net bond proceeds to improve the funding of the State/School group. The bonds were issued in August 2015 and deposited in the trust fund on August 20, 2015.

Employer Allocations

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

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

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

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2019, the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	$ 404,326
State's proportionate share of the net pension liability associated with the College	1,247,329
	$ 1,651,655

The net pension liability was measured as of December 31, 2017, which was rolled forward to June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the that date. The College's proportion of the net pension liability was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal year ended June 30, 2018. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2018, the combined College and State's proportion was 2.77%, which was an increase of .003% from its proportion measured as of the year ended June 30, 2017.

For the actuarial report as of June 30, 2018, there were changes in assumptions and benefits as described in the notes to the required supplemental information.

9. Defined Benefit Pension Plan (Cont.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont.)

There were no changes between the measurement date of December 31, 2017, rolled forward to June 30, 2018, and the College's reporting date of June 30, 2019.

For the year ended June 30, 2019, the College recognized pension expense of $1,411,065 and revenue of $1,411,065 for support provided by the state. For the portion related to the "working after retirement" the College recognized pension expense of $121,275, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. At the measurement date of June 30, 2018, the College reported deferred outflows of resources and deferred inflows of resources related to pensions for the College from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 17,552
Changes of assumptions	15,214	349
Net difference between projected and actual earnings on pension plan investments	6,935	-
Changes in proportion and differences between College contributions and proportionate share of contributions	208,558	4,750
Total	$ 230,707	$ 22,651

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expenses by the College as follows:

Year ended June 30:	Amount
2019	$ 74,246
2020	69,097
2021	41,954
2022	21,649
2023	1,110
Thereafter	-
	$ 208,056

Actuarial assumptions

The total pension liability recognized by the State and the portion recognized by the College, were determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions, applied to all periods included in the measurement:

• Price Inflation	2.75 percent
• Wage inflation	3.50 percent
• Salary increases, including wage increases	3.5 to 12.0 percent, including inflation
• Long-term rate of return, net of investment expense, and including price inflation	7.75 percent

9. Defined Benefit Pension Plan (Cont.)

Actuarial assumptions (cont.)

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

The actuarial assumptions used in the December 31, 2017, valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation as of the most recent experience study, dated November 18, 2016, as provided by KPERS' investment consultant, are summarized in the following table:

Asset class	Long-term target allocation	Long-term expected real rate of return
Global Equity	47.00%	6.85%
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	2.00%	-0.25%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarially determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2017 was 1.2 percent.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor’s allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of $1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to $100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

9. Defined Benefit Pension Plan (Cont.)

Actuarial assumptions (cont.)

In addition, 2017 S Sub. For Sub. HB 2052 delayed $64.1 million in Fiscal Year State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of $6.4 million was received in July 2017 and appropriations for Fiscal Year 2018 are intended to fully fund the State/School group statutory contribution rate of 12.01 percent for that year. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of $194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20 year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan.

Sensitivity of the State's proportionate share of the net pension liability to changes in the discount rate

The table below presents the net pension liability of the Pension Plan as of June 30, 2018, calculated using the discount rate of 7.75%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.75%) or 1-percentage point higher (8.75%) than the current rate:

1% Decrease (6.75%)	Discount rate (7.75%)	1% Increase (8.75%)
$544,519	$404,326	$285,744

10. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year. Settled claims 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. 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:

Changes in claims liabilities during the past year is summarized below:

Unpaid claims, June 30, 2018	$ 274,043
Claims and changes in estimates	1,596,232
Claim payments	(1,683,751)
Unpaid claims, June 30, 2019	$ 186,524

11. Related Party Transactions Between the College and its Component Unit

The Dodge City Community College Foundation paid $104,997 in student scholarships during the current fiscal year.

The College provides administrative support, office space, and other services to the Dodge City Community College Foundation. The Foundation does not reimburse the College for expenses incurred.

12. Contingent Liabilities

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 College. However, in the opinion of management, any such disallowed claims would not have a material effect on the 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.

13. Prior Period Adjustment

The College has a prior period adjustment due to a correction involving the deferred property taxes payable. The College, when preparing the budget for the year, calculates the levy needed for the year. This is levied and becomes a lien against all property on November 1st during that year. Taxpayers have the option of paying in full, or in two installments. The installment dates are December 20 and May 10. The receivable recorded is the amount that is left to be received in the October following their year end for the remaining taxes that would be considered delinquent. The net effect to net postition as of June 30, 2018 for this change was $3,491,966.

14. Subsequent Events

In August of 2019, the College issued refunding certificates of participation in the amount of $5,035,000. The issue is to refund certain outstanding Student Union and Dormitory System Revenue Bonds, Series 2013.

Management has evaluated the effects on the financial statements of subsequent events occurring through the date of this report, which is the date at which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Dodge City Community College
Schedule of Changes in the Net OPEB Liability - Healthcare
For the Year ended June 30, 2019

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability - Beginning of year	$ 5,247,449	$ 4,321,581	For 2009 to 2016, this data is not yet available.							
Service Cost	505,656	451,132	For 2009 to 2016, this data is not yet available.							
Interest Cost	188,153	161,167	For 2009 to 2016, this data is not yet available.							
Changes in Benefit Terms	-	-	For 2009 to 2016, this data is not yet available.							
Differences between actual and expected experience	441,241	-	For 2009 to 2016, this data is not yet available.							
Changes in assumptions and inputs	236,425	378,569	For 2009 to 2016, this data is not yet available.							
Employer contributions	(103,000)	(65,000)	For 2009 to 2016, this data is not yet available.							
Net Changes	1,268,475	925,868	For 2009 to 2016, this data is not yet available.							
Total OPEB Liability - End of year	$ 6,515,924	$ 5,247,449	For 2009 to 2016, this data is not yet available.							

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2009-2016 is not available under the measurement requirements of GASB 75.

* The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

Dodge City Community College
Schedule of the College's Proportionate Share of the Net OPEB Liability - Healthcare
For the Year ended June 30, 2019

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability	$ 6,515,924	$ 5,247,449	For 2009 to 2016, this data is not yet available.							
Fiduciary net position	-	-	For 2009 to 2016, this data is not yet available.							
Net OPEB liability	$ 6,515,924	$ 5,247,449	For 2009 to 2016, this data is not yet available.							
Fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	For 2009 to 2016, this data is not yet available.							
Covered-employee payroll	$ 7,116,677	$ 7,116,677	For 2009 to 2016, this data is not yet available.							
Net OPEB liability as a percentage of covered-employee payroll	91.6%	73.7%	For 2009 to 2016, this data is not yet available.							

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2009-2016 is not available under the measurement requirements of GASB 75.

* The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

Dodge City Community College
Schedule of the College's Proportionate Share of the Net OPEB Liability - KPERS Death and Disability
For the Year ended June 30, 2019

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Total OPEB Liability	$ 93,797	$ 83,286	For 2009 to 2016, this data is not yet available.							
Fiduciary net position	-	-	For 2009 to 2016, this data is not yet available.							
Net OPEB liability	$ 93,797	$ 83,286	For 2009 to 2016, this data is not yet available.							
Nonemployer contributing entities' total proportionate share of collective net OPEB liability	$ 93,797	$ 83,286	For 2009 to 2016, this data is not yet available.							
Employer's proportionate share of the collective net OPEB liability	-	-	For 2009 to 2016, this data is not yet available.							
Covered-employee payroll	$ 9,716,517	$ 9,952,050								
Nonemployer's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	0.97%	0.84%								
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	For 2009 to 2016, this data is not yet available.							

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2009-2016 is not available under the measurement requirements of GASB 75.

* The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

Dodge City Community College
Schedule of the College's OPEB Contributions - KPERS Death & Disability
For the Year ended June 30, 2019

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Statutorily required OPEB contributions	$ 3,261	$ -	For 2009 to 2016, this data is not yet available.							
OPEB contributions in relation to statutorily required contributions**	3,261	-	For 2009 to 2016, this data is not yet available.							
Contribution deficiency (excess)	$ -	$ -								
College's covered-employee payroll	$ 9,716,517	$ 9,952,050	For 2009 to 2016, this data is not yet available.							
OPEB contributions as a percentage of covered payroll	0.03%	0.00%	For 2009 to 2016, this data is not yet available.							

* The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

** Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the OPEB Plan, as distinct from statutorily required contributions.

Dodge City Community College
Schedule of the College's Proportionate Share of the Net Pension Liability
For the Year ended June 30, 2019

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
College's proportion share of the net pension liability (asset)	0.005%	0.004%	0.002%	0.002%	For 2009 to 2014, this data is not yet available.					
College's proportionate share of the net pension liability (asset)	$ 404,326	$ 386,206	$ 167,471	$ 141,865	For 2009 to 2014, this data is not yet available.					
State's proprotionate share of the net pension liability (asset)	0.160%	0.168%	0.171%	0.174%						
State's proprotionate share of the net pension liability (asset)	$ 14,208,476	$ 15,341,965	$ 15,727,234	$ 15,651,512	For 2009 to 2014, this data is not yet available.					
Total collective net pension liability (asset)	$ 14,612,802	$ 15,728,171	$ 15,894,705	$ 15,793,377	For 2009 to 2014, this data is not yet available.					
College's covered-employee payroll	$ 9,936,236	$ 10,182,062	$ 10,069,264	$ 10,086,731	For 2009 to 2014, this data is not yet available.					
Toal collective net pension liability (asset) as a percentage of its covered-employee payroll	147.066%	154.469%	157.854%	156.576%	For 2009 to 2014, this data is not yet available.					
Plan fiduciary net position as a percentage of the total pension liability	68.876%	204.125%	186.507%	185.272%	For 2009 to 2014, this data is not yet available.					

* The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

Dodge City Community College
Schedule of College Contributions
For the Year ended June 30, 2019

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Contractually required contribution	$ 35,498	$ 27,378	$ 11,645	$ 8,900	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(35,498)	(27,378)	(11,645)	(8,900)	-	-	-	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 9,936,236	$ 10,182,062	$ 10,069,264	$ 10,086,731	$ -	$ -	$ -	$ -	$ -	$ -
Contributions as a percentage of covered-employee payroll	0.36%	0.27%	0.12%	0.09%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

Note: Historically, the College has not been responsible for contributions due to being a special funding situation. The State of Kansas has paid all contributions. Due to changes in the statutes, the College is now responsible for "working after retirement" employees contributions.

* The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

Dodge City Community College
Notes to Required Supplementary Information
For the Year Ended June 30, 2019

Other Post Employment Benefits - Healthcare

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes of assumptions and other inputs reflect a change in the discount rate from 3.40% in 2018 to 3.30% in 2019.

Changes from the beginning to the end of year measurement for FY 2018-19 are noted below:

- The assumed mortality was changed to the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement.

- Adjusted the trend on retiree premium contributions and age-based costs considering 9-1-17 and 9-1-18 renewals.

Other Post Employment Benefits - KPERS Death and Disability

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes of assumptions and other inputs reflect a change in the discount rate from 3.58% in 2017 to 3.87% in 2018.

Defined Benefit Pension Plan

Changes in benefit terms:

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015 was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

Changes in assumptions:

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study:

- Price inflation lowered from 3.00 percent to 2.75 percent
- Investment return assumption was lowered from 8.00 percent to 7.75 percent
- General wage growth assumption was lowered from 4.00 to 3.50 percent
- Payroll growth assumption was lowered from 4.00 percent to 3.00 percent

SUPPLEMENTARY INFORMATION

Dodge City Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
General Fund
Year Ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 2,165,654	$ 2,165,654	$ 2,053,241	$ (112,413)
State sources	1,491,616	1,491,616	1,508,189	16,573
County sources	10,890,063	10,890,063	11,052,827	162,764
Other sources	1,154,143	1,154,143	1,363,880	209,737
Total Cash Receipts	$ 15,701,476	$ 15,701,476	15,978,137	$ 276,661
Expenditures and Transfers Subject to Budget				
Instruction	$ 3,287,100	$ 3,287,100	2,047,415	$ (1,239,685)
Academic support	850,910	850,910	906,487	55,577
Student services	2,843,327	2,843,327	2,446,054	(397,273)
Institutional support	4,249,593	4,249,593	4,442,707	193,114
Operation and maintenance	2,869,761	2,869,761	2,188,499	(681,262)
Scholarships	400,000	400,000	276,287	(123,713)
Debt service	-	-	606,752	606,752
Capital improvements	-	-	94,030	94,030
Contingency	-	-	85,998	85,998
Nonmandatory transfers out	1,500,000	1,500,000	1,650,000	150,000
Total Expenditures and Transfers Subject to Budget	$ 16,000,691	$ 16,000,691	14,744,229	$ (1,256,462)
Receipts Over (Under) Expenditures			1,233,908	
Unencumbered Cash, July 1			5,638,005	
Unencumbered Cash, June 30			$ 6,871,913	

Dodge City Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Postsecondary Technical Education Fund
Year Ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 3,587,358	$ 3,587,358	$ 1,476,717	$ (2,110,641)
Federal sources	143,097	143,097	-	(143,097)
State sources	1,250,420	1,250,420	1,286,409	35,989
Other sources	1,180,837	1,180,837	125,744	(1,055,093)
Transfer from General Fund	1,500,000	1,500,000	1,500,000	-
Total Cash Receipts	$ 7,661,712	$ 7,661,712	4,388,870	$ (3,272,842)
Expenditures Subject to Budget				
Instruction	$ 2,696,027	$ 2,696,027	2,297,429	$ (398,598)
Academic support	3,407,809	3,407,809	748,776	(2,659,033)
Student services	480,000	480,000	142,494	(337,506)
Institutional support	1,002,069	1,002,069	877,463	(124,606)
Operation and maintenance	500,000	500,000	419,235	(80,765)
Capital outlay	-	-	95,660	95,660
Total Expenditures Subject to Budget	$ 8,085,905	$ 8,085,905	4,581,057	$ (3,504,848)
Receipts Over (Under) Expenditures			(192,187)	
Unencumbered Cash, July 1			470,847	
Unencumbered Cash, June 30			$ 278,660	

Dodge City Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Education Fund
Year Ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ -	$ -	$ 13,300	$ 13,300
Federal sources	143,097	143,097	170,835	27,738
State sources	70,699	70,699	70,699	-
County sources	60,173	60,173	57,570	(2,603)
Other sources	300	300	50	(250)
Total Cash Receipts	$ 274,269	$ 274,269	312,455	$ 38,186
Expenditures Subject to Budget				
Instruction	$ 165,364	$ 165,364	137,326	$ (28,038)
Institutional support	180,000	180,000	187,765	7,765
Total Expenditures Subject to Budget	$ 345,364	$ 345,364	325,091	$ (20,273)
Receipts Over (Under) Expenditures			(12,636)	
Unencumbered Cash, July 1			138,268	
Unencumbered Cash, June 30			$ 125,632	

Dodge City Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Supplementary Fund
Year Ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 50,000	$ 50,000	$ -	$ (50,000)
Expenditures Subject to Budget				
Instruction	$ 61,652	$ 61,652	-	$ (61,652)
Receipts Over (Under) Expenditures			-	
Unencumbered Cash, July 1			11,652	
Unencumbered Cash, June 30			$ 11,652	
Unencumbered Cash, June 30			$ 11,652	
Receivables			-	
GAAP fund balance (internal books)			$ 11,652	

Dodge City Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Auxiliary Enterprise Funds
Year Ended June 30, 2019

	Budgeted Amounts		Actual					Variance With Final Budget
	Original	Final	Bookstore	Food Service	Housing	Student Union	Total Budgetary Basis	Over (Under)
Cash Receipts								
Charges for services	$ 3,015,000	$ 3,015,000	$ 582,207	$ 688,257	$ 1,076,941	$ 60,180	$ 2,407,585	$ (607,415)
Other	48,326	48,326	-	-	-	-	-	(48,326)
Total Cash Receipts	$ 3,063,326	$ 3,063,326	582,207	688,257	1,076,941	60,180	2,407,585	$ (655,741)
Expenditures and Transfers Subject to Budget								
Salaries and benefits	$ 115,000	$ 115,000	111,771	-	218,914	-	330,685	$ 215,685
General operating	2,521,775	2,521,775	18,049	12,277	263,165	40,260	293,491	(2,228,284)
Supplies	-	-	4,064	2,485	16,290	-	22,839	22,839
Cost of sales	-	-	355,194	635,801	-	-	990,995	990,996
Capital expenses	-	-	17,870	2,457	-	5,324	20,327	20,327
Mandatory transfers out (in)	500,000	500,000	-	-	565,010	-	565,010	65,010
Total Expenditures and Transfers Subject to Budget	$ 3,136,775	$ 3,136,775	506,948	653,020	1,063,379	45,584	2,223,347	$ (913,427)
Receipts Over (Under) Expenditures			75,259	35,237	13,562	14,596	124,058	
Unencumbered Cash, July 1			345,340	60,753	607,679	17,761	1,013,772	
Unencumbered Cash, June 30			$ 420,599	$ 95,990	$ 621,241	$ 32,357	$ 1,137,830	*

* Exempt from Cash-Basis Law (KSA 10-1116).

Dodge City Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Capital Outlay Fund
Year Ended June 30, 2019

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Local sources	$ 718,194	$ 718,194	$ 682,644	$ (35,550)
Expenditures and Transfers Subject to Budget				
Operations and maintenance:				
Capital expense	$ 180,806	$ 180,806	11,203	$ (169,603)
Retirement of indebtedness	480,000	480,000	611,914	131,914
Interest and fees	15,650	15,650	19,890	4,240
Total Expenditures and Transfers Subject to Budget	$ 676,456	$ 676,456	643,007	$ (33,449)
Receipts Over (Under) Expenditures			39,637	
Unencumbered Cash, July 1			268,102	
Unencumbered Cash, June 30			$ 307,739	

Dodge City Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Revenue Bond Fund
Year Ended June 30, 2019

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over
	Original	Final	Basis	(Under)
Cash Receipts				
Transfer in	$ 500,000	$ 500,000	$ 430,310	$ (69,690)
Expenditures and Transfers Subject to Budget				
Retirement of indebtedness	$ 320,000	$ 320,000	320,000	$ -
Interest and fees	298,523	298,523	330,645	32,122
Total Expenditures and Transfers Subject to Budget	$ 618,523	$ 618,523	650,645	$ 32,122
Receipts Over (Under) Expenditures			(220,335)	
Unencumbered Cash, July 1			382,739	
Unencumbered Cash, June 30			$ 162,404	

SINGLE AUDIT SECTION

Dodge City Community College
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

Federal Grantor/Pass-Through Grantor Program Title	Federal CFDA Number	Identifying Number	Disbursements/ Expenditures
Department of Education			
Student Financial Aid (SFA) Cluster			
Supplemental Education Opportunity Grant	84.007	P007A81505	$ 85,668
Federal Work Study Program	84.033	P033A181505	63,977
PELL Grant	84.063	P063P181462	2,257,562
Federal Direct Student Loan	84.268	P268K191462	669,785
Title V - Connecting to Success	84.031S	P031S150235	472,715
TRIO - Student Support Services	84.042A	P042A151071	261,972
Total Student Financial Aid (SFA) Cluster			3,811,679
Passed Through Kansas Board of Regents:			
Adult Education State Grant	84.002	V002A180016	170,501
Vocational Education - Carl Perkins	84.048	V048A180016	91,644
TOTAL DEPARTMENT OF EDUCATION			4,073,824
U.S. Department of Defense			
Passed through University of Kansas			
Center for Research, Inc.			
Kansas Coalition Intelligence Community Center for Academic Excellence	12.598	5R25GN119968-03	13,102
TOTAL DEPARTMENT OF DEFENSE			13,102
National Science Foundation			
Passed through Kansas State University			
Pathways to STEM: Kansas Louis Stokes Alliance for Minority Participation	47.076	52-1718586	123,443
TOTAL NATIONAL SCIENCE FOUNDATION			123,443
Department of Agriculture			
Passed Through State Department of Education:			
Child and Adult Care Food Program	10.558	SA # JO807	390,116
TOTAL DEPARTMENT OF AGRICULTURE			390,116
U.S Department of Health and Human Services			
Passed through Kansas State University:			
Kansas Bridges to the Future	93.859	52-1718586	12,461
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			12,461
Corporation for National Service			
Direct program:			
Retired and Senior Volunteer Program, 2018-19	94.002		40,500
TOTAL CORPORATION FOR NATIONAL SERVICE			40,500
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 4,653,446

-Continued-

<u>NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS</u>

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Dodge City Community College of Dodge City, Kansas, under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Account Policies

(1) 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, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The College has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

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 business-type activities, and the aggregate discretely presented component units of Dodge City Community College, as of and for the year ended June 30, 2019, 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 February 21, 2020.

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.

Swindoll, Janzen, Hawk & Loyd, LLC

Swindoll, Janzen, Hawk, & Loyd, LLC
Hutchinson, Kansas

February 21, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE 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 the College's major federal programs for the year ended June 30, 2019. The 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 the 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 of Federal Awards (*Uniform Guidance). Those standards and 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 the 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 the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the 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, 2019.

Hutchinson Office
200 N Main • Hutchinson, KS 67504
P: 888.414.0123 • F: 620.662.3350

McPherson Office
123 S. Main • McPherson, KS 67460
P: 888.241.1826 • F: 620.241.6926

Wichita Office
220 W. Douglas, Ste. 300 • Wichita, KS 67202
P: 316.265.5600 • F: 316.265.8021

Other Matters

The results of 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 2019-001. Our opinion on each major federal program is not modified with respect to these matters.

The College's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The 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 the 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 the 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 the 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 the College's internal control over compliance.

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

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

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

Swindoll, Janzen, Hawk + Loyd, LLC

Swindoll, Janzen, Hawk, and Loyd, LLC
Hutchinson, Kansas

February 21, 2020

Dodge City Community College

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of Dodge City Community College, Dodge City, Kansas were prepared in accordance with GAAP.
2. No 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, Dodge City, Kansas, which would be required to be reported in accordance with *Government Auditing Standards,* were disclosed during the audit.
4. There are significant deficiencies related to the audit of the major federal award programs as reported in the Independent Auditor's Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and Internal Control over Compliance Required by the Uniform Guidance.
5. The auditor's report on compliance for the major federal award programs for Dodge City Community College, Dodge City, Kansas expresses an unmodified opinion.
6. There are no audit findings that are required to be reported in accordance with 2CFR section 200.516(a).
7. The programs tested as major programs include:

	CFDA No.
Student Financial Aid Programs:	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal PELL Grant Program	84.063
Federal Direct Student Loan Program	84.268

8. The threshold for distinguishing Types A and B program was $750,000.
9. Dodge City Community College, Dodge City, Kansas was determined to be a low-risk auditee.

FINDINGS--FINANCIAL STATEMENTS AUDIT

None noted.

FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

Student Financial Aid Programs

Federal Supplemental Education Opportunity Grant, CFDA No. 84.007. Federal Work-Study Program CFDA No. 84.033. Federal Pell Grant Program CFDA No. 84.063. Federal Direct Student Loan Program CFDA No. 84.268.

2019-001 SIGNIFICANT DEFICIENCY – STATUS CHANGES

Condition: We examined a sample of 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 two instances where students received Title IV aid during a semester but were not corrected on the NSLDS Enrollment Reporting roster files sent during that semester.

2019-001 SIGNIFICANT DEFICIENCY – STATUS CHANGES (CONT.)

Criteria: Per the NSLDS Enrollment Reporting Guide, a school should report on all students that NSLDS includes in its request to them on a roster file. Students that schools should add to their roster response include any students who received certain types of Title IV aid at the school, but do not appear on the roster.

Cause: College personnel did not add all students who received Title IV aid, but did not appear on the roster file.

Effect: Students could potentially be placed in grace or repayment status when they should be classified as in-school.

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

Views of Responsible Officials and Planned Corrective Actions: Dodge City Community College staff involved in enrollment reporting to the NSLDS has reviewed the NSLDS Reporting Manual to better understand and accurately report the student's enrollment status. This process will be monitored more closely by college staff.

DODGE CITY
COMMUNITY COLLEGE

P: 620.225.1321
T: 800.367.3222
E: about@dc3.edu
dc3.edu
2501 N. 14th Ave.
Dodge City, KS 67801

Dodge City Community College

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2019

FINDINGS--FINANCIAL STATEMENTS AUDIT

None noted.

FINDINGS AND QUESTIONED COSTS--MAJOR FEDERAL AWARD PROGRAMS AUDIT

Student Financial Aid Programs

Federal Supplemental Education Opportunity Grant, CFDA No. 84.007. Federal Work-Study Program CFDA No. 84.033. Federal Pell Grant Program CFDA No. 84.063. Federal Direct Student Loan Program CFDA No. 84.268.

2018-001 SIGNIFICANT DEFICIENCY – NSLDS STATUS UPDATE

Condition: The College had 3 out of 40 students tested where students received Title IV aid during a semester but were not added to any of the NSLDS Enrollment Report roster files sent during that semester.

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

Current Status: Conditions are still present. See finding 2019-001.

2018-002 SIGNIFICANT DEFICIENCY – VERIFICATION

Condition: The College had 5 out of 40 students tested where the Institutional Student Information Report (ISIR) was not properly updated in the computer system after verification.

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

Current Status: During the testing of student files in the 18-19 year, we did not find any instances of noncompliance regarding verification procedures.

2018-003 SIGNIFICANT DEFICIENCY – RETURN OF FUNDS

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

Recommendation: We recommend that personnel in charge of the Returns of Title IV funds be diligent in determining student withdrawal dates and timely return unearned Title IV aid.

Current Status: During our review of Returns of Title IV funds in the 18-19 year, we did not find any instance of noncompliance regarding the Returns of Title IV funds.

DODGE CITY
COMMUNITY COLLEGE

P: 620.225.1321
T: 800.367.3222
E: about@dc3.edu
dc3.edu
2501 N. 14th Ave.
Dodge City, KS 67801

2018-004 SIGNIFICANT DEFICIENCY – NSLDS ROSTER FILE ERRORS

Condition: During the review of the SCHER1 report in prior year, it was noted that errors reported in the files were not being appropriately addressed by College personnel.

Recommendation: We recommend that communication channels be improved so that personnel in charge of monitoring enrollment reporting to NSLDS can be diligent in reviewing the roster file and error/acknowledgment file to ensure that students are reported in a timely and accurate manner.

Current Status: We reviewed the submissions, including error reports to NSLDS. We did not find any instances of noncompliance with timely filing of regular submissions or correction of error reports.

2-20-2020