

**INDEPENDENCE
COMMUNITY COLLEGE**
Independence, Kansas

Financial Statements and
Independent Auditors' Report with
Federal Compliance Section
For the Year Ended June 30, 2012

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

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INDEPENDENCE COMMUNITY COLLEGE

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

The discussion and analysis of Independence Community College's (ICC) financial statements focuses on the College as a whole and provides an overview of the College's financial activities for the year ended June 30, 2012, with selected comparative information of the prior year ended June 30, 2011. The emphasis of discussion about these statements is on audit year data, and based on the known facts. It is easier to understand this discussion when read along with the College's basic financial statements, the footnotes to those statements, and the schedules provided by the auditors.

Independence Community College is required to present annual financial statements in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB), the authoritative body for establishing generally accepted accounting principles for state and local governments, including public institutions of higher education in the United States. These pronouncements permit public colleges like ICC to use the guidance for special purpose governments engaged only in business-type activities in their separately issued financial statements. As a result, the presentation format was shifted from a columnar fund group format to a consolidated, single-column, entity-wide format. This format is similar to the type of financial statements issued by a typical business enterprise or a not-for-profit organization.

There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses and Changes in Net Assets; and the Statement of Cash Flows.

Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the college as of the end of the fiscal year. Net Assets is an accounting concept defined as total assets minus total liabilities, and it reflects those values and the equity (ownership) in the total assets of the college at the designated point in time.

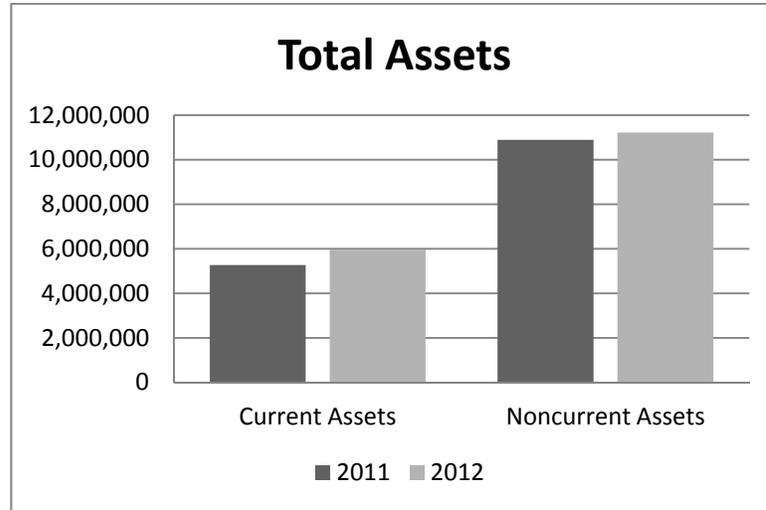
From the data presented, readers of the Statement of Net Assets may determine the assets available to operate the College. They also may determine how much the institution owes vendors and lending institutions. Finally, the Statement of Net Assets provides a picture of the net assets and their availability for expenditure by the institution.

Net assets have two main categories: "Current" and "Noncurrent Assets." Current Assets provide a view of the how much is owed to the college (receivables), cash and bookstore inventory (items for sale). Noncurrent Assets is made up primarily of the college's other physical assets – buildings, land, etc.

Analysis of Assets, Liabilities and Net Assets

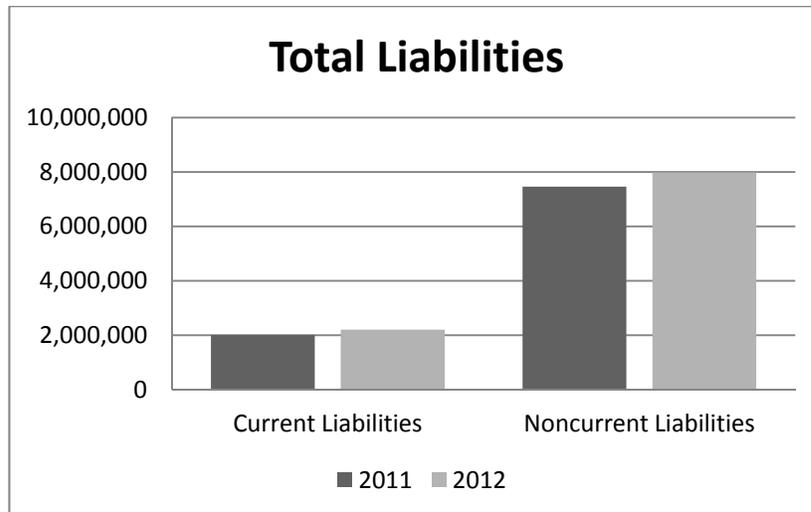
Assets

For the year ended June 30, 2012, total assets increased by \$1,017,234 (+5.92%) over the previous fiscal year. The change in total assets came from an increase in Current Assets (including \$86,806.34 paid in advance for athletic insurance) of \$691,855 and an increase in noncurrent assets of \$325,379.



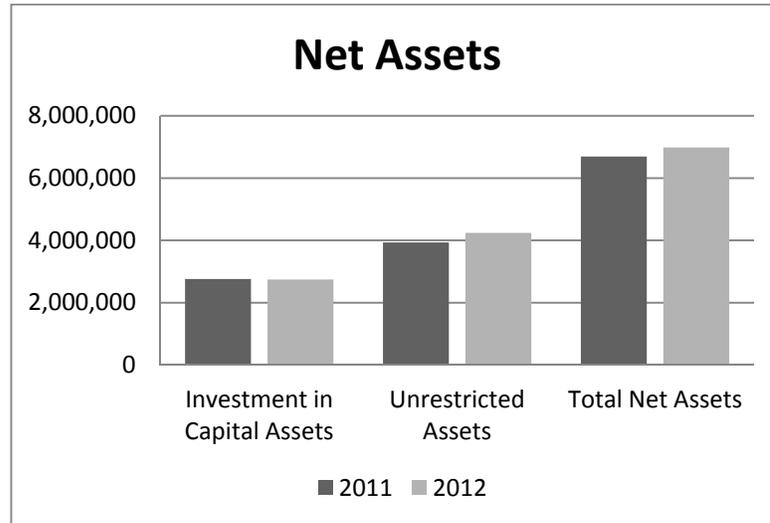
Liabilities

For the year ended June 30, 2012, total liabilities increased by \$711,862 (+6.99%) over the previous fiscal year. This increase was primarily in Current Liabilities such as deposits held in custody for others (Agency Funds) and accounts payable while deferred revenue, interest and accrued vacation decreased. Most of the increase in Liabilities came from Noncurrent Liabilities (capital leases) which increased by \$522,175.



Net Assets

For the year ended June 30, 2012, total net assets increased by \$305,372 (+4.36%) over the previous fiscal year. The change was primarily due to the increase in unrestricted net assets.



Statement of Revenues, Expenses and Changes in Net Assets

The Statement of Revenues, Expenses and Changes in Net Assets reflects the results of operations and other changes for the fiscal year. The purpose of the 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 or losses received or spent by the institution. Changes in total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets.

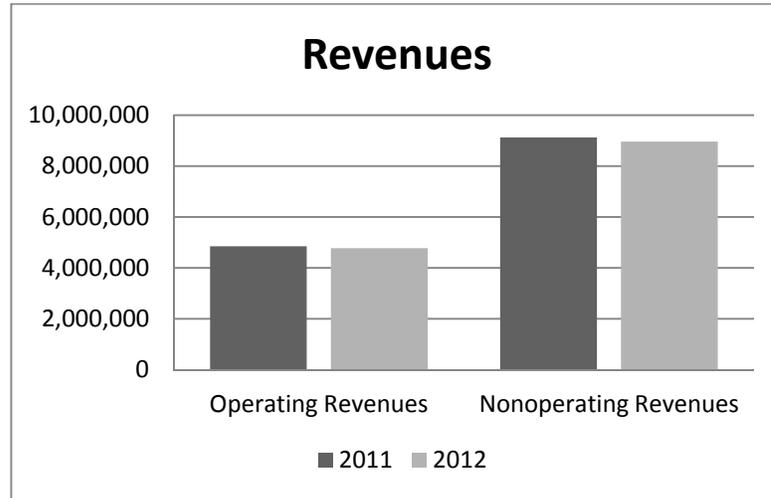
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out 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 or services for those revenues.

Analysis of Revenues and Expenses

Revenues

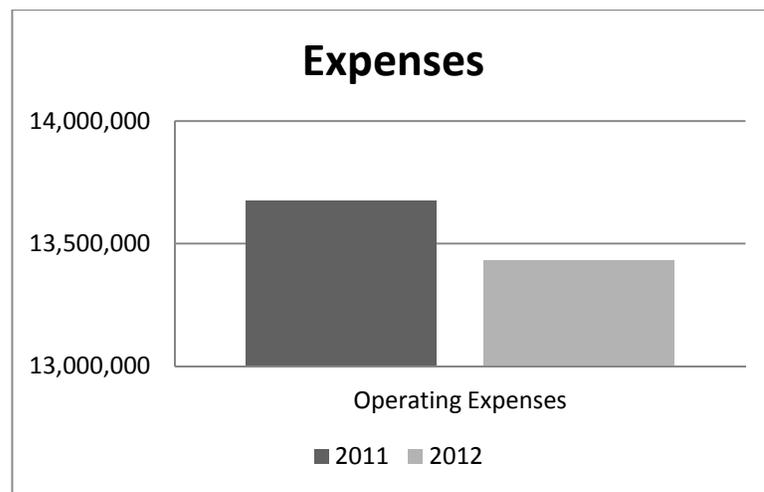
For the year ended June 30, 2012, total revenue in comparison with the 2010-2011 fiscal year decreased by \$236,977 (-1.72%) because of the following:

- Operating revenues decreased by \$76,424 (-1.60%), primarily from decreases in student tuition and fees, Sales and Services of Auxiliary Enterprises and in State Grants and Contracts.
- Non-operating revenues decreased \$160,551 (-1.79%). The change is mostly attributable to decreases in State appropriations of \$23,014 and Federal Pell Grants of \$198,126, combined with an increase in local appropriations of \$248,679 (from a FY 2011 decrease of \$390,029).



Expenses

Total operating expenses decreased \$241,861 (-1.80%) for fiscal year 2011-2012. There were operational decreases in Instruction, Academic Support, Operations and Maintenance, and Scholarships and Awards. Student Services, Institutional Support, Auxiliary Enterprises, and Depreciation Expense increased marginally.



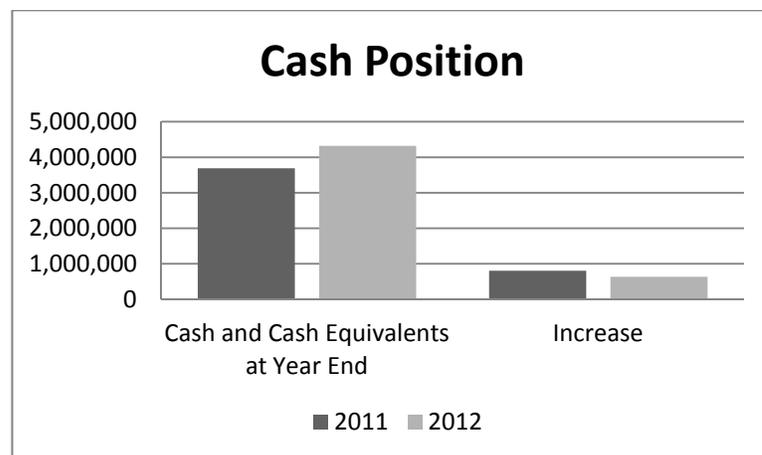
Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the institution during the fiscal year for the general fund. The statement is divided into five parts:

- 1) Operating Activities-This section deals with operating cash flows and shows the net cash used by the operating activities of the institution.
- 2) Non-capital Investing Activities-This section shows the cash received and spent for nonoperating, noninvesting and noncapital financing purposes.
- 3) Capital Investing Activities-This section deals with the cash used for the acquisition and construction of capital assets and related items.
- 4) Financing Activities-This section shows the interest paid on debts and leases.
- 5) Reconciliation of income/loss to net cash used by operating activities-The final section reconciles the net cash used in relation to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

The Statement of Cash Flows indicates that, when balancing cash received against cash used in operations of the College, its cash and cash equivalents increased by \$633,038, which was \$170,532 less than the \$803,570 increase from 2010-2011.

Comparative Cash Position at Year End



Economic Outlook

Student credit hours continue to tracking flat or slightly below last year for general education coursework, with the exception of on-line courses and career and technical education programs. This trend is in line with other Kansas community colleges.

The economic recession is still a part of Southeast Kansas life, but unemployment has abated from last year's 10% range down to the current 7% range. However, the anticipated economic growth is still in question. In addition, the State of Kansas continues to place a greater emphasis on technical education, which generally has a greater delivery cost than general or transfer coursework. Independence Community College incurred additional career and technical education expenses with its Veterinary Technology program, and all the build-out of facilities that accompanies it. Much of this \$960,000 cost was borne by donors through the College's Capital Campaign, which netted more than \$600,000. The Vet Tech program has yet to reach maturity, but is growing in provenance and popularity.

The College is dependent upon some variables that are out of its control and State funding is a primary example. There is a greater emphasis by the State to control costs, which makes year-to-year adjustments in community college budgeting a way of life.

The College anticipates renewed growth and vigor in the not-too-distant future with greater emphasis on marketing and recruiting, as well as implementation of a program review process that focuses on shedding programs that are past their useful life and bringing on current, relevant programs that better meets student needs.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Independence Community College
Independence, Kansas

We have audited the accompanying financial statements of Independence Community College as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Independence Community College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The financial statements do not include financial data for the College's legally separate component unit. Accounting principles generally accepted in the United States of America require the financial data for the component unit to be reported with the financial data of the College's primary government unless the College also issues financial statements for the financial reporting entity that include the financial data for its component unit. The College has not issued such reporting entity financial statements. The effect on the financial statements for the omission of the component unit, although not reasonably determinable, is presumed to be material.

In our opinion, because of the omission of the discretely presented component unit, as described above, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the aggregate discretely presented component unit of Independence Community College as of June 30, 2012, or the changes in the financial position thereof for the year ended.

Further, in our opinion, except for the omission of the discretely presented component unit, the financial statements referred to above present fairly, in all material respects, the financial position of Independence Community College as of June 30, 2012, and the changes in its net assets and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 26, 2012, on our consideration of the Independence Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Independence Community College's financial statements as a whole. The accompanying supplemental information on pages 19 to 32 are presented for the purpose of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the financial statements as a whole.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

P.O. Box 779
Chanute, Kansas 66720
(620) 431-6342
December 26, 2012

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
Statement of Net Assets
June 30, 2012

	<u>Primary Institution</u>
ASSETS	
Current Assets	
Cash and Cash Equivalents	\$ 4,207,774.27
Receivables, Net	1,267,193.15
Prepaid Expenses	86,806.34
Bookstore Inventory	405,505.58
Total Current Assets	<u>5,967,279.34</u>
Noncurrent Assets	
Cash and Cash Equivalents	114,298.98
Receivables, Net	116,316.00
Bond Issuance Costs, Net	260,849.24
Capital Assets, Net	10,728,557.63
Total Noncurrent Assets	<u>11,220,021.85</u>
 TOTAL ASSETS	 <u>\$ 17,187,301.19</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	\$ 428,183.62
Accrued Interest	30,765.70
Accrued Vacation	83,389.83
Deferred Revenue	417,665.25
Deposits Held in Custody for Others	1,244,723.39
Total Current Liabilities	<u>2,204,727.79</u>
Noncurrent Liabilities	
Notes Payable	936,907.18
Capital Leases Payable	7,045,801.28
Total Noncurrent Liabilities	<u>7,982,708.46</u>
 TOTAL LIABILITIES	 <u>10,187,436.25</u>
NET ASSETS	
Net Assets	
Investment in Capital Assets, Net of Related Debt	2,745,849.17
Unrestricted	4,254,015.77
TOTAL NET ASSETS	<u>6,999,864.94</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 17,187,301.19</u>

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

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2012

	Primary Institution
REVENUES	
Operating Revenues	
Student Tuition and Fees, (net of scholarship allowances of \$1,077,566.90)	\$ 1,032,341.62
Federal Grants and Contracts	1,399,830.82
State Grants and Contracts	496,922.08
Sales and Services of Auxiliary Enterprises	1,533,353.19
Activity Fund Revenues	30,382.73
Miscellaneous Income	281,591.02
Total Operating Revenues	4,774,421.46
EXPENSES	
Operating Expenses	
Educational and General	
Instruction	2,804,407.91
Academic Support	938,098.07
Public Service	327,728.52
Student Services	2,300,769.96
Institutional Support	2,437,065.82
Operation and Maintenance	685,408.43
Scholarships and Awards	2,165,789.96
Auxiliary Enterprises	1,264,587.92
Depreciation Expense	509,564.54
Total Operating Expenses	13,433,421.13
Operating Income (Loss)	(8,658,999.67)
Nonoperating Revenues (Expenses)	
State Appropriations	1,988,188.00
County Appropriations	5,068,510.37
Federal Pell Grants	2,289,157.24
Investment Income	15,757.03
Debt Service	(397,240.60)
Net Operating Revenues (Expenses)	8,964,372.04
Increase (Decrease) in Net Assets	305,372.37
Net Assets - Beginning of Year	6,694,492.57
Net Assets - End of Year	\$ 6,999,864.94

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

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
Statement of Cash Flows
For the Year Ended June 30, 2012

	Primary Institution
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees	\$ 1,358,930.83
Federal Grants and Contracts	1,399,830.82
State Grants and Contracts	496,922.08
Sales and Services of Auxiliary Enterprises	1,533,353.19
Activity Fund Revenues	30,382.73
Miscellaneous Income	21,943.77
Payments on Behalf of Employees	(5,998,165.69)
Payments for Supplies and Materials	(323,300.64)
Payments for Other Expenses	(6,270,428.98)
	<hr/>
Net cash provided by (used in) operating activities	(7,750,531.89)
CASH FLOWS FROM NON-CAPITAL INVESTING ACTIVITIES	
State Appropriations	1,988,188.00
County Appropriations	5,068,510.37
Federal Pell Grants	2,289,157.24
Interest Earned on Investments	15,757.03
	<hr/>
Net cash provided by (used in) non-capital investing activities	9,361,612.64
CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES	
Payments for Purchase of Capital Assets	(1,018,532.68)
	<hr/>
Net cash provided by (used in) capital investing activities	(1,018,532.68)
CASH FLOWS FROM FINANCING ACTIVITIES	
Interest Paid on Capital Debt and Leases	(391,025.62)
Payments for Debt Service Costs	(90,659.50)
Proceeds from the Issuance of Debt	2,977,617.36
Principal Payments on Capital Leases	(2,455,442.24)
	<hr/>
Net cash provided by (used in) financing activities	40,490.00
Net Increase (Decrease) in Cash and Cash Equivalents	633,038.07
Cash and Cash Equivalents, Beginning of Year	<hr/> 3,689,035.18
Cash and Cash Equivalents, End of Year	<hr/> <hr/> \$ 4,322,073.25

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

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
Statement of Cash Flows
For the Year Ended June 30, 2012

	<u>Primary Institution</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (8,658,999.67)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities:	
Depreciation	509,564.54
(Increase) Decrease in Receivables	326,589.21
(Increase) Decrease in Prepaid Expenses	(86,806.34)
(Increase) Decrease in Inventory	(48,305.84)
Increase (Decrease) in Accounts Payable	71,189.05
Increase (Decrease) in Accrued Vacation	1,618.69
Increase (Decrease) in Deferred Revenue	(259,647.25)
Increase (Decrease) in Deposits Held for Others	<u>394,265.72</u>
Net cash provided by (used in) operating activities	<u>\$ (7,750,531.89)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET ASSETS	
Cash and Cash Equivalents classified as current assets	\$ 4,207,774.27
Cash and Cash Equivalents classified as non-current assets	<u>114,298.98</u>
Total Cash and Cash Equivalents	<u>\$ 4,322,073.25</u>
Supplemental Information	
Cash Paid During the Period for:	
Interest Expense	<u>\$ 391,025.62</u>

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

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas

Notes to the Financial Statements

For the Year Ended June 30, 2012

1. NATURE OF ACTIVITIES

The financial statements of Independence Community College, Independence, Kansas, have been prepared in accordance with accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the College's accounting policies follow.

Reporting Entity

The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

Component Units

The component unit section of the financial statements should include the financial data of the discretely presented component unit, the Independence Community College Foundation. The component unit should be reported separately to emphasize that it is legally separate from the College. The economic resources received or held by the component unit are held almost entirely for the direct benefit of the College. The Independence Community College Foundation was formed to promote and foster the educational purposes of the College, and to create a fund to be used for any program, project or enterprise undertaken in the interest of the College. The Foundation acts largely as a fundraising organization, soliciting, receiving, managing and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation board of directors. The Foundation can sue and be sued, and can buy, sell, or lease real property. The Foundation's financial statements should be included with the College's financial statements. Separate audited financial statements are not prepared. The Foundation is considered a component unit.

The College's component unit is a private not-for-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency transactions have been eliminated.

The College has the option to apply for all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College has elected to not apply FASB pronouncements issued after the applicable date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents.

Inventories

Inventories consist of books and supplies held for resale and rental in the bookstore and are valued at lower of cost or fair value, using the first-in, first-out method (FIFO).

Noncurrent Cash and Cash Equivalents

Cash and cash equivalents that are externally restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, are classified as noncurrent assets in the statement of net assets.

Capital Assets

Capital assets are stated at cost at the date of acquisition, or fair 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 \$5,000.00 or more, and an estimated useful life of greater than one year. Renovations to building, infrastructure, 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 provided on straight-line method over the estimated useful lives of the respective classes of property. Estimated useful lives are as follows:

Buildings and Additions	15 to 35 Years
Machinery and Equipment	3 to 7 Years

Accounts Receivable and Deferred Revenue

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Kansas. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts. Accounts receivable also include taxes in process of collection for property taxes assessed and collected for the calendar year ending December 31, 2012.

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year.

Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in November 2011 are recorded as taxes receivable. Approximately 2% to 6% of these taxes are normally distributed after June 30, 2012, and are presented as accounts receivable-taxes in process and deferred revenue to indicate that they are not appropriable. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; or (3) other liabilities that although payable within one year, are to be paid from funds that are classified as noncurrent assets.

Net Assets

The College's net assets are classified as follows:

Invested in Capital Assets, Net of Related Debt: This represents the College's total investment in capital assets, net of accumulated depreciation, and 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 investment in capital assets, net of related debt.

Restricted Net Assets – 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.

Restricted Net Assets – Nonexpendable: Nonexpendable restricted net assets consist 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 inviolate and in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

Unrestricted Net Assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations and sales and services of educational departments and auxiliary enterprises. These resources are used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

When an expense is incurred that can be paid using either restricted or unrestricted resources, the College's policy is to first apply the expense towards restricted resources, and then towards unrestricted resources.

Income Taxes

The College, as a political subdivision of the State of Kansas, is excluded from Federal income taxes under Section 115(1) of the Internal Revenue Code, as amended. The Foundation is exempt from income taxes under Section 501(C)(3) of the Internal Revenue Code.

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 discounts and allowances, (2) sales of services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most Federal, state and local grants and contracts, and Federal appropriations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Classification of Revenues (Continued)

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities that use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations and investment income.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge and the goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, 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 discount and allowance.

Accounting Estimates

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

Pension Plan

Substantially all full-time College employees are members of the State of Kansas Public Employees Retirement System which is a multi-employer state-wide pension plan. The College's policy is the State of Kansas will fund all pension costs accrued; such costs to be funded are actuarially determined annually by the State.

Accounts Receivable and Allowance for Doubtful Accounts

The College regularly extends unsecured credit to various students. The College uses the allowance method to account for uncollectible accounts receivable.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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. Although directory rather than mandatory, the statutes provide for the following 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.

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY (Continued)

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

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

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

A legal operating budget is not required for Current Funds - Restricted and Agency Funds.

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

Compliance with Kansas Statutes

Supplemental Schedules 3 to 8 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Schedules 3 to 8, the College was in apparent violation of K.S.A. 79-2935, as the College has obligated expenditures in excess of budgetary limits in the Postsecondary Technical Education Fund and the Capital Outlay Fund. As shown in Schedules 3 to 8, the College was in apparent compliance with Kansas cash basis laws.

4. DEPOSITS AND INVESTMENTS

As of June 30, 2012, the College has the following investments.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Rating</u>
Trust Treasury	\$ 64,225.92	N/A

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

K.S.A 12-1675 limits the College's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. Government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. The College has no investment policy that would further limit its investment choices.

4. DEPOSITS AND INVESTMENTS (Continued)

Concentration of credit risk. State statutes place no limit on the amount the Government may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

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

Deposits: At year-end, the College's carrying amount of deposits was \$4,254,347.33 and the bank balance was \$4,573,371.42. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, \$500,000.00 was covered by FDIC insurance, \$4,073,371.42 was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name.

5. RECEIVABLES, NET

Receivables at June 30, 2012, consisted of the following:

Current	
Federal Grants – PELL	\$ 160,448.93
Federal Grants – Work Study	3,582.92
Federal Grants – SEOG	15,553.12
Federal Grants – Direct Loans	156,515.00
Federal Grants – UPWARD Bound	87,335.18
Federal Grants – TRIO SSS	21,252.92
Student Accounts	821,960.08
Other Reimbursement	545.00
Total Current	<u>1,267,193.15</u>
Noncurrent	
Taxes in Progress	<u>116,316.00</u>
Total Noncurrent	<u>116,316.00</u>
Total Receivables	<u>\$1,383,509.15</u>

The College uses the allowance method to account for uncollectible receivables. Receivables are presented net of an allowance for uncollectible accounts of \$1,392,493.57 at June 30, 2012.

6. INVENTORIES

Inventories consisted of the following at June 30, 2012:

Book Store Inventory	
New Text Books	\$ 326,707.07
Clothing	17,741.36
Used Books	9,885.54
Supplies	23,648.07
Other	27,523.54
Total Inventories	<u>\$ 405,505.58</u>

7. CAPITAL ASSETS, NET

Following are the changes in capital assets for the year ended June 30, 2012:

	Balance 6/30/2011	Additions	Retirements	Balance 6/30/2012
Capital Assets Not Being Depreciated				
Land	\$ 35,000.00	\$ -	\$ -	\$ 35,000.00
Construction in Progress	-	886,873.87	-	886,873.87
Sub-Total	<u>35,000.00</u>	<u>886,873.87</u>	<u>-</u>	<u>921,873.87</u>
Other Capital Assets				
Buildings and Improvements	6,217,356.61	121,293.54	-	6,338,650.15
Buildings and Improvements Under Capital Lease	8,424,611.95	-	-	8,424,611.95
Equipment	465,304.67	10,365.27	-	475,669.94
Equipment Under Capital Lease	12,597.24	-	-	12,597.24
Vehicles	72,562.00	-	-	72,562.00
Sub-Total	<u>15,192,432.47</u>	<u>131,658.81</u>	<u>-</u>	<u>15,324,091.28</u>
Total Capital Assets	<u>15,227,432.47</u>	<u>1,018,532.68</u>	<u>-</u>	<u>16,245,965.15</u>
Accumulated Depreciation				
Buildings and Improvements	(2,649,533.66)	(210,276.22)	-	(2,859,809.88)
Buildings and Improvements Under Capital Lease	(1,919,392.05)	(273,480.60)	-	(2,192,872.65)
Equipment	(364,555.66)	(24,008.12)	-	(388,563.78)
Equipment Under Capital Lease	(1,799.61)	(1,799.60)	-	(3,599.21)
Vehicles	(72,562.00)	-	-	(72,562.00)
Total Accumulated Depreciation	<u>(5,007,842.98)</u>	<u>(509,564.54)</u>	<u>-</u>	<u>(5,517,407.52)</u>
Total Net Capital Assets	<u>\$ 10,219,589.49</u>	<u>\$ 508,968.14</u>	<u>\$ -</u>	<u>\$ 10,728,557.63</u>

8. NOTES PAYABLE

Notes payable of the College consists of the following as of June 30, 2012:

Notes Payable:

Kansas Board of Regents – PEI Infrastructure

One-eighth of the Institution’s total loan amount shall be repaid on or before December 1 in each year of the eight year amortization period of the Kansas Development Finance Authority revenue bonds Series 2009C.

\$ 936,907.18

Total Notes Payable

\$ 936,907.18

The following is a summary of changes in notes payable for the year ended June 30, 2012:

OBLIGATIONS	PRINCIPAL JUNE 30, 2011	PRINCIPAL RECEIVED (PAID)	PRINCIPAL JUNE 30, 2012	INTEREST PAID
Notes Payable Series 2009C	\$ 1,077,382.64	\$ 47,617.36 (188,092.82)	\$ 936,907.18	\$ - -
	<u>\$ 1,077,382.64</u>	<u>\$ (140,475.46)</u>	<u>\$ 936,907.18</u>	<u>\$ - -</u>

8. NOTES PAYABLE (Continued)

The notes payable principal and interest requirements for the next five years and thereafter are as follows:

<u>FISCAL YEAR</u> <u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2013	\$ 187,500.00	\$ --	\$ 187,500.00
2014	187,500.00	--	187,500.00
2015	187,500.00	--	187,500.00
2016	187,500.00	--	187,500.00
2017	186,907.18	--	186,907.18
	<u>\$ 936,907.18</u>	<u>\$ --</u>	<u>\$ 936,907.18</u>

9. CAPITAL LEASES

The College entered into a lease purchase agreement and issued certificates of participation dated October 29, 2009, with Commerce Bank N.A. for construction of a dormitory building. The total cost was \$4,605,000.00. The lease calls for semi-annual payments including interest between 3.00% and 4.20% per annum, maturing May 1, 2023.

Capital Lease – Dormitory Construction

Debt requirements are as follows:

<u>June 30,</u>	
2013	\$ 484,061.25
2014	483,661.25
2015	482,111.25
2016	485,211.25
2017	481,011.25
2018-2022	2,409,672.50
2023	<u>484,530.00</u>
Total Net Minimum Lease Payments	5,310,258.75
Less: Imputed Interest	<u>(1,080,258.75)</u>
Net Present Value of Capital Lease	<u>4,230,000.00</u>
Less: Current Maturities	<u>(320,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 3,910,000.00</u>

The College entered into a lease purchase agreement dated September 24, 2009, with U.S. Bancorp Manifest Funding Services for a energy auditor equipment. The total cost was \$12,597.24. The lease calls for monthly payments including interest at 10.273% per annum, maturing August 24, 2012.

Capital Lease – Energy Equipment

Debt requirements are as follows:

<u>June 30,</u>	
2013	<u>\$ 809.48</u>
Total Net Minimum Lease Payments	809.48
Less: Imputed Interest	<u>(8.20)</u>
Net Present Value of Capital Lease	<u>801.28</u>
Less: Current Maturities	<u>(801.28)</u>
Long-Term Capital Lease Obligations	<u>\$ --</u>

9. CAPITAL LEASES (Continued)

The College entered into a lease purchase agreement dated January 5, 2012, with Commerce Bank for the refinancing of the facility conservation improvement project lease purchase dated August 31, 2006. The total cost was \$1,970,000.00. The lease calls for semi-annual payments including interest ranging from 1.375% to 2.800% per annum, maturing October 1, 2021.

<u>Capital Lease – Conservation Improvements</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2013	\$ 270,670.00
2014	263,070.00
2015	133,685.00
2016	231,685.00
2017	228,935.00
2018-2022	<u>1,160,725.00</u>
Total Net Minimum Lease Payments	2,288,770.00
Less: Imputed Interest	<u>(343,770.00)</u>
Net Present Value of Capital Lease	<u>1,945,000.00</u>
Less: Current Maturities	<u>(190,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 1,755,000.00</u>

The College entered into a lease purchase agreement dated July 15, 2011, with Commerce Bank for construction of a veterinary technology building. The total cost was \$870,000.00. The lease calls for annual payments including interest ranging from 1.00% to 3.00% per annum, maturing May 1, 2021.

<u>Capital Lease – Veterinary Technology Construction</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2013	\$ 102,707.50
2014	106,857.50
2015	105,867.50
2016	109,652.50
2017	107,990.00
2018-2021	<u>444,470.00</u>
Total Net Minimum Lease Payments	977,545.00
Less: Imputed Interest	<u>(107,545.00)</u>
Net Present Value of Capital Lease	<u>870,000.00</u>
Less: Current Maturities	<u>(85,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 785,000.00</u>

10. LEASE AGREEMENTS

As of June 30, 2012, the College has entered into a number of operating leases for space and office equipment. Total payments for the year ended June 30, 2012, was \$146,120.02. Future minimum rental payments are as follows:

Year Ended	Amount
<u>June 30</u>	
2013	\$ 39,620.16
2014	39,620.16
2015	37,710.90
2016	5,966.94

11. DEFINED BENEFIT PENSION PLAN

Plan Description

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

Funding Policy. K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% or 6% of covered salary. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. State law sets a limitation on annual increases in the contribution rates. The State of Kansas contributed 9.77% of covered payroll. These contributions requirements are established by KPERS and are periodically revised. Kansas' contributions to KPERS for school municipality employees for the years ending June 30, 2012, 2011, and 2010 were \$298,635,383, \$253,834,044, and \$248,468,186, respectively, equal to the statutory required contributions for each year. During the year ended June 30, 2012, payments made by the State of Kansas to KPERS on behalf of the College totaled \$496,922.08.

12. OTHER POST EMPLOYMENT BENEFITS

Early Retirement Benefits: The College has adopted a policy providing early retirement benefit options. The policy allows professional employees between the ages of 56 and 64, with 10 years of full-time service to the College, and is eligible for retirement with KPERS the option to retire early. Benefits which are provided are computed as a percentage of final contracted salary earned based on the following schedule:

First Year	23% of last salary
Second Year	19% of last salary
Third Year	15% of last salary
Fourth Year	12% of last salary
Fifth Year	11% of last salary
Maximum Cost	90% of last salary

The College has reserved the option of renewing or not renewing the early retirement option on an annual basis. The College has funded these benefits and the amounts are reflected as a noncurrent liability on the College's books.

Other Post Employment Benefits: As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the government makes health care benefits available to eligible former employees and eligible dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid in full by the insured. There is no cost to the government under this program.

13. COMPENSATED ABSENCES

All full time administrators and full time non-faculty staff are granted vacations based on continuous employment on the following schedule:

Less than 1 year	Prorated based on 10 working days
1 to 4 years	10 working days
5 to 10 years	15 working days
11 years and over	20 working days

Continuing part time employees are granted vacations based on continuous employment on the following schedule:

1 year and over	5 working days
-----------------	----------------

Annual vacations days must be taken by August 31st following the fiscal year in which they are granted. Days not used by August 31st will be lost. There is no compensation of unused vacation leave upon termination of employment.

Each full-time employee shall receive fifteen sick days per year, cumulative to a maximum of 90 days. There is no compensation for unused sick leave upon termination of employment.

1. The College's obligation relating to employees' rights to receive compensation for future absences is attributable to employees' services already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the College has accrued a liability for annual leave which has been earned, but not taken, by College employees. The College has not accrued a liability for sick leave earned, but not taken, by College employees, in accordance with guidance provided by FASB ASE 710-10-50, the amounts cannot be reasonably estimated at this time.

14. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

15. RELATED PARTY TRANSACTIONS

The Independence Community College Foundation was formed to promote and foster the educational purposes of the College, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the College. The Foundation acts largely as a fundraising organization, soliciting, receiving, managing and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation's board of directors. The Foundation disbursed to, or on behalf of, the College for the year ended June 30, 2012 \$58,200.00.

16. SEGMENT INFORMATION

A segment is an identifiable activity reported as a standalone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains, losses, assets, and liabilities that are required by an external party to be accounted for separately. The college does not have any segments that meet the reporting requirements of GASB Statement No. 35.

17. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to, or destruction of assets; errors and omissions; injuries to employee; employees' health and life; and natural disasters. The College manages these risks of loss through the purchase of various insurance policies.

18. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Reason</u>	<u>Amount</u>
General Fund	Federal TRIO Grant Fund	Institutional Paid	\$ 13,994.68
General Fund	Postsecondary Technical Education Fund	Operating Expenses	453,473.00
General Fund	Adult Education Fund	Operating Expenses	13,552.98
General Fund	Federal Workstudy Grants Fund	Institutional Paid	32,845.49
General Fund	Foundation Fund	Institutional Paid	187,933.40
General Fund	INGE Festival Fund	Institutional Paid	221,034.11

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, and (2) use unrestricted revenue collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

19. SUBSEQUENT EVENTS

The College evaluated events and transactions occurring subsequent to June 30, 2012, there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

SUPPLEMENTAL INFORMATION

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
 Combining Schedule of Net Assets
 June 30, 2012

	POSTSECONDARY TECHNICAL EDUCATION		ADULT EDUCATION	EMPLOYEE BENEFIT	AUXILIARY ENTERPRISE	FEDERAL WORKSTUDY GRANTS	PELL GRANTS	FEDERAL SEOG GRANTS
	GENERAL	EDUCATION						
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$ 2,244,851.37	\$ 192,441.02	\$ 389.54	\$ 315.19	\$ 469,716.23	\$ (1,726.34)	\$ (6,244.00)	\$ (8,203.12)
Receivables - Federal	-	-	-	-	-	3,582.92	160,448.93	15,553.12
Receivables - Other Receivables	822,505.08	-	-	-	-	-	-	-
Prepaid Expenses	86,806.34	-	-	-	-	-	-	-
Bookstore Inventory	-	-	-	-	405,505.58	-	-	-
Total Current Assets	3,154,162.79	192,441.02	389.54	315.19	875,221.81	1,856.58	154,204.93	7,350.00
Noncurrent Assets								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Receivables - Taxes in Progress	116,316.00	-	-	-	-	-	-	-
Bond Issuance Costs, Net	-	-	-	-	260,849.24	-	-	-
Capital Assets, Net	-	-	-	-	-	-	-	-
Total Noncurrent Assets	116,316.00	-	-	-	260,849.24	-	-	-
TOTAL ASSETS	\$ 3,270,478.79	\$ 192,441.02	\$ 389.54	\$ 315.19	\$ 1,136,071.05	\$ 1,856.58	\$ 154,204.93	\$ 7,350.00
LIABILITIES								
Current Liabilities								
Accounts Payable	\$ 171,254.21	\$ 23,147.91	\$ -	\$ -	\$ 26,133.00	\$ 1,856.58	\$ 154,204.93	\$ 7,350.00
Accrued Interest	-	-	-	-	30,765.70	-	-	-
Accrued Vacation	63,342.06	8,440.05	389.54	-	4,610.75	-	-	-
Deferred Revenue	315,570.75	49,527.00	-	-	52,567.50	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-	-
Total Current Liabilities	550,167.02	81,114.96	389.54	-	114,076.95	1,856.58	154,204.93	7,350.00
Noncurrent Liabilities								
Notes Payable	-	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	550,167.02	81,114.96	389.54	-	114,076.95	1,856.58	154,204.93	7,350.00
NET ASSETS								
Investment in Capital Assets,	-	-	-	-	-	-	-	-
Net of Related Debt	2,720,311.77	111,326.06	-	315.19	1,021,994.10	-	-	-
Unrestricted	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	2,720,311.77	111,326.06	-	315.19	1,021,994.10	-	-	-
TOTAL LIABILITIES AND NET ASSETS	\$ 3,270,478.79	\$ 192,441.02	\$ 389.54	\$ 315.19	\$ 1,136,071.05	\$ 1,856.58	\$ 154,204.93	\$ 7,350.00

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
 Combining Schedule of Net Assets
 June 30, 2012

	DIRECT LOANS	A&O GRANT	STATE TECHNOLOGY GRANTS	INGE FESTIVAL	ICC FOUNDATION	SRS - CONSPIRE TO SUCCEED GRANT	CARL PERKINS PROGRAM IMPROVEMENT	UPWARD BOUND GRANT
ASSETS								
Current Assets								
Cash and Cash Equivalents	\$ (144,835.00)	\$ 35,353.79	\$ 56,721.47	\$ 4,622.04	\$ 1,346.57	\$ 2,086.79	\$ 65,882.12	\$ (18,472.22)
Receivables - Federal	156,515.00	-	-	-	-	-	-	87,335.18
Receivables - Other Receivables	-	-	-	-	-	-	-	-
Prepaid Expenses	-	-	-	-	-	-	-	-
Bookstore Inventory	-	-	-	-	-	-	-	-
Total Current Assets	11,680.00	35,353.79	56,721.47	4,622.04	1,346.57	2,086.79	65,882.12	68,862.96
Noncurrent Assets								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Receivables - Taxes in Progress	-	-	-	-	-	-	-	-
Bond Issuance Costs, Net	-	-	-	-	-	-	-	-
Capital Assets, Net	-	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 11,680.00	\$ 35,353.79	\$ 56,721.47	\$ 4,622.04	\$ 1,346.57	\$ 2,086.79	\$ 65,882.12	\$ 68,862.96
LIABILITIES								
Current Liabilities								
Accounts Payable	\$ 11,680.00	\$ -	\$ -	\$ 1,863.47	\$ 1,346.57	\$ -	\$ 264.00	\$ 15,529.09
Accrued Interest	-	-	-	-	-	-	-	-
Accrued Vacation	-	-	-	2,758.57	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-	-
Total Current Liabilities	11,680.00	-	-	4,622.04	1,346.57	-	264.00	15,529.09
Noncurrent Liabilities								
Notes Payable	-	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-	-	-
TOTAL LIABILITIES	11,680.00	-	-	4,622.04	1,346.57	-	264.00	15,529.09
NET ASSETS								
Investment in Capital Assets,	-	-	-	-	-	-	-	-
Net of Related Debt	-	35,353.79	56,721.47	-	-	2,086.79	65,618.12	53,333.87
Unrestricted	-	-	-	-	-	-	-	-
TOTAL NET ASSETS	-	35,353.79	56,721.47	-	-	2,086.79	65,618.12	53,333.87
TOTAL LIABILITIES AND NET ASSETS	\$ 11,680.00	\$ 35,353.79	\$ 56,721.47	\$ 4,622.04	\$ 1,346.57	\$ 2,086.79	\$ 65,882.12	\$ 68,862.96

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
 Combining Schedule of Net Assets
 June 30, 2012

	TRIO - STUDENT SUPPORT SERVICES GRANT	COMMUNITY COLLEGE ACTIVITY	CAPITAL OUTLAY	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ (15,295.31)	\$ 83,987.74	\$ -	\$ -	\$ 1,244,836.39	\$ 4,207,774.27
Receivables - Federal	21,252.92	-	-	-	-	444,688.07
Receivables - Other Receivables	-	-	-	-	-	822,505.08
Prepaid Expenses	-	-	-	-	-	86,806.34
Bookstore Inventory	-	-	-	-	-	405,505.58
Total Current Assets	5,957.61	83,987.74	-	-	1,244,836.39	5,967,279.34
Noncurrent Assets						
Cash and Cash Equivalents	-	-	114,298.98	-	-	114,298.98
Receivables - Taxes in Progress	-	-	-	-	-	116,316.00
Bond Issuance Costs, Net	-	-	-	-	-	260,849.24
Capital Assets, Net	-	-	-	10,728,557.63	-	10,728,557.63
Total Noncurrent Assets	-	-	114,298.98	10,728,557.63	-	11,220,021.85
TOTAL ASSETS	\$ 5,957.61	\$ 83,987.74	\$ 114,298.98	\$ 10,728,557.63	\$ 1,244,836.39	\$ 17,187,301.19
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 2,108.75	\$ 1,010.57	\$ 10,321.54	\$ -	\$ 113.00	\$ 428,183.62
Accrued Interest	-	-	-	-	-	30,765.70
Accrued Vacation	3,848.86	-	-	-	-	83,389.83
Deferred Revenue	-	-	-	-	-	417,665.25
Deposits Held in Custody for Others	-	-	-	-	1,244,723.39	1,244,723.39
Total Current Liabilities	5,957.61	1,010.57	10,321.54	-	1,244,836.39	2,204,727.79
Noncurrent Liabilities						
Notes Payable	-	-	-	936,907.18	-	936,907.18
Capital Leases Payable	-	-	-	7,045,801.28	-	7,045,801.28
Total Noncurrent Liabilities	-	-	-	7,982,708.46	-	7,982,708.46
TOTAL LIABILITIES	5,957.61	1,010.57	10,321.54	7,982,708.46	1,244,836.39	10,187,436.25
NET ASSETS						
Investment in Capital Assets,	-	-	-	2,745,849.17	-	2,745,849.17
Net of Related Debt	-	82,977.17	103,977.44	-	-	4,254,015.77
Unrestricted	-	-	-	-	-	-
TOTAL NET ASSETS	-	82,977.17	103,977.44	2,745,849.17	-	6,999,864.94
TOTAL LIABILITIES AND NET ASSETS	\$ 5,957.61	\$ 83,987.74	\$ 114,298.98	\$ 10,728,557.63	\$ 1,244,836.39	\$ 17,187,301.19

INDEPENDENCE COMMUNITY COLLEGE
 Independence, Kansas
 Combining Schedule of Revenues, Expenses, and Changes in Net Assets
 For the Year Ended June 30, 2012

	POSTSECONDARY		ADULT	EMPLOYEE	AUXILIARY	FEDERAL		
	GENERAL	TECHNICAL				EDUCATION	BENEFIT	ENTERPRISE
REVENUES		EDUCATION	EDUCATION			GRANTS	GRANTS	GRANTS
Operating Revenues								
Student Tuition and Fees	\$ 1,490,903.00	\$ 520,169.24	\$ -	\$ -	\$ 98,836.28	\$ -	\$ -	\$ -
Federal Grants and Contracts	7,275.00	-	-	-	-	52,777.17	-	-
State Grants and Contracts	496,922.08	-	-	-	-	-	-	-
Sales and Services of								
Auxiliary Enterprises	-	-	-	-	1,533,353.19	-	-	-
Activity Fund Revenues	-	-	-	-	-	-	-	-
Miscellaneous Income	60,757.28	-	47,794.49	-	8,425.00	-	-	-
Total Operating Revenues	2,055,857.36	520,169.24	47,794.49	-	1,640,614.47	52,777.17	-	-
EXPENSES								
Operating Expenses								
Educational and General								
Instruction	1,285,492.30	846,466.32	66,952.45	-	-	-	-	-
Academic Support	838,995.48	99,102.59	-	-	-	-	-	-
Public Service	-	-	-	-	-	-	-	-
Student Services	2,206,826.24	93,943.72	-	-	-	-	-	-
Institutional Support	1,972,154.28	464,911.54	-	-	-	-	-	-
Operation and Maintenance	607,257.73	165,583.34	-	-	-	-	-	-
Scholarships and Awards	-	-	-	-	-	85,622.66	2,289,157.24	-
Auxiliary Enterprises	-	-	-	-	1,264,587.92	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-
Total Operating Expenses	6,910,726.03	1,670,007.51	66,952.45	-	1,264,587.92	85,622.66	2,289,157.24	-
Operating Income (Loss)	(4,854,868.67)	(1,149,838.27)	(19,157.96)	-	376,026.55	(32,845.49)	(2,289,157.24)	-
Nonoperating Revenues (Expenses)								
State Appropriations	1,402,681.00	585,507.00	-	-	-	-	-	-
County Appropriations	4,862,222.00	6.43	1.46	12.71	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-	2,289,157.24	-
Interest Income	15,723.31	-	-	-	-	-	-	-
Debt Service	(119,260.51)	-	-	-	(429,583.89)	-	-	-
Operating Transfers	(922,833.66)	453,473.00	13,552.98	-	-	32,845.49	-	-
Increase (Decrease) in Net Assets	383,663.47	(110,851.84)	(5,603.52)	12.71	(53,557.34)	-	-	-
Net Assets - Beginning of Year	2,336,648.30	222,177.90	5,603.52	302.48	1,075,551.44	-	-	-
Net Assets - End of Year	\$ 2,720,311.77	\$ 111,326.06	\$ -	\$ 315.19	\$ 1,021,994.10	\$ -	\$ -	\$ -

Schedule 2 (Continued)

INDEPENDENCE COMMUNITY COLLEGE
 Independence, Kansas
 Combining Schedule of Revenues, Expenses, and Changes in Net Assets
 For the Year Ended June 30, 2012

	FEDERAL SEOG GRANTS	DIRECT LOANS	A&O GRANT	STATE TECHNOLOGY GRANT	INGE FESTIVAL	ICC FOUNDATION	SRS - CONSPIRE TO SUCCEED GRANT
REVENUES							
Operating Revenues							
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	73,507.54	548,712.00	-	16,824.00	-	-	-
State Grants and Contracts	-	-	-	-	-	-	-
Sales and Services of							
Auxiliary Enterprises	-	-	-	-	-	-	-
Activity Fund Revenues	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	106,414.25	-	58,200.00	-
Total Operating Revenues	73,507.54	548,712.00	-	16,824.00	106,414.25	58,200.00	-
EXPENSES							
Operating Expenses							
Educational and General							
Instruction	-	-	-	16,842.00	-	(224.02)	-
Academic Support	-	-	-	-	-	-	-
Public Service	-	-	-	-	327,728.52	-	-
Student Services	-	-	-	-	-	-	-
Institutional Support	-	-	-	-	-	-	-
Operation and Maintenance	-	-	-	-	-	-	-
Scholarships and Awards	73,507.54	548,712.00	-	-	-	246,357.42	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-
Total Operating Expenses	73,507.54	548,712.00	-	16,842.00	327,728.52	246,133.40	-
Operating Income (Loss)	-	-	-	(18.00)	(221,314.27)	(187,933.40)	-
Nonoperating Revenues (Expenses)							
State Appropriations	-	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Operating Transfers	-	-	-	-	221,034.11	187,933.40	-
Increase (Decrease) in Net Assets	-	-	-	(18.00)	(280.16)	-	-
Net Assets - Beginning of Year	-	-	35,353.79	56,739.47	280.16	-	2,086.79
Net Assets - End of Year	\$ -	\$ -	\$ 35,353.79	\$ 56,721.47	\$ -	\$ -	\$ 2,086.79

INDEPENDENCE COMMUNITY COLLEGE
 Independence, Kansas
 Combining Schedule of Revenues, Expenses, and Changes in Net Assets
 For the Year Ended June 30, 2012

	CARL PERKINS PROGRAM IMPROVEMENT	UPWARD BOUND GRANT	TRIO - STUDENT SUPPORT SERVICES GRANT	COMMUNITY COLLEGE ACTIVITY	CAPITAL OUTLAY	INVESTMENT IN PLANT	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
REVENUES								
Operating Revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (1,077,566.90)	\$ 1,032,341.62
Student Tuition and Fees	-	304,538.61	289,266.48	-	106,930.02	-	-	1,399,830.82
Federal Grants and Contracts	-	-	-	-	-	-	-	496,922.08
State Grants and Contracts	-	-	-	-	-	-	-	-
Sales and Services of Auxiliary Enterprises	-	-	-	30,382.73	-	-	-	1,533,353.19
Activity Fund Revenues	-	-	-	-	-	-	-	30,382.73
Miscellaneous Income	-	-	-	-	-	-	-	281,591.02
Total Operating Revenues	-	304,538.61	289,266.48	30,382.73	106,930.02	-	(1,077,566.90)	4,774,421.46
EXPENSES								
Operating Expenses								
Educational and General								
Instruction	311.31	246,201.70	298,577.69	43,788.16	-	-	-	2,804,407.91
Academic Support	-	-	-	-	-	-	-	938,098.07
Public Service	-	-	-	-	-	-	-	327,728.52
Student Services	-	-	-	-	-	-	-	2,300,769.96
Institutional Support	-	-	-	-	-	-	-	2,437,065.82
Operation and Maintenance	-	-	-	-	931,100.04	(1,018,532.68)	-	685,408.43
Scholarships and Awards	-	-	-	-	-	-	(1,077,566.90)	2,165,789.96
Auxiliary Enterprises	-	-	-	-	-	-	-	1,264,587.92
Depreciation Expense	-	-	-	-	-	509,564.54	-	509,564.54
Total Operating Expenses	311.31	246,201.70	298,577.69	43,788.16	931,100.04	(508,968.14)	(1,077,566.90)	13,433,421.13
Operating Income (Loss)	(311.31)	58,336.91	(9,311.21)	(13,405.43)	(824,170.02)	508,968.14	-	(8,658,999.67)
Nonoperating Revenues (Expenses)								
State Appropriations	-	-	-	-	-	-	-	1,988,188.00
County Appropriations	-	-	-	-	206,267.77	-	-	5,068,510.37
Federal Pell Grants	-	-	-	-	-	-	-	2,289,157.24
Interest Income	-	-	-	-	33.72	-	-	15,757.03
Debt Service	-	-	-	-	673,778.92	(522,175.12)	-	(397,240.60)
Operating Transfers	-	-	13,994.68	-	-	-	-	-
Increase (Decrease) in Net Assets	(311.31)	58,336.91	4,683.47	(13,405.43)	55,910.39	(13,206.98)	-	305,372.37
Net Assets - Beginning of Year	65,929.43	(5,003.04)	(4,683.47)	96,382.60	48,067.05	2,759,056.15	-	6,694,492.57
Net Assets - End of Year	\$ 65,618.12	\$ 53,333.87	\$ -	\$ 82,977.17	\$ 103,977.44	\$ 2,745,849.17	\$ -	\$ 6,999,864.94

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas

Schedules of Revenues, Expenditures, and
Changes in Unencumbered Cash – Budget and Actual

For the Year Ended June 30, 2012

Schedules 3 to 8 are prepared in accordance with Kansas cash basis and budget laws (Budget Basis), which differs from generally accepted accounting principles (GAAP Basis). Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund in which the cash is transferred. Expenditures include cash disbursements, transfers, accounts payable and encumbrances – that is, commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted
 General Fund (Legal Basis)
 For the Year Ended June 30, 2012
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	PRIOR YEAR ACTUAL	CURRENT YEAR			VARIANCE OVER (UNDER)	
		ACTUAL GAAP BASIS	ADJUSTMENTS TO STATUTORY BASIS	ACTUAL STATUTORY BASIS		BUDGET
REVENUES						
Student Tuition and Fees	\$ 1,669,387.55	\$ 1,490,903.00	\$ (12,082.23)	\$ 1,478,820.77	\$ 1,927,414.00	\$ (448,593.23)
Federal Sources						
Federal Grants	13,835.00	7,275.00	-	7,275.00	24,400.00	(17,125.00)
State Sources						
State Operating Grant	2,011,202.00	1,402,681.00	-	1,402,681.00	1,401,747.00	934.00
Other State Grants	-	496,922.08	(496,922.08)	-	16,950.00	(16,950.00)
Local Sources						
Ad Valorem Tax	3,932,059.39	4,197,998.03	-	4,197,998.03	4,819,973.00	(621,974.97)
Motor Vehicle Tax	507,126.25	478,935.00	-	478,935.00	527,866.00	(48,931.00)
Rental Motor Vehicle Tax	3,695.14	4,490.72	-	4,490.72	-	4,490.72
Recreational Vehicle	6,756.32	6,285.54	-	6,285.54	6,650.00	(364.46)
16M-20M Truck Tax	15,665.18	17,441.79	-	17,441.79	-	17,441.79
Delinquent Tax	175,708.09	151,871.27	-	151,871.27	82,904.00	68,967.27
In Lieu of Tax	837.66	5,199.65	-	5,199.65	841.00	4,358.65
Other Sources						
Interest Income	21,025.98	15,723.31	-	15,723.31	21,200.00	(5,476.69)
Gifts	-	-	-	-	75,000.00	(75,000.00)
Miscellaneous	42,574.02	60,757.28	(545.00)	60,212.28	120,996.00	(60,783.72)
Operating Transfers from Upward Bound Grant	30,115.11	-	-	-	-	-
TOTAL REVENUES	8,429,987.69	8,336,483.67	(509,549.31)	7,826,934.36	9,025,941.00	(1,199,006.64)

Schedule 3 (Continued)

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
 Schedule of Revenues, Expenditures and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted
 General Fund (Legal Basis)
 For the Year Ended June 30, 2012
 With Comparative Actual Amounts for the Year Ended June 30, 2011

	PRIOR YEAR ACTUAL	CURRENT YEAR			BUDGET	VARIANCE OVER (UNDER)
		ACTUAL GAAP BASIS	ADJUSTMENTS TO STATUTORY BASIS	ACTUAL STATUTORY BASIS		
EXPENDITURES						
Instruction	\$ 1,524,915.33	\$ 1,285,492.30	\$ (8,949.24)	\$ 1,276,543.06	\$ 1,350,988.00	\$ (74,444.94)
Academic Support	978,464.44	838,995.48	-	838,995.48	1,133,770.00	(294,774.52)
Student Services	2,227,277.68	2,206,826.24	73,209.00	2,280,035.24	2,524,438.00	(244,402.76)
Institutional Support	1,915,977.25	1,972,154.28	(487,930.74)	1,484,223.54	2,125,507.00	(641,283.46)
Operation and Maintenance	818,971.71	607,257.73	-	607,257.73	1,101,224.00	(493,966.27)
Scholarships and Awards	-	-	-	-	15,225.00	(15,225.00)
Debt Service						
Principal Payments	211,924.33	79,207.57	-	79,207.57	-	79,207.57
Interest Payments	21,739.81	40,052.94	-	40,052.94	-	40,052.94
Operating Transfers to:						
Postsecondary Technical						
Education Fund	485,250.00	453,473.00	-	453,473.00	453,473.00	-
Adult Education Fund	10,000.00	13,552.98	-	13,552.98	515,236.00	(501,683.02)
INGE Festival Fund	184,196.00	221,034.11	-	221,034.11	-	221,034.11
Federal Workstudy	2,874.16	32,845.49	-	32,845.49	-	32,845.49
Federal TRIO	3,794.15	13,994.68	-	13,994.68	-	13,994.68
Foundation Fund	172,022.36	187,933.40	-	187,933.40	-	187,933.40
TOTAL EXPENDITURES	8,557,407.22	7,952,820.20	(423,670.98)	7,529,149.22	9,219,861.00	(1,690,711.78)
Excess of Revenues Over						
(Under) Expenditures and Other						
Additions (Deductions)	(127,419.53)	383,663.47	(85,878.33)	297,785.14	(193,920.00)	(2,889,718.42)
Unencumbered Cash						
Beginning of Year	1,907,837.55	2,336,648.30	(556,230.28)	1,780,418.02	2,856,601.00	(1,076,182.98)
End of Year	\$ 1,780,418.02	\$ 2,720,311.77	\$ (642,108.61)	\$ 2,078,203.16	\$ 2,662,681.00	\$ (3,965,901.40)

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas

Schedule of Revenues, Expenditures, and Changes
in Unencumbered Cash - Budget and Actual

Current Funds - Unrestricted

Postsecondary Technical Education Fund (Legal Basis)

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	PRIOR YEAR ACTUAL	CURRENT YEAR			VARIANCE OVER (UNDER)
		ACTUAL GAAP BASIS	ADJUSTMENTS TO STATUTORY BASIS	ACTUAL STATUTORY BASIS	
REVENUES					
Student Tuition and Fees	\$ 508,766.75	\$ 509,554.49	\$ -	\$ 509,554.49	\$ (75,530.51)
State Sources					
State Operating Grant	-	585,507.00	-	585,507.00	46.00
Local Sources					
Delinquent Tax	34.66	6.43	-	6.43	41.43
Other Sources					
Miscellaneous	66.00	-	-	-	-
Operating Transfers from					
General Fund	485,250.00	453,473.00	-	453,473.00	453,473.00
TOTAL REVENUES	994,117.41	1,548,540.92	-	1,548,540.92	(75,443.08)
EXPENDITURES					
Instruction	759,503.44	846,464.09	-	846,464.09	(61,723.91)
Academic Support	-	99,102.59	-	99,102.59	80,887.59
Student Services	-	93,943.72	-	93,943.72	89,160.72
Institutional Support	-	464,911.54	-	464,911.54	422,790.54
Operation and Maintenance	-	165,583.34	-	165,583.34	147,462.34
Operating Transfers to					
Capital Outlay	-	-	-	-	(114,404.00)
TOTAL EXPENDITURES	759,503.44	1,670,005.28	-	1,670,005.28	564,173.28
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	234,613.97	(121,464.36)	-	(121,464.36)	(639,616.36)
Unencumbered Cash Beginning of Year	56,143.50	290,757.47	-	290,757.47	201,462.47
End of Year	\$ 290,757.47	\$ 169,293.11	\$ -	\$ 169,293.11	\$ (438,153.89)

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted

Adult Education Fund (Legal Basis)
 For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	PRIOR YEAR ACTUAL	CURRENT YEAR				VARIANCE OVER (UNDER)
		ACTUAL GAAP BASIS	ADJUSTMENTS TO STATUTORY BASIS	ACTUAL STATUTORY BASIS	BUDGET	
REVENUES						
Federal Sources						
Federal Grants	\$ 65,968.74	\$ -	\$ -	\$ -	\$ -	\$ -
Local Sources						
Delinquent Tax	12.79	1.46	-	1.46	(13.00)	14.46
Other Sources	-	47,794.49	-	47,794.49	72,225.00	(24,430.51)
Miscellaneous						
Operating Transfers from						
General Fund	10,000.00	13,552.98	-	13,552.98	-	13,552.98
TOTAL REVENUES	75,981.53	61,348.93	-	61,348.93	72,212.00	(10,863.07)
EXPENDITURES						
Instruction	72,309.11	66,952.45	(321.44)	66,631.01	70,398.00	(3,766.99)
TOTAL EXPENDITURES	72,309.11	66,952.45	(321.44)	66,631.01	70,398.00	(3,766.99)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	3,672.42	(5,603.52)	321.44	(5,282.08)	1,814.00	(7,096.08)
Unencumbered Cash Beginning of Year	1,999.20	5,603.52	68.10	5,671.62	(2,728.00)	8,399.62
End of Year	\$ 5,671.62	\$ -	\$ 389.54	\$ 389.54	\$ (914.00)	\$ 1,303.54

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted
 Employee Benefits Fund (Legal Basis)
 For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	PRIOR YEAR ACTUAL	ACTUAL GAAP BASIS	ADJUSTMENTS TO STATUTORY BASIS	CURRENT YEAR			VARIANCE OVER (UNDER)
				ACTUAL STATUTORY BASIS	BUDGET		
REVENUES							
Local Sources							
Delinquent Tax	\$ 113.65	\$ 12.71	- \$	12.71 \$	-	\$	12.71
TOTAL REVENUES	113.65	12.71	-	12.71	-		12.71
EXPENDITURES							
Instruction	-	-	-	-	-	-	-
Employee Benefits	-	-	-	-	-	-	-
TOTAL EXPENDITURES	-	-	-	-	-	-	-
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	113.65	12.71	-	12.71	-		12.71
Unencumbered Cash Beginning of Year	188.83	302.48	-	302.48	-		302.48
End of Year	\$ 302.48	\$ 315.19	- \$	315.19 \$	-	\$	315.19

Schedule 7

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
 Schedule of Revenues, Expenditures and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted

Auxiliary Enterprise Fund (Legal Basis)

For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	PRIOR YEAR ACTUAL	ACTUAL GAAP BASIS	ADJUSTMENTS TO STATUTORY BASIS	CURRENT YEAR		BUDGET	VARIANCE OVER (UNDER)
				ACTUAL BUDGET BASIS	ACTUAL BUDGET BASIS		
REVENUES							
Sales and Services of Auxiliary Enterprises							
Bookstore Sales	\$ 399,579.58	\$ 427,046.78	\$ -	\$ 427,046.78	\$ 425,250.00	\$ 1,796.78	\$ 1,796.78
Dormitory Rents	1,245,021.50	1,106,306.41	52,567.50	1,158,873.91	1,145,000.00	13,873.91	13,873.91
Other Fees	78,093.42	98,836.28	-	98,836.28	191,500.00	(92,663.72)	(92,663.72)
Other Sources							
Damages and Fines	9,950.00	8,425.00	-	8,425.00	-	8,425.00	8,425.00
Miscellaneous Receipts	-	-	-	-	204,000.00	(204,000.00)	(204,000.00)
Bond Proceeds	-	90,659.50	-	90,659.50	-	90,659.50	90,659.50
TOTAL REVENUES	1,732,644.50	1,731,273.97	52,567.50	1,783,841.47	1,965,750.00	(181,908.53)	(181,908.53)
EXPENDITURES							
Auxiliary Enterprise							
Materials	423,156.27	346,569.69	48,305.84	394,875.53	439,550.00	(44,674.47)	(44,674.47)
Food and Meals	550,743.72	578,988.67	-	578,988.67	619,700.00	(40,711.33)	(40,711.33)
Payroll	136,139.33	139,857.38	(1,309.96)	138,547.42	305,925.00	(167,377.58)	(167,377.58)
General Operating Expenses	48,381.33	55,095.97	-	55,095.97	360,000.00	(304,904.03)	(304,904.03)
Capital Outlay	14,080.12	34,749.26	-	34,749.26	-	34,749.26	34,749.26
Scholarships	54,348.75	109,326.95	-	109,326.95	-	109,326.95	109,326.95
Debt Service							
Principal	216,000.00	330,685.18	-	330,685.18	310,000.00	20,685.18	20,685.18
Interest	175,311.26	165,603.93	17,739.30	183,343.23	174,000.00	9,343.23	9,343.23
Issuance Costs	-	23,954.28	66,705.22	90,659.50	-	90,659.50	90,659.50
TOTAL EXPENDITURES	1,618,160.78	1,784,831.31	131,440.40	1,916,271.71	2,209,175.00	(292,903.29)	(292,903.29)
Excess of Revenues Over (Under)							
Expenditures and Other Additions (Deductions)	114,483.72	(53,557.34)	(78,872.90)	(132,430.24)	(243,425.00)	110,994.76	110,994.76
Unencumbered Cash Beginning of Year	461,529.75	1,075,551.44	(499,537.97)	576,013.47	171,313.00	404,700.47	404,700.47
End of Year	\$ 576,013.47	\$ 1,021,994.10	\$ (578,410.87)	\$ 443,583.23	\$ (72,112.00)	\$ 515,695.23	\$ 515,695.23

INDEPENDENCE COMMUNITY COLLEGE

Independence, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Plant Funds

Unexpended (Capital Outlay) Fund
 For the Year Ended June 30, 2012

With Comparative Actual Amounts for the Year Ended June 30, 2011

	PRIOR YEAR ACTUAL	CURRENT YEAR				VARIANCE OVER (UNDER)
		ACTUAL GAAP BASIS	ADJUSTMENTS TO STATUTORY BASIS	ACTUAL STATUTORY BASIS	BUDGET	
REVENUES						
Federal Sources						
Federal Grants	\$ 93,720.99	\$ 106,930.02	\$ 46,408.99	\$ 153,339.01	\$ -	\$ 153,339.01
Local Sources						
Ad Valorem Tax	168,359.02	180,416.17	-	180,416.17	181,188.00	(771.83)
Motor Vehicle Tax	6,389.44	20,037.54	-	20,037.54	20,665.00	(627.46)
Rental Vehicle Tax	-	186.42	-	186.42	-	186.42
Recreational Tax	88.39	263.23	-	263.23	260.00	3.23
16M-20M Truck Tax	-	694.77	-	694.77	-	694.77
Delinquent Taxes	2,948.86	4,447.44	-	4,447.44	3,156.00	1,291.44
In Lieu of Taxes	35.79	222.20	-	222.20	33.00	189.20
Other Sources						
Interest Income	-	33.72	-	33.72	-	33.72
Miscellaneous	(5,800.00)	-	-	-	-	-
Debt Service						
Bond Proceeds	-	2,886,957.86	-	2,886,957.86	1,007,957.00	1,879,000.86
TOTAL REVENUES	265,742.49	3,200,189.37	46,408.99	3,246,598.36	1,213,259.00	2,033,339.36
EXPENDITURES						
Plant Equipment and Facility						
Capital Outlay	41,485.50	931,100.04	-	931,100.04	1,011,263.00	(80,162.96)
Debt Service						
Principal	39,781.25	2,045,549.49	-	2,045,549.49	187,500.00	1,858,049.49
Interest	-	167,629.45	-	167,629.45	3,281.00	164,348.45
TOTAL EXPENDITURES	81,266.75	3,144,278.98	-	3,144,278.98	1,202,044.00	1,942,234.98
Excess of Revenues and Transfers Over (Under) Expenditures	184,475.74	55,910.39	46,408.99	102,319.38	11,215.00	91,104.38
Unencumbered Cash Beginning of Year	(182,817.68)	48,067.05	(46,408.99)	1,658.06	(3,207.00)	4,865.06
End of Year	\$ 1,658.06	\$ 103,977.44	\$ -	\$ 103,977.44	\$ 8,008.00	\$ 95,969.44

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2012

ACCOUNT NAME	BALANCE JUNE 30, 2011	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2012
AGENCY FUND				
School Projects Accounts				
Payroll Clearing	\$ 28,976.98	\$ 28,343.35	\$ 28,976.98	\$ 28,343.35
Technical Fees	521,129.84	368,659.25	29,926.71	859,862.38
Student Loan Clearing	8,690.64	-	-	8,690.64
President's Community Relations	41,486.17	353.34	-	41,839.51
Computer Technology	6,179.21	1,239.00	1,053.15	6,365.06
Athletic Administration	39,063.26	21,941.18	7,743.93	53,260.51
ID Machine	-	910.00	-	910.00
ICC Foundation	268.10	-	-	268.10
International Program	-	3,989.25	15,175.45	(11,186.20)
ICC Foundation Athletic	37,801.17	8,299.98	16,635.31	29,465.84
Greensburg Project	-	23,539.65	41,459.16	(17,919.51)
Total School Projects	<u>683,595.37</u>	<u>457,275.00</u>	<u>140,970.69</u>	<u>999,899.68</u>
Student Organization Accounts				
Business & Industry	10,652.07	-	-	10,652.07
Buccaneer	834.28	280.25	281.64	832.89
Math DVD	5.00	-	-	5.00
Drama	3,921.58	-	-	3,921.58
Library	11,402.11	5,779.65	2,245.14	14,936.62
ICC Library Coffee Shop	-	-	700.30	(700.30)
Cosmetology	-	1,430.10	10,011.70	(8,581.60)
Student Senate	3,326.96	-	-	3,326.96
GED Testing	-	4,686.00	6,340.43	(1,654.43)
Academic Challenge	619.08	-	-	619.08
Adult Education	2,286.22	810.00	544.01	2,552.21
ICC Ambassadors	866.00	-	-	866.00
Vet Tech Application Fees	3,959.46	111,497.63	230.12	115,226.97
Allied Health	4,424.13	20,544.10	20,015.13	4,953.10
ICC Alumni	27.36	-	-	27.36
Concessions	2,649.67	8,958.51	8,667.40	2,940.78
Dorm Activities	64,987.05	14,500.00	485.63	79,001.42
Student Orientation	78.92	350.00	-	428.92
Anchor Operations	3,825.50	-	-	3,825.50
Golf	-	4,042.19	3,630.83	411.36
Men's Soccer	722.90	500.00	-	1,222.90
Women's Soccer	637.26	3,222.00	2,003.47	1,855.79
Vet Tech Equipment	47,398.75	-	43,483.22	3,915.53
Workforce Development	4,238.00	-	-	4,238.00
Total Student Organizations	<u>166,862.30</u>	<u>176,600.43</u>	<u>98,639.02</u>	<u>244,823.71</u>
TOTAL AGENCY FUNDS	<u>\$ 850,457.67</u>	<u>\$ 633,875.43</u>	<u>\$ 239,609.71</u>	<u>\$ 1,244,723.39</u>
Assets				
Cash and Investments	\$ 854,035.82	\$ 633,875.43	\$ 243,074.86	\$ 1,244,836.39
TOTAL ASSETS	<u>\$ 854,035.82</u>	<u>\$ 633,875.43</u>	<u>\$ 243,074.86</u>	<u>\$ 1,244,836.39</u>
Liabilities				
Accounts Payable	\$ 3,578.15	\$ 113.00	\$ 3,578.15	\$ 113.00
Deposits Held For Others	850,457.67	633,875.43	236,144.56	1,244,723.39
TOTAL LIABILITIES	<u>\$ 854,035.82</u>	<u>\$ 633,988.43</u>	<u>\$ 239,722.71</u>	<u>\$ 1,244,836.39</u>

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

FEDERAL COMPLIANCE SECTION
For the Year Ended June 30, 2012

AUDITOR INFORMATION SHEET

INDEPENDENCE COMMUNITY COLLEGE

1057 WEST COLLEGE AVENUE
INDEPENDENCE, KANSAS 67301

EIN NUMBER: 480720287
OPE ID NUMBER: 00192400
DUNS NUMBER: 084091107

TELEPHONE: (620) 331-4100
FAX: (620) 331-5534

PRESIDENT: Daniel Barwick
CONTACT PERSON & TITLE: Jan Fischer, Chief Fiscal and Human Resource Officer
LEAD AUDITOR: Neil L. Phillips, CPA
EMAIL ADDRESS: nphillips@jgppa.com
LICENSE NUMBER & HOME STATE: 4348, Kansas
FIRM'S NAME & ADDRESS: JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants
1815 S. Santa Fe
P.O. Box 779
Chanute, Kansas 66720
FIRM'S FEDERAL ID NUMBER: 20-3906022
TELEPHONE: (620) 431-6342
FAX: (620) 431-0724

PROGRAMS EXAMINED:	FSEOG	84.007
	DIRECT LOAN	84.268
	FWS	84.033
	PELL	84.063
	SSS	84.042(a)
	Upward Bound	84.047(a)

For the award year that ended during the institution's fiscal year, the percentage of:

Correspondence courses to total courses	NONE
Regular students enrolled in all correspondence courses	NONE
Regular students that are incarcerated	NONE
Regular students enrolled based on ability to benefit	NONE
For short term programs—	
Completion	N/A
Placement	N/A

The campuses/locations considered as part of this entity and covered or excluded by this examination are:

ALL LOCATIONS	> 50% OF PROGRAM OFFERED @ SITE	LOCATION ON ELIGIBILITY LETTER	NOTICE TO ED PRIOR TO OFFERING INSTRUCTION	DATE OPENED	DATE CLOSED	DATE OF CPA'S LAST VISIT	EXCLUSION REASON
Independence, KS	Yes	Yes	Yes	1925	N/A	2012	N/A

Institution's Primary Accrediting Organization: North Central Association of Colleges and Schools

The College does not use a servicer.

Records for the accounting and administration of the SFA Programs are located at:

INDEPENDENCE COMMUNITY COLLEGE
 1057 WEST COLLEGE AVENUE
 INDEPENDENCE, KANSAS 67301

For Close-Out Examination only: N/A

Open bank accounts or unexercised securities that may contain Federal Funds:

<u>BANK</u>	<u>ACCOUNT</u>
First National Bank	00017620
113 N. Penn	
Independence, Kansas 67301	

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2012

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education			
Opportunity Grants	84.007	N/A	\$ 73,507.54
Federal Direct Loan Program	84.268	N/A	548,712.00
Federal Work-Study Program	84.033	N/A	52,777.17
Federal Pell Grant Program	84.063	N/A	2,289,157.24
Federal Pell Grant Administration	84.063	N/A	2,210.00
		Total 84.063	<u>2,291,367.24</u>
Total Student Financial Aid Cluster		(M)	<u>2,966,363.95</u>
TRIO Cluster			
TRIO - Student Support Services	84.042(a)	N/A	289,266.48
TRIO - Upward Bound	84.047(a)	N/A	304,538.61
Total TRIO Cluster		(M)	<u>593,805.09</u>
Passed through the Kansas Board of Regents:			
State Fiscal Stabilization Fund - ARRA	84.394A	S394A090017	<u>153,339.01</u>
Total U.S. Department of Education			<u>3,713,508.05</u>
FEDERAL ASSISTANCE TOTALS			<u>\$ 3,713,508.05</u>

This schedule has been prepared in accordance with accounting principles generally accepted in the United States of America. Revenues are recorded when earned. Expenditures are recorded when goods or services are received.

(M) Major Programs

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**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
Independence Community College
Independence, Kansas

We have audited the financial statements of Independence Community College, as of and for the year ended June 30, 2012, which collectively comprise the Independence Community College's basic financial statements and have issued our report thereon dated December 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

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

Jarred, Gilmore & Phillips, PA

JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

December 26, 2012
Chanute, Kansas

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Independence Community College
Independence, Kansas

Compliance

We have audited Independence Community College's compliance with the types of compliance requirements described in the OMB Circular A-133 Compliance Supplement that could have direct and material effect on each of Independence Community College's major federal programs for the year ended June 30, 2012. Independence Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Independence Community College's management. Our responsibility is to express an opinion on Independence Community College's compliance based on our audit.

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

As described in item 2012-02 in the accompanying schedule of findings and questioned costs, Independence Community College, did not comply with requirements regarding Eligibility that are applicable to its Student Financial Aid Cluster, and as described in items 2012-01, 2012-03, 2012-04 in the accompanying schedule of findings and questioned costs, Independence Community College, did not comply with requirements regarding Special Tests and Provisions that are applicable to its Student Financial Aid Cluster. Compliance with such requirements is necessary, in our opinion, for Independence Community College, to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, Independence Community College, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, 2012-03, and 2013-04.

Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2012-01, 2012-02, 2012-03, and 2012-04 to be material weaknesses.

Independence Community College's responses to the findings identified in our audit are described in the accompanying corrective action plan. We did not audit Independence Community College's responses and, accordingly, we express no opinion on the responses.

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



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

December 26, 2012
Chanute, Kansas

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

The auditors' report expresses a qualified opinion on the basic financial statements of Independence Community College.

Internal Control over Financial Reporting:

Material weakness(es) identified?	_____	Yes	_____	X	_____	No
Significant deficiencies identified that are not considered to be a material weaknesses?	_____	Yes	_____	X	_____	No
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	_____	X	_____	No

Federal Awards:

Internal control over major programs:						
Material weakness(es) identified?	_____	X	_____	_____	_____	No
Significant deficiencies identified that are not considered to be a material weaknesses?	_____	Yes	_____	X	_____	No

The auditors' report on compliance for the major federal award programs for Independence Community College expresses a qualified opinion.

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133?	_____	X	_____	_____	_____	No
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Identification of major programs:

U.S. DEPARTMENT OF EDUCATION

- Student Financial Aid Cluster
 - Federal Pell Grant Program – CFDA No. 84.063
 - Federal Direct Student Loans – CFDA No. 84.268
 - Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
 - Federal Work-Study Program – CFDA No. 84.033

- TRIO Cluster
 - Student Support Services – CFDA No. 84.042(a)
 - Upward Bound – CFDA No. 84.047(a)

The threshold for distinguishing Types A and B programs was \$300,000.00.

Auditee qualified as a low risk auditee?	_____	Yes	_____	X	_____	No
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INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2012

II. FINDINGS – FINANCIAL STATEMENT AUDIT

None

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

	Questioned Costs
U.S. DEPARTMENT OF EDUCATION	
Student Financial Aid Cluster	
Federal Pell Grant Program – CFDA No. 84.063	Undetermined
Federal Direct Student Loans – CFDA No. 84.268	Undetermined
Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007	Undetermined
Federal Work-Study Program – CFDA No. 84.033	Undetermined
TRIO Cluster	
Student Support Services – CFDA No. 84.042(a)	None
Upward Bound – CFDA No. 84.047(a)	None
 Finding: 2012-01 – Special Tests and Provisions - Verification	
<i>Information of Federal Program:</i>	
Student Financial Aid Cluster	
Federal Pell Grant Program – CFDA No. 84.063	
Federal Direct Student Loans – CFDA No. 84.268	
Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007	
Federal Work-Study Program – CFDA No. 84.033	

Criteria: Written policies and procedures are required to be established that incorporate the provisions of 34 CFR sections 668.51 through 668.61 for verifying applicant information. The College shall require each applicant whose application is selected by the central processor, based on edits specified by ED, to verify the information specified in 34 CFR section 668.56.

Condition: During our testing of the verification process, it was noted that Independence Community College does not have adequate controls in place to document compliance with the verification process.

Effect: The deficiencies in the design and operation of the internal controls in this area could result in the improper awarding of financial aid.

Cause: The College did not have proper procedures in place that allowed for the verification of all files identified by the central processor.

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2012

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT
(Continued)

Finding: 2012-01 – Special Tests and Provisions – Verification (Continued)

Recommendation: Policies and procedures should be written to provide internal control over the verification of student files. We recommend the College establish a filing process that allows all applications selected for verification to be verified before financial aid is awarded and all documentation is kept on file to support amounts verified.

Views of responsible officials and planned corrective action: See the Corrective Action Plan on pages 48-49 of the current year audit.

Finding: 2012-02 – Eligibility – Satisfactory Progress

Information of Federal Program:

Student Financial Aid Cluster

Federal Pell Grant Program – CFDA No. 84.063

Federal Direct Student Loans – CFDA No. 84.268

Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007

Federal Work-Study Program – CFDA No. 84.033

Criteria: Federal regulations require that in order to show that an institution has the administrative capability to participate in any Title IV, HEA program, institutions must have among other requirements, establish, publish and apply reasonable standard for measuring whether an otherwise eligible student is maintaining satisfactory progress in his or her educational program (34 C.F.R. § 668.16(e)).

Condition: While the institution has developed standards for Title IV, HEA program funds, the school failed to properly implement and document satisfactory academic progress.

Effect: Students could have been awarded aid when not eligible.

Cause: The College did not have proper procedures in place that allowed for the monitoring and documentation of the College policy.

Recommendation: Policies and procedures should be written to include the documentation of satisfactory academic progress by the student.

Views of responsible officials and planned corrective action: See the Corrective Action Plan on pages 48-49 of the current year audit.

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2012

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

(Continued)

Finding: 2012-03 – Special Tests and Provisions – Loan Notification
Information of Federal Program:
Student Financial Aid Cluster
Federal Direct Loans – CFDA No. 84.268

Criteria: Disbursement of Federal student aid requires notification of aid be sent to the student before disbursement is made. There are two types of notifications a school must provide: (1) a general notification to all students receiving federal student aid funds; and (2) a notice when loan funds will be credited to a student's account.

Condition: During the testing of Federal Direct Loans program it was noted 12 of 50 students did not have documentation of loan amount on the notice on file, 3 of the 50 students the amount did not match the actual award, 11 of 50 students did not receive the loan notification timely, and 4 of 50 students did not have proof of loan notification on file for at least one semester.

Effect: The student did not get required notifications, such as anticipated date and amount of disbursement, or the notice of right to cancel.

Cause: The College did not have internal controls in place for documentation of the required notifications.

Recommendation: Policies and procedures should be written to provide guidance to staff on the documentation of the required notices.

Views of responsible officials and planned corrective action: See the Corrective Action Plan on pages 48-49 of the current year audit.

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2012

III. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

(Continued)

Finding: 2012-04 – Special Tests and Provisions – Exit Counseling

Information of Federal Program:

Student Financial Aid Cluster

Federal Direct Loans – CFDA No. 84.268

Criteria: A school must ensure that exit counseling is conducted with each Stafford loan borrower either in person, by audiovisual presentation, or by interactive electronic means. In each case, the school must ensure that this counseling is conducted shortly before the student borrower ceases at least half-time study at the school, and that an individual with expertise in the title IV programs is reasonably available shortly after the counseling to answer the student borrower's questions. (34 CFR section 682-604).

Condition: During our testing of compliance it was noted 11 of 50 students did not have the required exit counseling.

Effect: The College provided funds without ensuring exit counseling was completed as required by Title IV regulations.

Cause: The College did not have proper procedures in place that allowed for the timely notification of students leaving the College.

Recommendation: Policies and procedures should be written to provide internal control over the receipt of evidence of exit counseling by each Stafford loan student. We recommend the College establish a communication process that allows for the notification of the exit counseling due date and a control in place that allows the financial aid department to know the exit was conducted timely.

Views of responsible officials and planned corrective action: See the Corrective Action Plan on pages 48-49 of the current year audit.

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2012

Independence Community College is accredited by the Kansas State Department of Education and the North Central Association of Colleges and Secondary Schools. The audit fieldwork was conducted at the College's administrative building in Independence, Kansas at various dates from October 29, 2012 to November 1, 2012. The following is a schedule of statistics for the year ended June 30, 2012:

TOTAL POPULATION:

	PELL	FDLP	FSEOG	FWS
Universe				
Dollars	\$2,289,157	\$548,700	\$73,507	\$52,778
Students	706	212	702	60
Sample				
Dollars	\$204,571	\$139,111	\$6,700	\$5,582
Sample	62	50	61	6

ENROLLED, GRADUATED OR STUDENTS ON AN APPROVED LEAVE OF ABSENCE:

	PELL	FDLP	FSEOG	FWS
Universe				
Dollars	\$2,115,940	\$539,608	\$68,667	\$52,159
Students	643	207	642	59
Sample				
Dollars	\$133,545	\$131,761	\$4,850	\$5,582
Sample	36	46	36	6

WITHDREW, DROPPED OR TERMINATED STUDENTS:

	PELL	FDLP	FSEOG	FWS
Universe				
Dollars	\$173,217	\$9,092	\$4,840	\$619
Students	63	5	60	1
Sample				
Dollars	\$71,026	\$7,350	\$1,850	\$0
Sample	26	4	25	0

WITHDREW, DROPPED OR TERMINATED STUDENTS:

	PELL	FDLP	FSEOG	FWS
Universe				
Dollars Refunded	\$12,675	\$0	\$170	\$0
Students	18	0	5	0
Sample				
Dollars Refunded	\$5,210	\$0	\$130	\$0
Sample	7	0	3	0

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Resolution of Prior Year's Audit Findings and Questioned Costs
For the Year Ended June 30, 2012

Period Ended June 30, 2011:
Findings and Questioned Costs/Resolution

2011-01 – Special Tests and Provisions - Verification

Condition: During our testing of the verification process, it was noted, Independence Community College does not have adequate controls in place to document compliance with the verification process.

Recommendation: Policies and procedures should be written to provide internal control over the verification of student files. We recommend the College establish a filing process that allows all applications selected for verification to be verified before financial aid is awarded and all documentation is kept on file to support amounts verified.

Current Status: This is a repeat finding see item 2012-01

2011-02 – Special Tests and Provisions – Return of Title IV Funds

Condition: During the testing of the return of Title IV funds, it was noted 4 of 7 tested refunds were not returned in the required time limit.

Recommendation: Policies and procedures should be written to provide internal control over the return of Federal funds. We recommend the College establish a communication process that allows for the notification of the refund due and a control in place that allows the financial aid department to know the refund was returned timely.

Current Status: The College has implemented policies and procedure to ensure compliance.

2011-03 – Eligibility – Satisfactory Progress

Condition: While the institution has developed standards for Title IV, HEA program funds, the school failed to properly implement and document satisfactory academic progress.

Recommendation: Policies and procedures should be written to include the documentation of satisfactory academic progress by the student.

Current Status: This is a repeat finding see item 2012-02

INDEPENDENCE COMMUNITY COLLEGE
Independence, Kansas

Schedule of Resolution of Prior Year's Audit Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2012

Period Ended June 30, 2011:
Findings and Questioned Costs/Resolution (Continued)

2011-04 – Eligibility

Condition: During the testing of Federal Supplemental Educational Opportunity Grant Program it was noted 6 students were under awarded the Federal Supplemental Education Opportunity Grant based minimum award amounts established by the Department of Education.

Recommendation: Policies and procedures should be written to provide on-going monitoring of students to ensure the student is not under awarded financial aid.

Current Status: The College has implemented policies and procedures to ensure compliance.

Corrective Action Plan

December 26, 2012

Cognizant or Oversight Agency for Audit

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

Name and address of independent public accounting firm: Jarred, Gilmore & Phillips, PA, P.O. Box 779, 1815 S Santa Fe, Chanute, Kansas 66720.

Audit period: Year ended June 30, 2012.

The findings from the December 26, 2012 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding: 2012-01 – Special Tests and Provisions - Verification

Condition: During our testing of the verification process, it was noted that Independence Community College does not have adequate controls in place to document compliance with the verification process.

Recommendation: Policies and procedures should be written to provide internal control over the verification of student files. We recommend the College establish a filing process that allows all applications selected for verification to be verified before financial aid is awarded and all documentation is kept on file to support amounts verified.

Views of responsible officials and planned corrective action: Since year end, the College has terminated financial aid management and hired new management staff with prior financial aid experience and the College has developed additional procedures to ensure that all applications, which are selected for verification, have been verified prior to any financial aid disbursements. Labels have been added to each file with verification items, which are now being checked off when completed.

Finding: 2012-02 – Eligibility – Satisfactory Progress

Condition: While the institution has developed standards for Title IV, HEA program funds, the school failed to properly implement and document satisfactory academic progress.

Recommendation: Policies and procedures should be written to include the documentation of satisfactory academic progress by the student.

Views of responsible officials and planned corrective action: The College has developed procedures to ensure that satisfactory academic progress is measured on all students who receive Federal monies. Furthermore, a procedure will be implemented whereas students exceeding the 64 maximum hours must meet with their advisors and submit (to the financial aid office) academic plans for completion.

Corrective Action Plan

Finding: 2012-03 – Special Tests and Provisions – Loan Notification

Condition: During the testing of Federal Direct Loans program it was noted 12 of 50 students did not have documentation of loan amount on the notice on file, 3 of the 50 students the amount did not match the actual award, 11 of 50 students did not receive the loan notification timely, and 4 of 50 students did not have proof of loan notification on file for at least one semester.

Recommendation: Policies and procedures should be written to provide guidance to staff on the documentation of the required notices.

Views of responsible officials and planned corrective action: The College has developed procedures to ensure that the Loan notice is on file prior to the loan origination. We were using two single-sided forms and they have been combined to one, two-sided form. We have also implemented a new procedure to ensure students receive proper loan disbursement notification and the right to cancel their loan. This is now documented in their file.

Finding: 2012-04 – Special Tests and Provisions – Exit Counseling

Condition: During our testing of compliance it was noted 11 of 50 students did not have the required exit counseling.

Recommendation: Policies and procedures should be written to provide internal control over the receipt of evidence of exit counseling by each Stafford loan student. We recommend the College establish a communication process that allows for the notification of the exit counseling due date and a control in place that allows the financial aid department to know the exit was conducted timely.

Views of responsible officials and planned corrective action: The College concurs with the recommendations and has modified its procedure to include a hold on student transcripts until exit counseling has been completed and documentation is on file.

If the Oversight Agency for Audit has questions regarding this plan, please call Jan Fischer, Vice President of Finance and Employment Services, at (620) 331-4100 Ext. 5425.

Sincerely,

Independence Community College

Independence Community College