

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of Colby Community College as of June 30, 2020 and 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States

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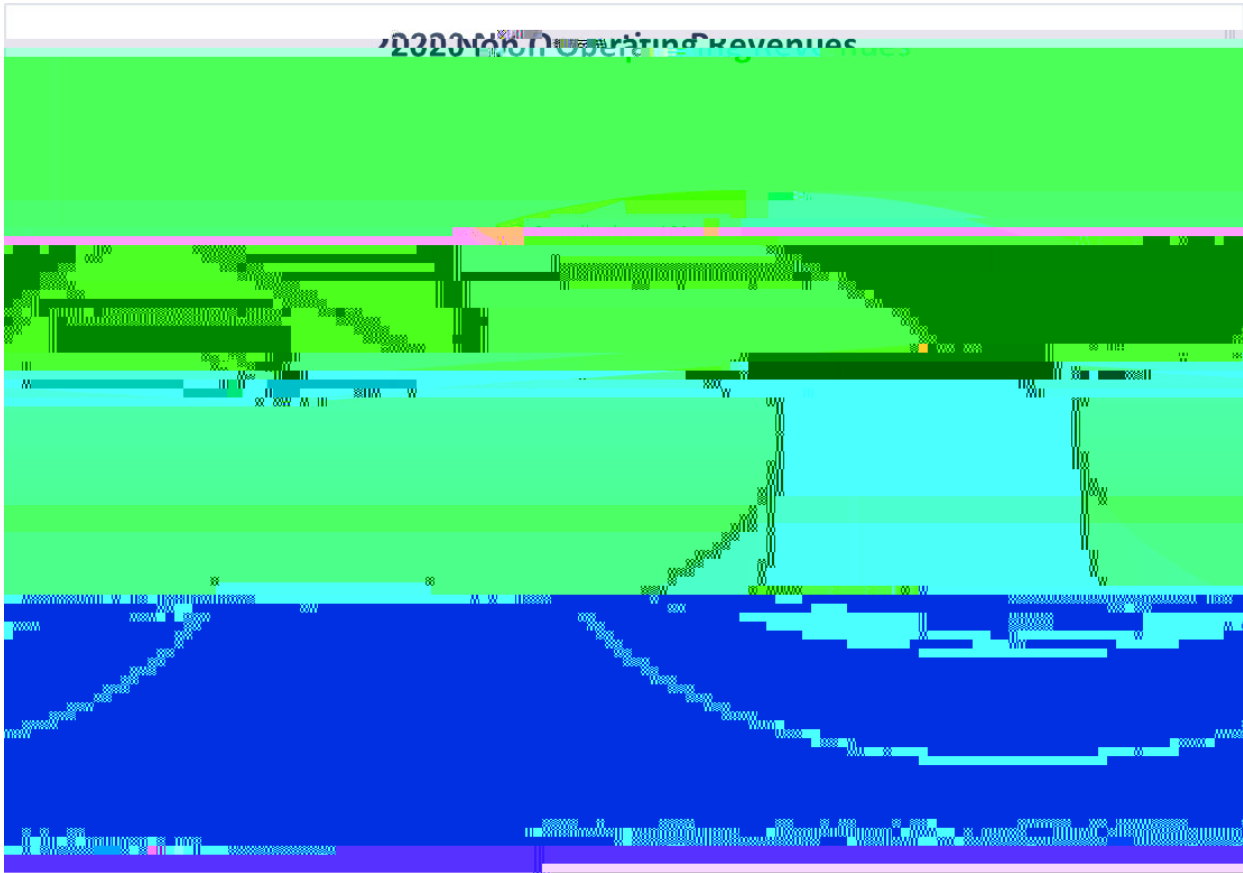
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COLBY COMMUNITY COLLEGE
Management's Discussion and Analysis
For the Years Ended June 30, 2020 and 2019

The following is a graphic illustration of non-operating revenues by source for fiscal year 2020.



Statement of Cash Flows

The primary purpose of this statement is to provide relevant information about the cash receipts and cash payments of an entity during a period. The statement of cash flows also may help users assess the following:

- x An entity's ability to generate future net cash flows
- x Its ability to meet its obligations as they come due
- x Its need for external financing.

Cash flows for the year consist of the following:

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Property taxes have increased over the past five years as taxable values on properties have increased. The College is projecting a decline in future projections of property taxes due to corn commodities and the future impact on the community. However, anticipated land valuations are projected to remain strong, and should help offset the loss of revenue in corn commodities.

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Colby Community College maintains strong communication efforts and is prepared for whatever may come. The characteristics that comprise CCC's unique student experience will not be compromised, no matter what happens with the crises. Finally, CCC remains the best option for current and prospective students in Northwest Kansas.

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Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state and local grants; state appropriations and other contributions.

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Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff. Accounts receivable also include amounts due from the federal government, state and local governments (including property taxes) or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts. Accounts receivable are recorded net of estimated allowances for uncollectible amounts.

Management determines the adequacy of the allowance for doubtful accounts based upon a level that in management's judgment is adequate to absorb the losses inherent to student services. Amounts determined uncollectible are charged to the allowance account and removed from accounts receivable.

Unconditional Promises to Give

Unconditional promises to give are recorded when commitments are received. Unconditional promises to give that are expected to be collected within one year are recorded at net realizable value. Generally accepted accounting principles require that unconditional promises to give that are due beyond the next year be discounted using risk free interest rates. Unconditional promises to give are not included as support until the conditions are substantially met.

Inventory and Prepaid Items

Inventory consists of items held for resale by the bookstore and is stated at the lower of cost or net

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In-kind revenues are included in Contributions and Other Fundraisers on the Statement of Revenues, Expenses and Change in Net Position.

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\$1,381,320 and \$1,826,131 at June 30, 2020 and 2019, respectively. Of the Foundation's cash balance at June 30, 2020 and 2019, \$998,931 and \$915,904 was covered by federal depository insurance and \$382,389 and \$282,892 was covered by Securities Investor Protection Corporation. The remaining balance of \$627,335 was unsecured at June 30, 2019. The Foundation believes its exposure to such credit risk is sufficiently infrequent to consider additional protection.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The College had no investments at June 30, 2020 and 2019.

NOTE 3 – RESTRICTED CASH

Cash is restricted for the following purposes:

	2020	2019
Flexible Spending Funds	\$ 26,743	21,130
Blue Cross/Blue Shield Self-Insured Funds	875,769	-
Total Restricted Cash	\$ 902,512	21,130

NOTE 4 – INVESTMENTS AND INVESTMENT RETURN

The Foundation's investment policy is established to direct the investment of funds in a manner that maximizes potential return based on current market conditions without assuming undue risk. The policy

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The Foundation has not evaluated its investments for impairment. The following is a detailed listing of the Foundation's investments at June 30, 2020:

Description of Asset	Cost Basis	Fair Market Value	Unrealized Gain (Loss)
Stocks			
Edward Jones	\$ 58,708	180,160	121,452
First National Bank & Trust	653,221	1,004,634	351,413
Investment Professionals, Inc.	28,871	27,865	(1,006)
Southern Company	17,787	38,599	20,812
Total Stocks	<u>758,587</u>	<u>1,251,258</u>	<u>492,671</u>
Mutual Funds			
Edward Jones	976,184	893,493	
Sunflower Bank Ra			783,536
ymond James	100,188	97,794	(2,394)
Total Mutual Funds	<u>1,986,792</u>	<u>2,044,187</u>	<u>57,395</u>
Bonds			
Edward Jones	153,819	188,032	34,213
First National Bank & Trust	838,566	855,477	16,911
Ameriprise	46,834	54,449	7,615
Sunflower - Agency	876,662	863,339	(13,323)
Total Bonds	<u>1,915,881</u>	<u>1,961,297</u>	<u>45,416</u>
Total Investments	<u>\$ 4,661,260</u>	<u>5,256,742</u>	595,482

	Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	\$ 4,828	49,442	54,270
Royalty Income	-	4,340	4,340
Capital Gain Distributions	5,700	58,361	64,061
Realized Gain	16,532	169,280	185,812
Administrative Fees	(1,903)	(19,481)	(21,384)
Unrealized Loss	(20,366)	(228,154)	(248,520)
Net Investment Return	<u>\$ 4,791</u>	<u>33,788</u>	<u>38,579</u>

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Notes to Financial Statements
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Following is a detailed listing of the Foundation's investments at June 30, 2019:

Description of Asset	Cost Basis	Fair Market Value	Unrealized Gain (Loss)
Stocks			
Edward Jones	\$ 55,156	208,175	153,019
First National Bank & Trust	639,323	1,049,338	410,015
Investment Professionals, Inc.	35,030	33,582	(1,448)
Southern Company	17,787	41,153	23,366
Total Stocks	<u>747,296</u>	<u>1,332,248</u>	<u>584,952</u>
Mutual Funds			
Edward Jones	852,014	876,151	24,137
First National Bank & Trust	53,628	69,289	15,661
Investment Professionals, Inc.	34,027	43,812	9,785
Sunflower Bank	1,092,728	1,211,529	118,801
Total Mutual Funds	<u>2,032,397</u>	<u>2,200,781</u>	<u>168,384</u>
Total Stocks and Mutual Funds	<u>2,779,693</u>	<u>3,533,029</u>	<u>753,336</u>
Bonds			
Edward Jones	124,267	174,646	50,379
Farm Bureau NQ Annuity	53,333	53,333	-
First National Bank & Trust	804,744	820,275	15,531
Ameriprise	46,194	52,920	6,726
Sunflower - Agency	985,458	1,000,167	14,709
Total Bonds	<u>2,013,996</u>	<u>2,101,341</u>	<u>87,345</u>
Total Investments	<u>\$ 4,793,689</u>	<u>5,634,370</u>	<u>840,681</u>

Investment return has been allocated between restricted and unrestricted net position based on donors' explicit stipulation, and where appropriate, board directive.

	Unrestricted	Restricted	Total
Interest and Dividends	\$ 843	63,684	64,527
Royalty Income	-	11,859	11,859
Capital Gain Distributions	1,073	80,978	82,051
Realized Gain	1,682	126,923	128,605
Administrative Fees	(282)	(21,311)	(21,593)
Unrealized Gain	48,156	129,209	177,365
Net Investment Return	<u>\$ 51,472</u>	<u>391,342</u>	<u>442,814</u>

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liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described below.

- Level 1 Quoted prices in active markets for identical assets or liabilities.
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.
- Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis:

Mutual funds, stocks, bonds and fixed income securities are valued at the closing price reported on the active market on which the individual securities are traded. The value of TCCF Magnet Money is based on the percentage determined by dividing the current principal of the Foundation's fund by the value of the total assets of the Community Foundation.

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The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2020.

	<u>Fair Value Measurements at June 30, 2020</u>			
	<u>Fair Value</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
Investments				
Stocks	\$ 1,251,258	1,251,258	-	-
Mutual Funds	2,044,187	2,044,187	-	-
Bonds and Fixed Income Sec.	<u>1,961,297</u>	<u>1,961,297</u>	<u>-</u>	<u>-</u>
Total Investments	<u>\$ 5,256,742</u>	<u>5,256,742</u>	<u>-</u>	<u>-</u>

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Equipment	1,263,918	197,785	(5,800)	1,455,903
Vehicles	711,658	85,316	(72,259)	724,715
Computer Hardware/Software	<u>1,101,598</u>	<u>-</u>	<u>-</u>	<u>1,101,598</u>
Total	21,159,404	425,391	(88,015)	21,496,780
Accumulated Depreciation	(8,745,762)	(572,505)	24,593	(9,293,674)
Construction in Progress	<u>4,948</u>	<u>428,007</u>	<u>(4,948)</u>	<u>428,007</u>
Capital Assets, Net	<u>\$ 12,418,590</u>	<u>280,893</u>	<u>(68,370)</u>	<u>12,631,113</u>

NOTE 9 – UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:



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NOTE 10 – LONG-TERM DEBT

Refunding Certificate of Participation Bonds – Series 2016

The College issued certificate of participation bonds to refinance the Revenue Bonds – Series 2007 and the Certificate of Participation Bonds – Series 2011 for energy conservation improvements in certain buildings on campus and construction of a new dormitory.

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KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits

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

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 2012 Legislature made changes affecting new hires, current members and

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Contributions

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll.

The statutory contribution rate was 14.41% and 13.21% for the fiscal years ended June 30, 2020 and 2019, respectively.

Contributions to the pension plan for the College were \$15,539 and \$16,386 for the fiscal years ended June 30, 2020 and 2019, respectively.

Employer Allocations

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group.

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situation. Accordingly, the State is required to recognize the total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense for the OPEB plan attributable to the College. The College records revenue and OPEB expense in an amount equal to the expense recognized by the State on behalf of the College.

Benefits Provided

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability and life insurance benefits to eligible disabled members. Benefits provided are self-funded, and the full cost of the benefits is covered by the OPEB Plan. The monthly benefit is 60% of the member's monthly rate of compensation, with a minimum of \$100 and a maximum of \$5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever first occurs. If the disability occurs at or after age 60, benefits are payable while disability continues, for a period of five years or until the date of the member's retirement, whichever first occurs. Upon the death of a member who is receiving monthly disability benefits, the plan will pay a lump sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of (a) the member's annual rate of compensation at the time of disability, or (b) the member's previous 12 months of compensation at the time of t

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	<u>2019</u>	<u>2018</u>
Price Inflation	2.75%	2.75%
Payroll Growth	3.0%	3.0%
Salary Increases, Including Inflation	3.5% to 11.5%	3.5% to 11.5%
Discount Rate	3.50%	3.87%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustment for mortality

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Total OPEB Liability

The College's total OPEB liability of \$1,381,748 and \$1,772,375 was measured as of June 30, 2020 and 2019, respectively. The June 30, 2020 and 2019 liability was determined by an actuarial valuation date as of July 1, 2018, which was rolled forward to June 30, 2020 and 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

	2020	2019
Average Salary Scale	2.0% per year	2.0% per year
Discount Rate	2.6%	3.0%
Healthcare Cost Trend Rates	Actual for 2019-20, 6.25% for 2020-21 decreasing .25% per year to an ultimate rate of 4.5% for 2027-28 and later years	7.0% for 2018-19, decreasing .5% per year to an ultimate rate of 5% for 2022-23 and later years

The discount rate was based on the S&P Municipal Bond 20 Year High Grade and the Fidelity GO AA – 20 year published yields.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans headcount-weighted General Mortality Tables using Scale MP-2010 Fully Generational Improvement for June 30, 2020. Mortality rates were based on the Society of Actuaries RPH-2014 adjusted to 2006 total dataset headcount-weighted mortality with scale MP-2018 full generational improvement for June 30, 2019.

Changes in the Total OPEB Liability

The following table shows the changes in the College's total OPEB liability for the year.

	2020	2019
Total OPEB Liability – Beginning of Year	\$ 1,772,375	1,896,087
A. Service Cost	88,252	159,300
B. Interest Cost	54,949	66,937
C. Changes in Benefit Terms	-	(289,486)
D. Differences Between Actual and Expected Experience	(186,882)	267,846
E. Changes in Assumptions *	(288,946)	(274,309)
F. Employer Contributions (Benefit Payments)	(58,000)	(54,000)
Net Changes (A+B+C+D+E-F)	(390,627)	(123,712)
Total OPEB Liability – End of Year	\$ 1,381,748	1,772,375

*Changes in assumptions reflect a change in the discount rate from 3.4% in 2017, 3.3% in 2018, 3.0% in 2019, and 2.6% in 2020. All part-time staff, full -time staff hired after May 1, 2014 and professional staff

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Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following represents the total OPEB liability of the College as of June 30, 2020, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one percentage lower (1.6%) or one percentage higher (2.6%) than the current discount rate.

1% Decrease (1.6%)	Discount Rate (2.6%)	1% Increase (3.6%)
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Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year	Amount
2021	\$ (52,290)
2022	(52,290)
2023	(52,290)
2024	(52,290)
2025	(52,290)
Thereafter	(347,168)

NOTE 22 – TAX ABATEMENTS

The College participates in the Neighborhood Revitalization Rebate program through the County by providing tax abatements to promote revitalization and development of participating cities within Thomas County by stimulating new construction and the rehabilitation, conservation or redevelopment of the area in order to protect the public health, safety or welfare of the residents. Abatements are obtained through application by the property owner, including proof that the improvements or construction have been made, and equal 100 percent in the first year of the additional property tax resulting from the increase in assessed value as a result of the improvements or construction. The abatement is on a sliding scale from 100% to 10% over a 10 year process. The amount of the abatement is refunded to the taxpayer after they have paid their taxes timely. For the year ended June 30, the College's property tax revenues were reduced as follows:

Neighborhood Revitalization Rebate Program	2020	2019
	\$ 153,263	139,703

NOTE 23 – RISKS AND UNCERTAINTIES

Colby Community College Foundation invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market, and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of the investment securities will occur in the near term and that such changes could materially affect the activities of the Foundation.

The Foundation has tried to minimize the risk associated with these investment securities by having a finance committee review the investment activity throughout the year and by having regular meetings with the investment company representatives.

The United States has experienced a nationwide pandemic from the novel coronavirus known as COVID-19. As a result of the spread of COVID-19, economic uncertainties have arisen which are likely to negatively impact the financial operations of the College and Foundation, in particular the collectability of unconditional promises to give and the fair value of investments. Management is unable to reasonably determine the total effects of this virus on the operations of the Foundation as of the date of these financial statements.

NOTE 24 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through December 21, 2020, which is the date the financial statements were available to be issued on Colby Community College .

The Foundation has evaluated su

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	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
Revenues						
Student Tuition and Fees	\$ 5,026,153	3,990,000	1,036,153	-	-	-
Less: Student Aid/Discounts	(1,190,716)	-	(1,190,716)	-	-	-
Net Student Tuition and Fees	3,835,437	3,990,000	(154,563)	-	-	-
Local Property Taxes	6,973,596	7,429,429	(455,833)	-	-	-
State Appropriations	2,142,960	2,400,000	(257,040)	-	-	-
Federal Appropriations	41,230	-	41,230	167,000	-	167,000
Investment	43,452	100,000	(56,548)	-	-	-
Other	220,482	100,000	120,482	1,435,926	2,242,000	(806,074)
Total Revenues	13,257,157	14,019,429	(762,272)	1,602,926	2,242,000	(639,074)
Expenditures and Encumbrances						
Educational Services						
Academics, Instructional and Support	4,863,382		4,863,382	-		-
Student Support Services	617,379		617,379	22,036		22,036
Support Services						
Academic Support	415,363		415,363	-		-
Athletics	1,264,463		1,264,463	7,248		7,248
Auxiliary Enterprises	41		41	651,931		651,931
Development	102,231		102,231	-		-
Facilities	1,046,585		1,046,585	-		-
General and Administrative	204,253		204,253	-		-
Institutional Support	1,860,082		1,860,082	-		-
Total Expenditures and Encumbrances	10,373,779	14,781,461	4,407,682	681,215	1,062,096	380,881
Revenues Over (Under) Expenditures and Encumbrances	2,883,378	(762,032)	3,645,410	921,711	1,179,904	(258,193)
Other Financing Sources						
Transfers In	3,668,100	-	3,668,100	-	-	-
Transfers Out	(4,352,748)	(1,692,893)	(2,659,855)	(947,637)	(450,000)	(497,637)
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Encumbrances	2,198,730	(2,454,925)	4,653,655			

COLBY COMMUNITY COLLEGE
Notes to Supplementary Information
For the Year Ended June 30, 2020

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

	General	Student Union Dormitory	Total Budgetary Funds	Non-budgetary Funds	Total All Funds
Revenues					
Actual amounts (regulatory basis) revenues					
from combining schedule					
Tax in process 6/30/19	\$ 13,257,157	1,602,926	14,860,083	5,633,453	20,493,536
Tax in process 6/30/20	(113,000)	-	(113,000)	-	(113,000)
	111,000	-	111,000	-	111,000
Total revenues as reported on the Statement of Revenues, Expenses and Change in Net Position	13,255,157	1,602,926	14,858,083	5,633,453	20,491,536
Expenditures					
Actual amounts (regulatory basis) expenditures					
from combining schedule	10,373,779	681,215	11,054,994	2,601,497	13,656,491
Adjustments:					
Inventory Adjustment	(14,187)	49	(14,138)	-	(14,138)
Accrued Bond Interest	-	-	-	(1,500)	(1,500)
Change in Prepaid Expenses	(1,678)	-	(1,678)	-	(1,678)
Capital Assets	(160,617)	(8,864)	(169,481)	169,481	-
Change in OPEB Obligation	32,911	-	32,911	-	32,911
Change in Net Pension Obligation	(13,655)	-	(13,655)	-	(13,655)
Change in Early Retirement Obligation	(23,911)	-	(23,911)	-	(23,911)
Medical Claims Incurred, Not Reported	52,000	-	52,000	-	52,000
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the items are received for GAAP reporting -					
Less 2020 Encumbrances	(95,451)	(8,980)	(104,431)	(134,235)	(238,666)
Plus 2019 Encumbrances	34,258	6,498	40,756	1,709,891	1,750,647
Total expenditures as reported on the Statement of Revenue, Expenses and Change in Net Position	10,183,449	669,918	10,853,367	4,345,134	15,198,501
Revenues Over (Under) Expenditures	3,071,708	933,008	4,004,716	1,288,319	5,293,035
Other Financing Sources (Uses)					
Transfers In	3,668,100	-	3,668,100	(3,668,100)	-
Transfers Out	(4,352,748)	(947,637)	(5,300,385)	5,300,385	-
Net Increase (Decrease) in Net Position, as reported on the Statement of Revenues, Expenses and Change in Net Position	2,387,060	(14,629)	2,372,431	2,920,604	5,293,035
Net Position, Beginning of Year	3,564,881	1,612,127	5,177,008	9,918,516	15,095,524
Net Position, End of Year	\$ 5,951,941	1,597,498	7,549,439	12,839,120	20,388,559

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Central Office Public Accountants

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**Opinion on Each Major or EAO
Report on Internal Control Over Compliance**

Management of **Colby Community College** is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered **Colby Community College's** internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of **Colby Community College's** internal control over compliance.

A deficiency in internal control over compliance

FINANCIAL STATEMENTS

Type of auditors' report issued:

Business-Type Activities

Discretely Presented Component Unit

Internal control over financial reporting:

Material weakness identified?

Yes

X

No

Significant deficiency identified?

Yes

X

None reported

Noncompliance material to financial statements noted?

Yes

X

No

COLBY COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted in the current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.



Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

SECTION II – FINANCIAL STATEMENT FINDINGS

None were noted as of June 30, 2019.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Significant Deficiency in Internal Control and Compliance

2019-001

Information on the Federal Program
US Department of Education Student Financial Assistance Program Cluster - Title IV Federal Pell Grant Program – CFDA No. 84.063

Criteria or Specific requirement

Internal controls should be in place to ensure that students receiving Pell are



Colby College

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

Internal controls should be in place to ensure that students who received federal direct loans complete their exit counseling upon completion of their schooling.

Condition

The College's internal controls over completion of the loan exit counseling were not effective.

Context

During our audit procedures we examined 60 student accounts. Of the 60 accounts examined, 2 of them did not have support for completing loan exit counseling nor did they have evidence of communication taking place with the student requesting that it be completed.

Effect

Two students did not receive the proper exit counseling upon completing their education.

Recommendation

The College should review its processes in place for monitoring that exit counseling is completed as required.

Status

Resolved.

2019-003

Information on the Federal Program

US Department of Education Student Financial Assistance Program Cluster - Title IV – Federal Work Study Program – CFDA No. 84.033

Criteria or Specific requirement

Internal controls should be in place to ensure that the College is only drawing down funds to reimburse itself for awards already paid to students or to cover awards to be paid to students in the immediate future.

Condition

The College's internal controls over drawdowns for Federal Work Study were not effective.

Context

Reimbursements for the 18-19 award year for the Federal Work Study program took place after the fiscal year end. The College drew down \$31,884 more than what was awarded to students. This error was discovered during the College's year end reconciliation process and the excess funds were immediately returned to the Department of Education. This correction took place 23 days after the initial drawdown occurred.

Effect



Entrepreneur. Creative. Forward.

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2020

The College held more requested Federal Funds than what was needed for reimbursement or the immediate future.

Recommendation

The College should review its processes in place for calculating the reimbursement amounts for federal awards paid to students to ensure only the amount awarded is requested.

Status

Resolved.

COLBY COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Education			
Student Financial Assistance Program Cluster - Title IV			
Federal Pell Grant Program	84.063	N/A	\$ 1,556,474
Federal Supplemental Educational Opportunity Grants	84.007	N/A	63,023
Federal Work-Study Program	84.033	N/A	60,385
Federal Direct Student Loans	84.268	N/A	<u>1,849,673</u>
Total Student Financial Assistance Program Cluster - Title IV			<u>3,529,555</u>
TRIO Student Support Services	84.042	N/A	<u>248,616</u>
COVID-19 Funding			
Education Stabilization Fund	84.425	N/A	<u>401,724</u>
Passed Through Kansas Board of Regents			
Adult Education - Basic Grants to States	84.002	V002A190016	130,377
Career and Technical Education - Basic Grants to States	84.048	V048A190016	<u>108,876</u>
Total Passed Through Kansas Board of Regents			<u>239,253</u>
Total U.S. Department of Education			4,419,148
Corporation for National and Community Service			
Passed Through Western Kansas Community Services Consortium:			
Retired and Senior Volunteer Program	94.002	18SRWKS001	<u>49,674</u>
Department of the Treasury			
COVID-19 Funding			
Passed Through Thomas County:			
Coronavirus Relief Fund	21.019	N/A	<u>41,230</u>
Total Expenditures of Federal Awards			\$ <u><u>4,510,052</u></u>

Note - There were no awards made to subrecipients for the 2019-2020 Fiscal Year.

COLBY COMMUNITY COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Colby Community College** and is presented on the accrual basis of accounting; therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 – INDIRECT COST RATE

The College has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the coance.

NOTE 3 – FEDERAL LOAN PROGRAMS

The Federal Direct Student Loans is a program where a student or student's parent applies for a federal loan. When the loan is approved, the money is transferred to a bank account in **Colby Community College's** name, but the loan funds are designated for the individual student. Total new loans made to eligible students and/or students' parents pursuant to this program totaled \$1,849,673 for the year ended June 30, 2020.

NOTE 4 – ADMINISTRATIVE COST ALLOWANCE

Colby Community College can receive an administrative cost allowance from the U.S. Department of Education federal awards for administering the federal awards program based upon Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Work-Study Program costs (FWS), Federal Perkins Loan Program costs, and Federal Pell Grant Program disbursed to students during the year. The College received \$1,990 as an administrative cost allowance, which is less than the administrative cost allowance allowed for the year ended June 30, 2020.

NOTE 5 – MATCHING CONTRIBUTIONS

The Federal Supplemental Educational Opportunity Grant (FSEOG) program provides grants to eligible undergraduate students with priority given to Pell grant recipients who have the lowest expected family contributions. **Colby Community College** is required by the U.S. Department of Education to provide matching contributions to the FSEOG program. Federal funds pay up to 75% of the FSEOG grants. The Organization is required to match the remaining 25%. During the 2019-2020 school year, the matching contributions requirement was waived by the CARES Act in response to the COVID-19 pandemic.

The Federal Work-Study Program (FWS) provides part-time employment to eligible undergraduate and graduate students who need the earnings to help meet costs of postsecondary education. **Colby Community College** is required by the U.S. Department of Education to provide matching funds to the