COLBY COMMUNITY COLLEGE

Financial Statements With Independent Auditors' Report

For the Years Ended June 30, 2021 and 2020

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Colby Community College
Colby, Kansas

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of **Colby Community College**, as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Colby Community College Foundation were not audited in accordance with *Government Auditing Standards* or the *Kansas Municipal Audit and Accounting Guide*.

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

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

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, 2021 and 2020, 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 of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

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

The combining schedule of revenues, expenditures, encumbrances, and changes in fund balance and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining schedule of revenues, expenditures, encumbrances, and changes in fund balance and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated January 24, 2022, on our consideration of **Colby 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 solely to describe the scope of our testing of internal

control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of **Colby Community College's** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering **Colby Community College's** internal control over financial reporting and compliance.

Adams Brown, LLC

ADAMSBROWN. LLC
Certified Public Accountants
Colby, Kansas

January 24, 2022

Colby Community College

Management's Discussion and Analysis

The discussion and analysis of Colby Community College's (the "College") financial statements provides an overview of the College's financial activities for the years ended June 30, 2021, 2020, and 2019. Management has prepared the financial statements along with the discussion and analysis. Responsibility for the completeness and fairness of this information rests with the College's management.

Using this Report

The College's financial report includes three financial statements: the statement of net position, the statement of revenue, expenses and change in net position, and statement of cash flows. These financial statements are prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities. The College's foundation has also been discretely presented within these financial statements in accordance with Governmental Accounting Standards Board Statement No. 39; *Determining Whether Certain Organizations are Component Units*, as amended by GASB Statement No. 61, *The Financial Reporting Entity: Omnibus.*

The annual financial report includes the independent auditor's report, the management's discussion and analysis, the basic financial statements, notes to the financial statements, and supplemental information.

Activities of the College are reported as either operating or non-operating in accordance with Governmental Accounting Standards Board Statement No. 35. Charges for services are recorded as operating revenues. Essentially all other types of revenue, including state appropriations, property tax levies, and Federal Pell Grant revenue, are non-operating revenues. The College's reliance on state funding, local property taxes, and the Federal Pell Grant assistance to students results in reporting an operating deficit.

Increases or decreases in net position provide one indication of the financial health of an organization. To assess the overall health of the College, many other non-financial factors need considered, such as trends in enrollment, condition of facilities, success of graduates, and the strength and morale of the faculty and staff.

Financial Highlights

The statement of net position and the statement of revenue, expenses, and changes in net position report information on the College as a whole. These statements report the College's financial position as of June 30, 2021 and 2020 and the change in net position for the years then ended. The College's financial position remained strong at June 30, 2021, with assets and deferred outflows of $36,140,236 and liabilities and deferred inflows of $11,933,169. Net position, which represents the residual interest in the College's total assets and deferred outflows of resources after total liabilities and deferred inflows of resources are deducted, increased by $3,818,508 or 18.7%.

The College's financial statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private sector institutions. All of the current year's revenue and expenses are recorded as incurred regardless of when cash is received or paid. Revenue and expenses are separated into the categories of operating and non-operating.

	2021	2020	2019
Assets			
Current Assets	$ 19,528,095	$ 16,153,399	$ 14,226,086
Noncurrent Assets	16,098,492	15,416,929	12,662,759
Total Assets	35,626,587	31,570,328	26,888,845
Deferred Outflows of Resources	513,649	525,713	565,011
Liabilities			
Current Liabilities	2,137,510	1,548,599	1,868,302
Noncurrent Liabilities	8,663,613	9,267,541	10,006,948
Total Liabilities	10,801,123	10,816,140	11,875,250
Deferred Inflows of Resources	1,132,046	891,342	483,082
Net Position			
Unrestricted	14,798,607	12,091,312	8,303,452
Restricted - Expendable	1,340,212	1,539,213	2,200,753
Invested in Capital Assets	8,068,248	6,758,034	4,591,319
Total Net Position	$ 24,207,067	$ 20,388,559	$ 15,095,524

The preliminary changes in assets, liabilities, and net position of the College for fiscal year 2021 were the result of the following:

- Current assets increased by $3.375 million or 20.9%. This was due to a continued increase in cash and cash equivalents including a slight increase in tuition, continued efforts in accounts receivable collections, and tightening up the College's policy regarding due dates for tuition and future enrollment. All budgets were cut 10% for fiscal year 2021, and general spending was conservative in nature.
- Noncurrent assets increased by $681,563 or 4.4%. This increase is associated with "construction in process" related to work on the Colby Tennis Center, work at the College farm, general building improvements, computer upgrades, and off-set by annual depreciation.
- Current liabilities increased by $588,911 or 38%. This was primarily due to the increase in unearned revenue associated with the Colby Tennis Center which will be completed in FY2022.
- Noncurrent liabilities decreased by a total of $603,928 or 6.5%. This was primarily due to a reduction of $330,000 in non-current obligations - Certificate of Participation Bonds, OPEB Liability reduction of $265,490, and Net Pension Liability reduction of $1,691.
- Total net position increased by $3,818,508 or 18.7%. This was due to a combination of reducing total operating expenses and increasing non-operating revenues.

Operating Revenue

Operating revenue includes charges for all exchange transactions such as tuition and fees, room and board, and the sale of books and supplies. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services. Beginning in 2019, the Kansas Board of Regents requested that Federal Direct Loans be excluded.

Operating Revenue for the Years Ended June 30

Operating Revenue	2021	2020	2019
Net Tuition & Fees	$ 3,677,658	$ 4,067,740	$ 3,936,782
Federal Grants and Contracts	1,550,514	917,159	512,167
State Grants and Contracts	96,534	107,383	69,524
Other Grants and Contracts	52,821	602,740	58,358
Auxiliary Income	1,678,083	1,431,911	2,035,784
Other Income	614,276	411,403	517,685
Total Operating Revenue	$ 7,669,886	$ 7,538,336	$ 7,130,300

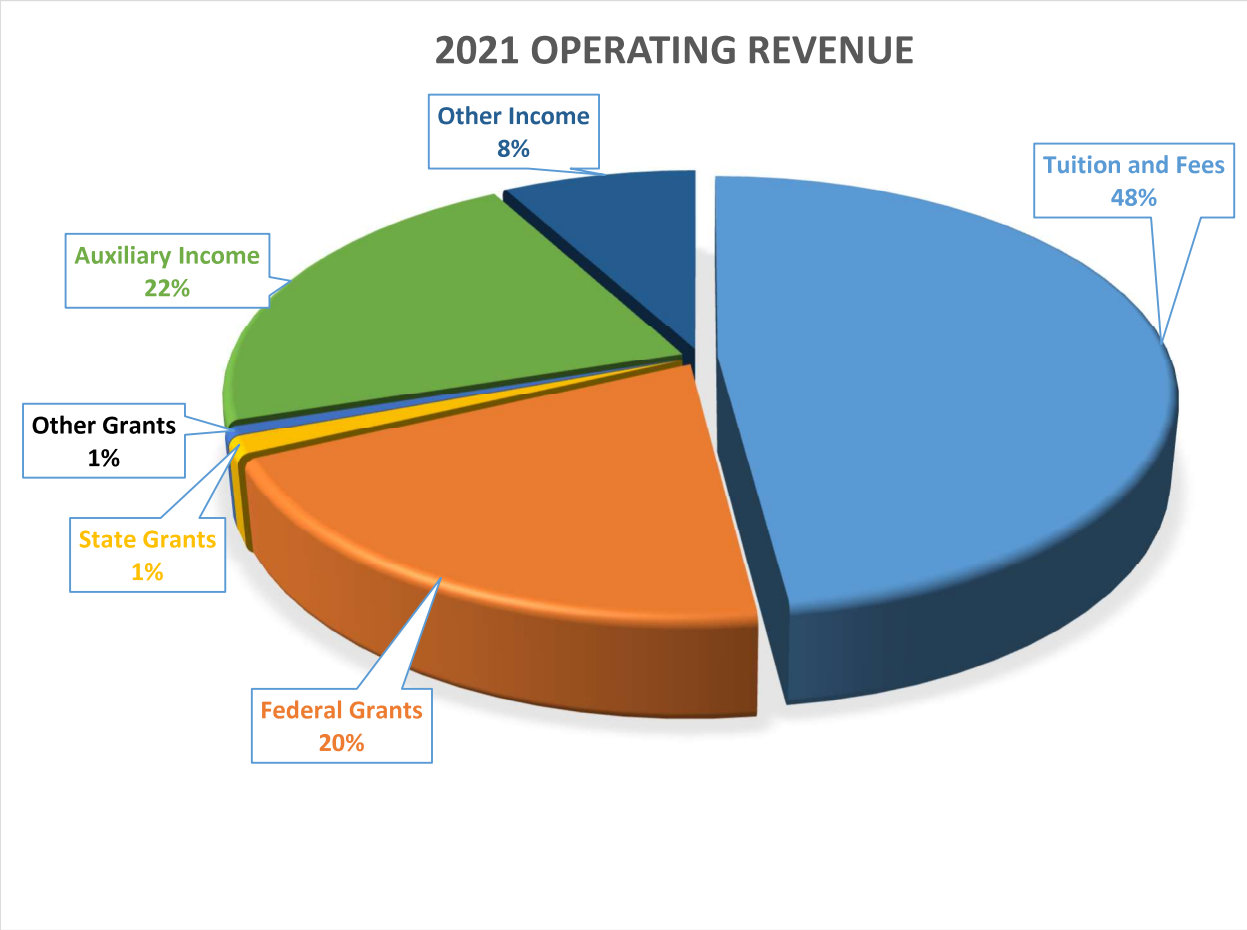
Operating revenue changes for fiscal year 2021 were the result of the following:

- Net tuition and fees decreased by $390,082 due to a decrease in enrollment. The most noticeable decrease in enrollment was in Fall 2020 when the C.N.A. courses were not able to be offered because students were not able to participate at clinicals. As a whole, there was a total decrease of 821 credit hours from fiscal year 2020 to fiscal year 2021.
- Federal Grants and Contracts increased by $633,355 primarily due to HEERF I, II, and III monies.
- State grants and Contracts decreased by $10,849.
- Other Grants and Contracts decreased by $549,919, primarily due to the decrease of fund-raising previously done for the Steve Lampe Athletic Center. A majority of the funds raised for the Colby Tennis Center went directly through the Endowment and then into deferred revenue.
- Auxiliary revenue increased by $246,172. This was due to a slight rebound in dorm occupancy and the increase rate for dorm rooms and meal plans.
- Other income increased by $202,873, primarily due to a rebound of activity on campus. Included in this, the College recorded $185,171 in lost revenue using a 3-year average of credit hours. The lost revenue was funded through HERRF II and was designed to help organizations of higher education stay funded through the pandemic.

Operating revenue changes for fiscal year 2020 were the result of the following:

- Net tuition and fees increased by $130,958 due to an increase in enrollment.
- Federal Grants and Contracts increased by $404,992 primarily due to Cares Act monies.
- Auxiliary revenue decreased by $603,873. This was due to outsourcing books from the Campus Bookstore to an offsite vendor.
- Other Grants and Contracts increased by $544,382 primarily due to the Hansen Grant in the amount of $500,000 that was applied to the Steve Lampe Athletic Facility.
- Other income decreased by $106,282 primarily due to accounting for Educing payment received in 2019 due to CCC opting to no longer participate in the online consortium.

The following is a graphic illustration of operating revenues by source for fiscal year 2021.



Operating Expenses

Operating expenses are all the costs necessary to provide services and conduct the programs of the College.

Operating Expenses for the Years Ended June 30

Operating Expenses	2021	2020	2019
Educational Services			
Academics, Instructional and Support	$ 5,375,541	$ 5,497,632	$ 4,875,212
Student Support Services	914,341	887,900	1,045,643
Federal Work Study	-		208
Pell Grant & SEOG	1,549,890	1,619,497	1,598,431
Academic Support	487,427	434,567	408,559
Athletics	1,452,825	1,369,797	1,424,540
Auxiliary Enterprises	670,117	640,675	1,090,812
Community Service & Development	167,202	172,563	162,853
Facilities	1,001,042	1,027,582	1,091,261
General & Administrative	1,246,398	979,922	735,180
Institutional Support	2,205,994	1,742,152	2,166,349
Depreciation & Amortization	683,185	582,012	572,505
Total Operating Expenses	$ 15,753,962	$ 14,954,299	$ 15,171,553

Operating expense changes for fiscal year 2021 were the result of the following:

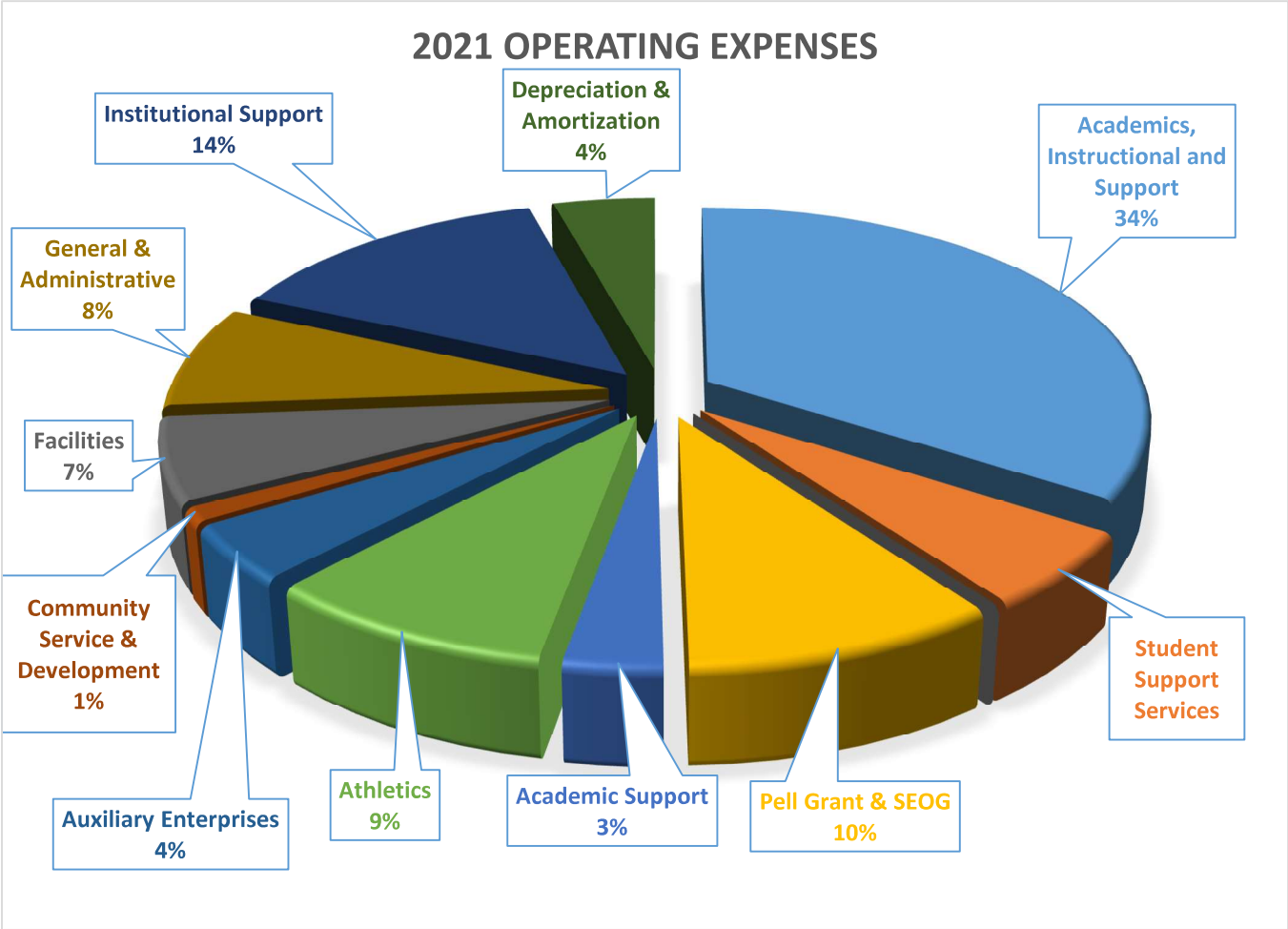
- Academics, Instructional and Support expenses decreased by $122,091. This was due to conservative spending and budget reductions associated with the unknowns of COVID-19.
- Student Support Services expenses increased by $26,441 and is a relatively small change compared to previous years.
- Federal Work Study, Pell Grant, SEOG, Academic Support, Community Service, and Auxiliary Enterprises remained relatively unchanged.
- Depreciation & Amortization increased $101,173. The increase in assets caused the increase in depreciation.
- Athletic expenses increased by $83,028, due to the rebound of sports teams traveling as teams were allowed to compete.
- General & Administrative increased by $266,476. This was primarily due to COVID 19 expenses and the fixed asset's clearing account.
- Institutional Support increased by $463,842. This was primarily due to COVID-19 expenses.

Operating expense changes for fiscal year 2020 were the result of the following:

- Academics, Instructional and Support expenses increased by $622,420. This was due to an increase in salaries and fringes in the amount of $241,744. Additionally, CCC received $234,724 that was distributed to students on behalf of the Federal Government under the Cares Act. The difference of $145,952 was due to additional services and supplies needed for instructional support.
- Student Support Services expenses decreased by $157,743 primarily due to a reduction of $109,645 in salaries and $48,100 in services and supplies.
- Federal Work Study, Pell Grant, SEOG, Academic Support, Community Service and Depreciation & Amortization remained relatively unchanged.

- Athletic expenses decreased by $54,743, due to the cancellation of spring sports and reduction of travel including recruitment.
- Auxiliary Enterprises decreased by $450,137 primarily due to outsourcing the campus bookstore and refunding students for room and board charges due to the campus closing in March 2020 due to COVID 19.
- General & Administrative increased by $244,742. This was primarily due to COVID 19 expenses and fixed asset's clearing account.
- Institutional Support decreased by $424,197. This was primarily due to a reduction in technology spending including computer center contract.

The following is a graphic illustration of operating expenses by source for fiscal year 2021.



Non-Operating Revenue (Expenses)

Non-operating revenue represents all revenue sources that are primarily non-exchange in nature. They consist primarily of state appropriations, property tax revenue, investment income (including realized and unrealized gains and losses), and gifts and grants, including Pell federal grants to students.

Non-operating revenue (expenses) were comprised of the following:

Non Operating Revenue (Expenses) for the Years Ended June 30

Non-Operating Expenses	2021	2020	2019
State Appropriations	$ 3,158,821	$ 2,856,230	$ 2,638,126
County Property Taxes	6,645,088	6,971,596	6,698,824
Pell Grants & SEOG	1,550,708	1,619,497	1,613,301
Investment Income	26,402	188,755	142,074
Contributions	757,442	1,317,122	136,685
Interest on Capital Asset Debt	(235,877)	(244,202)	(252,827)
Total Non-Operating Revenues (Expenses)	$ 11,902,584	$ 12,708,998	$ 10,976,183

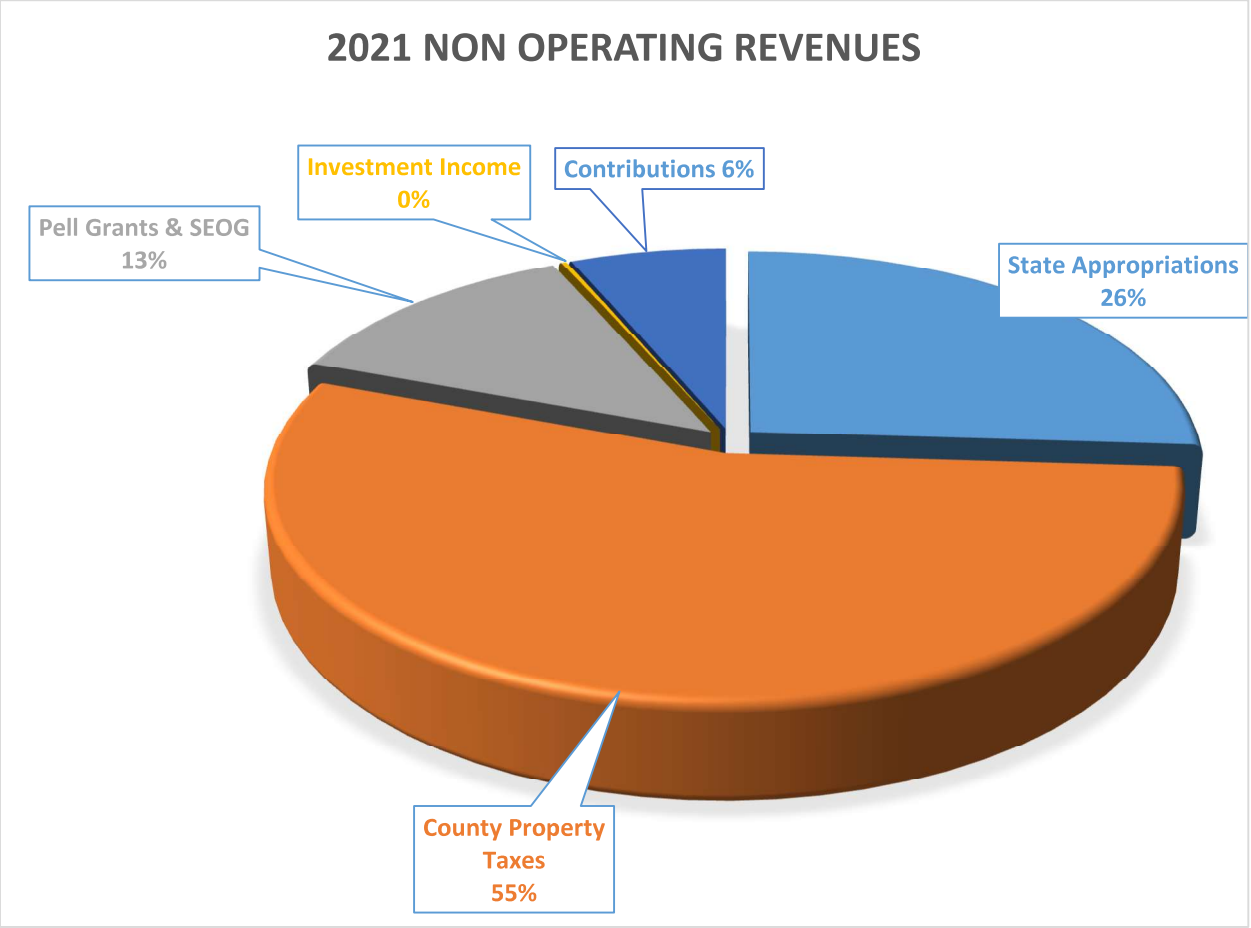
Non-operating revenue (expense) changes for fiscal year 2021 were the result of the following factors:

- State appropriations increased by $302,591 due to an increase in funding from the state.
- County property taxes decreased by $326,508 due to a decrease in total dollars levied and received.
- Pell Grants, SEOG and interest on capital asset debt remained relatively unchanged.
- Investment income and gain (loss from sale of assets) decreased by $162,353. Interest rates on investments held by the College have reduced greatly despite the increase in cash on hand. These reduced rates are a result of the COVID-19 pandemic and the current economic situation.
- Contributions decreased by $559,680. This was due to a decrease in fund-raised dollars that were previously raised to help pay for the Steve Lampe Athletic Center.

Non-operating revenue (expense) changes for fiscal year 2020 were the result of the following factors:

- State appropriations increased by $218,104 due to an increase in funding from the state.
- County property taxes increased by $272,772 due to an increase in collecting delinquent taxes.
- Pell Grants, SEOG and interest on capital asset debt remained relatively unchanged.
- Investment income and gain (loss from sale of assets) increased by $46,681. This was due to a $10M reserve account balance.
- Contributions increased by $1,180,437. This was due to fund raised dollars to help pay for the Steve Lampe Athletic Center.

The following is a graphic illustration of non-operating revenues by source for fiscal year 2021.



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:

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

Cash flows for the year 2021 consist of the following:

	2021	2020	2019
Cash (used in) Provided by			
Operating Activities	$ (7,150,390)	$ (7,526,110)	$ (7,231,859)
Investing Activities	26,402	188,150	181,196
Noncapital Financing Activities	12,088,559	12,766,445	11,045,936
Capital and Related Financing Activities	(2,230,853)	(2,993,823)	(1,346,812)
Net Increase (Decrease in Cash and Cash Equivalents)	2,733,718	2,434,662	2,648,461
Cash and Cash Equivalents - Beginning of Year	15,922,245	13,487,583	10,839,122
Cash and Cash Equivalents - End of Year	$ 18,655,963	$ 15,922,245	$ 13,487,583

Net cash used for operating activities in 2021 totaled $7.18 million. This was financed by $12.1 million of net cash flows from noncapital financing activities such as property taxes and state appropriations. Net cash used for capital and related financing activities totaled $2.2 million. The net result of all cash flows is an increase of $2.73 million for 2021.

Net cash used for operating activities in 2020 totaled $7.53 million. This was financed by $12.77 million of net cash flows from noncapital financing activities such as property taxes and state appropriations. Net cash used for capital and related financing activities totaled $3.0 million. The net result of all cash flows is an increase of $2.43 million for 2020.

Capital Assets

At June 30, 2021, the College had approximately $15.5 million invested in capital assets, net of accumulated depreciation of $10.5 million. Depreciation charges totaled $683,185.

Additional information about the College's capital assets can be found in Note 8.

Debt

In 2017, the College refinanced series 2007 - Revenue bonds and series 2011 – Certificate of Participation (COP) bonds into one series 2016 – COP bonds with a lower interest rate saving the College approximately $2 million over the life of the bonds. In 2021, the College made annual debt service payments on this debt. The debt payment for fiscal year 2021 was $315,000 and increases $15,000 for fiscal year 2021. Additional information about the College's debt administration can be found in Note 10.

Economic Factors That Will Affect the Future

Colby Community College receives funding from three major sources – property taxes, tuition and fees, and state appropriations.

Property taxes provide the largest proportion of revenues for operations.

Property Taxes

Fiscal Year	Property Taxes	% Change by Year
2021	$ 6,645,088	-4.68%
2020	$ 6,971,596	4.07%
2019	$ 6,698,824	2.83%
2018	$ 6,514,295	8.22%
2017	$ 6,019,255	4.91%

Property taxes have increased over the past five years as taxable values on properties have increased. The College projected 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. These projections were accurate and experienced in fiscal year 2021.

The state of Kansas economic condition has improved, and recent revenue estimates are optimistic as there has been a large cash transfusion into the economy. There are concerns that the current revenues are not sustainable.

Starting in fiscal year 2016, revenues from the State for KPERS contributions were included in the state appropriations figure. Thus appearing that the state provided additional funding for operations.

State Appropriations

Fiscal Year	Operations	% Change by Year
2021	$ 3,158,821	10.59%
2020	$ 2,856,230	8.27%
2019	$ 2,638,126	5.42%
2018	$ 2,502,597	0.35%
2017	$ 2,493,932	-2.11%

With limited growth in revenue, tuition and fees have been increased to maintain programs and services. Tuition and fees are adjusted to the change in Consumer Price Index (CPI) each year.

Tuition and Fees

Fiscal Year	Instate Tuition	% Change by Year
2021	$ 77.25	2.32%
2020	$ 75.50	2.03%
2019	$ 74.00	2.78%
2018	$ 72.00	2.86%
2017	$ 70.00	0.00%

Since 2017, instate tuition rates have increased $7.25 per credit hour, or 10%. Tuition increases implemented since 2017 have remained consistent with inflation and are tied to CPI. Inflation rates have continued to increase at an alarming rate and are expected to increase for at least the next year. The College continues to be very competitive - tuition charged to students remains below the national average.

Institutional efforts to reduce operating costs through attrition and cost cutting initiatives have been made and are an ongoing priority. Through these efforts, it has been possible to maintain affordable tuition for our community while providing outstanding educational programs and services in an inviting learning environment with qualified instructional and support faculty and staff.

Summary of Overall Performance

The coronavirus pandemic has had an on-going impact on business operations for the College. The College experienced a decrease in enrollment for fiscal year 2021, and much of this was attributed to limited clinical sites for health care programs. The College continues to adapt to the constantly changing environment currently driven by the global pandemic. While the College does maintain a healthy reserve, short-term unanticipated expenses and longer-term enrollment declines may likely threaten that strong position.

Colby Community College

Management's Discussion and Analysis

Even with the challenges associated with the ongoing COVID-19 global pandemic, the College completed another solid performance for fiscal year ended June 30, 2021. The financial position of the College is very strong, and cash balances increased by $3 million. This increase in cash occurred even though combined operating and non-operating revenues decreased by $675,000 from fiscal year 2020. Auxiliary enterprises continue to be financially solvent despite being restructured to accommodate the flexibility COVID-19 demands. The performance of the College for fiscal year 2021 proves again that it is an agile and resolute entity.

The 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.

During fiscal year 2021, the College began to build the Colby Tennis Center – an in-door community use building that meets the needs for those interested in playing tennis and pickle-ball. This project was funded entirely by fundraised dollars and will be placed in service in fiscal year 2022. During the summer 2021 months, a large renovation at the 60 acre college farm was underway. A large-scale dirt-work project was completed to improve the flow of water across the entire facility, and was done to minimize future erosion. In addition to this, all of the 40+ year old fencing was removed and replaced with oil-field pipe, new cattle feed aprons were poured, and new feed bunks were placed in service. In fiscal year 2022, all of the existing waterers will be replaced as well.

Another huge win for the College in fiscal year 2021 was the opening of the Colby Event Center. The massive event center, although owned and operated by the City of Colby, was constructed on the College campus, and placed in service Spring 2021. The benefits to its geographical location were immediately recognized as students have very close access to the facility where they will both practice and compete. The Colby Event Center provides another opportunity to bring in different events and groups to the City of Colby, and directly exposes them to the College.

The future of Colby Community College is very bright and positive. The College is committed to focusing on students - our greatest accomplishment is helping them achieve their educational goals. The College also continues to serve the needs of the local communities in North-West Kansas by offering a number of high-wage and high-demand programs, as well as transfer agreements all over the State of Kansas and beyond.

Colby Community College will continue to do what it was designed to do:

***Challenge* students to adapt to a diverse society. *Create* opportunities for student growth. *Connect* student learning with professional experiences.**

Mr. Justin Villmer
Vice President of Business Affairs and
Chief Financial Officer
Colby Community College

COLBY COMMUNITY COLLEGE

Basic Financial Statements

COLBY COMMUNITY COLLEGE
Statements of Net Position
June 30, 2021 and 2020

	College		Foundation	
	2021	2020	**2021**	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets				
Cash - Unrestricted	$ **18,083,692**	15,019,733	**1,013,419**	1,277,581
Bookstore Receivables	**-**	634	**-**	-
Taxes Receivable, Net of Allowance	**134,500**	111,000	**-**	-
Accounts Receivable, Students, Net of Allowance for Doubtful Accounts of $216,815 and $195,757, Respectively	**342,203**	315,645	**-**	-
Federal and State Grants Receivable	**619,809**	496,962	**-**	-
Other Receivables	**50,578**	3,618	**-**	-
Foundation Scholarship Receivable	**69,728**	-	**-**	-
Cares Act Receivable	**827**	-	**-**	-
Unconditional Promises to Give	**-**	-	**1,554**	1,554
Accrued Interest Income	**-**	-	**5,030**	11,078
Inventory	**120,881**	142,546	**-**	-
Prepaid Insurance and Other Expenses	**105,877**	63,261	**277**	259
Total Current Assets	**19,528,095**	16,153,399	**1,020,280**	1,290,472
Noncurrent Assets				
Cash - Restricted	**572,271**	902,512	**-**	-
Unconditional Promises to Give	**-**	-	**20,536**	21,446
Investments	**-**	-	**6,602,932**	5,256,742
TCCF Magnet Money Investment - Designated Until Funds are Matched	**-**	-	**22,465**	20,080
Land Held for Investment	**-**	-	**217,245**	225,870
Mineral Interest	**-**	-	**20,349**	22,404
Capital Assets, Not Depreciated	**318,044**	318,044	**-**	-
Capital Assets, Net of Accumulated Depreciation of $10,518,925 and $9,835,740, Respectively	**14,139,566**	14,196,373	**-**	-
Construction in Process	**1,068,611**	-	**-**	-
Total Noncurrent Assets	**16,098,492**	15,416,929	**6,883,527**	5,546,542
Total Assets	**35,626,587**	31,570,328	**7,903,807**	6,837,014
Deferred Outflows of Resources				
Deferred Outflows - Pension	**48,378**	27,822	**-**	-
Deferred Outflows - OPEB	**214,278**	232,134	**-**	-
Deferred Refunding, Net of Accumulated Amortization of $73,821 and $59,057, Respectively	**250,993**	265,757	**-**	-
Total Deferred Outflows of Resources	**513,649**	525,713	**-**	-
Total Assets and Deferred Outflows of Resources	$ **36,140,236**	32,096,041	**7,903,807**	6,837,014

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

COLBY COMMUNITY COLLEGE
Statements of Net Position
June 30, 2021 and 2020

	College		Foundation	
	2021	2020	**2021**	2020
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES				
Current Liabilities				
Current Obligations - Certificate of Participation Bonds	$ **330,000**	315,000	**-**	5,662
Accounts Payable	**143,797**	219,298	**92,055**	6,909
Accrued Payroll and Benefits	**627,644**	493,507	**-**	-
Compensated Absences	**280,950**	267,493	**-**	-
Unearned Revenue	**675,967**	135,746	**-**	-
Dorm Deposits	**33,895**	20,870	**-**	-
Early Retirement Liability, Current Portion	**8,572**	12,694	**-**	-
Accrued Interest Payable	**34,805**	36,380	**-**	-
Deposits and Other Payables	**1,880**	47,611	**-**	-
Total Current Liabilities	**2,137,510**	1,548,599	**92,055**	12,571
Noncurrent Liabilities				
Noncurrent Obligations - Certificate of Participation Bonds	**7,410,000**	7,740,000	**-**	6,338
Bond Discount, Net of Accumulated Amortization of $7,302 and $5,476, Respectively	**(31,034)**	(32,859)	**-**	-
Total OPEB Liability	**1,116,258**	1,381,748	**-**	-
Net Pension Liability	**162,926**	164,617	**-**	-
Early Retirement Liability, Noncurrent Portion	**5,463**	14,035	**-**	-
Total Noncurrent Liabilities	**8,663,613**	9,267,541	**-**	6,338
Total Liabilities	**10,801,123**	10,816,140	**92,055**	18,909
Deferred Inflows of Resources				
Deferred Inflows - Pension	**52,705**	50,590	**-**	-
Deferred Inflows - OPEB	**1,079,341**	840,752	**-**	-
Total Deferred Inflows of Resources	**1,132,046**	891,342	**-**	-
Total Liabilities and Deferred Inflows of Resources	**11,933,169**	11,707,482	**92,055**	18,909
NET POSITION				
Invested in Capital Assets, Net of Related Debt	**8,068,248**	6,758,034	**-**	-
Restricted - Expendable				
Perkins Loan and Grant Funds	**1,340,212**	1,539,213	**-**	-
Other	**-**	-	**818,430**	805,286
Restricted - Nonexpendable	**-**	-	**6,534,180**	5,614,296
Unrestricted	**14,798,607**	12,091,312	**459,142**	398,523
Total Net Position	**24,207,067**	20,388,559	**7,811,752**	6,818,105
Total Liabilities, Deferred Inflows of Resources and Net Position	$ **36,140,236**	32,096,041	**7,903,807**	6,837,014

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

COLBY COMMUNITY COLLEGE
Statements of Revenues, Expenses and Change in Net Position
For the Years Ended June 30, 2021 and 2020

	College		Foundation	
	2021	2020	**2021**	2020
Operating Revenues				
Tuition and Fees	$ **4,965,478**	5,258,202	**-**	-
Less: Student Aid/Discount	**(1,180,730)**	(1,090,904)	**-**	-
Less: Bad Debt Expense	**(107,090)**	(99,558)	**-**	-
Net Tuition and Fees	**3,677,658**	4,067,740	**-**	-
Federal Grants and Contracts	**1,550,514**	917,159	**-**	-
State Grants and Contracts	**96,534**	107,383	**-**	-
Other Grants and Contracts	**52,821**	602,740	**-**	-
Auxiliary Income	**1,678,083**	1,431,911	**-**	-
Other Income	**614,276**	411,403	**20,770**	9,938
Contributions and Other Fundraisers	**-**	-	**1,364,344**	786,513
Total Operating Revenues	**7,669,886**	7,538,336	**1,385,114**	796,451
Operating Expenses				
Educational Services				
Academics, Instructional and Support	**5,375,541**	5,497,632	**-**	-
Community Service	**74,569**	70,419	**-**	-
Student Support Services	**914,341**	887,900	**1,450,296**	1,640,257
Pell Grant Expense	**1,482,538**	1,556,474	**-**	-
SEOG Expense	**67,352**	63,023	**-**	-
Support Services				
Academic Support	**487,427**	434,567	**-**	-
Athletics	**1,452,825**	1,369,797	**-**	-
Auxiliary Enterprises	**670,117**	640,675	**-**	-
Development	**92,633**	102,144	**-**	-
Facilities	**1,001,042**	1,027,582	**-**	-
General and Administrative	**1,246,398**	979,922	**167,016**	163,672
Institutional Support	**2,205,994**	1,742,152	**-**	-
Depreciation and Amortization	**683,185**	582,012	**-**	-
Total Operating Expenses	**15,753,962**	14,954,299	**1,617,312**	1,803,929
Net Operating Income (Loss)	**(8,084,076)**	(7,415,963)	**(232,198)**	(1,007,478)
Nonoperating Revenues (Expenses)				
State Appropriations	**3,158,821**	2,856,230	**-**	-
County Property Taxes	**6,645,088**	6,971,596	**-**	-
Pell Grants	**1,482,538**	1,556,474	**-**	-
SEOG Grants	**68,170**	63,023	**-**	-
Investment Income	**26,402**	188,150	**401,769**	287,099
Unrealized Appreciation(Depreciation) on Investments	**-**	-	**824,076**	(248,520)
Gain From Sale of Assets	**-**	605	**-**	-
Contributions	**757,442**	1,317,122	**-**	-
Interest on Capital Asset Debt	**(235,877)**	(244,202)	**-**	-
Net Nonoperating Revenues (Expenses)	**11,902,584**	12,708,998	**1,225,845**	38,579
Change in Net Position	**3,818,508**	5,293,035	**993,647**	(968,899)
Net Position - Beginning of Year	**20,388,559**	15,095,524	**6,818,105**	7,787,004
Net Position - End of Year	$ **24,207,067**	20,388,559	**7,811,752**	6,818,105

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

COLBY COMMUNITY COLLEGE
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

	2021	2020
Cash Flows From Operating Activities		
Student Tuition and Fees, Net of Discount	$ **4,191,322**	3,664,532
Grants and Contracts	**1,598,687**	1,199,346
Auxiliary Enterprise Revenue	**1,691,742**	1,443,147
Payments to Employees and for Employee Benefits	**(7,319,263)**	(7,874,067)
Payments to Suppliers	**(7,139,522)**	(5,741,688)
Auxiliary Enterprise Expense	**(670,117)**	(640,675)
Other Receipts	**496,761**	423,295
Net Cash Used by Operating Activities	**(7,150,390)**	(7,526,110)
Cash Flows From Investing Activities		
Interest on Investments	**26,402**	188,150
Cash Flows From Noncapital Financing Activities		
State Appropriations	**3,158,821**	2,856,230
County Property Taxes	**6,621,588**	6,973,596
Pell and SEOG Grants	**1,550,708**	1,619,497
Contributions	**757,442**	1,317,122
Net Cash Provided by Noncapital Financing Activities	**12,088,559**	12,766,445
Cash Flows From Capital and Related Financing Activities		
Purchase of Capital Assets	**(1,694,990)**	(2,465,316)
Principal Paid on Long-Term Debt	**(315,000)**	(300,000)
Interest Paid on Long-Term Debt	**(220,863)**	(229,112)
Proceeds From Sale of Assets	**-**	605
Net Cash Used by Capital and Related Financing Activities	**(2,230,853)**	(2,993,823)
Net Increase in Cash	**2,733,718**	2,434,662
Cash - Beginning of Year	**15,922,245**	13,487,583
Cash - End of Year	$ **18,655,963**	15,922,245
Cash per Balance Sheet		
Cash - Unrestricted	$ **18,083,692**	15,019,733
Cash - Restricted	**572,271**	902,512
Total Cash per Balance Sheet	$ **18,655,963**	15,922,245

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

COLBY COMMUNITY COLLEGE
Statements of Cash Flows
For the Years Ended June 30, 2021 and 2020

Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities

		2021	2020
Net Operating Loss	$	**(8,084,076)**	(7,415,963)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities			
Depreciation and Amortization		**683,185**	582,012
Changes in Operating Assets and Liabilities			
(Increase) Decrease in			
Accounts Receivable		**(26,557)**	33,982
Federal Grants Receivable		**(122,847)**	(413,798)
Other Receivables		**(116,881)**	11,258
Inventory		**21,665**	(14,138)
Prepaid Insurance and Other Expenses		**(42,616)**	6,663
Loans to Students		**-**	10,516
Increase (Decrease) in			
Accounts Payable		**(75,501)**	(41,242)
Accrued Payroll and Benefits		**105,723**	88,663
Other Liabilities		**(32,706)**	73,643
Unearned Revenue		**540,221**	(447,706)
Net Cash Used by Operating Activities	$	**(7,150,390)**	(7,526,110)

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

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Colby Community College is located in northwest Kansas in Thomas County. The College was organized and established in 1964 under the provisions of then Section 72-6901 *et. seq.* of Kansas Statutes Annotated (now K.S.A. 71-201 *et seq.*). The College is a public two-year community college offering a comprehensive curriculum with liberal arts and sciences, as well as vocational and technical programs for credit and noncredit students from Thomas County and surrounding communities.

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The College's reports are based on applicable Governmental Accounting Standards Board (GASB) pronouncements and its accounting policies conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities.

Financial Reporting Entity

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

Colby Community College Endowment Foundation is a discretely presented component unit of the College and is included in the component unit column in the College's basic financial statements. It is reported in a separate column to emphasize that it is a not-for-profit entity legally separate from the College. Foundation board members are appointed by the existing Foundation board members. The discretely presented component unit has a June 30 year end.

Colby Community College Endowment Foundation is a not-for-profit corporation organized under the laws of the State of Kansas to raise funds to support the educational undertakings of **Colby Community College**, and to receive and hold in trust any property, real or personal, given, devised, bequeathed, given in trust or in any other way made to the corporation for the use or benefit of any student or employee as designated by the donor, grantor, or testator, or in the case of an unrestricted gift, then to such uses as may be agreed on by the Board of Trustees.

Colby Community College Endowment Foundation is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. The Foundation reports its financial results under Financial Accounting Standard Board (FASB) Statements. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The component unit's financial data has, however, been aggregated into like categories for presentation purposes.

Separately issued audited financial statements for the Foundation may be obtained from the College's administrative office.

Measurement Focus and Basis of Accounting

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

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. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions are recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used in the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first and then unrestricted resources as needed.

Use of 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 and disclosure of contingent 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.

Cash
For purposes of the statements of cash flows, the College considers all unrestricted, highly liquid deposits with original maturities of three months or less as cash. The Foundation's cash balances consist of cash held in checking accounts, money markets accounts, and certificates of deposit at various financial institutions. Cash contributions that are restricted by the donor for long-term purposes are not included in the definition of cash even though the funds are invested in short-term liquid investments. The Foundation routinely invests its surplus operating funds in money market mutual funds. These funds generally invest in highly liquid U.S. government and agency obligations.

Property Taxes
Property taxes are levied each calendar year on all taxable real property located in the taxing district. Property taxes are recorded on an accrual basis of accounting. The College's property taxes are assessed on a calendar year basis, are levied, and become a lien on the property on November 1st of each year. The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20th and the second half is due May 10th. The College draws available funds from the County Treasurer's office at designated times throughout the year.

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. A percent of property taxes levied in November 2020 are normally distributed after June 30, 2021 and are presented as accounts receivable. As of June 30, 2021 and 2020, the County Treasurer had distributed to the College approximately 95% of ad valorem taxes levied in the prior year. The receivable for taxes in process was $134,500 and $111,000 at June 30, 2021 and 2020, respectively.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole. Delinquent tax payments are recognized as revenue in the year received.

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 realizable value. The College also holds farm inventory items which are held for resale by the farm program and are valued at net realizable value. The value is recorded as expense as the inventories are depleted. The College records certain payments to vendors that reflect costs applicable to future accounting periods as prepaid items in its financial statements.

Investments
The Foundation has a policy of pooling assets for investment purposes unless the governing instruments prohibit such pooling. Investments are reported at fair value as of June 30, 2021 and 2020. A portion of the investment return is allocated to the funds in accordance with the Foundation's accounting policy. Investment income and gains and losses restricted by a donor are reported as increases or decrease in restricted net position if the restrictions are met either by passage of time or by use in the reporting period in which the income and gains are recognized.

Contributions are generally available for unrestricted use in the year of the gift unless specifically restricted by the donor. Pledges are recorded as receivables in the year made. Amounts received or pledged that are designated for use or payment in future periods or restricted by the donor for specific purposes are reported as increases in restricted net position.

Donor Restricted Gifts
Unconditional promises to give cash and other assets to the Foundation are reported at fair value at the date the promise is received. Conditional promises to give and indications of intentions to give are reported at fair value at the date the gift is received. The gifts are reported as restricted net position if they are received with donor stipulations that limit the use of the donated assets.

Contributions of noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

During the year ended June 30, 2021 and 2020, the value of contributed services and assets meeting the requirements for recognition in the financial statements was $50,825 and $39,865, respectively. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Foundation.

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

Capital Assets
Capital assets include property, plant, equipment and infrastructure, such as streets, sidewalks, parking lots, water system and sewer system. Capital assets are defined by the College as assets with an initial unit cost of $5,000 or more. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the assets' lives are not capitalized.

Construction in progress is stated at cost, which includes the cost of construction and other direct costs attributable to the construction. No provision for depreciation is made on construction in progress until such time as the relevant assets are completed and put into use. Construction in progress at June 30, 2021 represents the construction of a tennis center and upgrades to the CCC Farm. These projects have not been placed in service as of June 30, 2021.

Property, plant, and equipment of the College are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	50
Land Improvements	20
Machinery and Equipment	7-15
Vehicles	8
Computer Hardware/Software	5

The Foundation follows the practice of capitalizing all expenditures for property and equipment over $500. The fair value of donated fixed assets is similarly capitalized. Depreciation expense is determined using the straight-line method over the estimated useful life of each asset.

Deferred Inflows of Resources/Deferred Outflows of Resources
In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has deferred outflows and deferred inflows for pensions and OPEB that qualify for reporting in this category. The College reports deferred charges on early retirement on debt refunding. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt and recorded as a deferred outflow. See Note 19 and 21, respectively, for more information on the deferred outflows and deferred inflows for pensions and OPEB.

On-Behalf Payments for Employee Benefits
The College recognizes revenues and expenses for the contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERS and KPERS Death and Disability OPEB Plan) on behalf of the College's employees.

Net Position
The College's net position is classified as follows:

a. *Invested in capital assets, net of related debt*: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets.

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

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

d. *Unrestricted net position*: Unrestricted net position represents resources derived from student tuition and fees, state appropriations, sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College and may be used at the discretion of the governing board to meet current expenses for any lawful purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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

Operating Revenues – Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees net of scholarship allowances, (2) sales and services of auxiliary enterprises, (3) most federal, state and local grants and contracts, and (4) interest on institutional student loans.

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 Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state aid, property taxes and investment income.

Pell grant receipts are classified as nonoperating revenues and any amounts applied to student receivable accounts are recorded as scholarship discounts or allowances per guidance provided in GASB Statement No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance.*

Federal Financial Assistance Programs
The College participates in federally funded PELL Grants, SEOG Grants, Federal Work-Study, Federal Direct Loans, and Perkins Loan programs. Federal programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

Scholarship Allowances
Student tuition and fee revenues and certain other revenues from students are reported net of scholarship allowances in the statements of revenues, expenses, and change in net position. Scholarship allowances are the difference between the stated charge for goods and services provided by the College and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain

governmental grants, such as PELL, Supplemental Educational Opportunity Grants (SEOG), and other federal, state or nongovernmental programs are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

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 federal income taxes on related income under Section 501(a) of the Internal Revenue Code (IRC), as an organization described in IRC Section 501(c)(3). Further, the Foundation has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Foundation qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under IRC Section 511. The Foundation did not have any material unrelated business income tax liability for the years ended June 30, 2021 and 2020.

Generally accepted accounting principles prescribe the accounting for uncertainty in income taxes and a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There was no effect on the financial statements as a result of adopting this interpretation as the Foundation believes it does not have any material uncertain tax positions reflected in its financial statements. Tax years that remain subject to examination in the Foundation's major jurisdictions are for the years ended June 30, 2021, 2020 and 2019.

Budgetary Information
Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

a. Preparation of the budget for the succeeding calendar year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

d. Adoption of the final budget on or before August 25th.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were budget amendments in the Postsecondary Technical Fund, Adult Education Fund, and Capital Outlay Fund for the year ended June 30, 2021.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules 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 regulatory 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 College 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.

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

Budgetary Compliance – Regulatory Basis
By statute, the College prepares its annual budget on the regulatory basis of accounting. A reconciliation of these regulatory basis statements to the GAAP statements is presented in the notes to supplementary information.

Adoption of New Governmental Accounting Standards Board Statements
During the year, the College adopted GASB Statement No. 84, *Fiduciary Activities*. This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The statement establishes criteria for identifying fiduciary activities, with the focus of the criteria on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. An activity meeting the criteria should be reported in a fiduciary fund. The implementation of this standard did not have a material impact on the College's financial statements.

Pending Governmental Accounting Standards Board Statements
GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. Statement 87 increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for periods beginning after June 15, 2021, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.*

GASB Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period,* enhances the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and simplifies accounting for interest cost incurred before the end of a construction period. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements for this statement are effective for periods beginning after December 15, 2020, as a result of GASB Statement No. 95, *Postponement of the Effective Dates of Certain Authoritative Guidance.*

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements,* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. The requirements for this statement are effective for periods beginning after June 15, 2022.

GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* (1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhances the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements for this statement are effective for periods beginning after June 15, 2021.

NOTE 2 – CASH

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

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.

Concentration of Credit Risk
State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and K.S.A. 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, except during designated "peak periods" when required coverage is 50%. The College does not use "peak periods".

The College's carrying amount of deposits was $18,655,963 and $15,922,245 and the bank balance was $18,969,062 and $16,075,052 at June 30, 2021 and 2020, respectively. The bank balance was held by six banks resulting in a concentration of credit risk. Of the bank balance, $12,782,567 and $6,520,839 was covered by federal depository insurance, $6,186,495 and $6,409,213 was collateralized with

securities held by pledging financial institutions' agents in the College's name, and $0 and $3,145,000 was covered by a line of credit at June 30, 2021 and 2020, respectively.

The total carrying amount of the Foundation's deposits was $1,013,419 and $1,277,581 at June 30, 2021 and 2020, respectively. The bank balance at year end consisted of checking accounts, certificates of deposit, money market accounts, and money market accounts in mutual funds in the amount of $1,041,814 and $1,381,320 at June 30, 2021 and 2020, respectively. Of the Foundation's cash balance at June 30, 2021 and 2020, $926,975 and $998,931 was covered by federal depository insurance and $109,939 and $382,389 was covered by Securities Investor Protection Corporation, respectively. The remaining balance of $4,900 was unsecured at June 30, 2021. 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, 2021 and 2020.

NOTE 3 – RESTRICTED CASH

Cash is restricted for the following purposes:

		2021	2020
Flexible Spending Funds	$	**27,428**	26,743
Blue Cross/Blue Shield Self-Insured Funds		**544,843**	875,769
Total Restricted Cash	$	**572,271**	902,512

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 calls for a diversification of fixed income investments to provide predictable and dependable returns and equity investments to provide the opportunity for growth and appreciation of principal.

The Foundation presents its investments at their fair value as of June 30, 2021 and 2020 with the unrealized gains and losses included in the change in net assets. Fair value is determined using quoted prices in active markets for identical assets.

The Foundation has not evaluated its investments for impairment. The following is a detailed listing of the Foundation's investments at June 30, 2021:

Description of Asset		Cost Basis	Fair Market Value	Unrealized Gain (Loss)
Stocks				
Edward Jones	$	55,317	220,171	164,854
First National Bank & Trust		815,837	1,336,441	520,604
Investment Professionals, Inc.		28,871	29,688	817
Southern Company		17,787	45,045	27,258
Total Stocks		917,812	1,631,345	713,533
Mutual Funds				
Edward Jones		1,018,953	1,200,816	181,863
First National Bank & Trust		40,484	77,375	36,891
Investment Professionals, Inc.		40,167	48,142	7,975
Sunflower Bank		667,944	1,045,079	377,135
Raymond James		307,933	342,959	35,026
Total Mutual Funds		2,075,481	2,714,371	638,890
Bonds				
Edward Jones		150,850	192,819	41,969
First National Bank & Trust		1,004,072	1,018,174	14,102
Ameriprise		47,515	57,184	9,669
Sunflower - Agency		981,403	989,039	7,636
Total Bonds		2,183,840	2,257,216	73,376
Total Investments	$	5,177,133	6,602,932	1,425,799

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

		Without Donor Restrictions	With Donor Restrictions	Total
Interest and Dividends	$	2,792	29,303	**32,095**
Royalty Income		-	4,175	**4,175**
Capital Gain Distributions		2,870	30,106	**32,976**
Realized Gain		30,849	323,661	**354,510**
Administrative Fees		(1,913)	(20,074)	**(21,987)**
Unrealized Loss		65,702	758,374	**824,076**
Net Investment Return	$	100,300	1,125,545	**1,225,845**

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		758,587	1,251,258	492,671
Mutual Funds				
Edward Jones		976,184	893,493	(82,691)
First National Bank & Trust		91,015	115,361	24,346
Investment Professionals, Inc.		35,869	41,780	5,911
Sunflower Bank		783,536	895,759	112,223
Raymond James		100,188	97,794	(2,394)
Total Mutual Funds		1,986,792	2,044,187	57,395
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		1,915,881	1,961,297	45,416
Total Investments	$	4,661,260	5,256,742	595,482

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

		Without 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	$	4,791	33,788	38,579

Fair Value Measurements
Accounting guidance establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or

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.

The current fair value of the land held for investment was determined by the investment company's internal appraisal that is completed on an annual basis. Every three years, the investment company receives an appraisal on the land by an independent outside third party. The fair value of the land at June 30, 2021 and 2020 was determined by the investment company.

The fair value of the mineral rights owned by the Foundation is estimated by calculating five times the average annual cash flow. The convention is to simply multiply the average of the 12-month cash flow generated by the property or collection of properties by 5. In order for the Foundation to determine the estimated fair value of these assets, the Foundation would incur excessive costs which could affect the Foundation's programs and activities.

The preceding methods described may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2021.

		Fair Value Measurements at June 30, 2021		
	Fair Value	Level 1	Level 2	Level 3
Investments				
Stocks	$ 1,631,345	1,631,345	-	-
Mutual Funds	2,714,371	2,714,371	-	-
Bonds and Fixed Income Sec.	2,257,216	2,257,216	-	-
Total Investments	$ **6,602,932**	**6,602,932**	**-**	**-**

Other Investments					
TCCF Magnet Money	$	22,465	-	-	22,465
Land Held for Investment		217,245	-	-	217,245
Mineral Interest		20,349	-	-	20,349
Total Other Investments	$	**260,059**	**-**	**-**	**260,059**

The following summarizes the Foundation's activities related to those items measured at fair value using level three inputs for the year ended June 30, 2021.

		Other Investments
Fair Value – July 1, 2020	$	268,354
Change in Value of Other Investments		(8,295)
Fair Value – June 30, 2021	$	**260,059**

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

			Fair Value Measurements at June 30, 2020		
		Fair Value	Level 1	Level 2	Level 3
Investments					
Stocks	$	1,251,258	1,251,258	-	-
Mutual Funds		2,044,187	2,044,187	-	-
Bonds and Fixed Income Sec.		1,961,297	1,961,297	-	-
Total Investments	$	5,256,742	5,256,742	-	-
Other Investments					
TCCF Magnet Money	$	20,080	-	-	20,080
Land Held for Investment		225,870	-	-	225,870
Mineral Interest		22,404	-	-	22,404
Total Other Investments	$	268,354	-	-	268,354

The following summarizes the Foundation's activities related to those items measured at fair value using level three inputs for the year ended June 30, 2020.

		Other Investments
Fair Value – July 1, 2019	$	303,252
Change in Value of Other Investments		(34,898)
Fair Value – June 30, 2020	$	268,354

There were no transfers between levels one and two and there were no transfers in or out of level three during the year.

NOTE 5 – UNCONDITIONAL PROMISES TO GIVE

Unconditional promises to give that are due beyond the next year are discounted using a risk-free interest rate of 3.0%. Unconditional promises to give consisted of the following at June 30:

		2021 Restricted	2020 Restricted
Unconditional Promises to Give	$	**24,382**	25,936
Less Present Value		**(2,292)**	(2,936)
Total	$	**22,090**	23,000
Amount expected			
Within one year	$	**1,554**	1,554
One to five years		**20,536**	21,446
Total	$	**22,090**	23,000

NOTE 6 – TCCF MAGNET MONEY INVESTMENT

On June 14, 2010, the Foundation entered into an agreement with Thomas County Community Foundation, Inc. to establish an agency fund with a magnet money option in the amount of $10,000. The magnet money option allows the Foundation to place its endowment funds with the Community Foundation for management and investment. As the original investment is matched by outside donations, the Foundation may withdraw the original investment as long as that particular agency endowed fund keeps a minimum balance of $10,000 in principal. The Community Foundation does maintain variance power; however, the Colby Community College Endowment Foundation's Trustees retain the power to withdraw this money. The Community Foundation has the power to retain, invest and reinvest the funds for investment purposes.

NOTE 7 – LAND HELD FOR INVESTMENT

On December 29, 2009, a parcel of land was donated to the Foundation with an estimated fair value of $107,200 at the date of donation. The land was received as a contribution with donor restrictions. The current fair value was determined by the investment company's internal appraisal that is completed annually. Every three years, the investment company receives an appraisal on the land by an independent outside third party. The land is classified as land held for investment at June 30, 2021 and 2020 and had a fair value of $217,245.

NOTE 8 – CAPITAL ASSETS

The following is a summary of changes in the various capital asset categories for the year ended June 30, 2021.

		Beginning Balance	Increases	Decreases	**Ending Balance**
Land	$	30,044	-	-	**30,044**
Land Improvements		288,000	-	-	**288,000**
Buildings		20,591,469	231,305	-	**20,822,774**
Equipment		1,503,661	63,313	-	**1,566,974**
Vehicles		732,513	8,700	-	**741,213**
Computer Hardware/Software		1,204,470	323,060	-	**1,527,530**
Total	$	24,350,157	626,378	-	**24,976,535**

Accumulated Depreciation	$	(9,835,740)	(683,185)	-	**(10,518,925)**
Construction in Progress		-	1,068,611	-	**1,068,611**
Capital Assets, Net	$	14,514,417	1,011,804	-	**15,526,221**

The following is a summary of changes in the various capital asset categories for the year ended June 30, 2020.

		Beginning Balance	Increases	Decreases	Ending Balance
Land	$	30,044	-	-	30,044
Land Improvements		288,000	-	-	288,000
Buildings		17,896,520	2,694,949	-	20,591,469
Equipment		1,455,903	47,758	-	1,503,661
Vehicles		724,715	47,748	(39,950)	732,513
Computer Hardware/Software		1,101,598	102,872	-	1,204,470
Total		21,496,780	2,893,327	(39,950)	24,350,157
Accumulated Depreciation		(9,293,674)	(582,012)	39,946	(9,835,740)
Construction in Progress		428,007	2,266,941	(2,694,948)	-
Capital Assets, Net	$	12,631,113	4,578,256	(2,694,952)	14,514,417

NOTE 9 – UNEARNED REVENUE

Unearned revenue consisted of the following at June 30:

		2021	2020
Prepaid Scholarships	$	**48,619**	87,778
Greenbush		**47,968**	47,968
Dane G. Hansen Foundation		**250,000**	-
Endowment Foundation		**329,380**	-
Total Unearned Revenue	$	**675,967**	135,746

NOTE 10 – LONG-TERM DEBT

Refunding Certificate of Participation Bonds – Series 2016 – Direct Borrowing
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.

Purpose	Interest Rates		Amount
Business-type activities	2.00-3.00%	$	9,215,000

Long-term debt activity for the year ended June 30, 2021 was as follows:

		Outstanding July 1, 2020	Additions	Reductions	Outstanding June 30, 2021	Current Portion	Interest Paid
Certificate of Participation Series 2016	$	8,055,000	-	315,000	7,740,000	330,000	220,112

Long-term debt activity for the year ended June 30, 2020 was as follows:

	Outstanding July 1, 2019	Additions	Reductions	Outstanding June 30, 2020	Current Portion	Interest Paid
Certificate of Participation Series 2016	$ 8,355,000	-	300,000	8,055,000	315,000	229,112

The annual requirements to retire the certificates of participation as of June 30, 2021 are as follows:

Fiscal Year Ending	Principal	Interest	Total
2022	$ 330,000	210,663	540,663
2023	345,000	200,763	545,763
2024	365,000	190,413	555,413
2025	380,000	183,113	563,113
2026	400,000	175,513	575,513
2027-2031	2,260,000	729,038	2,989,038
2032-2036	2,805,000	388,950	3,193,950
2037-2038	855,000	32,100	887,100
Totals	**$ 7,740,000**	**$ 2,110,553**	**$ 9,850,553**

NOTE 11 – TERMINATION BENEFITS

The College provides an early retirement program for certain eligible employees if the employee:

a. is currently an employee of the College;
b. is not less than age 59 and meets the KPERS provision for early retirement;
c. has 15 years of employment at the College immediately prior to the request for early retirement; and
d. a majority of the 15 years of service shall have been full-time service.

The College also provides annual payments in amounts based upon the final year of contracted salary for eligible individuals retiring from employment. Per GASB Statement No. 47, the College recognizes a liability and expense for voluntary termination benefits when the offer is accepted and the amount can be estimated.

Those eligible under this program may receive benefits for up to five years. Payments to retired employees under this plan were $12,694 and $23,910 for the years ended June 30, 2021 and 2020, respectively. Future payments are estimated based on the expected future benefit payment as of June 30, 2021. Future scheduled payments are as follows:

Year	Amount
2022	$ 8,572
2023	3,035
2024	2,428

NOTE 12 – COMPENSATED ABSENCES

The College provides paid vacation to all non-faculty full-time employees based on years of employment. The published Policy Manual revised 4/22/14 states employees may accrue up to a cumulative maximum of 40 days at the conclusion of a fiscal year. A new employee may not be eligible to utilize annual leave until he/she has completed 90 days of service with the College. Upon resignation or retirement, one week

of annual leave (exclusive of a minimum two week notice) may be requested immediately prior to an employee's date of separation. If an employee does not provide a two week notice (10 business days in which the employee is present), annual leave will not be granted. Rather, earned leave will be paid upon separation. Faculty may receive up to 6 days of annual leave per academic year, though it is not paid upon termination, so no liability is recorded for faculty at year end. The estimated liability for accrued vacation at June 30, 2021 and 2020 was $230,181 and $218,519, respectively, and is reflected in the financial statements.

The College's policy regarding sick leave states each full-time administrator, administrative support and non-certified employee shall accrue one sick day per month of employment, up to a cumulative maximum of 90 days. New employees will not be eligible to utilize sick leave until he/she has completed 90 days of service with the College. Upon retirement or accepted resignation of employment at the College, administrators, administrative support and non-certified employees will not be paid for sick leave upon resignation, termination or retirement, and therefore, no amount is recorded as a liability at year end. Sick leave may not be used during an employee's final week of employment with the College, with the exception of long-term or catastrophic illness. For faculty, sick leave may accrue up to a cumulative maximum of 90 days. Faculty with 10 years of service will be paid 15% of accumulated sick days upon retirement or fulfillment of the terms of the contract year. The estimated liability for sick leave at June 30, 2021 and 2020 was $50,769 and $48,974, respectively, and is reflected in the financial statements.

NOTE 13 – ENDOWMENT

The Foundation's Endowment includes donor-restricted endowment funds. Contributions to the endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions. The income from donor restricted funds is utilized for scholarships and other supporting programs of the college.

The Foundation's governing body has interpreted the State of Kansas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as net assets with donor restrictions (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of donor-restricted endowment funds is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

a. Duration and preservation of the fund
b. Purposes of the Foundation and the fund
c. General economic conditions
d. Possible effect of inflation and deflation
e. Expected total return from investment income and appreciation or depreciation of investments
f. Other resources of the Foundation
g. Investment policies of the Foundation

Endowment net assets consist of the following at June 30:

		With Donor Restrictions	
		2021	2020
Original Donor Restricted Gift Amount and Amounts Required to be Maintained in Perpetuity by Donor	$	4,804,812	4,677,259
Accumulated Investment Gains		1,729,368	937,037
Total	$	**6,534,180**	5,614,296

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs and other items supported by its endowment while seeking to maintain the purchasing power of the endowment. Under the Foundation's overall investment policies, endowment assets are invested in a manner that is intended to produce the best possible return on its investments and that such return is the sum of the yield (defined as interest, dividends, etc.) and gain (defined as appreciation) commensurate with the degree of risk the Foundation is willing to assume in obtaining such return. The Foundation targets a diversified asset allocation that places a greater emphasis on equity-based investments to achieve its long-term return objectives within prudent risk constraints.

The Foundation has an informal policy (the spending policy) of appropriating for expenditure each year only the portion of its endowment fund's value in excess of the donor restricted amount that is approved by the Trustees as necessary for operations. If the Trustees do not deem the funds to be necessary for operations they accumulate as a donor restricted portion of the investment account until approved for expenditure. The endowment funds are included in Investments on the Statement of Financial Position.

The composition of endowment net assets and the changes in endowment net assets were as follows:

		With Donor Restrictions
Endowment Net Assets, June 30, 2019	$	5,502,757
Investment Return		
Investment Income		32,095
Contributions and Other Fundraisers		328,868
Appropriation of Endowment Assets for Expenditure		(287,295)
Transfers		37,871
Endowment Net Assets, June 30, 2020		5,614,296
Investment Return		
Investment Income		942,959
Contributions and Other Fundraisers		126,517
Appropriation of Endowment Assets for Expenditure		(140,548)
Transfers		(9,044)
Endowment Net Assets, June 30, 2021	$	**6,534,180**

NOTE 14 – RELATED PARTY TRANSACTIONS

The Foundation has money invested with one financial institution that employs a member of the Foundation's board. The book value of funds invested with the financial institution was $150,000 at June 30, 2021. The Foundation owes Colby Community College (CCC) $71,725 which is included in accounts payable. The Foundation received an in-kind donation of wages for a Foundation employee that CCC is paying in the amount of $18,158 and office space rent for $6,360.

NOTE 15 – LITIGATION

The College is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the College.

NOTE 16 – SELF-INSURANCE PLANS

During the year ended June 30, 2021, employees of **Colby Community College** were covered by the College's medical self-insurance plan. The total premium contributed is approximately $1,886, $1,224, $1,296 and $635 per month per employee with family, employees with dependents or spouses, and single coverage, respectively. The College contributes $1,048, $992, $888 and $566 per month per employee with family, employees with dependents or spouses, and single coverage, respectively, with the employee paying the difference through authorized payroll withholdings. Claims were paid by a third party administrator acting on behalf of the College. The administration contract between the College and the third party administration is renewable annually and administration fees are included in the contractual provisions. Stop loss coverage was in effect for individual claims exceeding $30,000, which is based on a factor determined monthly by Blue Cross/Blue Shield of Kansas.

Self-Insurance Liability		**2020-2021**	2019-2020
Beginning of Fiscal Year Liability	$	**53,748**	-
Claims and Changes in Estimates		**1,248,534**	499,699
Claim Payments		**(1,084,053)**	(445,951)
End of Fiscal Year Liability	$	**218,229**	53,748
Assets Available To Pay Claims At June 30	$	**544,843**	875,769

NOTE 17 – RISK MANAGEMENT

Colby Community College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The College has been unable to obtain workmen's compensation insurance at a cost it considered to be economically justifiable. For this reason, the College joined together with other colleges in the State to participate in KASB, a public entity risk pool currently operating as a common risk management and insurance program for 113 participating members.

The College pays an annual premium to Kansas Association of School Boards Risk Management Services for its workers' compensation insurance coverage. The agreement to participate provides that the Kansas Association of School Boards Risk Management Services will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of $600,000, up to $1,000,000, for each insured event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by Kansas Association of School Boards Risk Management Services' management.

The College carries commercial insurance for all other risks of loss, including property, general liability, automobile, crime, umbrella, athletic, and cyber. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 18 – CONTINGENCIES

Colby Community College participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the College, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

The College receives a significant portion of its revenues from grants for student financial aid, all of which are subject to audit by federal and state governments. The ultimate determination of amounts awarded under these programs generally is based upon eligibility of students based upon their financial need. Until such audits have been completed, there exists a contingency to refund any amount awarded to a student that was not eligible for student financial assistance. Management is of the opinion that no material liability will result from such audits.

NOTE 19 – DEFINED BENEFIT PENSION PLAN

Plan Description

Colby Community College participates in a cost-sharing multiple-employer defined benefit pension plan (Pension Plan), as defined in Governmental Accounting Standards Board Statement No. 67, Financial Reporting for Pension Plans. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

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

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected.

Those employees participating in the Pension Plan for the College are included in the State/School employees group.

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 credited 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 employers. A new cash balance retirement pan (KPERS 3) was created for new hires starting after January 1, 2015. Normal retirement age for KPERS 3 is 65 with 5 years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 years of service with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Special Funding Situation
The employer contributions for community colleges, as defined in K.S.A.74-4931(2) and (3), are funded by the State of Kansas on behalf of the employer. Therefore, the College is considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the System. Since the College does not contribute directly to the System for active employees, there is no net pension liability or deferred inflows or outflows to report in the financial statements for active employees.

The notes to their financial statements must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the community college. In addition, each community college employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with their employer.

The College also makes contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies "working after retirement" contributions and resulting net position liability are attributable to the College. These amounts are reflected separately and recorded in the financial statements.

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 14.09% and 14.41% for the fiscal years ended June 30, 2021 and 2020, respectively.

Contributions to the pension plan for the College were $22,906 and $15,539 for the fiscal years ended June 30, 2021 and 2020, 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. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

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

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

The allocation percentages for the College's share of the collective pension amounts as of June 30, 2020 and 2019 were based on the ratio of each employer's contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2020 and 2019, respectively.

The contributions used exclude contributions made for prior service, excess benefits and irregular payments. The contributions used for determining allocation percentages for the state/school group exclude the $51 million transfer made in July 2019 from the state general fund to KPERS for the school group.

Net Pension Liability
Net pension liability activity for the following years ended is as follows:

		2021		2020
State Share of Net Pension Liability	$	8,016,636	$	7,058,980
College Share of Net Pension Liability	$	162,926	$	164,617
Measurement Date		June 30, 2020		June 30, 2019
Valuation Date		December 31, 2019		December 31, 2018
College's Proportion		0.00218%		0.00255%
Change in Proportion		-0.00037%		-0.00033%

Actuarial Assumptions
The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Price inflation	2.75%
Salary increase	3.25 to 11.75%, including inflation
Investment rate of return net of investment expense, including price inflation	7.50%

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

The actuarial assumptions used in the December 31, 2020 calculation of the total pension liability were based on the results of the most recent actuarial experience study, which covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	23.50%	5.20%
Non-US Equities	23.50	6.40
Private Equity	8.00	9.50
Private Real Estate	11.00	4.45
Yield Driven	8.00	4.70
Real Return	11.00	3.25
Fixed Income	11.00	1.55
Short-term	4.00	.25
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability at the measurement date of June 30, 2020 and 2019, respectively, was 7.50% and 7.75%. The State/School groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

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

In addition, 2017 Senate Sub for Sub HB 2052 delayed $64.1 million in Fiscal Year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first payment of $6.4 million was paid in full at the beginning of Fiscal Year 2019, and appropriations for Fiscal Year 2019 were made at

the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (Senate Sub for HB 2002) provided for a reduction of $194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2019 Legislature passed House Sub for Sen Bill 109, which directed on-behalf payments of $56 million and $82 million be made to the System. The $56 million payment was received by the System on June 30, 2018 and recorded as Fiscal Year 2018 contributions. The $82 million was received July 1, 2019 and was recorded as Fiscal Year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer of $115 million to KPERS, received in March 2019. House Sub for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School group in Fiscal Year 2020 of $51 million.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years, between 11 to 12 percent. Using this assumption, actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the College's proportionate share of the net pension liability as of June 30, 2021 calculated using the discount rate of 7.50%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.50%) or 1 percentage point higher (8.50%) than the current rate:

Fiscal Year	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
June 30, 2021	$216,078	$162,926	$118,182

The following presents the College's proportionate share of the net pension liability as of June 30, 2020 calculated using the discount rate of 7.75%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.75%) or 1 percentage point higher (8.75%) than the current rate:

Fiscal Year	1% Decrease (6.75%)	Discount Rate (7.75%)	1% Increase (8.75%)
June 30, 2020	$225,301	$164,617	$113,667

Pension Expense

For the years ended June 30, 2021 and 2020, the College recognized pension expense and revenue of $960,723 and $807,836, respectively, for support provided by the State in the form of non-employer contributions to KPERS on the College's behalf. The College recognized pension expense of $2,774 and $1,884 for June 30, 2021 and 2020, respectively, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period for employer contributions to KPERS for working after retirement employees.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

	2021		2020	
	Deferred Outflows of Resources	**Deferred Inflows of Resources**	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	**$ 2,269**	**1,791**	1,430	4,258
Net differences between projected and actual earnings on investments	**14,435**	**-**	2,736	-
Changes in assumptions	**8,320**	**-**	4,421	61
Changes in proportionate share	**448**	**50,914**	3,696	46,271
Contributions subsequent to measurement date	**22,906**	**-**	15,539	-
Total	$ **48,378**	**52,705**	27,822	50,590

The $22,906 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2022. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	
2022	$(13,249)
2023	(10,405)
2024	(3,800)
2025	545
2026	(324)
Thereafter	-

Pension Plan Fiduciary Net Position
Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

NOTE 20 – OTHER POST EMPLOYMENT BENEFITS – KPERS DEATH AND DISABILITY

Plan Description
The College contributes to the KPERS Long-Term Disability plan, a single-employer defined benefit other post-employment benefit (OPEB) plan which is administered by a board of trustees appointed by KPERS. The Plan provides long-term disability benefits and life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-4925. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

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

College records revenue and OPEB expense in an amount equal to the expense recognized by the State on behalf of the College.

Benefits 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 the last date on payroll. If the member had been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, he or she may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary.

Members Covered by Benefit Terms
At June 30, (the measurement date), the following members were covered by the benefit terms:

	2020	2019
Active Members	113	114
Disabled Members	-	-
Total	113	114

Total OPEB Liability
At June 30, 2020 and 2019, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $58,964 and $54,155, respectively. The OPEB liability was measured as of June 30, 2020 and 2019, for the years ended June 30, 2021 and 2020, respectively, and was determined by actuarial valuations as of December 31, 2019 and 2018, rolled forward to June 30, 2020 and 2019, respectively.

For the year ended June 30, 2021 and 2020, the College recognized OPEB expense and revenue of $11,275 and $10,618, respectively, for support provided by the State in the form of non-employer contributions on the College's behalf.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the December 31, 2020 and 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

	2020	2019
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	2.21%	3.50%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustment for mortality improvements based on Scale MP-2020 and on Scale MP-2019 for the December 31, 2019 and 2018 actuarial valuation, respectively.

The actuarial assumptions used in the June 30, 2020 and 2019 valuations were based on the actual KPERS experience.

NOTE 21 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

General Information About the Plan

Plan Description
The health insurance benefit plan is a single-employer defined benefit healthcare plan administrated by **Colby Community College**. K.S.A. 12-5040 established the authority that post-employment healthcare benefits be extended to retired employees who have met the age and/or eligibility requirement and can amend benefit provisions by state legislature. The retiree receives the current non-certified employee health insurance benefits until he or she qualifies for Medicare benefits whichever first occurs. The retiree may purchase additional coverage for family members who qualify for such benefits under the provisions of the current non-certified employee health insurance benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

Benefits Provided
As provided and required by K.S.A. 12-5040, the College allows retirees and their spouses to participate in the group health insurance plan for medical and dental coverage. Kansas statutes, which can be amended by State legislature, established that participating retirees may remain in the College's health insurance plan by paying the full amount of the applicable premium. Conceptually, the College is subsidizing the retirees because each participant is charged a level of premium regardless of age. The total premium for medical is approximately $1,886, $1,224, $1,296 and $635 per month per employee with family, employees with dependents or spouses, and single coverage, respectively. The total premium for dental is approximately $102, $88, $90 and $48 per month per employee with family, employees with dependents or spouses, and single coverage, respectively. Qualifying retirees are charged active employee contribution rates for medical and dental coverage to age 65.

Employees Covered by Benefit Terms
The following employees were covered by the benefit terms:

	Census as of January 1, 2021	Census as of July 1, 2018
Inactive employees or beneficiaries currently receiving benefits	4	6
Active employees	51	77

Total OPEB Liability
The College's total OPEB liability of $1,116,258 and $1,381,748 was measured as of June 30, 2021 and 2020, respectively. The June 30, 2021 liability was determined by an actuarial valuation date as of January 1, 2021, which was rolled forward to June 30, 2021.The June 30, 2020 liability was determined by an actuarial valuation date as of July 1, 2018, which was rolled forward to June 30, 2020.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

	2021	2020
Average Salary Scale	2.0% per year	2.0% per year
Discount Rate	2.0%	2.6%
Healthcare Cost Trend Rates	7.00% for 2020-2021, 6.50% for 2021-2022, 6.00% for 2022-2023, then decreasing .25% per year to an ultimate rate of 4.5% for 2028-29 and later years	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

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-2020 Fully Generational Improvement for June 30, 2021. Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans headcount-weighted General Mortality Tables using Scale MP-2019 Fully Generational Improvement full generational improvement for June 30, 2020.

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

		2021	2020
Total OPEB Liability – Beginning of Year	$	**1,381,748**	1,772,375
A. Service Cost		**71,703**	88,252
B. Interest Cost		**37,270**	54,949
C. Differences Between Actual and Expected Experience		**(257,467)**	(186,882)
D. Changes in Assumptions *		**(76,996)**	(288,946)
E. Employer Contributions (Benefit Payments)		**40,000**	58,000
Net Changes (A+B+C+D-E)		**(265,490)**	(390,627)
Total OPEB Liability – End of Year	$	**1,116,258**	1,381,748

*Changes in assumptions reflect a change in the discount rate from 3.4% in 2017, 3.3% in 2018, 3.0% in 2019, 2.6% in 2020, and 2.0% in 2021.

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, 2021, 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 (1.0%) or one percentage higher (2.0%) than the current discount rate.

	1% Decrease (1.0%)	Discount Rate (2.0%)	1% Increase (3.0%)
Total OPEB Liability	$ 1,222,682	$ 1,116,258	$ 1,016,587

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%)
Total OPEB Liability	$ 1,522,615	$ 1,381,748	$ 1,251,475

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates
The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (6.0% decreasing to 5.0%)	Health Cost Trend Rates (7.0% decreasing to 6.0%)	1% Increase (8.0% decreasing to 7.0%)
Total OPEB Liability – June 30, 2021	$ 972,143	$ 1,116,258	$ 1,286,806
Total OPEB Liability – June 30, 2020	$ 1,179,073	$ 1,381,748	$ 1,626,631

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the years ended June 30, 2021 and 2020, respectively, the College recognized OPEB expense of $30,955 and OPEB income of $90,911, respectively. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ **214,278**	**409,581**	232,134	187,560
Changes in Assumptions	**-**	**669,760**	-	653,192
Total	$ **214,278**	**1,079,341**	232,134	840,752

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
2022	$	(78,018)
2023		(78,018)
2024		(78,018)
2025		(78,018)
2026		(78,018)
Thereafter		(474,973)

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:

		2021	2020
Neighborhood Revitalization Rebate Program	$	**179,129**	153,263

NOTE 23 – RECLASSIFICATIONS

Certain prior year amounts have been reclassified to conform to the current year presentation. These reclassifications had no effect on the reported changes in net position.

NOTE 24 – 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.

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the College's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the College is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022.

NOTE 25 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through January 24, 2022, which is the date the financial statements were available to be issued on **Colby Community College**.

The Foundation has evaluated subsequent events through October 8, 2021, which is the date the financial statements were available to be issued.

COLBY COMMUNITY COLLEGE

Required Supplementary Information

Schedule of Changes in the College's Total Other Post-Employment Benefits Liability and Related Ratios Last Five Fiscal Years*

Total OPEB liability

		2021	2020	2019	2018	2017
Service Cost	$	**71,703**	88,252	159,300	158,097	173,767
Interest Cost		**37,270**	54,949	66,937	56,521	45,138
Changes in Benefit Terms		**-**	-	(289,486)	340,191	-
Differences Between Actual and Expected Experience		**(257,467)**	(186,882)	267,846	(18,849)	-
Changes in Assumptions and Other Inputs		**(76,996)**	(288,946)	(274,309)	(88,165)	(110,620)
Employer Contributions (Benefit Payments)		**(40,000)**	(58,000)	(54,000)	(112,000)	(92,000)
Net Change in Total OPEB Liability		**(265,490)**	(390,627)	(123,712)	335,795	16,285
Total OPEB Liability – Beginning of Year		**1,381,748**	1,772,375	1,896,087	1,560,292	1,544,007
Total OPEB Liability – End of Year	$	**1,116,258**	1,381,748	1,772,375	1,896,087	1,560,292
Covered-Employee Payroll	$	**2,219,774**	3,113,370	3,113,370	4,071,555	3,991,721
Total OPEB Liability as a Percentage of Covered-Employee Payroll		**50.3%**	44.4%	56.9%	46.6%	39.1%

Notes to Schedule

Changes of Assumptions and Other Inputs
Changes in assumptions and other inputs reflect a change in the discount rate from 2.7% in 2016, 3.4% in 2017, 3.3% in 2018, 3.0% in 2019, 2.6% in 2020, and 2.0% in 2021.

GASB 75 requires presentation of ten years. Until a full 10-year trend is compiled, the College will present information for those years for which information is available.

The mortality assumption was changed from the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount weighted General Mortality Tables using Scale MP-2020 Full Generational Improvement.

The retiree per capita costs, retiree contribution premiums and trend assumption were updated as part of the actuarial evaluation. The College moved from a fully insured to a self-funded (with stop-loss) arrangement effective January 1, 2020.

COLBY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2021

Schedule of Changes in the College's Proportional Share of the
Death & Disability Total OPEB Liability and Related Ratios
Last Four Fiscal Years*

		2021	2020	2019	2018
Measurement Date		June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB liability					
Service cost	$	11,161	9,799	9,702	9,935
Interest Cost		2,286	2,118	1,841	1,199
Effect of Economic/Demographic Gains or Losses		(11,525)	(3,685)	(7,678)	-
Effect of Assumption Changes or Inputs		2,887	993	(670)	(1,556)
Benefit payments		-	-	-	-
Net Change in Total OPEB Liability		4,809	9,225	3,195	9,578
Total OPEB Liability – Beginning of Year		54,155	44,930	41,735	32,157
Total OPEB Liability – End of Year	$	58,964	54,155	44,930	41,735
State's Proportionate Share of the Total OPEB Liability	$	58,964	54,155	44,930	41,735
College's Proportionate Share of the Total OPEB Liability	$	-	-	-	-
Covered Payroll	$	5,039,996	5,016,810	4,611,883	4,409,474
Total OPEB Liability as a Percentage of Covered Payroll		1.17%	1.08%	0.97%	0.95%

Notes to Schedule

Changes of Assumptions and Other Inputs
Changes of assumptions and other inputs reflect the effects of changes in the discount rate from 2.85% on June 30, 2016, 3.58% on June 30, 2017, 3.87% on June 30, 2018, 3.50% on June 30, 2019 and 2.21% on June 30, 2020.

* GASB 75 requires presentation of ten years. As of June 30, 2021, only four years of information is available.

COLBY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2021

Schedule of the College's Proportionate Share of the Net Pension Liability
Kansas Public Employees Retirement System (KPERS)*
Last Seven Fiscal Years*

Fiscal year-end	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
College's proportion of the collective net pension liability	0.00218%	0.00254%	0.00288%	0.00344%	0.00365%	0.00359%	0.00333%
College's proportionate share of the collective net pension liability	$ 162,926	$ 164,617	$ 187,528	$ 231,536	$ 245,323	$ 248,456	$ 212,570
State's proportionate share of the collective net pension liability associated with the College	8,016,636	7,058,980	6,785,868	7,116,213	7,106,904	7,442,126	7,033,386
Total	$ 8,179,562	$ 7,223,597	$ 6,973,396	$ 7,347,749	$ 7,352,227	$ 7,690,582	$ 7,245,956
College's covered payroll	$ 5,371,513	$ 5,205,159	$ 4,529,530	$ 4,720,258	$ 4,558,127	$ 4,710,281	$ 4,854,173
College's proportionate share of the collective net pension liability as a percentage of its covered payroll	3.03%	3.16%	4.14%	4.91%	5.38%	5.27%	4.38%
Plan (KPERS) fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

*GASB 68 requires presentation of ten years. As of June 30, 2021 only seven years of information is available.

- Covered payroll is measured as of the measurement date, the most recent of which was June 30, 2020.

Note: Information on this schedule is as of the measurement date.

COLBY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2021

Schedule of the College's Contributions
Kansas Public Employees Retirement System (KPERS)
Last Eight Fiscal Years*

	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
Contractually required contribution	$ 22,906	$ 15,539	$ 16,386	$ 16,463	$ 17,060	$ 16,730	$ 15,587	$ 15,001
Contributions in relation to the contractually required contribution	(22,906)	(15,539)	(16,386)	(16,463)	(17,060)	(16,730)	(15,587)	(15,001)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 5,570,637	$ 5,371,513	$ 5,205,159	$ 4,529,530	$ 4,720,258	$ 4,558,127	$ 4,710,281	$ 4,854,173
Contributions as a percentage of covered payroll	0.41%	0.29%	0.31%	0.36%	0.36%	0.37%	0.33%	0.31%

*GASB 68 requires presentation of ten years. As of June 30, 2021, only eight years of information is available.

KPERS Pension Plan

Changes in assumptions.

The major items of impact in the actuarial valuation dated December 31, 2014 relative to the prior valuation are as follows:

- Reduce disability rates by 20% for all three KPERS groups.
- Increase the termination of employment rates for State-Males and Local-Males and Females.
- Modify the election of a deferred benefit by Local vested members who terminate employment in future years.
- Modify the retirement rates for the C60 group.
- Increase the load for the impact of final average salary provisions for Local, C55 and C60 members hired before July 1, 1993.
- Establish an interest crediting rate of 6.50% for KPERS 3 members.

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation are as follows:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.
- The post-retirement health mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.50%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted State/School groups are listed below:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

COLBY COMMUNITY COLLEGE

Supplementary Information

COLBY COMMUNITY COLLEGE
Combining Schedule of Revenues, Expenditures,
Encumbrances and Changes in Fund Balance - Actual and Budget
Current Funds - Unrestricted (Regulatory Basis)
For the Year Ended June 30, 2021

	General			Postsecondary Technical			Adult Basic Education			Student Union - Dormitory		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
Revenues												
Student Tuition and Fees	$ 3,314,737	-	3,314,737	1,433,897	822,386	611,511	-	-	-	-	-	-
Less: Student Aid/Discounts	(1,287,821)	-	(1,287,821)	-	-	-	-	-	-	-	-	-
Net Student Tuition and Fees	2,026,916	-	2,026,916	1,433,897	822,386	611,511	-	-	-	-	-	-
Local Property Taxes	6,621,588	6,417,579	204,009	-	-	-	-	-	-	-	-	-
State Appropriations	1,502,557	2,263,196	(760,639)	880,406	1,187,396	(306,990)	57,858	57,858	-	-	-	-
Federal Appropriations	976,108	-	976,108	-	-	-	112,519	162,193	(49,674)	-	-	-
Other Grants	-	-	-	-	-	-	18,000	-	18,000	-	-	-
Investment	(3,069)	-	(3,069)	-	-	-	83	-	83	-	-	-
Other	387,544	-	387,544	-	-	-	1,462	118,314	(116,852)	1,680,233	1,462,000	218,233
Total Revenues	11,511,644	8,680,775	2,830,869	2,314,303	2,009,782	304,521	189,922	338,365	(148,443)	1,680,233	1,462,000	218,233
Expenditures and Encumbrances												
Educational Services												
Academics, Instructional and Support	2,267,717		2,267,717	2,675,708		2,675,708	253,986		253,986	-		-
Student Support Services	626,001		626,001	-		-	-		-	22,520		22,520
Support Services												
Academic Support	454,372		454,372	-		-	-		-	-		-
Athletics	1,318,598		1,318,598	-		-	-		-	46,921		46,921
Auxiliary Enterprises	-		-	-		-	-		-	667,453		667,453
Development	92,573		92,573	-		-	-		-	-		-
Facilities	1,012,409		1,012,409	-		-	-		-	-		-
General and Administrative	469,116		469,116	-		-	-		-	-		-
Institutional Support	2,413,938		2,413,938	-		-	-		-	-		-
Total Expenditures and Encumbrances	8,654,724	14,517,637	5,862,913	2,675,708	3,000,000	324,292	253,986	369,201	115,215	736,894	700,000	(36,894)
Revenues Over (Under) Expenditures and Encumbrances	2,856,920	(5,836,862)	8,693,782	(361,405)	(990,218)	628,813	(64,064)	(30,836)	(33,228)	943,339	762,000	181,339
Other Financing Sources												
Transfers In	56,488	-	56,488	375,000	990,218	(615,218)	25,000	990,218	(965,218)	-	-	-
Transfers Out	(590,691)	(569,368)	(21,323)	-	-	-	-	-	-	-	(87,363)	87,363
Revenues and Other Financing Sources (Uses) Over (Under) Expenditures and Encumbrances	2,322,717	(6,406,230)	8,728,947	13,595	-	13,595	(39,064)	959,382	(998,446)	943,339	674,637	268,702
Fund Balance, Beginning of Year	7,235,480	690,875	6,544,605	-	-	-	54,245	-	54,245	1,544,992	2,599,326	(1,054,334)
Fund Balance, End of Year	$ 9,558,197	(5,715,355)	15,273,552	13,595	-	13,595	15,181	959,382	(944,201)	2,488,331	3,273,963	(785,632)

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

	General	Postsecondary Technical	Adult Basic Education	Student Union Dormitory	**Total Budgetary Funds**	Non-budgetary Funds	**Total All Funds**
Revenues							
Actual amounts (regulatory basis) revenues from combining schedule	$ 11,511,644	2,314,303	189,922	1,680,233	**15,696,102**	4,088,745	**19,784,847**
Tax in process 6/30/20	(111,000)	-	-	-	**(111,000)**	-	**(111,000)**
Tax in process 6/30/21	134,500	-	-	-	**134,500**	-	**134,500**
Total revenues as reported on the Statement of Revenues, Expenses and Change in Net Position	11,535,144	2,314,303	189,922	1,680,233	**15,719,602**	4,088,745	**19,808,347**
Expenditures							
Actual amounts (regulatory basis) expenditures from combining schedule	8,654,724	2,675,708	253,986	736,894	**12,321,312**	3,570,156	**15,891,468**
Adjustments:							
Inventory Adjustment	20,470	-	-	1,195	**21,665**	-	**21,665**
Accrued Bond Interest	-	-	-	-	**-**	(1,575)	**(1,575)**
Change in Prepaid Expenses	(42,616)	-	-	-	**(42,616)**	-	**(42,616)**
Capital Assets	(223,814)	(19,397)	-	-	**(243,211)**	243,211	**-**
Change in OPEB Obligation	(9,045)	-	-	-	**(9,045)**	-	**(9,045)**
Change in Net Pension Obligation	(20,132)	-	-	-	**(20,132)**	-	**(20,132)**
Change in Early Retirement Obligation	(12,694)	-	-	-	**(12,694)**	-	**(12,694)**
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 2021 Encumbrances	(64,818)	(2,576)	-	(8,504)	**(75,898)**	-	**(75,898)**
Plus 2020 Encumbrances	95,451	-	-	8,980	**104,431**	134,235	**238,666**
Total expenditures as reported on the Statement of Revenue, Expenses and Change in Net Position	8,397,526	2,653,735	253,986	738,565	**12,043,812**	3,946,027	**15,989,839**
Revenues Over (Under) Expenditures	3,137,618	(339,432)	(64,064)	941,668	**3,675,790**	142,718	**3,818,508**
Other Financing Sources (Uses)							
Transfers In	56,488	375,000	25,000	-	**456,488**	(456,488)	**-**
Transfers Out	(590,691)	-	-	-	**(590,691)**	590,691	**-**
Net Increase (Decrease) in Net Position, as reported on the Statement of Revenues, Expenses and Change in Net Position	2,603,415	35,568	(39,064)	941,668	**3,541,587**	276,921	**3,818,508**
Net Position, Beginning of Year	5,951,941	-	85,596	1,597,498	**7,635,035**	12,753,524	**20,388,559**
Net Position, End of Year	$ 8,555,356	35,568	46,532	2,539,166	**11,176,622**	13,030,445	**24,207,067**

COLBY COMMUNITY COLLEGE

Single Audit Information

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

To the Board of Trustees
Colby Community College
Colby, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business–type activities and the discretely presented component unit of **Colby Community College**, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise **Colby Community College's** basic financial statements, and have issued our report thereon dated January 24, 2022. The financial statements of Colby Community College Endowment Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with Colby Community College Endowment Foundation.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered **Colby Community College's** internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of **Colby Community College's** internal control. Accordingly, we do not express an opinion on the effectiveness of **Colby Community College's** internal control.

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

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

Compliance and Other Matters

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

Purpose of This Report

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

Adams Brown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Colby, Kansas

January 24, 2022

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Trustees
Colby Community College
Colby, Kansas

Report on Compliance for Each Major Federal Program

We have audited **Colby Community College's** compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of **Colby Community College's** major federal programs for the year ended June 30, 2021. **Colby Community College's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of **Colby Community College's** major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about **Colby Community College's** compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Student Financial Assistance Program Cluster – Title IV

As described in the accompanying schedule of findings and questioned costs, **Colby Community College** did not comply with the requirements regarding Student Financial Assistance Program Cluster as described in finding number 2021-001 for Special Tests and Provisions – NSLDS Enrollment Reporting. Compliance with such requirements is necessary, in our opinion, for **Colby Community College** to comply with the requirements applicable to that program.

Qualified Opinion on Student Financial Assistance Program Cluster – Title IV

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, **Colby Community College** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

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.

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-001 to be a significant deficiency.

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

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

AdamsBrown, LLC

ADAMSBROWN, LLC
Certified Public Accountants
Colby, Kansas

January 24, 2022

COLBY COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2021

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing 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	$ 1,482,538
Federal Supplemental Educational Opportunity Grants	84.007	N/A	67,352
Federal Work-Study Program	84.033	N/A	56,488
Federal Direct Student Loans	84.268	N/A	1,411,750
Total Student Financial Assistance Program Cluster - Title IV			3,018,128
TRIO Cluster			
TRIO Student Support Services	84.042	N/A	267,164
COVID-19 Funding			
Education Stabilization Fund			
HEERF Student Aid Portion	84.425E	N/A	195,940
HEERF Institutional Portion	84.425F	N/A	451,964
Total Education Stabilization Fund			647,904
Passed Through Kansas Board of Regents			
Adult Education - Basic Grants to States	84.002	V002A190016	129,688
Career and Technical Education - Basic Grants to States	84.048	6	93,929
Total U.S. Department of Education			4,156,813
Corporation for National and Community Service			
Passed Through Western Kansas Community Services Consortium			
Retired and Senior Volunteer Program	94.002	18SRWKS001	40,939
U.S. Department of the Treasury			
COVID-19 Funding			
Passed Through Thomas County			
Coronavirus Relief Fund	21.019	N/A	45,775
Passed Through Kansas Board of Regents			
Coronavirus Relief Fund	21.019	N/A	355,705
Total U.S. Department of the Treasury			401,480
Total Expenditures of Federal Awards			$ **4,599,232**

Note - There were no awards made to subrecipients for the 2020-2021 Fiscal Year.

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 Uniform Guidance.

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 $1,411,750 for the year ended June 30, 2021.

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 $1,750 as an administrative cost allowance, which is less than the administrative cost allowance allowed for the year ended June 30, 2021.

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 2020-2021 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 FWS program. Federal funds pay up to 75% of the compensation paid to students. The Organization is required to match the remaining 25%. During the 2020-2021 school year, the matching contributions requirement was waived by the CARES Act in response to the COVID-19 pandemic.

COLBY COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2021

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:

Business-Type Activities	Unmodified
Discretely Presented Component Unit	Unmodified

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

FEDERAL AWARDS

Internal control over major programs:

• Material weakness identified?		Yes	X	No
• Significant deficiency identified?	X	Yes		None Reported

Type of auditors' report issued on compliance for major programs: Qualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?		Yes	X	No

Identification of major programs:

Assistance Listing Numbers	Name of Federal Program or Cluster
	Student Financial Assistance Program Cluster - Title IV
84.007	Federal Supplemental Educational Opportunity Grants (FSEOG)
84.033	Federal Work-Study Program (FWS)
84.063	Federal Pell Grant Program (PELL)
84.268	Federal Direct Student Loans (FDL)

Dollar threshold used to distinguish between Type A and Type B programs: $ 750,000

Auditee qualified as low-risk auditee?		Yes	X	No

SECTION II – FINANCIAL STATEMENT FINDINGS

None noted in the current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY

2021-001 – Student Financial Assistance Program Cluster – Special Tests and Provisions – NSLDS Enrollment Reporting

Criteria or specific requirement
Per the NSLDS Enrollment Reporting Guide at the Department of Education website, at a minimum, schools are required to certify enrollment every 60 days.

Condition
Student information was not updated in NSLDS in a timely fashion.

Context
Of the 32 students that withdrew during the year, four students were tested for NSLDS Enrollment Reporting. Of those tested, two were properly reported but were not certified timely. In addition, one of the four students was enrolled in, and subsequently withdrew from, the Summer semester, but remained enrolled in the following Fall semester. The system did not note Summer activity, and thus, NSLDS was not updated to reflect that information.

Cause
Due to a change in the Clearinghouse's reporting procedures and a significant update to Power Campus 9, there was a delay in reporting for the Spring and Summer 2021 semesters.

Effect
Students who had an enrollment status change during the Spring and Summer 2021 semesters may not have had their information updated timely in NSLDS.

Recommendation
We recommend that the College review its reporting processes and implement controls to ensure that reporting is always completed timely.

Views of responsible officials
See Corrective Action Plan.

COLBY
COMMUNITY COLLEGE

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Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2021

SECTION II – FINANCIAL STATEMENT FINDINGS

None were noted as of June 30, 2020.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

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