COLBY COMMUNITY COLLEGE

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024



LOYD GROUP, LLC

Certified Public Accountants

Colby Community College

June 30, 2024

TABLE OF CONTENTS

	Page
Independent Auditor's Report	1 - 3
Management's Discussion and Analysis	4 - 11
Basic Financial Statements:	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	13
Statement of Cash Flows	14
Notes to Financial Statements	15 - 34
Required Supplementary Information	
Schedule of Changes in the Net OPEB Liability - Healthcare	35
Schedule of the College's Proportionate Share of the Net OPEB Liability – Healthcare	36
Schedule of Changes in the Total OPEB Liability – KPERS Death and Disability	37
Schedule of the College's Proportionate Share of the Net OPEB Liability – KPERS Death and Disability	38
Schedule of the College's Proportionate Share of the Net Pension Liability	39
Schedule of College Contributions	40
Notes to Required Supplementary Information	41
Supplementary Information:	
Schedule of Cash Receipts, Expenditures and Changes in Unencumbered Cash – Budget and Actual – Budgetary Basis:	
General Fund	42
Postsecondary Technical Education Fund	43
Adult Education Fund	44
Student Union Dormitory Fund	45
Capital Outlay Fund	46
Single Audit Section:	
Schedule of Expenditures of Federal Awards	47
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	48 - 49
Independent Auditor's Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	50 - 51
Schedule of Findings and Questioned Costs	52

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Colby Community College
Colby, Kansas

Report on the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Colby Community College (the College), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Colby Community College as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The College's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other post-employment benefits and pension information on pages 3-11 and 39-45, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2024 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Loyd Group, LLC

Loyd Group, LLC
Galva, Kansas

November 6, 2024

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, 2024 and 2023. 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 Pell federal grant revenue, are non-operating. 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 to also be considered, such as trends in enrollment, condition of facilities, success of graduates, and the strength 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, 2024 and 2023 and the change in net position for the years then ended. The College's financial position remained strong at June 30, 2024, with assets and deferred outflows of $47,233,541 and liabilities and deferred inflows of $10,711,415. 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 $4,501,021 or 14.06%.

Colby Community College

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.

	2024	2023
Assets		
Current Assets	$ 23,139,449	$ 21,740,099
Noncurrent assets	23,579,130	21,436,100
Total Assets	$ 46,718,579	$ 43,176,199
Deferred Outflow of Resources	$ 514,962	$ 594,645
Liabilities		
Current liabilities	$ 2,066,688	$ 2,579,882
Noncurrent Liabilities	7,507,898	7,975,643
Total Liabilities	$ 9,574,586	$ 10,555,525
Deferred Inflows of Resources	$ 1,136,829	$ 1,194,214
Net Position		
Unrestricted	$ 14,215,528	$ 13,443,085
Restricted - Expendable	5,318,406	4,357,586
Invested in Capital Assets	16,988,192	14,220,434
Total Net Position	$ 36,522,126	$ 32,021,105

The preliminary changes in assets, liabilities, and net position of the College for fiscal year 2024 were the result of the following:

- Current assets increased by $1,399,350 or 6.44%. This was due to a continued increase in cash and cash equivalents including a slight increase in tuition, fees, and auxiliary charges, continued efforts in accounts receivable collections, and tightening up the College's policy regarding due dates for tuition and future enrollment.
- Noncurrent assets increased by approximately $2,143,030 or 10.00%. This was primarily due to the construction of the Lon R. Frahm Agricultural Center and the Stanley Carr Agriculture Center remodel.
- Current liabilities decreased by $513,194 or 19.89%. This was primarily due to an increase in wages and employee benefits payable.
- Noncurrent liabilities decreased by a total of $486,699 or 6.10%. This was primarily due to a reduction of $378,178 in non-current obligations - Certificate of Participation Bonds.
- Total net position increased by $4,501,021 or 14.06%. This was due to a combination of cash savings and increases in capital assets.

Operating Revenue

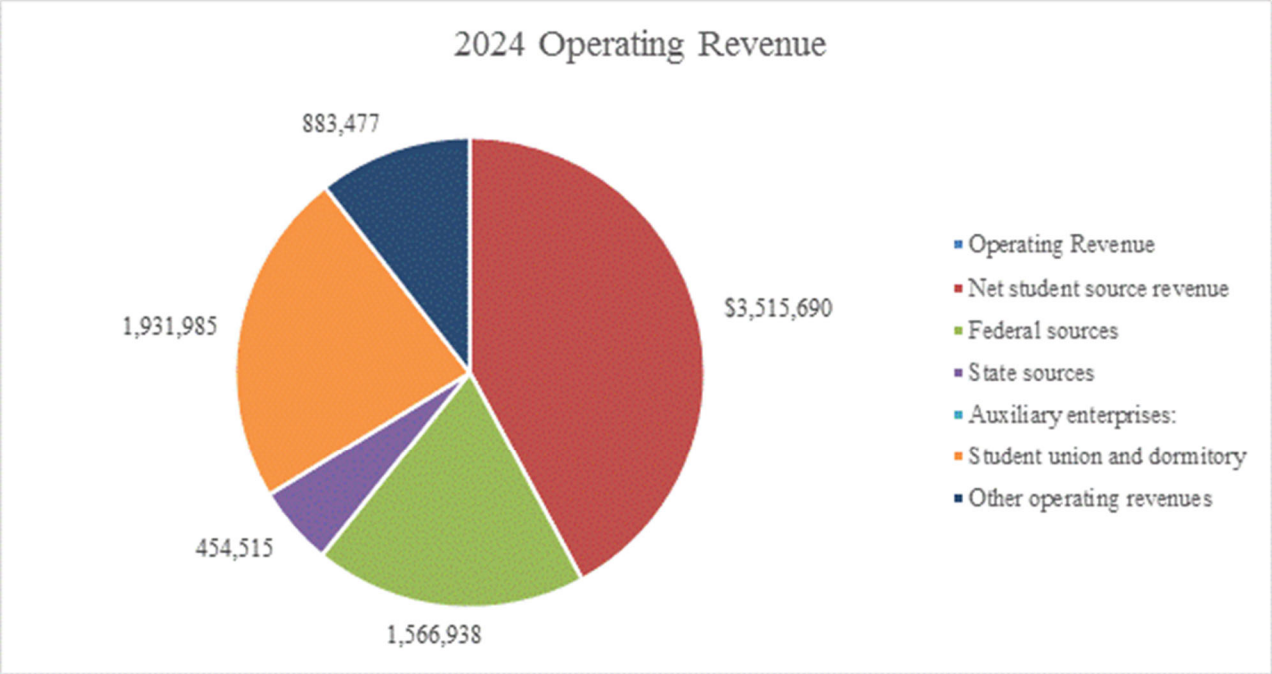
Operating revenue includes charges for all exchange transactions such as tuition and fees, room and board, and the sale of books and supplies. In addition, certain federal, state, and private grants are considered operating if they are not for capital purposes and are considered a contract for services.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

	2024	2023
Operating Revenue		
Net student source revenue	$ 3,515,690	$ 3,476,794
Federal sources	1,566,938	3,364,155
State sources	454,515	102,234
Auxiliary enterprises:		
Student union and dormitory	1,931,985	1,864,630
Other operating revenues	883,477	271,722
Total Operating Revenue	$ 8,352,605	$ 9,079,535

Significant operating revenue changes for fiscal year 2024 were the result of the following:

- Federal Grants and Contracts decreased by $1,797,217 primarily due to Cares Act monies.

The following is a graphic illustration of operating revenues by source for fiscal year 2024.



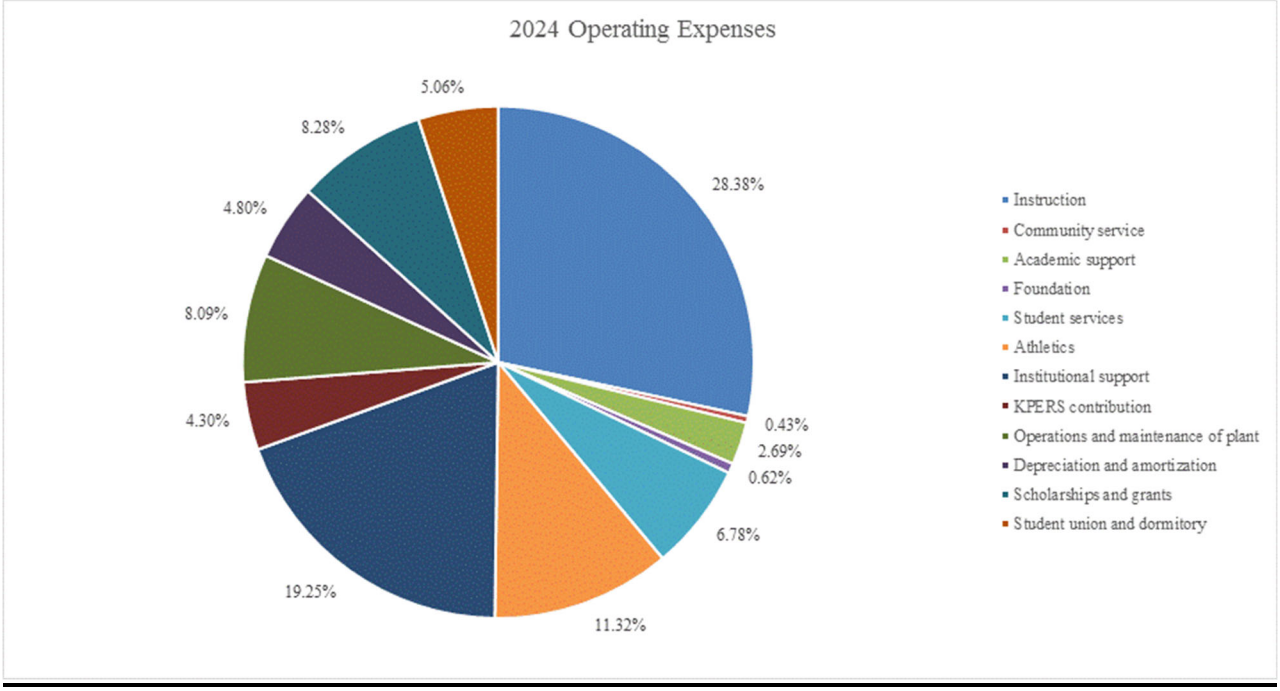
Operating Expenses

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

	2024	2023
Operating Expenses		
Educational Services		
Instruction	$ 5,166,868	$ 4,735,846
Community service	77,547	80,508
Academic support	490,013	544,641
Foundation	112,687	86,680
Student services	1,234,699	1,123,676
Athletics	2,061,343	1,895,301
Institutional support	3,505,694	3,869,427
KPERS contribution	782,302	764,323
Operations and maintenance of plant	1,473,565	1,335,712
Depreciation and amortization	874,693	767,228
Scholarships and grants	1,508,168	1,122,746
Auxiliary Enterprises		
Student union and dormitory	921,067	917,226
	$ 18,208,646	$ 17,243,314

There were no significant operating expense changes for fiscal year 2024.

The following is a graphic illustration of operating expenses by source for fiscal year 2024.



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:

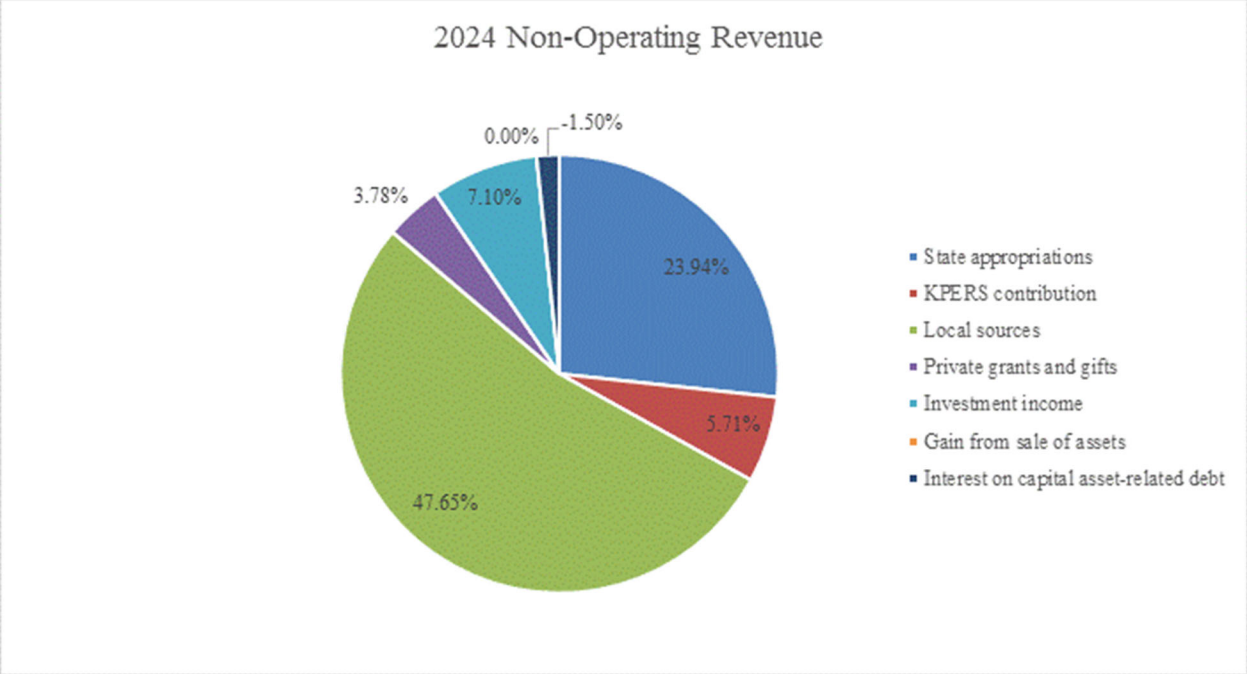
	2024	2023
Non-Operating Revenue		
State appropriations	$ 3,282,492	$ 3,071,917
KPERS contribution	782,302	764,323
Federal pell grants	1,827,693	1,526,667
Local sources	6,533,465	6,537,721
Private grants and gifts	518,168	880,356
Investment income	973,133	638,449
Interest on capital asset-related debt	(205,787)	(216,377)
	$ 13,711,466	$ 13,203,056

Non-operating revenue (expense) changes for fiscal year 2024 were the result of the following factors:

- State appropriations increased by $210,575 due to an increase in funding from the state.
- Private grants and gifts decreased by $362,188 due to a decrease in donations that were made to support the construction of the new agricultural building in the prior year.

- Federal Pell grants increased by $301,026, due to increase in student awards.
- Investment income increased by $334,684 due to increase in interest rates.

The following is a graphic illustration of non-operating revenues by source for fiscal year 2024.



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 consist of the following:

	2024	2023
Cash (used in) provided by		
Operating Activities	$ (7,275,155)	$ (6,453,365)
Investing Activities	2,057,116	493,106
Noncapital Financing Activities	12,208,594	11,985,229
Capital and Related Financing Activities	(3,849,456)	(5,677,207)
Net Increase (Decrease in Cash and Cash Equivalents)	3,141,099	347,763
Cash and Cash Equivalents - Beginning of Year	19,969,685	19,476,579
Cash and Cash Equivalents - End of Year	$ 22,026,801	$ 19,824,342

Net cash used for operating activities in 2024 totaled $7.2 million. This was financed by $10.5 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 $5.7 million. The net result of all cash flows is an increase of $348,000 for 2024.

Capital Asset and Debt Administration

Capital Assets

At June 30, 2024, the College had approximately $21 million invested in capital assets, net of accumulated depreciation of $11.2 million. Depreciation charges totaled $874,693.

Additional information about the College's capital assets can be found in Note 4.

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 2024, the College made annual debt service payments on this debt. Additional information about the College's debt administration can be found in Note 5.

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
2024	$ 6,533,465	-0.07%
2023	$ 6,537,721	0.84%
2022	$ 6,483,356	-2.09%
2021	$ 6,621,588	-5.02%
2020	$ 6,971,596	4.07%

Colby Community College

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

State funding has remained relatively consistent over the past five years with the exception of the effect of the COVID-19 funding.

State appropriations

Fiscal Year	Operations	% Change by Year
2024	$ 3,282,492	6.85%
2023	$ 3,071,917	20.52%
2022	$ 2,548,865	-19.31%
2021	$ 3,158,821	10.59%
2020	$ 2,856,230	8.27%

With limited growth in revenue, tuition and fees have been increased to maintain programs and services.

Tuition and Fees

Fiscal Year	Instate Tuition	% Change by Year
2024	$ 82.00	1.23%
2023	$ 81.00	2.53%
2022	$ 79.00	2.27%
2021	$ 77.25	2.32%
2020	$ 75.50	2.03%

Since 2020, instate tuition rates have increased $6.50 per credit hour, or 9.46%. Tuition increases implemented since 2020 have remained consistent with inflation. Tuition charged to Colby Community College 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.

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

Additional information concerning the financial statements or the financial status of the College can be obtained by contacting the College business office at 1255 S. Range, Colby, Kansas, 67701.

Ms. Sheri Knight
Vice President of Business Affairs and
Chief Financial Officer
Colby Community College

BASIC FINANCIAL STATEMENTS

Colby Community College

Statements of Net Position
For the Year Ended June 30, 2024

	Colby Community College	Component Unit CCC Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	$ 21,903,603	$ 1,678,022
Investments	-	2,011,790
Receivables - federal and state grants and contracts	311,123	-
Receivables - students, net	274,630	-
Receivables - property tax	89,656	-
Receivables - other	(15,245)	-
Prepaid expenses	190,727	206
Inventories	300,039	-
Funds held by others - Health	84,916	-
Total current assets	23,139,449	3,690,018
Noncurrent Assets		
Restricted cash and cash equivalents	123,198	
Investments	-	5,098,203
Capital assets, net of accumulated depreciation	23,455,932	-
Total noncurrent assets	23,579,130	5,098,203
TOTAL ASSETS	46,718,579	8,788,221
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	206,701	-
Deferred outflows related to pensions	76,483	-
Deferred outflows related to other postemployment benefits	231,778	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	514,962	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 47,233,541	$ 8,788,221
LIABILITIES		
Current Liabilities		
Accounts payable	$ 461,989	$ 77,726
Wages payable	571,764	-
Early retirement	16,340	-
Employee benefits	236,735	-
Accrued interest payable	30,215	-
Compensated absences payable	371,467	-
Certificates of participation	378,178	-
Total current liabilities	2,066,688	77,726
Noncurrent Liabilities		
Other postemployment benefits obligation	1,011,204	-
Net pension liability	143,788	-
Unearned revenue	39,513	-
Early retirement	17,132	-
Certificates of participation	6,296,261	-
Total noncurrent liabilities	7,507,898	-
TOTAL LIABILITIES	9,574,586	77,726
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	76,550	-
Deferred inflows related to other postemployment benefits	1,060,279	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,136,829	-
NET POSITION		
Net investment in capital assets	16,988,192	-
Restricted for:		
Nonexpendable - endowments	-	5,098,203
Expendable:		
Restricted funds	5,318,406	3,028,517
Unrestricted	14,215,528	583,775
TOTAL NET POSITION	36,522,126	8,710,495
TOTAL LIABILITIES AND NET POSITION	$ 47,233,541	$ 8,788,221

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

Colby Coummunity College

Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	Colby Community College	Component Unit CCC Foundation
OPERATING REVENUES		
Student tuition and fees	$ 5,466,354	$ -
Less allowances for institutional scholarships	(895,150)	-
Less allowances for federal grants	(1,055,514)	-
Net student source revenue	3,515,690	-
Federal sources	1,566,938	-
State sources	454,515	-
Auxiliary enterprises:		
Student union and dormitory	1,931,985	-
Other operating revenues	883,477	243,707
Total operating revenues	8,352,605	243,707
OPERATING EXPENSES		
Educational and General		
Instruction	5,166,868	-
Community service	77,547	
Academic support	490,013	-
Foundation	112,687	
Student services	1,234,699	-
Athletics	2,061,343	
Institutional support	3,505,694	1,119,339
KPERS contribution paid directly by the State of Kansas	782,302	-
Operations and maintenance of plant	1,473,565	-
Depreciation and amortization	874,693	-
Scholarships and grants	1,508,168	-
Auxiliary Enterprises		
Student union and dormitory	921,067	-
Total operating expenses	18,208,646	1,119,339
Operating income (loss)	(9,856,041)	(875,632)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	3,282,492	-
KPERS contribution paid directly by the State of Kansas	782,302	-
Federal Pell Grants	1,827,693	
Local sources	6,533,465	-
Private grants and gifts	518,168	1,095,235
Investment income	973,133	784,366
Interest on capital asset-related debt	(205,787)	-
Net nonoperating revenues (expenses)	13,711,466	1,879,601
Income (loss) before other revenues	3,855,425	1,003,969
Capital grants and gifts	-	-
Net increase (decrease) in net position	3,855,425	1,003,969
NET POSITION		
Net position - beginning of year	32,021,105	7,706,526
Prior period adjustment	645,596	-
Net position - beginning of year - restated	32,666,701	7,706,526
Net position - end of year	$ 36,522,126	$ 8,710,495

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

Colby Community College

Statement of Cash Flows
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	3,613,011
Federal and state sources		1,103,433
Sales and services of auxiliary enterprises		1,931,985
Other receipts		883,477
Payments to employees for salaries and benefits		(8,555,711)
Payments to suppliers		(7,981,356)
Loans issued to students		1,730,005
Net change in cash flows from operating activities		(7,275,155)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		3,282,492
Federal pell grants		1,827,693
County and local appropriations		6,580,241
Private gifts and grants		518,168
Net change in cash flows from noncapital financing activities		12,208,594
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(3,294,039)
Principal paid on capital asset-related debt		(365,000)
Interest paid on capital asset-related debt		(190,417)
Net change in cash flows from capital and related financing activities		(3,849,456)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income		973,133
Net change in cash flows from investing activities		973,133
Net change in cash and cash equivalents		2,057,116
Cash and cash equivalents - beginning of year		19,969,685
Cash and cash equivalents - end of year	$	22,026,801
Cash per balance sheet		
Cash and cash equivalents - unrestricted	$	21,903,603
Cash and cash equivalents - restricted		123,198
Total cash per Balance sheet	$	22,026,801
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO CHANGE IN CASH FLOWS FROM:		
Operating loss	$	(9,856,041)
Depreciation and amortization expense		874,693
Changes in operating assets and liabilities:		
Receivables, net		960,192
Funds held by others - health		(40,334)
Prepaid expenses		6,640
Inventories		(39,192)
Accounts payable		35,295
Wages payable and benefits		(584,330)
Compensated absences payable		5,717
Unearned revenue		(50,886)
Early retirement		31,044
Other postemployment benefits obligation		70,423
Net pension liability		(123,808)
Deferred inflows and outflows related to net pension and other post employment benefits		7,534
Employee benefits paid directly by State of Kansas		782,302
Prior period adjustment		645,596
Net change in cash flows from operating activities	$	(7,275,155)

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

Colby Community College

Notes to Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies

Colby Community College (the College) is a public, two-year post-secondary educational institution, organized under the laws of the State of Kansas, and is governed by an elected Board of Trustees. 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 accounting and reporting policies of the College relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(a) Reporting Entity

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

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

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

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

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

(c) Assets, Liabilities, and Net Position

Deposits and Investments

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

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

Cash maintained in escrow accounts specifically designated for bond repayments and reserves are classified as restricted cash.

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

Receivables

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

Inventories

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. Inventories are recorded as expenditures when consumed rather than when purchased. The College records certain payments to vendors that reflect costs applicable to future accounting periods as prepaid items in its financial statements.

Capital Assets

Capital assets, which include property, plant, and equipment, are recorded at cost at the date of acquisition, or estimated fair market value at the date of donation, in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than three years. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position (Continued)

Capital Assets (Continued)

Depreciation is computed on assets having a value of more than $5,000 using the straight-line method over the estimated useful lives of the assets. Depreciation is not allocated to the various functions of the College but is reported separately on these financial statements.

Estimated useful lives used for calculating depreciation are as follows:

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

Federal Financial Assistance 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.*

Compensated Absences Payable

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, 2024 was $296,712 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, 2024 was $74,755 and is reflected in the financial statements.

Noncurrent Liabilities

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

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position (Continued)

Pensions

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has two items that qualify for reporting in this category. The first is the deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or original debt. The second is the deferred outflows related to other postemployment benefits and pensions as actuarially determined and explained in Note 6, 7 and 8, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has one item that qualifies for reporting in this category. It is the deferred inflows relating to other postemployment benefits and pensions as actuarially determined and explained in Note 6, 7 and 8, respectively.

Net Position

The College's net position is classified as follows:

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

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

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

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

1. Summary of Significant Accounting Policies (Continued)

(d) Assets, Liabilities, and Net Position (Continued)

Net position flow assumption

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

Classification of Revenues

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

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

Scholarship Allowances

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

Use of Estimates

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

Property Tax Information

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

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

2. Stewardship, Compliance, and Accountability

(a) Budgetary Information

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

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

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

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

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

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

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

Kansas municipalities are subject to the cash-basis law as stated in KSA 10-1113. Certain sub-funds of the Restricted Funds have negative unencumbered cash balances at June 30, 2024, which is allowable under KSA 12-1663. The funds will be reimbursed in the following fiscal year from federal grants, state grants and other contracts for expenditures incurred by the College. This combined receivable has been recognized for GAAP purposes on these financial statements.

3. Deposits and Investments

As of June 30, 2024, the College had cash and cash equivalents as listed below:

Deposits in financial banking institutions	$ 21,903,603
Total cash and cash equivalents - unrestricted	21,903,603
Cash is restricted for the following purposes:	
Flexible spending funds	7,014
Blue Cross/Blue Shield Self-Insured Funds	116,184
Total cash and cash equivalents - restricted	123,198
Combined cash and cash equivalents	$ 22,026,801

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

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

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

Credit risk – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675. The College's practice is to place idle funds in certificates of deposits and United States obligations.

Custodial credit risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. KSA 9-1402 and 9-1405 requires that governments obtain security for all deposits. The College manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks. Monies in the Kansas Municipal Investment Pool are not required to have pledged securities. As of June 30, 2024, the College was not exposed to custodial credit risk with its deposits or investments.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area.

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

4. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2024:

	Beginning Balance	Increases	(Decrease) Adjustments	Ending Balance
Non-depreciable capital assets				
Land	$ 140,056	$ -	$ -	$ 140,056
Construction in progress	3,941,966	135,064	(3,941,966)	135,064
Total non-depreciable capital assets	4,082,022	135,064	(3,941,966)	275,120
Depreciable capital assets				
Land Improvements	288,000	-	-	288,000
Buildings	24,051,383	6,063,679	-	30,115,062
Equipment	1,649,279	873,146	(73,118)	2,449,307
Vehicles	1,193,991	109,828	-	1,303,819
Computer Hwe/Swe	1,020,668	63,039	-	1,083,707
Total depreciable capital assets	28,203,321	7,109,692	(73,118)	35,239,895
Total accumulated depreciation	(11,248,757)	(874,693)	64,367	(12,059,083)
Total depreciable capital assets (net)	16,954,564	6,234,999	(8,751)	23,180,812
Total capital assets, net	$21,036,586	$ 6,370,063	$ (3,950,717)	$ 23,455,932

Depreciation and amortization expense for the year ended June 30, 2024, is $874,693.

5. Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2024:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Current Portion
Certificates of participation					
Certificate of Participation - Series 2016	$ 7,065,000		$ 365,000	$ 6,700,000	$ 380,000
Discount	(27,386)		(1,825)	(25,561)	(1,822)
Compensated absences	443,455		71,988	371,467	371,467
Early retirement	2,428	33,472	2,428	33,472	16,340
Other postemployment benefits	940,781	90,821	20,398	1,011,204	-
Net pension liability	267,596	(123,808)	-	143,788	-
Total long-term liabilities	$ 8,691,874	$ 485	$ 457,989	$ 8,234,370	$ 765,985

The compensated absences, early retirement, other postemployment benefits, and the net pension liability are generally liquidated by the General Fund. The certificates of participation will be paid through revenues generated from the various auxiliary enterprise funds and the General Fund.

5. Long-Term Liabilities (Continued)

(a) Refunding - Certificates of Participation Series 2016

The College issued the Certificates of Participation Series 2016. The original issue amount was $9,215,000 due in annual principal installments ranging from $215,000 to $640,000 through year 2038. Interest rates vary from 2.00% to 300%.

The remaining debt service requirement for the Certificates of Participation - Series 2016 is as follows:

Year Ending	Principal	Interest	Total
2025	380,000	183,113	563,113
2026	400,000	175,513	575,513
2027	415,000	167,012	582,012
2028	430,000	157156	587,156
2029-3033	2,455,000	609,320	3,064,320
2034-2038	2,620,000	216,300	2,836,300
Total	$ 6,700,000	$ 1,508,414	$ 8,208,414

6. Other Postemployment Healthcare Benefits (OPEB)

Plan Description

The College sponsors Medical and Dental insurance to qualifying retirees and their dependents. Coverage is provided through a fully-insured program that operates as a single-employer defined benefit plan. Retirees and their spouses may continue coverage with the College until retiree Medicare eligibility (i.e. age 65). In addition, spouses may continue coverage under Cobra provisions, not to exceed the spouse age 65, when the retiree dies or reaches age 65. The College pays up to the single premium for retirees when upon retirement the minimum of age 60 and 15 years of service is achieved. Otherwise, retirees pay group plan rates to maintain coverage. Dependents must pay group plan premiums to maintain coverage in all cases.

All retiree coverage is provided through the group insurance program of the College and delivered through a fully insured arrangement. Along with a dental plan, three medical plan options (High, Low and HDHP) are available to qualifying retirees. Coverage is available for retirees and spouses until the retiree qualifies for Medicare (i.e. age 65).

Spouses may continue coverage under Cobra, upon covered retiree death or attainment of Medicare eligibility age, for up to 36 months not to exceed the spouse's own age 65. Benefits renew annually on September 1. A retiree is not allowed future coverage after once declining coverage.

Retirees and beneficiaries receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	44
Total	47

Funding Policy

The College provides health insurance benefits to retirees and their dependents in accordance with Kansas law (KSA 12-5040). The benefits are paid from the general operating assets of the College on a pay-as-you-go basis. The contribution requirements of Plan members and the College are established and may be amended by the Board of Trustees.

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

6. Other Postemployment Healthcare Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

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

	June 30, 2024
Net OPEB liability - beginning of year	$ 940,781
Service cost	33,645
Interest cost	38,757
Changes in benefit terms	-
Differences between actual and expected experience	18,419
Changes in assumptions and inputs	(9,398)
Employer contributions (benefit payments)	11,000
Net changes	70,423
Net OPEB liability - end of year	$ 1,011,204

There were no changes to benefit terms.

Changes from the beginning to the end of year measurement for FY 2023-24 are noted below:

- The discount rate changed from 4.0% to 4.1%.
- The per capita costs, retiree contribution premiums and trend assumption were updated as part of the actuarial evaluation. The July 1, 2024 renewal was taken into account.

Total OPEB Liability

The College's total OPEB liability of $1,011,204 reported as of June 30, 2024, was measured as of June 30, 2024 (the measurement date), and was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions:

Salary increases; including wage increases	2.0%
Discount rate	4.1%

OPEB Expense

For the year ended June 30, 2024, the College recognized OPEB expense of ($9,398), which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

6. Other Postemployment Healthcare Benefits (OPEB) (Continued)

Valuation Procedures and Discount Rate

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

In order to determine the municipal bond rate the actuaries took the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 4.0% and 4.1% as of the beginning and end of year measurement dates, respectively. These were used as the discount rates to determine present value costs.

Mortality rates used for the death benefits were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

In the July 1, 2021, actuarial valuation, the Entry Age Normal - Level Percent of pay Actuarial Cost method was applied. The actuarial assumptions included a 3.00% investment rate of return, which is a blended rate of the expected long-term investment returns on Plan assets and on the College's pooled funds and investments. The valuation assumed annual healthcare cost trend rate of 7.00% in the first year, decreasing by 0.50% until year three and by .25% until year nine when it reaches an ultimate rate of 4.50%. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the accuracy of the results.

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

	1% Decrease	Current Trend Assumption	1% Increase
Total OPEB Liability	$ 887,738	$ 1,011,204	$ 1,154,931
Increase / (Decrease) from Baseline	(123,466)		143,727

Sensitivity of Total OPEB Liability to changes in the Discount Rate

	1% Decrease 3.1	Current Single Discount Rate Assumption 4.1%	1% Increase 5.1%
Total OPEB Liability	$ 1,108,359	$ 1,011,204	$ 921,202
Increase / (Decrease) from Baseline	97,155		(90,002)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Category	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 177,594	$ 542,366
Changes in assumptions	54,184	517,913
Benefit payments subsequent to the measurement date (1)	-	-
Total	$ 231,778	$ 1,060,279

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

6. Other Postemployment Healthcare Benefits (OPEB) (Continued)

Deferred Outflows of Resources and Deferred Inflows of Resources (continued)

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

Year Ending:	Amount
6/30/2025	$ (102,063)
6/30/2026	(102,063)
6/30/2027	(102,063)
6/30/2028	(102,063)
6/30/2029	(102,063)
Thereafter	(318,186)
Total	$ (828,501)

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

The College participates in a single-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04925. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.*

Contributions

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended June 30, 2024, totaled $54.

Special Funding Situation

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

Benefits

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

7. Other Post Employment Benefit Plan - KPERS Death and Disabilities (Continued)

Benefits (continued)

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

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

Covered Employees

The College has the following employees covered by the Plan as of the actuarial valuation report date June 30, 2023:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	110
Total	111

Total OPEB Liability

At the College's reporting date of June 30, 2024, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $163,628.

Actuarial Assumptions

The financial information for fiscal year 2023-24 is based upon actuarial valuation performed as of December 31, 2022, rolled forward to June 30, 2023 using the participant census as of July 1, 2022.

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

Price inflation	2.75%
Salary increases, including wage increases	3.50-10.00%
Discount rate (based on the 20 year municipal bond rate with an average rating of AA/Aa or better, obtained from the index.)	3.65%

Mortality rates used for the death benefits were based on the RP-2014 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using MP-2021. Mortality rates used for the disability benefits were based on the RP-2014 Disabled Life Table with generational mortality improvement using MP-2021.

The actuarial assumptions used in the December 31, 2022, valuation were based on the results of an actuarial experience study conducted for three years ending December 21, 2018.

Revenue and OPEB Expense Recorded by the College

For the year ended June 30, 2024, the College recognized revenue and OPEB expense in an equal amount of $54.

8. Defined Benefit Pension Plan

Plan Description

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

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

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

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

The employer contributions for non-public school district schools, as defined in K.S.A. 74-4931 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, vocational-technical schools and community junior colleges, are considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the System. Since these employers do not contribute directly to the System for active employees, there is no net pension liability or deferred inflows or outflows to report in the financial statements for active employees. The notes to the College's financial statements must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the non-public school district employer. In addition, each non-public school district employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with their employer.

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

Benefits Provided

Benefits are established by statute and may only be changed by the 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 certified 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 KSA 74-4922.

8. Defined Benefit Pension Plan (Continued)

Benefits Provided (continued)

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 postretirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

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

Contributions

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund established by KSA 74-4922. Member contribution rates are established by State law, and are paid by the employee according to the provisions of Section 414(h) of the Internal revenue code. State law provides that the employer contribution rates for each of the three state wide pension groups to be determined based on the results of each annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by KSA 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

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

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

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

The College's contractually required contributions rate for the actuarial report dated year ended June 30, 2023, was 1.2% of the annual college payroll of which 1.1984% of payroll was required from the College and 99.998% of payroll was required from the State. The College's contributions to the pension plan were $14,708 for the year ended June 30, 2023 (actuarial report date).

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

8. Defined Benefit Pension Plan (Continued)

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, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

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

At June 30, 2024 (actuarial report year ended June 30, 2023), the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	$	143,788
State's proportionate share of the net pension liability associated with the College		782,302
	$	926,090

The net pension liability was measured as of December 31, 2022, which was rolled forward to June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal year ended June 30, 2023. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At the actuarial report date of June 30, 2023, the combined College and state's proportion was 0.1198%, which was a decrease of 0.0070% from its proportion measured as of June 30, 2023.

For the actuarial report as of June 30, 2023, there were changes in assumptions and benefits as described in the notes to the required supplemental information.

There were no changes between the measurement date of December 31, 2022, rolled forward to June 30, 2023, and the College's reporting date of June 30, 2024.

8. Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2023, the College recognized pension expense of $870,317 and revenue of $870,317 for support provided by the state. For the portion related to the "working after retirement" the College recognized pension expense of $14,708, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. At June 30, 2024 (the measurement date of June 30, 2023), the College reported deferred outflows of resources and deferred inflows of resources related to pensions for the College from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 5,209	$ -
Changes of assumptions	15,889	-
Net difference between projected and actual earnings on pension plan investments	9,786	-
Changes in proportion and differences between College contributions and proportionate share of contributions	45,599	76,550
Total	$ 76,483	$ 76,550

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

Year Ending:	Amount
6/30/2024	$ 7,305
6/30/2025	6,714
6/30/2026	2,193
6/30/2027	(15,771)
6/30/2028	(508)
Thereafter	-
	$ (67)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

• Inflation	2.75 percent
• Salary increases, including wage increases	3.50 to 12.00 percent, including price inflation
• Investment rate of return	7.00 percent compounded annually, net of investment expense, and including price inflation

8. Defined Benefit Pension Plan (Continued)

Actuarial Assumptions (Continued)

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

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

Asset class	Long-term target allocation	Long-term expected real rate of return
U.S. Equities	23.50%	5.20%
Non-U.S. 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 Investments	4.00%	0.25%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate. However, the State/School groups do not necessarily do so.

Based on legislation first passed in 1993, the employer contribution rates certified by KPERS Board may not increase by more than the statutory cap. Subsequent legislation in 2012 set the statutory cap at 0.90 percent for Fiscal Year 2014, 1.00 percent for Fiscal Year 2015, 1.10 percent for 2016 and 1.20 percent for Fiscal Years 2017 and beyond.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the statutorily capped rates.

In 2015, S.B. 4, reduced the previously certified State/School statutory rate from 11.27 percent to 8.65 percent for the last half of Fiscal Year 2015. That same session, S.B. 228 recertified statutory rates to 10.91 percent for Fiscal Year 2016 and 10.781 percent for Fiscal Year 2017 in anticipation of the issuance of $1.0 billion in pension obligation

Legislation in the 2016 session (S.B. 161) provided for the delay of up to $100.0 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 H. Sub for S.B. 249 provided that the delayed contributions would be paid in full, with interest at 8.00 percent, by June 30, 2018. However, legislation passed by the 2017 Legislatue removed the repayment provision. In addition, 2017 S. Sub for H.B. 2052 delayed $64.0 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments. The first-year payment of $6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01 percent for that year.

8. Defined Benefit Pension Plan (Continued)

Discount Rate (Continued)

Additional legislation in the 2017 Session (S. Sub for H.B. 2022) provided for a reduction of $194.0 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 receivables by the System.

The 2018 Legislature passed H. Sub for S.B. 109 that provided additional contributions to the school group of $56.0 million in Fiscal Year 2018 and $82.0 million in Fiscal Year 2019.

The 2019 Legislature passed S.B. 9 that provided additional contributions to the school group of $115.0 million in Fiscal Year 20109. H. Sub for S.B. 25 from the 2019 Legislative session authorized additional funding for the KPERS School group in Fiscal Year 2020 of $51.0 million.

The 2021 Legislature passed House Bill 2405, which authorizes the state of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School Group's unfunded actuarial liability, assuming certain criteria are met. As a result, the State/School contribution rate was recertified for Fiscal Years 2022 and 2023, lowering them respectively to 13.86 and 13.11 percent. The bond proceeds were received on August 26, 2021.

The 2022 Legislature passed S.B. 421, which authorized the state of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600.0 million was transferred to the System. S.B. 421 authorized two additional transfers totaling $271.0 million in Fiscal Year 2023 (reflected in the projected cash flows of the System).

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.

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

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

The following presents the net pension liability of the Pension Plan as of June 30, 2023, (actuarial report date) calculated using the discount rate of 7.00 percent, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
$206,820	$143,788	$91,125

9. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

9. Risk Management (Continued)

During the year ended June 30, 2024, employees of Colby Community College were covered by the College's medical self-insurance plan. The total premium contributed is approximately $2,396, $1,403, $1,633 and $747 per month per employee with family, employees with dependents or spouses, and single coverage, respectively. The College contributes $1,503, $1,113, $1,167 and $642 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.

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

Unpaid claims, June 30, 2023	121,014
Claims incurred (including incurred but not reported)	1,775,464
Claim payments	(1,653,097)
Unpaid claims, June 30, 2024	$ 243,381
Assets available to pay claims at June 30	$ 96,122

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

The Colby College Foundation paid $766,413 in student scholarships during the current fiscal year.

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

11. Contingent Liabilities

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

The College is a defendant in various pending litigation and administrative proceedings. Management anticipates that any potential claims, if any, against the College would be covered by insurance and would not materially affect the College’s financial position.

12. Prior Period Adjustment

During the year, the College made adjustments to the liability for the self-insurance program. The net effect was an increase to fund balance of $645,596.

13. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

Colby Community College

Schedule of Changes in the Total OPEB Liability - Healthcare
For the Year Ended June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability - Beginning of year	$ 940,781	$ 957,901	$ 1,116,258	$ 1,381,748	$ 1,772,375	$ 1,896,087	$ 1,560,292	$ 1,544,007	For 2015 to 2016, this data is not yet available.	
Service Cost	33,645	35,612	50,192	71,703	88,252	159,300	158,097	173,767	For 2015 to 2016, this data is not yet available.	
Interest Cost	38,757	38,552	22,929	37,270	54,949	66,937	56,521	45,138	For 2015 to 2016, this data is not yet available.	
Changes in Benefit Terms	-	-	-	-	-	(289,486)	340,191	-	For 2015 to 2016, this data is not yet available.	
Differences between actual and expected experience	18,419	(147,508)	(162,847)	(257,467)	(186,882)	267,846	(18,849)	-	For 2015 to 2016, this data is not yet available.	
Changes in assumptions and inputs	(9,398)	66,224	(28,631)	(76,996)	(288,946)	(274,309)	(88,165)	(110,620)	For 2015 to 2016, this data is not yet available.	
Employer contributions	(11,000)	(10,000)	(40,000)	(40,000)	(58,000)	(54,000)	(112,000)	(92,000)	For 2015 to 2016, this data is not yet available.	
Net Changes	70,423	(17,120)	(158,357)	(265,490)	(390,627)	(123,712)	335,795	16,285	For 2015 to 2016, this data is not yet available.	
Total OPEB Liability - End of year	$ 1,011,204	$ 940,781	$ 957,901	$ 1,116,258	$ 1,381,748	$ 1,772,375	$ 1,896,087	$ 1,560,292	For 2015 to 2016, this data is not yet available.	

Note: For June 30, 2017, GASB 75 was implemented. The information for years 2015-2016 is not available under the measurement requirements of GASB 75.

Colby Community College

Schedule of the College's Proportionate Share of the Net OPEB Liability - Healthcare
For the Year Ended June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability	$ 1,011,204	$ 940,781	$ 957,901	$ 1,116,258	$ 1,381,748	$ 1,772,375	$ 1,896,087	$ 1,560,292	For 2015 to 2016, this data is not yet available.	
Fiduciary net position	-	-	-	-	-	-	-	-	For 2015 to 2016, this data is not yet available.	
Net OPEB liability	$ 1,011,204	$ 940,781	$ 957,901	$ 1,116,258	$ 1,381,748	$ 1,772,375	$ 1,896,087	$ 1,560,292	For 2015 to 2016, this data is not yet available.	
Fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	For 2015 to 2016, this data is not yet available.	
Covered-employee payroll	$ 2,246,925	$ 2,246,925	$ 2,219,774	$ 2,219,774	$ 3,113,370	$ 3,113,370	$ 4,071,555	$ 3,991,721	For 2015 to 2016, this data is not yet available.	
Net OPEB liability as a percentage of covered-employee payroll	45.00%	41.90%	43.20%	50.30%	44.40%	56.90%	46.60%	39.10%	For 2015 to 2016, this data is not yet available.	

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2015-2016 is not available under the measurement requirements of GASB 75.

Colby Community College

Schedule of Changes in the Total OPEB Liability - KPERS Death and Disability
For the Year Ended June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability - Beginning of year	$ 163,574	$ 172,037	$ 58,964	$ 54,155	$ 44,930	$ 41,735	$ 32,157	For 2015 to 2017, this data is not yet available.		
Service Cost	13,806	12,626	12,223	11,161	9,799	9,702	9,935	For 2015 to 2017, this data is not yet available.		
Interest Cost	5,928	3,792	912	2,286	2,118	1,841	1,199	For 2015 to 2017, this data is not yet available.		
Changes in Benefit Terms	-	-	-	-	-	-	-	For 2015 to 2017, this data is not yet available.		
Differences between actual and expected experience	1,011	(4,458)	159,837	(11,525)	(3,685)	(7,678)	(1,556)	For 2015 to 2017, this data is not yet available.		
Changes in assumptions and inputs	(641)	(2,044)	271	2,887	993	(670)	-	For 2015 to 2017, this data is not yet available.		
Benefit Payments	(20,050)	(18,379)	(60,170)	-	-	-	-	For 2015 to 2017, this data is not yet available.		
Net Changes	54	(8,463)	113,073	4,809	9,225	3,195	9,578	For 2015 to 2017, this data is not yet available.		
Total OPEB Liability - End of year	$ 163,628	$ 163,574	$ 172,037	$ 58,964	$ 54,155	$ 44,930	$ 41,735	For 2015 to 2017, this data is not yet available.		

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2014-2017 is not available under the measurement requirements of GASB 75.

Colby Community College

Schedule of the College's Proportionate Share of the Net OPEB Liability - KPERS Death & Disability
For the Year Ended June 30, 2024

Kansas Public Employees Retirement System

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability	$ 163,628	$ 163,574	$ 172,037	$ 58,964	$ 54,155	$ 44,930	$ 41,735	For 2015 to 2017, this data is not yet available.		
Fiduciary net position	-	-	-	-	-	-	-	For 2015 to 2017, this data is not yet available.		
Net OPEB liability	$ 163,628	$ 163,574	$ 172,037	$ 58,964	$ 54,155	$ 44,930	$ 41,735	For 2015 to 2017, this data is not yet available.		
State's Proportionate Share of the Total OPEB Liability	$ 163,628	$ 163,574	$ 172,037	$ 58,964	$ 54,155	$ 44,930	$ 41,735	For 2015 to 2017, this data is not yet available.		
College's Proportionate Share of the Total OPEB Liability	$ -	$ -	$ -	$ -	$ -	$ -	$ -	For 2015 to 2017, this data is not yet available.		
College's covered-employee payroll	$ 5,657,424	$ 5,649,004	$ 5,158,066	$ 5,039,996	$ 5,016,810	$ 4,611,883	$ 4,409,474	For 2015 to 2017, this data is not yet available.		
OPEB contributions as a percentage of covered payroll	2.89%	2.90%	3.34%	1.17%	1.08%	0.97%	0.95%	For 2015 to 2017, this data is not yet available.		

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

Colby Community College

Schedule Of The College's Proportionate Share Of The Net Pension Liability
For the Year Ended June 30, 2024

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability (asset)	0.001%	0.003%	0.002%	0.002%	0.002%	0.002%	0.000%	0.003%	0.003%	0.00%
College's proportionate share of the net pension liability (asset)	$ 143,788	$ 267,596	$ 192,908	$ 162,926	$ 164,617	$ 187,528	$ 23,136	$ 245,323	$ 248,456	$ 212,570
State's proprotionate share of the net pension liability (asset)	0.072%	0.073%	0.080%	0.077%	0.079%	0.074%	0.077%	0.079%	0.090%	0.073%
State's proprotionate share of the net pension liability (asset)	$ 7,646,304	$ 7,796,926	$ 6,217,298	$ 8,016,636	$ 7,058,980	$ 6,785,868	$ 7,116,213	$ 7,106,904	$ 7,442,126	$ 7,033,386
Total collective net pension liability (asset)	$ 7,790,092	$ 8,064,522	$ 6,410,206	$ 8,179,562	$ 7,223,597	$ 6,973,396	$ 7,139,349	$ 7,352,227	$ 7,690,582	$ 7,245,956
College's covered payroll	$ 5,657,424	$ 5,742,889	$ 5,570,637	$ 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 net pension liability (asset) as a percentage of its covered payroll	137.70%	140.43%	115.07%	152.28%	138.78%	153.95%	151.25%	161.30%	163.27%	149.27%
Plan fiduciary net position as a percentage of the total pension liability	70.70%	69.75%	76.40%	66.30%	69.88%	67.12%	65.10%	64.95%	66.60%	59.94%

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

Colby Community College

Schedule of College Contributions
For the Year Ended June 30, 2024

Kansas Public Employees Retirement System

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 14,708	$ 26,236	$ 22,906	$ 15,539	$ 16,386	$ 16,463	$ 17,060	$ 16,730	$ 15,587	$ 15,001
Contributions in relation to the contractually required contribution	(14,708)	(26,236)	(22,906)	(15,539)	(16,386)	(16,463)	(17,060)	(16,730)	(15,587)	(15,001)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 4,529,530	$ 5,742,889	$ 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	0.32%	0.46%	0.41%	0.29%	0.31%	0.36%	0.36%	0.37%	0.33%	0.31%

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

Colby Community College

Notes to Required Supplementary Information
For the Year Ended June 30, 2024

Other Post Employment Benefits - Healthcare

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes from the beginning to the end of year measurement for FY 2023-24 are noted below:

- The discount rate changed from 4.0% to 4.1%.
- The per capita costs retiree contribution premiums and trend assumption were updated as part of the actuarial evaluation. The July 1, 2024 renewal was taken into account.

Other Post Employment Benefits - KPERS Death and Disabilities

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

- Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in June 30, 2022 actuarial report to 3.65% at June 30, 2023, actuarial report.
- Mortality rates used for the death benefits were based on the RP-2014 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using MP-2021. Mortality rates used for the disability benefits were based on the RP-2014 Disabled Life Table with generational mortality improvement using MP-2021.

Defined Benefit Pension Plan

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes from the beginning to the end of year measurement for the valuation report dated June 30, 2023, are noted below:

- Price inflation remained unchanged at 2.75 percent.
- Investment return assumption is 7.00 percent componded annually, net of investment expense, and including price inflation.
- General wage growth assumption was raised from 3.5 percent to 12.00 percent, including price inflation.

SUPPLEMENTARY INFORMATION

Colby Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
General Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Student sources	$ 2,750,000	$ 2,750,000	$ 3,044,028	$ 294,028
Federal sources	1,550,000	1,550,000	116,102	(1,433,898)
State sources	1,814,353	1,814,353	2,088,792	274,439
Local sources	6,806,663	6,806,663	6,580,241	(226,422)
Other sources	350,000	350,000	874,044	524,044
Total Cash Receipts	$ 13,271,016	$ 13,271,016	12,703,207	$ (567,809)
Expenditures and Transfers Subject to Budget				
Instruction	$ 5,152,083	$ 5,152,083	2,413,457	$ (2,738,626)
Public service	95,000	95,000	-	(95,000)
Academic support	535,000	535,000	431,865	(103,135)
Student services	2,669,000	2,669,000	2,643,280	(25,720)
Institutional support	4,055,235	4,055,235	2,829,059	(1,226,176)
Operation and maintenance	2,550,000	2,550,000	1,391,573	(1,158,427)
Scholarships	1,200,000	1,200,000	1,519,234	319,234
Nonmandatory transfers in (out)	2,465,631	2,465,631	490,091	(1,975,540)
Total Expenditures and Transfers Subject to Budget	$ 18,721,949	$ 18,721,949	11,718,559	$ (7,003,390)
Receipts Over (Under) Expenditures			984,648	
Unencumbered Cash, July 1			11,687,345	
Prior period adjustment			645,596	
Unencumbered Cash, July 1, restated			12,332,941	
Unencumbered Cash, June 30			$ 13,317,589	
Unencumbered Cash, June 30			$ 13,317,589	
Encumbrances			8,445	
Receivables			643,583	
Inventory			190,806	
Capital assets			973,507	
Accrued compensated absences			(371,467)	
Prepaid assets			190,727	
Insurance			(33,472)	
Accrued net pension liability			(143,855)	
Accrued other post employment benefits			(1,839,705)	
GAAP fund balance			$ 12,936,158	

Colby Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Postsecondary Technical Education Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Student sources	$ 1,461,494	$ 1,461,494	$ 2,055,114	$ 593,620
State sources	1,364,880	1,364,880	1,548,139	183,259
Transfers	175,000	175,000	-	(175,000)
Total Cash Receipts	$ 3,001,374	$ 3,001,374	3,603,253	$ 601,879
Expenditures and Transfers Subject to Budget				
Instruction	$ 3,067,132	$ 3,067,132	2,855,228	$ (211,904)
Institutional support	-	-	9,372	9,372
Total Expenditures and Transfers Subject to Budget	$ 3,067,132	$ 3,067,132	2,864,600	$ (202,532)
Receipts Over (Under) Expenditures			738,653	
Unencumbered Cash, July 1			673,496	
Unencumbered Cash, June 30			$ 1,412,149	
Unencumbered Cash, June 30			$ 1,412,149	
Encumbrances			13,965	
Capital assets			-	
GAAP fund balance			$ 1,426,114	

Colby Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Education Fund
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Federal sources	$ 110,065	$ 110,065	$ 132,013	$ 21,948
State sources	59,938	59,938	59,444	(494)
Other sources	53,925	53,925	16,982	(36,943)
Total Cash Receipts	$ 223,928	$ 223,928	208,439	$ (15,489)
Expenditures Subject to Budget				
Instruction	$ 223,928	$ 223,928	223,928	$ -
Total Expenditures Subject to Budget	$ 223,928	$ 223,928	223,928	$ -
Receipts Over (Under) Expenditures			(15,489)	
Unencumbered Cash, July 1			88,024	
Unencumbered Cash, June 30			$ 72,535	
			$ 72,535	
Capital assets			-	
GAAP fund balance			$ 72,535	

Colby Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Student Union - Dormitory
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Other income	$ 1,700,000	$ 1,700,000	$ 1,944,747	$ 244,747
Expenditures and Transfers Subject to Budget				
Student services	$ -	$ -	108,878	$ 108,878
Auxiliary enterprises	897,700	897,700	912,324	14,624
Nonmandatory transfers in (out)	825,000	825,000	-	(825,000)
Total Expenditures Subject to Budget	$ 1,722,700	$ 1,722,700	1,021,202	$ (701,498)
Receipts Over (Under) Expenditures			923,545	
Unencumbered Cash, July 1			4,008,116	
Unencumbered Cash, June 30			$ 4,931,661	
Unencumbered Cash, June 30			$ 4,931,661	
Encumbrances			14,708	
Receivables			9,778	
Capital assets			-	
Inventory			109,233	
GAAP fund balance			$ 5,065,380	

Colby Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Capital Outlay
For the Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Federal sources	$ 1,843,594	$ 1,843,594	$ -	$ (1,843,594)
Other sources	1,500,000	1,500,000	51,591	(1,448,409)
Transfers in	-	-	490,091	490,091
Total Cash Receipts	$ 3,343,594	$ 3,343,594	541,682	$ (2,801,912)
Expenditures and Transfers Subject to Budget				
Operation and maintenance	$ 4,809,225	$ 4,809,225	208,335	$ (4,600,890)
Nonmandatory transfers (in) out	(1,465,631)	(1,465,631)	-	$ 1,465,631
Total Expenditures and Transfers Subject to Budget	$ 3,343,594	$ 3,343,594	208,335	$ (3,135,259)
Receipts Over (Under) Expenditures			333,347	
Unencumbered Cash, July 1			(333,347)	
Unencumbered Cash, June 30			$ -	
Unencumbered Cash, June 30			$ -	
Capital assets			-	
GAAP fund balance			$ -	

SINGLE AUDIT SECTION

Colby Community College
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Number	Identifying Number	Disbursements/ Expenditures
Department of Education			
Direct Programs:			
Student Financial Aid (SFA) Cluster			
Federal Work-Study Program	84.033	P033A231502	$ 60,514
Supplemental Education Opportunity Grant	84.007	P007A231502	38,535
Federal Direct Student Loan	84.268	P268K241461	1,730,005
PELL Grant	84.063	P063P231461	1,827,693
PELL Grant	84.063	P063P221461	12,856
Total Student Financial Aid (SFA) Cluster			3,669,603
TRIO Cluster			
TRIO Student Support Services	84.042A	P042A200121	254,510
Total TRIO Cluster			254,510
Community Project Funding/Congressionally Directed Spending	17.289	24A60CP000137-01-01	531,904
Passed Through Kansas Board of Regents:			
Adult Education - Basic Grants to States	84.002		179,845
Carl Perkins	84.048A		155,962
Total Passed Through Kansas Board of Regents			335,807
Fund for Improvement of Postsecondary Education	84.116W		279,643
TOTAL DEPARTMENT OF EDUCATION			5,071,467
Corporation for National and Community Service			
Retired Senior Volunteer Program	94.002		81,676
Total Corporation for National and Community Service			81,676
TOTAL CORPORATION FOR NATIONAL COMMUNITY SERVICE			81,676
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 5,153,143

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Colby Community College of Colby, Kansas, under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Account Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

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

Board of Trustees
Colby Community College
Colby, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the business-type activities, and the aggregate discretely presented component units of Colby Community College as of and for the year ended June 30, 2024, 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 November 6, 2024.

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 opinions 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.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
November 6, 2024

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

Board of Trustees
Colby Community College
Colby, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Colby Community College's (College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the College's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
November 6, 2024

Colby Community College

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section 1 – Summary of Auditor's Results

Financial Statements

1. Type of auditor's opinion issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	No
3. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None Reported
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
4. Identification of major programs:	
	CFDA No.
Student Financial Aid Programs:	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal PELL Grant Program	84.063
Federal Direct Student Loan Program	84.268
5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee?	Yes

Section 3 – Findings – Financial Statement Audit

There were no reportable findings for the year ended June 30, 2024

Section 2 – Findings and Questioned Costs – Major Federal Award Programs

Student Financial Aid Programs

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

There were no reportable findings for the year ended June 30, 2024.