

GARDEN CITY COMMUNITY COLLEGE

OPEID No.: 00191900

EIN: 48-0698107

June 30, 2020

GARDEN CITY COMMUNITY COLLEGE  
Basic Financial Statements  
For the Year Ended June 30, 2020

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## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Garden City Community College  
801 Campus Drive  
Garden City, Kansas 67846

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the business-type activities and discretely presented component units of Garden City Community College, Garden City, Kansas, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

#### Management's Responsibility for the Financial Statements

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

#### Auditor's Responsibility

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

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

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



Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vii through xv, the schedules of net pension liability and contributions attributable to the College on pages 50 and 51, the schedule of changes in the College's share of OPEB liability and related ratios – healthcare on page 52, and the schedule of changes in the College's share of OPEB liability and related ratios – KPERS death and disability on page 53 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

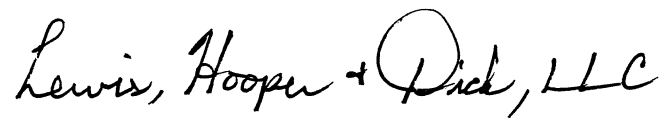
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Garden City Community College's basic financial statements. The supplementary information and additional information as listed in the table of contents (pages 55 through 76); and the Schedule of Expenditures of Federal Awards (pages 91 and 92), required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 supplementary information, additional information, and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The Graphs presented in Schedules 13, 14 and 15 (pages 77 through 80), and on page 98 have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2021, on our consideration of Garden City Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 Garden City Community College's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Lewis, Hooper & Dick, LLC". The signature is written in a cursive, flowing style.

LEWIS, HOOPER & DICK, LLC

February 2, 2021

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# Management's Discussion and Analysis

As management of Garden City Community College, Garden City, Kansas, we offer readers of Garden City Community College's financial statements this narrative overview and analysis of the financial activity of Garden City Community College for the fiscal year ended June 30, 2020.

## *Financial Highlights*

- The assets and deferred outflows of resources of Garden City Community College exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$26,999,723 (net position). The unrestricted net position, which represents the amounts available to meet the College's ongoing obligations to citizens and creditors, was \$6,227,645.
- The College's total net position decreased by \$549,768. This decrease was attributable to increases in operating expenses.
- Capital assets decreased a total of \$1,628,066 from 2019, as a result of depreciation. Major projects during fiscal year 2020 include a digital scoreboard, mechanical tunnel cap replacement and various roof replacements.
- Garden City Community College's total long-term liabilities decreased by \$963,831 (12.07%) during the current fiscal year. The key factor in this decrease was the payments on numerous lease obligations and only one new lease obligation entered into during the year.
- Operating revenues increased by \$1,466,400, or 28.27% from 2019. This was due to an overall increase in student tuition and fees and federal grants.
- Operating expenses increased by \$2,242,046, or 9.36% from 2019. This was primarily due to overall increases in instruction costs, academic support and student services.
- Actual expenditures, including transfers out, for the General Fund were under budget \$2,559,828 or 13.33%. The comparison of actual to published budget reflects that the College operated within its legal budget authority as required by the State of Kansas.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Garden City Community College's basic financial statements. Garden City Community College's basic financial statements are comprised of two components: 1) government-wide financial statements, and 2) the notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

### *Government-wide Financial Statements*

The government-wide financial statements are designed to provide readers with a broad overview of Garden City Community College's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the College's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position of Garden City Community College is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include not only Garden City Community College itself (known as the primary government), but also a legally separate endowment association and a legally separate athletic association for which the College is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. See Note 1, item B, in the notes to the financial statements for more details regarding the relationship between these entities and the College.

### *Notes to the Financial Statements*

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9 through 48 of this report.

### *Other Information*

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Garden City Community College's net pension liability and contributions attributable to the College and the College's progress in funding its obligation to provide other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 49 through 53 of this report.

Supplementary information comparing actual and budget results is presented immediately following the required supplementary information on OPEB. Additional information containing schedules of management information are also presented. The supplementary and additional information can be found on pages 55 through 80 of this report.

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## Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of Garden City Community College, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$26,999,723 at the close of the most recent fiscal year.

### Net position June 30, 2020 and 2019

	2020	2019	Increase (Decrease)
<b>Assets</b>			
Current assets	\$ 13,232,029	\$ 13,354,459	\$ (122,430)
Non-current assets	27,610,025	29,238,091	(1,628,066)
<b>Total assets</b>	<b>\$ 40,842,054</b>	<b>\$ 42,592,550</b>	<b>\$ (1,750,496)</b>
<b>Total deferred outflows of resources</b>	<b>\$ 83,887</b>	<b>\$ 105,184</b>	<b>\$ (21,297)</b>
<b>Liabilities</b>			
Current liabilities	\$ 2,449,489	\$ 2,911,318	\$ (461,829)
Non-current liabilities	7,021,501	7,985,332	(963,831)
<b>Total liabilities</b>	<b>\$ 9,470,990</b>	<b>\$ 10,896,650</b>	<b>\$ (1,425,660)</b>
<b>Total deferred inflows of resources</b>	<b>\$ 4,455,228</b>	<b>\$ 4,251,593</b>	<b>\$ 203,635</b>
<b>Net position</b>			
Investment in capital assets	\$ 20,052,367	\$ 20,211,808	\$ (159,441)
Restricted	719,711	487,371	232,340
Unrestricted	6,227,645	6,850,312	(622,667)
<b>Total net position</b>	<b>\$ 26,999,723</b>	<b>\$ 27,549,491</b>	<b>\$ (549,768)</b>

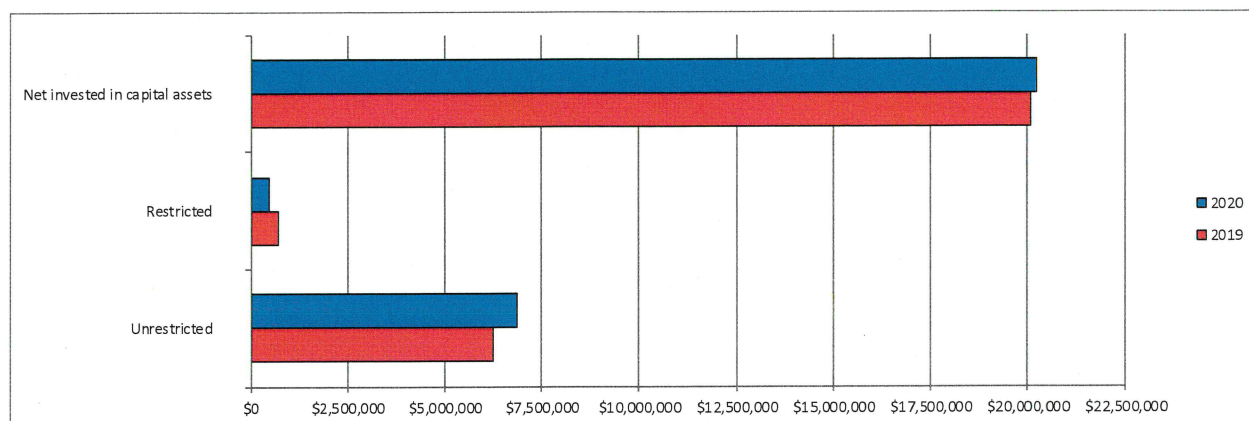
By far the largest portion of Garden City Community College's net position (74.27%) reflects its investment in capital assets (e.g., land, property, plant and equipment); less any related debt used to acquire those assets that is still outstanding. The College uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Garden City Community College's net position (2.67%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (23.06%) may be used to meet the College's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Garden City Community College is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

## Net Position

June 30, 2020 and 2019



The College's net position decreased by \$549,768 during the current fiscal year. This decrease was attributable to increases in operating expenses.

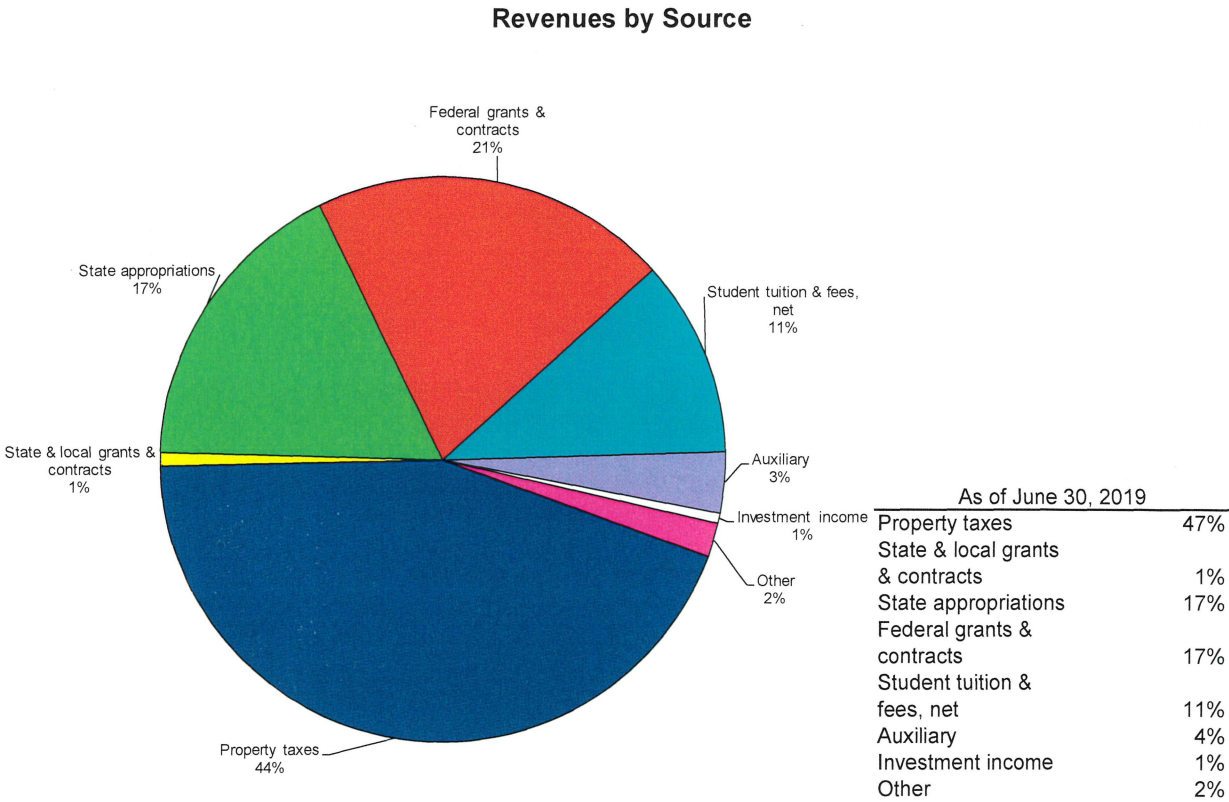
### Statement of Revenues, Expenses and Changes in Net Position As of June 30, 2020 and 2019

	2020	2019	Increase (Decrease)
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	\$ 2,906,041	\$ 2,701,330	\$ 204,711
Federal grants and contracts	2,145,434	797,208	1,348,226
Auxiliary enterprises	904,083	946,792	(42,709)
Other	697,061	740,889	(43,828)
Total operating revenues	6,652,619	5,186,219	1,466,400
Operating expenses	26,192,593	23,950,547	2,242,046
Operating loss	(19,539,974)	(18,764,328)	(775,646)
Non-operating revenues (expenses)			
Property taxes	11,420,258	11,397,054	23,204
State appropriations	4,494,348	3,987,634	506,714
Pell and SEOG grants	3,157,243	3,179,155	(21,912)
Other	(81,643)	(54,685)	(26,958)
Net nonoperating revenues (expenses)	18,990,206	18,509,158	481,048
Decrease in net position	(549,768)	(255,170)	(294,598)
Net position, beginning of year	27,549,491	27,804,661	(255,170)
Net position, end of year	\$ 26,999,723	\$ 27,549,491	\$ (549,768)

Operating revenues increased by \$1,466,400. This reflects an increase in student tuition and fees of \$204,711 after the allowance for scholarships. Federal grants and contracts increased \$1,348,226 primarily as a result of increased revenues from the CARES Act.

Total non-operating revenues (expenses) increased by \$481,048. This was primarily due to increases in property taxes and in appropriations from the state offset by decreases in Pell and SEOG grants.

The following is a graphic illustration of revenues by source.



As shown in the revenues by source graph, the three primary sources of revenue for the College are property taxes at 44%, Federal grants and contracts at 21% and State appropriations at 17%.

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Local funding consists primarily of property tax allocations. Here is an analysis of the College's mill levy for the past 10 years.

#### Mill Analysis

Year Taxes Levied	Abstract Assessed Valuation	Total Mills Assessed	Total Taxes Levied	% Taxes Increase/ Decrease
2011	\$485,847,279	20.242	\$ 9,834,521	7.72%
2012	497,204,462	21.196	10,538,746	7.16%
2013	498,479,163	21.130	10,532,865	-0.06%
2014	532,306,790	20.985	11,170,132	6.05%
2015	466,634,740	21.003	10,030,594	-10.20%
2016	455,924,303	20.996	9,570,596	-4.59%
2017	488,690,879	20.997	10,261,042	7.21%
2018	498,038,873	21.416	10,666,001	3.95%
2019	481,016,786	22.188	10,672,800	0.06%
2020	498,220,504	23.688	11,801,711	10.58%

The average increase over the 10 year period is 2.79%. Since 44% of the College's funding comes from local sources, the local tax levy has a significant impact on the College's finances.

State funding consists primarily of State operating grants. An analysis of the grants received for the past ten years under the new State funding formula are as follows:

#### State Operating Grant Analysis

Year	Grant Amount	% Increase/ Decrease	CPI % Changes	2003 Base w/ CPI \$ change
2011	\$ 2,559,826	-2.34%	3.60%	\$ 3,217,080
2012	2,530,535	-1.14%	1.80%	3,274,987
2013	2,669,553	5.49%	2.30%	3,350,312
2014	2,704,307	1.30%	1.40%	3,397,216
2015	2,650,220	-2.00%	-0.60%	3,376,833
2016	2,704,307	2.04%	1.10%	3,413,978
2017	2,596,135	-4.00%	0.40%	3,427,634
2018	2,596,135	0.00%	2.20%	3,503,042
2019	2,667,725	2.76%	1.30%	3,548,582
2020	2,767,767	3.75%	0.20%	3,555,679

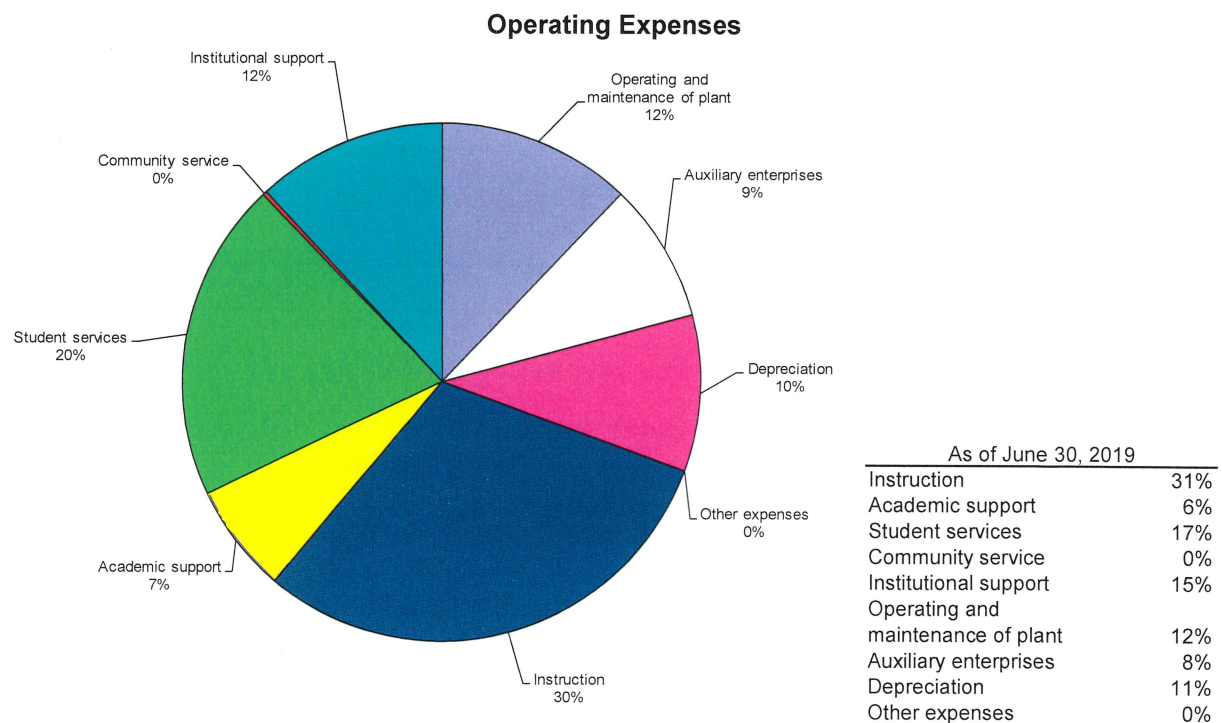
As shown, the State operating grant increased in the current year. The reason for this change is due to the State funding formula based on State budget appropriations.

Student tuition is determined by the number of credit hours and the tuition rate. The following is an analysis of credit hours and tuition rates over the past 10 years.

Credit Hour Analysis					Cost Per Credit Hour		
Year	In State	Out of State	Total	% Increase/ Decrease	Year	In State	Out of State
2011	40,077	5,104	45,181	0.06%	2011	\$ 45	\$ 65
2012	36,201	5,176	41,377	-8.42%	2012	45	65
2013	36,715	7,365	44,080	6.53%	2013	50	\$70 and \$65
2014	37,825	7,785	45,610	3.47%	2014	53	\$73 and \$68
2015	39,210	9,256	48,466	6.26%	2015	55	\$74 and \$69
2016	38,060	10,140	48,200	-0.55%	2016	57	\$76 and \$71
2017	37,392	11,301	48,693	1.02%	2017	57	\$76 and \$71
2018	43,442	9,875	53,317	9.50%	2018	61	\$80 and \$75
2019	38,093	8,180	46,273	-13.21%	2019	61	\$80 and \$75
2020	36,397	8,084	44,481	-3.87%	2020	61	\$80 and \$75

The number of credit hours fluctuates based on course offerings and resulting student enrollment.

The following is a graphic illustration of operating expenses.



As shown, the four largest areas of operating expenses are instruction at 30%, student services at 20%, and institutional support and operating and maintenance of plant at 12% each. Total operating expenses increased \$2,242,046, or 9.36% from 2019. This was primarily due to increases in instruction, academic and student services costs.

## Capital Asset and Debt Administration

### Capital Assets

Garden City Community College's investment in capital assets as of June 30, 2020, amounts to \$27,197,025 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in capital assets for the current fiscal year was approximately 5.65% over the 2019 total.

The following chart summarizes the changes in net capital assets by the various categories of assets.

#### Changes in Capital Assets

	Beginning Balance	Additions	Retirements	Ending Balance
Cost:				
Land	\$ 1,580,064	\$ -	\$ -	\$ 1,580,064
Construction in progress	83,371	601,556	253,788	431,139
Improvements other than buildings	11,549,380	114,556	-	11,663,936
Buildings	42,960,455	255,630	-	43,216,085
Equipment	9,251,074	213,823	-	9,464,897
Total cost	65,424,344	1,185,565	253,788	66,356,121
Less accumulated depreciation:				
Improvements other than buildings	5,097,675	616,620	-	5,714,295
Buildings	23,502,363	1,450,411	-	24,952,774
Equipment	7,999,215	492,812	-	8,492,027
Total accumulated depreciation	36,599,253	2,559,843	-	39,159,096
Property, plant and equipment, net	<u>\$ 28,825,091</u>	<u>\$(1,374,278)</u>	<u>\$ 253,788</u>	<u>\$ 27,197,025</u>

Major capital asset events during the current fiscal year included the following:

#### MAJOR CAPITAL ASSET EVENTS

Digital scoreboard	\$ 80,430
Tunnel cap light replacement	88,205
Roof replacements - Art Lab and JCVT	175,200

Additional information on Garden City Community College's capital assets can be found in Note 3, item C on page 21, and Note 3, item G on page 37 of this report.

### Long-term Debt

At the end of the current fiscal year, Garden City Community College had total debt outstanding of \$7,144,658, which was backed by the full faith and credit of the College.

The College's total debt decreased by \$1,468,625 (17.05%) during the current fiscal year. The key factor in this decrease was the payments on numerous lease obligations and only one new lease obligation entered into during the year.

State statutes limit the amount of general obligation debt the College may issue to 3% of its total assessed valuation. The current debt limitation for Garden City Community College is \$14,430,504. The College had no outstanding debt subject to the debt limit.

Additional information about the College's long-term debt can be found in Note 3, item I on pages 38 through 42; and Note 3, item J on pages 43 through 44 of this report.

## Budgetary Highlights

The legally adopted budget for the College was not amended by the Board of Trustees during fiscal year 2020. However, departments within the College are allowed to transfer budget authority between line items and between cost centers within a department. As a result of these budget transfers, the original budget and the final budget may not be the same in some cost centers.

The comparison of actual to published budget, as shown on pages 56 through 63 of this report, reflects that the College operated within its legal budget authority as required by the State of Kansas.

## Other Economic Factors

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified and recognized as a global pandemic by the World Health Organization. From March 23, 2020, to July 5, 2020, the College campus was closed, and students, faculty and staff were moved to remote operations. COVID-19 impacted the College's operations in fiscal year 2020 and may continue to affect the College's operations in fiscal year 2021 and potentially beyond. Given the high level of uncertainty of the extent and duration of the pandemic, management cannot reasonably estimate the impact to the College's future results of operations, cash flows or financial condition.

The economics in the State of Kansas and Garden City continue to be a challenge. A large portion of the College's resources come from state and local sources. The College continues to monitor the State of Kansas budget, specifically the impact of COVID-19 on State revenues, to consider the future impact of the State's funding on the College's budget. The State's budget impacts the amount of State operating grant received.

The College administration continues to monitor the local economy and employment trends, specifically the impact of COVID-19 on the unemployment rate, to consider the future impact on the College budget.

Valuation at the local level impacts local tax funds available. The College administration continues to monitor residential and commercial property values and economic activity in Finney County, specifically the impact of COVID-19 on assessed valuations and delinquent payment rates, to attempt to forecast the future funding impact on the College.

## Requests for Information

This financial report is designed to provide a general overview of Garden City Community College's finances for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Karla Armstrong  
Vice President of Administrative Services / Chief Financial Officer  
Garden City Community College  
801 Campus Drive  
Garden City, KS 67846  
[karla.armstrong@gcccks.edu](mailto:karla.armstrong@gcccks.edu)

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## BASIC FINANCIAL STATEMENTS

GARDEN CITY COMMUNITY COLLEGE  
Statement of Net Position  
June 30, 2020

	Community College	Endowment Association	Broncbuster Athletic Association
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 9,018,468	\$ -	\$ 110,602
Short-term investments	1,060,882	-	-
Receivables (net of allowance for uncollectibles):			
Taxes	423,313	-	-
Miscellaneous	<u>2,729,366</u>	<u>300,000</u>	<u>5,334</u>
Total current assets	<u>13,232,029</u>	<u>300,000</u>	<u>115,936</u>
Noncurrent assets:			
Restricted cash and cash equivalents	413,000	286,500	-
Endowment investments	-	6,039,779	-
Capital assets, net of accumulated depreciation:			
Land and construction in process	2,011,203	-	-
Other capital assets, net of accumulated depreciation	<u>25,185,822</u>	<u>67,412</u>	<u>-</u>
Total noncurrent assets	<u>27,610,025</u>	<u>6,393,691</u>	<u>-</u>
Total assets	<u>40,842,054</u>	<u>6,693,691</u>	<u>115,936</u>
Deferred outflows of resources:			
Deferred outflows of resources related to pensions	50,990	-	-
Deferred outflows of resources related to OPEB - healthcare	31,096	-	-
Deferred outflows of resources related to OPEB - KPERS death and disability	<u>1,801</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	<u>83,887</u>	<u>-</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>\$ 40,925,941</u>	<u>\$ 6,693,691</u>	<u>\$ 115,936</u>

(continued)

GARDEN CITY COMMUNITY COLLEGE  
Statement of Net Position  
June 30, 2020

	Community College	Endowment Association	Broncbuster Athletic Association
(continued)			
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 831,388	\$ 300,063	\$ 1,025
Accrued interest	27,456	-	-
Deposits held in custody for others	427,195	-	-
Unearned revenue - dues / fees	23,400	-	5,428
Long-term liabilities, current portion	1,140,050	-	-
	<u>2,449,489</u>	<u>300,063</u>	<u>6,453</u>
Total current liabilities	2,449,489	300,063	6,453
Noncurrent liabilities:			
Long-term liabilities	7,021,501	-	-
	<u>9,470,990</u>	<u>300,063</u>	<u>6,453</u>
Total liabilities	9,470,990	300,063	6,453
Deferred inflows of resources:			
Deferred inflows of resources related to pensions	79,135	-	-
Deferred inflows of resources related to OPEB - healthcare	159,432	-	-
Deferred inflows of resources related to OPEB - KPERS death and disability	43,426	-	-
Deferred revenue - current property taxes	4,173,235	-	-
	<u>4,455,228</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	4,455,228	-	-
Net position:			
Investment in capital assets, net of related debt	20,052,367	-	-
Restricted, expendable for:			
Scholarships	-	230,071	-
Loans	-	12,844	-
Capital projects, net of related debt	-	80,029	-
Other	719,711	239,492	-
Unrestricted	6,227,645	5,831,192	109,483
	<u>26,999,723</u>	<u>6,393,628</u>	<u>109,483</u>
Total net position	26,999,723	6,393,628	109,483
Total liabilities, deferred inflows of resources and net position	<u>\$ 40,925,941</u>	<u>\$ 6,693,691</u>	<u>\$ 115,936</u>

The accompanying Notes to Financial Statements are an integral part of this statement.



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GARDEN CITY COMMUNITY COLLEGE  
Statement of Revenues, Expenses and Changes in Net Position  
For the Year Ended June 30, 2020

	Community College	Endowment Association	Broncbuster Athletic Association
REVENUES			
Operating revenues:			
Student tuition and fees (net of scholarship allowances of \$1,626,614)	\$ 2,906,041	\$ -	\$ -
Federal grants and contracts	2,145,434	-	-
State and local grants and contracts	191,539	-	-
Nongovernmental grants and contracts	322,116	707,572	26,042
Auxiliary enterprises (net of scholarship allowances of \$1,638,776)	904,083	-	-
Other operating revenues	183,406	8,269	83,316
Total operating revenues	6,652,619	715,841	109,358
EXPENSES			
Operating expenses:			
Instruction	7,974,570	-	-
Academic support	1,796,117	-	-
Student services	5,226,824	-	-
Community service	73,673	-	62,858
Operating and maintenance of plant	3,181,315	-	1,981
Institutional support	3,087,919	290,249	-
Auxiliary enterprises	2,291,007	-	-
Depreciation	2,559,843	834	-
Other expenses	1,325	-	-
Total operating expenses	26,192,593	291,083	64,839
Operating income (loss)	(19,539,974)	424,758	44,519
NONOPERATING REVENUES (EXPENSES)			
Property taxes	11,420,258	-	-
State appropriations	4,494,348	-	-
Pell and SEOG grants	3,157,243	-	-
Investment income	149,046	213,763	-
Payments to GCCC	-	(458,639)	(9,493)
Interest on capital asset related debt	(230,689)	-	-
Net nonoperating revenues (expenses)	18,990,206	(244,876)	(9,493)
Increase (decrease) in net position	(549,768)	179,882	35,026
NET POSITION			
Net position, beginning of year	27,549,491	6,213,746	74,457
Net position, end of year	\$ 26,999,723	\$ 6,393,628	\$ 109,483

The accompanying Notes to Financial Statements are an integral part of this statement.

GARDEN CITY COMMUNITY COLLEGE  
Statement of Cash Flows  
For the Year Ended June 30, 2020

	Community College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 2,108,607
Federal grants and contracts	2,145,434
State and local grants and contracts	191,539
Nongovernmental grants and contracts	322,116
Payment to suppliers	(10,264,410)
Payment to employees	(11,554,989)
Auxiliary enterprise charges	904,083
Other	183,406
Net cash used by operating activities	<u>(15,964,214)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	11,278,040
State appropriations	2,900,026
Pell and SEOG grants	<u>3,157,243</u>
Net cash provided by noncapital financing activities	<u>17,335,309</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital debt and leases	117,198
Purchases of capital assets	(931,777)
Principal paid on capital debt and leases	(1,585,823)
Interest paid on capital debt and leases	<u>(234,341)</u>
Net cash used by capital and related financing activities	<u>(2,634,743)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	7,503,034
Interest on investments	149,046
Purchase of investments	<u>(1,060,883)</u>
Net cash provided by investing activities	<u>6,591,197</u>
Net increase in cash	5,327,549
Cash, beginning of year	<u>4,103,919</u>
Cash, end of year	<u><u>\$ 9,431,468</u></u>
Statement of net position classification:	
Current assets	\$ 9,018,468
Restricted assets	<u>413,000</u>
Total cash, end of year	<u><u>\$ 9,431,468</u></u>

(continued)

GARDEN CITY COMMUNITY COLLEGE  
Statement of Cash Flows  
For the Year Ended June 30, 2020

	<u>Community College</u>
(continued)	
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (19,539,974)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	2,559,843
KPERS pension expense	1,594,322
Changes in net assets:	
Miscellaneous receivables	(687,259)
Deferred outflows related to pensions	17,854
Deferred outflows related to OPEB - healthcare	5,244
Deferred outflows related to OPEB - KPERS death and disability	(1,801)
Accounts payable and accrued liabilities	97,771
Deposits held in custody for others	(107,575)
Unearned revenues	(2,600)
Deferred inflows related to pensions	(2,854)
Deferred inflows related to OPEB - healthcare	368
Deferred inflows related to OPEB - KPERS death and disability	43,426
Accrued compensated absences	48,133
Net pension liability	(39,922)
Net OPEB liability - healthcare	(91,779)
Net OPEB liability - KPERS death and disability	142,589
Net cash used by operating activities	<u>\$ (15,964,214)</u>
Schedule of non-cash operating activities:	
Contribution of State aid for KPERS pension expense	\$ 1,594,322

The accompanying Notes to Financial Statements are an integral part of this statement.

GARDEN CITY COMMUNITY COLLEGE  
Statement of Fiduciary Net Position  
Fiduciary Funds  
June 30, 2020

	<u>Agency Accounts</u>
<u>ASSETS</u>	
Cash and investments	<u>\$ 427,195</u>
Total assets	<u><u>\$ 427,195</u></u>
<u>LIABILITIES</u>	
Due to agency funds	<u>\$ 427,195</u>
Total liabilities	<u><u>\$ 427,195</u></u>

The accompanying Notes to Financial Statements are an integral part of this statement.

## NOTES TO FINANCIAL STATEMENTS

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

1. Summary of significant accounting policies

The Garden City Community College, Garden City, Kansas, was incorporated under the provisions of the State of Kansas.

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the College's accounting policies are described below.

A. Description of government-wide financial statement

The government-wide financial statement (i.e., the statement of net position) reports information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The College has no *governmental activities*.

B. Financial reporting entity

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

The following organizations, functions or activities are discretely presented component units of the College and are included in the component units' columns in the College's basic financial statements. They are reported in a separate column to emphasize that they are not-for-profit entities legally separate from the College. Each discretely presented component unit has a June 30<sup>th</sup> year end.

The Garden City Community College Endowment Association is a not-for-profit corporation organized to raise funds to support educational undertakings at Garden City Community College, and to receive and hold in trust any property transferred to the Association for the benefit of the College, or any student or employee of the College, managing all property received according to the uses specified by the donors or, in case the gift is a general one, to such uses as may be agreed upon by the Board of Directors. Scholarships totaling \$458,639 were provided to the College during the year.

The Broncbuster Athletic Association is a not-for-profit organization created to promote activities and events to raise funds to provide scholarships, education, equipment and opportunities for student athletes at Garden City Community College. Scholarships totaling \$9,493 were provided to the College during the year.

The individual component units did not issue separate financial reports. Other financial information for the individual component units can be obtained from their respective administrative offices.

Garden City Community College  
Endowment Association  
801 Campus Drive  
Garden City, Kansas 67846

Broncbuster Athletic Association  
801 Campus Drive  
Garden City, Kansas 67846

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

1. Summary of significant accounting policies (continued)

C. Basis of presentation – government-wide financial statements

For financial statement reporting purposes, the College is considered a special-purpose government engaged only in a business-type activity. A separate financial statement is provided for fiduciary funds, even though they are excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units. While neither the Endowment Association nor the Broncbuster Athletic Association is considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements.

D. Basis of presentation – fund financial statements

The College reports all operating activity under one major enterprise fund.

Additionally, the College reports the following fund type:

Fiduciary funds are used to report activities whereby the College acts as a trustee or fiduciary to hold resources for the benefit of parties outside the College. The accrual basis of accounting is used for fiduciary funds and is similar to the accounting for business-type activities. The basic financial statements exclude fiduciary fund activities and balances, because these assets are restricted in purpose and cannot be used by the College to finance its operations. The College must ensure that assets reported in fiduciary funds are used for their intended purpose. The College's fiduciary funds are classified as agency funds.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The agency fund has no measurement focus but utilizes the accrual basis of accounting for reporting its assets and liabilities.

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.



GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

1. Summary of significant accounting policies (continued)

F. Budgetary information

Although the College's financial statements consist of only one enterprise-type activity, budgets are adopted for the departments classified as Current Unrestricted Funds (including Auxiliary Enterprises), Adult Basic Education Fund, Postsecondary Technical Education Fund, Unexpended Plant Funds – Capital Outlay, and Revenue Bonds Fund. All budgets are prepared using the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The Schedules of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash – Actual and Budget; Schedules 1, 1-A, 2, 3, 4 and 5 in the SUPPLEMENTARY INFORMATION section; present the comparisons by funds of the legally adopted budget with actual data on the budgetary basis.

Although directory rather than mandatory, Kansas 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 calendar year on or before August 1st.
2. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.
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 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 budget amendments to the adopted annual operating budget for fiscal year 2020.

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

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

Excess of expenditures over appropriations

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. Management is not aware of any statutory violations.

Budgetary compliance – non-GAAP financial statements

By statute, the College prepares its annual budget on a non-GAAP basis of accounting as described above. A reconciliation of these budgetary basis statements to the GAAP statements is presented in the Notes to Supplementary Information.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

1. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources and net position

Cash and cash equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits and investments

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the Vice President of Administrative Services/Chief Financial Officer. Cash includes amounts in demand deposits. Investments of the pooled accounts consist of certificates of deposit and money market investments backed by U.S. government securities. Interest income earned is allocated among funds based on average monthly cash balances and in accordance with the adopted budget.

State statutes authorize the College to invest idle funds in U.S. government securities, temporary notes, no-fund warrants, repurchase agreements and the Kansas Municipal Investment Pool. The Kansas Municipal Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the investment in the Kansas Municipal Investment Pool is the same as the fair value of its pool shares. Other investments of the College and its component units are stated at fair value, which equals cost. The aggregate value of the investments at June 30, 2020, is \$60,736.

Allowance for uncollectible accounts

All trade receivables are considered to be fully collectible; accordingly, no allowance for uncollectible accounts is required. If amounts become uncollectible, an allowance will be established.

Inventories and prepaid items

The College deems inventory as immaterial to the financial statements. No capitalization or amortization has been recorded in the financial statements of the primary government.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expense when consumed rather than when purchased.

Restricted assets

Certain resources set aside for the repayment of the College's revenue bonds are classified as restricted assets on the statement of net position because their use is limited by applicable bond covenants.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

1. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources and net position (continued)

Capital assets

Capital assets include property, plant and equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value or the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. Property, plant and equipment of the College are depreciated using the straight-line method over the following useful lives:

Buildings	20 to 40 years
Improvements other than buildings	20 years
Equipment	5 to 22 years
Computer technology	3 years

The College's library collection adheres to the College's policy to (a) maintain the library collection for education or research; (b) protect, keep unencumbered, care for, and preserve the library collection; and (c) require proceeds from the sale of the library collection to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at time of purchase rather than capitalized.

Pensions

The Garden City Community College participates in a cost-sharing multiple-employer pension plan administered by the Kansas Public Employees Retirement System (KPERS). 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' 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 reports amounts related to pensions and other postemployment benefits (OPEB) on the statement of net position as a deferred outflow of resources.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

1. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources and net position (continued)

Deferred outflows/inflows of resources (continued)

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 two items that qualify for reporting in this category. (1) The College reports amounts related to pensions and OPEB on the statement of net position as a deferred inflow of resources. (2) Under a modified accrual basis of accounting, the College reports unearned revenues from property taxes as deferred and recognized as an inflow of resources in the period that the amounts become available and earned.

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 proprietary fund 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.

Net position

Net position of the College is classified in four components. *Net position invested in capital assets net of related debt* consists of property and equipment net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted expendable net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the College. *Restricted nonexpendable net position* equals the principal portion of permanent endowments. *Unrestricted net position* is remaining net position that does not meet the definition of *invested in capital assets net of related debt* or *restricted in expendable or nonexpendable net position*.

H. Revenues and expenses

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the College are sales and services of educational departments and auxiliary enterprises. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tuition and fee revenues collected during the fiscal year which relate to the period after June 30, 2020, have been deferred.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

1. Summary of significant accounting policies (continued)

H. Revenues and expenses (continued)

Property taxes

Property taxes are levied each calendar year on all taxable real property located in the taxing district. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board of Trustees, property tax levies approved in August 2019, were allocated thirty-nine percent to fiscal year 2021.

The College's property taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1<sup>st</sup> of each year. The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20<sup>th</sup> and distributed to the College by January 20<sup>th</sup> to finance a portion of the current year's budget. The second half is due May 10<sup>th</sup> and distributed to the College by June 5<sup>th</sup>. This distribution to the College is for its next budget year and is reflected as deferred revenues. The College draws available funds from the County Treasurer's office at designated times throughout the year.

The College has a concentration of credit risk in the form of taxes receivable from the County Treasurer for property taxes collected in Finney County, Kansas.

Grants and contributions

The College receives grants from federal agencies and the State of Kansas, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

Compensated absences

The College's policy regarding sick leave pay permits employees to accumulate leave days at a maximum rate of 12 days per year up to 90 days. Leave may be used for sick leave and personal leave. Retiring faculty, in good standing, with at least 50 days of accumulated sick leave, shall be paid for 10 days of accumulated sick leave at \$100 per day.

The College's policy regarding vacation leave permits employees to accumulate vacation leave to a maximum of up to 20 days. Personnel leaving the employment of the College will be paid for unused vacation days at the daily rate of the employee's last contract. The estimated dollar amount of accumulated vacation leave pay at June 30, 2020, totals \$320,195. The current portion of accrued vacation leave, which would be liquidated with expendable available resources, is not material.

I. 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 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.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

1. Summary of significant accounting policies (continued)

J. New pronouncements

The GASB has issued the following statements which will have an impact on the College's future financial reporting, although they are not yet required to be implemented by the College:

- GASB Statement No. 84, *Fiduciary Activities*, issued January 2017, will be effective for the College beginning with its year ending June 30, 2021. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.
- GASB Statement No. 87, *Leases*, issued June 2017, will be effective for the College beginning with its year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.
- GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*, issued April 2018, will be effective for the College beginning with its year ending June 30, 2021. The objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, issued June 2018, will be effective for the College beginning with its year ending June 30, 2022. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.
- GASB Statement No. 90, *Majority Equity Interests*, issued August 2018, will be effective for the College beginning with its year ending June 30, 2021. The primary objectives of this Statement are to improve the consistency and comparability of reporting government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units.
- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019, will be effective for the College beginning with its year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures.
- GASB Statement No. 92, *Omnibus 2020*, issued January 2020, will be effective for the College beginning with its year ending June 30, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
- GASB Statement No. 93, *Replacement of interbank offered rates*, issued March 2020, will be effective for the College beginning with its year ending June 30, 2022. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

1. Summary of significant accounting policies (continued)

J. New pronouncements (continued)

- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020, will be effective for the College beginning with its year ending June 30, 2023. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020, will be effective for the College beginning with its year ending June 30, 2023. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).

The College's management has not yet determined the effect these Statements will have on the College's financial statements.

2. Stewardship, compliance and accountability

A. Compliance with Kansas statutes

References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Kansas Department of Administration's Chief Financial Officer and interpretation by the County Attorney and the legal representative of the College. There were no material violations noted for the year ended June 30, 2020.

3. Detailed notes on all activities and funds

A. Cash and investments

A reconciliation of cash and investments as shown on the government-wide statement of net position for the primary government follows:

Cash and cash equivalents	\$ 9,018,468
Short-term investments	1,060,882
Restricted assets:	
Cash and cash equivalents	<u>413,000</u>
 Total cash and investments	 <u><u>\$ 10,492,350</u></u>
 Carrying amount of deposits	 \$ 10,427,621
Carrying amount of investments	60,736
Cash on hand	<u>3,993</u>
 Total cash and investments	 <u><u>\$ 10,492,350</u></u>

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

A. Cash and investments (continued)

Cash deposits with financial institutions

Custodial credit risk – deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka and held by a third party bank that is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the College, the pledging bank and the independent third-party bank holding the pledged securities. All deposits were secured at June 30, 2020.

At June 30, 2020, the College's carrying amount of deposits was \$10,427,621 and the bank balance was \$10,444,621. Of the bank balance, 99.99% was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$750,146 was covered by federal depository insurance and \$9,694,475 was collateralized with securities held by the pledging financial institutions' agents in the College's name. The College's cash deposits by financial institution at year end are as follows:

	Commerce Bank	Landmark National Bank	First National Bank	Western State Bank
Bank balance covered by:				
FDIC coverage	\$ 250,000	\$ 250,000	\$ 146	\$ 250,000
Pledged securities at market value	568,271	8,376,204	-	750,000
Total bank balance	<u>\$ 818,271</u>	<u>\$ 8,626,204</u>	<u>\$ 146</u>	<u>\$ 1,000,000</u>

Investments

Credit and interest rate risks

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

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

A. Cash and investments (continued)

Investments (continued)

Credit and interest rate risks (continued)

K.S.A. 12-1675 limits the College's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. All investments must be insured, registered, or held by the College or its agent in the College's name. The College has no investment policy that would further limit its investment choices. The rating of the Government's investments is noted below.

As of June 30, 2020, the College had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities (in Years)</u>	<u>Rating</u>
		<u>Less Than 1</u>	
Municipal Investment Pool	\$ 60,736	\$ 60,736	S&P AAAs/S1+
Total fair value	\$ 60,736	\$ 60,736	

Concentration of credit risk

State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The College's allocation of investments as of June 30, 2020, is as follows:

<u>Investment Type</u>	<u>Percentage of Investments</u>
Municipal Investment Pool	100.00%

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College has no custodial credit risk exposure for its investments.

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

B. Receivables

Receivables as of year-end for the College, including the applicable allowances for uncollectible accounts, are as follows:

Taxes	\$ 423,313
Miscellaneous	<u>2,729,366</u>
Gross receivables	3,152,679
Less allowance for uncollectibles	<u>-</u>
Total net receivables	<u><u>\$ 3,152,679</u></u>

Revenues of the enterprise funds are reduced by uncollectible amounts when written off.

Proprietary funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unearned revenue attributable to receivables reported in the proprietary funds were as follows:

Current property taxes receivable:	
General	\$ 403,529
Plant Funds - Unexpended	<u>19,784</u>
Total	<u><u>\$ 423,313</u></u>

C. Capital assets

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

	Beginning Balance	Additions	Retirements	Ending Balance
Cost:				
Land	\$ 1,580,064	\$ -	\$ -	\$ 1,580,064
Construction in progress	83,371	601,556	253,788	431,139
Improvements other than buildings	11,549,380	114,556	-	11,663,936
Buildings	42,960,455	255,630	-	43,216,085
Equipment	9,251,074	213,823	-	9,464,897
Total cost	<u>65,424,344</u>	<u>1,185,565</u>	<u>253,788</u>	<u>66,356,121</u>
Less accumulated depreciation:				
Improvements other than buildings	5,097,675	616,620	-	5,714,295
Buildings	23,502,363	1,450,411	-	24,952,774
Equipment	7,999,215	492,812	-	8,492,027
Total accumulated depreciation	<u>36,599,253</u>	<u>2,559,843</u>	<u>-</u>	<u>39,159,096</u>
Property, plant and equipment, net	<u><u>\$ 28,825,091</u></u>	<u><u>\$ (1,374,278)</u></u>	<u><u>\$ 253,788</u></u>	<u><u>\$ 27,197,025</u></u>

Depreciation expense for the year ended June 30, 2020, was \$2,559,843.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System

General information about the pension plan

*Plan description*

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

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

Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional but irrevocable once elected.

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

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at [www.kpers.org](http://www.kpers.org).

*Benefits provided*

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

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

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

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

General information about the pension plan (continued)

*Benefits provided (continued)*

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.

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

*Contributions*

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2019.

The actuarially determined employer contribution rate and the statutory contribution rate for College employees are 13.23% and 13.21%, respectively. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2019, are 6.00% for state/school employees.

*Special funding situation*

The employer contributions for non-retired employees of community colleges, as defined in K.S.A. 74-4931 (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers 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 KPERS System. Since these employers do not contribute directly to KPERS for active employees, there is no net pension liability or deferred inflows or outflows to report in their financial statements associated with the non-retired employees. The College recognizes pension expense associated with the College as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the College.

The community colleges make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies "working after retirement" contributions and resulting net pension liability are attributable to the employer. These amounts are reflected separately in the schedules.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

General information about the 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 Firemen
- Judges

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

The allocation percentages for the College's share of the collective pension amounts as of June 30, 2019 and 2018, were based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2019 and 2018, respectively. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2019, the College's proportion was 0.250%, which was a decrease of 0.024% from its proportion measured at June 30, 2018.

The contributions used for determining allocation percentages for the state/school group exclude the \$82 million transfer made in July 2018 and the \$115 million transfer made in March 2019, both from the state general fund to KPERS for the school group. In addition, of the \$194 million receivable set up per Senate Sub for HB 2002 for Fiscal Year 2019 school contributions, \$16,543,202 has been classified as an on-behalf contribution.

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

*Net pension liability*

At June 30, 2020, the College reported a liability of for its proportionate share of the net pension liability that reflected a reduction for 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	\$ 45,209
State's proportionate share of the net pension liability associated with the College	<u>13,931,401</u>
Total	<u><u>\$ 13,976,610</u></u>

*Actuarial assumptions*

The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019. The actuarial valuation used the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial cost method	Entry age normal
Price inflation	2.75%
Salary increase	3.50% to 12.00%, including price inflation
Investment rate of return	7.75% compounded annually, net of investment expense, including price inflation

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

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013, through December 31, 2015. The experience study is dated November 18, 2016.

The actuarial assumption changes adopted by the pension plan for all groups based on the experience study:

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

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

*Actuarial assumptions (continued)*

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

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
Global equity	47.00%	6.85%
Fixed income	13.00%	1.25%
Yield driven	8.00%	6.55%
Real return	11.00%	1.71%
Real estate	11.00%	5.05%
Alternatives	8.00%	9.85%
Short-term investments	2.00%	-0.25%
Total	100.00%	

*Discount rate*

The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below. In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for fiscal year 2019 was 1.20%.

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

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

*Discount rate (continued)*

In addition, 2017 S Sub. For Sub. HB 2052 delayed \$64.1 million in fiscal year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 was paid in full at the beginning of fiscal year 2019, and appropriations for fiscal year 2019 were made at the statutory contribution rate of 12.01% for the State/School group. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21% in the State/School contributions for fiscal year 2019. Like the fiscal year 2017 reduction, it is to be paid back over a 20 year period, beginning in fiscal year 2020. Therefore, both reductions will be accounted for as long term receivables by the pension plan. The 2019 Legislature passed House Sub for Sen Bill 109 that provided additional funds for the school group of \$56 million and \$82 million be made to the System. The \$56 million payment was received by the System on June 30, 2018, and recorded as fiscal year 2018 contributions. The \$82 million was received July 1, 2019, and was recorded as fiscal year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer of \$115 million to KPERS received in March 2019.

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

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

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

<u>1% Decrease (6.75%)</u>	<u>Discount rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
\$ 61,880	\$ 45,209	\$ 31,219

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

*Deferred outflows of resources and deferred inflows of resources*

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions as shown in the following tables. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five year period.

	College's Proportionate Share of Deferred Outflows of Resources	College's Proportionate Share of Deferred Inflows of Resources
Differences between expected and actual experience	\$ 393	\$ 1,169
Net differences between projected and actual earnings on Pension Plan investments	752	-
Changes of assumptions	1,214	17
Changes in proportion	38,303	77,949
Contributions subsequent to measurement date	10,328	-
Total	<u>\$ 50,990</u>	<u>\$ 79,135</u>

The net deferred outflows of resources and (deferred inflows) of resources as of June 30, 2019, that will be recognized in pension expense in future years are as follows:

Fiscal Year	Deferred Outflows (Inflows) of Resources
2020	\$ (16,070)
2021	(9,758)
2022	(3,965)
2023	(7,922)
2024	(757)
Thereafter	-

*Pension expense*

For the year ended June 30, 2020, the College recognized pension expense of \$1,579,728, 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.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

E. Other postemployment benefit plan - healthcare

General information about the OPEB plan

*Plan description*

Kansas statute provides that postemployment healthcare benefits be extended to retired employees who have met the age and/or service eligibility requirements. The other postemployment benefit (OPEB) for health insurance generally provides the same coverage for retirees and their dependents as for active employees and their dependents. The health insurance benefit plan is a single employer defined benefit plan administered by the College.

*Benefits provided*

The benefit is available for selection at retirement and is extended to retirees and their dependents until the age of 65. Grandfathered retirees may continue coverage until death. The accounting for the health insurance for retirees is included in the College's general operating fund, with the subsidy provided from the general operating fund.

*Funding policy*

The College provides for medical, dental and prescription drug insurance coverage through its group insurance program to qualifying retirees and their dependents to retiree Medicare eligibility age. Two medical plans (major medical and a high deductible plan) and one dental plan are available. Eligible retirees receive a direct contribution from the College for the premium cost equal to the sum of the high deductible plan and dental single premium rates, capped at \$400 per month. Spouses of retirees do not receive a direct contribution from the College and must contribute group rates to maintain coverage. Coverage is provided through fully insured arrangements that operate as a single employer defined benefit plan.

*Covered employees*

The College has the following employees covered by the Plan as of June 30, 2020:

Inactive employees or beneficiaries currently receiving benefits	11
Active employees	189
	<u>200</u>

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB - healthcare

*Net OPEB liability - healthcare*

The College's total OPEB liability – healthcare of \$508,900 was measured as of June 30, 2020, and was determined by an actuarial valuation as of that date.

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

E. Other postemployment benefit plan - healthcare (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – healthcare (continued)

*Actuarial assumptions and other inputs*

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

Discount rate	2.60% (measurement date)
	3.00% (year preceding measurement date)
Medical/Rx trend rate	Actual for the first two years, decreasing 0.25% per year to an ultimate rate of 4.50% for 2026 and later years.
Dental costs	Actual for the first two years, 3.50% per year thereafter.
Age-based costs	Industry age-based cost relativities were applied to expected per member costs.
Participation in coverage for future retirees	One hundred percent (100%) of future employees are assumed to elect coverage upon retirement.
Enrollment Duration	Coverage with the College is assumed to continue until the retiree reaches Medicare eligibility. When the spouse is > age 65 and the retiree is < age 65, the plan is assumed to be primary for both retiree and spouse
Retirement age	Assumed retirement rates are based on those utilized for the KPERS-School pension valuations.
Disability	None
Withdrawal	Assumed rates are based on those utilized for the KPERS-School pension valuations.
Spousal Participation	Ten percent (10%) of future eligible retirees are assumed to have a covered spouse for Medical. Twenty percent (20%) is assumed for Dental. This is based on an analysis of covered spouse experience of retirees. Actual spousal elections were valued for spouses of current retirees.
Spouse age difference	Male employees are assumed to be 3 years older than their female spouse for future retirees. Actual spousal age was valued for spouses of current retirees.
Medical Plan	Future plan elections are assumed to remain unchanged relative to current elections. Actives currently waiving coverage were valued based upon the plan distribution of the total covered group. However, no benefit is assumed for an employee currently waiving coverage that can't meet the group health plan participation minimum prior to reaching age 65.
Dental benefits	All future new retirees are assumed to elect Dental. Actual Dental elections were valued for current retirees.
Medicare Eligibility Age	Age 65
Timing of Claim Payments	Mid-Year

The discount rate was based on the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes.

Healthy life mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2020 Full Generational Improvement.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

E. Other postemployment benefit plan - healthcare (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – healthcare (continued)

*Changes to the net OPEB liability - healthcare*

Net OPEB liability - healthcare - beginning of year	\$ 600,679
Service cost	27,586
Interest cost	17,138
Differences between actual and expected experience	-
Changes in assumptions and inputs	(22,503)
Employer contributions (benefit payments)	(114,000)
Net changes	(91,779)
Net OPEB liability - healthcare - end of year	\$ 508,900

Changes of assumptions and other inputs reflect a change in the discount rate from the beginning to end of year, less one year of amortization.

*Sensitivity of the total OPEB liability to changes in the discount rate*

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current discount rate:

	1% Decrease (1.60%)	Discount Rate (2.60%)	1% Increase (3.60%)
Total OPEB Liability - healthcare	\$ 542,546	\$ 508,900	\$ 477,740

*Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates*

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability - healthcare	\$ 469,400	\$ 508,900	\$ 555,035

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

E. Other postemployment benefit plan - healthcare (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – healthcare (continued)

*Deferred outflows of resources and deferred inflows of resources*

At June 30, 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB - healthcare from the following sources:

Category	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual	\$ -	\$ 138,975
Changes in assumptions	31,096	20,457
Total	<u>\$ 31,096</u>	<u>\$ 159,432</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB – healthcare will be recognized in OPEB expense as follows:

	Amount
2021	\$ 16,891
2022	16,891
2023	16,891
2024	16,891
2025	16,891
2026 & thereafter	43,881
	<u>\$ 128,336</u>

*OPEB expense – healthcare*

For the year ended June 30, 2020, the College recognized OPEB expense for healthcare of \$27,833.

F. Other postemployment benefit plan - KPERS death and disability

General information about the OPEB plan

*Plan description*

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

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

F. Other postemployment benefit plan - KPERS death and disability (continued)

General information about the OPEB plan (continued)

*Contributions*

Employer contributions are established and may be amended by state statute. Members are not required to contribute. There were no employer contributions paid for benefits during the fiscal year ending June 30, 2020.

*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%) 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.

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.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

F. Other postemployment benefit plan - KPERS death and disability (continued)

General information about the OPEB plan (continued)

*Covered employees*

The College has the following employees covered by the Plan as of June 30, 2019:

Inactive employees or beneficiaries currently receiving benefits	1
Active employees	214
	215

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – KPERS death and disability

*Net OPEB liability – KPERS death and disability*

At June 30, 2019, the total net OPEB liability recognized by the State of Kansas that was attributable to the College was \$142,589.

*Actuarial assumptions*

The total OPEB liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019 (the measurement date), using the following actuarial assumptions:

Price inflation	2.75 percent
Payroll growth	3.00 percent
Wage inflation	3.50 percent, average, including inflation
Discount rate (based on the Bond Buyer General Obligation 20-Bond Municipal Index)	3.50 percent

Mortality rates used for the death benefits were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using Scale AA. Mortality rates used for the disability benefits were based on the RP-2000 Disabled Life Table with generational mortality improvement using Scale AA.

The actuarial assumptions used in the December 31, 2018, valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2015. Changes in assumptions and benefits are described in the notes to the required supplemental information. There were no changes between the measurement date of December 31, 2018, rolled forward to June 30, 2019, and the College's reporting date of June 30, 2020.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

F. Other postemployment benefit plan - KPERS death and disability (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – KPERS death and disability (continued)

*Changes to the net OPEB liability – KPERS death and disability*

Net OPEB liability - KPERS death and disability - beginning of year	\$ 154,687
Service cost	22,471
Interest cost	6,462
Effect of economic/demographic gains or losses	(22,459)
Effect of assumptions changes or inputs	2,007
Benefit payments	(20,579)
Net changes	(12,098)
Net OPEB liability - KPERS death and disability - end of year	\$ 142,589

*Sensitivity of the total OPEB liability to changes in the discount rate*

The following presents the total OPEB liability of the College as of June 30, 2020, calculated using the discount rate of 3.50%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50%) or 1 percentage point higher (4.50%) than the current rate.

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB Liability - KPERS death and disability	\$ 147,623	\$ 142,589	\$ 137,051

*Sensitivity of the total OPEB liability to changes in the current trend rate*

The following presents the total OPEB liability of the College as of June 30, 2020, calculated using the current healthcare cost trend rates as well as what the College's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability - KPERS death and disability	\$ 142,589	\$ 142,589	\$ 142,589



GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

F. Other postemployment benefit plan - KPERS death and disability (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – KPERS death and disability (continued)

*Deferred outflows of resources and deferred inflows of resources*

At June 30, 2020, the deferred inflows and outflows of resources are as follows:

Category	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 39,480
Changes in assumptions	1,801	3,946
Total	<u>\$ 1,801</u>	<u>\$ 43,426</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB – KPERS death and disability will be recognized in OPEB expense as follows:

	Amount
2020	\$ (5,183)
2021	(5,183)
2022	(5,183)
2023	(5,183)
2024	(5,183)
2025 & thereafter	<u>(1,571)</u>
	<u>\$ (27,486)</u>

*OPEB revenue and expense – KPERS death and disability*

For the year ended June 30, 2020, the College recognized revenue and OPEB expense for KPERS death and disability in an equal amount of \$23,750.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

G. Construction and other significant commitments

Construction commitments

Capital projects in process at June 30, 2020, are as follows:

Project	Authorization	Expended	Committed
Training room renovation - DPAC	\$ 274,140	\$ 205,298	\$ 68,842
Maintenance building remodel	224,102	216,799	7,303
Tunnel project	9,041	9,041	-

Operating leases

During the year ended June 30, 2005, the College entered into an agreement to purchase an additional facility to be used for another Adult Learning Center. The agreement contains a lease for the facility site for a period of five years, renewable on a year to year basis thereafter. As consideration for the purchase, the College has been granted the leasehold interest without obligation for payment of any basic cash rent for the facility site during the original, or any renewal term, of the agreement.

H. 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. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

I. Lease obligations

Capital leases

The College has entered into various capital lease agreements outstanding at June 30, 2020, as follows:

1. Country Club Bank

The College entered into a lease purchase agreement for equipment and a building with Country Club Bank dated July 5, 2012, under a refinancing arrangement involving the issuance of lease purchase agreement certificates of participation in the amount of \$3,610,000. Proceeds from the lease purchase agreement were used to terminate the 2004 lease purchase agreements with UMB National Bank of America and Security Bank of Kansas City, for a net savings of \$289,357 in total minimum lease commitments.

The lease purchase agreement commenced July 5, 2012, and expired May 1, 2020. The lease could have been terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College paid base rental payments to Country Club Bank. Such payments were required to be budgeted by the College and were subject to any such limitations. The College was responsible for maintaining and operating the equipment. The lease agreement also required certain insurance requirements which the College has met.

2. First Security Finance, Inc.

The College entered into a lease purchase agreement for equipment and improvements with First Security Finance, Inc. dated June 20, 2013.

The lease purchase agreement commenced June 20, 2013, and expires June 1, 2023. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to First Security Finance, Inc. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the equipment. The lease agreement also requires certain insurance requirements which the College has met.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

I. Lease obligations (continued)

Capital leases (continued)

3. Clayton Holdings, LLC

The College entered into a lease purchase agreement for student housing with Clayton Holdings, LLC dated April 28, 2016.

The lease purchase agreement commenced April 28, 2016, and expires October 1, 2026. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the facilities granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Clayton Holdings, LLC. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the housing. The lease agreement also requires certain insurance requirements which the College has met.

4. Clayton Holdings, LLC

The College entered into a lease purchase agreement for student housing and parking lot with Clayton Holdings, LLC dated April 26, 2017.

The lease purchase agreement commenced April 26, 2017, and expires November 1, 2026. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the facilities granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Clayton Holdings, LLC. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the housing. The lease agreement also requires certain insurance requirements which the College has met.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

I. Lease obligations (continued)

Capital leases (continued)

5. Government Capital Corporation

The College entered into a lease purchase agreement for a digital scoreboard with Government Capital Corporation dated January 14, 2020.

The lease purchase agreement commenced January 14, 2020, and expires April 23, 2025. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Government Capital Corporation. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the housing. The lease agreement also requires certain insurance requirements which the College has met.

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

I. Lease obligations (continued)

Capital leases (continued)

The total amount of the assets and construction in progress included on the College's fixed asset records under these lease agreements are as follows for the fiscal year ended June 30, 2020:

Cost:	
Improvements other than buildings	\$ 4,604,751
Buildings	6,786,217
Equipment	<u>1,147,674</u>
Total cost	<u>12,538,642</u>
Less accumulated depreciation:	
Improvements other than buildings	2,192,070
Buildings	1,840,267
Equipment	<u>1,147,674</u>
Total accumulated depreciation	<u>5,180,011</u>
Total fixed assets and construction in progress under lease agreements, net	<u><u>\$ 7,358,631</u></u>

The College's future minimum lease obligations and the net present value of those minimum lease payments are as follows for the fiscal years ended June 30:

<u>Fiscal Year</u>	
2021	\$ 840,318
2022	827,969
2023	815,577
2024	505,417
2025	493,068
2026-2027	<u>897,426</u>
Total minimum lease commitments	4,379,775
Amount representing interest	<u>(355,117)</u>
Present value of minimum lease payments	<u><u>\$ 4,024,658</u></u>

The above payments are reduced by interest earnings on any reserve funds held by the trustee banks.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

I. Lease obligations (continued)

Capital leases (continued)

Subsequent to June 30, 2020, the College entered into a lease purchase agreement for super circuit equipment with Kansas State Bank dated October 20, 2020.

The lease purchase agreement commenced October 20, 2020, and expires October 20, 2024. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Government Capital Corporation. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the housing. The lease agreement also requires certain insurance requirements which the College has met.

The College's future minimum lease obligations and the net present value of those minimum lease payments for this subsequent lease purchase agreement are as follows for the fiscal years ended June 30:

<u>Year</u>	<u>Total</u>
2020	\$ 27,749
2021	27,749
2022	27,749
2023	27,749
2024	<u>27,749</u>
Total minimum lease commitments	138,745
Amount representing interest	<u>(7,948)</u>
Present value of minimum lease payments	<u><u>\$ 130,797</u></u>

Subsequent to June 30, 2020, the College also entered into a lease purchase agreement for a network switch with Extreme Capital Solutions dated July 8, 2020; however, in December 2020 this lease was paid in full. Total payments for the network switch were \$519,620, including \$18,437 of interest expense.

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

J. Long-term liabilities

Revenue bonds

The College issues revenue bonds where the College pledges income derived from the fees and charges to users of the related assets to pay the debt service. The original principal amount of revenue bonds issued in prior years was \$4,130,000. Revenue bonds currently outstanding are as follows:

	Date of Issue	Maturity Date	Outstanding Interest Rates	Balance 6/30/2020
Revenue bonds payable				
Series 2014 - student housing	9/1/2014	6/1/2027	2.50 - 3.125%	\$ 3,120,000

The annual debt service requirements to maturity for the revenue bonds outstanding at June 30, 2020, including interest payments, are as follows:

Fiscal Year	Principal	Interest
2021	\$ 405,000	\$ 94,213
2022	420,000	82,062
2023	430,000	69,463
2024	445,000	56,563
2025	460,000	43,212
2026-2027	960,000	44,725
Total	<u>\$ 3,120,000</u>	<u>\$ 390,238</u>

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

J. Long-term liabilities (continued)

Revenue bonds (continued)

Changes in long-term liabilities

The following is a summary of changes in long-term liabilities of the College for the year ended June 30, 2020:

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Interest Paid
Revenue bonds payable:						
Series 2014 - student housing	\$ 3,520,000	\$ -	\$ 400,000	\$ 3,120,000	\$ 405,000	\$ 103,379
Leases payable:						
Lease obligation - buildings, improvements and equipment - refinancing	480,000	-	480,000	-	-	7,598
Lease obligation - improvements and equipment	1,122,374	-	269,417	852,957	276,756	27,785
Lease obligation - student housing	1,090,909	-	136,406	954,503	136,364	22,541
Lease obligation - student housing and parking lot	2,400,000	-	300,000	2,100,000	300,000	67,760
Lease obligation - digital scoreboard	-	117,198	-	117,198	21,930	1,626
Total leases payable	5,093,283	117,198	1,185,823	4,024,658	735,050	127,310
Other liabilities:						
Compensated absences, net	272,062	48,133	-	320,195	-	-
Net pension liability	85,131	-	39,922	45,209	-	-
Net OPEB liability - healthcare	600,679	44,724	136,503	508,900	-	-
Net OPEB liability - KPERS death and disability	-	185,627	43,038	142,589	-	-
Total other liabilities	957,872	278,484	219,463	1,016,893	-	-
Total long-term liabilities	\$ 9,571,155	\$ 395,682	\$ 1,805,286	\$ 8,161,551	\$ 1,140,050	\$ 230,689

In addition to the \$1,585,823 in principal retired during the year, the College paid \$230,689 in interest on the bonds and leases payable during the year ended June 30, 2020.

Legal debt margin

The College is subject to a debt limit that is 3% of the assessed valuation of taxable real property. For the year ended June 30, 2020, that amount was \$14,430,504. As of June 30, 2020, the College has no outstanding debt subject to the debt limit.

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

K. Segment information

The following financial information represents identifiable activities for which revenue-backed debt is outstanding.

The 2014 revenue bonds were obtained to provide dormitory and student union space to students at the College. The revenue bonds are payable from the gross revenues, including rents, charges and fees, derived by the College from the operation of facilities in its student union, bookstore and dormitory system.

	Dorm, Student Union and Bookstore
<b>CONDENSED STATEMENT OF NET ASSETS</b>	
Assets:	
Current assets	\$ 642,719
Capital assets	9,112,499
Total assets	<u>9,755,218</u>
Liabilities:	
Current liabilities	882,724
Long-term liabilities	5,333,139
Total liabilities	<u>6,215,863</u>
Net assets:	
Invested in capital assets, net of related debt	2,913,881
Unrestricted	625,431
Total net assets	<u><u>\$ 3,539,312</u></u>
<b>CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS</b>	
Operating revenues	\$ 2,659,561
Operating expenses	(2,100,285)
Depreciation	(652,311)
Net operating income	(93,035)
Nonoperating expenses	108,709
Change in net assets	15,674
Net assets, beginning of year	3,523,638
Net assets, end of year	<u><u>\$ 3,539,312</u></u>
<b>CONDENSED STATEMENT OF CASH FLOWS</b>	
Net cash flows provided by operating activities	\$ 550,155
Net cash flows used by noncapital financing activities	(748,057)
Net decrease in cash	(197,902)
Cash, beginning of year	840,621
Cash, end of year	<u><u>\$ 642,719</u></u>

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

L. Related party transactions

The College purchases goods and services from businesses owned and operated by a board member. The College paid this business \$175,435 during the year ended June 30, 2020.

M. Discretely presented component units

1. Garden City Community College Endowment Association

At June 30, 2020, the Endowment Association's investment balances consisted of \$5,266,408 in marketable securities with a fair value of \$5,450,013, and \$589,766 of certificates of deposit.

The carrying amount of deposits for the Endowment Association was \$752,907 and the bank balance was \$753,080. All of the bank balance was covered by a combination of federal depository insurance, national credit union share insurance and securities investor protection insurance.

Property and equipment at June 30, 2020, for the Endowment Association consisted of the following:

Land	\$ 56,000
Buildings and improvements	9,500
Equipment	<u>26,184</u>
Total, cost	91,684
Less accumulated depreciaton	<u>(24,272)</u>
Property and equipment, net	<u><u>\$ 67,412</u></u>

2. Broncbuster Athletic Association

At June 30, 2020, the carrying amount of deposits for the Broncbuster Athletic Association was \$110,602 and the bank balance was \$111,231. All of the bank balance was covered by federal depository insurance.

Property and equipment at June 30, 2020, for the Broncbuster Athletic Association consisted of the following:

Property and equipment	\$ 875
Less accumulated depreciation	<u>(875)</u>
Property and equipment, net	<u><u>\$ -</u></u>

GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

N. Contingencies

Grant audits

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 applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

Student financial aid programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Federal Family Education Loans 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* (Uniform Guidance), and the *Compliance Supplement*.

Litigation

The College is named as a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the financial condition of the College.

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GARDEN CITY COMMUNITY COLLEGE  
Notes to Financial Statements  
June 30, 2020

3. Detailed notes on all activities and funds (continued)

O. Tax abatements

The City of Garden City entered into property tax abatement agreements with local developers under Kansas statutes 12-5241 et seq., which authorizes a city to designate rural housing incentive districts. Under the statutes, the City is authorized to reimburse the developer for all or a portion of the costs of implementing the development through the use of property tax increments allocated to the City under the provisions of the statute. The City then entered into an interlocal agreement to allocate these abatements among the local taxing entities.

For the year ended June 30, 2020, the College's share of abated property taxes totaled \$105,921 under the rural housing incentive districts program.

The City of Garden City entered into property tax abatement agreements with local developers under Kansas statutes 12-1770 and 12-1771(a), which govern the creation of redevelopment districts and tax increment financing. Kansas statutes governing the tax increment financing allows the financing to be used for property acquisition, site preparation, utilities, drainage, street improvements, landscape amenities, public outdoor spaces, streetscape amenities, and parking facilities in a redevelopment district. The City uses tax increment revenues to reimburse redevelopment in the district. The City then entered into an interlocal agreement to allocate these abatements among the local taxing entities.

For the year ended June 30, 2020, the College's share of abated property taxes totaled \$266,453 under the tax increment financing project.

Finney County entered into property tax settlement agreements with various local entities to refund property tax payments paid by the entities. The County then entered into an interlocal agreement to allocate these abatements among the local taxing entities.

For the year ended June 30, 2020, the College's share of property taxes abated totaled \$99,436 under the property tax settlement agreements.

P. COVID-19

On January 30, 2020, the World Health Organization declared the coronavirus outbreak (COVID-19) a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the College is located. From March 23, 2020, to July 5, 2020, the College campus was closed, and students, faculty and staff were moved to remote operations. COVID-19 will have an adverse effect on the College's operations in 2020 and potentially beyond. Given the uncertainty of the extent and duration of the pandemic, management cannot reasonably estimate the impact to the College's future results of operations, cash flows or financial condition.

Q. Subsequent events

Subsequent to year end, the College approved the purchase of virtual welding simulators for a total cost of \$207,592.

## REQUIRED SUPPLEMENTARY INFORMATION

GARDEN CITY COMMUNITY COLLEGE  
Schedules of Net Pension Liability and  
Contributions Attributable to the College  
June 30, 2020

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

	As of measurement date June 30,		
	2014	2015	2016
College's proportion of the net pension liability (asset)	0.000000%	0.951969%	0.138473%
College's proportionate share of the net pension liability (asset)	\$ -	\$ 150,122	\$ 20,997
State's proportionate share of the net pension liability (asset) associated with the College	14,184,047	15,769,626	15,163,292
Total	<u>\$ 14,184,047</u>	<u>\$ 15,919,748</u>	<u>\$ 15,184,289</u>
College's covered-employee payroll	\$ 9,709,725	\$ 10,047,263	\$ 9,741,859
College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	1.49%	0.22%
Plan fiduciary net position as a percentage of the total pension liability	66.60%	64.95%	65.10%

Schedule of College Contributions  
Kansas Public Employees Retirement System (KPERS)  
Last Seven Fiscal Years \*

	As of College's fiscal year ended June 30,		
	2014	2015	2016
Contractually required contribution	\$ -	\$ 9,418	\$ 1,460
Contributions in relation to the contractually required contribution	-	(9,418)	(1,460)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 9,709,725	\$ 10,047,263	\$ 9,741,859
Contributions as a percentage of covered-employee payroll	0.000000%	0.093737%	0.014987%

\* Until a full 10-year trend is compiled, the College will present information for those years for which information is available.

Note 1 – Changes of assumptions

The actuarially determined contribution rates in the Schedule of the State Contributions Attributable to the College are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

As of measurement date June 30,		
2017	2018	2019
0.663741%	0.581759%	0.324512%
\$ 101,725	\$ 85,131	\$ 45,209
15,326,000	14,633,372	13,931,401
<u>\$ 15,427,725</u>	<u>\$ 14,718,503</u>	<u>\$ 13,976,610</u>
\$ 10,153,047	\$ 10,416,480	\$ 10,230,556
1.00%	0.82%	0.44%
67.12%	68.88%	69.88%

As of measurement date June 30,			
2017	2018	2019	2020
\$ 7,505	\$ 7,452	\$ 6,491	\$ 10,328
(7,505)	(7,452)	(6,491)	(10,328)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,153,047	\$ 10,416,480	\$ 10,230,556	\$ 11,000,083
0.073919%	0.071540%	0.063447%	0.093890%

(continued)



GARDEN CITY COMMUNITY COLLEGE  
Schedule of Changes in the College's Share of  
OPEB Liability and Related Ratios - Healthcare  
June 30, 2020  
Last Three Fiscal Years \*

	2018	2019	2020
Total net OPEB liability - healthcare - beginning of year	\$ 873,954	\$ 733,832	\$ 600,679
Service cost	26,777	25,925	27,586
Interest cost	28,619	23,273	17,138
Differences between actual and expected experience	(81,077)	(111,812)	-
Changes in assumptions and inputs	3,559	38,461	(22,503)
Employer contributions (benefit payments)	(118,000)	(109,000)	(114,000)
Net changes	(140,122)	(133,153)	(91,779)
Total net OPEB liability - healthcare - end of year	\$ 733,832	\$ 600,679	\$ 508,900
Covered employee payroll	\$ 8,591,100	\$ 8,680,643	\$ 8,680,643
Total net OPEB liability as a percentage of covered employee payroll	8.50%	6.90%	5.90%

\* Data became available with the inception of GASB 75 during fiscal year 2018; therefore, 10 years of data is unavailable.

Note 1 – Changes of benefit terms

There are no changes of benefit terms.

Note 2 – Changes of assumptions

The actuarial assumptions changes per the June 30, 2020, valuation relative to the June 30, 2019, valuation are shown below.

- The discount rate changed from 3.0% to 2.6%.
- The mortality assumption was changed from Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2020 Full Generational Improvement.
- The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial evaluation.
- The turnover and retirement assumptions were updated considering recent KPERS pension plan valuation statistics.

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Changes in the College's Share of  
OPEB Liability and Related Ratios – KPERS Death and Disability  
June 30, 2020  
Last Three Fiscal Years \*

	2017	2018	2019
Total net OPEB liability - KPERS death and disability - beginning of year	\$ 167,669	\$ 172,284	\$ 154,687
Service cost	23,972	22,278	22,471
Interest cost	5,170	6,601	6,462
Effect of economic/demographic gains or losses	-	(24,357)	(22,459)
Effect of assumptions changes or inputs	(3,948)	(1,540)	2,007
Benefit payments	(20,579)	(20,579)	(20,579)
Net changes	4,615	(17,597)	(12,098)
Total net OPEB liability - KPERS death and disability - end of year	\$ 172,284	\$ 154,687	\$ 142,589
Nonemployer contributing entity total proportionate share of the total OPEB liability:	100%	100%	100%
College's total proportionate share of the total OPEB liability	0%	0%	0%
Covered-employee payroll	\$ 10,175,579	\$ 10,193,219	\$ 9,937,304
Total net OPEB liability as a percentage of covered payroll	1.69%	1.52%	1.43%

\* Data became available with the inception of GASB 75 during fiscal year 2018; therefore, 10 years of data is unavailable.

Note 1 – Changes of benefit terms

There are no changes of benefit terms.

Note 2 – Changes of assumptions

The discount rate was updated in accordance with the requirements of GASB 75. The mortality projection scale was updated to the most recent table published by the Society of Actuaries. The overall impact of the new assumptions is a decrease in the benefit obligations.

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## SUPPLEMENTARY INFORMATION

GARDEN CITY COMMUNITY COLLEGE  
Combining Schedule of Revenue, Expenditures,  
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -  
Current Funds - Unrestricted (Legal Basis)  
For the Year Ended June 30, 2020

	General		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local	\$ 10,745,508	\$ 11,772,866	\$ (1,027,358)
State	1,753,383	1,753,383	-
Student tuition and fees	3,818,572	4,641,775	(823,203)
Other:			
Private gifts and grants	-	400,000	(400,000)
Miscellaneous	95,359	-	95,359
Interest	148,988	-	148,988
Total revenue	16,561,810	18,568,024	(2,006,214)
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	3,435,786	4,000,000	(564,214)
Academic support	1,445,177	1,054,700	390,477
Student services	3,703,294	3,717,000	(13,706)
Community service	-	-	-
Operation and maintenance	3,123,129	2,000,000	1,123,129
Institutional support	2,879,397	2,600,000	279,397
Scholarships	77,380	225,000	(147,620)
Total expenditures and encumbrances	14,664,163	13,596,700	1,067,463
Revenue over expenditures and encumbrances	1,897,647	4,971,324	(3,073,677)
OTHER FINANCING SOURCES (USES)			
Transfers out	(1,972,709)	(5,600,000)	(3,627,291)
REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	(75,062)	(628,676)	553,614
Unencumbered cash, beginning of year	6,403,942	6,311,151	92,791
Unencumbered cash, end of year	\$ 6,328,880	\$ 5,682,475	\$ 646,405
From fiscal year 2021 budget Adjustment	\$ 5,284,314	1,044,566	
Total	\$ 6,328,880		

Adult Supplementary Education			Auxiliary Enterprise Funds		
Actual	Budget	Variance Over (Under)	Actual	Budget	Variance Over (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
8,249	-	8,249	-	-	-
65,242	-	65,242	2,791,202	6,500,000	(3,708,798)
1,870	100,000	(98,130)	3,002	-	3,002
67,173	200,000	(132,827)	5,185	-	5,185
-	-	-	-	-	-
<u>142,534</u>	<u>300,000</u>	<u>(157,466)</u>	<u>2,799,389</u>	<u>6,500,000</u>	<u>(3,700,611)</u>
-	-	-	-	-	-
-	50,000	(50,000)	-	-	-
33,701	100,000	(66,299)	2,217,137	4,750,000	(2,532,863)
94,498	50,000	44,498	31,710	-	31,710
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>128,199</u>	<u>200,000</u>	<u>(71,801)</u>	<u>2,248,847</u>	<u>4,750,000</u>	<u>(2,501,153)</u>
14,335	100,000	(85,665)	550,542	1,750,000	(1,199,458)
<u>(156,381)</u>	<u>(300,000)</u>	<u>(143,619)</u>	<u>(748,057)</u>	<u>(1,325,000)</u>	<u>(576,943)</u>
(142,046)	(200,000)	57,954	(197,515)	425,000	(622,515)
<u>413,400</u>	<u>552,841</u>	<u>(139,441)</u>	<u>831,189</u>	<u>831,190</u>	<u>(1)</u>
<u>\$ 271,354</u>	<u>\$ 352,841</u>	<u>\$ (81,487)</u>	<u>\$ 633,674</u>	<u>\$ 1,256,190</u>	<u>\$ (622,516)</u>
\$ -			\$ 633,674		
<u>271,354</u>			<u>-</u>		
<u>\$ 271,354</u>			<u>\$ 633,674</u>		

(continued)

GARDEN CITY COMMUNITY COLLEGE  
Combining Schedule of Revenue, Expenditures,  
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -  
Current Funds - Unrestricted (Legal Basis)  
For the Year Ended June 30, 2020

(continued)	Total (Memorandum Only)		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local	\$ 10,745,508	\$ 11,772,866	\$ (1,027,358)
State	1,761,632	1,753,383	8,249
Student tuition and fees	6,675,016	11,141,775	(4,466,759)
Other:			
Private gifts and grants	4,872	500,000	(495,128)
Miscellaneous	167,717	200,000	(32,283)
Interest	148,988	-	148,988
Total revenue	19,503,733	25,368,024	(5,864,291)
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	3,435,786	4,000,000	(564,214)
Academic support	1,445,177	1,104,700	340,477
Student services	5,954,132	8,567,000	(2,612,868)
Community service	126,208	50,000	76,208
Operation and maintenance	3,123,129	2,000,000	1,123,129
Institutional support	2,879,397	2,600,000	279,397
Scholarships	77,380	225,000	(147,620)
Total expenditures and encumbrances	17,041,209	18,546,700	(1,505,491)
Revenue over expenditures and encumbrances	2,462,524	6,821,324	(4,358,800)
OTHER FINANCING SOURCES (USES)			
Transfers out	(2,877,147)	(7,225,000)	(4,347,853)
REVENUE UNDER EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	(414,623)	(403,676)	(10,947)
Unencumbered cash, beginning of year	7,648,531	7,695,182	(46,651)
Unencumbered cash, end of year	\$ 7,233,908	\$ 7,291,506	\$ (57,598)

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Revenue - Actual and Budget -  
General Fund - Unrestricted (Legal Basis)  
For the Year Ended June 30, 2020

	General		Variance Over (Under)
	Actual	Budget	
Local:			
Prior year ad valorem property tax	\$ -	\$ 112,705	\$ (112,705)
Current year ad valorem property tax	9,528,187	10,173,241	(645,054)
Motor vehicle tax	823,233	779,021	44,212
Recreational vehicle tax	51,239	8,855	42,384
Delinquent tax	179,512	152,166	27,346
In lieu of tax	163,337	133,584	29,753
Other	-	413,294	(413,294)
Total local	10,745,508	11,772,866	(1,027,358)
State:			
State operating grant	1,753,383	1,753,383	-
Total state	1,753,383	1,753,383	-
Student tuition and fees:			
Tuition	2,756,591	3,000,000	(243,409)
Fees	1,061,981	1,641,775	(579,794)
Total student tuition and fees	3,818,572	4,641,775	(823,203)
Other:			
Private gifts and grants	-	400,000	(400,000)
Miscellaneous	95,359	-	95,359
Interest	148,988	-	148,988
Total other	244,347	400,000	(155,653)
Total revenue	<u>\$ 16,561,810</u>	<u>\$ 18,568,024</u>	<u>\$ (2,006,214)</u>



GARDEN CITY COMMUNITY COLLEGE  
Schedule of Revenue, Expenditures,  
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -  
Adult Basic Education Fund (Legal Basis)  
For the Year Ended June 30, 2020

	Adult Basic Education		
	Actual	Budget	Variance Over (Under)
REVENUE			
State	\$ 100,310	\$ 80,000	\$ 20,310
Federal	270,465	780,000	(509,535)
Other:			
Miscellaneous	-	50,000	(50,000)
Total revenue	<u>370,775</u>	<u>910,000</u>	<u>(539,225)</u>
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	<u>420,775</u>	<u>904,690</u>	<u>(483,915)</u>
Total expenditures and encumbrances	<u>420,775</u>	<u>904,690</u>	<u>(483,915)</u>
Revenue over (under) expenditures and encumbrances	(50,000)	5,310	(55,310)
OTHER FINANCING SOURCES			
Mandatory transfers in	<u>50,000</u>	<u>-</u>	<u>50,000</u>
REVENUE UNDER EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES	-	5,310	(5,310)
Unencumbered cash, beginning of year	<u>-</u>	<u>(7,968)</u>	<u>7,968</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ (2,658)</u>	<u>\$ 2,658</u>
From fiscal year 2021 budget	\$ -		
Adjustment	<u>-</u>		
Total	<u>\$ -</u>		

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Revenue, Expenditures,  
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -  
Postsecondary Technical Education Fund (Legal Basis)  
For the Year Ended June 30, 2020

	Postsecondary Technical Education		
	Actual	Budget	Variance Over (Under)
REVENUE			
State	\$ 1,146,643	\$ 1,014,384	\$ 132,259
Student tuition and fees:			
Tuition	-	5,000,000	(5,000,000)
Fees	400,498	1,000,000	(599,502)
Total revenue	<u>1,547,141</u>	<u>7,014,384</u>	<u>(5,467,243)</u>
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	2,608,297	3,000,000	(391,703)
Academic support	178,890	400,000	(221,110)
Student services	-	500,000	(500,000)
Public service	-	400	(400)
Operation and maintenance	-	1,300,000	(1,300,000)
Institutional support	-	1,500,000	(1,500,000)
Scholarships	-	125,000	(125,000)
Total expenditures and encumbrances	<u>2,787,187</u>	<u>6,825,400</u>	<u>(4,038,213)</u>
Revenue over (under) expenditures and encumbrances	(1,240,046)	188,984	(1,429,030)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,597,505	-	1,597,505
Transfers out	<u>(357,459)</u>	<u>-</u>	<u>(357,459)</u>
REVENUE OVER EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	-	188,984	(188,984)
Unencumbered cash, beginning of year	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ 188,984</u>	<u>\$ (188,984)</u>
From fiscal year 2021 budget	\$ -		
Adjustment	<u>-</u>		
Total	<u>\$ -</u>		

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Revenue, Expenditures,  
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -  
Plant Funds - Unexpended (Legal Basis)  
For the Year Ended June 30, 2020

	Capital Outlay		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local:			
Prior year ad valorem property tax	\$ -	\$ 5,695	\$ (5,695)
Current year ad valorem property tax	473,905	498,607	(24,702)
Motor vehicle tax	41,137	39,360	1,777
Recreational vehicle tax	492	447	45
Delinquent tax	8,979	7,689	1,290
In lieu of tax	8,019	6,425	1,594
Total local	532,532	558,223	(25,691)
Other:			
Private gifts and grants	300,000	-	300,000
Total revenue	832,532	558,223	274,309
EXPENDITURES AND ENCUMBRANCES			
Plant facilities and equipment	636,595	1,087,799	(451,204)
Revenue over (under) expenditures and encumbrances	195,937	(529,576)	725,513
OTHER FINANCING USES			
Transfers out	(285,136)	-	285,136
REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING USES	(89,199)	(529,576)	440,377
Unencumbered cash, beginning of year	973,269	1,061,473	(88,204)
Unencumbered cash, end of year	\$ 884,070	\$ 531,897	\$ 352,173
From fiscal year 2021 budget	\$ 515,604		
Adjustment	368,466		
Total	\$ 884,070		

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Revenue, Expenditures,  
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -  
Revenue Bonds Fund (Legal Basis)  
For the Year Ended June 30, 2020

	Revenue Bonds		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local:			
Other	\$ -	\$ -	\$ -
Total revenue	-	-	-
EXPENDITURES AND ENCUMBRANCES			
Principal on bonds	400,000	400,000	-
Interest and fees	93,722	150,000	(56,278)
Total expenditures and encumbrances	493,722	550,000	(56,278)
Revenue under expenditures and encumbrances	(493,722)	(550,000)	56,278
OTHER FINANCING USES			
Transfers in	493,722	550,000	(56,278)
REVENUE OVER EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING USES	-	-	-
Unencumbered cash, beginning of year	-	-	-
Unencumbered cash, end of year	\$ -	\$ -	\$ -
From fiscal year 2021 budget	\$ -		
Adjustment	-		
Total	\$ -		

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

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

	Current Funds - Unrestricted		
	General	Adult Supplementary Education	Auxiliary Enterprise Funds
<b>REVENUE</b>			
Actual amounts (budgetary basis) revenues from combining schedules (Schedules 1, 2, 3 and 4)	\$ 16,561,810	\$ 142,534	\$ 2,799,389
Adjustments:			
Ad valorem property tax receipts from May, but not available revenue until following fiscal year for GAAP reporting -			
Plus prior year tax receipts	3,704,944	-	-
Less current year tax receipts	(3,574,445)	-	-
State appropriations for KPERS reported for GAAP reporting purposes only	1,594,322	-	-
Total revenue as reported under the GAAP basis	<u>\$ 18,286,631</u>	<u>\$ 142,534</u>	<u>\$ 2,799,389</u>
<b>EXPENDITURES</b>			
Actual amounts (budgetary basis) expenditures from combining schedules (Schedules 1, 2, 3 and 4)	\$ 14,664,163	\$ 128,199	\$ 2,248,847
Adjustments:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the items are received for GAAP reporting -			
Less current year encumbrances	(69,097)	(35,988)	(116,730)
Plus prior year encumbrances	321,317	-	158,890
KPERS pension expense reported for GAAP reporting purposes only	1,569,400	-	-
Reclassifications:			
Budgetary expenditures for plant facilities are reclassified to other financing sources (uses) for GAAP reporting	-	-	-
Total expenditures as reported under the GAAP basis	<u>\$ 16,485,783</u>	<u>\$ 92,211</u>	<u>\$ 2,291,007</u>
<b>OTHER FINANCING SOURCES (USES)</b>			
Actual amounts (budgetary basis) other financing sources (uses) from combining schedules (Schedules 1, 2, 3 and 4)	\$ (1,972,709)	\$ (156,381)	\$ (748,057)
Reclassifications:			
Budgetary expenditures for plant facilities are reclassified to other financing sources (uses) for GAAP reporting	-	-	-
Total other financing sources (uses) as reported under the GAAP basis	<u>\$ (1,972,709)</u>	<u>\$ (156,381)</u>	<u>\$ (748,057)</u>

	Current Funds - Restricted			Plant Funds - Unexpended	Revenue Bonds Fund
Total	Adult Basic Education	Postsecondary Technical Education	Total	Capital Outlay	Revenue Bonds
\$ 19,503,733	\$ 370,775	\$ 1,547,141	\$ 1,917,916	\$ 832,532	\$ -
3,704,944	-	-	-	187,196	-
(3,574,445)	-	-	-	(175,477)	-
1,594,322	-	-	-	-	-
<u>\$ 21,228,554</u>	<u>\$ 370,775</u>	<u>\$ 1,547,141</u>	<u>\$ 1,917,916</u>	<u>\$ 844,251</u>	<u>\$ -</u>
\$ 17,041,209	\$ 420,775	\$ 2,787,187	\$ 3,207,962	\$ 636,595	\$ 493,722
(221,815)	(19,216)	(50,235)	(69,451)	(172,244)	-
480,207	-	23,218	23,218	202,164	-
1,569,400	-	-	-	-	-
-	-	-	-	(666,515)	-
<u>\$ 18,869,001</u>	<u>\$ 401,559</u>	<u>\$ 2,760,170</u>	<u>\$ 3,161,729</u>	<u>\$ -</u>	<u>\$ 493,722</u>
\$ (2,877,147)	\$ 50,000	\$ 1,240,046	\$ 1,290,046	\$ (285,136)	\$ 493,722
-	-	-	-	(666,515)	-
<u>\$ (2,877,147)</u>	<u>\$ 50,000</u>	<u>\$ 1,240,046</u>	<u>\$ 1,290,046</u>	<u>\$ (951,651)</u>	<u>\$ 493,722</u>

ADDITIONAL INFORMATION –  
Schedule of Management Information

GARDEN CITY COMMUNITY COLLEGE  
Additional Information –  
Schedule of Management Information  
June 30, 2020

The following schedules are additional financial information maintained for management purposes only.



GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Combining Statement of Revenue, Expenditures and Other Changes - Current Funds  
For the Year Ended June 30, 2020

	Current Funds		Total (Memorandum Only)
	Unrestricted	Restricted	
REVENUE			
Local	\$ 10,876,007	\$ -	\$ 10,876,007
State	3,355,954	1,329,933	4,685,887
Federal	-	6,382,056	6,382,056
Student tuition and fees	4,132,157	400,498	4,532,655
Other:			
Private gifts and grants	4,872	17,244	22,116
Miscellaneous	167,717	3,925	171,642
Interest	148,988	-	148,988
Sales and services of auxiliary's enterprises	2,542,859	-	2,542,859
Institutional support	-	11,764	11,764
Total revenue	<u>21,228,554</u>	<u>8,145,420</u>	<u>29,373,974</u>
EXPENDITURES			
Education and general:			
Instruction	5,069,746	3,052,888	8,122,634
Academic support	1,427,263	368,854	1,796,117
Student services	3,739,684	5,754,529	9,494,213
Community service	58,510	15,163	73,673
Operating and maintenance of plant	3,180,776	539	3,181,315
Institutional support	3,024,635	63,284	3,087,919
Scholarships	77,380	-	77,380
Total education and general	<u>16,577,994</u>	<u>9,255,257</u>	<u>25,833,251</u>
Auxiliary enterprises:			
Expenditures	<u>2,291,007</u>	<u>-</u>	<u>2,291,007</u>
Total expenditures	<u>18,869,001</u>	<u>9,255,257</u>	<u>28,124,258</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	3,507,893	4,850,070	8,357,963
Transfers out	<u>(6,385,040)</u>	<u>(3,507,893)</u>	<u>(9,892,933)</u>
Total other financing sources (uses)	<u>(2,877,147)</u>	<u>1,342,177</u>	<u>(1,534,970)</u>
NET INCREASE (DECREASE) IN NET POSITION	<u>\$ (517,594)</u>	<u>\$ 232,340</u>	<u>\$ (285,254)</u>

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GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Combining Statement of Net Position -  
All Current Funds - Unrestricted  
June 30, 2020

	General	Adult Supple- mental Education	Auxiliary Enterprise Funds	Total (Memorandum Only)
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>				
Cash and investments	\$ 5,539,378	\$ 325,132	\$ 771,203	\$ 6,635,713
Receivables (net of allowance for uncollectibles):				
Taxes	403,529	-	-	403,529
Miscellaneous	2,729,366	-	-	2,729,366
Prepaid expenses	-	-	-	-
Total assets	<u>8,672,273</u>	<u>325,132</u>	<u>771,203</u>	<u>9,768,608</u>
Deferred outflows of resources:				
Deferred outflows of resources related to OPEB	31,096	-	-	31,096
Deferred outflows of resources related to OPEB - KPERS Death and Disability	1,801	-	-	1,801
Deferred outflows of resources related to pensions	<u>50,990</u>	<u>-</u>	<u>-</u>	<u>50,990</u>
Total deferred outflows of resources	<u>83,887</u>	<u>-</u>	<u>-</u>	<u>83,887</u>
Total assets and deferred outflows of resources	<u><u>\$ 8,756,160</u></u>	<u><u>\$ 325,132</u></u>	<u><u>\$ 771,203</u></u>	<u><u>\$ 9,852,495</u></u>

(continued)

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Combining Statement of Net Position -  
All Current Funds - Unrestricted  
June 30, 2020

	General	Adult Supple- mental Education	Auxiliary Enterprise Funds	Total (Memorandum Only)
(continued)				
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>				
Liabilities:				
Accounts payable	\$ 705,722	\$ 17,790	\$ 20,799	\$ 744,311
Compensated absences	320,195	-	-	320,195
Deferred revenue - general	23,400	-	-	23,400
Net pension liability	45,209	-	-	45,209
Net OPEB liability	508,900	-	-	508,900
Net OPEB - KPERS Death and Disability liability	142,589	-	-	142,589
Total liabilities	<u>1,746,015</u>	<u>17,790</u>	<u>20,799</u>	<u>1,784,604</u>
Deferred inflows of resources:				
Deferred inflows of resources related to OPEB	159,432	-	-	159,432
Deferred inflows of resources related to OPEB - KPERS Death and Disability	43,426	-	-	43,426
Deferred inflows of resources related to pensions	79,135	-	-	79,135
Deferred revenue - current property taxes	3,977,974	-	-	3,977,974
Total deferred inflows of resources	<u>4,259,967</u>	<u>-</u>	<u>-</u>	<u>4,259,967</u>
Net position:				
Reserved for encumbrances	69,097	35,988	116,730	221,815
Unreserved:				
Designated for subsequent year's expenditures	2,681,081	271,354	633,674	3,586,109
Total net position	<u>2,750,178</u>	<u>307,342</u>	<u>750,404</u>	<u>3,807,924</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 8,756,160</u>	<u>\$ 325,132</u>	<u>\$ 771,203</u>	<u>\$ 9,852,495</u>

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Combining Statement of Revenue and Expenditures -  
All Current Funds - Unrestricted  
For the Year Ended June 30, 2020

	General	Adult Supple- mental Education	Auxiliary Enterprise Funds	Total (Memorandum Only)
<b>REVENUE</b>				
Local	\$ 10,876,007	\$ -	\$ -	\$ 10,876,007
State	3,347,705	8,249	-	3,355,954
Student tuition and fees, net of scholarship allowances	3,818,572	65,242	248,343	4,132,157
Other:				
Private gifts and grants	-	1,870	3,002	4,872
Miscellaneous	95,359	67,173	5,185	167,717
Interest	148,988	-	-	148,988
Sales and services of auxiliary enterprises, net of scholarship allowances	-	-	2,542,859	2,542,859
Total revenue	<u>18,286,631</u>	<u>142,534</u>	<u>2,799,389</u>	<u>21,228,554</u>
<b>EXPENDITURES</b>				
Education and general:				
Instruction	5,069,746	-	-	5,069,746
Academic support	1,427,263	-	-	1,427,263
Student services	3,705,983	33,701	-	3,739,684
Community service	-	58,510	-	58,510
Operation and maintenance of plant	3,180,776	-	-	3,180,776
Institutional support	3,024,635	-	-	3,024,635
Scholarships	77,380	-	-	77,380
Total education and general expenditures	<u>16,485,783</u>	<u>92,211</u>	<u>-</u>	<u>16,577,994</u>
Auxiliary enterprise expenditures	<u>-</u>	<u>-</u>	<u>2,291,007</u>	<u>2,291,007</u>
Total expenditures	<u>16,485,783</u>	<u>92,211</u>	<u>2,291,007</u>	<u>18,869,001</u>
Revenue over expenditures	1,800,848	50,323	508,382	2,359,553
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,507,893	-	-	3,507,893
Transfers out	<u>(5,480,602)</u>	<u>(156,381)</u>	<u>(748,057)</u>	<u>(6,385,040)</u>
<b>REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)</b>				
	<u>\$ (171,861)</u>	<u>\$ (106,058)</u>	<u>\$ (239,675)</u>	<u>\$ (517,594)</u>

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Combining Statement of Changes in Net Position -  
All Current Funds - Unrestricted  
For the Year Ended June 30, 2020

	General	Adult Supple- mental Education	Other Auxiliary Enterprise Funds	Total (Memorandum Only)
NET POSITION, beginning of year as previously reported				
Unencumbered cash	\$ 6,403,942	\$ 413,400	\$ 831,189	\$ 7,648,531
Add:				
Reserve for encumbrances	321,317	-	158,890	480,207
Subtract:				
Deferred resources related to pensions, 7/1/19	(98,276)	-	-	(98,276)
Deferred property tax receipts, 7/1/19	(3,704,944)	-	-	(3,704,944)
NET POSITION, beginning of year, as restated	2,922,039	413,400	990,079	4,325,518
REVENUE OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	(171,861)	(106,058)	(239,675)	(517,594)
NET POSITION, end of year	<u>\$ 2,750,178</u>	<u>\$ 307,342</u>	<u>\$ 750,404</u>	<u>\$ 3,807,924</u>
NET POSITION, end of year				
Reserve for encumbrances	\$ 69,097	\$ 35,988	\$ 116,730	\$ 221,815
Unreserved:				
Designated for subsequent year's expenditures	2,681,081	271,354	633,674	3,586,109
NET POSITION, end of year	<u>\$ 2,750,178</u>	<u>\$ 307,342</u>	<u>\$ 750,404</u>	<u>\$ 3,807,924</u>

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Combining Statement of Changes in Net Position -  
Various Funds  
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>AUXILIARY ENTERPRISE FUNDS:</b>				
Adult Ed Orientation	\$ 37,630	\$ 12,563	\$ 29,971	\$ 20,222
Student Union	413,237	2,328,690	2,412,062	329,865
Cosmetology	112,696	127,265	151,630	88,331
Bookstore	427,386	330,871	445,401	312,856
Arena	(870)	-	-	(870)
<b>Total auxiliary enterprise funds</b>	<b>\$ 990,079</b>	<b>\$ 2,799,389</b>	<b>\$ 3,039,064</b>	<b>\$ 750,404</b>
<b>FEDERAL STUDENT AID:</b>				
College Work Study	\$ -	\$ 58,614	\$ 58,614	\$ -
Guaranteed Student Loans	-	1,079,379	1,079,379	-
SEOG Grants	-	113,855	113,855	-
PELL Grants	-	3,070,498	3,070,498	-
<b>Total federal student aid</b>	<b>\$ -</b>	<b>\$ 4,322,346</b>	<b>\$ 4,322,346</b>	<b>\$ -</b>
<b>RESTRICTED GRANTS:</b>				
Adult Education Professional Development	\$ -	\$ 1,302	\$ -	\$ 1,302
AO-K Accelerated Opportunity Grant	231	-	-	231
Carl Perkins Program Improvement Grant	-	107,765	107,765	-
Drug Prevention Program Income	11,286	-	-	11,286
Federal Funds Administration	28,026	11,764	13,089	26,701
IME Becas Grant	3,194	-	200	2,994
Kansas Bridges Grant	-	33,429	33,429	-
Kansas Meth Prevention Grant	10,446	-	-	10,446
Kansas Technology Instruction Grant	-	16,824	-	16,824
KEDI - Workforce Aid Grant	33,757	-	4,500	29,257
Noyce Grant	3,184	4,000	3,693	3,491
Pathways to STEM	-	32,727	32,727	-
Perkins V	-	2,896	2,896	-
Project KANCO Grant	-	74,803	74,803	-
TRIO - Student Support Services	-	322,234	322,234	-
Workwell Wellness Grant	35	-	35	-
<b>Total restricted grants</b>	<b>\$ 90,159</b>	<b>\$ 607,744</b>	<b>\$ 595,371</b>	<b>\$ 102,532</b>
<b>OTHER RESTRICTED FUNDS:</b>				
CARES Act Student	\$ -	\$ 605,035	\$ 605,035	\$ -
CARES Act Institution	-	392,786	392,786	-
CARES Act Minority Serving Institution	-	51,268	51,268	-
Cox Communications Grant	18,663	-	-	18,663
FEMA	-	20,037	15,866	4,171
GED Testing Fund	16,798	-	15,128	1,670
Pepsi Campus Support	9,370	10,000	9,370	10,000
Other Donations	324,865	11,169	17,758	318,276
Shriver Trust	4,298	-	-	4,298
SPARKS - State	-	86,726	30,726	56,000
SPARKS - County	-	172,524	37,874	134,650
<b>Total other restricted funds</b>	<b>\$ 373,994</b>	<b>\$ 1,349,545</b>	<b>\$ 1,175,811</b>	<b>\$ 547,728</b>

GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Combining Statement of Changes in Assets and Liabilities -  
All Agency Funds  
For the Year Ended June 30, 2020

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<u>ASSETS</u>				
Cash and investments	\$ 534,770	\$ 1,429,045	\$ 1,536,620	\$ 427,195
Total assets	<u>\$ 534,770</u>	<u>\$ 1,429,045</u>	<u>\$ 1,536,620</u>	<u>\$ 427,195</u>
<u>LIABILITIES</u>				
Due to agency funds	\$ 534,770	\$ 1,429,045	\$ 1,536,620	\$ 427,195
Total liabilities	<u>\$ 534,770</u>	<u>\$ 1,429,045</u>	<u>\$ 1,536,620</u>	<u>\$ 427,195</u>

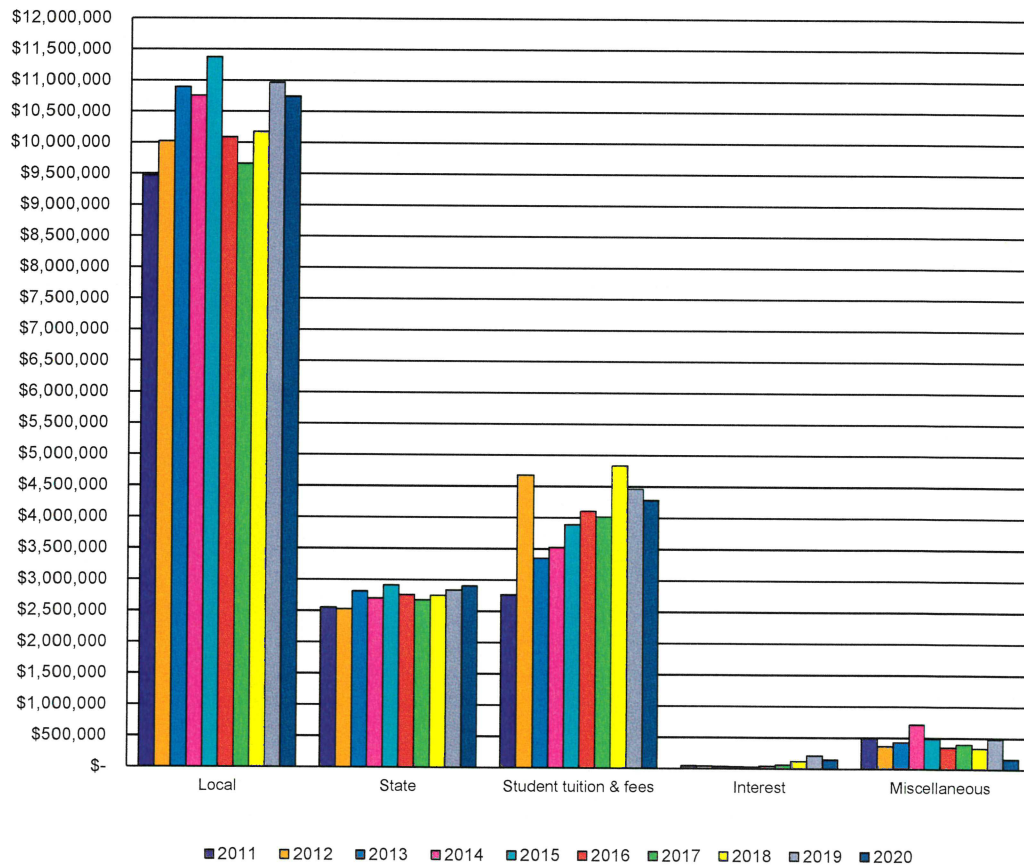
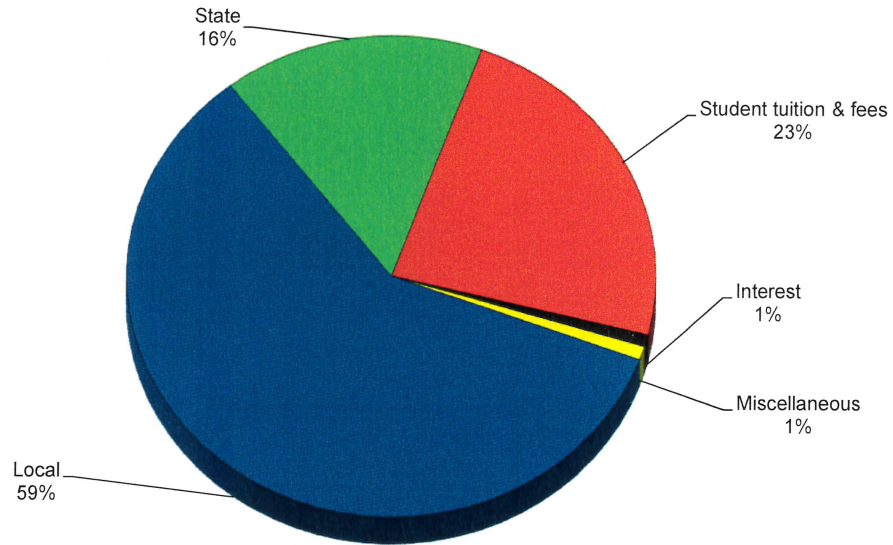


GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Combining Statement of Changes in Assets and Liabilities  
All Agency Funds - Due to Agency Funds  
For the Year Ended June 30, 2020

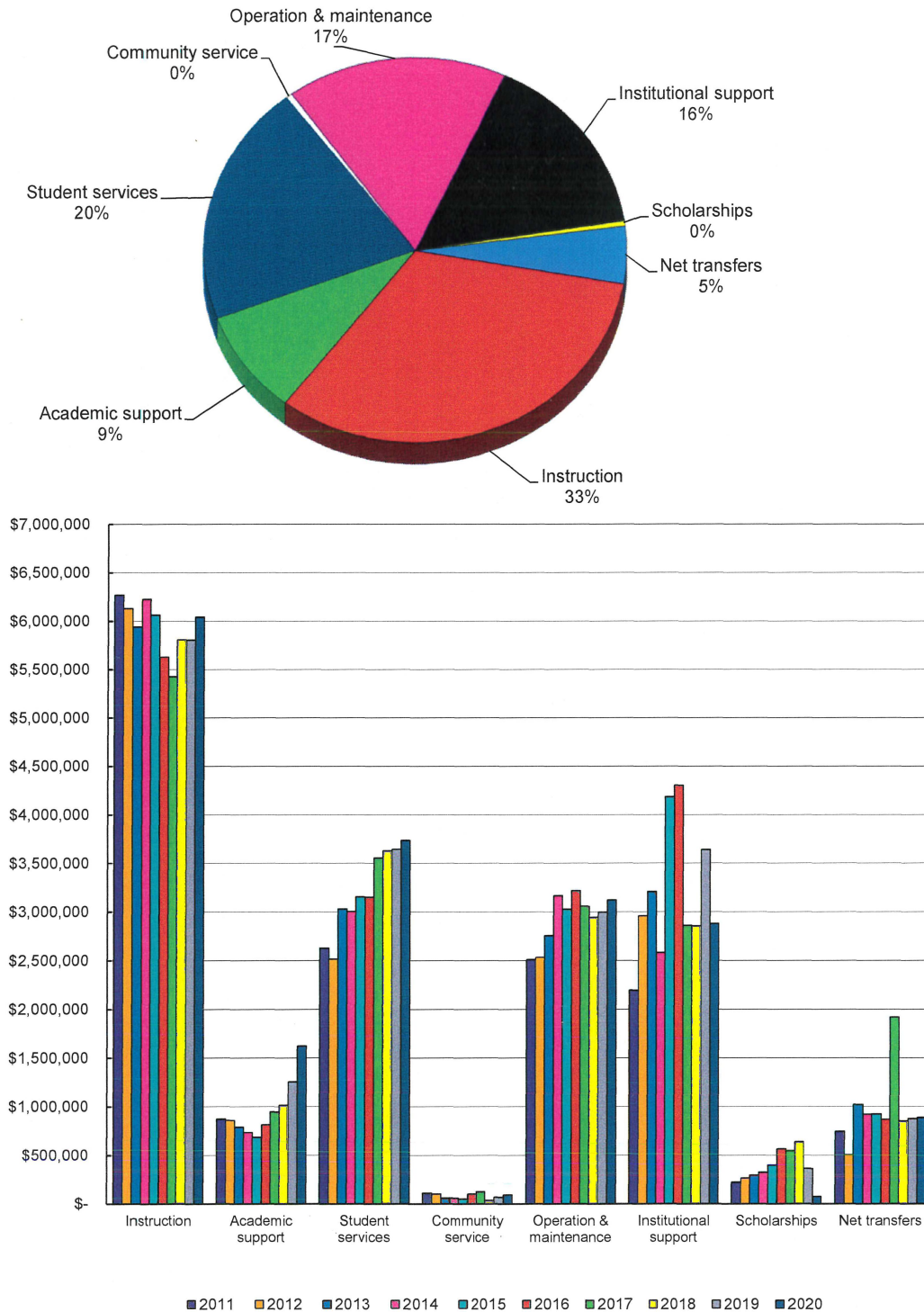
	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
<b>STUDENT ORGANIZATION ACCOUNTS</b>				
Clubs and organizations:				
Academic Challenge	\$ 908	\$ 1,900	\$ 1,364	\$ 1,444
ADN Students Club	13,448	5,545	3,482	15,511
Ag Tech Club	8,931	-	-	8,931
All Pro Auto Club	717	3,621	1,625	2,713
Art Club	2,111	4,100	1,690	4,521
Black Student Union	984	-	-	984
Block & Bridle Club	43,405	309,427	352,728	104
Bloodmobile	104	-	-	104
BSNT Voucher Program	540	-	-	540
Business Contest	669	-	-	669
Busternation	38	-	-	38
Christian Athletes	257	-	-	257
Collegiate Farm Bureau	1,522	1,802	1,322	2,002
College Players	1,954	2,410	3,719	645
DECA Club	1,330	-	-	1,330
Dormitory Club	96,050	27,564	34,322	89,292
Fine Arts Travel	2,835	2,200	1,724	3,311
Flag Team	1,391	-	-	1,391
PRISM	79	540	66	553
GCCC Education Support Professionals	63	-	-	63
GC3 Media	-	550	180	370
HALO (Mecha Club)	22,662	6,893	5,838	23,717
International Club	576	-	103	473
Intramurals	76	-	-	76
Karate Club	905	-	-	905
Lecture Series	7,931	3,500	-	11,431
Math Club	8,328	-	1,170	7,158
National Student Travel	6,386	4,000	-	10,386
Newman Club	101	-	-	101
Phi Rho Pi Organization	46	-	-	46
Phi Theta Kappa	2,976	8,133	5,332	5,777
Potter's Guild	1,721	802	655	1,868
River & Gulf Coast Ecology	1,482	-	-	1,482
Rodeo Club	1,332	6,895	6,045	2,182
Science Club	3,868	460	126	4,202
SNEA	4,494	1,850	92	6,252
Sold Out	1,140	-	-	1,140
Student Athletic Training	3,177	-	-	3,177
Student Government Association	270,489	107,323	184,199	193,613
Student Government Association Scholarships	-	920,701	920,701	-
Student Newspaper	14,712	2,549	4,784	12,477
Tau Epsilon Lambda	3,865	4,476	4,373	3,968
Trap Shooting Club	317	-	-	317
Vocal Music Council	579	-	-	579
Welding	271	1,804	980	1,095
Total - all agency funds	<u>\$ 534,770</u>	<u>\$ 1,429,045</u>	<u>\$ 1,536,620</u>	<u>\$ 427,195</u>

## GRAPHS

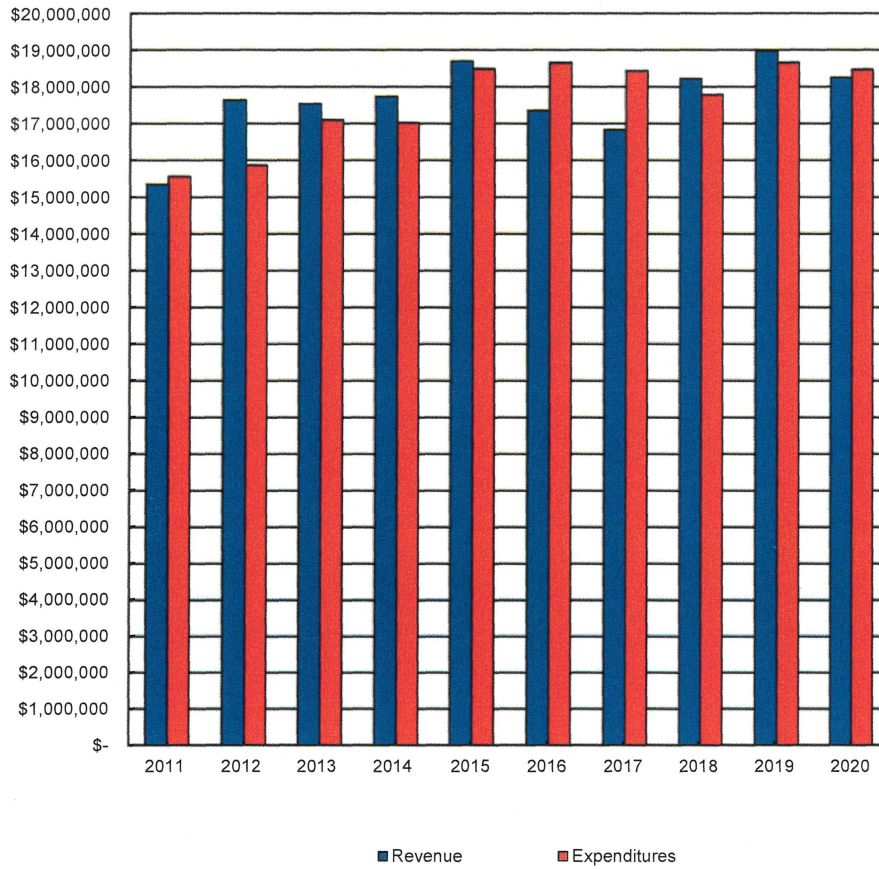
GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Comparison of Revenues -  
All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises  
but including Restricted - Postsecondary Technical Education Fund  
For the Years Ended June 30



GARDEN CITY COMMUNITY COLLEGE  
Schedule of Management Information  
Comparison of Expenditures, Encumbrances and Net Transfers -  
All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises  
but including Restricted - Postsecondary Technical Education Fund  
For the Years Ended June 30



GARDEN CITY COMMUNITY COLLEGE  
 Schedule of Management Information  
 Comparison of Revenues, and Expenditures, Encumbrances and Net Transfers -  
 All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises  
 but including Restricted - Postsecondary Technical Education Fund  
 For the Years Ended June 30



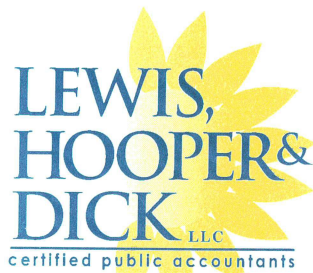
GARDEN CITY COMMUNITY COLLEGE

OPEID No.: 00191900  
EIN: 48-0698107

## FEDERAL AWARD PROGRAMS

June 30, 2020





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

Board of Trustees  
Garden City Community College  
801 Campus Drive  
Garden City, Kansas 67846

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the *Kansas Municipal Audit and Accounting Guide*, issued by the State of Kansas, the financial statements of the business-type activities and the discretely presented component units of Garden City Community College as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Garden City Community College's basic financial statements, and have issued our report thereon dated February 2, 2021. The financial statements of the Garden City Community College Endowment Association and the Broncbuster Athletic Association were not audited in accordance with *Government Auditing Standards* or the *Kansas Municipal Audit and Accounting Guide*.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Garden City Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Garden City Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Garden City Community College's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or 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 preceding paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting 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 Garden City Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### **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 College'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 College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
LEWIS, HOOPER & DICK, LLC

February 2, 2021





INDEPENDENT AUDITORS' REPORT  
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees  
Garden City Community College  
801 Campus Drive  
Garden City, Kansas 67846

**Report on Compliance for Each Major Federal Program**

We have audited the compliance of Garden City Community College, Garden City, Kansas, with the types of compliance requirements described in the U.S. Office of Management and Budget (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, 2020. Garden City Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Garden City Community College's financial statements include the operations of the Garden City Community College Endowment Association and the Broncbuster Athletic Association, which received no federal awards during the year ended June 30, 2020. Our compliance audit, described below, did not include the operations of the Garden City Community College Endowment Association and the Broncbuster Athletic Association because they expended no federal awards.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, Garden City Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

## Report on Internal Control over Compliance

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

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

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

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.



LEWIS, HOOPER & DICK, LLC

February 2, 2021

Garden City Community College  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

I. SUMMARY OF AUDIT RESULTS

A. Financial Statements

- Type of auditors' report issued: Unmodified
- Internal control over financial reporting as reported in the INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:  
  
Are any material weaknesses identified? No  
Are any significant deficiencies identified? None reported  
Is any noncompliance material to financial statements noted? No

B. Federal Awards

- Internal control over major programs as reported in the INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE:  
  
Are any material weaknesses identified? No  
Are any significant deficiencies identified? None reported
- Type of auditors' report issued on compliance for major programs: Unmodified
- Are there any audit findings that are required to be reported in accordance with 2 CFR 20.516(a)? None
- The programs tested as major programs include:

CFDA	Name of Federal Program and Cluster	Grant Number	Expenditures
Student Financial Assistance Cluster:			
84.007	Federal Supplemental Educational Opportunity Grants	P007A191513	\$ 82,319
84.007	Federal Supplemental Educational Opportunity Grants	P007A181513	4,426
84.033	Federal Work-Study Program	P033A191513	42,495
84.033	Federal Work-Study Program	P033A181513	4,323
84.063	Federal PELL Grant Program	P063P181468	3,070,498
Federal Direct Student Loans:			
84.268	Stafford Student Loan Program		607,214
84.268	Unsubsidized Stafford Student Loan Program		446,523
84.268	Parent Plus Loan Program		25,642
Higher Education Emergency Relief Fund:			
84.425E	Student Aid Portion (COVID-19 Expenditures)	P425E201554	605,035
84.425F	Institutional Portion (COVID-19 Expenditures)	P425F200751	392,787
84.425L	Minority Serving Institutions Strengthening Institutions Program (COVID-19 Expenditures)	P425L200132	51,268

(continued)

Garden City Community College  
Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2020

(continued)

I. SUMMARY OF AUDIT RESULTS (continued)

B. Federal Awards (continued)

- Dollar threshold used to distinguish between type A and B programs: \$750,000
- Auditee qualified as low-risk auditee: Yes

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

(continued)

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Corrective Action Plan  
and Comments on Audit Resolution Matters Relating  
to the Student Financial Assistance and Federal Award Programs  
June 30, 2020

February 2, 2021

Department of Education:

Garden City Community College, Garden City, Kansas, respectfully submits the following corrective action plan for the year ended June 30, 2020.

Name and address of independent accounting firm: Lewis, Hooper & Dick, LLC  
PO Box 699  
Garden City, KS 67846

Audit period: July 1, 2019 through June 30, 2020

The findings from the June 30, 2020, Schedule of Findings and Questioned Costs related to the federal award programs are discussed below. The findings are numbered consistently with the number assigned in the Schedule. Section I of the Schedule, Summary of Auditors' Results, does not include findings and is not addressed.

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

IV. STATUS OF CORRECTIVE ACTIONS ON PRIOR FINDINGS

None

If the Department of Education, the oversight agency, has questions regarding this plan, please call Karla Armstrong at (620)276-9575.

Sincerely,

Karla Armstrong  
Vice President of Administrative Services / CFO

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

<u>Federal Agency / Program</u>	<u>Federal CFDA Number</u>	<u>Federal Agency or Pass-Through Grant Number</u>	<u>Disbursements/Expenditures</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>			
<b>Direct Programs:</b>			
Federal Supplemental Educational Opportunity Grants	84.007	P007A191513	\$ 82,319
Federal Supplemental Educational Opportunity Grants	84.007	P007A181513	4,426
Federal Work-Study Program	84.033	P033A191513	42,495
Federal Work-Study Program	84.033	P033A181513	4,323
Federal Pell Grant Program	84.063	P063P191468	3,070,498
Federal Direct Student Loans:			
Stafford Student Loan Program	84.268		\$ 607,214
Unsubsidized Stafford Student Loan Program	84.268		446,523
Parent Plus Loan Program	84.268		25,642
			<u>1,079,379</u>
<b>Total Student Financial Assistance Cluster</b>			<u>4,283,440</u>
TRIO - Student Support Services:			
Student Support Services - 2020	84.042	P042A150428-19	204,972
Student Support Services - 2019	84.042	P042A150428	104,037
			<u>309,009</u>
Higher Education Emergency Relief Fund (HEERF):			
Student Aid Portion (COVID-19 Expenditures)	84.425E	P425E201554	605,035
Institutional Portion (COVID-19 Expenditures)	84.425F	P425F200751	392,787
Minority Serving Institutions Strengthening Institutions Program (COVID-19 Expenditures)	84.425L	P425L200132	51,268
			<u>1,049,090</u>
<b>Passed through the Kansas Board of Regents:</b>			
Adult Education - Basic Grants to States:			
Adult Education	84.002		179,656
EL Civics	84.002		66,619
Adult Education Professional Development	84.002		5,124
			<u>251,399</u>
Career and Technical Education - Basic Grants to States:			
Kansas Nursing Initiative	84.048		20,000
Perkins V	84.048		2,896
2020 Carl D Perkins Program Improvement	84.048	J0809	107,765
			<u>130,661</u>
<b>Passed through Kansas State University:</b>			
Migrant Education College Assistance Migrant Program:			
Project KANCO - 2020	84.149	S149A190019	74,803
			<u>74,803</u>
<b>Total U.S. Department of Education</b>			<u>6,098,402</u>
<b><u>NATIONAL SCIENCE FOUNDATION</u></b>			
<b>Passed through Kansas State University:</b>			
Education and Human Resources	47.076	HRD-1305059	32,727
<b>Passed through Fort Hays State University:</b>			
Education and Human Resources	47.076	1758501	3,693
			<u>3,693</u>
<b>Total National Science Foundation</b>			<u>36,420</u>

(continued)



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

<u>Federal Agency / Program</u>	<u>Federal CFDA Number</u>	<u>Federal Agency or Pass-Through Grant Number</u>	<u>Disbursements/Expenditures</u>
(continued)			
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>			
<b>Passed through Kansas State University:</b>			
Biomedical Research and Research Training	93.859	R25GM119968	\$ 33,429
<b>Total U.S. Department of Health and Human Services</b>			<u>33,429</u>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>			
<b>Direct Program:</b>			
Rural Business Development Grant	10.351		-
<b>Total U.S. Department of Agriculture</b>			<u>-</u>
<b>Total Expenditures of Federal Awards</b>			<u>\$ 6,168,251</u>

The accompanying Notes to Schedule of Federal Financial Awards are an integral part of this statement.

Garden City Community College  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

1. General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity programs of Garden City Community College under programs of the federal government for the year ended June 30, 2020. The information in this 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 assets, or cash flows of the College.

2. Basis of accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

3. De minimis cost rate

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

4. Summary of programs from sponsoring agencies

A. U.S. Department of Education

1. Supplemental Educational Opportunity Grant Program

The Supplemental Educational Opportunity Grant (SEOG) Program was established by the Garden City Community College in 1973, pursuant to Title IV, Part A, of the Higher Education Act of 1965, as amended. During the academic year ended June 30, 2020, 289 students participated in the program, receiving awards that aggregated \$113,855. Of these awards, \$86,745 were paid from federal funds and \$27,110 were paid from institutional contributions.

2. Federal Work Study Program

The Federal Work Study (FWS) Program was established by the Garden City Community College in 1967, pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2020, 53 students participated in the program, earning \$56,255 in wages. Of these wages, \$46,818 were paid from federal funds and \$9,437 were paid from institutional contributions.

3. Federal PELL Grant Program

The College entered into an agreement with the Department of Education to participate in the Federal PELL Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post-secondary education. During the 2020 academic year, \$3,070,498 was expended for PELL awards to 742 full-time and part-time students.

Garden City Community College  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

4. Summary of programs from sponsoring agencies (continued)

A. U.S. Department of Education (continued)

4. Federal Family Education Loans

The Stafford Student Loan (SSL) Program, formerly the Guaranteed Student Loan Program, was established to make low interest loans available to students to pay for their costs of attending post-secondary educational institutions. The SSL Program in Kansas is administered by the Higher Education Assistance Foundation (HEAF), a private, nonprofit corporation chartered to guarantee student loans. The loans are made through lending institutions, but post-secondary institutions, such as Garden City Community College, are responsible for completing portions of the loan applications, verifying student eligibility, filing student confirmation reports, refunding money to lenders, when appropriate, and handling loan checks when they are sent to the education institution rather than to the borrower. The College handled 253 approved Stafford Student Loans for college students during the 2020 academic year. In addition, the College processed 180 approved loans under the related Unsubsidized Stafford Student Loan and 6 approved loans under the Parent Plus Loan Program.

5. TRIO – Student Support Services Program

The Title IV TRIO – Student Support Services Program objective at Garden City Community College is to provide supportive services to disadvantaged college students to enhance their potential for successfully completing the postsecondary education program in which they are enrolled and increase their transfer rates from 2-year to 4-year institutions.

6. Higher Education Emergency Relief Fund

The objective of the Higher Education Emergency Relief Fund (HEERF) program is to use HEERF grant funds to “prevent, prepare for, and respond to coronavirus” through grants to eligible institutions.

7. Adult Education Program

The objective of the Adult Education Program is to provide, improve and expand post-secondary vocational services and activities to train and retrain adults. Funds are awarded annually based upon submission of an application and program plan.

8. Career and Technical Education - Basic Grants to States

Enacted as the Carl D. Perkins Career and Technical Education Act of 2006, the objective of the Career and Technical Education program is to develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in career and technical education programs.

9. Migrant Education College Assistance Migrant Program

Kansas State University entered into a subaward agreement with the College to deliver quality educational services to eligible migrant students.

Garden City Community College  
Notes to Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2020

4. Summary of programs from sponsoring agencies (continued)

B. National Science Foundation

1. Education and Human Resources

Kansas State University and Fort Hays State University are providing funds to the College to provide leadership and ensure the vitality of the Nation's science, technology, engineering and mathematics (STEM) education enterprise.

C. U.S. Department of Health and Human Services

1. Biomedical Research and Research Training Program

The College is a subrecipient of the Biomedical Research and Research Training program through a Kansas State University project, Kansas Bridges to the Future.

D. U.S. Department of Agriculture

1. Rural Business Development Grant

The objective of the grant is to promote sustainable economic development and facilitate the development of small and emerging private business, industry, and related employment for improving the economy in rural communities.

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## ADDITIONAL INFORMATION

GARDEN CITY COMMUNITY COLLEGE  
Comparison of Expenditures of Federal Awards  
For the Years Ended June 30

