

**COFFEYVILLE
COMMUNITY COLLEGE**

Coffeyville, Kansas

Independent Auditors' Report and
Financial Statements with
Supplementary Information

For the Year Ended June 30, 2019

COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas

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Management's Discussion and Analysis

Introduction:

The following discussion and analysis of the financial performance and activity of Coffeyville Community College (The College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2019, with selected comparative information for the year ended June 30, 2018. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness of this information. A separate audit is issued for the Coffeyville Community College Foundation and is available for review at 400 West 11th, Coffeyville, KS 67337.

Using the Annual Report:

The audit is conducted in accordance with auditing standards applicable to financial audits contained in Government Auditing standards, specifically GASB 34/35, issued by the Comptroller of the United States. The purpose of GASB 34/35 is to make the financial statement presentation of public entities more closely resemble or emulate that of non-public for-profit enterprises. The hope is that it will "enhance the understandability of the general purpose external financial reports." To that end, the annual financial report will include basic financial statements and required supplementary information.

Basic financial statements are comprised of two parts:

1. Basic Financial Statements – These include Statement of Net Position, Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These statements present the results on a single measurement focus and basis of accounting.
2. The Notes to the Basic Financial Statements are an integral and essential portion of the financial statements.

Required Supplementary Information:

Management's Discussion and Analysis (M D & A) - This is information that is required by standards to be presented, but is not part of the basic financial statements.

Highlights to the Financial Statements:

Coffeyville Community College completed another good performance for the fiscal year ended June 30, 2019. At year-end, the College's net position was \$16,246,161.40. Of this amount, \$11,874,138.20 is classified as unrestricted net position. These unrestricted assets may be used to meet the College's ongoing obligations. Net Position showed an increase of \$2,444,487.13 for 2019. Net current assets (current assets less current liabilities) increased by \$554,194.04. The coverage ratio of current assets to current liabilities (the ability to pay current liabilities from current assets) increased from 3.79 times in 2018 to 6.59 times in 2019. Cash and cash equivalents ended the year at \$14,204,485.22, an increase of \$904,867.23 from 2018. The majority of the increase in cash is from an FY 2018 real estate tax payment not distributed to the college until FY 2019 due to the timing of the payment by the taxpayer.

Statement of Net Position

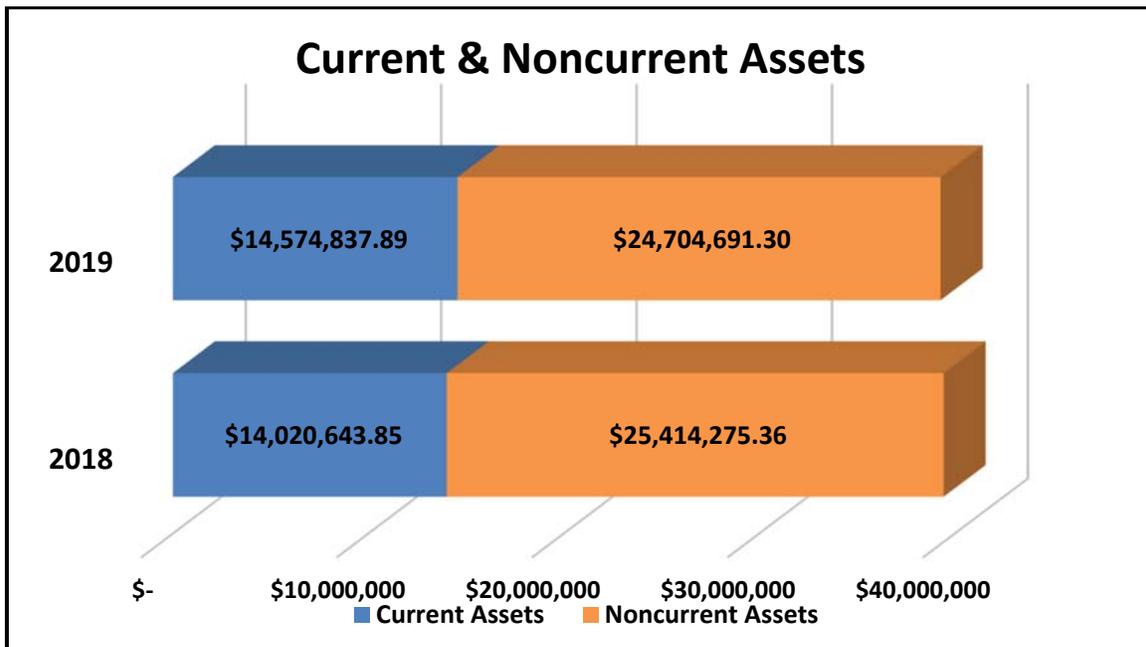
The statements of net position present the assets, liabilities, and net position of the College at June 30, 2019. The purpose of the statements of net position is to present the financial condition of the College.

The assets and liabilities are categorized between current and noncurrent. Noncurrent assets are externally restricted cash and investments restricted to make debt service payments, maintain sinking or reserve funds, or to purchase or construct capital or other noncurrent assets, such as capital assets. Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other liabilities that will not be paid within the next fiscal year; or (3) other liabilities that although payable within one year, are to be paid from funds that are classified as noncurrent assets.

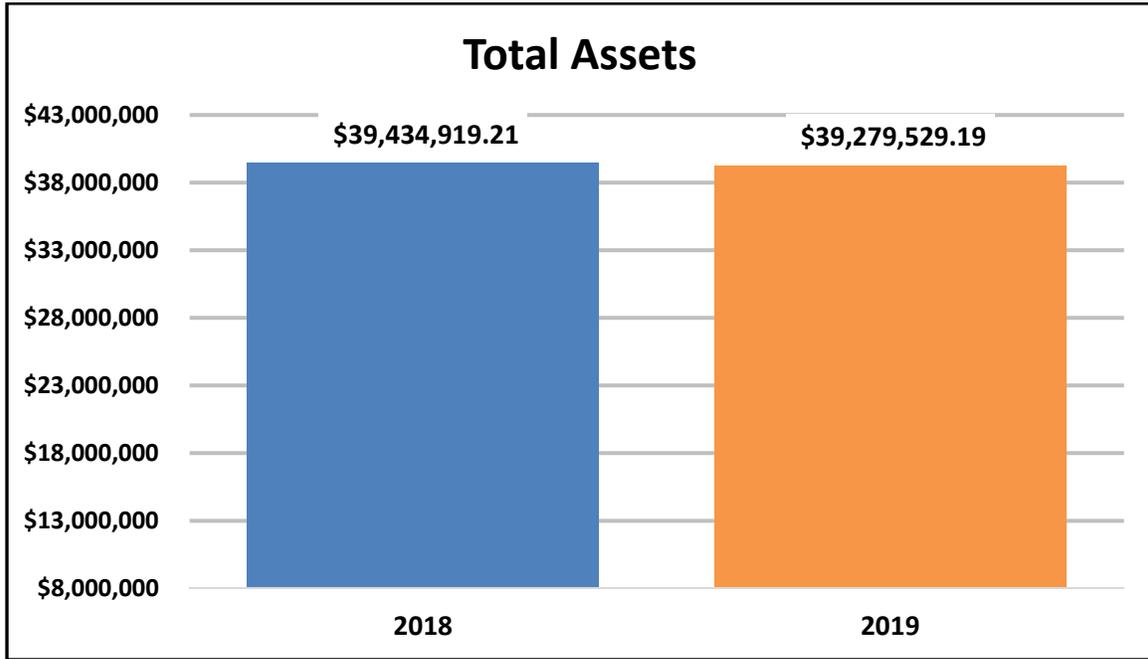
Comparison of Assets – Fiscal Year 2018 to 2019

	2018	% Total 2018	2019	% Total 2019
Current Assets	\$ 14,020,644	35.75%	\$ 14,574,838	37.11%
Non-Current Assets	\$ 25,194,187	64.25%	\$ 24,704,691	62.89%
Total Assets	\$ 39,214,831	100.00%	\$ 39,279,529	100.00%
Deferred Outflows	\$ 471,132		\$ 249,670	

The College's current assets consist primarily of cash, short-term investments and accounts receivables, while noncurrent assets consist mainly of capital assets. The total breakdown of assets between current and noncurrent classification is as follows:



Total assets decreased by \$155,390.02 while net position increased by \$2,444,487.13.



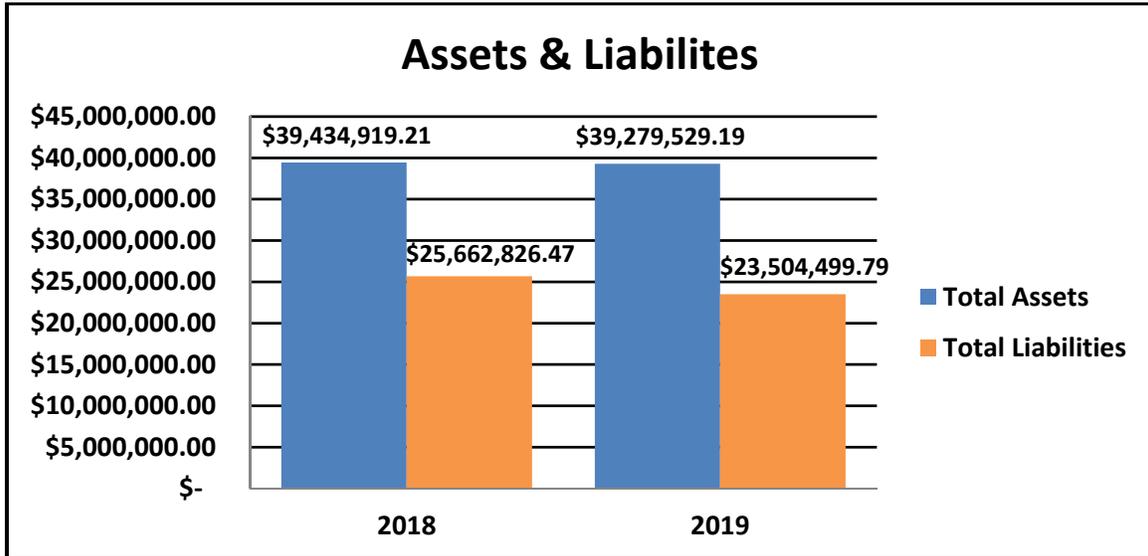
Of the \$39,279,529.19 in total assets, 36.16% are in cash and cash equivalents, and investments. Capital assets represent 57.14% of total assets.

Comparison of Liabilities – Fiscal Year 2018 to 2019

	2018	% Total 2018	2019	% Total 2019
Current Liabilities	\$ 3,701,456	14.42%	\$ 2,210,922	9.41%
Non-Current Liabilities	\$ 21,961,370	85.58%	\$ 21,293,578	90.59%
Total Liabilities	\$ 25,662,826	100.00%	\$ 23,504,500	100.00%

Liabilities are categorized between current and noncurrent. For example, the College's current liabilities consist primarily of accounts payable, accrued liabilities, deferred revenue and deposits held in custody for others. The noncurrent liabilities portion is comprised of the College's, 2014 Revenue Bonds, Capital Leases and Other Post-Employment Benefits.

Comparison of Assets to Liabilities



Total liabilities decreased by \$2,158,326.68 from \$25,662,826.47 in 2018 to \$23,504,499.79 in 2019, while total assets also decreased \$155,390.02 from \$39,434,919.21 in 2018 to \$39,279,529.19 in 2019. As a result, the asset to liability ratio increased from 1.54 ($\$39,434,919.21 / \$25,662,826.47$) in 2018 to 1.67 ($\$39,279,529.19 / \$23,504,499.79$) in 2019. Assets exceeded liabilities by \$15,775,029.40.

Deferred Outflows of Resources

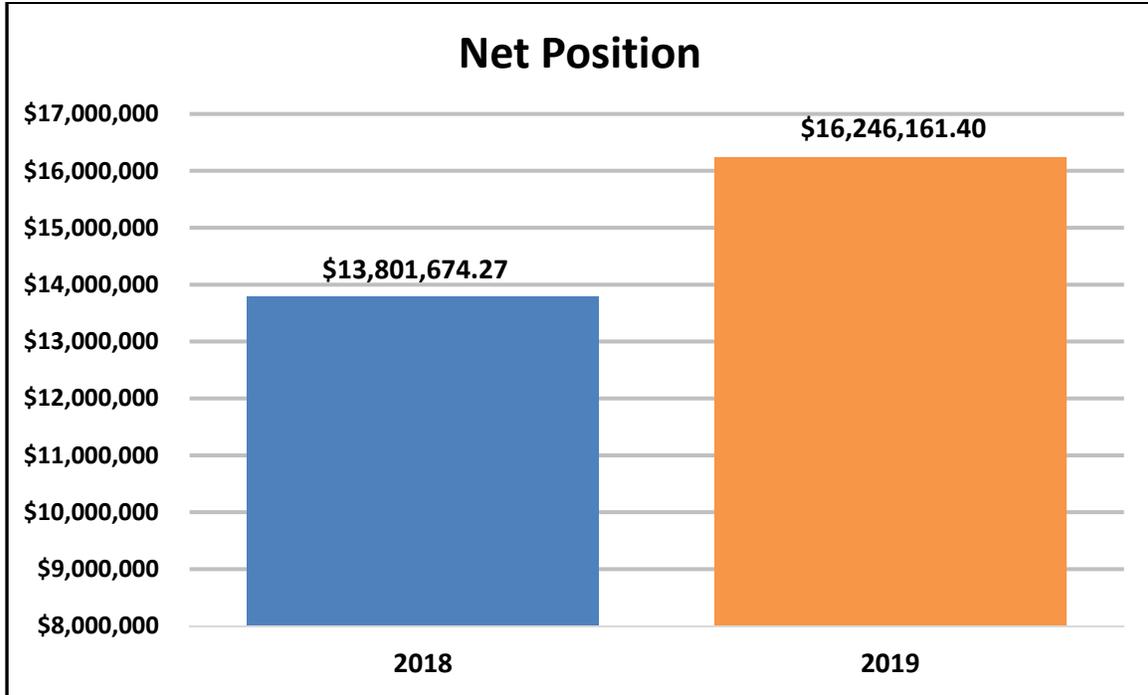
Deferred Outflows of Resources is defined as resources expended not currently recognized as expense. The figure reported is based upon the most recent actuarial study, in accordance with Government Accounting Standards Board No. 75 (GASB 75). GASB 75 titled "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" replaces GASB 45 effective for fiscal years beginning after June 15, 2017.

The Pension Related Deferred Outflows increased \$221,462 from 2018 to a total of \$471,132.00. The increase is the result of a decrease in the discount rate from 3.30% to 3.00% and differences between expected and actual experience.

Comparison of Net Position – Fiscal Year 2018 to 2019

Net position is presented in three major categories. The first is investment in capital assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is restricted and the third is unrestricted. Net position increased during the current fiscal year from \$13,801,674.27 to \$16,246,161.40 for a total increase of \$2,444,487.13.

Net position for 2018 compared to 2019:



Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position present the College's financial results for the fiscal year ending June 30, 2019. The statement includes the College's revenue and expenses, both operating and non-operating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Non-operating revenues and expenses are those that exclude specific goods and services. Examples of non-operating revenues would be local property tax revenue and state aid; whereby local and state taxpayers do not directly receive goods and services from the College.

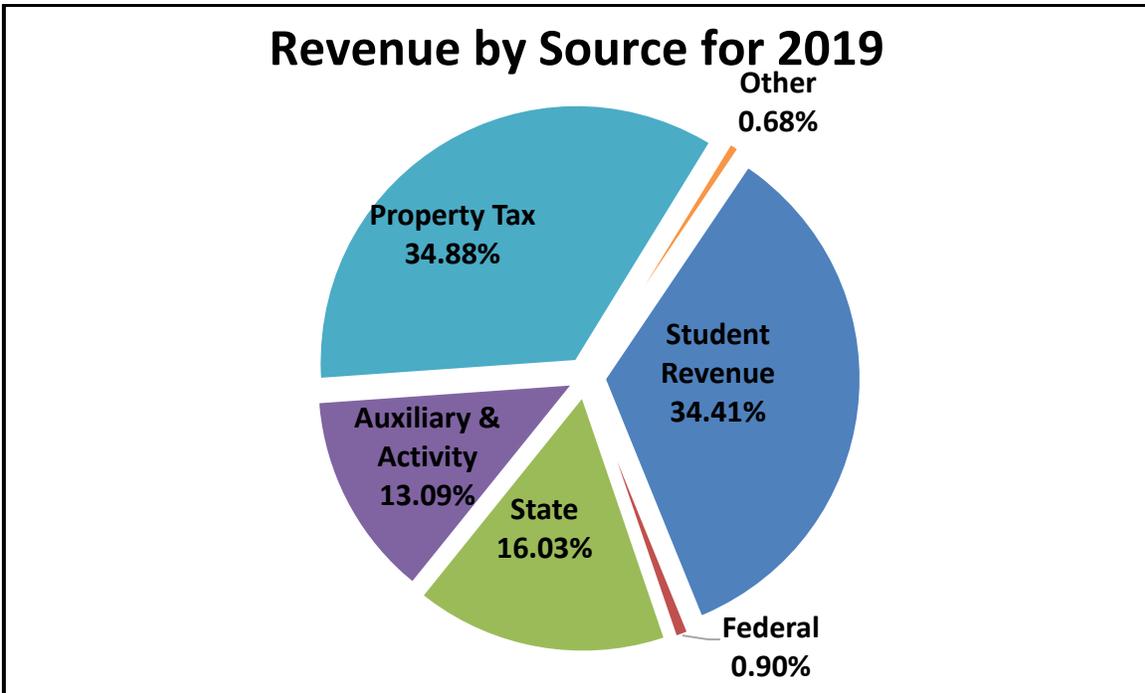
Results of Operations Fiscal Year 2019

Revenue

Components and sources of revenue:

Coffeyville Community College receives revenue from five major sources. They are: The State of Kansas; Federal Government (including Pell Grants); students, in the form of tuition and fees; local taxpayers, by way of property taxes; and through business style auxiliary enterprises. These sources are relatively stable each year as a percentage of the total.

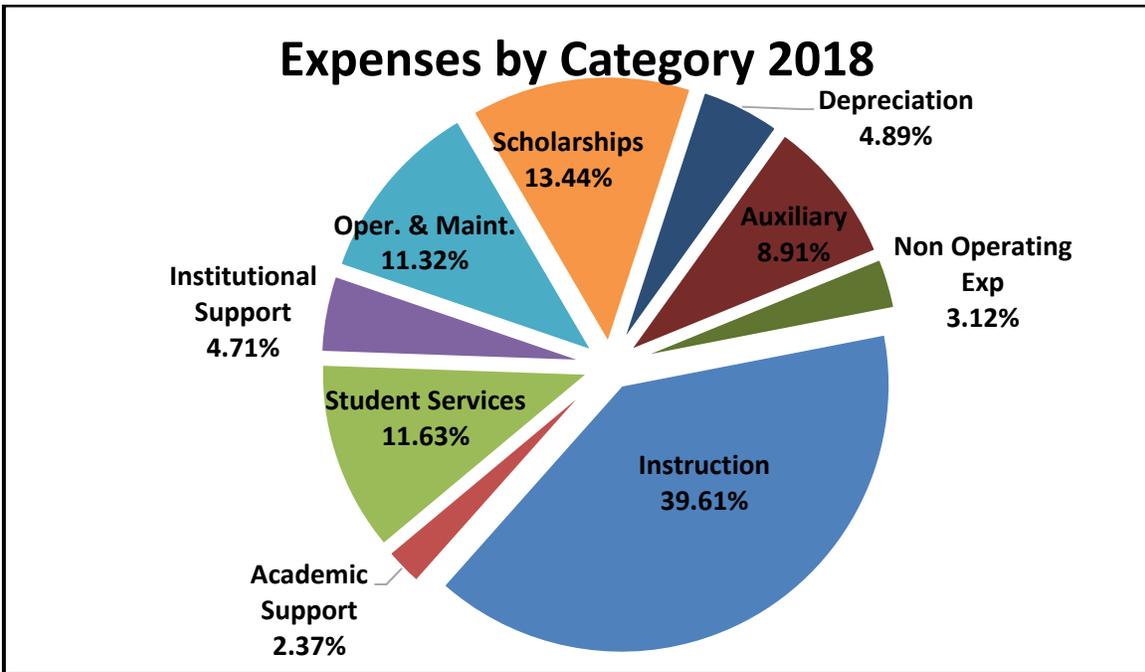
	2018	% Total 2018	2019	% Total 2019
Student Revenue	\$ 8,135,068.14	37.10%	\$ 8,654,470.17	34.41%
Federal	\$ 163,733.02	0.75%	\$ 227,266.33	0.90%
State	\$ 3,764,813.98	17.17%	\$ 4,030,650.52	16.03%
Auxiliary & Activity	\$ 2,940,574.68	13.41%	\$ 3,292,565.40	13.09%
Property Tax	\$ 6,785,414.45	30.95%	\$ 8,772,832.33	34.88%
Other	\$ 137,406.61	0.63%	\$ 171,574.00	0.68%
Total Revenue	\$21,927,010.88	100.00%	\$25,149,358.75	100.00%



Expenditures

Detail of the 2018 and 2019 Education and General expenditures:

	2018	% Total 2018	2019	% Total 2019
Instruction	\$ 8,906,565.59	39.76%	\$ 8,995,236.84	39.61%
Academic Support	\$ 511,463.78	2.28%	\$ 539,133.61	2.37%
Student Services	\$ 2,505,909.04	11.19%	\$ 2,640,304.16	11.63%
Institutional Support	\$ 1,195,113.59	5.33%	\$ 1,068,814.00	4.71%
Oper. & Maintenance	\$ 2,654,539.41	11.85%	\$ 2,571,380.31	11.32%
Scholarships	\$ 2,919,369.21	13.03%	\$ 3,052,354.70	13.44%
Depreciation	\$ 1,059,368.19	4.73%	\$ 1,111,460.80	4.89%
Auxiliary	\$ 1,989,755.23	8.88%	\$ 2,024,067.65	8.91%
Non-Operating Expenses	\$ 660,585.05	2.95%	\$ 709,119.55	3.12%
Total	\$22,402,669.09	100.00%	\$22,711,871.62	100.00%



Statement of Cash Flows

The statement of cash flows presents information about cash receipts and cash payments during the year. It helps assess the College's ability to generate net cash flows and to meet its obligations as they come due. The largest sources of cash from operating activities were student tuition and fees, federal financial aid, and sales and services of

auxiliary enterprises. Major uses of cash were payments made to employees and vendors. Overall, cash and cash equivalents increased by \$904,867.23 to \$14,204,485.22.

Capital Assets and Debt Administration

During the year, the College invested \$337,179.84 and disposed of \$42,815.99 in capital assets changing the total (net of accumulated depreciation) to \$22,444,128.51.

During the year, the college made principal payments of \$948,640.20.

Summary of Overall Performance

Coffeyville Community College's financial condition was impacted by a number of events in 2019 including but not limited to:

- Regional, state and national economic trends.
- An increase in enrollment of nearly 10%, which in turn increased student revenues.
- A change in the Kansas Jayhawk Community College Conference scholarship limitations which increased scholarship costs.
- An increase in property tax revenue due to the timing of a payment from a large tax payer. The payment totaling \$807,952.00 was expected in FY 2018, but was not received until FY 2019 due to the timing of the payment by the taxpayer.

Net position increased \$2,444,487.13 and total liabilities decreased \$2,158,326.68. Total assets decreased by \$155,390.02 to \$39,279,529.19 decreasing the asset to liability ratio from 1.54 in 2018 to 1.67 in 2019. Cash and cash equivalents increased by \$904,867.23. Net return on Assets for 2019 was 6.22%.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Coffeyville Community College
Coffeyville, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of Coffeyville Community College, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Coffeyville Community College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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 College'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 College'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.

Emphasis of Matter

As discussed in Note 24 to the financial statements, the June 30, 2018 financial statements have been restated to retroactively implement Government Accounting Standards Board statement No. 65 (GASB 65). Our opinion is not modified with respect to this matter.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Coffeyville Community College, as of June 30, 2019, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i-viii and schedule of funding progress on page 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Coffeyville Community College's basic financial statements. The supplementary information, as listed in the table of contents as pages 36-50, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of "Municipality", Kansas as of and for the year ended June 30, 2018 (not presented herein), and have issued our report thereon dated December 21, 2018, which contained an unmodified opinion on the basic financial statement. The 2018 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <http://www.admin.ks.gov/offices/chieffinancial-officer/municipal-services>. The 2018 actual column (2018 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended June 30, 2019 (Schedules 4 to 10, as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2018 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2018 basic financial statement. The 2018 comparative information was subjected to the auditing procedures applied in the audit of the 2018 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2018 basic financial statement or to the 2018 basic financial statement itself, and other additional procedures in accordance with

auditing standards generally accepted in the United States of America. In our opinion, the 2018 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2018, on the basis of accounting described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 30, 2019, on our consideration of Coffeyville Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Coffeyville Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Coffeyville Community College's internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
December 30, 2019

COFFEYVILLE COMMUNITY COLLEGECoffeyville, Kansas
Statement of Net Position
June 30, 2019

	Primary Institution	Component Unit - Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 11,980,051.43	\$ 206,584.65
Investments	-	8,626,580.47
Receivables, Net	2,240,951.63	409,262.01
Inventory	353,834.83	-
Beneficial Interest in Assets Held by Coffeyville Area Community Foundation	-	137,533.75
Total Current Assets	<u>14,574,837.89</u>	<u>9,379,960.88</u>
Noncurrent Assets		
Cash and Cash Equivalents	2,224,433.79	-
Receivables, Net	36,129.00	759,812.46
Capital Assets, Net	22,444,128.51	37,391.59
Total Noncurrent Assets	<u>24,704,691.30</u>	<u>797,204.05</u>
TOTAL ASSETS	<u>39,279,529.19</u>	<u>10,177,164.93</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows	<u>471,132.00</u>	<u>-</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	387,606.44	-
Accrued Interest	63,955.45	-
Deferred Revenue	748,608.00	-
Deposits Held in Custody for Others	1,010,751.69	-
Total Current Liabilities	<u>2,210,921.58</u>	<u>-</u>
Noncurrent Liabilities		
Revenue Bonds Payable	13,235,000.00	-
Capital Leases Payable	6,077,074.48	-
Accrued Vacation	411,600.73	-
OPEB Obligations	1,569,903.00	-
Total Noncurrent Liabilities	<u>21,293,578.21</u>	<u>-</u>
TOTAL LIABILITIES	<u>23,504,499.79</u>	<u>-</u>
NET POSITION		
Investment in Capital Assets, Net of Related Debt	3,132,054.03	-
Restricted Net Position - Expendable	1,239,969.17	3,661,765.97
Restricted Net Position - Nonexpendable	-	4,793,033.99
Unrestricted	11,874,138.20	1,722,364.97
TOTAL NET POSITION	<u>\$ 16,246,161.40</u>	<u>\$ 10,177,164.93</u>

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

COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	Primary Institution	Component Unit - Foundation
REVENUES		
Operating Revenues		
Student Tuition and Fees, (net of scholarship allowances of \$1,251,786.00)	\$ 5,316,225.17	\$ -
Federal Grants and Contracts	227,266.33	-
State Grants and Contracts	1,015,482.52	-
Sales and Services of Auxiliary Enterprises	717,651.97	-
Activity Fund Revenues	2,574,913.43	-
Miscellaneous Income	122,312.66	25,645.00
Total Operating Revenues	<u>9,973,852.08</u>	<u>25,645.00</u>
EXPENSES		
Operating Expenses		
Educational and General		
Instruction	8,995,236.84	-
Academic Support	539,133.61	-
Student Services	2,640,304.16	-
Institutional Support	1,068,814.00	53,353.28
Operation and Maintenance	2,571,380.31	184,094.97
Scholarships and Awards	3,052,354.70	220,933.47
Fundraising	-	97,484.12
Auxiliary Enterprises	2,024,067.65	-
Depreciation Expense	1,111,460.80	2,010.53
Total Operating Expenses	<u>22,002,752.07</u>	<u>557,876.37</u>
Operating Income (Loss)	<u>(12,028,899.99)</u>	<u>(532,231.37)</u>
Nonoperating Revenues (Expenses)		
State Appropriations	3,015,168.00	-
County Appropriations	8,772,832.33	-
Pell Grants	3,338,245.00	-
Gifts and Contributions	-	1,555,985.58
Investment Income	49,261.34	57,014.37
Unrealized Gains (Losses) on Investments Held	-	288,096.73
Realized Gains (Losses) on Investments Held	-	(26,078.57)
Gain (Loss) on Sale of Asset	-	-
Debt Service	(702,119.55)	-
Net Nonoperating Revenues (Expenses)	<u>14,473,387.12</u>	<u>1,875,018.11</u>
Increase (Decrease) in Net Position	2,444,487.13	1,342,786.74
Net Position - Beginning of Year, as Previously Reported	14,021,762.74	8,834,378.19
Prior Period Adjustment, Note 24	(220,088.47)	-
Net Position - Beginning of Year, as Restated	<u>13,801,674.27</u>	<u>8,834,378.19</u>
Net Position - End of Year	<u>\$ 16,246,161.40</u>	<u>\$ 10,177,164.93</u>

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

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2019

	Primary Institution	Component Unit - Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 5,032,846.68	\$ -
Federal Grants and Contracts	227,266.33	-
State Grants and Contracts	1,015,482.52	-
Sales and Services of Auxiliary Enterprises	717,651.97	-
Activity Fund Revenues	2,574,913.43	-
Miscellaneous Income	122,312.66	25,645.00
Payments on Behalf of Employees	(10,183,280.53)	-
Payments for Supplies and Materials	(1,264,016.76)	-
Payments for Other Expenses	(10,483,496.63)	(338,238.44)
Net cash provided by (used in) operating activities	<u>(12,240,320.33)</u>	<u>(312,593.44)</u>
CASH FLOWS FROM NON-CAPITAL INVESTING ACTIVITIES		
State Appropriations	3,015,168.00	-
County Appropriations	8,772,832.33	-
Pell Grants	3,338,245.00	-
Federal Direct Loans	2,089,210.00	-
Federal Direct Loans Payments	(2,089,210.00)	-
Interest Earned on Investments	49,261.34	30,935.80
Gifts and Contributions	-	413,520.21
Net cash provided by (used in) non-capital investing activities	<u>15,175,506.67</u>	<u>444,456.01</u>
CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES		
Payments from the Purchase of Investments	-	(6,570,017.55)
Proceeds from the Sale of Investments	-	6,338,051.29
Proceeds from Issuance of Notes Receivable	-	113,640.21
Net cash provided by (used in) capital investing activities	<u>-</u>	<u>(118,326.05)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from the Sale of Assets	-	-
Payments for Purchase of Capital Assets	(376,517.53)	(6,565.18)
Interest Paid on Bonds and Capital Leases	(705,161.38)	-
Proceeds from the Issuance of Capital Leases	-	-
Principal Payments on Bonds	(835,000.00)	-
Principal Payments on Capital Leases	(113,640.20)	-
Principal Payments on Notes Payable	-	-
Net cash provided by (used in) financing activities	<u>(2,030,319.11)</u>	<u>(6,565.18)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	904,867.23	6,971.34
Cash and Cash Equivalents, Beginning of Year	<u>13,299,617.99</u>	<u>199,613.31</u>
Cash and Cash Equivalents, End of Year	<u>\$ 14,204,485.22</u>	<u>\$ 206,584.65</u>

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

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2019

	Primary Institution	Component Unit - Foundation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (12,028,899.99)	\$ (532,231.37)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:		
Depreciation Expense	1,111,460.80	2,010.53
Non-cash Donations	-	217,627.40
(Increase) Decrease in Receivables	142,769.51	-
(Increase) Decrease in Inventory	(37,544.00)	-
(Increase) Decrease in Pension Related Deferred Outflows	(221,462.00)	-
Increase (Decrease) in Accounts Payable	(1,197,922.05)	-
Increase (Decrease) in Deferred Revenue	(426,148.00)	-
Increase (Decrease) in Accrued Vacation	(55,065.75)	-
Increase (Decrease) in Deposits Held for Others	136,577.15	-
Increase (Decrease) in OPEB Obligations	335,914.00	-
Net cash provided by (used in) operating activities	<u>\$ (12,240,320.33)</u>	<u>\$ (312,593.44)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents classified as current assets	\$ 11,980,051.43	\$ 206,584.65
Cash and Cash Equivalents classified as non-current assets	2,224,433.79	-
Total Cash and Cash Equivalents	<u>\$ 14,204,485.22</u>	<u>\$ 206,584.65</u>
Supplemental Information		
Cash Paid During the Period for:		
Interest Expense Paid	\$ 703,836.38	\$ -
Non-Cash Donations		
Management & General In-Kind	-	155,831.84
Fundraising - In-Kind Items for Auction	-	61,795.56

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

COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas

Notes to the Financial Statements
For the Year Ended June 30, 2019

1. NATURE OF ACTIVITIES

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

Reporting Entity

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

Component Units

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

The College's component unit is a private not-for-profit organization that reports under FASB standards. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the component unit's financial information in the College's financial report for these differences. The component unit's financial data has, however, been aggregated into like categories for presentation purposes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

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

Cash and Cash Equivalents

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

Investments

The College accounts for its investments at fair value. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net assets.

Accounts Receivable and Deferred Revenue

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Kansas. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts. Accounts receivable also include taxes in process of collection for property taxes assessed and collected for the calendar year ending December 31, 2018.

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

Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in November 2018 are recorded as taxes receivable. Approximately 2% to 6% of these taxes are normally distributed after June 30, 2019, and are presented as accounts receivable-taxes in process and deferred revenue to indicate that they are not appropriable. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories

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

Noncurrent Cash and Cash Equivalents

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are stated at cost at the date of acquisition, or fair value at the date of donation in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of \$5,000.00 or more, and an estimated useful life of greater than one year. Renovations to building, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is provided on straight-line method over the estimated useful lives of the respective classes of property. Estimated useful lives are as follows:

Buildings and Additions	15 to 35 Years
Machinery and Equipment	3 to 7 Years
Vehicles	5 Years

Compensated Absences

Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued vacation payable in the statement of net assets, and a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net assets.

Noncurrent Liabilities

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

Net Position

The College's net position are classified as follows:

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

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

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

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

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

Net Position (Continued)

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

Income Taxes

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

Classification of Revenues

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

Operating revenues: Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales of services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most Federal, state and local grants and contracts, and Federal appropriations.

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

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net assets. Scholarship discounts and allowances are the difference between the stated charge and the goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other Federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship discount and allowance.

Accounting Estimates

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

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

Pension Plan

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

Accounts Receivable and Allowance for Doubtful Accounts

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

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for current funds - unrestricted and plant funds (unless specifically exempted by statute). Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

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

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

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

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

3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Bond Covenants

The bond resolution to issue the Student Union, Bookstore and Dormitory System Revenue Bonds contains the following requirements:

1. All income from operation of the Revenue Fund are to be placed in the Revenue Fund.
2. Disbursements from the Revenue Fund are required as follows:
 - (a) Monthly transfers to the Debt Service Account not less than 1/6th of the next revenue bond interest.
 - (b) Monthly transfers to the Debt Service Account not less than 1/12th of the next revenue bond principal.
 - (c) A balance in an amount equal to the lesser of 10% of the original principal amounts of the bonds or one times the maximum future debt service requirements of the bonds or 125% of the average annual debt service requirements of the bonds is to be maintained in the Debt Service Reserve Fund
 - (d) On June 30th each year, after meeting all requirements of (a) through (c) above, all remaining money in the Dormitory and Student Union Account shall be paid to the Surplus Account. This fund may pay costs of operation, maintenance, repair, improvements or redeem the revenue bonds prior to their normal maturity.
 - (e) The College agrees to maintain rental rates, fees and charges for the use of buildings and facilities, which will be sufficient to have each fiscal year a net operating revenue of at least 125% of the annual requirement for principal and interest requirements of the current fiscal year of the Dormitory Revenue Bonds.

For the fiscal year ended June 30, 2019, the College met the gross operating income covenant, as follows:

Increase (Decrease) in Net Position (Page 47)	\$ 540,339.04
Debt Service	1,310,311.25
Capital Outlay	53,230.42
Dorm Revenues (Page 49)	<u>499,032.50</u>
Net Income as defined by Bond Agreements	<u>\$ 2,402,913.21</u>
Required 125% of the current year principle and interest	<u>\$ 2,065,595.73</u>

During the fiscal year ended June 30, 2019, all of the transfers required by #2 above, were made. At June 30, 2019, the bond reserves had the following balances:

	<u>REQUIRED</u>	<u>ACTUAL</u>
Debt Service Account	\$ 191,239.17	\$191,239.17
Dormitory Bond Reserve Account	1,048,730.00	1,048,730.00

Compliance with Kansas Statutes

Supplementary Schedules 4 to 10 have been prepared in order to show compliance with the cash basis and budget laws of Kansas.

Management is not aware of any statutory violations.

4. DEPOSITS

Primary Institution:

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2019.

At year-end, the College's carrying amount of the deposits was \$14,203,535.22 and the bank balance was \$14,415,945.29. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$257,831.37 was covered by FDIC insurance, \$14,157,649.39 was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name, and \$464.53 was in trust with Security Bank of Kansas City.

Component Unit:

At year-end, the Foundation's carrying amount of the deposits including certificates of deposit was \$206,584.65 and the bank balance was \$407,772.91. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$377,921.06 was covered by FDIC insurance and \$29,851.85 was unsecured.

5. INVESTMENTS

Component Unit: - Investment Policy

The Primary objective of the Foundation's investment policy is to provide for long-term growth of principal and income within reasonable risk on continuing and consistent basis. Emphasis shall be on maintaining growth of assets, net of inflation and fees. Over a period of time, the minimum goal for the total return of the fund should be the current rate of inflation plus 3 to 7%.

5. **INVESTMENTS** (Continued)

The investment objective requires a disciplined and consistent management philosophy. The objectives do not call for a philosophy which represents extreme positions or opportunistic styles. The portfolio shall be diversified with both fixed income and equity holdings. The purpose of such diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact of the total portfolio.

Investments are made under the direction of the Board of Directors. Equity investments and other investments are recorded at fair values subject to comments on Investments under the summary of accounting policies.

Investments at June 30, 2019, are comprised of the following:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Rating</u>
SEI - Challenge	\$ 1,490,155.35	\$ 1,518,030.27	Various
SEI - Foundation	2,815,436.53	2,948,973.34	Various
Edward Jones	333,976.57	374,033.69	Various
LPL	152,481.45	195,457.01	Various
Integrity Life	1,350,000.00	1,398,016.46	Various
American National	1,005,000.00	1,223,593.22	Various
Allianz Rewards	<u>1,000,000.00</u>	<u>968,476.48</u>	Various
	<u>\$ 8,147,049.90</u>	<u>\$ 8,626,580.47</u>	

6. **FAIR VALUE MEASUREMENTS**

Component Unit:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

- Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2. Inputs to the valuation methodology include:
 - quoted prices for similar assets or liabilities in active markets;
 - quoted prices for identical or similar assets or liabilities in inactive markets;
 - inputs other than quoted prices that are observable for the asset or liability;
 - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
 - If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

6. FAIR VALUE MEASUREMENTS (Continued)

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2019.

Common Stock: Valued at the closing price reported on the New York Stock Exchange.

Bonds: Valued using pricing models maximizing the use of observable inputs for similar securities. This includes basing the value on yields currently available on comparable securities of issuers with similar credit rates.

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Foundation are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

Unit Trust Fund: Valued at the NAV of units of a bank collective trust. The NAV, as provided by the trustee, is used as a practical expedient to estimate fair value. The NAV is based on the fair value of the underlying investments held by the fund less its liabilities. This practical expedient is not used when it is determined to be probable that the fund will sell the investment for an amount different than the reported NAV. Participant transactions (purchased and sales) may occur daily. Were the Foundation to initiate a full redemption of the unit trust, the investment adviser reserves the right to temporarily delay withdrawal from the trust in order to ensure that securities liquidations will be carried out in an orderly business manner.

The following table sets forth carrying amounts and estimated fair value for financial instruments at June 30, 2019:

	June 30, 2019			
	Level 1	Level 2	Level 3	Total
SEI – Challenge	\$ 1,518,030.27	\$ --	\$ --	\$ 1,518,030.27
SEI – Foundation	2,948,973.34	--	--	2,948,973.34
Edward Jones	374,033.69	--	--	374,033.69
LPL	195,457.01	--	--	195,457.01
Integrity Life	--	1,398,016.46	--	1,398,016.46
American National	--	1,223,593.22	--	1,223,593.22
Allianz Rewards	--	968,476.48	--	968,476.48
Totals	<u>\$ 5,036,494.31</u>	<u>\$ 3,590,086.16</u>	<u>\$ --</u>	<u>\$ 8,626,580.47</u>

There were no transfers between level 1 and level 2 investments during the year ended June 30, 2019.

7. RECEIVABLES, NET

Primary Institution:

Receivables at June 30, 2019, consist of the following amount:

Current:	
Student Accounts - net	\$1,441,554.35
Taxes in Progress	712,479.00
Federal Grants	70,754.00
Bookstore Credit Memos	<u>16,164.28</u>
Total Current	<u>2,240,951.63</u>
Noncurrent	
Taxes in Progress	<u>36,129.00</u>
Total Accounts Receivable	<u>\$2,277,080.63</u>

The College uses the allowance method to account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for uncollectible accounts of \$654,272.14 at June 30, 2019.

8. BOOKSTORE INVENTORY

Bookstore inventory consisted of the following at June 30, 2019:

New Books	\$ 54,183.85
Used Books	260,567.08
Clothing	25,670.92
Supplies	1,859.69
Gift Items	<u>11,553.29</u>
Total Bookstore Inventory	<u>\$ 353,834.83</u>

9. CAPITAL ASSETS

Primary Institution:

Following are the changes in capital assets for the year ended June 30, 2019:

	Balance 06/30/2018	Additions	Retirements	Balance 06/30/2019
Capital Assets Not Being Depreciated				
Land	\$ 431,441.30	\$ -	\$ -	\$ 431,441.30
Construction In Progress	-	39,337.69		39,337.69
Total Capital Assets Not Being Depreciated	431,441.30	39,337.69	-	470,778.99
Other Capital Assets				
Buildings	21,917,732.17	182,303.16	-	22,100,035.33
Buildings Under Capital Lease	9,802,826.96	23,104.00	-	9,825,930.96
Equipment	2,732,475.85	58,432.70	(27,215.99)	2,763,692.56
Vehicles	527,964.00	73,339.98	(15,600.00)	585,703.98
Vehicles Under Capital Lease	447,500.00	-	-	447,500.00
Total Other Capital Assets	35,428,498.98	337,179.84	(42,815.99)	35,722,862.83
Accumulated Depreciation				
Buildings	(6,895,188.98)	(588,398.56)	-	(7,483,587.54)
Buildings Under Capital Lease	(2,748,931.76)	(295,305.03)	-	(3,044,236.79)
Equipment	(2,418,779.21)	(110,134.27)	27,215.99	(2,501,697.49)
Vehicles	(461,343.55)	(28,122.94)	15,600.00	(473,866.49)
Vehicles Under Capital Lease	(156,625.00)	(89,500.00)	-	(246,125.00)
Total Accumulated Depreciation	(12,680,868.50)	(1,111,460.80)	42,815.99	(13,749,513.31)
Total Net Capital Assets	\$ 23,179,071.78	\$ (734,943.27)	\$ -	\$ 22,444,128.51

9. **CAPITAL ASSETS** (Continued)

Component Unit:

Following are the changes in capital assets for the year ended June 30, 2019:

	Audit Balance 06/30/2018	Additions	Retirements	Audit Balance 06/30/2019
Capital Assets Not being Depreciated				
Zimmerman Lots	\$ 8,500.00	\$ -	\$ -	\$ 8,500.00
Sub-Total	<u>8,500.00</u>	<u>-</u>	<u>-</u>	<u>8,500.00</u>
Other Capital Assets				
Bus Barn	24,256.12	-	-	24,256.12
Greenhouse	41,626.73	-	-	41,626.73
615 W. 9th	29,608.92	-	-	29,608.92
Storage Building	6,000.00	-	-	6,000.00
Leasehold Improvements	8,149.38	6,565.18	-	14,714.56
Sub-Total	<u>109,641.15</u>	<u>6,565.18</u>	<u>-</u>	<u>116,206.33</u>
Total Capital Assets	<u>118,141.15</u>	<u>6,565.18</u>	<u>-</u>	<u>124,706.33</u>
Accumulated Depreciation				
Bus Barn	(24,256.12)	-	-	(24,256.12)
Greenhouse	(41,626.73)	-	-	(41,626.73)
615 W. 9th	(16,150.53)	(1,076.69)	-	(17,227.22)
Storage Building	(2,325.00)	(150.00)	-	(2,475.00)
Leasehold Improvements	(945.83)	(783.84)	-	(1,729.67)
	<u>(85,304.21)</u>	<u>(2,010.53)</u>	<u>-</u>	<u>(87,314.74)</u>
Net Capital Assets	<u>\$ 32,836.94</u>	<u>\$ 4,554.65</u>	<u>\$ -</u>	<u>\$ 37,391.59</u>

10. LONG-TERM DEBT

Primary Institution:

Revenue Bonds:

2.0% to 4.0% Student Union, Bookstore, and Dormitory System revenue bonds issued 2014, maturing serially through June 1, 2039, Secured by dormitory gross revenues. \$13,235,000.00

The following is a summary of changes in debt for the year ended June 30, 2018:

<u>OBILGATIONS</u>	<u>PRINCIPAL JUNE 30, 2018</u>	<u>PRINCIPAL RECEIVED (PAID)</u>	<u>PRINCIPAL JUNE 30, 2019</u>	<u>INTEREST PAID</u>
Revenue Bonds				
Series 2014	\$13,490,000.00	\$ (255,000.00)	\$13,235,000.00	\$ 510,092.50
Total Obligations	<u>\$13,490,000.00</u>	<u>\$ (255,000.00)</u>	<u>\$13,235,000.00</u>	<u>\$ 510,092.50</u>

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

<u>JUNE 30,</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2020	\$ 280,000.00	\$ 503,717.50	\$ 783,717.50
2021	320,000.00	495,317.50	815,317.50
2022	350,000.00	485,717.50	835,717.50
2023	390,000.00	475,217.50	865,217.50
2024	430,000.00	463,517.50	893,517.50
2025-2029	2,970,000.00	2,078,150.00	5,048,150.00
2030-2034	3,840,000.00	1,394,225.00	5,234,225.00
2035-2039	4,655,000.00	573,000.00	5,228,000.00
Total	<u>\$ 13,235,000.00</u>	<u>\$ 6,468,862.50</u>	<u>\$ 19,703,862.50</u>

11. CAPITAL LEASES

Capital leases/refunding certificates of participation with UMB Bank, N.A., dated August 15, 2012; annual principal payments and semi-annual interest payments of 2.00% - 3.00% through October 1, 2025, secured by a student housing building.

Year Ended June 30,	
2020	\$ 550,275.00
2021	545,631.25
2022	554,818.75
2023	552,750.00
2024	553,775.00
2025-2026	<u>1,065,825.00</u>
Total Net Minimum Lease Payments	3,823,075.00
Less: Imputed Interest	<u>(348,075.00)</u>
Net Present Value	3,475,000.00
Less: Current Maturities	<u>(465,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 3,010,000.00</u>

11. CAPITAL LEASES (Continued)

The College has entered into a capital lease agreement with Coffeyville Community College Foundation. The capital lease agreement is dated October 17, 2016, and is for the purchase of two 56 Passenger Buses. The lease requires two annual payments of \$48,524.29, which include interest at 3.00% per annum. The lease payments start on April 17, 2017 and reach maturity at October 17, 2021.

Year Ended June 30,	
2020	\$ 97,048.58
2021	97,048.58
2022	<u>48,524.29</u>
Total Net Minimum Lease Payments	242,621.45
Less: Imputed Interest	<u>(10,546.97)</u>
Net Present Value	232,074.48
Less: Current Maturities	<u>(90,762.01)</u>
Long-Term Capital Lease Obligations	<u>\$ 141,312.47</u>

Capital leases/refunding certificates of participation with Branch Banking and Trust Company, Charlotte, North Carolina, dated June 4, 2018; annual principal payments and semi-annual interest payments of 3.54% through June 1, 2033, secured by HVAC upgrades, electric and controls upgrades and lighting upgrades.

Year Ended June 30,	
2020	\$ 218,898.00
2021	219,119.00
2022	219,163.00
2023	219,030.00
2024	218,720.00
2025-2029	1,082,755.00
2030-2033	<u>866,508.00</u>
Total Net Minimum Lease Payments	3,044,193.00
Less: Imputed Interest	<u>(674,193.00)</u>
Net Present Value	2,370,000.00
Less: Current Maturities	<u>(135,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 2,235,000.00</u>

12. OPERATING LEASES

The College has entered into a lease agreement with Coffeyville Community College Foundation for the lease of a bus barn and greenhouse the Foundation owns. The operating lease is renewable annually requiring monthly payments of \$2,060.00.

The College has leased a postage and folding machine for the period from August 30, 2017 through August 30, 2022 with monthly rent of \$136.95.

The College has entered into a month to month lease with Unified School District #493, Columbus, Kansas for a building to hold classes, with a rental of \$2,000.00 per month.

Total rent expense paid under the above operating leases was \$74,889.52 for the year ended June 30, 2019. Future minimum rental payments are as follows:

2020	\$ 1,643.40
2021	1,643.40
2022	1,643.40

13. **OTHER POST EMPLOYMENT BENEFITS**

Description of Pension Plan

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

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

Substantially all public employees in Kansas are covered by the Pension Plan. Participation by local political subdivisions is optional, but irrevocable once elected. Those employees participating in the Pension Plan for the College are included in the State/School employee group.

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

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 as defined by GASB Statement No. 68. Accordingly, the State is required to recognize its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and expense for the pension plan attributable to the College. The College records revenue and pension 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 only be changed by the 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.

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.

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. 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 Legislature and the Governor of the State of Kansas. 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.

The actuarially determined employer contribution rates and the statutory contribution rates for school employees are 16.38% and 12.01%, respectively. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

Employer and Nonemployer 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.

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

The individual employer allocation percentages for the pension amounts were based on the ratio of the employer and nonemployer contributions for the individual employer in relation to the total of all employer and nonemployer contributions of the group.

At June 30, 2018, the proportion recognized by the State of Kansas on behalf of the College was .1315%, which was an decrease of .0164% from the proportion measured at June 30, 2017.

Net Pension Liability

At June 30, 2018 and 2017, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was \$8,577,289.00 and \$9,936,953.00, respectively.

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2017, which was rolled forward to June 30, 2018, using the following actuarial assumptions:

Wage inflation	2.75%
Salary increases, including wage increases	3.50 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

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

The actuarial assumptions used in the December 31, 2017 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 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%	6.80%
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%	

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

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 assumed that contributions from plan members will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Revenue and Pension Expense Recorded by the College: For the year ended June 30, 2019, the College recognized revenue and pension expense in an equal amount of \$891,781.52.

Early Retiree Health Insurance:

Plan Description: The College sponsors Medical and Dental insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured contracts that collectively operate as a single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate retirement benefits under the Kansas Public Employees Retirement System and retire prior to age 65. Retirees and spouses may continue coverage with the College until their Medicare eligibility (i.e. age 65). Participants are required to contribute 100% of group insurance premiums to maintain coverage. Age-adjusted costs may exceed group insurance premiums thus creating an age-subsidy or benefit that forms the basis for the valuation. The plan is identifiable as a single-employer plan. There are 141 total active employees and 4 retirees who are participating in the plan as of July 1, 2017, the census date used for the actuarial valuation.

Funding policy: Costs under the College's group insurance program are paid from general operating assets on a pay-as-you-go basis. This arrangement does not qualify as an "OPEB Plan" under GASB requirements and thus these assets may not be reported as an offset to GASB liabilities. The Board has the authority for establishing and amending the funding policy.

Total OPEB Liability: The College's total OPEB liability of \$1,569,903.00 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	July 1, 2017
Measurement Date (End of Year)	June 30, 2019
Reporting Date	June 30, 2019
Discount Rate	3.00% (Measurement Date) 3.30% (Year Preceding Measurement Date)
Salary Scale	2.5%
Actuarial Cost Method	Entry Age – Level Percent-of-Pay
Health Care Cost Trend Rates	7.5% decreasing 0.5% per year until 2021 and 0.25 % per year until reaching an ultimate trend rate of 4.5%

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 3.30% (beginning-of-year measurement) and 3.00% (end-of-year measurement).

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

The assumed mortality was changed to the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2019 Full Generational Improvement. The prior valuation utilized the MP-2017 mortality improvement scale.

Annual OPEB cost and net OPEB obligation:

Net OPEB Liability	
I. Total OPEB Liability	\$ 1,569,903
II. Plan Fiduciary Net Position (Trust Assets)	<u>0</u>
III. Net OPEB Liability at June 30, 2019 (I minus II)	<u>\$ 1,569,903</u>
OPEB Liability Changes	
Total OPEB Liability – Beginning of Year	\$ 1,233,989
1. Service Cost	76,954
2. Interest Cost	42,502
3. Changes in Benefit Terms	0
4. Differences between actual and expected experience	233,409
5. Changes in assumptions and inputs	29,049
6. Employer Contributions (Benefit Payments)	<u>46,000</u>
Net Changes (1 + 2 + 3 + 4 + 5 – 6)	335,914
Total OPEB Liability – End of Year	<u>\$ 1,569,903</u>
OPEB Expense – Fiscal Year 2018-19	
1. Service Cost	\$ 76,954
2. Interest on Total OPEB Liability	42,502
3. Differences between expected and actual experience	0
4. Changes of assumptions and inputs	17,955
5. Changes in Benefit Terms	23,041
6. Projected earnings on OPEB plan investments	0
7. Differences between projected & actual earnings on OPEB investments	<u>0</u>
OPEB Expense (1 + 2 + 3 + 4 + 5 - 6+7)	<u>\$ 160,452</u>
OPEB Liability as a percentage of payroll	
Total OPEB Liability	\$ 1,569,903
Payroll	*6,539,929
Percent of Payroll	24.0%

* Annualized pay as of July 1, 2017 of active employees included in the valuation

Sensitivity of Total OPEB Liability to changes in the Discount Rate

	1% Decrease 2.00%	Current Single Discount Rate Assumption 3.0%	1% Increase 4.0%
Total OPEB Liability	1,695,556	1,569,903	1,453,478
Increase/(Decrease) from Baseline	125,653		(116,425)

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

	1% Decrease	Current Trend Assumption	1% Increase
Total OPEB Liability	1,388,348	1,569,903	1,785,960
Increase/(Decrease) from Baseline	(181,555)		216,057

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

Deferred Outflows and Inflows of Resources: The accumulated amount of Deferred Outflows and Inflows of Resources as of June 30, 2019 are shown below.

Category	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience (1)	215,454	0
Changes in Assumptions (2)	255,678	0
Contributions Subsequent to Measurement Date (3)	0	0

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

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

Fiscal Year Ending	Amount
2020	\$ 40,996
2021	40,996
2022	40,996
2023	40,996
2024	40,996
2025 & Thereafter	266,152

Average Expected Remaining Service Life: 11.5 years

Early Retirement Benefits: The College has adopted a policy providing early retirement benefit options. Employees who have met eligibility for full retirement under KPERs, and who have completed 15 years of continuous full-time employment at Coffeyville Community College shall be eligible to continue under the College’s health plan, and will also be entitled to the following financial benefit:

If the employee retires before age of full Social Security Retirement Benefit Eligibility Date (SSRBED), the following payments, as a percentage of the employee’s highest annual salary, shall begin on or before three years prior to SSRBED:

<u>Retirement Age</u>	<u>Direct Payment</u>
On or before 3 years prior to SSRBED	17% at 3 yrs prior to SSRBED 15% at 2 yrs prior to SSRBED 12% at 1 yr prior to SSRBED
2 years prior to SSRBED	15 % at 2 yrs prior to SSRBED 12% at 1 yr prior to SSRBED
1 year prior to SSRBED	12% at 1 yr prior to SSRBED

13. OTHER POST EMPLOYMENT BENEFITS (Continued)

The following is a schedule of benefits paid and payable for eligible employees which have taken early retirement as of June 30, 2019:

<u>Paid or Payable</u>	<u>Fiscal Year Ended June 30th</u>	<u>Amount</u>
Paid	2019	\$ 25,877.55
Payable	2020	22,833.25
Payable	2021	25,822.80
Payable	2022	6,668.00
Payable	2023	20,209.00
Payable	2024	13,125.00
Payable	Thereafter	10,500.00

Other Post Employment Benefits: As provided by K.S.A. 12-5040, the local government allows retirees to participate in the group health insurance plan. The College has adopted a policy that pays the single rate toward the retirees health insurance until they reach age 65, conceptually, the local government is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

14. COMPENSATED ABSENCES

Full-time professional/administrators earn vacation time according to the following schedule:

1 - 10 years of service – 20 days per year or 1.66 days per month, for a maximum of 40 days.

11 years and over of service – 25 days per year or 2.08 days per month, for a maximum of 50 days.

Full-time classified employees earn vacation time according to the following schedule:

1 - 10 years of service – 10 days per year or .83 days per month, for a maximum of 20 days.

11 years and over of service – 15 days per year or 1.25 days per month, for a maximum of 30 days.

Vacation will be awarded on the 1st of each month. Once a maximum balance is accrued, employees will no longer be awarded additional vacation time. Less than full-time professional/administrators and classified shall earn vacation on the schedule but prorated to the part-time status.

The provision for and accumulation of sick leave is based upon employment classification and years of service. Employees are not paid for accumulated sick leave upon termination.

14. COMPENSATED ABSENCES (Continued)

The College accrues a liability for compensated absences which meet the following criteria:

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

In accordance with the above criteria, the College has accrued a liability for vacation pay, and not for sick leave, which has been earned, but not taken, inasmuch as the amount cannot be reasonably estimated because the rights do not vest.

15. CONTINGENT LIABILITIES

During the year ended June 30, 2008, a major taxpayer filed an appeal pertaining to their tax valuation. The appeal was filed with the Kansas Board of Tax Appeals. In January 2012, a majority of the three judge panel at Kansas Board of Tax Appeals ruled in favor of Montgomery County, Kansas (the entity responsible for the tax valuation). The taxpayer filed an appeal of the court decision to the Kansas Court of Appeals. In February 2013, the parties to the lawsuit reached a settlement for all tax years except 2008. The agreement also established upper and lower repayment limits based upon the final resolution of the case. Sometime after February 2013, the Kansas Court of Appeals remanded the case to the Kansas Board of Tax Appeals. On March 30, 2016, the Kansas Court of Tax Appeals issued a new decision on the matter that essentially reversed their earlier ruling. During FY 2019, Montgomery County officials reached a settlement agreement for the 2008 tax year. The settlement agreement does not require the college to repay any of the taxes paid by the company in 2008. The company did receive a freeze on their property valuation for the next 10 years in lieu of the repayment.

Another industry also filed a tax appeal, which Montgomery County has resolved. The settlement agreement requires the College to repay taxes as follows: January 2020 - \$99,017.88.

16. RISK MANAGEMENT

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

The College has established a Health Insurance Fund. The purpose is to provide for an employee welfare benefit plan for health insurance. Contributions from eligible employees and the College are deposited in the name of the plan, subject to withdrawal for purposes of paying approved claims and expenses. The College has contracted with Blue Cross Blue Shield of Kansas to be the claims supervisor. The supervisor reviews all claims for allowability and issues monthly reports to the College. The College has a stop-gap policy which pays any aggregate claims over \$35,000.00.

17. BENEFICIAL INTEREST IN ASSETS HELD AT THE COFFEYVILLE AREA COMMUNITY FOUNDATION

Component Unit:

The Coffeyville Community College Foundation (CCCF) has established a fund with the Coffeyville Area Community Foundation (CACF) as a vehicle for donors to donate for the benefit of the Foundation. Donor contributions are held at CACF, who will invest the funds and make distributions available upon request on an annual basis. If the income is not distributed in a particular calendar year, the undistributed net income for such year shall be added to the principal. The value of the funds held as Agency funds at June 30, 2019 is \$137,533.75.

18. NET ASSETS

Component Unit:

Net assets without donor restrictions

At June 30, 2019, all unrestricted net assets are undesignated as to their use.

Net assets with donor restrictions

Donation balances received & restricted to use within the following programs:

	June 30, 2019
Restricted by donor with time or purpose restriction	\$ 3,661,765.97
Restricted by donor	<u>4,793,033.99</u>
Total Net Assets with Donor Restrictions	<u>\$ 8,454,799.96</u>

19. ENDOWMENTS

Component Unit:

Our endowment (the Endowment) consists of approximately 193 individual funds established by donors to provide annual funding for specific activities and general operations.

Our Board of Directors has interpreted the Kansas Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2019 and 2018, there were no such donor stipulations. As a result of this interpretation, we retain in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts donated to the Endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by us in a manner consistent with the standard of prudence prescribed by UPMIFA. We consider the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

19. ENDOWMENTS (Continued)

As of June 30, 2019, the Foundation had the following endowment net asset composition by type of fund:

<u>June 30, 2019</u>	<u>With Donor Restriction</u>
Donor-Restricted Endowment Funds	\$ <u>4,793,033.99</u>
Total Funds	\$ <u>4,793,033.99</u>

Investment and Spending Policies

We have adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5 percent on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of-return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time. We use an endowment spending-rate formula to determine the maximum amount to spend from the Endowment, including those endowments deemed to be underwater, each year.

The rate, determined and adjusted from time to time by the Board of Directors, is applied to the average fair value of the Endowment investments for the prior 12 quarters at December 31 of each year to determine the spending amount for the upcoming year. During 2019, the spending rate maximum was 4.5 percent. In establishing this policy, we considered the long-term expected return on the Endowment and set the rate with the objective of maintaining the purchasing power of the Endowment over time.

Changes in endowment net assets for the year ended June 30, 2019 are as follows:

<u>June 30, 2019</u>	<u>With Donor Restrictions</u>
Endowment Net Assets, Beginning of Year	\$ 4,688,633.41
Contributions	<u>104,400.58</u>
Endowment Net Assets, End of Year	\$ <u>4,793,033.99</u>

20. LEASING ACTIVITIES

The College has entered into an operating lease with Unified School District #445 as the lessor for use of the north one-third of Orscheln Hall. Rental payments are \$1,000.00 per month and are included as miscellaneous income in the financial statements. The College also rents classroom space at the Columbus Campus to Neosho County Community College, there is no formal lease agreement. Total lease income for the year ended June 30, 2019 was \$12,000.00 with no future minimum lease income.

20. LEASING ACTIVITIES (Continued)

The College has entered into an operating lease with Kansas Military Board as the lessor for use of space in the Union Building. Rental payments are \$302.67 per month and are included as miscellaneous income in the financial statements. Total lease income for the year ended June 30, 2019 was \$3,632.04 with future minimum lease income as follows:

2020 \$ 2,118.69

21. RELATED PARTY TRANSACTIONS

The Coffeyville Community College Foundation was formed to promote and foster the educational purposes of the College, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the College. The Foundation acts largely as a fund raising organization, soliciting, receiving, managing, and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation's board of directors. The Foundation disbursed to the College for the year ended June 30, 2019, \$220,933.47 for scholarships. For the year ended June 30, 2019, the College disbursed on behalf of the Foundation \$155,831.84.

The Foundation has entered into a lease agreement with Coffeyville Community College for the lease of a bus barn and greenhouse the Foundation owns. The operating lease is renewable annually requiring monthly payments of \$2,060.00. Amounts collected in fiscal years ended June 30, 2019, was \$24,720.00.

In addition, as described in Note 11, the Foundation has entered into Capital Lease Agreements with Coffeyville Community College.

22. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Reason</u>	<u>Amount</u>
General	Postsecondary Technical Education	Operating Expenses	\$ 910,000.00

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

23. SEGMENT INFORMATION

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains, losses, assets, and liabilities that are required by an external party to be accounted for separately. The Auxiliary Enterprise Housing Fund qualifies as a segment and is as follows:

23. SEGMENT INFORMATION (Continued)

Condensed Statement of Net Position

Assets:	
Current assets	\$ 3,230,788.32
Noncurrent assets	<u>1,239,969.17</u>
Total Assets	<u>4,470,757.49</u>
Liabilities	
Current liabilities	<u>175,695.83</u>
Total liabilities	<u>175,695.83</u>
Net position	
Restricted – Bond Reserve	1,048,730.00
Restricted – Bond and Interest	191,239.17
Unrestricted	<u>3,055,092.49</u>
Total net position	<u>\$ 4,295,061.66</u>

Condensed Statement of Revenues, Expenses and
Changes in Net Position

Operating revenues	\$ 4,149,670.35
Other operating expenses	<u>(2,311,366.65)</u>
Operating income	<u>1,838,303.70</u>
Investment income	13,126.80
Debt service	<u>(1,310,311.25)</u>
Change in net position	541,119.25
Beginning net position	<u>3,753,942.41</u>
Ending net position	<u>\$ 4,295,061.66</u>

Condensed Statement of Cash Flows

Net cash provided (used) by:	
Operating activities	\$ 1,883,621.85
Capital and related financing activities	(1,310,311.25)
Interest Earned on Investments	<u>13,126.80</u>
Net increase (decrease) in cash	586,437.40
Beginning cash and cash equivalents	<u>3,399,598.47</u>
Ending cash and cash equivalents	<u>\$ 3,986,035.87</u>

24. PRIOR PERIOD ADJUSTMENT

Also during the fiscal year, the College has chosen to eliminate bond issuance costs to comply with Governmental Accounting Standards Board Statement No. 65 (GASB 65) in the amount of \$(220,088.47), which included recording an adjustment to the Bond Issuance Cost of \$(220,088.47). The retroactive application would have increased the change in Net Position for the fiscal year ended June 30, 2018 by \$13,177.27.

25. SUBSEQUENT EVENTS

The College evaluated events and transactions occurring subsequent year end, and there were no subsequent events requiring recognition in the financial statements. Additionally, there were no non-recognized subsequent events requiring disclosure.

**REQUIRED
SUPPLEMENTARY INFORMATION**

COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas
Schedule of Funding Progress
June 30, 2019

This schedule is to be built prospectively until it contains ten years of data

	<u>06/30/2018</u>	<u>06/30/2019</u>
OPEB Liability Changes		
Total OPEB Liability - Beginning of Year	\$ 934,539	\$ 1,233,989
1. Service Cost	56,305	76,954
2. Interest Cost	32,669	42,502
3. Changes in Benefit Terms	-	-
4. Difference between actual and expected experienc	-	233,409
5. Changes in assumptions and inputs	270,476	29,049
6. Employer Contributions (Benefit Payments)	60,000	46,000
Net Changes (1+2+3+4+5-6)	<u>299,450</u>	<u>335,914</u>
Total OPEB Liability - End of Year	<u>\$ 1,233,989</u>	<u>\$ 1,569,903</u>
OPEB Liability as a percentage of payroll		
Total OPEB Liability	\$ 1,233,989	1,569,903
Payroll	*6,539,929	6,539,929
Percent of Payroll	18.9%	24.0%
*Annualized pay as of July 1, 2017 of active employees included in the valuation		

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

Funding policy: Costs under the College's group insurance program are paid from general operating assets on a pay-as-you-go basis, not assets are accumulated to pay related benefits.

Changes in Assumptions: Changes in assumptions or other inputs reflect a change in the discount rate from 3.30% (beginning-of-year measurement) to 3.00% (end-of-year measurement).

SUPPLEMENTARY INFORMATION

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

Combining Schedule of Net Position
June 30, 2019

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE BOOKSTORE	AUXILIARY ENTERPRISE DORMITORIES
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 4,134,121.76	\$ 87,439.82	\$ 14.15	\$ 7,170.58	\$ 1,584,977.77	\$ 1,161,088.93
Receivables - Taxes in Process	712,479.00	-	-	-	-	-
Receivables - Grants	-	-	-	-	-	-
Receivables - Other Receivables	1,326,831.84	-	-	-	130,886.79	-
Bookstore Inventory	-	-	-	-	353,834.83	-
Total Current Assets	6,173,432.60	87,439.82	14.15	7,170.58	2,069,699.39	1,161,088.93
Noncurrent Assets						
Cash and Cash Equivalents	-	-	-	-	-	1,239,969.17
Receivables - Taxes in Process	-	-	-	-	-	-
Capital Assets, Net	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	1,239,969.17
TOTAL ASSETS	6,173,432.60	87,439.82	14.15	7,170.58	2,069,699.39	2,401,058.10
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related Deferred Outflows	471,132.00	-	-	-	-	-
LIABILITIES						
Current Liabilities						
Accounts Payable	59,142.91	81,701.75	-	-	1,788.95	116,942.93
Accrued Interest	-	-	-	-	-	56,963.95
Deferred Revenue	712,479.00	-	-	-	-	-
Deposits Held in Custody for Others	37,161.54	-	-	-	-	-
Total Current Liabilities	808,783.45	81,701.75	-	-	1,788.95	173,906.88
Noncurrent Liabilities						
Revenue Bonds Payable	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Accrued Vacation	411,600.73	-	-	-	-	-
OPEB Obligations	1,569,903.00	-	-	-	-	-
Total Noncurrent Liabilities	1,981,503.73	-	-	-	-	-
TOTAL LIABILITIES	2,790,287.18	81,701.75	-	-	1,788.95	173,906.88
NET POSITION						
Investment in Capital Assets,						
Net of Related Debt	-	-	-	-	-	-
Restricted for:						
Bond Reserve	-	-	-	-	-	1,048,730.00
Bond and Interest	-	-	-	-	-	191,239.17
Unrestricted	3,854,277.42	5,738.07	14.15	7,170.58	2,067,910.44	987,182.05
TOTAL NET POSITION	\$ 3,854,277.42	\$ 5,738.07	\$ 14.15	\$ 7,170.58	\$ 2,067,910.44	\$ 2,227,151.22

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

Combining Schedule of Net Position
June 30, 2019

	AUXILIARY ENTERPRISE GATE RECEIPTS	FEDERAL STUDENT GRANTS	TALENT SEARCH GRANT	TITLE III GRANTS FUND	COMMUNITY COLLEGE ACTIVITY	CAPITAL OUTLAY
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 52,471.45	\$ 50,805.37	\$ (2,081.60)	\$ -	\$ 1,558,952.09	\$ -
Receivables - Taxes in Process	-	-	-	-	-	-
Receivables - Grants	-	70,754.00	-	-	-	-
Receivables - Other Receivables	-	-	-	-	-	-
Bookstore Inventory	-	-	-	-	-	-
Total Current Assets	52,471.45	121,559.37	(2,081.60)	-	1,558,952.09	-
Noncurrent Assets						
Cash and Cash Equivalents	-	-	-	-	-	984,464.62
Receivables - Taxes in Process	-	-	-	-	-	36,129.00
Capital Assets, Net	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	1,020,593.62
TOTAL ASSETS	52,471.45	121,559.37	(2,081.60)	-	1,558,952.09	1,020,593.62
DEFERRED OUTFLOWS OF RESOURCES						
Pension Related Deferred Outflows	-	-	-	-	-	-
LIABILITIES						
Current Liabilities						
Accounts Payable	-	70,754.00	-	-	-	57,275.90
Accrued Interest	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	36,129.00
Deposits Held in Custody for Others	-	-	-	-	-	-
Total Current Liabilities	-	70,754.00	-	-	-	93,404.90
Noncurrent Liabilities						
Revenue Bonds Payable	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Accrued Vacation	-	-	-	-	-	-
OPEB Obligations	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	-	70,754.00	-	-	-	93,404.90
NET POSITION						
Investment in Capital Assets,						
Net of Related Debt	-	-	-	-	-	-
Restricted for:						
Bond Reserve	-	-	-	-	-	-
Bond and Interest	-	-	-	-	-	-
Unrestricted	52,471.45	50,805.37	(2,081.60)	-	1,558,952.09	927,188.72
TOTAL NET POSITION	\$ 52,471.45	\$ 50,805.37	\$ (2,081.60)	\$ -	\$ 1,558,952.09	\$ 927,188.72

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

Combining Schedule of Net Position
June 30, 2019

	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 2,371,500.96	\$ -	\$ 973,590.15	\$ 11,980,051.43
Receivables - Taxes in Process	-	-	-	712,479.00
Receivables - Grants	-	-	-	70,754.00
Receivables - Other Receivables	-	-	-	1,457,718.63
Bookstore Inventory	-	-	-	353,834.83
Total Current Assets	2,371,500.96	-	973,590.15	14,574,837.89
Noncurrent Assets				
Cash and Cash Equivalents	-	-	-	2,224,433.79
Receivables - Taxes in Process	-	-	-	36,129.00
Capital Assets, Net	-	22,444,128.51	-	22,444,128.51
Total Noncurrent Assets	-	22,444,128.51	-	24,704,691.30
TOTAL ASSETS	2,371,500.96	22,444,128.51	973,590.15	39,279,529.19
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	-	-	-	471,132.00
LIABILITIES				
Current Liabilities				
Accounts Payable	-	-	-	387,606.44
Accrued Interest	6,991.50	-	-	63,955.45
Deferred Revenue	-	-	-	748,608.00
Deposits Held in Custody for Others	-	-	973,590.15	1,010,751.69
Total Current Liabilities	6,991.50	-	973,590.15	2,210,921.58
Noncurrent Liabilities				
Revenue Bonds Payable	-	13,235,000.00	-	13,235,000.00
Capital Leases Payable	-	6,077,074.48	-	6,077,074.48
Accrued Vacation	-	-	-	411,600.73
OPEB Obligations	-	-	-	1,569,903.00
Total Noncurrent Liabilities	-	19,312,074.48	-	21,293,578.21
TOTAL LIABILITIES	6,991.50	19,312,074.48	973,590.15	23,504,499.79
NET POSITION				
Investment in Capital Assets,				
Net of Related Debt	-	3,132,054.03	-	3,132,054.03
Restricted for:				
Bond Reserve	-	-	-	1,048,730.00
Bond and Interest	-	-	-	191,239.17
Unrestricted	2,364,509.46	-	-	11,874,138.20
TOTAL NET POSITION	\$ 2,364,509.46	\$ 3,132,054.03	\$ -	\$ 16,246,161.40

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	ADULT SUPPLEMENTAL EDUCATION	AUXILIARY ENTERPRISE BOOKSTORE	AUXILIARY ENTERPRISE DORMITORIES
REVENUES						
Operating Revenues						
Student Tuition and Fees	\$ 1,304,270.88	\$ 1,316,062.30	\$ -	\$ -	\$ -	\$ 3,418,652.29
Federal Grants and Contracts	3,465.00	132,787.00	-	-	-	-
State Grants and Contracts	891,781.52	-	-	-	-	-
Sales and Services of						
Auxiliary Enterprises	-	-	-	-	717,651.97	-
Activity Fund Revenues	-	-	-	-	-	-
Other Revenues	66,619.91	-	-	-	780.21	12,585.88
Total Operating Revenues	2,266,137.31	1,448,849.30	-	-	718,432.18	3,431,238.17
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	4,079,613.67	2,592,163.71	-	-	-	-
Academic Support	422,621.90	116,511.71	-	-	-	-
Student Services	2,527,989.33	114,861.42	-	-	-	-
Institutional Support	837,881.25	230,932.75	-	-	-	-
Operation and Maintenance	1,810,831.34	543,006.27	-	-	-	-
Scholarships and Awards	557,244.22	-	-	-	-	287,299.00
Auxiliary Enterprises	-	-	-	-	441,525.57	1,582,542.08
Depreciation Expense	-	-	-	-	-	-
Total Operating Expenses	10,236,181.71	3,597,475.86	-	-	441,525.57	1,869,841.08
Operating Income (Loss)	(7,970,044.40)	(2,148,626.56)	-	-	276,906.61	1,561,397.09
Nonoperating Revenues (Expenses)						
State Appropriations	1,774,563.00	1,240,605.00	-	-	-	-
County Appropriations	8,348,220.91	-	-	-	-	-
Pell Grants	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-
Interest Income	35,539.59	594.95	-	-	5,538.31	7,588.49
Gain (Loss) on Sale of Asset	-	-	-	-	-	-
Debt Service	(97,048.58)	-	-	-	-	(1,310,311.25)
Operating Transfers	(910,000.00)	910,000.00	-	-	-	-
Increase (Decrease) in Net Position	1,181,230.52	2,573.39	-	-	282,444.92	258,674.33
Net Position - Beginning of Year	2,673,046.90	3,164.68	14.15	7,170.58	1,785,465.52	1,968,476.89
Net Position - End of Year	\$ 3,854,277.42	\$ 5,738.07	\$ 14.15	\$ 7,170.58	\$ 2,067,910.44	\$ 2,227,151.22

Schedule 3 (Continued)

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	AUXILIARY ENTERPRISE GATE RECEIPTS	FEDERAL STUDENT GRANTS	TALENT SEARCH GRANT	TITLE III GRANTS	COFFEYVILLE COMMUNITY COLLEGE ACTIVITY	CAPITAL OUTLAY
REVENUES						
Operating Revenues						
Student Tuition and Fees	\$ 5,993.20	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	-	2,180,224.33	-	-	-	-
State Grants and Contracts	-	-	-	-	-	123,701.00
Sales and Services of						
Auxiliary Enterprises	-	-	-	-	-	-
Activity Fund Revenues	-	-	-	-	2,574,913.43	-
Miscellaneous Income	-	30,338.15	1,988.51	-	-	10,000.00
Total Operating Revenues	5,993.20	2,210,562.48	1,988.51	-	2,574,913.43	133,701.00
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	-	-	-	-	2,463,113.27	-
Academic Support	-	-	-	-	-	-
Student Services	-	-	3,109.41	-	-	-
Institutional Support	-	-	-	-	-	-
Operation and Maintenance	-	-	-	-	-	276,318.04
Scholarships and Awards	-	5,548,807.48	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-
Total Operating Expenses	-	5,548,807.48	3,109.41	-	2,463,113.27	276,318.04
Operating Income (Loss)	5,993.20	(3,338,245.00)	(1,120.90)	-	111,800.16	(142,617.04)
Nonoperating Revenues (Expenses)						
State Appropriations	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	424,611.42
Pell Grants	-	3,338,245.00	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-
Gain (Loss) on Sale of Asset	-	-	-	-	-	-
Debt Service	-	-	-	-	-	(25,898.00)
Operating Transfers	-	-	-	-	-	-
Increase (Decrease) in Net Position	5,993.20	(0.00)	(1,120.90)	-	111,800.16	256,096.38
Net Position - Beginning of Year	46,478.25	50,805.37	(960.70)	-	1,447,151.93	671,092.34
Net Position - End of Year	\$ 52,471.45	\$ 50,805.37	\$ (2,081.60)	\$ -	\$ 1,558,952.09	\$ 927,188.72

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2019

	RETIREMENT OF INDEBTEDNESS	INVESTMENT IN PLANT	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
REVENUES				
Operating Revenues				
Student Tuition and Fees	\$ 523,032.50	\$ -	\$ (1,251,786.00)	\$ 5,316,225.17
Federal Grants and Contracts	-	-	(2,089,210.00)	227,266.33
State Grants and Contracts	-	-	-	1,015,482.52
Sales and Services of				
Auxiliary Enterprises	-	-	-	717,651.97
Activity Fund Revenues	-	-	-	2,574,913.43
Miscellaneous Income	-	-	-	122,312.66
Total Operating Revenues	523,032.50	-	(3,340,996.00)	9,973,852.08
EXPENSES				
Operating Expenses				
Educational and General				
Instruction	-	(139,653.81)	-	8,995,236.84
Academic Support	-	-	-	539,133.61
Student Services	-	(5,656.00)	-	2,640,304.16
Institutional Support	-	-	-	1,068,814.00
Operation and Maintenance	172,432.38	(231,207.72)	-	2,571,380.31
Scholarships and Awards	-	-	(3,340,996.00)	3,052,354.70
Auxiliary Enterprises	-	-	-	2,024,067.65
Depreciation Expense	-	1,111,460.80	-	1,111,460.80
Total Operating Expenses	172,432.38	734,943.27	(3,340,996.00)	22,002,752.07
Operating Income (Loss)	350,600.12	(734,943.27)	-	(12,028,899.99)
Nonoperating Revenues (Expenses)				
State Appropriations	-	-	-	3,015,168.00
County Appropriations	-	-	-	8,772,832.33
Pell Grants	-	-	-	3,338,245.00
Gifts and Contributions	-	-	-	-
Interest Income	-	-	-	49,261.34
Gain (Loss) on Sale of Asset	-	-	-	-
Debt Service	(217,501.92)	948,640.20	-	(702,119.55)
Operating Transfers	-	-	-	-
Increase (Decrease) in Net Position	133,098.20	213,696.93	-	2,444,487.13
Net Position - Beginning of Year	2,231,411.26	2,918,357.10	-	13,801,674.27
Net Position - End of Year	\$ 2,364,509.46	\$ 3,132,054.03	\$ -	\$ 16,246,161.40

COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas

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

For the Year Ended June 30, 2019

Schedules 4 to 11 are prepared in accordance with Kansas cash basis and budget laws (Regulatory Basis), which differs from generally accepted accounting principles (GAAP Basis). Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund in which the cash is transferred. Expenditures include cash disbursements, transfers, accounts payable and encumbrances – that is, commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

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

Current Funds - Unrestricted

General Fund (Regulatory Basis)

For the Year Ended June 30, 2019

(With Comparative Budget Basis Actual Amounts for the Prior Year Ended June 30, 2018)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
REVENUES						
Student Tuition and Fees	\$ 992,885.54	\$ 1,304,270.88	\$ (244,321.58)	\$ 1,059,949.30	\$ 1,204,284.00	\$ (144,334.70)
Federal Grants	3,721.00	3,465.00	-	3,465.00	2,900.00	565.00
State Sources						
State Operating Grant	1,726,932.00	1,774,563.00	-	1,774,563.00	1,774,563.00	-
Other State Grants	-	891,781.52	(891,781.52)	-	72,000.00	(72,000.00)
Total State Sources	1,726,932.00	2,666,344.52	(891,781.52)	1,774,563.00	1,846,563.00	(72,000.00)
Local Sources						
Ad Valorem Tax	5,666,927.41	7,604,621.13	-	7,604,621.13	7,215,132.00	389,489.13
Motor Vehicle Tax	499,379.59	557,575.12	-	557,575.12	574,663.00	(17,087.88)
16M-20M Truck Tax	11,940.58	12,946.26	-	12,946.26	-	12,946.26
Recreational Vehicle	7,494.91	9,870.15	-	9,870.15	8,906.00	964.15
Delinquent Tax	276,710.85	163,208.25	-	163,208.25	178,537.00	(15,328.75)
Total Local Sources	6,462,453.34	8,348,220.91	-	8,348,220.91	7,977,238.00	370,982.91
Other Sources						
Interest Income	5,717.61	35,539.59	-	35,539.59	2,200.00	33,339.59
Miscellaneous	64,008.33	66,619.91	-	66,619.91	512,001.00	(445,381.09)
Total Other Sources	69,725.94	102,159.50	-	102,159.50	514,201.00	(412,041.50)
Operating Transfers from Coffeyville Community College Activity Fund	-	-	-	-	-	-
TOTAL REVENUES	9,255,717.82	12,424,460.81	(1,136,103.10)	11,288,357.71	11,545,186.00	(256,828.29)

**Schedule 4
(Continued)**

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

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

Current Funds - Unrestricted

General Fund (Regulatory Basis)

For the Year Ended June 30, 2019

(With Comparative Budget Basis Actual Amounts for the Prior Year Ended June 30, 2018)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
EXPENDITURES						
Instruction	\$ 3,123,042.50	\$ 4,079,613.67	\$ (951,167.77)	\$ 3,128,445.90	\$ 2,451,675.00	\$ 676,770.90
Public Service	-	-	-	-	-	-
Academic Support	386,864.49	422,621.90	-	422,621.90	497,740.00	(75,118.10)
Student Services	2,381,867.30	2,527,989.33	-	2,527,989.33	2,911,331.00	(383,341.67)
Institutional Support	901,675.78	837,881.25	-	837,881.25	1,063,961.00	(226,079.75)
Operation and Maintenance	1,666,544.27	1,810,831.34	-	1,810,831.34	2,048,517.00	(237,685.66)
Scholarships and Awards	611,728.99	557,244.22	-	557,244.22	332,000.00	225,244.22
Debt Service						
Principal Payments	127,326.32	88,099.20	-	88,099.20	-	88,099.20
Interest Payments	18,246.55	8,949.38	-	8,949.38	-	8,949.38
Operating Transfers to:						
Postsecondary Technical Education Fund	1,140,000.00	910,000.00	-	910,000.00	1,975,000.00	(1,065,000.00)
Adult Education Fund	-	-	-	-	-	-
TOTAL EXPENDITURES	10,357,296.20	11,243,230.29	(951,167.77)	10,292,062.52	11,280,224.00	(988,161.48)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(1,101,578.38)	1,181,230.52	(184,935.33)	996,295.19	264,962.00	731,333.19
Unencumbered Cash Beginning of Year	4,180,262.04	2,673,046.90	405,636.76	3,078,683.66	3,394,532.00	(315,848.34)
End of Year	\$ 3,078,683.66	\$ 3,854,277.42	\$ 220,701.43	\$ 4,074,978.85	\$ 3,659,494.00	\$ 415,484.85

COFFEYVILLE COMMUNITY COLLEGE
 Coffeyville, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted
 Postsecondary Technical Education Fund (Regulatory Basis)
 For the Year Ended June 30, 2019
 (With Comparative Budget Basis Actual Amounts for the Prior Year Ended June 30, 2018)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
REVENUES						
Student Tuition and Fees	\$ 1,263,496.26	\$ 1,316,062.30	\$ -	\$ 1,316,062.30	\$ 1,189,860.00	\$ 126,202.30
Federal Grants	78,558.00	132,787.00	-	132,787.00	109,360.00	23,427.00
State Sources						
State Operating Grant	1,172,753.00	1,205,082.00	-	1,205,082.00	1,205,082.00	-
Other State Grants	16,151.00	35,523.00	-	35,523.00	-	35,523.00
Total State Sources	1,188,904.00	1,240,605.00	-	1,240,605.00	1,205,082.00	35,523.00
Other Sources						
Miscellaneous	750.28	594.95	-	594.95	301,800.00	(301,205.05)
Total Other Sources	750.28	594.95	-	594.95	301,800.00	(301,205.05)
Operating Transfers from						
General Fund	1,140,000.00	910,000.00	-	910,000.00	1,475,000.00	(565,000.00)
TOTAL REVENUES	3,671,708.54	3,600,049.25	-	3,600,049.25	4,281,102.00	(681,052.75)
EXPENDITURES						
Instruction	2,526,720.52	2,592,163.71	-	2,592,163.71	2,681,003.00	(88,839.29)
Academic Support	124,599.29	116,511.71	-	116,511.71	161,984.00	(45,472.29)
Student Services	124,041.74	114,861.42	-	114,861.42	159,216.00	(44,354.58)
Institutional Support	293,437.81	230,932.75	-	230,932.75	346,255.00	(115,322.25)
Operation and Maintenance	605,885.74	543,006.27	-	543,006.27	666,669.00	(123,662.73)
Operating Transfers to						
Capital Outlay Fund	-	-	-	-	300,000.00	(300,000.00)
TOTAL EXPENDITURES	3,674,685.10	3,597,475.86	-	3,597,475.86	4,315,127.00	(717,651.14)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(2,976.56)	2,573.39	-	2,573.39	(34,025.00)	36,598.39
Unencumbered Cash Beginning of Year	6,141.24	3,164.68	-	3,164.68	46,342.00	(43,177.32)
End of Year	\$ 3,164.68	\$ 5,738.07	\$ -	\$ 5,738.07	\$ 12,317.00	\$ (6,578.93)

Schedule 6

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

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

Current Funds - Unrestricted

Adult Education Fund (Regulatory Basis)

For the Year Ended June 30, 2019

(With Comparative Budget Basis Actual Amounts for the Prior Year Ended June 30, 2018)

	Prior Year Budget Basis	Current Year			Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	
REVENUES					
Other Sources					
Miscellaneous	\$ -	\$ -	\$ -	\$ -	\$ (6.00)
TOTAL REVENUES	-	-	-	-	(6.00)
EXPENDITURES					
Operating Transfers to General Fund	-	-	-	-	(15.00)
TOTAL EXPENDITURES	-	-	-	-	(15.00)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	-	-	-	-	9.00
Unencumbered Cash					
Beginning of Year	14.15	14.15	-	14.15	0.15
End of Year	\$ 14.15	\$ 14.15	\$ -	\$ 14.15	\$ 9.15

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

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

Current Funds - Unrestricted

Adult Supplemental Education Fund (Regulatory Basis)

For the Year Ended June 30, 2019

(With Comparative Budget Basis Actual Amounts for the Prior Year Ended June 30, 2018)

	Prior Year Budget Basis	Current Year			Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	
REVENUES					
State Sources	-	\$ -	\$ -	\$ -	\$ -
State Grants	-	-	-	-	-
TOTAL REVENUES					
EXPENDITURES					
Operating Transfers to General Fund	-	-	-	7,171.00	(7,171.00)
TOTAL EXPENDITURES					
Excess of Revenues Over (Under) Expenditures	-	-	-	(7,171.00)	7,171.00
Unencumbered Cash Beginning of Year	7,170.58	7,170.58	-	7,170.58	(0.42)
End of Year	\$ 7,170.58	\$ 7,170.58	\$ -	\$ 7,170.58	\$ 7,170.58

COFFEYVILLE COUNTY COMMUNITY COLLEGE
Coffeyville, Kansas
Schedule of Revenues, Expenditures, and Changes
in Unencumbered Cash - Budget and Actual
Current Funds - Unrestricted
Auxiliary Enterprise Funds (Regulatory Basis)
For the Year Ended June 30, 2019

(With Comparative Budget Basis Actual Amounts for the Prior Year Ended June 30, 2018)

	Prior Year Budget Basis	Current Year				Total Auxiliary Enterprise Funds Budget Basis	Final Budget	Variance Over (Under)
		Dorm GAAP	Bookstore GAAP	Total Auxiliary Enterprise Funds GAAP	Adjustments to Budget Basis			
REVENUES								
Student Tuition and Fees	\$ 3,078,996.09	\$ 3,418,652.29	\$ -	\$ 3,418,652.29	\$ -	\$ 3,418,652.29	\$ (142,197.71)	
Dorm Rents and Use of Student Union	646,262.93	-	717,651.97	717,651.97	(31,991.30)	685,660.67	(89,339.33)	
Sales and Services of Auxiliary Enterprises	19,545.81	12,585.88	-	12,585.88	-	12,585.88	11,685.88	
Other Revenues	1,978.61	7,588.49	5,538.31	13,126.80	-	13,126.80	13,126.80	
Miscellaneous	3,746,783.44	3,438,826.66	723,190.28	4,162,016.94	(31,991.30)	4,130,025.64	(206,724.36)	
Interest								
TOTAL REVENUES								
EXPENDITURES								
Auxiliary Enterprise								
Salaries and Benefits	69,260.81	-	73,586.47	73,586.47	-	73,586.47	3,303.47	
General Operating Expense	1,528,193.39	1,540,162.37	34,188.74	1,574,351.11	-	1,574,351.11	(331,804.89)	
Cost of Goods Sold	364,946.73	-	322,899.65	322,899.65	37,544.00	360,443.65	(69,556.35)	
Scholarships	36,969.25	287,299.00	-	287,299.00	-	287,299.00	257,299.00	
Capital Outlay	70,497.40	42,379.71	10,850.71	53,230.42	-	53,230.42	(37,769.58)	
Debt Service	1,283,742.50	1,310,311.25	-	1,310,311.25	2,781.25	1,313,092.50	1,324.50	
Operating Transfer (from) to Bond and Interest Fund	-	-	-	-	-	-	-	
TOTAL EXPENDITURES	3,353,610.08	3,180,152.33	441,525.57	3,621,677.90	40,325.25	3,662,003.15	(177,203.85)	
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	393,173.36	258,674.33	281,664.71	540,339.04	(72,316.55)	468,022.49	(29,520.51)	
Unencumbered Cash Beginning of Year	3,005,327.93	1,968,476.89	1,785,465.52	3,753,942.41	(355,441.12)	3,398,501.29	190,691.29	
End of Year	\$ 3,398,501.29	\$ 2,227,151.22	\$ 2,067,130.23	\$ 4,294,281.45	\$ (427,757.67)	\$ 3,866,523.78	\$ 161,170.78	

COFFEYVILLE COMMUNITY COLLEGE
 Coffeyville, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Plant Funds
 Unexpended (Capital Outlay) Fund (Regulatory Basis)
 For the Year Ended June 30, 2019

(With Comparative Budget Basis Actual Amounts for the Prior Year Ended June 30, 2018)

	Prior Year Budget Basis	Current Year			Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	
REVENUES					
State Sources	\$ 126,179.00	\$ 123,701.00	- \$	\$ 123,701.00	\$ 123,701.00
Local Sources					
Ad Valorem Tax	282,709.77	387,358.07	-	387,358.07	421,329.00
Motor Vehicle Tax	25,275.14	27,877.72	-	27,877.72	28,734.00
16M-20M Truck Tax	610.64	648.57	-	648.57	-
Recreational Vehicle Tax	379.51	493.53	-	493.53	445.00
Delinquent Tax	13,986.05	8,233.53	-	8,233.53	8,927.00
Total Local Sources	322,961.11	424,611.42	-	424,611.42	459,435.00
Other Sources					
Miscellaneous	5,735.80	10,000.00	-	10,000.00	1.00
TOTAL REVENUES	454,875.91	558,312.42	-	558,312.42	583,137.00
EXPENDITURES					
Plant Equipment and Facility					
Capital Outlay	407,899.66	276,318.04	-	276,318.04	873,701.00
Debt Service					
Principal Payments	-	25,541.00	-	25,541.00	-
Interest Expense	-	357.00	-	357.00	-
TOTAL EXPENDITURES	407,899.66	302,216.04	-	302,216.04	873,701.00
Excess of Revenues and Transfers Over (Under) Expenditures	46,976.25	256,096.38	-	256,096.38	(290,564.00)
Unencumbered Cash Beginning of Year	624,116.09	671,092.34	-	671,092.34	652,138.00
End of Year	\$ 671,092.34	\$ 927,188.72	\$ -	\$ 927,188.72	\$ 361,574.00
					\$ 565,614.72

COFFEYVILLE COMMUNITY COLLEGE

Coffeyville, Kansas

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

Plant Funds

Retirement of Indebtedness (Bond and Interest) Fund (Regulatory Basis)

For the Year Ended June 30, 2019

(With Comparative Budget Basis Actual Amounts for the Prior Year Ended June 30, 2018)

	Prior Year Budget Basis	Actual GAAP Basis	Adjustments Budget Basis	Current Year		Variance Over (Under)
				Actual Budget Basis	Budget	
REVENUES						
Student Tuition and Fees						
Dorm and Student Union Fees	\$ 446,402.50	\$ 499,032.50	- \$	499,032.50	\$ 437,663.00	\$ 61,369.50
Use of Money and Property						
Bond Proceeds	2,500,000.00	-	-	-	-	-
Rents	24,000.00	24,000.00	-	24,000.00	-	24,000.00
Operating Transfers from Auxiliary Enterprise Funds	-	-	-	-	765,093.00	(765,093.00)
TOTAL REVENUES	2,970,402.50	523,032.50	-	523,032.50	1,202,756.00	(679,723.50)
EXPENDITURES						
Plant, Equipment & Facility						
Capital Outlay	2,772,327.79	172,432.38	-	172,432.38	2,000,000.00	(1,827,567.62)
Debt Service						
Bond Principal	-	130,000.00	-	130,000.00	255,000.00	(125,000.00)
Bond Interest	-	87,501.92	260.58	87,762.50	510,093.00	(422,330.50)
Debt Service Expense	25,000.00	-	-	-	-	-
Operating Transfer to Auxiliary Enterprise Funds	-	-	-	-	285,000.00	(285,000.00)
TOTAL EXPENDITURES	2,797,327.79	389,934.30	260.58	390,194.88	3,050,093.00	(2,659,898.12)
Excess of Revenues and Transfers Over (Under) Expenditures	173,074.71	133,098.20	(260.58)	132,837.62	(1,847,337.00)	1,980,174.62
Unencumbered Cash Beginning of Year	2,065,588.63	2,231,411.26	7,252.08	2,238,663.34	3,091,209.00	(852,545.66)
End of Year	\$ 2,238,663.34	\$ 2,364,509.46	\$ 6,991.50	\$ 2,371,500.96	\$ 1,243,872.00	\$ 1,127,628.96

COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2019

ACCOUNT NAME	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
AGENCY FUND				
School Projects Accounts				
International Fees	\$ 7,215.18	\$ 30,880.45	\$ 13,086.69	\$ 25,008.94
Incidental Fees	38,098.69	832,366.67	815,846.85	54,618.51
Scholarships	-	255,264.45	252,199.45	3,065.00
Office Equipment	148,261.20	33,107.48	24,422.70	156,945.98
Health Insurance Clearing	43,325.14	768,542.35	768,542.35	43,325.14
Student Dorm Deposits	536,463.46	55,600.00	-	592,063.46
Total School Projects	<u>773,363.67</u>	<u>1,975,761.40</u>	<u>1,874,098.04</u>	<u>875,027.03</u>
Student Organization Accounts				
Agriculture Club	(75.00)	-	-	(75.00)
Band	239.21	2,200.51	1,998.11	441.61
BPA - Columbus Campus	2,096.19	-	-	2,096.19
Cheerleading	4,140.37	9,922.82	9,210.94	4,852.25
Vocal Music	1,426.81	1,239.56	292.00	2,374.37
EMICT Misc Fee	30,392.91	27,185.00	31,955.78	25,622.13
Golf	(203.80)	1,197.61	991.50	2.31
Horticulture	899.55	1,698.90	271.29	2,327.16
Phi Theta Kappa	3,253.82	5,237.96	6,221.83	2,269.95
Student Government Association	37,791.12	22,156.46	9,309.68	50,637.90
Symphony of Winds	192.52	-	-	192.52
Track	38.55	152.27	-	190.82
VICA - Columbus Campus	4,700.18	-	1,079.62	3,620.56
Women's Softball	1,754.51	11,824.01	9,568.17	4,010.35
Total Student Organizations	<u>86,646.94</u>	<u>82,815.10</u>	<u>70,898.92</u>	<u>98,563.12</u>
TOTAL AGENCY FUNDS	<u>\$ 860,010.61</u>	<u>\$ 2,058,576.50</u>	<u>\$ 1,944,996.96</u>	<u>\$ 973,590.15</u>
Assets				
Cash and Investments	<u>\$ 860,010.61</u>	<u>\$ 2,058,576.50</u>	<u>\$ 1,944,996.96</u>	<u>\$ 973,590.15</u>
TOTAL ASSETS	<u>\$ 860,010.61</u>	<u>\$ 2,058,576.50</u>	<u>\$ 1,944,996.96</u>	<u>\$ 973,590.15</u>
Liabilities				
Deposits Held For Others	<u>\$ 860,010.61</u>	<u>\$ 2,058,576.50</u>	<u>\$ 1,944,996.96</u>	<u>\$ 973,590.15</u>
TOTAL LIABILITIES	<u>\$ 860,010.61</u>	<u>\$ 2,058,576.50</u>	<u>\$ 1,944,996.96</u>	<u>\$ 973,590.15</u>

**COFFEYVILLE COMMUNITY COLLEGE
COFFEYVILLE, KANSAS**

FEDERAL COMPLIANCE SECTION

For the Year Ended June 30, 2019

EIN NUMBER: 48-0698570

OPE ID NUMBER: 001910000

DUNS NUMBER: 010663490

COMPLIANCE ATTESTATION EXAMINATION
INCLUDING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

COFFEYVILLE, KANSAS

FEDERAL PELL GRANT PROGRAM (PELL) (84.063)
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANTS (FSEOG) (84.007)
FEDERAL WORK-STUDY PROGRAM (FWS) (84.033)
FEDERAL DIRECT STUDENT LOANS (DIRECT LOAN) (84.268)

AUDITOR INFORMATION SHEET

COFFEYVILLE COMMUNITY COLLEGE

400 W. 11TH
COFFEYVILLE, KANSAS 67337

EIN NUMBER: 48-0698570
OPE ID NUMBER: 001910000
DUNS NUMBER: 010663490

TELEPHONE: (620) 251-7700
FAX: (620) 252-7098

PRESIDENT: Linda Moley
CONTACT PERSON & TITLE: Jeff Morris, Vice President for Operations and Finance

LEAD AUDITOR: Neil L. Phillips, CPA
EMAIL ADDRESS: nphillips@jgppa.com
LICENSE NUMBER & HOME STATE: 3689 KS
FIRM'S NAME & ADDRESS: JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants
1815 S. Santa Fe
P.O. Box 779
Chanute, Kansas 66720
FIRM'S FEDERAL ID NUMBER: 20-3906022
TELEPHONE: (620) 431-6342
FAX: (620) 431-0724

PROGRAMS EXAMINED:	PELL	84.063
	FSEOG	84.007
	DIRECT LOAN	84.268
	FWS	84.033

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

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

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

ALL LOCATIONS	> 50% OF PROGRAM OFFERED @ SITE	LOCATION ON ELIGIBILITY LETTER	NOTICE TO ED PRIOR TO OFFERING INSTRUCTION	DATE OPENED	DATE CLOSED	DATE OF CPA'S LAST VISIT	EXCLUSION REASON
Coffeyville	Yes	Yes	Yes	1923	N/A	2019	N/A
Columbus	Yes	Yes	Yes	2004	N/A	2019	N/A

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

The College does not use a servicer.

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

COFFEYVILLE COMMUNITY COLLEGE
 400 W. 11TH
 COFFEYVILLE, KANSAS 67337

For Close-Out Examination only: N/A

COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2019

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION			
Direct Programs:			
Student Financial Aid Cluster			
Federal Supplemental Education			
Opportunity Grants	84.007	N/A	\$ 58,500.00
Federal Work-Study Program	84.033	N/A	32,514.33
Federal Pell Grant Program	84.063	N/A	3,338,245.00
Federal Pell Grant Administration	84.063	N/A	3,730.00
		Total 84.063	<u>3,341,975.00</u>
Federal Direct Student Loans	84.268	N/A	(1) <u>2,089,210.00</u>
Total Student Financial Aid Cluster			(M) <u>5,522,199.33</u>
Passed through the Kansas Board of Regents:			
Carl Perkins Vocational Education Grants:			
Post Secondary Improvements	84.048	2019 Carl Perkins	97,941.00
Carl Perkins Vocational Education Grants:			
Integrating Academics with CTE	84.048	2019 Carl Perkins	40,078.68
		Total 84.048	<u>138,019.68</u>
Total U.S. Department of Education			<u>5,660,219.01</u>
FEDERAL ASSISTANCE TOTALS			<u>\$ 5,660,219.01</u>

NOTE A -- BASIS OF PRESENTATION

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

NOTE B --INDIRECT COST RATE

Coffeyville Community College did not elect to use the 10% de minimis cost rate.

(1) These are subsidized and unsubsidized loans to students and parents at the College and are not included in the College's revenues and expenditures.

(M) Major Program

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

**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
Coffeyville Community College
Coffeyville, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Coffeyville Community College, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Coffeyville Community College's basic financial statements, and have issued our report thereon dated December 30, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Coffeyville 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Coffeyville Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Coffeyville Community College's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Coffeyville Community College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
December 30, 2019

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Coffeyville Community College
Coffeyville, Kansas

Report on Compliance for Each Major Federal Program

We have audited Coffeyville Community College's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on Coffeyville Community College's major federal programs for the year ended June 30, 2019. Coffeyville Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

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

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

Basis for Qualified Opinion on the Student Financial Assistance Programs Cluster

As described in the accompanying schedule of findings and questioned costs, Coffeyville Community College did not comply with requirements regarding the Student Financial Assistance Programs Cluster as described in finding number 2019-001 for Special Tests and Provisions. Compliance with such requirements is necessary, in our opinion, for Coffeyville Community College to comply with the requirements applicable to that program.

Qualified Opinion on the Student Financial Assistance Programs Cluster

In our opinion, except for the noncompliance described in the Basis for Qualified Opinion paragraph, Coffeyville 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 the Student Financial Assistance Programs Cluster for the year ended June 30, 2019.

Other Matters

Coffeyville Community College's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. Coffeyville Community College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Management of Coffeyville 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 Coffeyville Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Coffeyville 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our 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 have not been identified.

Purpose of this Report

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.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
December 30, 2019

COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2019

I. SUMMARY OF AUDITORS' RESULTS

Financial Statements:

The auditors' report expresses an unmodified opinion on the basic financial statements of Coffeyville Community College.

Internal Control over Financial Reporting:

Material weakness(es) identified?	_____	Yes	_____	<u>X</u>	No
Significant deficiency(ies) identified?	_____	Yes	_____	<u>X</u>	None Reported
Noncompliance or other matters required to be reported under <i>Government Auditing Standards</i>	_____	Yes	_____	<u>X</u>	No

Federal Awards:

Internal control over major programs:					
Material weakness(es) identified?	_____	<u>X</u>	Yes	_____	No
Significant deficiency(ies) identified?	_____	Yes	_____	<u>X</u>	None Reported

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

Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance?	_____	<u>X</u>	Yes	_____	No
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Identification of major programs:

U.S. DEPARTMENT OF EDUCATION

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

The threshold for distinguishing Types A and B programs was \$750,000.00.

Auditee qualified as a low risk auditee?	_____	<u>X</u>	Yes	_____	No
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COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas

Schedule of Findings and Questioned Costs
(Continued)
For the Year Ended June 30, 2019

II. FINANCIAL STATEMENT FINDINGS

NONE

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2019-001 – Special Tests and Provisions – Disbursements to or on behalf of students

Information of Federal Program:

Student Financial Aid Cluster

Federal Pell Grant Program – CFDA No. 84.063

Federal Direct Student Loans – CFDA No. 84.268

Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007

Federal Work-Study Program – CFDA No. 84.033

Criteria:

Written policies and procedures are required to be established that incorporate the provisions of 34 CFR sections 668.164 through 668.165 for disbursing funds and notices and authorizations. The College shall require prior authorization from the student or parent before using current year financial aid to credit a student account for eligible expenses from a previous year in excess of \$200.00.

Condition:

During our testing of the disbursement process, it was noted that Coffeyville Community College's internal controls over disbursement broke down. The College made a blanket receipt on accounts without regard to prior student account balances, as a result three (3) of forty (40) files tested had eligible prior year expenses in excess of \$200.00 which were paid with current year financial aid without obtaining authorization from the student or parent.

Effect:

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

Cause:

The College did not have proper training procedures in place that allowed for staff to be aware the aid was being applied without having the authorization on file.

Recommendation:

Policies and procedures should be written to provide additional training and oversight. We recommend the College establish an oversight process that includes additional controls necessary until staff are fully trained in the area of disbursements and required authorizations.

Views of responsible officials and planned corrective action:

See the Corrective Action Plan on pages 61-62 of the current year audit.

COFFEYVILLE COMMUNITY COLLEGE
Coffeyville, Kansas

Schedule of Resolution of Prior Year's Findings and Questioned Costs
For the Year Ended June 30, 2019

None

CORRECTIVE ACTION PLAN

December 30, 2019

Cognizant or Oversight Agency for Audit

Coffeyville Community College respectfully submits the following corrective action plan for the year ended June 30, 2019.

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

Audit period: Year ended June 30, 2019.

The findings from the December 30, 2019 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding: 2019-001 – Special Tests and Provisions – Disbursements

Condition: During our testing of the disbursement process, it was noted that Coffeyville Community College's internal controls over disbursement broke down. The College made a blanket receipt on accounts without regard to prior student account balances, as a result three (3) of forty (40) files tested had eligible prior year expenses in excess of \$200.00 which were paid with current year financial aid without obtaining authorization from the student or parent.

Recommendation: Policies and procedures should be written to provide additional training and oversight. We recommend the College establish an oversight process that includes additional controls necessary until staff are fully trained in the area of disbursements and required authorizations.

Views of responsible officials and planned corrective action:

The Financial Aid Office will now collect Title IV authorization documentation. The Financial Aid Office will track in the Financial Aid operating system whether the student has authorized Coffeyville Community College to use current financial aid to pay prior year charges up to \$200. The business office will now check the financial aid system to confirm the student has submitted the authorization document before applying any federal aid to prior year charges and or to charges other than tuition, fees and housing. The Financial Aid Office will now provide training to new Business Office staff to ensure that new employees are trained properly in Title IV authorization and disbursement regulations.

Coffeyville Community College Title IV authorization is as follows:

Federal regulations require colleges to obtain an authorization from a student in order to apply Federal Title IV financial aid funds to pay other educationally related institutional charges, such as books and miscellaneous fees. If you do not grant authorization, your federal financial aid and loans cannot be used to pay for charges other than tuition, fees and housing and any excess aid will be refunded to you. If you are receiving Federal financial aid in excess of allowable charges to prevent an outstanding balance, you may authorize Coffeyville Community College to use these funds to pay other current charges, or pay up to \$200 of other prior year charges.

CORRECTIVE ACTION PLAN

If the Oversight Agency for Audit has questions regarding this plan, please call Jeff Morris, Vice President for Operations and Finance, at (620) 251-7700.

Sincerely,

Coffeyville Community College

Coffeyville Community College