

CENTRAL COMMUNITY COLLEGE AREA

FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

CENTRAL COMMUNITY COLLEGE AREA
TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1 - 3
MANAGEMENT'S DISCUSSION AND ANALYSIS	4 - 12
FINANCIAL STATEMENTS	
Statements of Net Position	13 - 14
Statements of Revenues, Expenses, and Changes in Net Position	15 - 16
Statements of Cash Flows - Direct Method	17 - 18
NOTES TO FINANCIAL STATEMENTS	19 - 36
ACCOMPANYING INFORMATION	
Schedules of General Fund Revenues	37
Schedules of General Fund Expenditures	38 - 39
Schedule of Expenditures of Federal Awards	40 - 41
Notes to Schedule of Expenditures of Federal Awards	42
REPORTS REQUIRED BY GOVERNMENT AUDITING STANDARDS AND THE UNIFORM GUIDANCE	
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 <i>Government Auditing Standards</i>	43 - 44
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	45 - 46
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	47 - 49
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	50
CORRECTIVE ACTION PLAN	51



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

To the Board of Governors
Central Community College Area
Grand Island, Nebraska

Report on the Financial Statements

We have audited the accompanying financial statements of Central Community College Area, which comprise the statements of net position as of June 30, 2020 and 2019, and the related statements of revenues, expenses, and changes in net position and cash flows - direct method for the years then ended and the related notes to the financial statements.

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 audits. We did not audit the financial statements of Central Community College Foundation which represent 17 percent, 19 percent, and 6 percent, respectively, of the assets, net position, and revenues of the Central Community College Area. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Central Community College Area, is based solely on the report of the other auditors. We conducted our audits 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 of 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 auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of the accounting principles used and 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 opinion.

Opinion

In our opinion, based on our audits and the reports of other auditors, the financial statements referred to above present fairly in all material respects, the financial position of Central Community College Area as of June 30, 2020 and 2019, and the results of its operations and cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 12 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Central Community College Area's financial statements as a whole. The accompanying information, including the schedules of General Fund revenues and General Fund expenditures (presented on the College's budgetary basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America) and the schedule of expenditures of federal awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 10, 2020, on our consideration of Central Community College Area's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Central Community College Area's internal control over financial reporting and compliance.

Dana F Cole + Company, LLP

Minden, Nebraska
November 10, 2020

CENTRAL COMMUNITY COLLEGE AREA MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of Central Community College Area's (College) annual financial report presents the management's discussion and analysis of the College's financial performance, as reflected in the financial statements for the fiscal years ended June 30, 2020 and 2019. The Central Community College Foundation is a legally separate not-for-profit corporation and is reported as a discretely presented component unit based on the nature and significance of its relationship to the College. The management's discussion and analysis does not contain information of the Foundation. Please read the management's discussion and analysis in conjunction with the College's financial statements, which follow this section.

USING THIS ANNUAL REPORT

This discussion and analysis is intended to serve as an introduction to the College's basic financial statements and notes to the financial statements. The financial statements include three components: the statements of net position; the statements of revenues, expenses, and changes in net position; and the statements of cash flows - direct method. These statements provide information on the College as a whole and present a long-term view of the College's finances.

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

One of the most important questions asked about the College's finances is, "Is Central Community College Area as a whole better off as a result of the year's activities?" The statement of net position and the statement of revenues, expenses, and changes in net position report information on the College as a whole and on its activities in a way that helps answer this question. When revenues and other support exceed expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position. The relationship between revenues and expenses may be thought of as the College's operating results.

These statements include all assets and liabilities using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the College's net position and changes in it. You can think of the College's net position (the difference between assets and liabilities and deferred inflows of resources) as one way to measure the College's financial health or financial position. Over time, increases or decreases in the College's net position are indicators of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as enrollment trends, placement results, program quality, condition of buildings, campus safety, and other factors to assess the overall health of the institution.

CENTRAL COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION (Continued)

Figure 1
Central Community College Area
Net Position
(in thousands of dollars)

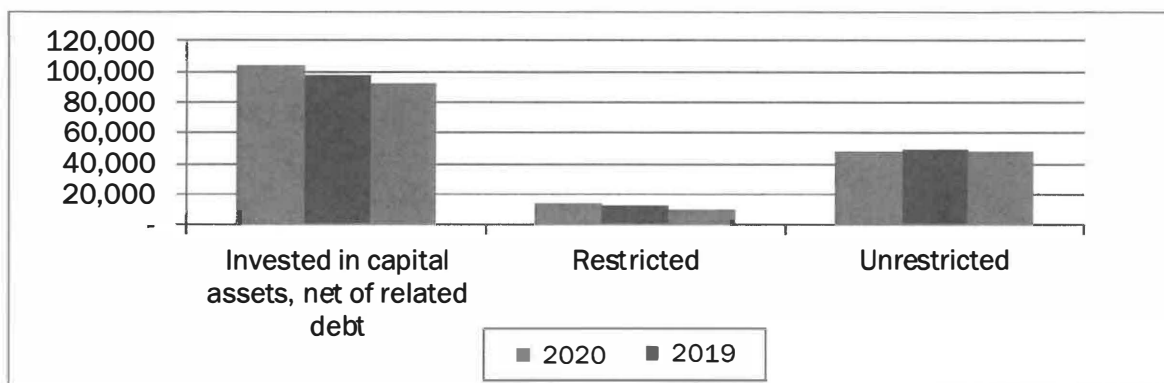


Table 1
Central Community College Area
Net Position
(in thousands of dollars)

	2020	2019	2018
Current assets	68,031	67,957	62,933
Noncurrent assets	1,057	2,317	1,295
Capital assets	<u>120,060</u>	<u>115,740</u>	<u>112,935</u>
Total assets	<u>189,148</u>	<u>186,014</u>	<u>146,216</u>
Current liabilities	8,632	9,566	7,297
Noncurrent liabilities	13,284	16,965	19,073
Deferred inflows of resources	<u>359</u>	<u>404</u>	<u>449</u>
Total liabilities	<u>22,275</u>	<u>26,935</u>	<u>26,819</u>
Net position			
Invested in capital assets, net of related debt	104,150	97,055	92,210
Restricted	14,420	12,815	10,390
Unrestricted	<u>48,302</u>	<u>49,208</u>	<u>47,744</u>
Total net position	<u>166,872</u>	<u>159,078</u>	<u>150,344</u>

CENTRAL COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION (Continued)

Net position of the College increased by 4.9% (\$7,794 thousands) for the fiscal year ended June 30, 2020, and increased by 8.8% (\$8,734 thousands) for the fiscal year ended June 30, 2019. The increase in net position for the current year is due to the following factors:

Restricted net position increased 12.5% (\$1,605 thousands) and unrestricted net position decreased 2.3% (\$1,148 thousands) during 2019 - 2020. Investment in capital assets, net of related debt, increased 7.8% (\$7,580 thousands). This is due to capital projects that were completed.

Table 2
Central Community College Area
Statement of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

	2020	2019	2018
Operating revenue			
Student tuition and fees	7,246	7,165	7,261
Grants and contracts	-	10	126
Sales educational departments	632	830	760
Auxiliary enterprises	2,866	3,764	3,449
Other	4,033	3,877	2,715
Total operating revenue	<u>14,777</u>	<u>15,646</u>	<u>14,311</u>
Operating expense			
Personnel services	47,351	46,864	45,690
Operating expenses	19,235	21,593	20,623
Supplies	3,471	3,474	4,558
Noncapitalized assets	2,048	1,715	1,622
Depreciation and amortization	7,646	7,352	6,971
Total operating expenses	<u>79,751</u>	<u>80,998</u>	<u>79,464</u>
Net operating loss	<u>(64,974)</u>	<u>(65,352)</u>	<u>(65,153)</u>
Nonoperating revenue (expenses)			
State aid	9,623	9,265	9,288
Property taxes	41,673	41,078	41,927
Grants and contracts	12,288	11,290	11,772
Investment income	108	102	62
Gifts	-	2,000	6,000
Gain on sale of assets	-	-	600
Interest expense	(442)	(467)	(479)
Net nonoperating revenue (expenses)	<u>63,250</u>	<u>63,268</u>	<u>69,170</u>

CENTRAL COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

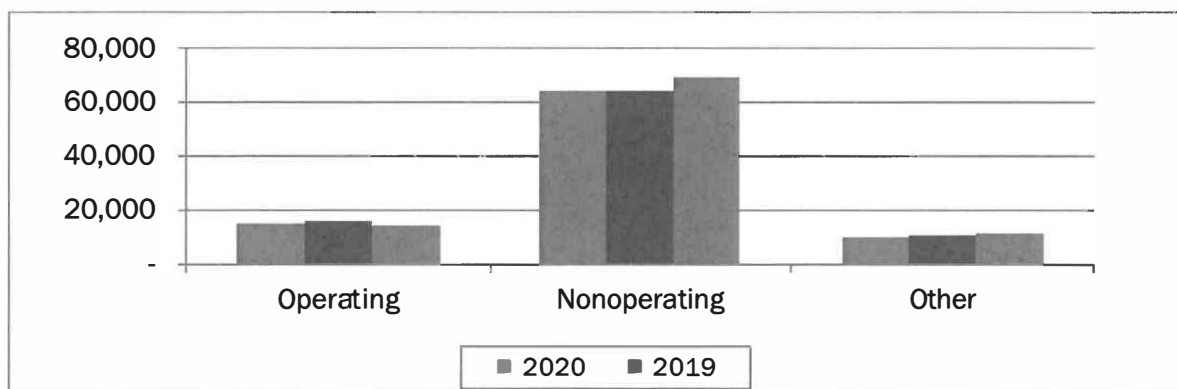
**THE STATEMENT OF NET POSITION AND THE STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION (Continued)**

Table 2 (Continued)
Central Community College Area
Statement of Revenues, Expenses, and Changes in Net Position
(in thousands of dollars)

	2020	2019	2018
Other revenue			
Capital appropriations	<u>9,518</u>	<u>10,819</u>	<u>11,228</u>
Increase in net assets	7,794	8,735	15,245
Net position			
Net position, beginning of year	<u>159,078</u>	<u>150,343</u>	<u>135,098</u>
Net position, end of year	<u><u>166,872</u></u>	<u><u>159,078</u></u>	<u><u>150,343</u></u>

REVENUES

Figure 2
Central Community College Area
Revenues
(in thousands of dollars)



CENTRAL COMMUNITY COLLEGE AREA MANAGEMENT'S DISCUSSION AND ANALYSIS

REVENUES (Continued)

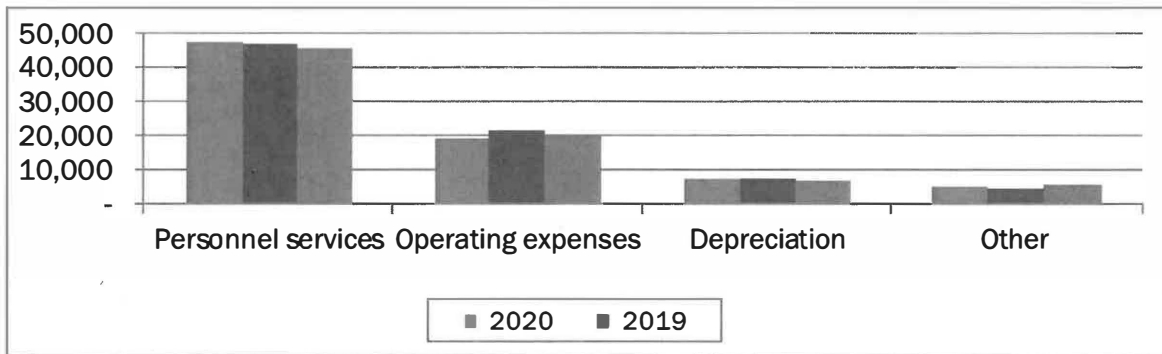
The change in revenues was the result of the following:

Operating revenue showed a decrease of \$869 thousands over 2019 - 2020. Tuition and fee revenue increased by \$81 thousands. Other operating revenue showed a decrease of \$66 thousands in revenues. Auxiliary enterprises decreased by \$676 thousands. Sales educational departments decreased by \$198 thousands. This was primarily due to closing from the COVID-19 pandemic.

Nonoperating revenue included an increase in state aid of 3.9% (\$358 thousands), an increase in property tax revenue of 1.5% (\$595 thousands), and an increase in grants of 8.8% (\$998 thousands). It also had a \$2,000 thousands gift from fundraising done by the Central Community College Foundation for the Kearney Learning Center in 2019 and none in 2020.

EXPENSES

Figure 3
Central Community College Area
Expenses
(in thousands of dollars)



	2020	2019	2018
Educational and general			
Instruction	22,287,590	22,979,950	23,080,743
Academic support	9,438,635	9,197,347	9,100,413
Student services	7,597,275	7,657,279	6,724,926
Institutional support	17,608,921	16,740,487	16,866,213
Physical plant	7,954,799	10,241,776	10,293,860
Depreciation	7,645,559	7,352,286	6,970,794
Student financial aid	4,557,327	3,950,454	3,923,001
Auxiliary enterprises	2,660,579	2,878,825	2,503,529
Total expenses	<u>79,750,685</u>	<u>80,998,404</u>	<u>79,463,479</u>

CENTRAL COMMUNITY COLLEGE AREA MANAGEMENT'S DISCUSSION AND ANALYSIS

EXPENSES (Continued)

The change in expenses was the result of the following:

An increase of 1.0% (\$487 thousands) in personnel services is primarily from an increase in wages and benefits.

Operating and supplies expenses have decreased by 7.6% (\$2,027 thousands), due to the effect of shutting down early from the COVID-19 pandemic.

Depreciation expense increased by 4.0% (\$293 thousands). This is due to the various capital projects completed in the past several years being higher than normal.

THE STATEMENT OF CASH FLOWS

Another way to assess the financial health of the College is to look at the statements of cash flows. The purpose of the statements of cash flows is to provide relevant information about cash receipts and cash payments made by the College during a fiscal year. The statements also help users to assess the College's:

- Ability to generate future net cash flows
- Ability to meet its obligations as they come due
- Needs for external financing
- Investment timing and strategies

Table 3
Central Community College Area
Cash Flows
(in thousands of dollars)

	2020	2019	2018
Cash provided by (used in):			
Operating activities	(59,550)	(55,776)	(60,941)
Noncapital financing activities	64,038	64,496	68,169
Capital and related financing activities	(5,928)	(1,848)	870
Investing activities	325	74	270
Net increase (decrease) in cash and cash equivalents	(1,115)	6,946	8,368
Cash and cash equivalents, beginning of the year	43,528	36,582	28,214
Cash and cash equivalents, end of the year	<u>42,413</u>	<u>43,528</u>	<u>36,582</u>

Cash and cash equivalents decreased for the 2020 year by 2.6% (\$1,114 thousands).

CENTRAL COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2020, the College had \$120,303 thousands invested in capital assets, net of accumulated depreciation of \$87,431 thousands. Depreciation charges for the fiscal years ended June 30, 2020 and 2019, totaled \$7,646, and \$7,352 thousands, respectively. Details of capital assets for the fiscal years ended June 30 are as follows:

Table 4
Central Community College Area
Capital Assets
(net of depreciation, in thousands of dollars)

	2020	2019	2018
Land and construction in progress	14,525	7,763	3,593
Land improvements	5,971	6,099	6,049
Buildings	95,763	97,769	99,052
Equipment	3,801	4,109	4,241
	<u>120,060</u>	<u>115,740</u>	<u>112,935</u>

Major capital additions completed this year include (in thousands):

Platte Building Second Floor Remodel, Hastings	1,683
Student Center Remodel, Grand Island	316
300 Wing Restrooms, Grand Island	293
Injection Mold Lab, Columbus	291
Howard Building Parking Lot and Lights, Hastings	278
Gym Floor Replacement, Columbus	186
200 Wing Remodel, Grand Island	178
North Mechatronics Floor, Columbus	175
Cafeteria Remodel, Columbus	156
CIT Welding Update, Grand Island	102
West Education Building Restrooms, Columbus	101
Dormitory Update, Columbus	97
Hall Student Union Roof, Hastings	63
Equipment	<u>1,312</u>
	<u>5,231</u>

The College has planned capital expenditures for the fiscal year ending June 30, 2021, of approximately \$10,401 thousands.

CENTRAL COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Capital Assets (Continued)

The major items planned to be funded by ADA funds include the following:

In Grand Island, the following is planned: 200 wing remodel of \$250,000. In Hastings: miscellaneous projects of \$167,000. In Columbus: West lot of \$200,000. Various other restrooms, asbestos removal, and concrete replacement will be done campus-wide for \$1,270,000.

Capital improvement funds will be used to finance the following major items:

In Hastings: New boilers for \$475,000 and remodel Dawson for \$1,079,000. In Grand Island: CIT remodel for \$200,000 and a new facilities shop of \$250,000. In Columbus: Facilities addition of \$250,000; West Ed remodel of \$1,000,000, as well as East Ed remodel of \$3,000,000. College-wide projects of \$1,050,000 are planned.

Revenue bond funds will finance the following major items:

In Columbus: New dormitory for \$500,000. In Grands Island: New snack bar for \$200,000. Other College-wide projects for \$510,000 are planned.

More detailed information about the College's capital assets is found in Note 5 to the financial statements.

Debt

At June 30, 2020, the College had \$16,010 thousands in debt outstanding versus \$18,780 thousands at June 30, 2019.

Table 5
Central Community College Area
Outstanding Debt
(in thousands of dollars)

	2020	2019	2018
2012A, B, Series Dormitory and Student Facility Refunding Revenue Bonds	1,445	1,635	1,820
2013 Series Dormitory and Student Facility Refunding Revenue Bonds	965	1,090	1,215
2014 Series Dormitory and Student Facility Refunding Revenue Bonds	2,970	3,145	3,320
2017 Series Dormitory and Student Facility Refunding Revenue Bonds	1,530	1,750	1,965

CENTRAL COMMUNITY COLLEGE AREA
MANAGEMENT'S DISCUSSION AND ANALYSIS

CAPITAL ASSET AND DEBT ADMINISTRATION (Continued)

Debt (Continued)

Table 5 (Continued)
Central Community College Area
Outstanding Debt
(in thousands of dollars)

	2020	2019	2018
2013 Series Central Community College Facilities Corp Bonds	-	6,795	7,155
2014 Series Central Community College Facilities Corp Bonds	-	1,815	1,990
2016 Series Central Community College Facilities Corp Bonds	1,645	2,455	3,260
2019 Series Central Community College Facilities Corp Bonds	7,355	-	-
Other liabilities	100	95	131
	<u>16,010</u>	<u>18,780</u>	<u>20,856</u>

The issuance of the 2019 Series bonds were used to refund the 2013 and 2014 issuances during the year ended June 30, 2020.

ECONOMIC FACTORS THAT WILL AFFECT THE FUTURE

The economic position of Central Community College Area is closely tied to that of the state. The 2013 modifications to the Community College funding formula in Nebraska State Statutes have directly affected College resources available in subsequent years. The College's share of state aid available for 2020 - 2021 is set to increase by 17.1 % (\$521 thousands). Property valuations for the Central Community College Area have decreased by 0.754%.

In light of this environment, the College Board of Governors has taken the following actions:

The College continues to utilize the Academic Quality Improvement Program (AQIP) for College decision making and improvement.

The 2020 property tax levy for the General Fund increased from 6.807 cents to 6.922 cents per \$100 valuation; Capital Improvement Fund levy is being decreased from 2.000 cents to 1.814 cents; and the levy for the ADA Fund is being decreased from 0.750 cents to 0.464 cents.

Tuition and fee rates for 2021 will increase by \$2 a credit hour, to \$107 a credit hour.

FINANCIAL CONTACT

The College's financial statements are designed to present users with a general overview of the College's finances and to demonstrate the College's accountability. If you have questions about the report or need additional financial information, contact Joel King, College Business Officer, 308.398.7315, at 3134 West Highway 34, P.O. Box 4903, Grand Island, Nebraska 68802-4903 or email joelking@cccneb.edu.

CENTRAL COMMUNITY COLLEGE AREA
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020		2019	
	College	Foundation	College	Foundation
ASSETS				
Current Assets				
Cash and cash equivalents	42,413,038	6,699,693	43,527,640	4,576,214
Investments	2,831,618	26,438,882	1,787,658	27,293,600
Property taxes receivable	19,333,699	-	19,730,270	-
Accounts receivable (net)	2,460,403	1,709,023	2,202,939	184,865
Interest receivable	14,694	1,071	16,227	3,589
Prepaid expense	977,657	-	691,933	-
Total current assets	<u>68,031,109</u>	<u>34,848,669</u>	<u>67,956,667</u>	<u>32,058,268</u>
Noncurrent Assets				
Restricted investments	6,163	-	261,287	-
Endowment investments	-	200,587	-	214,125
Long-term investments	1,050,726	-	2,055,454	-
Notes receivable (net)	-	3,315,074	-	52,644
Accounts receivable (net)	-	-	-	4,559,595
Capital assets (net)	<u>120,060,007</u>	<u>1,070,221</u>	<u>115,740,312</u>	<u>913,548</u>
Total noncurrent assets	<u>121,116,896</u>	<u>4,585,882</u>	<u>118,057,053</u>	<u>5,739,912</u>
TOTAL ASSETS	<u>189,148,005</u>	<u>39,434,551</u>	<u>186,013,720</u>	<u>37,798,180</u>
LIABILITIES				
Current Liabilities				
Accounts payable	1,854,716	17,629	4,048,673	13,226
Accrued salaries	2,703,165	-	2,531,402	-
Accrued interest	66,658	-	87,323	-
Deferred revenue	899,208	-	649,205	-
Deposits	125,988	-	146,435	-
Accrued early retirement - current	-	-	11,048	-
Current amount of service concession agreement	32,000	-	32,000	-
Bonds/notes payable - current	<u>2,950,000</u>	<u>-</u>	<u>2,060,000</u>	<u>239,475</u>
Total current liabilities	<u>8,631,735</u>	<u>17,629</u>	<u>9,566,086</u>	<u>252,701</u>

CENTRAL COMMUNITY COLLEGE AREA
STATEMENTS OF NET POSITION
JUNE 30, 2020 AND 2019

	2020		2019	
	College	Foundation	College	Foundation
LIABILITIES (Continued)				
Noncurrent Liabilities				
Deposits held in custody for others	100,350	-	83,987	-
Annuities payable	-	359,437	-	376,051
Service concession agreement	224,000	-	256,000	-
Bonds payable	12,960,000	-	16,625,000	-
Total noncurrent liabilities	13,284,350	359,437	16,964,987	376,051
TOTAL LIABILITIES	21,916,085	377,066	26,531,073	628,752
DEFERRED INFLOWS OF RESOURCES	359,385	-	404,308	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	22,275,470	377,066	26,935,381	628,752
NET POSITION				
Without donor restrictions	-	19,014,140	-	19,154,475
With donor restrictions	-	20,043,345	-	18,014,953
Invested in capital assets, net of related debt	104,150,007	-	97,055,312	-
Restricted for:				
Nonexpendable				
Scholarships and fellowships	-	2,028,392	-	(18,014,953)
Expendable				
Grants	456,159	-	501,100	-
ADA/hazardous waste	13,963,937	-	12,314,385	-
Unrestricted	48,302,432	-	49,207,542	-
TOTAL NET POSITION	166,872,535	39,057,485	159,078,339	37,169,428

See accompanying notes to financial statements.

CENTRAL COMMUNITY COLLEGE AREA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	College	Foundation	College	Foundation
OPERATING REVENUES				
Tuition and fees	7,246,129	-	7,165,400	-
Nongovernmental grants and contracts	207	-	9,690	-
Sales and services of educational departments	632,008	-	829,775	-
Auxiliary enterprises	2,865,517	-	3,764,281	-
Other operating income	4,032,825	-	3,876,816	-
Total operating revenues	<u>14,776,686</u>	<u>-</u>	<u>15,645,962</u>	<u>-</u>
OPERATING EXPENSES				
Personnel services	47,350,882	-	46,864,053	-
Operating expenses	19,234,892	3,710,151	21,592,963	4,728,328
Supplies	3,471,289	-	3,473,942	-
Noncapitalized assets	2,048,063	-	1,715,159	-
Depreciation and amortization	7,645,559	-	7,352,286	-
Total operating expenses	<u>79,750,685</u>	<u>3,710,151</u>	<u>80,998,403</u>	<u>4,728,328</u>
OPERATING LOSS	<u>(64,973,999)</u>	<u>(3,710,151)</u>	<u>(65,352,441)</u>	<u>(4,728,328)</u>
NONOPERATING REVENUES (EXPENSES)				
Governmental appropriations				
State aid	9,623,041	-	9,264,576	-
Property taxes	41,672,664	-	41,078,492	-
Governmental grants and contracts				
Federal	11,347,006	-	10,462,096	-
State	941,458	-	827,467	-
Gifts	-	4,007,620	2,000,000	2,722,500
Fundraising proceeds	-	172,126	-	256,536
Investment income (losses)	108,381	393,264	101,742	(1,675,195)
Other support and revenues	-	1,025,198	-	953,920
Interest expense	<u>(441,868)</u>	<u>-</u>	<u>(466,742)</u>	<u>-</u>
Net nonoperating revenues (expenses)	<u>63,250,682</u>	<u>5,598,208</u>	<u>63,267,631</u>	<u>2,257,761</u>

CENTRAL COMMUNITY COLLEGE AREA
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2020 AND 2019

	2020		2019	
	College	Foundation	College	Foundation
INCOME (LOSS) BEFORE OTHER REVENUES, EXPENSES, GAINS, OR LOSSES	(1,723,317)	1,888,057	(2,084,810)	(2,470,567)
OTHER INCOME				
Capital appropriations	<u>9,517,513</u>	<u>-</u>	<u>10,818,991</u>	<u>-</u>
INCREASE (DECREASE) IN NET POSITION	<u>7,794,196</u>	<u>1,888,057</u>	<u>8,734,181</u>	<u>(2,470,567)</u>
NET POSITION, beginning of year	<u>159,078,339</u>	<u>37,169,428</u>	<u>150,344,158</u>	<u>39,639,995</u>
NET POSITION, end of year	<u>166,872,535</u>	<u>39,057,485</u>	<u>159,078,339</u>	<u>37,169,428</u>

See accompanying notes to financial statements.

CENTRAL COMMUNITY COLLEGE AREA
STATEMENTS OF CASH FLOWS - DIRECT METHOD
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	7,181,703	7,146,933
Grants and contracts	207	9,690
Payments for personnel services	(47,190,167)	(46,849,561)
Payments for other operating expenses	(23,520,094)	(20,970,948)
Payments for supplies	(3,471,289)	(3,473,942)
Sales and services of educational departments	632,008	829,775
Auxiliary enterprises	2,861,433	3,731,682
Service concession agreement	(76,923)	(76,923)
Other receipts	<u>4,032,825</u>	<u>3,876,816</u>
Net cash used in operating activities	<u>(59,550,297)</u>	<u>(55,776,478)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State aid	9,623,041	9,264,576
Property taxes - General Fund and ADA/Hazardous Waste Fund	42,069,235	41,942,327
Collection of loans to students	4,020,244	4,525,255
Loans issued to students	(4,020,244)	(4,525,255)
Gifts and grants for other than capital purposes	<u>12,345,429</u>	<u>13,289,563</u>
Net cash provided by noncapital financing activities	<u>64,037,705</u>	<u>64,496,466</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Property taxes - Capital Improvement Fund	9,517,513	10,818,991
Principal paid on capital debt	(2,775,000)	(2,040,000)
Interest paid on capital debt	(462,533)	(469,585)
Purchases of capital assets	<u>(12,207,796)</u>	<u>(10,157,337)</u>
Net cash used in capital financing activities	<u>(5,927,816)</u>	<u>(1,847,931)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,004,728	998,227
Interest on investments	109,914	96,059
Purchase of investments	<u>(788,836)</u>	<u>(1,020,759)</u>
Net cash provided by investing activities	<u>325,806</u>	<u>73,527</u>

CENTRAL COMMUNITY COLLEGE AREA
STATEMENTS OF CASH FLOWS - DIRECT METHOD
YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,114,602)	6,945,584
CASH AND CASH EQUIVALENTS, beginning of year	<u>43,527,640</u>	<u>36,582,056</u>
CASH AND CASH EQUIVALENTS, end of year	<u><u>42,413,038</u></u>	<u><u>43,527,640</u></u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	<u>(64,973,999)</u>	<u>(65,352,441)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:		
Depreciation and amortization	7,645,559	7,352,286
Changes in operating assets and liabilities:		
Receivables, net	(314,429)	80,435
Prepaid expense	(285,724)	(16,191)
Accounts payable and accrued liabilities	(1,811,147)	2,339,880
Deferred revenue	250,003	(98,902)
Liability and deferred inflows of resources under service concession agreement	(76,923)	(76,923)
Funds held for others	<u>16,363</u>	<u>(4,622)</u>
Net cash used in operating activities	<u><u>(59,550,297)</u></u>	<u><u>(55,776,478)</u></u>

See accompanying notes to financial statements.

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Central Community College Area (College) was established July 1, 1973, by action of the Nebraska Legislature creating the Nebraska Community College System with six area colleges. The College encompasses 25 counties in central Nebraska. An 11-member Board of Governors is the College's ruling body and establishes the policies and procedures by which the College is governed.

Reporting Entity

The concept underlying the definition of the financial reporting entity is that elected officials are accountable to their constituents for their actions. As required by accounting principles generally accepted in the United States of America, the financial reporting entity includes both the primary government and all of its component units as defined by the Governmental Accounting Standards Board. An organization other than a primary government serves as a nucleus for a reporting entity when it issues separate financial statements. Central Community College Area is not a component unit of another primary government reporting entity.

The Central Community College Facilities Corporation (CCCFC) is a legally separate, non-profit corporation which is a component unit of Central Community College Area. CCCFC was formed by the College during 2002, to acquire property to be leased to and purchased by the College. The Board of Governors of the College appoints the members of the Board of CCCFC. The CCCFC provides services entirely to the College. The services provided by CCCFC are so intertwined with the College that the CCCFC is, in substance, the same as the College and it is reported as part of the College and blended into the College's financial statements.

The Central Community College Foundation is a legally separate, tax-exempt component unit of Central Community College Area. The Foundation acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. The Foundation Board consists of a Board of Directors, which oversees Foundation activities and sets policies. No voting members of the Board are members of the College or the College Board of Governors. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income, thereon, which the Foundation holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. In 2013, the Foundation became affiliated with the Warren and Velda Wilson Foundation, a nonprofit corporation.

These financial statements do not contain disclosures of information of the Foundation. Complete financial statements, including the statements of cash flows, for the Foundation can be obtained at the Corporate Office, 201 Foundation Pl., Suite 200, Hastings, Nebraska.

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Presentation

The accompanying financial statements are presented in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB).

Pursuant to the provisions of GASB Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, as amended by GASB Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*, the full scope of the College's activities is considered to be a single business-type activity (BTA) and, accordingly, is reported within a single column in the basic financial statements.

Basis of Accounting

The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. All significant intrafund transactions have been eliminated. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The College maintains an encumbrance system for tracking outstanding purchase orders and other commitments for materials or services not received during the fiscal year. Outstanding encumbrances amounted to \$5,146,573 and \$4,564,250 at June 30, 2020 and 2019, which includes commitments on uncompleted construction contracts. Encumbrances do not constitute expenses or liabilities and are not reflected in these financial statements. Encumbered appropriations expire at the year end of the fiscal year following their creation.

The Foundation is a public nonprofit organization that reports under FASB Accounting Standards Update 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*, (ASU 2016-14). As such, certain revenue recognition criteria and presentation features are different from FASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Donated Assets and Services

Donated materials or equipment, when received, are reflected as contributions in the accompanying statements at their estimated fair market values at date of receipt.

Budgets

Budgets are prepared on the same basis of accounting except that capital assets acquired are recorded as expenses and depreciation is not recorded.

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash equivalents include highly liquid temporary investments with original maturities of three months or less, readily convertible to known amounts of cash.

Investments

Investments are reported at fair value. Fair value is established as the readily determinable current market value for debt and equity securities.

Receivables

Receivables consist of tuition and fees charges to students and charges for auxiliary enterprises' sales and services. Receivables also include amounts due from the federal government, state and local governments, and private sources in connection with reimbursement of allowable expenditures made pursuant to contracts and grants, and pledges that are verifiable, measurable, and expected to be collected and available for expenditures for which the resource provider's conditions have been satisfied. Receivables are recorded net of estimated uncollectible amounts, which is based on historical collection experience and a review of the accounts receivable listing.

Inventories

Inventories are valued at the lower-of-cost or net realizable value as determined by the first-in, first-out (FIFO) method.

Capital Assets

Capital assets are stated at cost at date of acquisition or fair value at date of donation, in the case of gifts. The College capitalizes assets that have a value or cost in excess of \$5,000 at the date of acquisition and an expected useful life of one or more years. Renovations to buildings, infrastructure, and land improvements over \$100,000 that significantly increase value or extend useful life are capitalized.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are used to compute depreciation:

Buildings	40 years
Building improvements	20 years
Building content replacements	10 - 20 years
Office furniture	5 - 10 years
Instructional and other operating equipment	5 - 7 years
Office equipment	3 years
Vehicles	3 years

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted Assets

Restricted assets represent assets whose use is restricted by external parties or by law through constitutional provisions or enabling legislation.

Noncurrent Liabilities

Noncurrent liabilities include accrued salaries for early retirement, notes, and bonds payable that will not be paid within the next fiscal year.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until then.

Net Position

The College's net position is classified as follows:

Invested in Capital Assets, Net of Related Debt

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

Restricted Net Position - Expendable

Expendable restricted net position includes resources in which the College is legally or contractually obligated to spend the resources in accordance with restrictions imposed by external parties.

Unrestricted Net Position

Unrestricted net position includes resources derived from student tuition and fees, sales and services, unrestricted gifts, and interest income.

Restricted and unrestricted resources are tracked using a fund accounting system and are spent in accordance with established fund authorities. Fund authorities provide rules for the fund activity and are separately established for restricted and unrestricted activities. When both restricted and unrestricted funds are available for expenditure, the decision for funding is transactional based within the departmental management system in place at the College.

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Scholarship Allowances

Student tuition and fees revenues and certain other revenues from College charges are reported net of scholarship allowances in the accompanying statements of revenues, expenses, and changes in net position. The scholarship allowance is the difference between the actual charge for goods and services provided by the College and the amount that is paid by students or by third parties on the students' behalf. Student financial assistance grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or nonoperating revenues in the accompanying statements of revenues, expenses, and changes in net position. To the extent that revenues from these programs are used to satisfy tuition, fees, and other charges, the College has recorded a scholarship allowance.

Operating and Nonoperating Revenues and Expenses

The College presents its revenues and expenses as operating or nonoperating based on recognition definitions from the Government Accounting Standards Board. Operating activities are those activities that are necessary and essential to the mission of the College. Operating revenues include all charges to customers, grants received for student financial assistance, and interest earned on loans. Grants received for student financial assistance are considered operating revenues because they provide resources for student charges and such programs are necessary and essential to the mission of the College. Revenues from nonexchange transactions and state appropriations that represent subsidies or gifts to the College, as well as investment income, are considered nonoperating since these are either investing, capital, or noncapital financing activities. Operating expenses are all expense transactions incurred other than those related to investing, capital, or noncapital financing activities. Revenues received for capital financing activities, as well as related expenses, are considered neither operating nor nonoperating activities and are presented after nonoperating activities on the accompanying statements of revenues, expenses, and changes in net position.

Restricted/Unrestricted Resource Priority

If both restricted and unrestricted resources are available to finance a program, restricted resources are used first unless the restricted resources require unrestricted resources to be used first.

Use of Estimates

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

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

Vacation and personal leave meet the criteria in GASB Statement 16 and are included in accrued compensated absences. The criteria for accruing compensated absences are met when an employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employee through paid time off or some other means, such as cash at termination or retirement.

NOTE 2. CASH AND INVESTMENTS

The College can invest, after proper consideration of the requirement for the availability of money, funds of the College in securities the nature of which individuals of prudence, discretion, and intelligence acquire or retain in dealing with the property of another.

Interest Rate Risk

The College does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest risk rates.

Credit Risk

In accordance with the College's investment policy, funds may be invested, within certain limits, in FDIC-insured banks, U.S. Treasury and federal agencies, and certificates of deposit issued by FDIC-insured banks.

Custodial Credit Risk - Deposits

Custodial credit risk for deposits of the College is the risk that the College's deposits will not be covered by depository insurance. The College requires that deposits in excess of any insurance limit be collateralized by the financial institution with appropriate pledged securities to protect funds above the insurable level. At June 30, 2020 and 2019, the value of the College's deposits, which include checking, money market, and certificates of deposit, was \$46,581,401 and \$48,058,488, respectively. As of June 30, 2020, and 2019, all bank balances were insured or fully collateralized.

Investments

Investments include certificates of deposit which consist of nonparticipating certificates of deposit in local banks and are stated at cost in the amount of \$3,882,344 and \$3,843,112 for the years ended June 30, 2020 and 2019, respectively. Also included in investments are amounts held by trustee as required by debt covenants with U.S. Treasury obligations in the amount of \$6,163 and \$261,287 for the years ended June 30, 2020 and 2019, respectively.

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 3. PROPERTY TAX RECEIVABLE

Property taxes levied for the fiscal year ended June 30, 2020, were due December 31, 2019, and became delinquent in April to September of 2020. Property tax revenues based on the assessed valuation and the levy set are recognized in the current fiscal year even though part of the property tax revenue is not delinquent or collected until the following fiscal year.

Property taxes are recognized net of the county collection fee of 1%. The assessed August valuation and levies in cents per \$100 of assessed valuation for the fiscal year ended June 30 were as follows:

	2020	2019
Assessed August valuation	54,858,528,360	55,322,152,105
Levy in cents per \$100 of assessed valuation		
General Fund	6.8069	6.8456
Capital Improvement Fund	1.7473	2.0000
ADA/Hazardous Waste Fund	0.7500	0.7500
Total	<u>9.3042</u>	<u>9.5956</u>

The amount of uncollected property taxes at June 30 was as follows:

	2020	2019
General Fund	14,137,952	14,078,000
Capital Improvement Fund	3,640,538	4,111,618
ADA/Hazardous Waste Fund	1,555,209	1,540,652
Total	<u>19,333,699</u>	<u>19,730,270</u>

The following amounts, which are included in the uncollected property tax amounts, were held as cash by county treasurers at June 30:

	2020	2019
General Fund	424,273	318,384
Capital Improvement Fund	114,552	95,215
ADA/Hazardous Waste Fund	44,834	35,626
Total	<u>583,659</u>	<u>449,225</u>

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 4. ACCOUNTS RECEIVABLE

Accounts receivable at June 30 were as follows:

	2020	2019
Federal nonexchange grants	1,415,209	1,380,619
Federal Pell, Federal Work-Study, FSEOG	119,507	161,318
Student tuition and fees	1,482,235	1,339,519
Other	389,826	428,868
	<u>3,406,777</u>	<u>3,310,324</u>
Less allowance for doubtful accounts	(946,373)	(1,107,385)
Accounts receivable, net	<u>2,460,404</u>	<u>2,202,939</u>

NOTE 5. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2020, was as follows:

	July 1, 2019	Additions	Deletions	June 30, 2020
Capital assets, not being depreciated				
Land	2,115,577	-	-	2,115,577
Construction in progress	5,647,173	6,762,262	-	12,409,435
Total	<u>7,762,750</u>	<u>6,762,262</u>	<u>-</u>	<u>14,525,012</u>
Capital assets, being depreciated				
Land improvements	9,652,161	277,819	-	9,929,980
Buildings	158,255,198	3,640,914	-	161,896,112
Equipment	20,577,020	1,312,479	749,542	21,139,957
Total	<u>188,484,379</u>	<u>5,231,212</u>	<u>749,542</u>	<u>192,966,049</u>
Less accumulated depreciation				
Land improvements	3,553,058	405,540	-	3,958,598
Buildings	60,486,006	5,647,392	-	66,133,398
Equipment	16,467,755	1,592,627	721,324	17,339,058
Total	<u>80,506,819</u>	<u>7,645,559</u>	<u>721,324</u>	<u>87,431,054</u>
Capital assets, net	<u>115,740,310</u>	<u>4,347,915</u>	<u>28,218</u>	<u>120,060,007</u>

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 5. CAPITAL ASSETS (Continued)

Capital asset activity for the fiscal year ended June 30, 2019, was as follows:

	July 1, 2018	Additions	Deletions	June 30, 2019
Capital assets, not being depreciated				
Land	2,115,577	-	-	2,115,577
Construction in progress	1,477,263	5,249,356	1,079,446	5,647,173
Total	<u>3,592,840</u>	<u>5,249,356</u>	<u>1,079,446</u>	<u>7,762,750</u>
Capital assets, being depreciated				
Land improvements	9,282,160	370,001	-	9,652,161
Buildings	154,014,959	4,240,239	-	158,255,198
Equipment	19,734,683	1,377,644	535,307	20,577,020
Total	<u>183,031,802</u>	<u>5,987,884</u>	<u>535,307</u>	<u>188,484,379</u>
Less accumulated depreciation				
Land improvements	3,232,750	320,308	-	3,553,058
Buildings	54,962,511	5,523,495	-	60,486,006
Equipment	15,494,120	1,508,483	534,848	16,467,755
Total	<u>73,689,381</u>	<u>7,352,286</u>	<u>534,848</u>	<u>80,506,819</u>
Capital assets, net	<u>112,935,261</u>	<u>3,884,954</u>	<u>1,079,905</u>	<u>115,740,310</u>

NOTE 6. ACCRUED SALARIES

Accrued salaries for the fiscal years ended June 30, 2020 and 2019, were composed of the following:

	2020	2019
Accrued salaries	1,364,991	1,369,625
Accrued compensated absences	1,338,174	1,161,777
Total accrued salaries	<u>2,703,165</u>	<u>2,531,402</u>

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 7. LONG-TERM LIABILITIES

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

	June 30, 2019 Beginning Balance	Addi- tions	Reduc- tions	June 30, 2020 Ending Balance	Current Portion
Bonds payable					
2012B Revenue Bonds	1,635,000	-	190,000	1,445,000	195,000
2013 Revenue Bonds	1,090,000	-	125,000	965,000	125,000
2014 Revenue Bonds	3,145,000	-	175,000	2,970,000	175,000
2017 Revenue Bonds	1,750,000	-	220,000	1,530,000	225,000
Facilities Corporation					
Building Bonds	11,065,000	8,375,000	10,440,000	9,000,000	2,230,000
Other liabilities					
Accrued salaries early retirement	11,048	-	11,048	-	-
Deposits	83,987	16,363	-	100,350	-
Total long-term liabilities	<u>18,780,035</u>	<u>8,391,363</u>	<u>11,161,048</u>	<u>16,010,350</u>	<u>2,950,000</u>

Long-term liabilities activity for the fiscal year ended June 30, 2019, was as follows:

	June 30, 2018 Beginning Balance	Addi- tions	Reduc- tions	June 30, 2019 Ending Balance	Current Portion
Bonds payable					
2012B Revenue Bonds	1,820,000	-	185,000	1,635,000	190,000
2013 Revenue Bonds	1,215,000	-	125,000	1,090,000	125,000
2014 Revenue Bonds	3,320,000	-	175,000	3,145,000	175,000
2017 Revenue Bonds	1,965,000	-	215,000	1,750,000	220,000
Facilities Corporation					
Building Bonds	12,405,000	-	1,340,000	11,065,000	1,350,000
Other liabilities					
Accrued salaries early retirement	42,615	-	31,567	11,048	11,048
Deposits	88,609	-	4,622	83,987	-
Total long-term liabilities	<u>20,856,224</u>	<u>-</u>	<u>2,076,189</u>	<u>18,780,035</u>	<u>2,071,048</u>

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEBT SERVICE REQUIREMENTS

Long-term debt consisted of the following at June 30, 2020, at fixed interest rates:

During 2007 - 2008, the College issued Series 2007B and 2007C Dormitory and Student Facility Revenue Bonds, in the amounts of \$3,675,000 and \$2,390,000, respectively. The proceeds of the bonds were used to renovate residence halls on the Hastings campus. The bond issue provided for maturities over the period from June 15, 2009 through June 15, 2027. Income and revenue generated from dormitories, student centers, and cafeterias are pledged for payment of the bonds.

On August 15, 2012, the College issued Series 2012B Limited Tax and Dormitory Revenue Refunding Bonds, in the amount of \$2,910,000, the proceeds of which were used to refinance the Series 2007B bonds that were used to renovate residence halls on the Hastings campus. As a result of the refunding, the College reduced its total debt service requirements by \$584,241, which resulted in an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of approximately \$441,943. The bond issue provides for maturities over the period from June 15, 2013 through June 15, 2027, when the bonds will be repaid in full. Interest is payable semiannually on June 15 and December 15 of each year at rates ranging from 0.35% to 3.00%.

On February 19, 2013, the College issued Series 2013 Dormitory Revenue Refunding Bonds, in the amount of \$1,910,000, the proceeds of which were used to refund the Series 2007C bonds that were used to renovate residence halls on the Hastings campus. As a result of the refunding, the College reduced its total debt service requirements by \$470,951, which resulted in an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of approximately \$406,431. The bond issue provides for maturities over the period from June 15, 2013 through June 15, 2027, when the bonds will be repaid in full. Interest is payable semiannually on June 15 and December 15 of each year at rates ranging from 0.35% to 2.85%.

On March 20, 2014, the College issued Series 2014, Dormitory Revenue Bonds, in the amount of \$4,000,000, the proceeds of which were used to pay the cost of construction, renovating, and expanding new and existing cafeteria and student center facilities on the Hastings campus. The bond issue provides for maturities over the period from June 15, 2014 through June 15, 2034, when the bonds will be repaid in full. Interest is payable semiannually on June 15 and December 15 of each year at rates ranging from 0.025% to 3.60%.

The Central Community College Facilities Corporation issued Series 2009 A, B, and C Building and Equipment Bonds, in the amount of \$10,455,000, the proceeds of which were used to construct, equip, and furnish the Health Science addition on the Grand Island campus. The bond issue provides for maturities over the period from March 1,

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEBT SERVICE REQUIREMENTS (Continued)

2012 through March 1, 2034, when the bonds will be repaid in full. The College does have the option to call the bonds on or after July 30, 2014, for Series A; October 6, 2014, for Series B; and December 29, 2014, for Series C. Interest is payable semiannually on March 1 and September 1 of each year at rates ranging from 1.60% to 5.15%.

On June 13, 2013, the Central Community College Facilities Corporation issued Series 2013 Refunding Building Bonds, in the amount of \$8,395,000, the proceeds of which were used to defease the Series 2009A bonds that were used for the Health Science Education Center project. As a result of the refunding, the College reduced its total debt service requirements by \$1,941,026, which resulted in an economic gain (difference between the present value of the debt service payments on the old debt and new debt) of approximately \$1,480,084. The original issue discount on the bond was \$104,959, which is shown net of the outstanding bond amount. Each year a portion will be amortized as a function of interest expense. The bond issue provides for maturities over the period from March 1, 2014 through March 1, 2034, when the bonds will be repaid in full. Interest is payable semiannually on March 1 and September 1 of each year at rates ranging from 0.30% to 3.00%.

On June 18, 2014, the Central Community College Facilities Corporation issued Series 2014, Refunding Building Bonds for the Health Science Project, in the amount of \$2,560,000, the proceeds of which were used to construct, equip, and furnish the Health Science addition in Grand Island. The bond issue provides for maturities over the period from September 1, 2014 through March 1, 2029, when the bonds will be repaid in full. Interest is payable semiannually on March 1 and September 1 of each year at rates ranging from 0.25% to 3.00%.

On August 19, 2016, the Central Community College Facilities Corporation issued Series 2016, Building Bonds, in the amount of \$4,055,000, the proceeds of which were used to construct, equip, and furnish the new Kearney Learning Center building. The bond issue provides for maturities over the period from December 15, 2017 through December 15, 2021, when the bonds will be repaid in full. Interest is payable semiannually on June 15 and December 15 of each year at rates ranging from 0.8% to 1.25%.

On June 22, 2017, the College issued Series 2017, Dormitory Revenue Refunding Bonds, in the amount of \$2,180,000, the proceeds of which were used to refund the Series 2012A bonds which were used to renovate residence halls on the Hastings campus. The bond issue provides for maturities over the period from December 15, 2017 through June 15, 2027, when the bonds will be repaid in full. Interest is payable semiannually on June 15 and December 15 of each year at rates ranging from 1.15% to 2.5%.

On December 23, 2019, the Central Community College Facilities Corporation issued Series 2019, Refunding Building Bonds for the Health Science Education Center

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 8. DEBT SERVICE REQUIREMENTS (Continued)

Project, and refunded the Series 2013 and 2014 Bonds. The amount of the issue was \$8,375,000. It matures on March 1, 2025, and is at a 2.13% rate of interest.

Debt service requirements at June 30, 2020, were as follows:

Years Ended June 30,	2014 Revenue Bonds Payable Principal	2013 Revenue Bonds Payable Principal	2012B,2017 Revenue Bonds Payable Principal	Facilities Corporation Building Bonds Payable Principal	Interest	Total
2021	175,000	125,000	420,000	2,230,000	353,175	3,303,175
2022	180,000	135,000	420,000	2,260,000	300,452	3,295,452
2023	185,000	135,000	430,000	1,465,000	249,820	2,464,820
2024	190,000	135,000	440,000	1,505,000	202,016	2,472,016
2025	195,000	140,000	445,000	1,540,000	151,777	2,471,777
2026 - 2030	1,060,000	295,000	820,000	-	328,269	2,503,269
2031 - 2034	985,000	-	-	-	90,180	1,075,180
	<u>2,970,000</u>	<u>965,000</u>	<u>2,975,000</u>	<u>9,000,000</u>	<u>1,675,689</u>	<u>17,585,689</u>

NOTE 9. EARLY RETIREMENT PROGRAM

The College established an early retirement program during the year ended June 30, 1987, for eligible faculty to provide an incentive for early separation from the College. Only faculty working full-time may participate. This program has been discontinued and all participants have been paid out as of June 30, 2020. The following is a summary of the plan activity:

	2020	2019
Cash	<u>-</u>	<u>17,571</u>
Liability - stipends due participants	<u>-</u>	<u>11,048</u>
Fund balance		
Beginning fund balance	6,523	40,505
Approved participants' stipends	<u>(6,523)</u>	<u>(33,982)</u>
Ending fund balance	<u>-</u>	<u>6,523</u>
Total liabilities and fund balance	<u>-</u>	<u>17,571</u>

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 10. SCHOLARSHIP ALLOWANCES

Scholarship allowances consist of the following:

1. Student tuition waivers, institutional
2. Student tuition waivers, statutory (reserves and war orphan)
3. Grant funds (PELL, SEOG, LEAP, SLEAP, and other federal grants) credited to student accounts to offset tuition, fees, room and board, and bookstore charges.

Scholarship allowances for fiscal years ended June 30 were as follows:

	2020	2019
Tuition and fees	4,331,988	4,263,809
Room and board	605,234	594,146
Total	<u>4,937,222</u>	<u>4,857,955</u>

NOTE 11. EXPENSES BY FUNCTIONAL CATEGORY

Expenses for the financial statements are presented by natural classification (personnel services, operating expense, travel, and expensed capital assets). Both NACUBO and GASB have suggested that for historical purposes, expenses also be presented by functional classifications.

Expenses by functional classification for the fiscal years ended June 30 are as follows:

	2020	2019
Educational and general		
Instruction	22,287,590	22,979,950
Academic support	9,438,635	9,197,347
Student services	7,597,275	7,657,279
Institutional support	17,608,921	16,740,487
Physical plant	7,954,799	10,241,776
Depreciation	7,645,559	7,352,286
Student financial aid	4,557,327	3,950,454
Auxiliary enterprises	2,660,579	2,878,825
Total expenses	<u>79,750,685</u>	<u>80,998,404</u>

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 12. LEASES

The College leases various items of property across the various campuses.

Future minimum operating lease commitments are as follows:

Years Ended June 30,	
2021	482,278
2022	340,439
2023	125,839
2024	125,839
2025	125,839
2026 - 2030	251,678
Total	<u>1,451,912</u>

NOTE 13. RETIREMENT PLAN

The College provides pension benefits for its employees through a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. Generally, all full-time employees are eligible to participate in the plan. Eligible employees are required to participate after one year of employment. The College matches faculty contributions from 2.0% up to 8.50% of the employee's gross annual salary. Faculty is a straight match up to 8.50%, and staff is a match plus 1.0% up to a combined maximum of 8.50%. The participants are 100% vested upon contributing to the plan. There is no liability for past service cost.

The College's total payroll, covered payroll, employer contributions, and employer contributions as a percentage of covered payroll for the years ended June 30, 2020 and 2019, are as follows:

	2020	2019
Total payroll	33,346,717	33,480,852
Covered payroll	29,178,269	27,186,295
Employer contributions	2,257,828	1,905,438
Employer contributions as a percentage	7.7%	7.0%

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 14. HEALTH AND DENTAL INSURANCE

The College provides health and dental benefits for its employees. The College offers insurance through the Educators Health Alliance. EHA offers Blue Cross Blue Shield insurance for both health and dental. All employees have a \$750 health deductible and various copays, and most services are covered at 80% coinsurance. There is no deductible on the dental plan, and all dental procedures are covered at 100% if a participating provider conducts the service.

NOTE 15. RELATED PARTIES

Related party transactions, defined through a contractual agreement, exist between Central Community College Area and Central Community College Foundation. The College provides personnel and office space to maintain the administration of the Foundation. Although not directly reimbursed for this service, the contractual agreement defines what services will be exchanged at no cost, and services that will be reimbursed or paid on behalf of. Through this contract, the College paid \$545,427 and \$381,704 for expenses for the Foundation during the years ended June 30, 2020 and 2019.

Central Community College Foundation disbursed \$482,885 and \$518,844 of equipment and supplies, \$7,000 and \$15,834 of staff development grants, and \$820,300 and \$814,927 of scholarships for the years ended June 30, 2020 and 2019. The funds disbursed for equipment, program support, and scholarships were received directly by Central Community College Area, and the staff development grants were indirectly received in the form of payments to staff.

NOTE 16. BUDGET PROCESS

Prior to August 1, the College's management and Board of Governors prepared a proposed operating budget on the cash basis for the General, Restricted, and Plant Funds for the fiscal year commencing July 1. The budget includes proposed expenditures and the means of financing them.

Public hearings are conducted at the September Board meeting to obtain taxpayer comments. After the public hearings, the budget is legally adopted by the Board of Governors at the September Board meeting.

Total expenditures may not legally exceed total appropriations, and appropriations lapse at year end.

NOTE 17. RISK MANAGEMENT

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; business interruption; employee injuries and illnesses; natural disasters; and employee health and accident benefits. Commercial insurance coverage is purchased for employee group health and accident benefits. Settled claims have not exceeded this commercial coverage in any of the preceding years.

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 17. RISK MANAGEMENT (Continued)

The College has joined with five of the other Nebraska community colleges to form the Nebraska Community College Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for its members. The College pays an annual contribution to the Trust for its pooled self-insurance coverage of property, liability, workers' compensation, and associated excess coverages. The Trust self-insures to various levels for all categories of covered risk and purchases excess coverage for claims in excess of the self-insured limits.

If the Loss Fund is exhausted, the College may be assessed for additional costs. The insurance year ended June 30, 2016, which was the Trust's nineteenth year. In May 2010, the Board of Directors of the Trust increased the Self-Insured Retention by \$200,000 to \$1,300,000. Dividends were declared for the years ended June 30, 2020 and 2019, of \$103,588 and \$50,701, respectively, and recorded as reduction of premium cost.

NOTE 18. SEGMENT DISCLOSURE

The Central Community College Facilities Corporation has issued the 2019 Series Building Bonds, refinancing the 2013 and 2014 Series. It also issued the 2016 Series, which was used to finance part of the new Kearney Center Project. Summary financial information for these activities is presented below:

	2020	2019
<u>Condensed Statement of Net Position</u>		
Assets		
Capital assets, net	<u>3,720,711</u>	<u>6,054,649</u>
Liabilities		
Current liabilities	2,283,013	1,422,893
Noncurrent liabilities	<u>6,770,000</u>	<u>9,715,000</u>
Total liabilities	<u>9,053,013</u>	<u>11,137,893</u>
Net position		
Unrestricted (deficit)	<u>(5,332,302)</u>	<u>(5,083,244)</u>
<u>Condensed Statement of Revenues, Expenses, and Changes in Net Position</u>		
Nonoperating revenues (expense)		
Interest expense	<u>(249,058)</u>	<u>(252,955)</u>
Change in net position	(249,058)	(252,955)
Beginning net position (deficit)	<u>(5,083,244)</u>	<u>(4,830,289)</u>
Ending net position (deficit)	<u>(5,332,302)</u>	<u>(5,083,244)</u>

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO FINANCIAL STATEMENTS

NOTE 19. SERVICE CONCESSION AGREEMENT

In July 2015, the College entered into a contract with an outside vendor to provide food services for the student cafeteria through June 2028. The vendor has the exclusive right to provide and manage the College's food service programs. The contract included a provision for the vendor to provide \$1,000,000 in cash to the College. The contract is accounted for as a service concession arrangement on a prospective basis from July 2015. The vendor is required to operate and maintain the facility and the College is responsible for certain maintenance costs in accordance with contract provisions. The estimated present value of the College's contractual obligations for maintenance is \$320,000. The contract requires repayment by the College to the vendor if terminated early based on amortized levels over the contract term. The remaining balance of \$359,385 is recorded as a deferred inflow of resources to be amortized to revenue over the life of the contract.

NOTE 20. COMMITMENTS

As of June 30, 2020, the College had commitments of approximately \$4,423,809 with respect to uncompleted construction contracts.

The College has several planned expenditures for the next fiscal year, including purchasing \$1,000,000 of equipment. The College plans on remodeling various buildings on the Columbus Campus for \$5,540,000, and remodeling various buildings on the Hastings campus for \$2,301,000. Grand Island campus improvements will include \$1,410,000 for the various projects.

NOTE 21. SUBSEQUENT EVENTS

The COVID-19 (Coronavirus) outbreak has prompted global concern. Consequently, the College may experience a loss in revenue sources due to the economic impacts of the virus, or may experience an increase in costs to provide services. An estimate of the effect of the COVID-19 pandemic cannot be made at this time.

In preparing the financial statements, the College has evaluated events and transactions for potential recognition or disclosure through November 10, 2020, the date the financial statements were available to be issued.

ACCOMPANYING INFORMATION

CENTRAL COMMUNITY COLLEGE AREA
SCHEDULES OF GENERAL FUND REVENUES
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Property taxes	37,656,274	37,055,923
State appropriations	9,623,041	9,264,576
Tuition and fees	10,269,401	10,045,963
Other income	748,284	2,136,702
Subtotal	58,297,000	58,503,164
(Add to) use cash reserves	(2,938,209)	1,838,060
	<u>55,358,791</u>	<u>60,341,224</u>

The revenues in this schedule are presented on the same basis as the College's General Fund budget and are not on a GASB basis of accounting. In particular, tuition is not reduced for scholarship allowances from grants and some other funds.

PROPERTY VALUATION AND PROPERTY TAX REVENUE

The property valuation for the tax year 2020 as confirmed by the 25 counties in the Central Community College Area as of September 2019 is \$54,858,528,360.

The property tax revenue for Central Community College Area for June 30, 2020, fiscal year is computed as follows:

$$\$54,858,528,360 \times 0.68069/100 = \$37,341,652$$

CENTRAL COMMUNITY COLLEGE AREA
SCHEDULES OF GENERAL FUND EXPENDITURES
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
PROGRAM CLASSIFICATION STRUCTURE		
1 Instruction		
Personnel services	18,882,272	20,404,151
Operating expenses	4,605,576	7,950,767
Travel	127,888	203,757
Equipment	162,154	157,842
	<u>23,777,890</u>	<u>28,716,517</u>
4 Academic Support		
Personnel services	8,538,394	8,519,597
Operating expenses	327,898	411,591
Travel	119,080	177,955
Equipment	4,115	9,925
	<u>8,989,487</u>	<u>9,119,068</u>
5 Student Service		
Personnel services	4,068,479	3,933,429
Operating expenses	347,312	360,136
Travel	132,344	151,443
Equipment	34,171	14,191
	<u>4,582,306</u>	<u>4,459,199</u>
6 Institutional Administration		
Personnel services	8,224,795	8,181,310
Operating expenses	3,309,361	3,383,053
Travel	148,995	238,746
Equipment	35,442	112,836
	<u>11,718,593</u>	<u>11,915,945</u>
7 Physical Plant Operations		
Personnel services	3,117,794	2,987,767
Operating expenses	1,992,753	2,097,522
Travel	7,321	9,095
Equipment	152,958	114,566
	<u>5,270,826</u>	<u>5,208,950</u>
8 Student Aid		
Operating expenses	<u>1,019,679</u>	<u>921,545</u>

CENTRAL COMMUNITY COLLEGE AREA
SCHEDULES OF GENERAL FUND EXPENDITURES
FISCAL YEARS ENDED JUNE 30, 2020 AND 2019

	2020	2019
Grand Total for College		
Personnel services	42,831,734	44,026,254
Operating expenses	11,602,579	15,124,614
Travel	535,628	780,996
Equipment	388,840	409,360
	<u>55,358,781</u>	<u>60,341,224</u>

The expenditures in this schedule are presented on the same basis as the College's General Fund budget and are not on a GAAP basis of accounting. In particular, equipment is shown as an expense and encumbrances are included.

CENTRAL COMMUNITY COLLEGE AREA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

	Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures	Subrecipient Payments
	<u>U.S. Department of Education</u>				
	Direct Programs				
	Student Financial Aid Cluster				
	Federal Pell Grant Program	84.063		6,120,300	-
	Federal Supplemental Educational				
	Opportunity Grants	84.007		116,465	-
	Federal Direct Student Loan	84.268		4,020,244	-
	Federal Work-Study Program	84.033		110,155	-
	Total Student Financial Aid Cluster			<u>10,367,164</u>	
	Trio-Student Support Services	84.042A		262,621	
	COVID-19 - Education Stabilization Fund	84.425E		832,750	
	COVID-19 - Education Stabilization Fund	84.425F		<u>487,889</u>	-
	Total Direct Programs			<u>11,950,424</u>	-
	Passed through Nebraska Department of Education				
	Career and Technical Education - Basic				
	Grants to States	84.048	13-60-094-4000-00	381,171	-
	Adult Education - Basic Grants to States	84.002A	11-2AEF-10-09-944000	358,763	-
				<u>739,934</u>	-
	Total U.S. Department of Education			<u>12,690,358</u>	-

CENTRAL COMMUNITY COLLEGE AREA
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Disbursements/ Expenditures	Subrecipient Payments
<u>National Science Foundation</u>				
Direct Programs Education and Human Resources	47.076		<u>459,080</u>	<u>-</u>
Total National Science Foundation			<u>459,080</u>	<u>-</u>
<u>U.S. Department of Health and Human Services</u>				
Direct Programs Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093		<u>2,215,261</u>	<u>610,536</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>15,364,699</u>	<u>610,536</u>

See accompanying notes to schedule of expenditures of federal awards.

CENTRAL COMMUNITY COLLEGE AREA
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED JUNE 30, 2020

NOTE 1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of Central Community College Area. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

The schedule of expenditures of federal awards is presented on the accrual basis of accounting.

NOTE 3. INDIRECT COST RATE

The College did not elect to use the de minimis cost rate.



**DANA F. COLE
& COMPANY^{LLP}**
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

To the Board of Governors
Central Community College Area
Grand Island, Nebraska

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 of America, the financial statements of Central Community College Area as of June 30, 2020, and the related statements of revenues, expenses, and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control over financial reporting 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, and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs, as item 2020-001 that we consider to be a significant deficiency.

Compliance and Other Matters

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

Central Community College Area's Response to Findings

Central Community College Area's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Central Community College Area's response was not subjected to the auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on it.

Purpose of this Report

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

Dana F Cole + Company, LLP

Minden, Nebraska
November 10, 2020



**DANA F. COLE
& COMPANY^{LLP}**
CERTIFIED PUBLIC ACCOUNTANTS

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

To the Board of Governors
Central Community College Area
Grand Island, Nebraska

Report on Compliance for Each Major Federal Program

We have audited Central Community College Area's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Central Community College Area's major federal programs for the year ended June 30, 2020. Central Community College Area'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 for each of Central Community College Area'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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Central Community College Area'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 Central Community College Area's compliance.

Opinion on Each Major Federal Program

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

Report on Internal Control Over Compliance

Management of Central Community College Area is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered Central Community College Area's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Central Community College Area's internal control over compliance.

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

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

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

Dana F Cole + Company, LLP

Minden, Nebraska
November 10, 2020

CENTRAL COMMUNITY COLLEGE AREA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

SECTION I. SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified:	___Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses:	<u>X</u> Yes ___No
Noncompliance matter to the financial statements disclosed:	___Yes <u>X</u> No

Federal Awards

Internal control over major programs:	
Material weakness identified:	___Yes <u>X</u> No
Significant deficiencies identified that are not considered to be material weaknesses:	___Yes <u>X</u> No
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accord- ance with 2 CFR Section 200.516(a):	___Yes <u>X</u> No
Identification of major programs:	
COVID-19 - Education Stabilization Fund	84.425E
	84.425F
Affordable Care Act (ACA) Health Profession Opportunity Grants	93.093

CENTRAL COMMUNITY COLLEGE AREA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

SECTION I. SUMMARY OF AUDITORS' RESULTS (Continued)

Federal Awards (Continued)

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

Auditee qualified as a low-risk auditee: X Yes ___ No

SECTION II. FINANCIAL STATEMENT FINDINGS

2020-001 ESTABLISH INTERNAL CONTROL OVER FINANCIAL STATEMENT PREPARATION AND REVIEW

Criteria

As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements.

Condition and Context

Management is responsible for establishing and maintaining internal control and for the fair presentation of the financial statements, supplementary information, and disclosures in the financial statements, in conformity with accounting principles generally accepted in the United States of America. The College does not have a system of internal control that would provide management with reasonable assurance that the College's financial statements and related disclosures are complete and presented in accordance with accounting principles generally accepted in the United States without the assistance from auditors. The original drafts were provided to the auditors and required changes prior to their issuance.

Cause

Management does not currently have the experience necessary to prepare the financial statements in accordance with accounting principles generally accepted in the United States of America. In addition, the College sustained staff shortages in the administrative offices after the fiscal year end, which required other employees to cover multiple tasks.

CENTRAL COMMUNITY COLLEGE AREA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020

SECTION II. FINANCIAL STATEMENT FINDINGS (Continued)

2020-001 ESTABLISH INTERNAL CONTROL OVER FINANCIAL STATEMENT PREPARATION AND REVIEW (Continued)

Potential Effect

The potential exists that a material misstatement of the financial statements could occur and not be prevented or detected by the College's internal control.

Questioned Costs

None noted after adjustments were made.

Recommendation

We recommend the College review and approve the proposed auditor adjusting entries and apply analytic procedures to the draft financial statements, among other procedures as considered necessary by management. In addition, we recommend that the College continue to work on gaining the necessary experience to complete the year end financial statements with minimal, if any, assistance from the auditors.

Views of Responsible Officials and Planned Corrective Action

The College reviews the financial statements and approves all adjustments. The College also uses analytic procedures, among other procedures necessary, to complete the management discussion and analysis. In, addition, the College has made the recommended adjustments to the financial statement accounts and is working on continuing to improve with experience in drafting the year end financial statements.

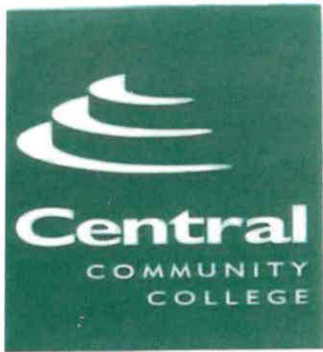
SECTION III. FEDERAL AWARD FINDINGS

None reported.

CENTRAL COMMUNITY COLLEGE AREA
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2020

2019-001 ESTABLISH INTERNAL CONTROL OVER FINANCIAL STATEMENT PREPARATION AND REVIEW

Management is responsible for establishing and maintaining internal control and for the fair presentation of the financial statements, supplementary information, and disclosures in the financial statements, in conformity with accounting principles generally accepted in the United States of America. The College does not have a system of internal control that would provide management with reasonable assurance that the College's financial statements and related disclosures are complete and presented in accordance with accounting principles generally accepted in the United States of America on a timely basis. As described in our engagement letter, management is responsible for establishing and maintaining internal controls, including monitoring, and for the fair presentation of financial statements, including the notes to the financial statements. We recommended that the College review year end procedures to aid in the preparation of the financial statements. This is a similar continued finding, as disclosed in item 2020-001.



CORRECTIVE ACTION PLAN

November 10, 2020

Toll-free, all locations:
1-877-222-0780
www.cccneb.edu

College Administration

3134 W Highway 34
PO Box 4903
Grand Island, NE 68802-4903
Phone: (308) 398-4222
Fax: (308) 398-7399

Columbus

4500 63rd Street
PO Box 1027
Columbus, NE 68602-1027
Phone: (402) 564-7132
Fax: (402) 562-1201

Grand Island

3134 W Highway 34
PO Box 4903
Grand Island, NE 68802-4903
Phone: (308) 398-4222
Fax: (308) 398-7398

Hastings

550 S Technical Blvd
PO Box 1024
Hastings, NE 68902
Phone: (402) 463-9811
Fax: (402) 461-2454

Holdrege

1308 2nd Street
PO Box 856
Holdrege, NE 68949-0856
Phone: (308) 995-8133
Fax: (308) 995-5695

Kearney

1215 30th Avenue
PO Box 310
Kearney, NE 68848-0310
Phone: (308) 338-4000
Fax: (308) 338-4022

Lexington

1501 Plum Creek Parkway
PO Box 827
Lexington, NE 68850-0827
Phone: (308) 324-8480
Fax: (308) 324-8480

Central Community College Area respectfully submits the following corrective action plan for the year ended June 30, 2020, for the findings identified by Dana F. Cole & Company, LLP, Minden, Nebraska.

The findings from the schedule of findings and questioned costs are discussed below and are numbered consistently with the numbers assigned in that schedule.

FINANCIAL STATEMENT FINDINGS

2020-001 ESTABLISH INTERNAL CONTROL OVER FINANCIAL STATEMENT PREPARATION AND REVIEW

Recommendation: The College should review and approve the proposed auditor adjusting entries and apply analytic procedures to the draft financial statements, among other procedures as considered necessary by management. In addition, the College should continue to work on gaining the necessary experience to complete the year end financial statements with minimal, if any, assistance from the auditors.

Action Taken: The College reviews the financial statements and approves all adjustments. The College also uses analytic procedures, among other procedures necessary, to complete the management discussion and analysis. In, addition, the College has made the recommended adjustments to the financial statement accounts and is working on continuing to improve with experience in drafting the year end financial statements.

If the U.S. Department of Education or Health and Human Services have questions regarding this plan, please call Ronald Golka at 308.398. 7345.

Sincerely yours,

A handwritten signature in blue ink that reads 'Ronald J. Golka'.

Ronald Golka
Manager of Financial Operations