Certified Public Accountants

HIGHLAND COMMUNITY COLLEGE

BASIC FINANCIAL STATEMENTS
YEAR ENDED JUNE 30, 2022

HIGHLAND COMMUNITY COLLEGE
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Year Ended June 30, 2022

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BT&Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

The Board of Trustees
Highland Community College

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and the discretely presented component unit of Highland Community College (the College), as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditor, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component unit of the College, as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Highland Community College Foundation (Foundation) discretely presented component unit as of June 30, 2022, and the respective changes in financial position for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditor.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained *in Government Auditing Standards*, issued by the Comptroller General of the United States *(Government Auditing Standards)*; and the Kansas Municipal Audit and Accounting Guide (KMAAG). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation were not audited in accordance with Government Auditing Standards and KMAAG.

Responsibilities of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern within one year after the date that the financial statements are issued or are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable use based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgement and maintain professional skepticism throughout the audit

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.

- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedules listed under supplementary information in the accompanying table of contents, including the schedule of expenditures of federal awards as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2023 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

BT&Co, P.A.

February 16, 2023
Topeka, Kansas

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

Introduction

This section of HCC's Basic Financial Statements and Supplementary Information presents management's discussion and analysis of the College's financial performance during the fiscal year ended June 30, 2022 and is designed to focus on current activities. Therefore, please read this MD&A in conjunction with the accompanying financial statements and footnotes. Certain comparative information between the current year and the prior year is required to be presented in the MD&A. The financial statements have been prepared in accordance with Governmental Accounting Standards Board (GASB) principles. HCC has adopted GASB statements 34 and 35 on *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. The standards established by the GASB principles were used for preparation of public college financial statements that focus on aggregate operations, versus the previous standards that focus on the activity of an individual fund. The report consists of three basic financial statements that provide information on the College as a whole: the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. Comparative data from prior year will also be discussed.

Background

HCC serves over all or parts of nine counties in Kansas with authority to levy taxes on one: Doniphan County. HCC's revenue sources for the general fund are received from the State of Kansas, students, the taxpayers of Doniphan County, and other sources.

The Kansas Board of Regents is responsible for the coordination of all 19 Kansas community colleges and for the governance and coordination of the public universities and technical schools and colleges in Kansas. A locally elected Board of Trustees, made up of six residents of Doniphan County, govern HCC.

The State of Kansas, through oversight by the Kansas Board of Regents, provides the College with an operating grant, which was historically based upon the College's full-time equivalency enrollment of Kansas residents. Other funds provided through the Kansas Board of Regents include Capital Outlay funds for technical credit courses, Technology Grant funds for student technology upgrades in the College, and Tuition Waivers for Kansas High School students participating in Postsecondary Technical Education Courses.

Fiscal year 2011 was the last year for funding for Kansas Community Colleges under Senate Bill 345. The new operating grant funding system went into effect for fiscal year 2012. However, because of the condition of the state budget, community college funding has essentially changed to a block grant. With state aid frozen for the foreseeable future, HCC has become more reliant on student tuition and fee generation.

HCC continues to receive postsecondary aid and capital outlay funds for the technical credit courses. The revenues and the tuition and fees generated by the technical courses are received into a separate Postsecondary Technical Education fund to support the operations of the technical center in Atchison, and to provide technical course offerings at the College's other locations. The State's funding mechanism for Technical Education is also through an operating grant, which is quite similar to the operating grant provided to community colleges. The operating grant for Technical Education has also changed into a block grant format.

Economic Outlook

The COVID-19 pandemic had a negative impact on student enrollment since FY 2020. Students have not returned to campus as quickly as expected. HCC received federal, state and local stimulus funds in FY 2020 and 2021 which were extremely helpful in offsetting the additional costs and lower enrollment due to the pandemic. HCC has used all of its stimulus dollars and does not expect any additional stimulus funds.

Funding of higher education will remain limited from traditional state and federal sources. With decreasing enrollment, HCC will continue to increase its marketing to online students and also evaluate adding higher demand programs that could help turn around the trend of decreasing enrollment. HCC will also increase tuition and fees in FY 2023 for additional revenue. HCC will apply for Grant opportunities such as the Title III Strengthening the Institution Grant to help fund needs of the college.

Higher prices due to inflation have negatively impacted the College. Costs for most expense items have increased significantly which impacts expense management. The College continues to monitor expenses and limits spending.

Using This Annual Report

The financial statements focus on the College as a whole. The College's financial statements are designed to emulate corporate presentation models whereby the College activities are consolidated into one total. The focus of the Statement of Net Position is designed to be similar to bottom line results for the College. This financial statement combines and consolidates current financial resources (short-term unrestricted resources) with capital assets and long-term liabilities. The Statement of Revenues, Expenses, and Changes in Net Position focuses on operating revenue, operating expenses by function, and non-operating revenue/expenses which are supported mainly by tuition and fees, property taxes, state, federal, and other revenues. This approach is intended to summarize and simplify the user's analysis of cost related to college service to students and the public.

The remainder of the MD&A highlights the structure and contents of the primary government's financial statements. For detailed information pertaining to the Foundation (the College's discretely presented component unit), refer to the separately issued Foundation financial statements for the year ended June 30, 2022.

Comparative Analysis of Net Position – Fiscal Years 2022 and 2021

	Net Position as of June 30		Increase	Percent
	2022	2021	(Decrease)	Change
ASSETS				
Current assets	$ 4,050,658	$ 6,229,671	$ (2,179,013)	-35.0%
Capital and amortized assets	17,244,133	16,879,931	364,202	2.2%
Other assets	252,269	281,992	(29,723)	-10.5%
Total assets	21,547,060	23,391,594	(1,844,534)	-7.9%
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	201,932	35,643	166,289	467%
Deferred outflows - OPEB	13,125	218,292	(205,167)	-94.0%
Total deferred outflows of resources	215,057	253,935	(38,878)	-15%
LIABILITIES				
Current liabilities	1,688,328	1,672,444	15,884	0.9%
Non-current liabilities	4,652,606	4,701,467	(48,861)	-1.0%
Total liabilities	6,340,934	6,373,911	(32,977)	-0.5%
DEFERRED INFLOWS OF RESOURCES				
Deferred outflows - pensions	55,734	81,033	(25,299)	-31%
Deferred outflows - OPEB	285,503	157,681	127,822	81%
Total deferred outflows of resources	341,237	238,714	102,523	43%
NET POSITION				
Net investment in capital assets	12,713,322	12,510,482	202,840	1.6%
Restricted	2,660	40,610	(37,950)	-93.4%
Unrestricted	2,363,964	4,481,812	(2,117,848)	-47.3%
Total net position	$ 15,079,946	$ 17,032,904	$ (1,952,958)	-11.5%

This schedule is prepared from the college's Statement of Net Position which is presented on an accrual basis of accounting and the economic resources measurement focus whereby assets are capitalized and depreciated.

The College's total net position at June 30, 2022, decreased from $17,032,904 to $15,079,946 or 11.5%.

In fiscal year 2022, the College's total assets decreased from $23,391,594 to $21,547,060, a decrease of 7.9%.

- Current assets decreased from $6,229,671 to $4,050,658. The decrease in current assets of $2,179,013 is primarily a result of a decrease in Grants Receivable compared with FY21. This decrease was a result of the receivable that was due for institutional federal HEERF stimulus funds which were received in July 2021.

- Cash and cash equivalents increased $809,233 from $2,608,481 to $3,417,714.
  - Grants receivable decreased $2,847,564. This was primarily a result of receiving the HEERF receivable from June 30, 2021 in fiscal year 2022.
  - Accounts receivable decreased $174,336 from $613,106 to $438,770.
  - Prepaid and Inventories increased $33,654.
- Noncurrent assets (Capital and Other assets) increased $334,479 from $17,161,923 to $17,496,402.
  - Fixed asset purchases during FY 2022 were $1,210,751. The purchases were primarily for a dorm remodel, a duplex purchase, bleachers and press box for the track, and other facility and computer equipment.
  - Accumulated depreciation and amortization increased $1,334,062 from $14,475,350 in FY 2021 to $15,809,412 in FY 2022.
  - Assets held for resale was $178,797 in FY 2022 compared with $120,249 in the previous year. This asset is the building trade home that construction technology builds as part of the program and will be sold after it is completed.
  - Textbook inventory decreased $82,571 from $121,133 to $38,562.

Total liabilities decreased $32,977 from $6,373,911 to $6,340,934 or .5%.

- Current liabilities increased $15,884 from $1,672,444 to $1,688,328.
  - Accounts payable and accrued liabilities decreased $177,550 from $824,728 to $647,178.
  - Unearned revenue increased $85,474 from $286,539 to $372,013.
  - Accrued compensated absences increased $13,233 from $264,856 to $278,089.
  - Loans payable, current portion increased $8,940 from $258,371 to $267,311.
- Noncurrent liabilities decreased $48,861 from $4,701,467 to $4,652,606.
  - Net pension liability decreased $8,640 from $34,894 to $26,254.
  - OPEB liability decreased $101,156 from $555,495 to $454,339.
  - Loans payable, long term portion decreased $267,389 from $4,111,078 to $3,843,689 due to loan payments and no additional financing.
  - Right of use leased assets liability increased $328,324 for the lease of the copy machines for five years.

Fiscal Years 2022 and 2021 Financial Highlights

At June 30, 2022 the College's net position decreased from $17,032,904 to $15,079,946 or a decrease of $1,952,958 or 11.5%.

	Year Ended June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Operating revenues	$ 17,091,015	$ 16,648,225	$ 442,790	2.7%
Nonoperating revenues	8,368,293	9,605,083	(1,236,790)	-12.9%
Total revenues	25,459,308	26,253,308	(794,000)	-3.0%
Operating expenses	27,284,213	23,756,870	3,527,343	14.8%
Nonoperating expenses	128,053	116,471	11,582	9.9%
Total expenses	27,412,266	23,873,341	3,538,925	14.8%
Increase in net position	(1,952,958)	2,379,967	(4,332,925)	-182.1%
Net position, beginning of year	17,032,904	14,652,937	2,379,967	16.2%
Net position, end of year	$ 15,079,946	$ 17,032,904	$ (1,952,958)	-11.5%

- Total revenues decreased $794,000 from $26,253,308 to $25,459,308 or 3.0%.
- Total expenses increased $3,538,925 from $23,873,341 to $27,412,266 or 14.8%. Overall, expenses have increased as a result of inflation which includes wage increases to help with employee retention as costs have increased.
    - Academic Support expenses increased $2,207,370 from $2,408,379 in FY 2021 to $4,615,749 in FY 2022. The increase was primarily a result of $2,140,413 of HEERF student payments in FY 2022.
    - Student Services expenses increased $659,782 from $1,531,704 in FY 2021 to $2,191,486 in FY 2022. The increase was primarily of result of wages from pay increases and additional staff and student accounts receivable written off accounts.

Fiscal Years 2022 and 2021 Comparative Statement of Cash Flows

The Statement of Cash Flows presents information on the College's sources and uses of cash. Operating activities primarily reflect receipt of tuition and fees, grants, and auxiliary enterprises. It also reflects payments to suppliers, employees and employee benefits, and payments for scholarships. Non-capital financing activities are mainly those monies received from the state operating grant, post-secondary grant aid, and from the local tax base. Cash from capital and related financing activities is cash activity from capital asset purchases and long-term debt principal payments.

Cash and cash equivalents increased by 30.3% in fiscal year 2022. The four categories as defined by GASB are shown below:

	June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Operating activities	$ (5,793,929)	$ (8,476,202)	$ 2,682,273	-31.6%
Non-capital financing activities	8,356,730	9,597,574	(1,240,844)	-12.9%
Capital financing activities	(1,712,283)	(1,838,947)	126,664	-6.9%
Investing activities	(46,985)	36,425	(83,410)	-229.0%
Net increase (decrease)	803,533	(681,150)	1,484,683	-218.0%
Cash and cash equivalents, beginning of year	2,649,091	3,330,241	(681,150)	-20.5%
Cash and cash equivalents, end of year	$ 3,452,624	$ 2,649,091	$ 803,533	30.3%

Fiscal Years 2022 and 2021 Comparative Debt Service Summary

The College increased its debt $64,799 in FY22 compared to FY21. The increase was primarily due to the increase in the Right of use lease liability for the five-year copy machine contract offset by the other debt service loan payments.

	June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Outstanding debt service:				
2019 Series COP's	$ 3,515,000	$ 3,685,000	$ (170,000)	-4.6%
Spring Hill Apartment loan	142,851	173,094	(30,243)	-17.5%
Winery incubator loan	78,971	93,141	(14,170)	-15.2%
Winery remodel loan	374,178	418,214	(44,036)	-10.5%
Right of use lease liability	419,811	-	419,811	-
Compensated absences	278,089	264,856	13,233	5.0%
Net pension liability	26,254	34,894	(8,640)	-24.8%
Total OPEB liability	454,339	555,495	(101,156)	-18.2%
Total outstanding debt service	$ 5,289,493	$ 5,224,694	$ 64,799	1.2%

Fiscal Years 2022 and 2021 Capital Asset Purchase Summary

The College decreased its capital assets purchases $921,944 from $2,132,695 in FY 2021 to $1,210,751 in FY 2022. Below is a summary of the major capital purchases. A new diesel building at the Atchison Campus was the primary decrease between the two years.

	June 30		Increase	Percent
	2022	2021	(Decrease)	Change
Capital asset purchases:				
Dorm remodel	$ 247,410	$ 214,814	$ 32,596	15.2%
Duplex and lot purchases	308,050	-	308,050	0.0%
Laundry Facility - CIP	117,731	-	117,731	0.0%
Vehicles	49,175	69,708	(20,533)	-29.5%
Diesel building	38,084	1,545,007	(1,506,923)	-97.5%
Athletic purchases	147,310	15,142	132,168	872.9%
Computers and equipment	210,287	27,253	183,034	671.6%
Leasehold improvements	92,704	260,771	(168,067)	-64.5%
Total capital asset purchases	$ 1,210,751	$ 2,132,695	$ (921,944)	-43.2%

Factors Bearing on the College's Future

At the time these financial statements were prepared and audited, the College has felt the negative impact of the COVID-19 pandemic for the last two years. The pandemic interrupted the normal operations of HCC and it is unclear what adverse long-term impact this will have on the College. In addition, higher inflation has increased the majority of expense line items at the college. It is unclear when this inflation will level off or start decreasing. The higher inflationary costs make expense management more difficult.

Request for Information

This financial report is designed to provide a general overview of Highland Community College's finances to all those interested in the College's accountability for the revenue it receives. Questions, concerns, or additional information regarding this report or any information contained herein should be directed to the Vice President of Finance and Operations, 606 W. Main, Highland, Kansas 66035.

HIGHLAND COMMUNITY COLLEGE
STATEMENT OF NET POSITION
June 30, 2022

	Primary Institution
Assets:	
Current assets:	
Cash and cash equivalents	$ 3,417,714
Receivables:	
Grants	120,211
Accounts, net of allowances of $ 469,351	438,770
Prepaid items	2,028
Inventories	71,935
Total current assets	4,050,658
Noncurrent assets:	
Restricted cash and cash equivalents	34,910
Assets held for resale	178,797
Textbooks, net of accumulated depreciation of $ 437,555	38,562
Capital assets:	
Land	780,342
Construction in progress	711,529
Buildings and improvements	28,154,448
Furniture and equipment	2,376,673
Vehicles	543,039
Less accumulated depreciation	(15,736,287)
Amortized assets:	
Right of use leased asset	487,514
Less accumulated amortization	(73,125)
Total noncurrent assets	17,496,402
Total assets	21,547,060
Deferred outflows of resources:	
Deferred outflows - pensions	201,932
Deferred outflows - OPEB	13,125
Total deferred outflows of resources	$ 215,057

(Continued)

HIGHLAND COMMUNITY COLLEGE
STATEMENT OF NET POSITION
(Continued)
June 30, 2022

	Primary Institution
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	$ 647,178
Deposits held in custody for others	32,250
Unearned revenue	372,013
Accrued compensated absences, current portion	278,089
Loans payable, current portion	267,311
Right of use leased asset liability, current portion	91,487
Total current liabilities	1,688,328
Noncurrent liabilities:	
Net pension liability	26,254
Total OPEB liability	454,339
Loans payable	3,843,689
Right of use leased asset liability	328,324
Total noncurrent liabilities	4,652,606
Total liabilities	6,340,934
Deferred inflows of resources:	
Deferred inflows - pensions	55,734
Deferred inflows - OPEB	285,503
Total deferred inflows of resources	341,237
Net position:	
Net investment in capital assets	12,713,322
Restricted for:	
Nonexpendable:	
Endowments	2,660
Unrestricted	2,363,964
Total net position	$ 15,079,946

See accompanying notes to basic financial statements.

HIGHLAND COMMUNITY COLLEGE
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
Year Ended June 30, 2022

	Primary Institution
Operating revenues:	
Student tuition and fees (net of scholarship allowances of $ 1,893,200)	$ 4,051,822
Federal grants and contracts	5,819,910
State and local grants and contracts	2,311,290
Auxiliary enterprises	3,181,090
On-behalf payments	1,259,431
Gifts and contributions	21,013
Other operating revenues	446,459
Total operating revenues	17,091,015
Operating expenses:	
Education and general:	
Instruction	5,511,220
Athletics	2,179,045
Academic support	4,615,749
Community service	216,941
Research	65,249
Student services	2,191,486
Institutional support	3,625,813
Operations and maintenance	1,593,957
Depreciation and amortization	1,334,063
Financial aid	3,186,699
Auxiliary enterprises	1,376,806
Auxiliary depreciation	127,754
On-behalf payments	1,259,431
Total operating expenses	27,284,213
Operating loss	(10,193,198)
Nonoperating revenues (expenses):	
State and local appropriations	4,019,616
Property taxes	2,031,755
Pell grants	2,260,713
Investment income	11,563
Interest on indebtedness	(128,053)
Other nonoperating revenues	44,646
Net nonoperating revenues	8,240,240
Decrease in net position	(1,952,958)
Net position - beginning of year	17,032,904
Net position - end of year	$ 15,079,946

See accompanying notes to basic financial statements.

HIGHLAND COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
Year Ended June 30, 2022

		Primary Institution
Cash flows from operating activities:		
Tuition and fees	$	5,255,987
Grants and contracts		11,064,238
Auxiliary enterprise charges		3,181,090
Gifts and contributions		21,013
Other receipts		446,459
Payments to suppliers		(10,793,532)
Payments to employees		(10,022,976)
Payments for employee benefits		(729,680)
Payments for scholarships and financial aid		(4,216,528)
Net cash from operating activities		(5,793,929)
Cash flows from noncapital financing activities:		
State appropriations		4,019,616
Property taxes		2,031,755
Pell grant		2,260,713
William D. Ford direct lending receipts		1,734,287
William D. Ford direct lending disbursements		(1,734,287)
Other		44,646
Net cash from noncapital financing activities		8,356,730
Cash flows from capital and related financing activities:		
Purchases of capital assets		(1,210,751)
Purchases of textbooks		(45,183)
Principal paid on right of use asset		(67,703)
Principal paid on long-term debt		(258,449)
Interest paid on long-term debt		(130,197)
Net cash from capital and related financing activities		(1,712,283)
Cash flows from investing activities:		
Additions to assets held for resale, net		(58,548)
Interest on investments		11,563
Net cash from investing activities		(46,985)
Net increase in cash and cash equivalents		803,533
Cash and cash equivalents, beginning of year		2,649,091
Cash and cash equivalents, end of year	$	3,452,624
Reconciliation of cash and cash equivalents to statement of net position:		
Unrestricted cash and cash equivalents	$	3,417,714
Restricted cash and cash equivalents		34,910
Total cash and cash equivalents, end of the year	$	3,452,624

(Continued)

HIGHLAND COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
(Continued)
Year Ended June 30, 2022

		Primary Institution
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	$	(10,193,198)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization		1,461,817
Changes in assets and liabilities:		
Grants receivable		2,847,564
Accounts receivable, net		174,336
Inventories		(33,654)
Deferred outflows - pensions		(166,289)
Deferred outflows - OPEB		205,167
Accounts payable and accrued liabilities		(175,406)
Deposits held in custody for others		(5,700)
Unearned revenue		85,474
Accrued compensated absences		13,233
Net pension liability		(8,640)
Total OPEB liability		(101,156)
Deferred inflows - pensions		(25,299)
Deferred inflows - OPEB		127,822
Net cash from operating activities	$	(5,793,929)

See accompanying notes to basic financial statements.

HIGHLAND COMMUNITY COLLEGE
STATEMENT OF FINANCIAL POSITION
COMPONENT UNIT
June 30, 2022

	Foundation
Assets:	
Current assets:	
Cash and cash equivalents	$ 242,597
Note receivable	142,851
Total current assets	385,448
Noncurrent assets:	
Restricted investments	4,335,934
Other investments	48,324
Capital assets:	
Land	662,920
Total noncurrent assets	5,047,178
Total assets	5,432,626
Liabilities:	
Accounts payable	3,342
Payables - other	27,121
Total liabilities	30,463
Net assets:	
With donor restrictions	5,384,490
Without donor restrictions	17,673
Total net assets	$ 5,402,163

See accompanying notes to basic financial statements.

HIGHLAND COMMUNITY COLLEGE
STATEMENT OF ACTIVITIES
COMPONENT UNIT
Year Ended June 30, 2022

	Foundation		
	Net Assets Without Donor Restrictions	Net Assets With Donor Restrictions	Total
Operating revenues:			
Gifts and contributions	$ 11,094	$ 267,256	$ 278,350
Net investment income (loss)	-	(727,985)	(727,985)
Net assets released from restriction	225,570	(225,570)	-
Total operating revenues	236,664	(686,299)	(449,635)
Operating expenses:			
Program services	96,585	-	96,585
Support services	176,155	-	176,155
Total operating expenses	272,740	-	272,740
Increase in net assets from operations	(36,076)	(686,299)	(722,375)
Other revenues (expenses), net	-	101,315	101,315
Change in net assets	(36,076)	(584,984)	(621,060)
Net assets, beginning of year	53,749	5,969,474	6,023,223
Net assets, end of year	$ 17,673	$ 5,384,490	$ 5,402,163

See accompanying notes to basic financial statements.

HIGHLAND COMMUNITY COLLEGE
STATEMENT OF CASH FLOWS
COMPONENT UNIT
Year Ended June 30, 2022

Cash flows from operating activities:		
Change in net assets	$	(621,060)
Adjustments to reconcile change in net assets to net cash from operating activities:		
Changes in operating assets and liabilities:		
Note receivable		30,244
Accounts payable		3,342
Payables - other		(2,131)
Net cash from operating activities		(589,605)
Cash flows from investing activities:		
Increase in investments		742,550
Net increase in cash and cash equivalents		152,945
Cash and cash equivalents, beginning of year		89,652
Cash and cash equivalents, end of year	$	242,597

See accompanying notes to basic financial statements.

1 - Summary of Significant Accounting Policies

Organization

Highland Community College (the College) was established in 1858 to provide a) college transfer and general education programs which parallel those courses usually offered during the first two years of a four-year program in the professions or liberal arts; b) occupational, vocational, and technical education programming which is designed to equip an individual with a marketable skill in two years or less; and c) continuing education programs which offer educational opportunities for personal growth, economic improvement, cultural development, and enrichment of personal and family living. For financial reporting purposes, the College is considered a special purpose government engaged only in business-type activities.

The Board of Trustees (the Board), a six-member group constituting an on-going entity, has governance responsibilities over all activities related to the College. In addition to revenues from student tuition and fees and from auxiliary enterprises of the College, the College receives funding from local, state, and federal government sources and must comply with the requirements of these funding source entities. Board members are elected by the public and have policy making authority, the power to designate management, the responsibility to significantly influence operations, and primary accountability for fiscal matters.

Financial Reporting Entity

Entities that are legally separate tax-exempt organizations are required to be reported in the College's financial statements if the resources of the affiliated organization benefit the College, the College is entitled to or can otherwise access the resources, and the resources are considered significant to the College.

Discretely Presented Component Unit. Highland Community College Foundation (the Foundation) is a legally separate tax-exempt component unit of the College. The Foundation was created to assist in the receipt, management, and distribution of economic resources to build and maintain academic and support programs for the College.

The Foundation is a nonprofit organization that reports under standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Complete financial statements for the Foundation can be obtained at the Foundation's administrative office at 606 W. Main, Highland, KS 66035.

Blended Component Unit. In January 2017, the College organized Highland Vineyards and Winery, LLC (the Company) under the laws of the State of Kansas for the purpose of operating a winery incubator program at the College. The College owns 100% of the outstanding capital stock of the Company. Although the Company is a legally separate organization, the College is financially accountable for the component unit. In addition, the Company's governing body is substantially the same as the governing body of the College. The financial statements of the Company have been included within the College's reporting entity. Separately issued financial statements for the Company are not available.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

Basis of accounting refers to when revenues and expenses and the related assets, liabilities, deferred inflows and deferred outflows are recognized in the accounts and reported in the financial statements. Measurement focus refers to what is being measured. The financial statements are prepared on the accrual basis of accounting and on the economic resources measurement focus in accordance with accounting principles generally accepted in the United States of America. With this measurement focus, all assets, all liabilities, and all deferred inflows and deferred outflows are included on the statement of net position. The statement of revenues, expenses, and changes in net position presents increases (revenues) and decreases (expenses) in total net position. The statement of cash flows provides information about how the College meets the cash flow needs of its activities. All significant intra-agency transactions have been eliminated.

The College distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with ongoing operations. The principal operating revenues of the College are student tuition and fees and sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Operating expenses include the costs of providing education and auxiliary services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. For financial reporting purposes, restricted resources are deemed to be utilized first when both restricted and unrestricted reserves are available to satisfy an expense.

Nonoperating transactions include property taxes, state and local appropriations, and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from state and local appropriations and other contributions is recognized in the year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the College must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

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

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

Cash and Cash Equivalents

Besides cash on hand and demand deposits in banks, the College considers all highly liquid investment instruments with an original maturity of three months or less to be cash equivalents.

Accounts Receivable and Unearned Revenues

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of which reside in the State of Kansas. Accounts receivable are recorded net of estimated uncollectible amounts. Receivables from Federal and State governments are related to reimbursements pursuant to the College's grants and contracts with these governments. Unearned revenues include amounts received from tuition and fees and certain auxiliary enterprise activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Inventories

Inventories are recorded at the lower of cost or realized value, with cost determined using the first-in, first-out (FIFO) method.

Investments

The Foundation's investments are recorded at fair value based on quoted market prices. Unrealized gains and losses related to changes in fair value are reported in the Foundation's statement of activities.

Deferred Outflows of Resources/Deferred Inflows of Resources

In addition to assets and liabilities, the statement of net position reports separate sections for deferred outflows of resources and deferred inflows of resources. These separate financial statement elements, *deferred outflows and deferred inflows of resources*, represent the consumption or acquisition of net position that applies to a future period and, therefore, will *not* be recognized as an outflow or inflow of resources (expense/expenditure or revenue) until then. The College has deferred outflows and deferred inflows for pensions and other post-employment benefits (OPEB) that qualify for reporting in this category. See Notes 7 and 8 for more information on these deferred outflows and deferred inflows.

Textbooks

Textbooks are assets that are being rented to the students of the College. Textbooks are depreciated using the sum-of-the-years digits method over their estimated useful life of three years. Depreciation expense is recorded in auxiliary enterprises.

Assets Held for Resale

Assets held for resale are houses built by the Technical Center Division of the college (the Technical Center) students and sold to the public once the housing project is complete. Assets held for resale are recorded at cost which approximates fair value. The proceeds of the sales are used to fund future housing projects. The College had $ 178,797 in assets held for resale at June 30, 2022.

Capital Assets

Capital assets include land, buildings and improvements, furniture and equipment, and vehicles. Capital assets are defined by the College as assets with an initial individual cost of more than $ 5,000 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Major additions and improvements are capitalized. When assets are sold, the gain or loss on the sale is recorded as non-operating gains or losses.

The College's capital assets are depreciated using the straight-line method over the estimated useful lives of the capital assets. Land and construction in progress are not depreciated. The estimated useful lives are:

Buildings	39 - 40 years
Building improvements	5 - 20 years
Furniture and equipment	3 - 50 years
Vehicles	5 - 15 years

The Foundation values donated capital assets at the estimated fair value of the asset at the time of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets.

Leases

The College is a party as a lessee for long-term leases of equipment. The corresponding lease obligation payable (right of use) are recorded in an amount equal to the present value of the future minimum lease payments paid, discounted by the applicable interest rate.

Compensated Absences

The College provides paid vacation to classified personnel based on length of service on a calendar year basis. The College provides paid vacation to administrative personnel at a standard rate, regardless of years of service. A maximum of 22 days may be carried over to the following year for vacation leave. Employees are paid for accumulated vacation upon termination of employment.

The provision for and accumulation of sick leave is based upon employment classification. Only retiring professional employees are compensated for unused sick leave. The maximum amount of accrued sick leave for which a retiring employee may be compensated is 25 percent of their accrued sick leave balance but not to exceed twenty work days.

Pensions

The employer contributions for community colleges are funded by the State of Kansas on behalf of these employers for active employees. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the Kansas Public Employees Retirement System (KPERS). Since these employers do not contribute directly to KPERS for active employees, there is no net pension liability or deferred inflows or outflows to report in their financial statements for active employees. See Note 7 for disclosures regarding the State's portion of the College's total proportionate share of the collective net pension liability that is associated with the College. The College recognizes pension expense associated with the College as well as revenue in an amount equal to the State's total proportionate share of the collective pension expense associated with the College.

The College does make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, known as "working after retirement" employees. The resulting proportional share of the "working after retirement" contributions and resulting net pension liability, deferred inflows of resources and deferred outflows of resources are attributable to the College. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position is classified as follows:

Net investment in capital assets – This represents the total investment in capital assets, net of accumulated depreciation and related debt.

Restricted net position – nonexpendable – This includes resources that are for endowment purposes. The corpus of the endowment is restricted by external third parties and cannot be expended.

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

Property Taxes

The lien date for property taxes is January 1. Property taxes are levied on November 1. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 of the year levied, with the balance to be paid on or before May 10 of the ensuing year. Property taxes become delinquent on December 20 of each fiscal year if the taxpayer has not remitted at least one-half of the amount due. Billing and collection is done by Doniphan County. Assessed values are established by the Doniphan County appraiser's office.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Estimates include allowances for doubtful accounts, estimated useful lives and salvage value of property, net pension and OPEB liability, and deferred outflows and inflows related to pension and OPEB amounts.

Income Taxes

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

The Foundation is organized as a Kansas nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as described in Section 501(c)(3). The Foundation has been classified as other than a private foundation by the Internal Revenue Service.

Pending Governmental Accounting Standards Board Statement

The Governmental Accounting Standards Board (GASB) has issued the following statements not yet implemented by the College.

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

GASB Statement No. 101, *Compensated Absences,* updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements of this statement are effective for periods beginning after December 15, 2023.

2 - Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the current funds - unrestricted and plant funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no such budget amendments for the year ended June 30, 2022.

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

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

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

3 - Cash and Investments

Credit risk. Kansas statutes limit the College's investment of idle funds to time deposits, open accounts, and certificates of deposit; repurchase agreements; U.S. government securities; notes; temporary no-fund warrants; and the Kansas Municipal Investment Pool. All College deposits and investments are in cash and certificates of deposit at banks within the State of Kansas. The Foundation is not required to follow Kansas Statutes and thus may invest in any instrument allowed by the Foundation's investment policies.

Custodial credit risk - deposits. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes also require that collateral pledged must have a fair market value equal to 100% of the deposits, less insured amounts, and must be assigned for the benefit of the College. At June 30, 2022, the College's deposits were not exposed to custodial credit risk.

Concentration of credit risk. The College's deposit policy does not place any limitations on the percentage of the College's total deposits that may be with any one issuer. State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405.

Fair value measurement. The Foundation categorizes their fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the assets. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2022, the Foundation's investments, other than private equities were valued with quoted prices on the active market (Level 1 input), and private equities of $ 48,324 were valued using unobservable inputs (Level 3 input).

Investments held by the Foundation consisted of the following at June 30, 2022:

	Cost	Fair Value	Unrealized Gain (Loss)
Cash and sweep balance	$ 377,506	$ 377,506	$ -
Fixed income	172,642	168,567	(4,075)
Public equities	932,276	939,740	7,464
Bond funds	243,013	218,593	(24,420)
Equity funds	1,946,588	1,853,275	(93,313)
Exchange traded funds	602,723	556,567	(46,156)
Other assets	142,025	121,203	(20,822)
Options (Short)	35,258	38,970	3,712
REIT/Alternative	70,000	61,513	(8,487)
Private equities	25,000	48,324	23,324
	$ 4,547,031	$ 4,384,258	$ (162,773)

Investment income of the Foundation consisted of the following for the year ended June 30, 2022:

Interest and dividends	$ 118,354
Partnership distribution	6,136
Realized gains	253,092
Unrealized gains	(1,105,567)
	$ (727,985)

4 - Capital Assets

Summaries of changes in capital assets follow:

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Highland Community College:					
Capital assets not being depreciated:					
Land	$ 756,320	$ 24,022	$ -	$ -	$ 780,342
Construction in progress	-	711,529	-	-	711,529
Total capital assets not being depreciated	756,320	735,551	-	-	1,491,871
Capital assets being depreciated:					
Buildings and improvements	27,938,710	215,738	-	-	28,154,448
Furniture and equipment	2,166,387	210,286	-	-	2,376,673
Vehicles	493,864	49,175	-	-	543,039
Total capital assets being depreciated	30,598,961	475,199	-	-	31,074,160
Less accumulated depreciation for:					
Buildings and improvements	(12,457,891)	(1,010,178)	-	-	(13,468,069)
Furniture and equipment	(1,597,954)	(222,368)	-	-	(1,820,322)
Vehicles	(419,505)	(28,391)	-	-	(447,896)
Total accumulated depreciation	(14,475,350)	(1,260,937)	-	-	(15,736,287)
Total capital assets being depreciated, net	16,123,611	(785,738)	-	-	15,337,873
Total capital assets, net	$ 16,879,931	$ (50,187)	$ -	$ -	$ 16,829,744
Amortized assets					
Intangible asset - right of use leased asset	$ -	$ 487,514	$ -	$ -	$ 487,514
Less accumulated amortization	-	(73,125)	-	-	(73,125)
Net amortized assets	$ -	$ 414,389	$ -	$ -	$ 414,389

	Balance July 1, 2021	Additions	Retirements	Transfers	Balance June 30, 2022
Foundation:					
Capital assets not being depreciated:					
Land	$ 662,920	$ -	$ -	$ -	$ 662,920

5 - Leases

The facilities and properties used by the Technical Center are owned by the Atchison Unified School District No. 409 (the District). As a result, the College entered into a lease agreement in 2008 with the District for use of the facilities and properties. The initial lease terms are for a ten-year period. At the expiration of the lease, the parties may, at their option, extend the lease terms for an additional ten-year period. Under the lease agreement, in lieu of paying rent to the District, the College is responsible for paying insurance, maintenance, and utility costs of the facility and property during the lease term. Any construction or improvements to the facility remain the property of the District. The lease has been extended through the year 2029.

6 - Long-Term Debt

2019 Series Certificates of Participation (COP) – Direct Borrowing

In fiscal year 2020, the College issued 2019 Series COPs with Security Bank in the amount of $ 3,835,000 to fund the new Diesel Technology Center in Atchison, Kansas and to pay off the loan and capital lease at Kansas State Bank. The COPs are due in annual installments ranging from $ 175,000 - $ 340,000 and bear interest at a variable rate ranging from 1.65% - 2.65%. The COPs are collateralized by a security interest in the diesel building. Final maturity of the COPs is February 2036. The total amount due from the College to Security Bank of Kansas City is $ 3,515,000 as of June 30, 2022.

Future payments required under the COPs are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 175,000	$ 78,538	$ 253,538
2024	175,000	75,650	250,650
2025	180,000	72,500	252,500
2026	185,000	69,260	254,260
2027	190,000	65,745	255,745
2028-2032	1,310,000	261,152	1,571,152
2033-2036	1,300,000	85,695	1,385,695
	$ 3,515,000	$ 708,540	$ 4,223,540

Spring Hill Apartments Loan – Direct Borrowing

On May 29, 2020, the College entered into a loan agreement with the Foundation to purchase Spring Hill Apartments in the amount of $ 195,000. The loan is due in quarterly installments of $ 9,179 beginning October 2020 through July 2026 and bears interest at 4.00%. The total amount due from the College to the Foundation is $ 142,851 as of June 30, 2022.

Future payments required under the Spring Hill Apartments loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 31,471	$ 5,246	$ 36,717
2024	32,749	3,968	36,717
2025	34,079	2,638	36,717
2026	35,463	1,255	36,718
2027	9,089	91	9,180
	$ 142,851	$ 13,198	$ 156,049

Winery Incubator Loan Payable – Direct Borrowing

In November 2016, the College entered into a loan agreement for $ 145,000 with the Bank of the Flint Hills for the purchase of a winery. The loan is due in annual installments of $ 17,545 and bears interest at 3.625%. The final maturity of the note is November 1, 2026. The loan is collateralized by a security interest in equipment.

Future payments required under the winery incubator loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 14,684	$ 2,861	$ 17,545
2024	15,216	2,329	17,545
2025	15,767	1,778	17,545
2026	16,339	1,206	17,545
2027	16,965	580	17,545
	$ 78,971	$ 8,754	$ 87,725

Winery Remodel Loan Payable – Direct Borrowing

On June 21, 2019, the College entered into a loan agreement with the Bank of the Flint Hills for remodeling the winery purchased in 2016. The loan is due in annual installments of $ 64,946 and bears interest at 5.000%. The final maturity of the note is June 21, 2029. The loan is collateralized by a security agreement dated October 11, 2018.

Future payments required under the winery remodel loan are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 46,156	$ 18,790	$ 64,946
2024	48,464	16,482	64,946
2025	50,887	14,059	64,946
2026	53,431	11,515	64,946
2027	56,103	8,843	64,946
2028 - 2029	119,137	9,131	128,268
	$ 374,178	$ 78,820	$ 452,998

Right of Use Lease Liability

In September 2021, the College entered into a 60 month lease as lessee for the use of copiers. An initial liability was recorded in the amount of $ 487,514. Monthly payments of $ 9,200 are made at an interest rate of 5.00%. The value of the right of use asset at June 30, 2022 was $ 487,514 with accumulated amortization of $ 73,125.

The future minimum lease payments for lease obligations of the College are as follows:

Year Ending June 30,	Principal	Interest	Total
2023	$ 91,487	$ 18,913	$ 110,400
2024	96,169	14,231	110,400
2025	101,089	9,311	110,400
2026	106,261	4,139	110,400
2027	24,805	2,495	27,300
	$ 419,811	$ 49,089	$ 468,900

Changes in Long-Term Debt

Current fiscal year transactions are summarized as follows:

	Balance, July 1, 2021	Additions	Reductions	Balance, June 30, 2022	Due Within One Year
Direct borrowing:					
2019 Series COPs	$ 3,685,000	$ -	$ 170,000	$ 3,515,000	$ 175,000
Spring Hill Apartments loan	173,094	-	30,243	142,851	31,471
Winery incubator loan	93,141	-	14,170	78,971	14,684
Winery remodel loan	418,214	-	44,036	374,178	46,156
Right of use lease liability	-	487,514	67,703	419,811	91,487
Compensated absences	264,856	278,089	264,856	278,089	278,089
Net pension liability	34,894	-	8,640	26,254	-
Total OPEB liability	555,495	-	101,156	454,339	-
	$ 5,224,694	$ 765,603	$ 700,804	$ 5,289,493	$ 636,887

7 - Defined Benefit Pension Plan

General Information about the Pension Plan

Description of Pension Plan. The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

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

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. Their monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. The retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

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

Contributions. K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009. KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

With the exception of contributions made by the College directly to KPERS for KPERS retirees filling KPERS covered positions under K.S.A. 74-4937 (known as "working after retirement" employees), employer contributions for the College's active employees are funded by the State of Kansas on behalf of the employer. Therefore, the College is considered to be a special funding situation as defined by GASB 68, *Accounting and Financial Reporting for Pensions*. State law provides that the contribution rates paid by the State on behalf of the College be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. The statutory contribution rate was 13.33% for the fiscal year ended June 30, 2022.

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. To facilitate the separate actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

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

The State of Kansas contributed $ 1,259,431 directly to KPERS on behalf of the College for the year ended June 30, 2022. The payments made by the State of Kansas on behalf of the College have been recorded as both revenues and expenses in the Statements of Revenues, Expenses and Changes in Net Position.

Net Pension Liability

The College makes contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937. During the year ended June 30, 2022, there were contributions of $ 3,285 made to KPERS for these employees. The College reported a liability for its proportionate share of the net pension liability related to these employees of $ 26,254 at June 30, 2022.

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

At June 30, 2022, the College reported a liability for its proportionate share of the KPERS collective net pension liability that reflected a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the collective net pension liability, the related state support, and the total portion of the collective net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	$ 26,254
State's proportionate share of the collective net pension liability associated with the College	9,360,230
Total	$ 9,386,484

The collective net pension liability was measured by KPERS as of June 30, 2021, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021. The College's proportion of the collective net pension liability was first based on the ratio of the total actual contributions made for the College (including on-behalf contributions from the State and contributions paid by the College) to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup with KPERS for the fiscal year ended June 30, 2020. The resulting proportion was then allocated to the College based on the ratio of the College's actual contributions paid directly to KPERS for "working after retirement" employees relative to the total employer and nonemployer contributions of the College for the fiscal year ended June 30, 2021. As of the measurement date of June 30, 2020, the College's "working after retirement" contributions were 0.000467% of total employer and non-employer contribution of the State/School subgroup with KPERS.

At June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 390	$ 122
Net difference between projected and actual earnings on pension plan investments	-	6,477
Changes in proportionate share	8,956	49,135
Changes in assumptions	3,779	-
Total	$ 13,125	$ 55,734

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30	Deferred Outflows (Inflows) of Resources
2023	$ (12,847)
2024	(17,365)
2025	(9,869)
2026	(2,639)
2027	111
	$ (42,609)

Actuarial assumptions. The total pension liability for KPERS in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Salary increases, including price inflation	3.50 -12.00 percent, including inflation
Long-term rate of return, net of investment expense, including price inflation	7.25 percent compounded annually

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

The actuarial assumptions used in the valuation are based on the results of the most recent actuarial experience study, which covered the three-year period of January 1, 2016 through December 31, 2018. The experience study report is dated January 7, 2020.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50%	6.40%
Alternatives	8.00%	9.50%
Real Estate	11.00%	4.45%
Yield Driven	8.00%	4.70%
Real Return	11.00%	3.25%
Fixed Income	11.00%	1.55%
Short-Term Investments	4.00%	0.25%
Total	100.00%	

Discount rate. The discount rate used by KPERS to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State/School subgroup of employers does not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS Board of Trustees for this group may not increase by more than the statutory cap. The statutory cap for fiscal year 2021 was 1.2 percent.

Sensitivity of the College's proportionate share of the collective net pension liability to changes in the discount rate. The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the College's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
College's proportionate share of the net pension liability allocated to the College	$ 38,576	$ 26,254	$ 15,894

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

8 - Other Postemployment Healthcare Benefits

Description. The College offers postemployment health and dental insurance to retired employees. The benefits are provided through fully insured contracts that collectively operate as a single-employer defined benefit postemployment healthcare plan administered by the College. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements until the individuals become eligible for Medicare coverage at age 65. The health and dental insurance benefit provides the same coverage for retirees and their dependents as for active employees and their dependents. The benefit is available for selection at retirement and is extended to retirees and their dependents until the individuals become eligible for Medicare at age 65. A retiring employee who waives continuing participation in the College's health insurance program at the time of retirement is not eligible to participate at a later date. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75. The plan does not issue a stand-alone financial report.

Funding Policy. The College provides health and dental insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 12-5040). Kansas statutes, which may be amended by the state legislature, establish that participating retirees may be required to contribute to the employee group health benefits plan, including administrative costs at an amount not to exceed 125 percent of the premium cost for other similarly situated employees.

The College requires participating retirees to contribute 100 percent of the blended premium cost of active employees to maintain coverage.

The College appropriates funds annually for the costs associated with this retirement benefit and provides funding for expenditures on a pay-as-you-go basis through the College's general operating fund.

Employees covered by benefit terms. At June 30, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefit payments	3
Active plan members	176
	179

Total OPEB Liability

The College's total OPEB liability of $ 454,339 was measured as of June 30, 2022 and was determined by an actuarial valuation as of October 1, 2021.

Actuarial assumptions and other inputs. The total OPEB liability in the October 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified.

Discount rate	2.0 percent beginning of year 3.9 percent end of year
Salary increases	2.0 percent per year
Healthcare cost trend rates	Actual trend applied to 2021 renewals, decreasing 0.25 percent per year to an ultimate rate of 4.75 percent after 8 years.
Retirees' share of benefit-related costs	Retirees are responsible for the full premium rates up to 100% of the premium.
Actuarial cost method	Entry Age Normal – Level Percent-of-Pay

The discount rate was based on the average of the S&P Municipal Bond 20-Year High Grade Rate Index and Fidelity GO AA-20 Year published yields.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted for mortality table with Scale MP-2021 Full Generational Improvement.

The actuarial assumptions used in the June 30, 2022 valuation were based on the results of an actuarial valuation performed as of October 1, 2021 using the participant census as of October 1, 2021.

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	$ 555,495
Changes for the year:	
Service cost	47,056
Interest	11,951
Differences between expected and actual experience	(140,793)
Changes in assumptions or other inputs	(9,370)
Benefit payments	(10,000)
Net changes	(101,156)
Balance at June 30, 2022	$ 454,339

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease (2.9%)	Discount Rate (3.9%)	1% Increase (4.9%)
Total OPEB liability	$ 497,163	$ 454,339	$ 415,384

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one percentage point lower to one percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Current Healthcare Cost Trend	1% Increase
Total OPEB liability	$ 400,431	$ 454,339	$ 518,659

<u>OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB</u>

For the year ended June 30, 2022, the College recognized OPEB expense of $ 53,026. At June 30, 2022, the College reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 121,052	$ 87,366
Changes in assumptions	80,880	198,137
Total	$ 201,932	$ 285,503

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

Year Ended June 30,		
2023	$	(5,981)
2024		(5,981)
2025		(5,981)
2026		(5,981)
2027		(5,981)
Thereafter		(53,666)
	$	(83,571)

9 - Other Postemployment Benefit Plan

Plan Description

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

Contributions

Employer contributions are established and may be amended by state statute. Members are not required to contribute. There were no employer contributions paid for benefits during the fiscal year ended June 30, 2022.

Special Funding Situation

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

Benefits

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

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

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

Covered Employees

The College has the following employees covered by the Plan as of December 31, 2020:

Active employees	175
Total	175

Total OPEB Liability

At June 30, 2022, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $ 82,216.

Actuarial Assumptions

The total OPEB liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to the measurement date of June 30, 2021, using the following actuarial assumptions:

Price inflation	2.75 percent
Wage inflation	2.75 percent
Salary increases, including wage increases	3.5 percent
Discount rate (based on 20-year municipal bond rate with an Average rating of AA/Aa or higher, obtained from the Bond Buyer General Obligation 20-Bond Municipal index)	2.16 percent

Mortality rates used for the death benefits were based on the RP-2014 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using MP-2021. Mortality rates used for the disability benefits are included in long-term disability claim termination rates.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018.

10 - Transactions with the Foundation

The Foundation uses College employees to perform Foundation operations. The Foundation reimburses the College for a portion of the executive director's salary and all of the bookkeeper's salary. All payroll and withholding activities for these employees are performed by the College. The amounts paid to the College for salaries and benefits during the year ended June 30, 2022 were approximately $ 111,500.

For the year ended June 30, 2022, the College received total contributions of approximately $ 49,400 from the Foundation for project improvements on campus.

11 - Net Assets with Donor Restrictions - Foundation

The Foundation holds net assets with donor restrictions for the following purposes at June 30, 2022:

Subject to expenditure for specified purpose:		
Donor-restricted contributions	$	2,019,942
Subject to restriction in perpetuity:		
Donor-restricted contributions		2,701,628
Net investment in property and equipment		662,920
Total net assets with donor restrictions	$	5,384,490

Investment earnings on net assets with donor restrictions are considered to be available either for net assets with donor restrictions or without donor restrictions. During the year ended June 30, 2022, $ 225,570 of net assets with donor restrictions were released from restriction for the purpose of scholarships or property expenses. This includes money paid out of net assets with donor restrictions for scholarships awarded to students through the College, as well as investment expenses incurred as a result of the activity in the investment accounts that the Foundation holds.

The Foundation has adopted investment and spending policies approved by the Foundation's Board of Trustees for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of these endowment assets over the long-term. The Foundation's spending and investment policies work together to achieve this objective. The investment policy establishes an achievable return objective through diversification of asset classes.

12 - Adoption of New Accounting Standards

During the year, the College adopted the following accounting standard:

GASB Statement 87 "Leases" – This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. This Statement resulted in the reclassification of certain operating leases as right of use lease obligations, and right of use lease assets.

13 - Commitments and Contingencies

The College is a party to various claims arising in the ordinary course of business. While the results of litigation and claims cannot be predicted with certainty, based on advice of counsel and considering insurance coverage, management believes that the final outcome of such matters will not have a material effect on the College's financial position.

The College participates in a number of federal and state assisted grant programs that are subject to financial and compliance audits by the grantor agencies or their designees. Accordingly, the College's compliance with applicable grant requirements and any disallowed costs resulting from such audits, if any, could become a liability of the College. It is management's opinion that any such disallowed costs will not have a material effect on the financial statements of the College at June 30, 2022.

14 - Risks and Uncertainties

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

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and, on March 11, 2020, declared it to be a pandemic. Actions taken around the world to help mitigate the spread of the coronavirus include restrictions on travel, quarantines in certain areas, and forced closures for certain types of public places and businesses. The coronavirus and actions taken to mitigate the spread of it have had and are expected to continue to have an adverse impact on the economies and financial markets of many countries, including the geographical area in which the

College operates. On March 27, 2020, the *Coronavirus Aid, Relief, and Economic Security Act* (CARES Act) was enacted to, amongst other provisions, provide emergency assistance for individuals, families and businesses affected by the pandemic.

It is unknown how long the adverse conditions associated with the pandemic will last and what the complete financial effect will be to the College. As of the date of the auditors' report, the College was experiencing declining tuition and fee revenues as a result of declining enrollment. It is unclear at this time whether the College will realize any future financial implications due to the pandemic.

15 - Tax Abatements

Doniphan County considers certain properties to be subject to economic development exemptions or neighborhood revitalization rebates for the purpose of attracting and improving businesses within its jurisdiction. For the year ended June 30, 2022, abated property taxes that impacted the College totaled approximately $ 140,900.

16 - Excess of Expenditures Over Appropriations

Expenditures for the College exceeded the available budget in the Postsecondary Technical Education fund and the Auxiliary Enterprise fund. This was the result of miscellaneous revenues received and spent over the amount budgeted.

17 - Subsequent Event

The College has evaluated subsequent events through the date of the independent auditors' report, which is the date the financial statements are available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

HIGHLAND COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN THE COLLEGE'S
TOTAL OPEB LIABILITY AND RELATED RATIOS
Last Five Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB liability:					
Service cost	$ 47,056	$ 49,101	$ 30,295	$ 42,345	$ 42,505
Interest	11,951	13,738	10,919	16,673	16,356
Change in benefit terms	-	-	-	(122,857)	-
Differences between expected and actual experience	(140,793)	93,322	(26,413)	(62,180)	-
Changes in assumptions or other inputs	(9,370)	(73,948)	142,803	9,285	(22,003)
Benefit payments	(10,000)	(12,000)	(12,000)	(13,000)	(12,000)
Net change in total OPEB liability	(101,156)	70,213	145,604	(129,734)	24,858
Total OPEB liability, beginning	555,495	485,282	339,678	469,412	444,554
Total OPEB liability, ending	$ 454,339	$ 555,495	$ 485,282	$ 339,678	$ 469,412
Covered-employee payroll	$ 8,217,306	$ 7,603,732	$ 7,603,732	$ 6,504,894	$ 6,504,894
Total OPEB liability as a percentage of covered-employee payroll	5.5%	7.3%	6.4%	5.2%	7.2%

Notes to Schedule: GASB 75 requires the presentation of ten years of data. Data was not available prior to 2018. Additional years' data will be displayed as it becomes available.

HIGHLAND COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE COLLECTIVE
NET PENSION LIABILITY
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
College's proportion of the collective net pension liability	0.000466%	0.000467%	0.001172%	0.001734%	0.002190%	0.000396%	0.00178%	0.00000%
College's proportionate share of the collective net pension liability	$ 26,254	$ 34,894	$ 75,802	$ 113,117	$ 147,145	$ 26,606	$ 122,961	$ -
State's proportionate share of the collective net pension liability associated with the College	9,360,230	12,835,360	11,118,356	11,178,191	11,868,238	11,994,816	11,635,049	11,052,676
Total	$ 9,386,484	$ 12,870,254	$ 11,194,158	$ 11,291,308	$ 12,015,383	$ 12,021,422	$ 11,758,010	$ 11,052,676
College's covered payroll	$ 10,249,621	$ 9,767,435	$ 8,243,640	$ 8,348,098	$ 8,175,664	$ 7,890,410	$ 7,802,088	$ 7,738,851
College's proportionate share of the collective net pension liability as a percentage of its covered payroll	0.256%	0.357%	0.920%	1.355%	1.800%	0.337%	1.576%	0.000%
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%

*GASB 68 requires presentation of ten years. As of June 30, 2022, only eight years of information are available.

HIGHLAND COMMUNITY COLLEGE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS
KANSAS PUBLIC EMPLOYEES RETIREMENT SYSTEM
Last Eight Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 3,285	$ 3,329	$ 7,544	$ 9,929	$ 10,858	$ 13,815	$ 1,850	$ -
Contributions in relation to the contractually required contribution	(3,285)	(3,329)	(7,544)	(9,929)	(10,858)	(13,815)	(1,850)	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 10,249,621	$9,767,435	$8,243,640	$8,348,098	$8,175,664	$7,890,410	$7,802,088	$ 7,738,851
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

*GASB 68 requires presentation of ten years. As of June 30, 2022, only eight years of information are available.

Note: Contractually required contributions for the College consist of "working after retirement" contributions for KPERS retirees who are filling KPERS covered positions as College employees under K.S.A. 74-4937.

Changes in benefit terms for KPERS. Effective January 1, 2014, KPERS 1 members' employee contribution rate increased to 5.0% and then on January 1, 2015, increased to 6.0% with an increase in benefit multiplier to 1.85% for future years of service. For KPERS 2 members retiring after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85% multiplier for all years of service.

SUPPLEMENTARY INFORMATION

HIGHLAND COMMUNITY COLLEGE
ALL CURRENT FUNDS - UNRESTRICTED
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES - BUDGET AND ACTUAL
Year Ended June 30, 2022

GENERAL FUND

	Original and Final Budget	Actual	Variance Over (Under)
Cash receipts:			
Student sources:			
Tuition and fees	$ 1,452,895	$ 4,187,326	$ 2,734,431
Federal sources:			
Federal grants	6,507,378	3,591,453	(2,915,925)
State sources:			
State operating grant	3,984,114	4,019,616	35,502
Local sources:			
Current year ad valorem tax	2,800,000	2,031,755	(768,245)
Other sources:			
Gifts	202,528	335,513	132,985
Total cash receipts	$ 14,946,915	14,165,663	$ (781,252)
Expenditures subject to budget:			
Instruction	$ 3,002,688	3,081,432	$ 78,744
Research	64,306	77,710	13,404
Public service	2,108,749	212,438	(1,896,311)
Academic support	2,306,950	506,391	(1,800,559)
Student services	4,514,022	1,406,869	(3,107,153)
Institutional support	3,394,868	4,076,486	681,618
Operation and maintenance	6,099,746	3,924,807	(2,174,939)
Total expenditures subject to budget	$ 21,491,329	13,286,133	$ (8,205,196)
Receipts over expenditures subject to budget		$ 879,530	

(Continued)

HIGHLAND COMMUNITY COLLEGE
ALL CURRENT FUNDS - UNRESTRICTED
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
BUDGET AND ACTUAL
Year Ended June 30, 2022

POSTSECONDARY TECHNICAL EDUCATION FUND

	Original and Final Budget	Actual	Variance Over (Under)
Cash receipts:			
Student sources:			
Tuition	$ 1,200,000	$ 2,250,666	$ 1,050,666
Fees	208,683	390,249	181,566
State sources:			
State operating grant	1,833,613	1,833,613	-
Total cash receipts	$ 3,242,296	4,474,528	$ 1,232,232
Expenditures subject to budget:			
Instruction	$ 2,106,109	2,778,869	$ 672,760
Academic support	362,617	106,976	(255,641)
Student services	533,742	594,762	61,020
Institutional support	386,276	196,638	(189,638)
Operations and maintenance	312,048	543,651	231,603
Total expenditures subject to budget	$ 3,700,792	4,220,896	$ 520,104
Receipts over expenditures subject to budget		$ 253,632	

(Continued)

HIGHLAND COMMUNITY COLLEGE
ALL CURRENT FUNDS - UNRESTRICTED
SCHEDULE OF CASH RECEIPTS AND EXPENDITURES -
BUDGET AND ACTUAL
Year Ended June 30, 2022

ADULT EDUCATION FUND

	Original and Final Budget	Actual	Variance Over (Under)
Cash receipts:			
Federal grants	$ 107,287	$ 107,555	$ 268
State grants	52,023	51,346	(677)
Total cash receipts	$ 159,310	158,901	$ (409)
Expenditures subject to budget:			
Instruction	$ 177,622	175,627	$ (1,995)
Receipts under expenditures subject to budget		$ (16,726)	

HIGHLAND COMMUNITY COLLEGE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Expenditures
National Science Foundation:		
Passed through Missouri State University:		
Viticulture and Enology Science and Technology Alliance - Education and Human Resources	47.076	$ 68,198
U.S. Department of Education:		
TRIO Cluster - Student Support Services	84.042	229,473
Student Financial Assistance Cluster:		
Federal Supplemental Educational Opportunity Grant Program	84.007	55,070
Federal Work Study Program	84.033	89,030
Federal Pell Grant Program	84.063	2,260,713
Federal Direct Student Loans	84.268	1,734,287
Student Financial Assistance Cluster subtotal		4,139,100
Passed through Kansas Board of Regents:		
Adult Education	84.002	113,865
Carl Perkins Program Improvement	84.048	106,821
		220,686
COVID-19 Higher Education Emergency Relief Fund - Institution	84.425F	926,527
COVID-19 Higher Education Emergency Relief Fund - Student	84.425E	2,488,048
Total U.S. Department of Education		8,003,834
Total federal award expenditures		$ 8,072,032

See accompanying notes to schedule of expenditures of federal awards.

1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Highland Community College (the College) under programs of the federal government for the year ended June 30, 2022. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The College has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

3 - Guaranteed Student Loans

Guaranteed student loans, including subsidized and unsubsidized direct student loans, are presented on the basis of the amount of loans awarded and are made by the Secretary of Education rather than by the College. Due to this program being a transaction between the student and the loan origination center, these loans are not recorded in the College's financial statements. Due to the College's responsibility for determining eligibility and administering the loans, they have been included in the schedule of expenditures of federal awards.

HIGHLAND COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2022

Section I – Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weaknesses identified:	No
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Noncompliance material to the financial statements:	None

Federal Awards

Internal control over major programs:	
Material weaknesses identified:	No
Significant deficiencies identified that are not considered to be material weaknesses:	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Any audit findings that are required to be reported in accordance with 2 CFR 200.516(a):	No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster
84.425E/84.425F	Higher Education Emergency Relief Fund

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

Section II – Financial Statement Findings

None.

Section III – Federal Award Findings and Questioned Costs

None.

BT&Co. P.A.
Certified Public Accountants

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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*

The Board of Trustees
Highland Community College:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and the discretely presented component unit of Highland Community College (the College) as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated February 16, 2023. Our report includes a reference to other auditors who audited the financial statements of Highland Community College Foundation (the Foundation), as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the Foundation.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

BT&Co., P.A.

February 16, 2023
Topeka, Kansas

BT&Co. P.A.
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE

The Board of Trustees
Highland Community College

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Highland Community College's (the College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the College's major federal program for the year ended June 30, 2022. The College's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

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

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

BT&Co, P.A.

February 16, 2023
Topeka, Kansas

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2022

Finding 2021-001 Significant Deficiency

Prior Reference Number – None

Federal Program – Student Financial Aid Cluster (Assistance Listing Nos. 84.063, 84.033, 84.007, 84.268)

Condition – During the course of the audit, the auditors identified two students that should have had a Return of Title IV funds (R2T4) calculation performed but were not properly identified by the College's internal control structure.

Criteria – R2T4 analysis is the responsibility of management. As such, the College's internal control over this process should identify all instances when this calculation is required.

Cause – The controls in place failed to ensure that all R2T4 calculations were performed during the year.

Effect – Lack of performance of R2T4 calculations could result in the College not returning funds to the grantor as required.

Recommendation – We recommend the College implement controls and processes that allow for the timely completion of performance of R2T4 calculations.

Management's Response/Corrective Action Plan (Unaudited) –In the summer of 2020, former Director Joshua North was responsible for R2T4 calculations. During that time, there was a waiver which did not require returning of funds. Mr. North no longer works for HCC; our assumption is that he thought the waiver meant the calculations did not have to be performed either. The R2T4 calculations have now been completed. Going forward, we are performing the calculations as students withdraw and at the end of each semester.

Corrective Action Taken – The R2T4 calculations have been completed for the two students that were missed in the prior year. As students withdraw and at the end of each semester, the financial aid office evaluates all students reported as not attending for the enter class session. An R2T4 calculation for each qualifying student is performed, and, if required, funds are promptly returned to the Department of Education.

Finding 2021-002 Significant Deficiency

Prior Reference Number – None

Federal Program – Higher Education Emergency Relief Fund (Assistance Listing Nos. 84.425E, 84.425F)

Condition – During the course of the audit, the auditors identified two quarterly reports of Higher Education Emergency Relief Funds (HEERF) for institutional and student portion that were not submitted on a timely basis.

Criteria – The timely submission of HEERF reports is the responsibility of management. As such, the College's internal control over this reporting process should ensure that the reporting deadlines are met.
Cause – The controls in place failed to ensure that the HEERF reports were submitted timely during the year.

Effect – Without proper controls in place, the College may not fulfill all applicable reporting requirements.

Recommendation – We recommend the College implement controls and processes that allow for the College to identify and comply with all reporting requirements.

Management's Response/Corrective Action Plan (Unaudited) – Regarding the student portion of HEERF reporting: former Director Joshua North left the College on May 31st. The new Director (Sarah Windmeyer) did not take over until July 1st. She knew nothing about HEERF funds or any reporting requirements until this single audit began and she was asked for that documentation. As soon as she became aware of the requirements, she created a report and loaded it to our website. Going forward, she has a calendar reminder at the end of the quarter and she now has access to upload the documents herself. She emails Randy Willy (the Vice President for Finance and Operations) and reminds him to send her the institutional report so she can upload it to the website.

The College filed timely all of the HEERF 1 institutional quarterly and annual reports on its website but overlooked posting the report for the first disbursement of the HEERF 2 institution funds by July 10, 2021. As soon as the College realized this, the quarterly report was posted on its website and a reminder was placed on the calendar to ensure future quarterly reports were posted on its website by the deadline.

Corrective Action Taken – I, Sarah Windmeyer, Director of Financial Aid, had a calendar reminder and also received reminder emails from Department of Education each quarter regarding the quarterly HEERF reporting requirements. Randy Willy emailed to me the institutional report and I uploaded each to our website before the 10th day of the month following the end of the quarter.