SEWARD COUNTY COMMUNITY COLLEGE

Financial Statements With Independent Auditors' Report

For the Year Ended June 30, 2023

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For the Year Ended June 30, 2023

TABLE OF CONTENTS

Independent Auditors' Report 1-3

Management's Discussion and Analysis 4-12

Basic Financial Statements
- Statement of Net Position 13-14
- Statement of Revenues, Expenses, and Change in Net Position 15
- Statement of Cash Flows 16-17
- Notes to Financial Statements 18-40

Required Supplementary Information 41-43

Supplementary Financial Information
Combining Schedule of Revenues, Expenditures, Encumbrances, and Changes in Fund Balance – Actual and Budget – Current Funds – Unrestricted (Regulatory Basis) 44-45

Notes to Supplementary Information 46

Single Audit Information

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* 47-48

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance 49-51

Schedule of Expenditures of Federal Awards 52

Notes to Schedule of Expenditures of Federal Awards 53

Schedule of Findings and Questioned Costs 54-57

Summary Schedule of Prior Audit Findings 58

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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Seward County Community College
Liberal, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the business-type activities and discretely presented component unit of **Seward County Community College**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Summary of Opinions

Opinion Unit	Type of Opinion
Business-Type Activities	Unmodified
Discretely Presented Component Unit	Unmodified

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component unit of **Seward County Community College** as of June 30, 2023, 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 Seward County Community College Foundation (the Foundation), which represents 100% of the assets and revenues of the discretely presented component unit as of June 30, 2023, and the respective changes in financial position. 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 auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS), the *Kansas Municipal Audit and Accounting Guide*, and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of **Seward County Community 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

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 judgment made by a reasonable user based on the financial statements.

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

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and 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 audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise **Seward County Community College's** basic financial statements. The supplementary financial information and single audit information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. Such information is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 opinions, based on our audit and the procedures performed as described above, the information as noted above 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 March 4, 2024, on our consideration of the **Seward County Community College's** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Adams Brown, LLC

ADAMSBROWN. LLC
Certified Public Accountants
Great Bend, Kansas

March 4, 2024

Management's Discussion and Analysis

Introduction:

The following discussion and analysis of the financial performance and activity of Seward County Community College (The College) is to introduce and give an understanding of the basic financial statements of the College for the year ended June 30, 2023, with selected comparative information for the year ended June 30, 2022. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness of this information. A separate audit is issued for the Seward County Community College Foundation and is available for review from the SCCC Foundation, Director, P.O. Box 1137, Liberal, KS 67905-1137.

Using the Annual Report:

The audit is conducted in accordance with auditing standards generally accepted in the United States of America (GAAS), the Kansas Municipal Audit and Accounting Guide, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. The hope is that it will "enhance the understandability of the general purpose external financial reports." To that end, the annual financial report will include basic financial statements and required supplementary information.

Basic financial statements are comprised of two parts:

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

Required Supplementary Information:

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

Highlights to the Financial Statements:

Seward County Community College had a slight decrease to the net position in FY2023. At year-end, the College's net position was $28,567,817. Of this amount, $15,134,253 is classified as unrestricted net position. These unrestricted assets may be used to meet the College's on-going obligations. Net Position showed a decrease of $1,249,290 for 2023, primarily due to an increase in inflation and campus renovations. Net current assets (current assets less current liabilities) decreased by $2,873,474. The current ratio of current assets to current liabilities (the ability to pay current liabilities from current assets) decreased from 12.67 times in 2022 to 7.76 times in 2023. Cash and cash equivalents ended the year at $19,301,104, a decrease of $1,452,706 from 2022.

Statement of Net Position

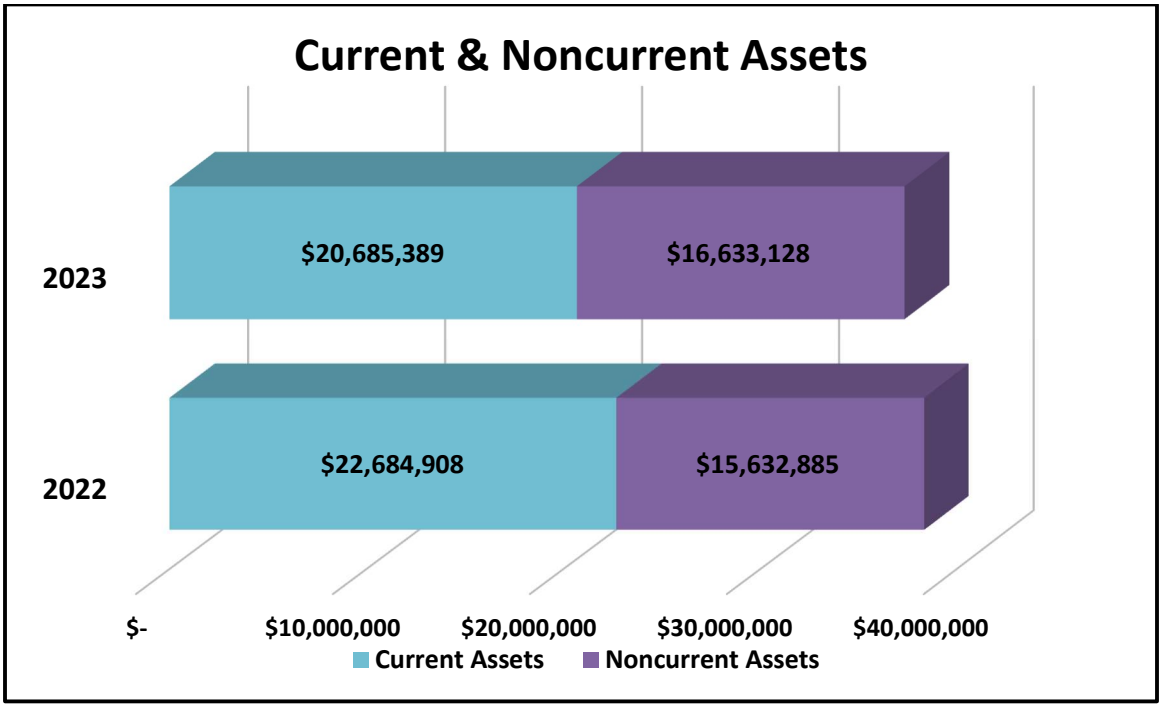
The statements of net position present the assets, liabilities, and net position of the College at June 30, 2023. The purpose of the statements of net position is to present the financial condition of the College.

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

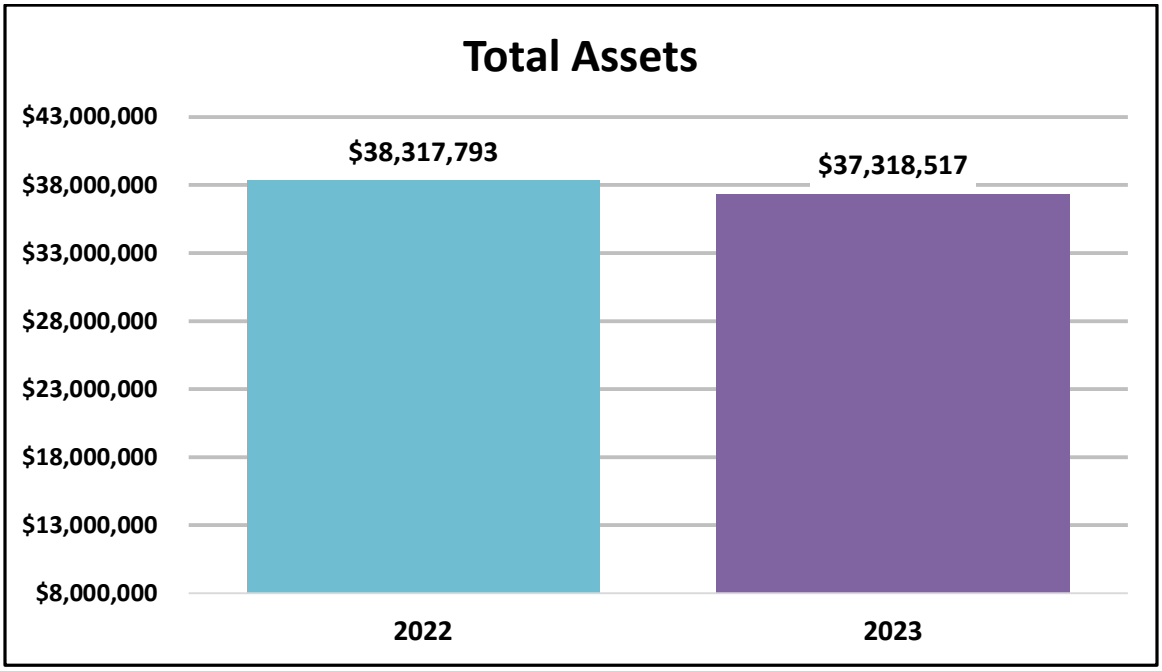
Comparison of Assets – Fiscal Year 2022 to 2023

	2022	% Total 2022	2023	% Total 2023
Current Assets	$ 22,684,908	59.20%	$ 20,685,389	55.43%
Non-Current Assets	$ 15,632,885	40.80%	$ 16,633,128	44.57%
Total Assets	$ 38,317,793	100.00%	$ 37,318,517	100.00%
Deferred Outflows	$ 337,330		$ 306,447	

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



Total assets decreased by $999,276 while net position also decreased by $1,249,290. Net return on assets equaled 3.35%



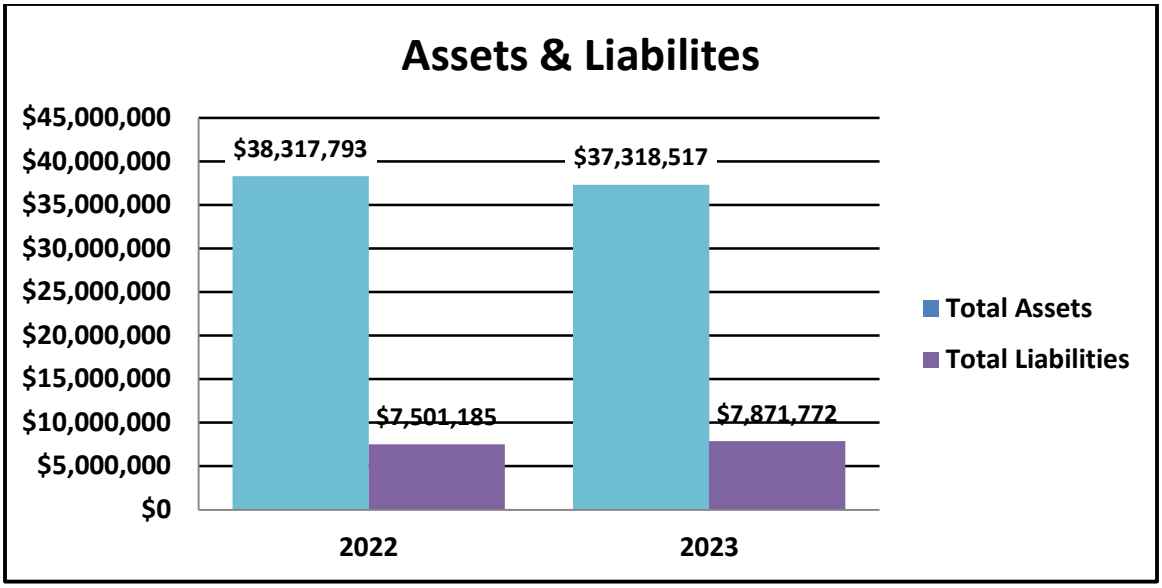
Of the $37,318,517 in total assets, 51.72% are in cash and cash equivalents. Capital assets represent 44.57% of total assets.

Comparison of Liabilities – Fiscal Year 2022 to 2023

	2022	% Total 2022	2023	% Total 2023
Current Liabilities	$ 1,790,895	23.87%	$ 2,664,850	33.85%
Non-Current Liabilities	$ 5,710,290	76.13%	$ 5,206,922	66.15%
Total Liabilities	$ 7,501,185	100.00%	$ 7,871,772	100.00%
Deferred Inflows	$ 1,336,831		$ 1,185,375	

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

Comparison of Assets to Liabilities



Total liabilities increased by $370,587 from $7,501,185 in 2022 to $7,871,772 in 2023, while total assets decreased $999,276 from $38,317,793 in 2022 to $37,318,517 in 2023. As a result, the asset to liability ratio increased from 5.11 ($38,317,793/$7,501,185) in 2022 to 4.74 ($37,318,517/$7,871,772) in 2023. Assets exceeded liabilities by $29,446,745.

Deferred Outflows/Inflows of Resources

Deferred Outflows of Resources is defined as a consumption of net assets by the college, related to the college's pension plan that is applicable to a future reporting period. It has a natural debit balance and, therefore, increases net position similar to assets.

Deferred Inflows of Resources is defined as an acquisition of net assets by the college, related to its pension plan that is applicable to a future reporting period. It has a natural credit balance and, therefore, decreases net position similar to liabilities.

The figures reported are based upon the most recent actuarial study, in accordance with Government Accounting Standards Board No. 75 (GASB 75). GASB 75 titled "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" replaces GASB 45 effective for fiscal years beginning after June 15, 2017.

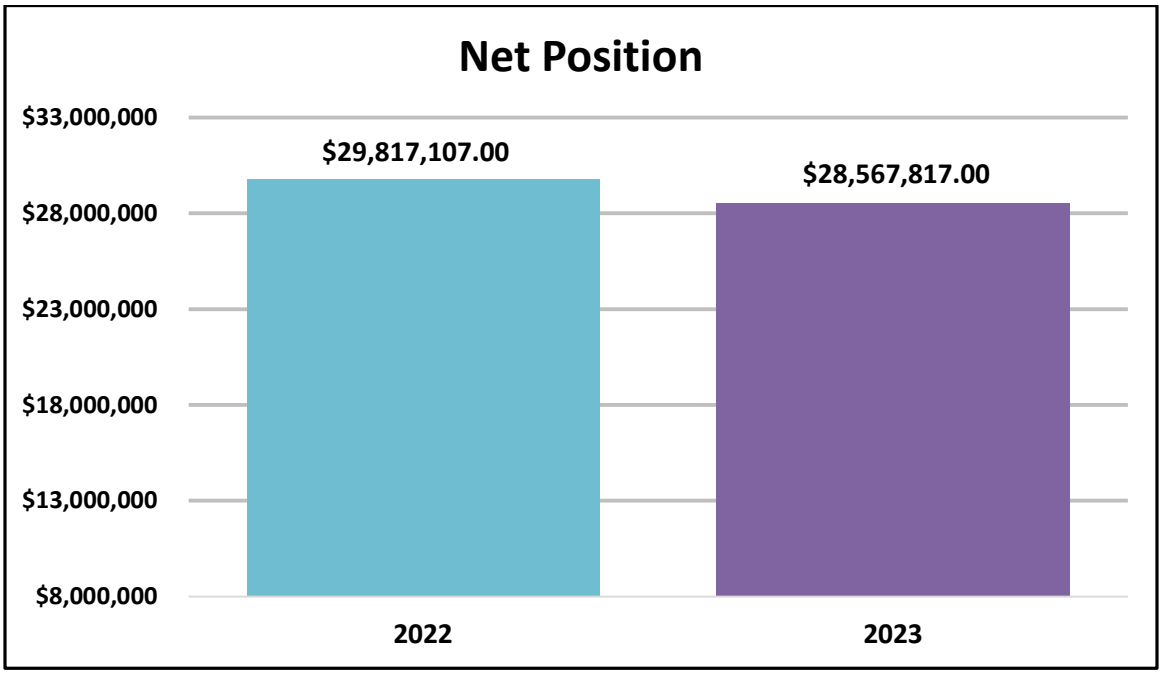
Pension & OPEB Related Deferred Outflows decreased from $337,330 in 2022 to $306,447 in 2023.

Pension & OPEB Related Deferred Inflows decreased from $1,336,831 in 2022 to $1,185,375 in 2023.

Comparison of Net Position – Fiscal Year 2022 to 2023

Net position is presented in three major categories. The first is investment in capital assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is restricted and the third is unrestricted. Net position decreased during the current fiscal year from $29,817,107 to $28,567,817 for a total decrease of $1,249,290.

Net position for 2022 compared to 2023:



Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position present the College's financial results for the fiscal year ending June 30, 2023. The statement includes the College's revenue and expenses, both operating and non-operating.

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

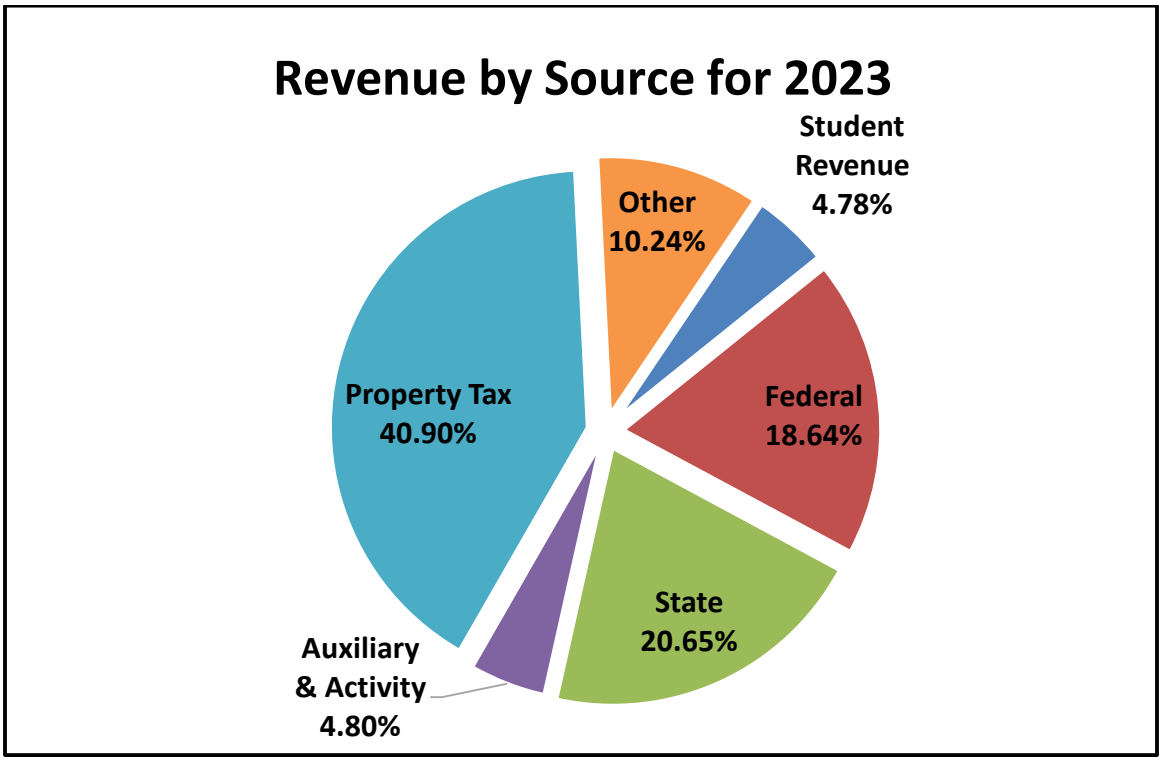
Results of Operations Fiscal Year 2023

Revenue

Components and sources of revenue:

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

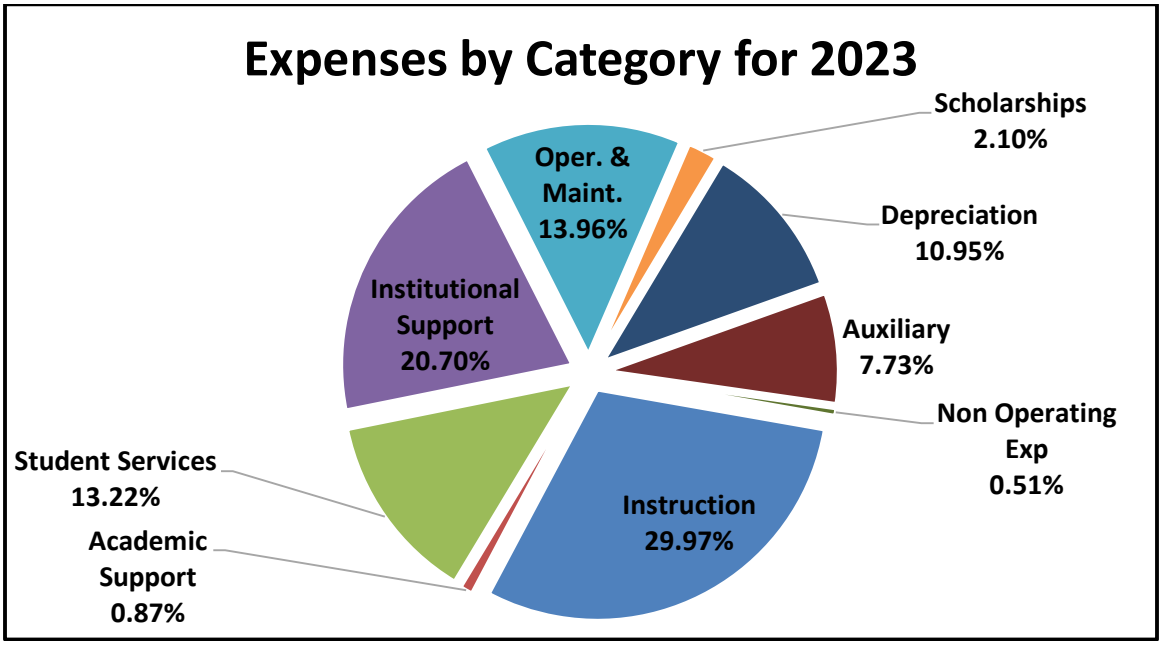
	2022	% Total 2022	2023	% Total 2023
Student Revenue	$ 1,904,016	7.81%	$ 1,199,024	4.78%
Federal	$ 4,414,921	18.12%	$ 4,677,120	18.64%
State	$ 5,229,427	21.46%	$ 5,182,855	20.64%
Auxiliary & Activity	$ 1,409,476	5.78%	$ 1,203,922	4.80%
Property Tax	$ 9,603,349	39.41%	$10,263,690	40.90%
Other	$ 1,806,243	7.41%	$ 2,570,515	10.24%
Total Revenue	$ 24,367,432	100.00%	$25,097,126	100.00%



Expenditures

Detail of the 2022 and 2023 Education and General expenditures:

	2022	% Total 2022	2023	% Total 2023
Instruction	$ 7,037,220	27.49%	$ 7,877,644	29.97%
Academic Support	$ 189,647	0.74%	$ 228,674	0.87%
Student Services	$ 3,080,318	12.03%	$ 3,473,842	13.22%
Institutional Support	$ 4,431,247	17.31%	$ 5,440,720	20.70%
Operations & Maintenance	$ 3,241,163	12.66%	$ 3,669,208	13.96%
Scholarships	$ 2,204,339	8.61%	$ 552,931	2.10%
Depreciation	$ 2,798,712	10.93%	$ 2,877,267	10.95%
Auxiliary	$ 2,111,946	8.25%	$ 2,030,631	7.73%
Non-Operating Expenses	$ 500,539	1.96%	$ 133,502	0.50%
Total	$25,595,131	100.00%	$26,284,419	100.00%



Statement of Cash Flows

The statement of cash flows presents information about cash receipts and cash payments during the year. It helps assess the College's ability to generate net cash flows and to meet its obligations as they come due. The statement is divided into five parts. The first part deals with the operational cash flows and shows the net cash used in the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section reflects cash received and spent for non-operation, non-investing, and non-capital financing purposes. The third section reflects cash flows from capital and related financing activities. This section deals with the cash used in acquisition and construction of capital assets and related items. The fourth section

reflects the cash flows from investing activities, and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Position. The reader of the cash flow statement should be aware that the "Cash Provided by Operations" will always be negative due to the definitions of operation revenues and operation expenses as defined by GASB 35.

ABBREVIATED STATEMENT OF CASH FLOWS
For the Fiscal Years Ended June 30

	2022	2023
Net Cash Flows From Operating Activities	($14,833,401)	($13,821,905)
Net Cash Flows From Non-Capital Financing Activities	$ 16,186,745	$ 17,215,497
Net Cash Flows from Capital & Related Financing Activities	($ 1,131,372)	($ 5,385,542)
Net Cash Flows from Investing Activities	$ 28,972	$ 539,244
Net Increase (Decrease) in Cash	$ 250,944	($ 1,452,706)
Cash, Beginning of Year, July 1	$ 20,502,866	$ 20,753,810
Cash, End of Year, June 30	$ 20,753,810	$ 19,301,104

Major uses of cash were payments made to employees, vendors, and contractors. Major sources of cash were from students, government grants and appropriations, and property tax receipts. Overall, cash and cash equivalents decreased by $1,452,706 to $19,301,104, primarily due to an increase in campus renovations as compared to 2022.

Capital Assets and Debt Administration

During the year, the College invested $4,310,603 in capital assets, changing the total (net of accumulated depreciation) to $16,632,651.

Certificates of Participation

Seward County Community College currently has one certificates of participation note outstanding as of June 30, 2023. The note is being retired through revenues earned in the college's general fund operations.

Series 2018

This series of certificates was issued to refund the college's outstanding lease purchase agreement, and to assist with the funding of the Colvin Family Center for Allied Health construction. The amount of issue was $3,610,000. The outstanding principal as of June 30, 2023 is $2,915,000 with estimated future interest of $829,723. This series of certificates matures April 1, 2038.

Summary of Overall Performance

Seward County Community College's financial condition was impacted by several events in 2023 including but not limited to:

- Regional, state, and national economic trends.
- A continued decrease in enrollment from pre-pandemic levels.
- Payoff of Series 2011 certificates of participation note.
- Increased interest rates on bank balances.
- Increased campus renovations.
- High rates of inflation.

Despite these challenges, the college had a net return on assets of 3.35%. Total assets decreased $999,276, and total liabilities increased $370,587. This resulted in a decrease in the current ratio of 7.76 in 2023, down 4.9 from 2022; and the asset to liability ratio increasing from 5.11 in 2022 to 4.74 in 2023. Cash and cash equivalents decreased by $1,452,706, decreasing the percentage of cash and cash equivalents to total assets from 54.16% in 2022 to 51.72% in 2023. Capital assets net of depreciation increased by $1,416,899, increasing capital assets as a percentage of total assets from 39.71% in 2022 to 44.57% in 2023.

Madalen Day

Madalen Day
Vice President of Business Affairs

SEWARD COUNTY COMMUNITY COLLEGE

Basic Financial Statements

SEWARD COUNTY COMMUNITY COLLEGE
Statement of Net Position
June 30, 2023

	College	Foundation
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
Current Assets		
Cash - Unrestricted	$ **19,300,627**	**1,083,857**
Taxes Receivable, Net of Allowance	**94,358**	**-**
Accounts Receivable, Students, Net of Allowance for Doubtful Accounts of $1,252,811	**415,595**	**-**
Federal and State Grants Receivable	**36,206**	**-**
Other Receivables	**137,553**	**-**
Investments	**-**	**10,514,139**
Inventory	**266,035**	**-**
Prepaid Insurance and Other Expenses	**435,015**	**-**
Total Current Assets	**20,685,389**	**11,597,996**
Noncurrent Assets		
Cash - Restricted	**477**	**-**
Capital Assets, Not Depreciated	**452,623**	**-**
Capital Assets, Net of Accumulated Depreciation of $49,164,540	**13,694,664**	**-**
Construction in Progress	**2,485,364**	**-**
Total Noncurrent Assets	**16,633,128**	**-**
Total Assets	**37,318,517**	**11,597,996**
Deferred Outflows of Resources		
Deferred Outflows - Pension	**84,796**	**-**
Deferred Outflows - OPEB	**221,651**	**-**
Total Deferred Outflows of Resources	**306,447**	**-**
Total Assets and Deferred Outflows of Resources	$ **37,624,964**	**11,597,996**

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY COMMUNITY COLLEGE
Statement of Net Position
June 30, 2023

	College	Foundation
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES		
Current Liabilities		
Certificates of Participation, Current Portion	$ **155,000**	**-**
Lease Payable, Current Portion	**55,104**	**-**
Right-to-Use SBITAs, Current Portion	**40,158**	**-**
Accounts Payable	**391,079**	**-**
Accrued Interest	**23,376**	**-**
Accrued Payroll and Taxes	**189,294**	**-**
Deferred Revenue	**1,104,588**	**-**
Compensated Absences	**312,442**	**-**
Deposits Held in Custody for Others	**343,542**	**-**
Early Retirement Liability, Current Portion	**50,267**	**-**
Total Current Liabilities	**2,664,850**	**-**
Noncurrent Liabilities		
Certificates of Participation, Noncurrent Portion	**2,760,000**	**-**
Lease Payable, Noncurrent Portion	**122,723**	**-**
Right-to-Use SBITAs, Noncurrent Portion	**66,102**	**-**
Total OPEB Liability	**1,541,622**	**-**
Net Pension Liability	**131,333**	**-**
Early Retirement Liability, Noncurrent Portion	**585,142**	**-**
Total Noncurrent Liabilities	**5,206,922**	**-**
Total Liabilities	**7,871,772**	**-**
Deferred Inflows of Resources		
Deferred Inflows - Pension	**16,998**	**-**
Deferred Inflows - OPEB	**1,168,377**	**-**
Total Deferred Inflows of Resources	**1,185,375**	**-**
Total Liabilities and Deferred Inflows of Resources	**9,057,147**	**-**
NET POSITION		
Invested in Capital Assets, Net of Related Debt	**13,433,564**	**-**
Restricted - Expendable for Other	**-**	**4,444,728**
Restricted - Nonexpendable	**-**	**6,220,476**
Unrestricted	**15,134,253**	**932,792**
Total Net Position	**28,567,817**	**11,597,996**
Total Liabilities, Deferred Inflows of Resources, and Net Position	$ **37,624,964**	**11,597,996**

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY COMMUNITY COLLEGE
Statement of Revenues, Expenses, and Change in Net Position
For the Year Ended June 30, 2023

	College	Foundation
Operating Revenues		
Tuition and Fees	$ **2,747,294**	**-**
Less: Scholarship Discounts and Allowances	**(1,309,708)**	**-**
Less: Bad Debt Expense	**(238,562)**	**-**
Net Tuition and Fees	**1,199,024**	**-**
Federal Grants and Contracts	**2,869,650**	**-**
State Grants and Contracts	**292,225**	**500**
Auxiliary Income	**1,526,798**	**-**
Less: Scholarship Discounts and Allowances	**(322,876)**	**-**
Net Auxiliary Income	**1,203,922**	**-**
Activity Revenue	**1,551,194**	**-**
Other	**218,133**	**-**
Total Operating Revenues	**7,334,148**	**500**
Operating Expenses		
Educational Services		
Instruction	**7,877,644**	**-**
Academic Support	**228,674**	**-**
Student Services	**3,473,842**	**1,186,560**
Institutional Support	**5,440,720**	**141,299**
Operation and Maintenance	**3,669,208**	**-**
Scholarships, Grants, and Awards	**552,931**	**1,005,237**
Auxiliary Enterprises	**2,030,631**	**-**
Depreciation and Amortization	**2,877,267**	**-**
Total Operating Expenses	**26,150,917**	**2,333,096**
Net Operating Loss	**(18,816,769)**	**(2,332,596)**
Nonoperating Revenues (Expense)		
State Appropriations	**4,890,630**	**-**
County Property Taxes	**10,263,690**	**-**
Pell Grants	**1,807,470**	**-**
Investment Gain	**539,244**	**765,873**
Gain From Sale of Assets	**139,980**	**-**
Contributions	**121,964**	**2,082,297**
Interest on Capital Asset Debt	**(133,502)**	**-**
Net Nonoperating Revenues (Expense)	**17,629,476**	**2,848,170**
Change in Net Position	**(1,187,293)**	**515,574**
Net Position - Beginning of Year, As Stated	**29,817,107**	**11,082,422**
Reclassification of Deposits Held in Custody	**(61,997)**	**-**
Net Position - Beginning of Year, As Restated	**29,755,110**	**11,082,422**
Net Position - End of Year	$ **28,567,817**	**11,597,996**

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2023

Cash Flows From Operating Activities		
Student Tuition and Fees, Net of Discount	$	**2,061,564**
Grants and Contracts		**4,009,058**
Auxiliary Enterprise Revenue		**1,203,922**
Payments to Employees and for Employee Benefits		**13,885,702**
Payments to Suppliers		**(34,658,850)**
Auxiliary Enterprise Expense		**(2,030,631)**
Activity Revenue and Other		**1,707,330**
Net Cash Used by Operating Activities		**(13,821,905)**
Cash Flows From Investing Activities		
Interest on Investments		**539,244**
Cash Flows From Noncapital Financing Activities		
State Appropriations		**4,890,630**
County Property Taxes		**10,395,433**
Pell Grants		**1,807,470**
Contributions		**121,964**
Net Cash Provided by Noncapital Financing Activities		**17,215,497**
Cash Flows From Capital and Related Financing Activities		
Purchase of Capital Assets		**(3,981,407)**
Proceeds From Sale of Assets		**156,417**
Payments on Lease Payable		**(114,408)**
Principal Paid on Long-Term Debt		**(1,300,000)**
Interest Paid on Long-Term Debt		**(146,144)**
Net Cash Used by Capital and Related Financing Activities		**(5,385,542)**
Net Decrease in Cash		**(1,452,706)**
Cash - Beginning of Year		**20,753,810**
Cash - End of Year	$	**19,301,104**
Cash per Statement of Net Position		
Cash - Unrestricted	$	**19,300,627**
Cash - Restricted		**477**
Total Cash per Statement of Net Position	$	**19,301,104**

The notes to the financial statements are an integral part of this statement.

SEWARD COUNTY COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2023

Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities	
Net Operating Loss	$ **(18,816,769)**
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities	
Depreciation and Amortization	**2,877,267**
Changes in Operating Assets and Liabilities	
(Increase) Decrease in	
Accounts Receivable	**152,165**
Federal Grants Receivable	**726,736**
Inventory	**18,579**
Prepaid Insurance and Other Expenses	**(65,754)**
Deferred Outflows	**30,883**
Increase (Decrease) in	
Accounts Payable	**186,895**
Accrued Payroll and Benefits	**43,858**
Deposits Held in Custody for Others	**31,030**
Deferred Inflows	**162,383**
Deferred Revenue	**830,822**
Net Cash Used by Operating Activities	$ **(13,821,905)**

The notes to the financial statements are an integral part of this statement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Seward County Community College is located in Liberal, Kansas. The College is a public two-year community college offering a comprehensive curriculum with liberal arts and sciences, as well as vocational and technical programs for students from Seward County and surrounding communities.

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The College's reports are based on applicable Governmental Accounting Standards Board (GASB) pronouncements and its accounting policies conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities.

Financial Reporting Entity

The College is governed by an elected seven-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present **Seward County Community College** (the primary government) and its component unit. The component unit is included in the College's reporting entity because of the significance of its operational or financial relationship with the College.

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

Seward County Community College Foundation is a not-for-profit corporation under Internal Revenue Code Section 501(c)(3) and is not considered a private foundation. The Foundation reports its financial results under Financial Accounting Standard Board (FASB) Statements. 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. The component unit's financial data has, however, been aggregated into like categories for presentation purposes.

Separate audited financial statements are prepared and are available at the Foundation and can be requested from the College's controller.

Measurement Focus and Basis of Accounting

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

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state and local grants; state appropriations and other contributions. On an accrual basis, revenue from property taxes is recognized in the period for which the levy is intended to finance. Revenue from grants, state appropriations, and other contributions are 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 in 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.

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. Actual results could differ from those estimates.

Cash
For purposes of the statement of cash flows, the College considers all highly liquid investments with an original maturity date of three months or less to be cash equivalents. The Foundation considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents with the exception of money market funds which are for long-term investment purposes.

Property Taxes
Property taxes are levied each calendar year on all taxable real property located in the taxing district. Property taxes are recorded on an accrual basis of accounting. The College's property taxes are assessed on a calendar year basis, are levied, and become a lien on the property on November 1st of each year. The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20th and the second half is due May 10th. The College draws available funds from the County Treasurer's office at designated times throughout the year.

Collection of current year property tax by the County Treasurer is not completed, apportioned nor distributed to the various subdivisions until the succeeding year, such procedure being in conformity with governing state statutes. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. A percent of property taxes levied in November 2022 are normally distributed after June 30, 2023 and are presented as accounts receivable. As of June 30, 2023, the County Treasurer had distributed to the College approximately 97% of ad valorem taxes levied in the prior year. The receivable for taxes in process was $94,358 at June 30, 2023.

It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the audit period and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole. Delinquent tax payments are recognized as revenue in the year received.

Accounts Receivable
Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Kansas. Federal and State Grants Receivable includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts. Other Receivables includes receipts received subsequent to year-end that are recognized as revenue for the current year-end. Accounts receivable are recorded net of estimated allowances for uncollectible amounts.

Management determines the adequacy of the allowance for doubtful accounts based upon a level that in management's judgment is adequate to absorb the losses inherent to student services. Amounts determined uncollectible are charged to the allowance account and removed from accounts receivable.

Unconditional Promises to Give
Unconditional promises to give are recorded at net realizable value. Generally accepted accounting principles require that unconditional promises to give that are due beyond the next year be discounted using risk free interest rates. The effect of recording these promises to give at net realizable value is not materially different than the discounted amount that would have been recorded at year end. The Foundation considers all pledges receivable to be collectible and therefore, the financial statements do not include an allowance for uncollectible accounts.

Inventories and Prepaid Items
Inventories consist of books and supplies held for resale in the bookstore, cosmetology and auto business management centers and are valued at cost, using the first-in, first-out method (FIFO) The College records certain payments to vendors that reflect costs applicable to future accounting periods as prepaid items in its financial statements.

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

Investments
The Foundation's investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

Donor Restricted Gifts
Unconditional promises to give cash and other assets to the Foundation are recognized when the donor makes a promise to give to the Foundation that is in substance unconditional. Donated marketable securities and other noncash donations are recorded as contributions at their estimated fair values at the date of donation.

Contributions are recorded when received as with or without donor restrictions, depending on the existence and/or nature of any donor restrictions. When a donor restriction expires (such as when a stipulated time restriction ends), the restricted net assets are released to without donor restrictions net assets and reported in the statement of activities as net assets released from restrictions.

The Foundation receives a significant amount of donated services from unpaid volunteers who assist in fundraising and special projects. The fair market value of the contributed services were not recognized in the financial statements as they did not meet the criteria for recognition under professional standards.

Capital Assets
Capital assets include property, plant, equipment, and infrastructure, such as streets, sidewalks, parking lots, water system and sewer system. Capital assets are stated at cost at the date of acquisition. Donated capital assets are recorded at estimated acquisition value at the date of donation. The College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than two years. Renovations to building, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is provided on straight-line method over the estimated useful lives of the respective classes of property. Estimated useful lives are as follows:

Assets	Years
Buildings	20-40
Building Improvements	5-20
Furniture	10
Vehicles	5-7
Equipment, including computers	3-7

Deferred Inflows of Resources/Deferred Outflows of Resources
In addition to assets and liabilities, the statement of net position may report a separate section for deferred outflows and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has deferred outflows and deferred inflows for pensions and OPEB that qualify for reporting in this category. See Note 15 and 17, respectively, for more information on the deferred outflows and deferred inflows for pensions and OPEB.

On-Behalf Payments for Employee Benefits
The College recognizes revenues and expenses for the contributions made by the State of Kansas to the Kansas Public Employees Retirement System (KPERS and KPERS Death and Disability OPEB Plan) on behalf of the College's employees.

Deferred Revenue
Deferred revenue is recognized when various Federal and State grants are received but not expended yet. As of June 30, 2023, the College had $1,104,588 of deferred revenue.

Net Position
The College's net position is classified as follows:

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

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

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

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

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

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

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

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

Federal Financial Assistance Programs
The College participates in federally funded PELL Grants, SEOG Grants, Federal Work-Study, Federal Direct Loans, and Perkins Loan programs. Federal programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*.

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

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

The Foundation is exempt from federal income taxes on related income under Section 501(a) of the Internal Revenue Code (IRC), as an organization described in IRC Section 501(c)(3). Further, the Foundation has been classified as an organization that is not a private foundation under IRC Section 509(a) and, as such, contributions to the Foundation qualify for deduction as charitable contributions. However, income generated from activities unrelated to the Foundation's exempt purpose is subject to tax under IRC Section 511. The Foundation did not have any material unrelated business income tax liability for the year ended June 30, 2023.

Generally accepted accounting principles prescribe the accounting for uncertainty in income taxes and a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. There was no effect on the financial statements as a result of adopting this interpretation as the Foundation believes it does not have any material uncertain tax positions reflected in its financial statements. Tax years that remain subject to examination in the Foundation's major jurisdictions are for the years ended June 30, 2023, 2022 and 2021.

Budgetary Information
Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds.

Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

a. Preparation of the budget for the succeeding calendar year on or before August 1st.

b. Publication in local newspaper on or before August 5th of the proposed budget and notice of public hearing on the budget.

c. Public hearing on or before August 15th, but at least 10 days after publication of notice of hearing.

d. Adoption of the final budget on or before August 25th.

If the College is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The College did hold a revenue neutral rate hearing this year.

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 10 days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended June 30, 2023.

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

All legal annual operating budgets are prepared using the regulatory basis of accounting, in which revenues are recognized when cash is received and expenditures include disbursements, accounts payable, and encumbrances, with disbursements being adjusted for prior year's accounts payable and encumbrances. Encumbrances are commitments by the 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 requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the Board.

Budgetary Compliance – Regulatory Basis
By statute, the College prepares its annual budget on the regulatory basis of accounting. A reconciliation of these regulatory basis statements to the GAAP statements is presented in the notes to supplementary information.

Adoption of New Governmental Accounting Standards Board Statements
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 (governments). 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. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases,* as amended. See Notes 6 and 7 for additional information on the implementation of this new standard.

GASB issued Statement No. 99, *Omnibus 2022,* provides clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, information on disclosures related to

nonmonetary transactions, and updates to terminology related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. This statement has been partially adopted as only paragraphs 26-32 were effective for the current year. All the applicable changes have been made to the financial statements.

Pending Governmental Accounting Standards Board Statements
GASB Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62,* enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements for this statement are effective for periods beginning after June 15, 2023.

GASB Statement No. 101, *Compensated Absences*, aims to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The requirements for this statement are effective for periods beginning after December 15, 2023.

NOTE 2 – CASH

Seward County Community College follows the practice of pooling cash and investments of all funds. Each fund's portion of total cash and investments is summarized in the individual fund financial statements.

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

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

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

Custodial Credit Risk – Deposits
Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The College does not use "peak periods".

The College's carrying amount of deposits was $19,301,104 and the bank balance was $19,381,240 at June 30, 2023. The bank balance was held by four banks resulting in a concentration of credit risk. Of the bank balance, $750,000 was covered by federal depository insurance, $18,630,763 was collateralized with securities held by pledging financial institutions' agents in the College's name, and $477 was held in Federal Government Obligations.

At June 30, 2023, the total carrying amount of the Foundation's deposits was $1,083,857 and the bank balance was $1,819,050. Of the bank balance, $1,271,392 was covered by federal depository insurance and

$547,658 was collateralized with securities held by pledging financial institutions' agents in the Foundation's name.

Custodial Credit Risk – Investments
For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The College had no investments at June 30, 2023.

NOTE 3 – RESTRICTED CASH

At June 30, 2023, the College had $477 of restricted cash to be used for making debt service payments.

NOTE 4 – INVESTMENTS

The Foundation's investments at June 30, 2023, are comprised of the following:

Certificates of Deposit	$	**730,877**
Common Stocks		**5,918,270**
Mutual Funds		**3,360,277**
Bonds		**504,715**
Total	$	**10,514,139**

Fair Value Measurements
Accounting guidance establishes the framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of fair value hierarchy are described below.

Level 1 Quoted prices in active markets for identical assets or liabilities.

Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full-term of the assets or liabilities.

Level 3 Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

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

Following is a description of the inputs and valuation methodologies used for assets and liabilities measured at fair value on a recurring basis:

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

Mutual Funds: Valued at the daily closing prices as reported by the fund. Mutual funds held by the Foundation are open-ended mutual funds that are registered with the SEC. These funds are required to publish their daily

net asset value (NAV) and to transact at that price. The mutual funds held by the Foundation are deemed to be actively traded.

U.S. Government Securities: Valued using the pricing models maximizing the use of observable inputs for similar securities.

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

The following table presents assets measured at fair value by classification within the fair value hierarchy as of June 30, 2023.

		Fair Value Measurements at June 30, 2023			
		Total	Level 1	Level 2	Level 3
Investments					
Certificates of Deposit	$	**730,877**	730,877	-	-
Common Stock		**5,918,270**	5,918,270	-	-
Mutual Funds		**3,360,277**	3,360,277	-	-
Bonds		**504,715**	-	504,715	-
Total Investments	$	**10,514,139**	**10,009,424**	**504,715**	**-**

NOTE 5 – INVENTORIES

Inventories consisted of the following at June 30, 2023:

Bookstore	$	**238,679**
Cosmetology		**27,366**
Total Inventory	$	**266,035**

NOTE 6 – CAPITAL ASSETS

The following is a summary of changes in the various capital asset categories for the year ended June 30, 2023:

	Beginning Balance	Increases	Decreases	**Ending Balance**
Land	$ 294,019	67,241	16,437	**344,823**
Land Improvements	387,900	-	-	**387,900**
Art Collection	107,800	-	-	**107,800**
Library Materials	1,081,170	-	-	**1,081,170**
Buildings	45,236,337	1,048,962	208,851	**46,076,448**
Buildings and Equipment Under Capital Lease	6,103,684	-	-	**6,103,684**
Furniture and Equipment	4,290,003	-	-	**4,290,003**
Grounds Equipment	1,218,226	281,217	-	**1,499,443**
Vehicles	1,476,104	95,368	-	**1,571,472**
Computer Hardware/Software	1,326,697	139,950	-	**1,466,647**
Leased Equipment	100,569	164,303	47,328	**217,544**
SBITAs*	-	164,893	-	**164,893**
Total	61,622,509	1,961,934	272,616	**63,311,827**
Less: Accumulated Depreciation	(46,543,452)	(2,877,267)	(256,179)	**(49,164,540)**
Construction in Progress	136,695	2,348,669	-	**2,485,364**
Capital Assets, Net	$ 15,215,752	1,433,336	16,437	**16,632,651**

*New category for the College's subscription-based information technology arrangement assets, and the related accumulated amortization, have been added due to the implementation of GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*. As of June 30, 2023, the total costs of the College's subscription assets are recorded as $164,893, less accumulated amortization of $33,171.

NOTE 7 – LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Additions	Reductions	**Balance June 30, 2023**	Due Within One Year
Certificates of Participation	$ 4,215,000	-	(1,300,000)	**2,915,000**	155,000
Lease Payable	65,443	164,303	(51,919)	**177,827**	55,104
SBITAs	-	106,260	-	**106,260**	40,158
Total OPEB Liability	1,415,327	126,295	-	**1,541,622**	-
Net Pension Liability	97,299	34,034	-	**131,333**	-
Early Retirement Liability	469,456	165,953	-	**635,409**	50,267
Compensated Absences	294,311	18,131	-	**312,442**	312,442
Total Long-Term Liabilities	$ **6,556,836**	**614,976**	**(1,351,919)**	**5,819,893**	**612,971**

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

Certificate of Participation Bonds
Series 2011

The College entered into a certificate of participation dated August 1, 2011, with Security Bank of Kansas City to refund the Series 2008 and 2001B Revenue Bonds originally issued for the construction of student dorms. The total cost was $4,290,000. The certificate calls for varying annual payments, including interest between 2.75% and 4.00% annually, maturing March 1, 2025.

Series 2018
The College entered into a certificate of participation dated March 27, 2018, with Security Bank of Kansas City the purchase, construction, equip, and furnish the Allied Health Center on the College campus in Liberal, Kansas. The total cost was $3,610,000. The lease calls for varying annual payments, including interest between 3.00% and 4.00% semiannually, maturing April 1, 2038.

Long-term debt activity for the year ended June 30, 2023 was as follows:

	Outstanding June 30, 2022	Additions	Reductions	Outstanding June 30, 2023	Current Portion	Interest Paid
Certificates of Participation						
Series 2011	$ 1,150,000	-	1,150,000	-	-	44,881
Series 2018	3,065,000	-	150,000	2,915,000	155,000	99,763
Total Long-Term Debt	$ 4,215,000	-	1,300,000	2,915,000	155,000	144,644

The following is a schedule of future payments for the debt obligations:

Fiscal Year Ending	Principal	Interest	Total
2024	$ 155,000	93,763	248,763
2025	160,000	89,113	249,113
2026	165,000	84,313	249,313
2027	170,000	79,363	249,363
2028	175,000	74,263	249,263
2029-2033	960,000	288,445	1,248,445
2034-2038	1,130,000	120,463	1,250,463
Total	$ **2,915,000**	**829,723**	**3,744,723**

The College's certificates of participation have been used as direct placement debt.

Finance Leases – Direct Borrowing
The College entered into multiple equipment leases for copiers. Lease agreements are summarized as follows:

Lease Description	Start Date	Payment Terms	Payment Amount	Interest Rate	Total Lease Liability	**Balance June 30, 2023**
Financial Aid Copier	2/1/2021	36 Months	$ 130.90	3.69%	$ 4,454	**905**
Human Resources Copier	5/1/2022	36 Months	255.33	3.69%	8,689	**5,423**
Humanities Copier	5/1/2022	36 Months	255.33	3.69%	8,689	**5,423**
Athletics Copier	1/1/2022	36 Months	255.85	3.69%	8,706	**4,473**
Technical School Copier	1/1/2022	36 Months	480.38	3.69%	16,347	**8,399**
Foundation Copier	1/1/2022	36 Months	204.93	3.69%	6,974	**3,583**
Presidents Office Copier	1/1/2023	36 Months	310.42	2.82%	10,703	**8,981**
Cosmetology Copier	1/1/2023	36 Months	179.11	2.82%	6,176	**5,182**
Epworth Copier	1/1/2023	36 Months	316.34	2.82%	10,907	**9,153**
Administration Copier	1/1/2023	36 Months	253.89	2.82%	8,754	**7,346**
Admission Copier	1/1/2023	36 Months	253.89	2.82%	8,754	**7,346**
Library #1 Copier	6/1/2023	60 Months	288.97	3.21%	15,998	**15,752**
Library #2 Copier	6/1/2023	60 Months	288.97	3.21%	15,998	**15,752**
Allied Health Copier	6/1/2023	60 Months	288.97	3.21%	15,998	**15,752**
Jetz	1/1/2023	60 Months	1,270.46	2.82%	71,016	**64,357**
Total Lease Agreements						$ **177,827**

Annual requirements to amortize long-term obligations and related interest are as follows:

Year Ending June 30,	Principal	Interest	Total
2024	$ 55,104	4,646	59,750
2025	49,220	2,945	52,165
2026	31,825	1,705	33,530
2027	24,733	916	25,649
2028	16,945	214	17,159
Total	$ **177,827**	**10,426**	**188,253**

Subscription Based Information Technology Arrangements (SBITAs) – Direct Borrowing
The College entered into multiple subscription based information technology arrangements for various right-to-use assets. The subscriptions are summarized as follows for the year ended June 30, 2023:

Subscription Name	Start Date	Payment Amount	Interest Rate	Balance
ExamSoft Software	8/1/2022	$ 4,517	2.3543%	$ 8,724
Zoom Subscription	7/1/2022	1,231	2.1937%	14,599
PrestoSports Software	7/1/2022	2,727	2.3543%	5,665
Clean Catalog Software	1/17/2023	20,700	2.8220%	77,272
				$ **106,260**

The following is a schedule of future payments for the debt obligations:

Fiscal Year Ending	Principal	Interest	Total
2024	$ 40,158	2,693	42,851
2025	26,391	1,831	28,222
2026	19,579	1,121	20,700
2027	20,132	568	20,700
Total	$ **106,260**	**6,213**	**112,473**

NOTE 8 – RESTRICTED NET POSITION – EXPENDABLE FOR OTHER

Restricted Net Position – Expendable for Other consists of donations received and restricted to use at June 30, 2023 of $4,444,728.

NOTE 9 – RESTRICTED NET POSITION - NONEXPENDABLE

Changes in endowments as of June 30, 2023 are as follows:

Restricted Net Position, Beginning of Year	$ **6,005,365**
Contributions	**215,111**
Restricted Net Position, End of Year	$ **6,220,476**

All endowment funds are considered to be permanently restricted. Therefore the spending policy does not allow for distribution of these funds. Investment income from these funds is considered to be unrestricted unless otherwise designated.

NOTE 10 – COMPENSATED ABSENCES

Annual leave is provided to individual employees in full-time 12 month positions. Salaried/exempt employees earn leave at 2 days per calendar month worked. Hourly/non-exempt employees earn leave at 1 day per calendar month worked for the first two full fiscal years worked, then 1 ½ days of leave per calendar months worked thereafter. Annual leave can be carried over from one fiscal year beyond which it was earned.

Sick leave is provided to all full-time employees at a rate of 10 days of sick leave per fiscal year and may accumulate unused sick leave to a maximum of 50 days. Employees are not paid for accumulated sick leave upon termination.

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

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

The estimated liability for vacation leave at June 30, 2023 was $312,442.

NOTE 11 – CONCENTRATIONS

The Foundation was formed to promote and foster the educational purposes of **Seward County Community College**, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the College. The Foundation acts largely as a fundraising organization, soliciting, receiving, managing and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation’s board of directors. The Foundation disbursed to the College for scholarships for the year ended June 30, 2023. Scholarships totaling $337,889 and expenditure reimbursements totaling $106,609 were provided to the College during 2023.

The College receives a significant portion of its revenues from grants for student financial aid, all of which are subject to audit by federal and state governments. The ultimate determination of amounts awarded under these programs generally is based upon eligibility of students based upon their financial need. Until such audits have been completed, there exists a contingency to refund any amount awarded to a student that was not eligible for student financial assistance. Management is of the opinion that no material liability will result from such audits.

NOTE 12 – LITIGATION

The College is party to various legal proceedings which normally occur in governmental operations. These legal proceedings are not likely to have a material financial impact on the affected funds of the College.

NOTE 13 – RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; damage to and destruction of assets; business interruptions; errors and omissions; employee injuries and illnesses; natural disasters; and employee health,

dental and accident benefits. Commercial insurance coverage is purchased for claims arising from such matters other than related to employee health benefits. Settled claims have not exceeded this commercial coverage in any of the three preceding years. There have not been significant reductions in coverage from prior years.

NOTE 14 – CONTINGENCIES

Seward County Community College participates in numerous state and federal grant programs, which are governed by various rules and regulations for the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the College has not complied with the rules and regulations governing the grants, refunds of any money received may be required. In the opinion of the College, any liability for reimbursement, which may arise as the result of the audit, is not believed to be material.

NOTE 15 – DEFINED BENEFIT PENSION PLAN

Plan Description

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

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

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

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

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

Benefits

Benefits are established by statute and may only be changed by the Legislature. Member employees 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 an employee'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, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

Member employees choose one of seven payment options for their monthly retirement benefits. At

retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc 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 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting after January 1, 2015 was created. Normal retirement age for KPERS 3 is 65 with 5 years of service or 60 with 30 years of service. Early retirement is available at age 55 with 10 years of service with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

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

Special Funding Situation
The employer contributions for community colleges, as defined in K.S.A.74-4931(2) and (3), are funded by the State of Kansas on behalf of the employer. Therefore, the College is considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the System. Since the College does not contribute directly to the System for active employees, there is no net pension liability or deferred inflows or outflows to report in the financial statements for active employees.

The notes to their financial statements must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the community college. In addition, each community college employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with their employer.

The College also makes contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies "working after retirement" contributions and resulting net position liability are attributable to the College. These amounts are reflected separately and recorded in the financial statements.

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

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

The statutory contribution rate was 13.11% for the fiscal year ended June 30, 2023.

Contributions to the pension plan for the College were $13,406 for the fiscal year ended June 30, 2023.

Employer Allocations
Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources,

deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

- State/School
- Local
- Police and Fireman
- Judges

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

The allocation percentages for the College's share of the collective pension amounts as of June 30, 2022 were based on the ratio of each employer's contributions to the total of the employer and nonemployer contributions of the group for the fiscal year ended June 30, 2022.

Net Pension Liability
Net pension liability activity for the year ended June 30, 2023 is as follows:

State Share of Net Pension Liability	$	11,726,900
College Share of Net Pension Liability	$	131,333
Measurement Date		June 30, 2022
Valuation Date		December 31, 2021
College's Proportion		.0026%
Change in Proportion		.0001%

Actuarial Assumptions
The actuarial valuation used the following actuarial assumptions applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Price Inflation	2.75%
Salary Increase	3.50 to 12.00%, including inflation
Investment Rate of Return Net of Investment Expense, Including Price Inflation	7.00%

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study conducted for the three year period January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

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

KPERS' investment consultant, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
US Equities	23.50%	5.20%
Non-US Equities	23.50	6.40
Private Equity	8.00	9.50
Private Real Estate	11.00	4.45
Yield Driven	8.00	4.70
Real Return	11.00	3.25
Fixed Income	11.00	1.55
Short-term	4.00	.25
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability at the measurement date of June 30, 2022 was 7.00%. The State/School groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap was 1.2%.

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

In addition, 2017 Senate Sub for Sub HB 2052 delayed $64.1 million in Fiscal Year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first payment of $6.4 million was paid in full at the beginning of Fiscal Year 2019, and appropriations for Fiscal Year 2019 were made at the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (Senate Sub for HB 2002) provided for a reduction of $194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2019 Legislature passed House Sub for Sen Bill 109, which directed on-behalf payments of $56 million and $82 million be made to the System. The $56 million payment was received by the System on June 30, 2018 and recorded as Fiscal Year 2018 contributions. The $82 million was received July 1, 2019 and was recorded as Fiscal Year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer of $115 million to KPERS, received in March 2019. House Sub for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School group in Fiscal Year 2020 of $51 million.

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

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

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

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

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

1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
$185,665	$131,333	$85,927

Pension Expense
For the year ended June 30, 2023, the College recognized pension expense and revenue of $1,315,168 for support provided by the State in the form of non-employer contributions to KPERS on the College's behalf. The College recognized pension expense of $28,037 for June 30, 2023, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period for employer contributions to KPERS for working after retirement employees.

Deferred Outflows of Resources and Deferred Inflows of Resources
At June 30, 2023, 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
Differences Between Actual and Expected Experience	$	2,911	57
Net Differences Between Projected and Actual Earnings on Investments		11,061	-
Changes in Assumptions		20,188	-
Changes in Proportionate Share		37,230	16,941
Contributions Subsequent to Measurement Date		13,406	-
Total	$	**84,796**	**16,998**

The $13,406 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	
2024	$9,994
2025	14,828
2026	14,849
2027	14,106
2028	615
Thereafter	-

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

NOTE 16 – OTHER POST EMPLOYMENT BENEFITS – KPERS DEATH AND DISABILITY

Plan Description
The College contributes to the KPERS Long-Term Disability plan, a single-employer defined benefit other post-employment benefit (OPEB) plan which is administered by a board of trustees appointed by KPERS. The Plan provides long-term disability benefits and life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-4925. 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, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

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 Provided
Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability and life insurance benefits to eligible disabled members. Benefits provided are self-funded, and the full cost of the benefits is covered by the OPEB Plan. The monthly benefit is 60% of the member's monthly rate of 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, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever first occurs. If the disability occurs at or after age 60, benefits are payable while disability continues, for a period of five years or until the date of the member's retirement, whichever first occurs. Upon the death of a member who is receiving monthly disability benefits, the plan will pay a lump sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of (a) the member's annual rate of compensation at the time of disability, or (b) the member's previous 12 months of compensation at the time of the last date on payroll. If the member had been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed before the life insurance benefit is computed. The indexing is

based on the consumer price index, less one percentage point. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, he or she may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary.

Members Covered by Benefit Terms
At June 30, 2022 (the measurement date), members covered by the benefit terms consisted of 174 active and 1 disabled member.

Total OPEB Liability
At June 30, 2022, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $77,309. The OPEB liability was measured as of June 30, 2022, for the year ended June 30, 2023 and was determined by actuarial valuation as of December 31, 2021, rolled forward to June 30, 2022.

For the year ended June 30, 2023, the College recognized OPEB expense and revenue of $68 for support provided by the State in the form of non-employer contributions on the College's behalf.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

Price Inflation	2.75%
Payroll Growth	3.00%
Salary Increases, Including Inflation	3.5% to 11.5%
Discount Rate	3.54%

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index. The discount rate increased from 2.16% on June 30, 2021 to 3.54% on June 30, 2022.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustment for mortality improvements based on Scale MP-2021 for the December 31, 2021 actuarial valuation.

The actuarial assumptions used in the June 30, 2022 valuation were based on the actual KPERS experience.

NOTE 17 – OTHER POST EMPLOYMENT BENEFITS – HEALTH INSURANCE

General Information About the Plan

Plan Description
The health insurance benefit plan is a single-employer defined benefit healthcare plan administrated by **Seward County Community College**. K.S.A. 12-5040 established the authority that post-employment healthcare benefits be extended to retired employees who have met the age and/or service eligibility requirement and can amend benefit provisions by state legislature. The plan provides medical and dental insurance benefits to eligible retirees and their spouses. The benefit is available for selection at retirement and is extended to retirees until the retiree becomes covered under another employer health plan of until the age of 65. Costs under the self-insured program are paid from general operating funds. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. The plan does not issue a stand-alone financial report.

Benefits Provided
As provided and required by K.S.A. 12-5040, the College allows retirees and their spouses to participate in the group health insurance plan for medical and dental coverage. Kansas statutes, which can be amended by State legislature, established that participating retirees may remain in the College's health insurance plan by paying the full amount of the applicable premium. Conceptually, the College is subsidizing the retirees

because each participant is charged a level of premium regardless of age. The total premium is approximately $1,643 and $765 per month for employee with family and single coverage, respectively. The total premium for dental is approximately $78 and $36 per month for employee with family and single coverage, respectively. Qualifying retirees are charged active employee contribution rates for medical and dental coverage to age 65.

Employees Covered by Benefit Terms
At July 1, 2021 census, members covered by the benefit terms consisted of 176 active employees and 2 former employees.

Total OPEB Liability
The College's total OPEB liability of $1,541,622 was measured as of June 30, 2023. The June 30, 2023 liability was determined by an actuarial valuation date as of July 1, 2021, which was rolled forward to June 30, 2023.

Actuarial Assumptions and Other Inputs
The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Average Salary Scale	4.0% per year
Discount Rate	4.0%
Healthcare Cost Trend Rates	6.75% decreasing 0.25% per year until reaching an ultimate trend rate of 4.5%

The discount rate was based on the S&P Municipal Bond 20 Year High Grade and the Fidelity GO AA – 20 year published yields.

Mortality rates were based on the Society of Actuaries Scale with MP-2021 Full Generational Improvement.

Changes in the Total OPEB Liability
The following table shows the changes in the College's total OPEB liability for the year ended June 30, 2023.

Total OPEB Liability – Beginning of Year	$	**1,415,327**
A. Service Cost		**109,534**
B. Interest Cost		**59,177**
C. Differences Between Actual and Expected Experience		**(17,256)**
D. Changes in Assumptions *		**(10,160)**
E. Employer Contributions (Benefit Payments)		**15,000**
Net Changes (A+B+C+D-E)		**126,295**
Total OPEB Liability – End of Year	$	**1,541,622**

*Changes in assumptions reflect a change in the discount rate from 3.9% in 2022 to 4.0% in 2023.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following represents the total OPEB liability of the College as of June 30, 2023, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is one percentage lower (3.0%) or one percentage higher (5.0%) than the current discount rate.

	1% Decrease (3.0%)	Discount Rate (4.0%)	1% Increase (5.0%)
Total OPEB Liability	$ 1,646,408	$ 1,541,622	$ 1,444,019

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 of June 30, 2023, as well as what the College's total OPEB liability would be if it were calculated using health care cost trend rates that are one percentage point lower or one percentage point higher than the current healthcare cost trend rates:

	1% Decrease (5.75% decreasing to 4.75%)	Health Cost Trend Rates (6.75% decreasing to 5.75%)	1% Increase (6.75% decreasing to 7.75%)
Total OPEB Liability	$ 1,380,039	$ 1,541,622	$ 1,733,167

OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB
For the year ended June 30, 2023, the College recognized OPEB expense of $60,373. The College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources as of June 30, 2023:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ -	907,115
Changes in Assumptions	221,651	261,262
Total	$ **221,651**	**1,168,377**

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

Fiscal Year		Amount
2024	$	(108,338)
2025		(108,338)
2026		(108,338)
2027		(108,338)
2028		(108,338)
Thereafter		(405,036)

NOTE 18 – EARLY RETIREMENT PROGRAM

Plan Description: The College provides an early retirement program for certain eligible employees. Those eligible under the program may receive benefits for up to 5 years. Eligible employees will receive health insurance coverage (single membership) equal to that of a fulltime employee from the time the employee chooses to take early retirement and will continue until the early retirement employee becomes eligible for Medicare or reaches age 65, whichever occurs first. The College also provides annual payments in amounts based upon the final year of contracted salary for eligible individuals retiring from employment. The College recognizes a liability and expense for voluntary termination benefits when the offer is accepted and the amount can be estimated. Payments for the retired employees under this plan were $12,443 for the year

ended June 30, 2023. The following is a schedule of benefits payable for eligible employees which have taken early retirement as of June 30, 2023:

Fiscal Year		Amount
2024	$	50,267
2025		217,435
2026		175,046
2027		120,157
2028		58,032
2029		14,472
Total	$	**635,409**

NOTE 19 – JOINTLY GOVERNED ORGANIZATION

Western Kansas Community College Virtual Education Consortium is a jointly governed organization in which the College participates and is not included in the financial statements of the College's basic financial statements. The Consortium is a special purpose governmental unit organized under the Inter-local Agreement Act authorized by K.S.A. 12-2901 and approved by the office of the Attorney General October 29, 2002 and the Board of Regents November 14, 2002. The organization is jointly governed between three community colleges in Western Kansas: Dodge City, Pratt and Seward County. The Consortium is governed by a separate executive board comprised of the related College Presidents. The initial investment made by each College was completely repaid to the respective Colleges in the form of dividends in January 2007.

NOTE 20 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT

For the year ended June 30, 2023, management identified accounts that were previously included in the College's statement of revenues, expenses, and change in net position that are actually deposits held in custody that should be reflected on the College's statement of net position. The reclassification of the accounts had the following affect on net position:

Net Position as of June 30, 2022	$	29,817,107
Adjustments		
Reclassification of Deposits Held in Custody		(61,997)
Restated Net Position as of June 30, 2022	$	29,755,110

NOTE 21 – SUBSEQUENT EVENTS

Subsequent events have been evaluated through March 4, 2024, which is the date the financial statements were available to be issued on **Seward County Community College**.

The Foundation has evaluated subsequent events through January 26, 2024, which is the date the financial statements were available to be issued.

SEWARD COUNTY COMMUNITY COLLEGE

Required Supplementary Information

SEWARD COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2023

Schedule of Changes in the College's Total Other Post-Employment Benefits and Related Ratios

		2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service Cost	$	**109,534**	126,668	140,725	165,405	201,301	64,213
Interest Cost		**59,177**	33,000	47,070	63,378	86,306	32,461
Differences Between Actual and Expected Experience		**(17,256)**	(15,154)	(342,431)	(354,395)	(660,812)	-
Changes in Assumptions and Other Inputs		**(10,160)**	(241,536)	45,312	(75,904)	30,855	339,329
Employer Contributions (Benefit Payments)		**(15,000)**	(22,000)	(52,000)	(100,000)	(149,000)	(132,000)
Net Changes in Total OPEB Liability		**126,295**	(119,022)	(161,324)	(301,516)	(491,350)	304,003
Total OPEB Liability - Beginning of Year		**1,415,327**	1,534,349	1,695,673	1,997,189	2,488,539	2,184,536
Total OPEB Liability - End of Year	$	**1,541,622**	1,415,327	1,534,349	1,695,673	1,997,189	2,488,539
Covered-Employee Payroll	$	**8,051,017**	8,051,017	7,408,638	7,408,638	7,707,303	7,707,303
Total OPEB Liability as a Percentage of Covered-Employee Payroll		**19.15%**	17.58%	20.71%	22.89%	25.91%	32.29%

Notes to Schedule

Changes of Assumptions and Other Inputs
Changes of assumptions and other inputs reflect a change in the discount rate from 3.4% in 2017, 3.3% in 2018, 3.0% in 2019, 2.6% in 2020, 2.0% in 2021, 3.9% in 2022, and 4.0% in 2023.

The mortality assumption was changed from the Society of Actuaries Public Retirement Plans-2014 adjusted to 2006 Total Dataset Headcount-weighted Mortality with Scale MP-2017 Full Generational Improvement to the Society of Actuaries Public Retirement Plans-2014 adjusted to 2006 Total Dataset Headcount-weighted Mortality with Scale MP-2019 Full Generational Improvement to the Society of Actuaries MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.

*GASB 75 requires presentation of ten years. Until a full 10-year trend is compiled, the College will present information for those years for which information is available.

Schedule of Changes in the College's Death and Disability Total OPEB Liability and Related Ratios

		2023	2022	2021	2020	2019	2018
Measurement Date		**June 30, 2022**	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Total OPEB Liability							
Service Cost	$	**21,031**	20,253	18,190	16,790	16,606	18,748
Interest Cost		**1,145**	2,454	3,249	4,494	13,081	11,083
Differences Between Actual and Expected Experience		**49,723**	(18,405)	29,665	(23,126)	(255,244)	-
Changes in Assumptions and Other Inputs		**10,480**	101	6,633	1,084	(1,064)	(11,868)
Benefit Payments		**(73,733)**	(52,737)	(30,454)	(17,548)	(28,039)	(50,479)
Net Changes in Total OPEB Liability		**8,646**	(48,334)	27,283	(18,306)	(254,660)	(32,516)
Total OPEB Liability - Beginning of Year		**68,663**	116,997	89,714	108,020	362,680	395,196
Total OPEB Liability - End of Year	$	**77,309**	68,663	116,997	89,714	108,020	362,680
State's Proportionate Share of the Total OPEB Liability	$	**77,309**	68,663	116,997	89,714	108,020	362,680
College's Proportionate Share of the Total OPEB Liability		**-**	-	-	-	-	-
Covered Payroll	$	**8,416,750**	8,289,285	8,139,444	7,891,822	7,734,830	8,002,887
Total OPEB Liability as a Percentage of Covered Payroll		**0.92%**	0.83%	1.44%	1.14%	1.40%	4.53%

Notes to Schedule

Changes of Assumptions and Other Inputs
Changes in assumptions and other inputs reflect a change in the discount rate from 2.85% on June 30, 2016, 3.58% on June 30, 2017, 3.87% on June 30, 2018, 3.5% on June 30, 2019, 2.21% on June 30, 2020, 2.16% on June 30, 2021, and 3.54% on June 30, 2022.

*GASB 75 requires presentation of ten years. Until a full 10-year trend is compiled, the College will present information for those years for which information is available.

SEWARD COUNTY COMMUNITY COLLEGE
Required Supplementary Information
June 30, 2023

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

Fiscal Year-End		**June 30, 2023**	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
Measurement Date		**June 30, 2022**	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015	June 30, 2014
The College's proportion of the collective net pension liability		**0.0026%**	0.0025%	0.0014%	0.0018%	0.2675%	0.2301%	0.0069%	0.0486%	0.00%
The College's proportionate share of the net pension liability	$	**131,333**	97,299	70,396	82,981	121,402	105,353	3,121	22,555	-
The State's proportionate share of the net pension liability		**11,726,900**	9,812,303	12,871,375	11,094,104	11,414,682	12,639,689	13,158,331	13,656,854	12,284,585
Total proportionate share of the net pension liability	$	**11,858,233**	9,909,602	12,941,771	11,177,085	11,536,084	12,745,042	13,161,452	13,679,409	12,284,585
The College's covered payroll	$	**8,669,275**	8,788,531	8,530,959	8,115,032	8,402,292	8,399,928	8,644,951	8,413,915	8,304,745
The College's proportionate share of the collective net pension liability as a percentage of its covered payroll		**1.51%**	1.11%	0.83%	1.02%	1.44%	1.25%	0.04%	0.27%	0.00%
Plan fiduciary net position as a percentage of the total pension liability		**69.75%**	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, 2023, only nine years of information is available.

Covered payroll is measured as of the measurement date, the most recent of which was June 30, 2022.

Note: Information on this schedule is measured as of the measurement date.

Share of the College's Contributions
Kansas Public Employees Retirement System (KPERS)*

		2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$	**12,875**	12,183	6,714	8,258	10,656	7,775	217	1,415	-
Contributions in relation to the contractually required contribution		**12,875**	12,183	6,714	8,258	10,656	7,775	217	1,415	-
Contribution deficiency (excess)	$	**-**	-	-	-	-	-	-	-	-
The College's covered payroll	$	**9,057,106**	8,669,275	8,788,531	8,530,959	8,115,032	8,402,292	8,399,928	8,644,951	8,413,915
Contributions as a percentage of covered payroll		**0.14%**	0.14%	0.08%	0.10%	0.13%	0.09%	0.00%	0.02%	0.00%

*GASB 68 requires presentation of ten years. As of June 30, 2023, only nine years of information is available.

KPERS Pension Plan

Changes in assumptions.

The major items of impact in the actuarial valuation dated December 31, 2014 relative to the prior valuation are as follows:

- Reduce disability rates by 20% for all three KPERS groups.
- Increase the termination of employment rates for State-Males and Local-Males and Females.
- Modify the election of a deferred benefit by Local vested members who terminate employment in future years.
- Modify the retirement rates for the C60 group.
- Increase the load for the impact of final average salary provisions for Local, C55 and C60 members hired before July 1, 1993.
- Establish an interest crediting rate of 6.50% for KPERS 3 members.

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation are as follows:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.
- The post-retirement health mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.00%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.75%.

Changes from the January 2020 experience study that impacted State/School groups are listed below:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

SEWARD COUNTY COMMUNITY COLLEGE

Supplementary Financial Information

SEWARD COUNTY COMMUNITY COLLEGE
Combining Schedule of Revenues, Expenditures,
Encumbrances and Changes in Fund Balance - Actual and Budget
Current Funds - Unrestricted (Regulatory Basis)
For the Year Ended June 30, 2023

	General			Postsecondary Technical Education			Adult Supplementary Education			Truck Driver Training Course			Capital Outlay		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
Revenues															
Student Tuition and Fees	$ 1,857,055	1,260,000	597,055	939,565	630,000	309,565	105,756	658,624	(552,868)	111,044	300,000	(188,956)	-	-	-
County Property Taxes	10,011,029	10,261,206	(250,177)	-	-	-	-	-	-	-	-	-	384,404	-	384,404
State Grants and Contracts	1,830,732	2,731,297	(900,565)	1,717,879	1,186,472	531,407	-	-	-	26,851	-	26,851	164,000	377,276	(213,276)
Investment Income	530,805	-	530,805	-	-	-	-	-	-	-	-	-	1,032	-	1,032
Miscellaneous	94,788	195,000	(100,212)	149,204	-	149,204	20,459	70,200	(49,741)	46,400	-	46,400	4,775	-	4,775
Total Revenues	14,324,409	14,447,503	(123,094)	2,806,648	1,816,472	990,176	126,215	728,824	(602,609)	184,295	300,000	(115,705)	554,211	377,276	176,935
Expenditures and Encumbrances															
Educational Services															
Instruction	2,206,327			3,602,590			148,161			358,462			146,236		
Academic Support	142,025			59,304			-			-			-		
Student Services	2,675,098			302,195			-			-			5,396		
Institutional Support	3,166,135			653,637			-			-			570,559		
Operation and Maintenance	3,356,541			860,646			-			-			-		
Scholarships, Grants, and Awards	210,680			-			-			-			-		
Auxiliary Enterprises	1,855			4,380			-			-			-		
Bad Debt	1,770,238			-			-			-			-		
Total Expenditures and Encumbrances	13,528,899	16,997,300	3,468,401	5,482,752	5,245,000	(237,752)	148,161	800,000	651,839	358,462	500,000	141,538	722,191	2,000,000	1,277,809
(a) Adjustment for Qualifying Budget Credit	-	-	-	-	531,407	531,407	-	-	-	-	-	-	-	-	-
Total Expenditures and Encumbrances	13,528,899	16,997,300	3,468,401	5,482,752	5,776,407	293,655	148,161	800,000	651,839	358,462	500,000	141,538	722,191	2,000,000	1,277,809
Revenues Over (Under) Expenditures and Encumbrances	795,510	(2,549,797)	3,345,307	(2,676,104)	(3,959,935)	1,283,831	(21,946)	(71,176)	49,230	(174,167)	(200,000)	25,833	(167,980)	(1,622,724)	1,454,744
Other Financing Sources															
Transfers In	409,778	-	409,778	3,036,916	3,383,996	(347,080)	-	-	-	200,000	200,000	-	50,000	-	50,000
Transfers Out	(3,452,951)	(3,633,996)	181,045	-	-	-	-	-	-	-	-	-	-	-	-
Revenues and Other Financing Sources (Uses)															
Over (Under) Expenditures and Encumbrances	(2,247,663)	(6,183,793)	3,936,130	360,812	(575,939)	936,751	(21,946)	(71,176)	49,230	25,833	-	25,833	(117,980)	(1,622,724)	1,504,744
Fund Balance - Beginning of Year	13,341,716	14,210,874	(869,158)	92,667	271,851	(179,184)	89,477	94,496	(5,019)	2,713	9,485	(6,772)	309,792	585,362	(275,570)
Fund Balance, End of Year	**$ 11,094,053**	**8,027,081**	**3,066,972**	**453,479**	**(304,088)**	**757,567**	**67,531**	**23,320**	**44,211**	**28,546**	**9,485**	**19,061**	**191,812**	**(1,037,362)**	**1,229,174**

(a) Adjustment for Qualifying Budget Credit

State Grants and Contracts Over Amount Budgeted	$ 531,407

SEWARD COUNTY COMMUNITY COLLEGE
Combining Schedule of Revenues, Expenditures,
Encumbrances, and Changes in Fund Balance - Actual and Budget
Current Funds - Unrestricted (Regulatory Basis)
For the Year Ended June 30, 2023

	Bookstore			Dorm/Cafeteria			Cosmetology			Auto Business Management			Total Auxiliary Enterprise		
	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)	Actual	Budget	Variance Favorable (Unfavorable)
Revenues															
Student Tuition and Fees	$ -	-	-	-	-	-	41,903	-	41,903	-	-	-	41,903	-	41,903
Auxiliary Income	632,949	970,000	(337,051)	1,331,814	1,275,000	56,814	124,729	135,000	(10,271)	149	10,000	(9,851)	2,089,641	2,390,000	(300,359)
Miscellaneous	-	10,000	(10,000)	-	90,000	(90,000)	-	1,200	(1,200)	-	1,000	(1,000)	-	102,200	(102,200)
Total Revenues	632,949	980,000	(347,051)	1,331,814	1,365,000	(33,186)	166,632	136,200	30,432	149	11,000	(10,851)	2,131,544	2,492,200	(360,656)
Expenditures and Encumbrances															
Educational Services															
Operation and Maintenance	405,000			66,764			-			-			471,764		
Auxiliary Enterprises	596,297			1,146,942			60,674			-			1,803,913		
Total Expenditures and Encumbrances	1,001,297	915,000	(86,297)	1,213,706	944,000	(269,706)	60,674	89,100	28,426	-	10,300	10,300	2,275,677	1,958,400	(317,277)
Revenues Over (Under) Expenditures and Encumbrances	(368,348)	65,000	(433,348)	118,108	421,000	(302,892)	105,958	47,100	58,858	149	700	(551)	(144,133)	533,800	(677,933)
Other Financing Uses															
Transfers Out	-	(50,000)	50,000	-	(600,000)	600,000	-	-	-	-	-	-	-	(650,000)	650,000
Revenues and Other Financing Sources (Uses)															
Over (Under) Expenditures and Encumbrances	(368,348)	15,000	(383,348)	118,108	(179,000)	297,108	105,958	47,100	58,858	149	700	(551)	(144,133)	(116,200)	(27,933)
Fund Balance - Beginning of Year, As Stated	637,764	400,050	237,714	962,156	1,289,516	(327,360)	150,521	113,191	37,330	7,077	7,077	-	1,757,518	1,809,834	(52,316)
Fund Balance, End of Year	**$ 269,416**	**415,050**	**(145,634)**	**1,080,264**	**1,110,516**	**(30,252)**	**256,479**	**160,291**	**96,188**	**7,226**	**7,777**	**(551)**	**1,613,385**	**1,693,634**	**(80,249)**

SEWARD COUNTY COMMUNITY COLLEGE
Notes to Supplementary Information
For the Year Ended June 30, 2023

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

	General	Postsecondary Technical Education	Adult Education	Truck Driver Training Course	Capital Outlay	Auxiliary Enterprise	**Total Budgetary Funds**	Non-budgetary Funds	**Total All Funds**
Revenues									
Actual Amounts (Regulatory Basis) Revenues									
from Combining Schedule	$ 14,324,409	2,806,648	126,215	184,295	554,211	2,131,544	**20,127,322**	7,120,272	**27,247,594**
Accounts Receivable Adjustment	(669,776)	(163,039)	1,383	(47,244)	(4,775)	(594,432)	**(1,477,883)**	(312,716)	**(1,790,599)**
Change in Allowance for Doubtful Accounts	1,531,676	-	-	-	-	-	**1,531,676**	-	**1,531,676**
Scholarship Discounts and Allowances - In and Out	(1,309,708)	-	-	-	-	(322,876)	**(1,632,584)**	-	**(1,632,584)**
Pension Revenue - In and Out	1,315,168	-	-	-	-	-	**1,315,168**	-	**1,315,168**
Federal and State Grants Receivable Adjustment	-	-	-	-	-	-	**-**	(726,736)	**(726,736)**
Federal and State Grants Deferred Revenue Adjustment	-	-	-	-	-	-	**-**	(830,822)	**(830,822)**
Total Revenues as Reported on the Statement of Revenues, Expenses and Change in Net Position	15,191,769	2,643,609	127,598	137,051	549,436	1,214,236	**19,863,699**	5,249,998	**25,113,697**
Expenditures									
Actual Amounts (Regulatory Basis) Expenditures									
from Combining Schedule	13,528,899	5,482,752	148,161	358,462	722,191	2,275,677	**22,516,142**	6,370,216	**28,886,358**
Adjustments:									
Inventory Adjustment	-	-	-	-	-	18,579	**18,579**	-	**18,579**
Change in Debt	-	-	-	-	-	-	**-**	(1,081,356)	**(1,081,356)**
Accrued Bond Interest	-	-	-	-	-	-	**-**	(16,498)	**(16,498)**
Change in Compensated Absences	18,131	-	-	-	-	-	**18,131**	-	**18,131**
Change in Prepaid Expenses	18,549	(5,155)	-	-	-	(27,521)	**(14,127)**	(19,334)	**(33,461)**
Net Capital Assets Transactions	(1,261,133)	(90,974)	-	-	(596,770)	(526,796)	**(2,475,673)**	(1,818,493)	**(4,294,166)**
Depreciation Expense	-	-	-	-	-	-	**-**	2,877,267	**2,877,267**
Change in OPEB Obligation	45,373	-	-	-	-	-	**45,373**	-	**45,373**
Change in Net Pension Obligation	(5,617)	-	-	-	-	-	**(5,617)**	-	**(5,617)**
Change in Early Retirement Obligation	153,510	-	-	-	-	-	**153,510**	-	**153,510**
Scholarship Discounts and Allowances - In and Out	(1,309,708)	-	-	-	-	(322,876)	**(1,632,584)**	-	**(1,632,584)**
Pension Revenue - In and Out	1,315,168	-	-	-	-	-	**1,315,168**	-	**1,315,168**
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the items are received for GAAP reporting -									
Less 2023 Encumbrances	(672,731)	(5,695)	-	-	(114,168)	(90,538)	**(883,132)**	(665,678)	**(1,548,810)**
Plus 2022 Encumbrances	1,067,087	88,144	-	-	40,326	35,299	**1,230,856**	368,240	**1,599,096**
Total Expenditures as Reported on the Statement of Revenue, Expenses and Change in Net Position	12,897,528	5,469,072	148,161	358,462	51,579	1,361,824	**20,286,626**	6,014,364	**26,300,990**
Revenues Over (Under) Expenditures	2,294,241	(2,825,463)	(20,563)	(221,411)	497,857	(147,588)	**(422,927)**	(764,366)	**(1,187,293)**
Other Financing Sources (Uses)									
Transfers In	409,778	3,036,916	-	200,000	50,000	-	**3,696,694**	(3,696,694)	**-**
Transfers Out	(3,452,951)	-	-	-	-	-	**(3,452,951)**	3,452,951	**-**
Net Increase (Decrease) in Net Position, as Reported on the Statement of Revenues, Expenses and Change in Net Position	(748,932)	211,453	(20,563)	(21,411)	547,857	(147,588)	**(179,184)**	(1,008,109)	**(1,187,293)**
Net Position, Beginning of Year, As Stated	10,344,748	530,092	117,940	86,209	527,308	3,179,014	**14,785,311**	15,031,796	**29,817,107**
Reclassification of Deposits Held in Custody	-	-	-	-	-	-	**-**	(61,997)	**(61,997)**
Net Position, Beginning of Year, As Restated	10,344,748	530,092	117,940	86,209	527,308	3,179,014	**14,785,311**	14,969,799	**29,755,110**
Net Position, End of Year	$ 9,595,816	741,545	97,377	64,798	1,075,165	3,031,426	**14,606,127**	13,961,690	**28,567,817**

SEWARD COUNTY COMMUNITY COLLEGE

Single Audit Information

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

To the Board of Trustees
Seward County Community College
Liberal, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* 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 **Seward County Community College**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise **Seward County Community College's** basic financial statements, and have issued our report thereon dated March 4, 2024. The financial statements of Seward County Community College 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 Seward County Community College Foundation.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

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

To the Board of Trustees
Seward County Community College
Liberal, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* 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 **Seward County Community College**, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise **Seward County Community College's** basic financial statements, and have issued our report thereon dated March 4, 2024. The financial statements of Seward County Community College 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 Seward County Community College Foundation.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2023-001 and 2023-002 that we consider to be material weaknesses.

Report on Compliance and Other Matters

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

Seward County Community College's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on **Seward County Community College's** response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. **Seward County Community College's** response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

March 4, 2024

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

To the Board of Trustees
Seward County Community College
Liberal, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Seward County Community College's** compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of **Seward County Community College's** major federal programs for the year ended June 30, 2023. **Seward County Community College's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Seward County Community College** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 **Seward County Community College** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Seward County Community 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 **Seward County Community College's** federal programs.

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

To the Board of Trustees
Seward County Community College
Liberal, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited **Seward County Community College's** compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of **Seward County Community College's** major federal programs for the year ended June 30, 2023. **Seward County Community College's** major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, **Seward County Community College** complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Unmodified Opinions

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements*, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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 **Seward County Community College** and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of **Seward County Community 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 **Seward County Community 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 **Seward County Community 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance and will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about **Seward County Community College's** compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 **Seward County Community 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 **Seward County Community College's** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of **Seward County Community College's** internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal

program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-003 and 2023-004, to be significant deficiencies.

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.

Government Auditing Standards requires the auditor to perform limited procedures on **Seward County Community College's** response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. **Seward County Community College's** response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.

ADAMSBROWN, LLC
Certified Public Accountants
Great Bend, Kansas

March 4, 2024

SEWARD COUNTY COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/ Pass-through Grantor/ Program Title	Federal Assistance Listing Number	Agency or Pass-through Number	Federal Expenditures
U.S. Department of Education			
Direct Funding			
Student Financial Assistance Cluster			
Federal Pell Grant Program	84.063	N/A	**$ 1,807,470**
Federal Supplemental Educational Opportunity Grants	84.007	N/A	**55,600**
Federal Work-Study Program	84.033	N/A	**41,480**
Federal Direct Student Loans	84.268	N/A	**356,972**
Total Student Financial Assistance Cluster			**2,261,522**
TRIO Cluster			
TRIO Student Support Services	84.042	N/A	**276,393**
Education Stabilization Fund			
COVID-19 Funding - HEERF Institutional Portion	84.425F	N/A	**1,698,894**
Passed Through Kansas Board of Regents			
COVID-19 Funding - Governor's Emergency Education Relief Fund	84.425C	N/A	**30,000**
Passed Through Kansas State University			
Teacher Quality Partnership Grants	84.336	S19143	**93,882**
Passed Through Kansas Board of Regents			
Career and Technical Education - Basic Grants to States	84.048	3539	**196,035**
Adult Education - Basic Grants to States	84.002	3042-3000	**250,798**
Total Passed Through Kansas Board of Regents			**446,833**
Total U.S. Department of Education			**4,807,524**
National Endowment for the Humanities			
Direct Award			
COVID-19 Funding - Promotion of the Humanities Public Programs	45.164	N/A	**4,094**
National Science Foundation			
Research and Development Programs			
Passed Through Fort Hays State University			
STEM Education	47.076	1902337	**61,284**
Passed Through Fort Hays State University			
STEM Education	47.076	1758501	**1,704**
Passed Through Kansas State University			
STEM Education	47.076	S19033	**10,469**
Total National Science Foundation			**73,457**
Department of Health and Human Services			
Passed through Kansas State University			
Biomedical Research and Research Training	93.859	S17025	**1,245**
Department of Defense			
Passed through Kansas State University			
Centers for Academic Excellence	12.598	N/A	**4,909**
Department of the Treasury			
Passed through Kansas Department of Commerce			
COVID-19 Funding - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	**140,631**
Small Business Administration			
Passed through Kansas State University			
Small Business Development Centers	59.037	10760	**22,464**
Total Expenditures of Federal Awards			**$ 5,054,324**

Note: There were no awards to sub-recipients during the year.

See accompanying notes to schedule of expenditures of federal awards.

SEWARD COUNTY COMMUNITY COLLEGE
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of **Seward County Community College** under programs of the federal government for the year ended June 30, 2023**.**The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are presented in accordance with generally accepted accounting principles. Such expenditures are recognized following the cost principles contained in the Uniform Guidance cost principles, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 – INDIRECT COST RATE

The College has elected not to use the 10% de minimis cost rate allowed under Section 200.414(f) of the Uniform Guidance.

NOTE 4 – FEDERAL LOAN PROGRAMS

The Federal Direct Student Loans is a program where a student or student's parent applies for a federal loan. When the loan is approved, the money is transferred to a bank account in **Seward County Community College's** name, but the loan funds are designated for the individual student. Total new loans made to eligible students and/or students' parents pursuant to this program totaled $356,972 for the year ended June 30, 2023.

SEWARD COUNTY COMMUNITY COLLEGE
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

SECTION I - SUMMARY OF AUDITORS' RESULTS

FINANCIAL STATEMENTS

Type of auditors' report issued:				
Business-Type Activities		Unmodified		
Discretely Presented Component Unit		Unmodified		
Internal control over financial reporting:				
● Material weakness identified?	X	Yes		No
● Significant deficiency identified?		Yes	X	None Reported
● Noncompliance material to financial statements noted?		Yes	X	No

FEDERAL AWARDS

Internal control over major programs:				
● Material weakness identified?		Yes	X	No
● Significant deficiency identified?	X	Yes		None Reported
Type of auditors' report issued on compliance for major programs:		Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a) of the Uniform Guidance?	X	Yes		No

Identification of major programs:

Federal Assistance Listing Numbers	Name of Federal Program or Cluster
	Student Financial Assistance Program Cluster
84.063	Federal Pell Grant Program
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.268	Federal Direct Student Loans
	Education Stabilization Fund
84.425F	HEERF Institutional Portion
84.425C	Governor's Emergency Education Relief Fund

Dollar threshold used to distinguish between Type A and Type B programs:		$ 750,000		
Auditee qualified as low-risk auditee?		Yes	X	No

SECTION II – FINANCIAL STATEMENT FINDINGS

MATERIAL WEAKNESSES

2023-001

Criteria or specific requirement
Internal controls should be in place to ensure that all encumbrances are recorded on the College's books.

Condition
Material encumbrances were not recorded on the books at year-end.

Context
We determined, through a search for unrecorded liabilities, that there was a failure to properly record all encumbrances.

Cause
Personnel did not recognize the approval of purchases as encumbrances.

Effect
Management may not be aware of accurate expenditures for the year, which could result in budget violations.

Recommendation
Procedures should be established and implemented where the College employees review Board approvals to ensure they are accurately recorded as encumbrances at year-end.

Views of responsible officials
See Corrective Action Plan.

2023-002

Criteria or specific requirement
Fund balances should reflect all prior audit adjustments.

Condition
Prior audit adjustments were not recorded on the books at year-end.

Context
While rolling forward fund balances and tying them to the prior year audit, we determined that there was a failure to properly record prior audit adjustments.

Cause
Personnel did not record the prior audit adjustments.

Effect
The account balances may be misstated within the accounting software throughout the year.

Recommendation
Audit adjustments provided to the College should be posted to ensure the balances in the accounting system are accurate as verified by the audit.

Views of responsible officials
See Corrective Action Plan.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCIES

2023-003 – Student Financial Assistance Cluster – Special Tests and Provisions – Student Information Security

Criteria or specific requirement
The Gramm-Leach-Bliley Act (Pub. L. No. 106-102) (GLBA) requires financial institutions to explain their information-sharing practices to their customers and to safeguard sensitive data. The Federal Trade Commission considers institutions that participate in Title IV Educational Assistance Programs as "financial institutions" and are subject to the GBLA. 16 CFR Part 314 requires that information safeguarding standards be implemented by institutions and establishes minimum standards that must be met. Institutions are required to develop, implement, and maintain a comprehensive information security program that is written in one or more readily accessible parts. This written information is required to include seven elements, and institutions were required to be in compliance no later than June 9, 2023.

Condition
During testing, it was determined that the College's written policies did not reflect one of the seven required elements.

Context
The element that was not in compliance is as follows: Provides for the design and implementation of safeguards to control the risks the institution or servicer identifies through its risk assessment (16 CFR 314.4(c)). At a minimum, the written information security program must address the implementation of the minimum safeguards identified in 16 CFR 314.4(c)(1) through (8).

The eight minimum safeguards referenced above include: implement and periodically review access controls; conduct a periodic inventory of data, noting where it's collected, stored, or transmitted; encrypt customer information on the institution's system and when it is in transit; assess apps developed by the institution; implement multi-factor authentication for anyone accessing customer information on the institution's system; dispose of customer information securely; anticipate and evaluate changes to the information system or network; and maintain a log of authorized users' activity and keep an eye out for unauthorized access.

The College had not implemented multi-factor authentication for anyone accessing customer information on its system. The College also did not have a written policy regarding the secure disposal of customer information.

Cause
The College is in the process of implementing the required aspects of the element, but it was not in compliance by the required date.

Effect
The College's written policies did not meet the minimum standards established by 16 CFR Part 314.

Recommendation
We recommend that the College's written policies be updated to properly reflect all seven elements required.

Views of responsible officials
See Corrective Action Plan.

2023-004 – Student Financial Assistance Cluster – Special Tests and Provisions – NSLDS Enrollment Reporting

Criteria or specific requirement
Institutions are required to report enrollment information under the Pell Grant Program and the Federal Direct Student Loans via the National Student Loan Data System (NSLDS). Because the administration of the Title IV programs depends heavily upon the accuracy and timeliness of the enrollment information reported by institutions, they must review, update, and certify student enrollment statuses, program information, and effective dates that appear on the Enrollment Reporting Roster file.

Condition
During testing, it was determined that six of the 20 students tested for enrollment status changes did not have those changes properly reflected within their NSLDS records.

Context
Three of the six students graduated and did not enroll in a subsequent semester, but they did not have their graduated status reported. Two of the students were reported at a higher enrollment level than their actual credit hours reflected. The final student attended the College in the spring of 2023, but they did not enroll in any subsequent semesters. Their withdrawn status was not reported within the required timeframe.

Cause
Technological errors occurred during the reporting process, such as errors not being sent back to the College by the Clearinghouse, as well as the time calculation report not properly calculating a student's enrollment status.

Effect
Students did not have accurate, timely information reported within NSLDS.

Recommendation
We recommend that the College review its control policies to ensure that reporting is completed accurately and timely. Wherever possible, any technological errors discovered should be pursued with the responsible party in order to try to determine a cause, and a solution or preventative measure should be implemented to prevent future errors from occurring.

Views of responsible officials
See Corrective Action Plan.

Summary Schedule of Prior Audit Findings
For the Year Ended June 30, 2023

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters noted in the current year.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

SIGNIFICANT DEFICIENCY

2022-001 – Education Stabilization Fund - Reporting

Condition
Information reported did not reconcile to the underlying documentation, and reports were not submitted in a timely manner.

Recommendation
Policies and procedures should be reviewed to ensure that reports are submitted accurately within the required timeframe. We recommend the College establish an oversight process for reporting to ensure that information is reviewed and reconciled before being posted or submitted.

Status
Corrected.