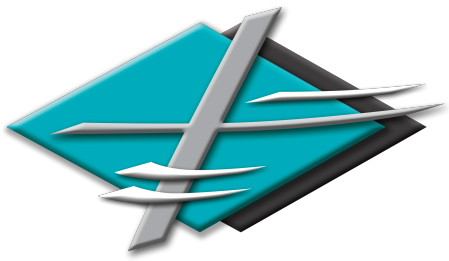
COWLEY COUNTY COMMUNITY COLLEGE

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2022



LOYD GROUP, LLC

Certified Public Accountants

COWLEY COUNTY COMMUNITY COLLEGE
ORGANIZATIONAL DATA
FOR THE YEAR ENDED JUNE 30, 2022

BOARD OF TRUSTEES

OFFICERS OF THE BOARD OF TRUSTEES

Gary Wilson	Chairperson
Glennis Zimmerman	Vice Chairperson
Dr. Steve Abrams	Treasurer
Tiffany Vollmer	Board Clerk
David Andreas, JD	Legal Counsel

MEMBERS OF THE BOARD OF TRUSTEES

		Term Expires
Dr. Steve Abrams	Arkansas City, Kansas	January 2024
Brett Bazil	Winfield, Kansas	January 2026
Bob McGregor	Winfield, Kansas	January 2026
Marla Sexson	Winfield, Kansas	January 2026
Gary Wilson	Arkansas City, Kansas	January 2026
Glennis Zimmerman	South Haven, Kansas	January 2024

CURRENT PRINCIPLE ADMINISTRATIVE OFFICERS

Dr. Dennis C. Rittle	President
Holly Harper, CPA	Vice President of Finance and Administration
Dr. Michelle Schoon	Vice President of Academic Affairs
Paul Erdmann	Vice President of Information Technology
Kristi Shaw	Vice President of Student Affairs
Jason O'Toole	Athletic Director
Deborah Phelps	Executive Director of Institutional Effectiveness
Julie Rhoads	Faculty Liaison

Cowley County Community College

June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Cowley County Community College
Arkansas City, Kansas

Report on the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Cowley County Community College as of June 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

The College's 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.

Auditor's 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 auditor's 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 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, 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 management's discussion and analysis and other post-employment benefits and pension information on pages 3-11 and 39-45, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The individual fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 8, 2022 on our consideration of Cowley 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 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.

Loyd Group, LLC

Loyd Group, LLC
Galva, Kansas

December 8, 2022

This section of the Cowley County Community College ("the College") ("Cowley College") Annual Financial Report presents management's discussion and analysis. Management's Discussion and Analysis is included to provide an introduction, overview, and analysis of the financial position of the College's activity during the fiscal year ended June 30, 2022. Since management's discussion and analysis is designed to focus on current activities and currently known facts, please read this in conjunction with the College's Basic Financial Statements and the notes. Responsibility for the completeness and fairness of this information rests with the management of the College.

Financial Highlights

In fiscal year 2021-2022, the College continued to evaluate the College's financial resources and spending, aligned with the approved annual budget and strategic plan. The College continues to ensure its finances are sustainable in the face of state appropriations' cuts and changes to the cost model and the College's flat enrollment (headcount and full-time equivalent (FTE)). For fiscal year 2021-2022, the College utilized the 2022-2025 Strategic Plan, which includes six institutional priorities shown below:

Mission

Cowley College is committed to providing opportunities for learning excellence, personal achievement, and community engagement.

Vision

Champion the relevance of two-year colleges in higher education through holistic learning and working development opportunities.

Institutional Priorities

PRIORITY 1 Focus: Cowley College identifies and meets student needs through teaching and learning processes aligned with unique support systems to support its core mission, student success.

PRIORITY 2 Impact: Cowley College leverages resources to increase scope, minimize student constraints and improve operations.

PRIORITY 3 Equity: Cowley College creates a strong community that demonstrates inclusive and equitable treatment of its stakeholders.

PRIORITY 4 Relevance: Cowley College adapts to meet changes in higher education and stakeholder needs.

PRIORITY 5 Community: Cowley College commits to the public good by creating engagement and value for its service area.

PRIORITY 6 Equip: Cowley College invests in its employees to create a culture that promotes personal and professional growth.

The vision statement, mission statement, core values, and strategic theme are essential in moving the College forward. In conjunction with our efforts to align the College around putting students first and student success, there is no goal more visible and vital to the students, stakeholders, and community than the financial well-being and transparency of Cowley College.

Fiscal Planning and Budget

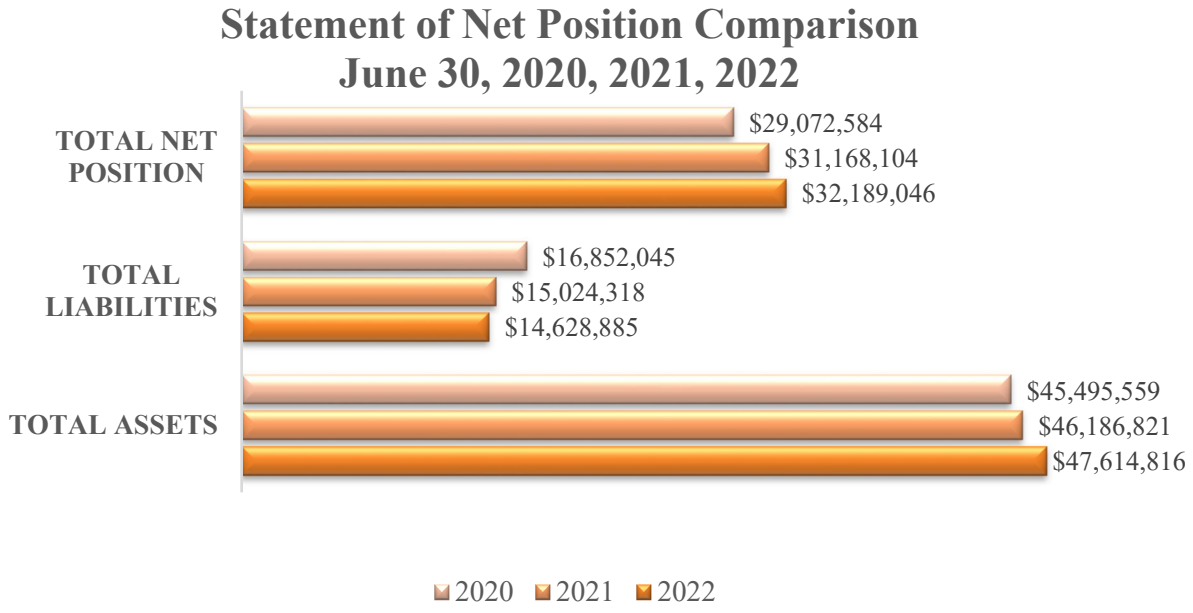
Cowley College remains fiscally sound and focuses on student success by integrating budget development and strategic planning. This purpose of the process allows for the timely preparation of the annual budget. The process is intended to provide a consistent instructional and administrative approach to effectively execute the annual budget and strategic plan. Throughout the fiscal year (FY) 2021-2022, the College linked instructional, departmental, and college initiatives with institutional priorities and goals. As a result, the process is reflected in the management's discussion and analysis (MDA) of financial reporting for fiscal year ending June 30, 2022.

Statement of Net Position

The Statement of Net Position represents the College's financial position at the end of the fiscal year. The statement and includes all assets and liabilities of the College. Net Position is the difference between assets and liabilities, which is the College's equity and serves as the general indicator of financial stability.

Current assets are those items on an entity's balance sheet identified as either cash, cash equivalent, receivables, or inventory that can be converted into cash within one year. Current liabilities are the College's debts or obligations that are due within one year. These liabilities include short-term debt, accounts payable, accrued liabilities, and other debts. Non-current assets include restricted cash and cash equivalents, capital assets, investments, and other assets not classified as current. Non-current liabilities include note payables, bond payables, and other long-term commitments.

The Statement of Net Position includes all assets and liabilities using the accrual basis of accounting. The accrual basis of accounting is similar to the accounting basis utilized by most private-sector institutions. It is used by government entities, including higher education institutions that adopted GASB 34 & 35, thus classifying themselves as business-type entities. This statement defines the financial position of the College. This overview compares the financial position of the College for the past fiscal years; 2020, 2021, and 2022.



Statement of Net Position - Year over Year Change				Change	
ASSETS	2020	2021	2022	2021 to 2022	2020 to 2021
Current Assets	$ 13,790,703	$ 15,985,202	$ 16,274,349	$ 289,147	$ 2,194,499
Noncurrent Assets-Receivables Net	730,692	709,926	427,215	(282,711)	(20,766)
Noncurrent Assets-Capital Assets Net	-	-	-	-	-
TOTAL ASSETS	45,495,559	46,186,821	47,614,816	1,427,995	691,262
TOTAL ASSETS AND DEFERRED OUTFLOW OF RESOURCES	$ 46,306,953	$ 46,893,582	$ 48,213,237	$ 1,319,655	$ 586,629
LIABILITIES					
Current Liabilities	$ 3,403,391	$ 3,432,778	$ 3,889,181	$ 456,403	$ 29,387
Noncurrent Liabilities	13,448,654	11,591,540	10,739,704	(851,836)	(1,857,114)
TOTAL LIABILITIES	16,852,045	15,024,318	14,628,885	(395,433)	(1,827,727)
DEFERRED INFLOWS OF RESOURCES	382,324	701,160	1,395,306	694,146	318,836
NET POSITION					
Net investment in capital asset	18,507,472	18,733,096	21,632,822	2,899,726	225,624
Restricted Expendable	114,692	43,860	38,848	(5,012)	(70,832)
Unrestricted	10,450,420	12,391,148	10,517,376	(1,873,772)	1,940,728
TOTAL NET POSITION	$ 29,072,584	$ 31,168,104	$ 32,189,046	$ 1,020,942	$ 2,095,520

A closer look at each year's changes is shown in the above year-over-year comparison chart. To better understand the Statement of Net Position – Year over Year Change, it is best read in conjunction with the State of Net Position under the Basic Financial Statements section just after the Management's Discussion and Analysis section.

The College's financial condition remains stable with a Net Position of $32,189,046 (2022), $31,168,104 (2021), and $29,072,584 (2020). As noted in the above chart, Total Assets increased by $1,427,995 or 3.1%, Total Liabilities decreased by $395,433 or 2.6%, and the Total Net Position of the College increased by $1,020,942 or 3.3% from fiscal year ending 2021 to 2022.

The primary changes in Net Position over the 2020 and 2021 fiscal years include increases from federal emergency grants through the Higher Education Emergency Relief Funding. A reduction in prior years occurred from selling the Certificates of Participation (bonds) in Spring 2017 to finance the acquisition, construction, and equipping of the new Wellington project – Sumner Campus of Cowley College, and spending those funds accordingly. The college is averaging $120,000 per month from sales taxes in Sumner County to pay the annual debt services on the Certificates of Participation. Additionally, the College's Non-current Assets increase, net of depreciation, reflects the completed acquisition, construction, and equipping of the Sumner Campus. The Non-current Liabilities decrease primarily due to the payments of the annual debt services on the bonds; thus, reducing the notes payable (outstanding bond debt).

Another indicator of the College's stable net position is its annual *Ratio of Expendable Fund Balance to Total Expenditures and Mandatory Transfers (REFBTE)* at 0.32:1 (FY 2022) and 0.40:1 (FY 2021) and 0.38:1 (FY 2020). The ratio is an important measure of financial strength relative to institutional operating size. The formula for REFBTE is expendable and unrestricted fund balance (as noted in the Net Position section of the chart above) divided by total expenditures and mandatory transfers excluding depreciation (as indicated in the Operating Expenses by Functional Classification chart below). A ratio of 0.30:1 or better indicates a stable financial condition for an institution. Fiscal year 2022 at 0.32:1 indicates the College could continue to operate one-third of the year without additional revenues. The College would like to be closer to the level in 2018 of 0.60:1, which indicated the College could continue to operate for two-thirds of a year without additional revenues.

Assets

For fiscal year 2022, Current Assets increased by $289,147 or 1.8%. In comparing fiscal year 2022 to 2021, there were increases in unrestricted cash and cash equivalent (short-term investments) of over $848,343 or 6%, which resulted in $14.3 million in unrestricted cash-on-hand. Non-current Assets for 2022 yielded an overall increase of $1.1 million or 4%. The increase resulted from purchasing of additional capital assets during the fiscal year.

For fiscal year 2021, non-current assets decreased $1.5 million or 4.7%. The decrease resulted from a reduction of non-current receivables and capital assets by $1.4 million. Capital assets, net of accumulated depreciation, increased in 2019 after completing the construction and equipping of the Sumner Campus in Wellington, Kansas.

For fiscal year 2020, Current Assets increased by $1.5 million or 12.3%. In comparing fiscal year 2020 to 2019, there were increases in unrestricted cash and cash equivalent (short-term investments) of over $900,000 or 9.1%, which resulted in the $10.8 million in unrestricted cash-on-hand. This increase came primarily from the College reducing expenses in light of the worldwide pandemic. In prior years, the College spent (via a loan) approximately $2.6 million to complete the Sumner Campus project, and the sales tax collection will generate enough residual cash (above the annual debt service payment) to repay the College approximately $400,000 each year.

Deferred Outflows of Resources

The College adopted GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.* The College's deferred charge on refunding a debt is now reported as a deferred outflow of resources as the amount is deferred and amortized over the life of the refunded debt. The College refinanced the 2007 Series-Dorm Revenue Bond with a Certificate of Participation to lower the interest rate and reduce the total debt service payments by $349,745. The refinancing savings were $64,973 (FY 2022), $76,787 (FY 2021), and $88,600 (FY 2020). Additionally, other deferred outflows of resources came from changes in proportions of the share of contributions for KPERS as it relates to the pensions reviewed by an actuarial; $533,448 (FY 2022), $629,974 (FY 2021), and $722,794 (FY 2020).

Liabilities

Noncurrent liabilities decreased by $851,836 while current liabilities increased by $456,403, netting a decrease of $395,433 (2.6%) from fiscal year 2021 to 2022.

For fiscal year 2021, Current Liabilities increased by $29,387 or 0.9%. Accounts payable and accrued expenses increased by $117,229, whereas capital lease and bond obligations decreased by $87,842.

Non-current Liabilities for fiscal year 2021 decreased by $1,857,114 or 13.8%, with payments of the debt service on the bonds and leases making up $1.6 million of the change.

Non-current Liabilities for fiscal year 2020 increased by $189,812 or 1.4%, with payments of the debt service on the bonds making up $1.4 million of the change offset by an increase of $1.9 million in Capital Lease Obligations. The capital lease obligation results from the College obtaining financing for HVAC renovation for the Renn Library and retro-commissioning and controls upgrades in the Brown Center, and lastly, LED lighting and plumbing conservation campus-wide. This capital lease obligation will be funded through reduced utility costs over the life of the lease.

Deferred Inflows of Resources

The deferred inflow of resources represents an acquisition of net position that applies to a future period(s) and thus will not be recognized as an inflow of resources (revenue) until that time for retirement benefits. For fiscal year 2022, this resulted in $1,395,306, and 2021 and 2020 it was $701,160 and $382,324 respectively. The actuarial review of the pensions, contributions and other post-employment benefits shows an increase of $694,146 for fiscal year 2022 and an increase of $318,836 for FY 2021.

Net Position

The overall net position of the College continues to be stable. Net position stands at $32.2 million for FY 2022, $31.2 million for FY 2021, and $29.1 million for FY 2020, as indicated by the *Ratio of Expendable Fund Balance to Total Expenditures and Mandatory Transfers* noted in the State of Net Position – Year over Year in the first section above.

Statement of Revenues, Expenses, and Changes in Net Position

The Statement of Revenues, Expenses, and Changes in Net Position presents the College's results of operations for each fiscal year. Operating revenues are generated from the services provided to students and other customers of the College. Operating expenses include costs incurred in producing goods and services resulting in operating revenues, depreciation, and amortization. All other activities are classified as non-operating revenues, expenses, and gains and losses.

Total revenues and expenses should be considered in assessing the change in the College's financial position. When total revenues exceed total expenses, the result is an increase in net position. When the reverse occurs, the result is a decrease in net position.

The table below presents a summary comparison of the College's Revenues, Expenses, and Changes in Net Position Statement for the years ended June 30, 2020, 2021, and 2022.

Statement of Revenue, Expense and Changes in Net Position

				Change	
	2020	2021	2022	2021 to 2022	2021 to 2020
Operating Revenues	$ 15,485,158	$19,963,919	$ 19,443,225	$ (520,694)	$ 4,478,761
Operating Expenses	30,099,394	33,941,431	35,180,173	1,238,742	3,842,037
Operating income (loss)	(14,614,236)	(13,977,512)	(15,736,948)	(1,759,436)	636,724
Nonoperating Revenues, Net	15,707,627	15,919,267	16,382,987	463,720	211,640
Capital grants and gifts	152,192	153,765	374,903	221,138	1,573
Increase (Decrease) in Net Position	$ 1,245,583	$ 2,095,520	$ 1,020,942	$ (1,074,578)	$ 849,937

The College had a positive net position for the past three fiscal years: $1,020,942 (FY 2022), $2,095,520 (FY 2021) and $1,245,583 (FY 2020). The year-over-year amounts decreased by $1,074,578 (from FY 2022 to FY 2021) and increased by $849,937 (FY 2020 to FY 2021).

During fiscal year 2022, operating revenues decreased by $520,694, caused by Federal funding for pandemic relief in the prior fiscal year. Nonoperating revenues and gifts increased by $684,858 due to the increase in valuations for property taxes.

For fiscal year 2021, operating revenues increased by $4,478,761, non-operating revenues increased by $211,640, and operating expenses increased by $3,842,037. The numbers listed above changed primarily from the federal emergency grants through the Higher Education Emergency Relief Funds. Non-operating

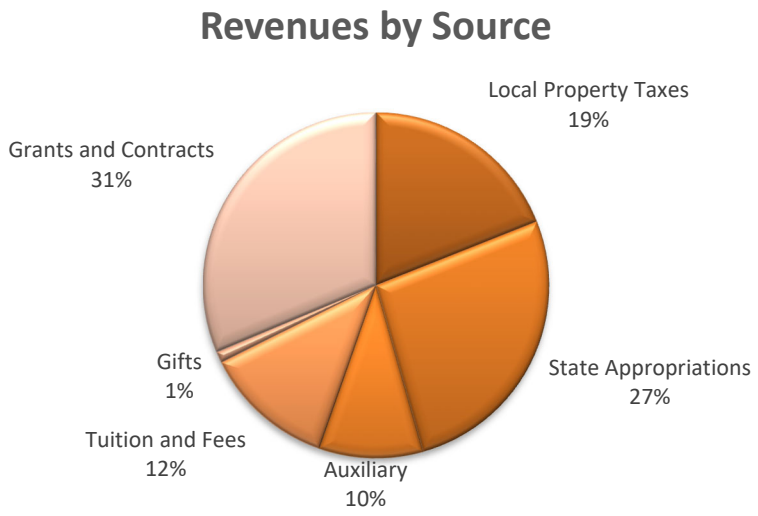
revenues, comprised of state appropriations and property taxes, increased overall with a slight increase in state SB144 funding and the Capital Outlay mill increasing from 1.25 to 2.00. The details are noted under the following sections below: Revenues and Expenses.

For fiscal year 2020, operating revenues increased by $332,290, non-operating revenues increased by $595,116, and operating expenses decreased by $613,804. Non-operating revenues, which are made up of state appropriations and property taxes, increased overall because the state increased the funding matrix for SB144 – high school students taking specific college courses, and property valuations increased by approximately 3.0% from $269 million (FY 2019) to $277 million (FY 2020).

Revenues

In accordance with GASB Statements No. 34 and 35, revenues are identified in the Statement of Revenues, Expenses, and Changes in Net Position as Operating Revenues and Non-operating Revenues. Operating Revenues are remunerations associated with exchanges with students, commonly tuition and fees, textbooks, other materials students purchase for college, and other sales and services offered to students and other customers. Other remunerations classified as operating revenues include federal, state, and local exchanges associated with students as Pell Grants, SEOG, and Federal and Local Work study.

Non-operating Revenues are those remunerations that are not exchanged with students directly but with others based on the College's education delivery to students. Non-operating Revenues include State Appropriations, Ad Valorem taxes (local property taxes), Capital Outlay Mill (local property taxes), and other revenues such as investment income and capital gifts. The Capital Outlay Mill was created in 2017 to secure funds for rehabilitation costs, renovation of infrastructures, facilities, and equipment for the College's designated taxing areas.



Revenues by Sources

	2020	2021	2022	Change 2021 to 2022	Change 2021 to 2020
OPERATING REVENUES:					
Tuition & Fees, Net of Discount	$ 4,485,990	$ 5,371,960	$ 4,486,956	$ (885,004)	$ 885,970
Grants, Contracts & Auxiliary					
Federal	4,801,662	8,419,505	8,906,584	487,079	3,617,843
State	152,192	153,765	135,156	(18,609)	1,573
Other & Local Sales and Services	2,763,585	2,513,042	2,370,438	(142,604)	(250,543)
Auxiliary	3,281,729	3,505,647	3,544,091	38,444	223,918
Total Grants, Contracts, and Auxiliary	10,999,168	14,591,959	14,956,269	364,310	3,592,791
TOTAL OPERATING REVENUES	15,485,158	19,963,919	19,443,225	(520,694)	4,478,761
NONOPERATING REVENUES:					
State Funds:					
Unrestricted	7,854,005	7,754,183	7,890,185	136,002	(99,822)
Restricted	1,690,474	1,913,877	1,818,537	(95,340)	223,403
Total State Funds	9,544,479	9,668,060	9,708,722	40,662	123,581
Local Property Taxes:	6,245,188	6,501,016	6,920,088	419,072	255,828
Capital Grants and Gifts	152,192	153,765	374,903	221,138	1,573
Investment income and others:					
Investment Income	233,826	91,059	41,254	(49,805)	(142,767)
Other- Debt Cost and Interest on Debt	(315,866)	(340,868)	(287,077)	53,791	(25,002)
Total Investment and Others	(82,040)	(249,809)	(245,823)	3,986	(167,769)
TOTAL NONOPERATING REVENUES	15,859,819	16,073,032	16,757,890	684,858	213,213
TOTAL REVENUES	$ 31,344,977	$ 36,036,951	$ 36,201,115	$ 164,164	$ 4,691,974

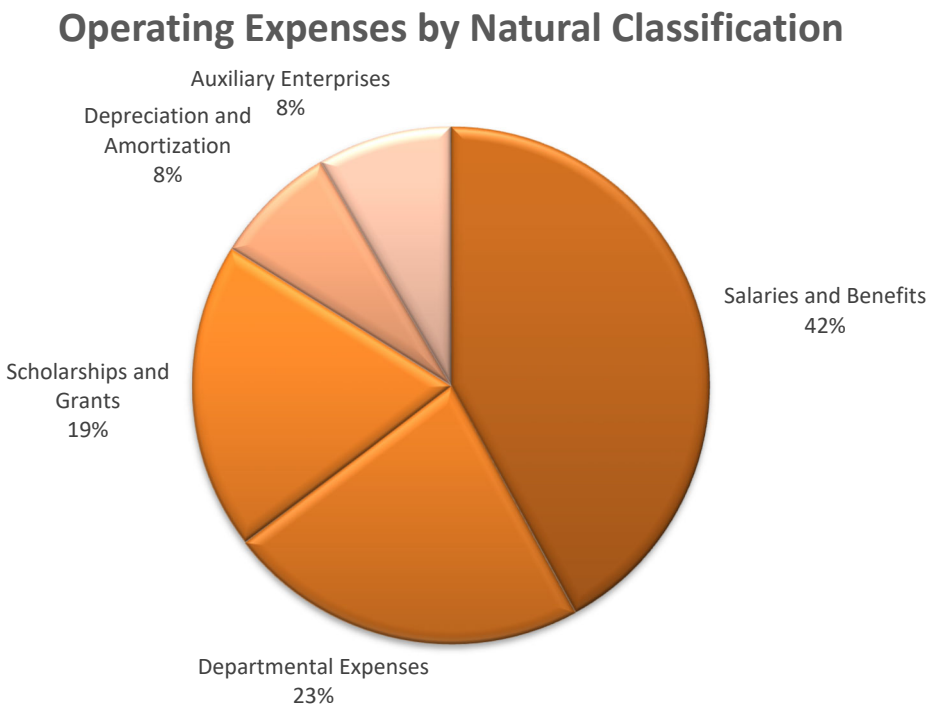
In 2022, total revenues up slightly by less than 1%. As noted in the preceding section, operating revenues were down, however, nonoperating revenues increased by $684,858 netting a gain of $164,164 in total revenues.

For fiscal year 2021, total revenues increased by $4,691,974 or 15.0% over fiscal year 2020. Total operating revenues increased by $4,478,761 from the federal emergency grant through the Higher Education Emergency Relief Funds. These federal funds were provided to the College to upgrade technological capabilities and implement safety measures during the pandemic. Non-operating Revenues for fiscal year 2021 increased overall by $213,213 or 1.3%. Local property taxes increased by $255,858 or 4.1% from the Capital Outlay mill increase from 1.25 to 2.00.

For fiscal year 2020, total revenues increased by $922,094 or 3.0% over fiscal year 2019. Total operating revenues increased by $332,290 or 2.2% in fiscal year 2020 over 2019 due to the federal emergency grants during the pandemic. Non-operating Revenues for fiscal year 2020 increased overall by $589,804 or 3.9%, namely, the increase in state appropriation for SB144. Additionally, local property taxes increased by $244,177 or 4.1%, representing a property valuation increase of 3.0%, although the mill rate remained unchanged.

Expenses

The chart and schedules below provides a view of the use of funds by natural classification. The expenses reported include both unrestricted and restricted funds and are on the accrual basis of accounting.



Expenses

	Operating Expenses by Natural Classification						Change	
	2020	% of Total	2021	% of Total	2022	% of Total	2021 to 2022	2021 to 2020
Salaries and Benefits	$ 14,183,874	47.1%	$ 14,494,122	42.7%	$ 14,787,976	42.0%	$ 293,854	$ 310,248
Departmental Expenses	7,181,169	23.9%	7,494,138	22.1%	7,959,079	22.6%	464,941	312,969
Scholarships and Grants	3,079,730	10.2%	6,351,809	18.7%	6,757,706	19.2%	405,897	3,272,079
Depreciation and Amort.	2,812,014	9.3%	2,647,424	7.8%	2,714,516	7.7%	67,092	(164,590)
Auxiliary Enterprises	2,842,607	9.4%	2,953,938	8.7%	2,960,896	8.4%	6,958	111,331
Total Expenses	$ 30,099,394	100.0%	$ 33,941,431	100.0%	$ 35,180,173	100.0%	$ 1,238,742	$ 3,842,037

	Operating Expenses by Functional Classification						Change	
	2020	% of Total	2021	% of Total	2022	% of Total	2021 to 2022	2021 to 2020
Instruction	8,253,597	27.4%	7,752,937	22.8%	8,563,548	24.3%	$ 810,611	$ (500,660)
Academic Support	705,053	2.3%	692,792	2.0%	747,779	2.1%	54,987	(12,261)
Student Services	4,842,763	16.1%	5,552,440	16.4%	4,575,374	13.0%	(977,066)	709,677
Institutional Support	3,573,259	11.9%	3,400,685	10.0%	3,552,584	10.1%	151,899	(172,574)
KPERS Contribution	1,690,474	5.6%	1,913,877	5.6%	1,818,537	5.2%	(95,340)	223,403
Plant Operations and Maint.	2,299,897	7.6%	2,675,529	7.9%	3,489,233	9.9%	813,704	375,632
Depreciation	2,812,014	9.3%	2,647,424	7.8%	2,714,516	7.7%	67,092	(164,590)
Scholarships/Grants	3,079,730	10.2%	6,351,809	18.7%	6,757,706	19.2%	405,897	3,272,079
Auxiliary Enterprises	2,842,607	9.4%	2,953,938	8.7%	2,960,896	8.4%	6,958	111,331
Total Expenses	$ 30,099,394	100.0%	$ 33,941,431	100.0%	$ 35,180,173	100.0%	$ 1,238,742	$ 3,842,037

During the 2022 year, total operating expenses increased by $1,238,842 or 3.6%. The increase occurred in two categories, plant operations with campus facility updates and scholarships and grants with an increase in state funded grants.

For fiscal year 2021, total operating expenses increased by $3,842,037 or 12.8%. The increase is directly related to the additional revenues from the federal emergency grant through the Higher Education Emergency Relief Funding, as shown in the scholarships and grant section above.

For fiscal year 2020, total operating expenses decreased by $613,804 or 2.0%. The decrease was primarily due to reduced expenses such as travel during the global pandemic. Due to the uncertain economic impact

of the pandemic, the College was conservative in spending for the 2019-2020 academic year. Department and Auxiliary expenses decreased by $1.2 million, and depreciation increased by $913,717 with the Sumner Campus addition.

Statement of Cash Flows

The Statement of Cash Flows provides information about the sources and uses of cash in the College's operations. The Statement of Cash Flows helps determine the College's ability to meet its obligations as they come due and the impact of external financing. The Statement of Cash Flows summarizes cash inflows and outflows by operating activities, noncapital financing activities, capital financing activities, and investing activities, which are already delineated in the other financial section above.

Future Outlook

Cowley College looks forward to the future and its continued investment in students. The College benefits students, the regional economy, stakeholders, and taxpayers in many significant ways, including increased job and investment opportunities and higher business revenues. In the future, the College will continue its vital role in growing and training the region's workforce, ensuring the area can compete in today's global marketplace.

As with previous strategic plans, the College will continue to advance the mission and vision in supporting students attaining academic and life skills and looking at global learning outcomes for all degree and certificate-seeking students. The College will continue to obtain 2+2 partnerships with Kansas' four-year public and private higher education institutions to ensure the cost of attendance is affordable. All Cowley College courses are transferable to the state's four-year institutions.

As reflected in the 2018-2019 President's Report, the College's partnerships with Friends University and Newman University allow students to complete a four-year degree without leaving the Cowley College region. In addition, a collaboration with the University of Kansas provides students majoring in art a first-hand experience at the University of Kansas Spencer Museum of Arts.

Finally, the College will continue to identify the best tools to measure the financial performance and health of the College. The outlook for the foreseeable future is very positive.

Contacting the College's Financial Management

This management's discussion and analysis was designed to provide citizens, taxpayers, students, investors, and creditors with a general review of the College's finances and demonstrate the accountability of funds the College receives. If you have questions about this management's discussion and analysis, financial statements, or need additional financial information, please contact Holly Harper at holly.harper@cowley.edu.

Respectfully submitted,



/Holly Harper, MBA, CPA
Vice President of Finance and Administration
Cowley County Community College
December 7, 2022

BASIC FINANCIAL STATEMENTS

Cowley County Community College

Statements of Net Position
June 30, 2022

	Cowley County Community College	Component Unit CC Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	$ 14,377,908	$ 468,521
Investments	-	3,931,355
Receivables - federal and state grants and contracts	10,814	-
Receivables - students, net	999,318	-
Receivables - property tax	202,300	-
Receivables - sales tax	150,062	-
Receivables - other	-	91,108
Prepaid expenses	154,225	-
Inventories	379,722	-
Total current assets	16,274,349	4,490,984
Noncurrent Assets		
Investments	-	3,799,506
Receivables - students, net	427,215	-
Capital assets, net of accumulated depreciation	30,913,252	-
Beneficial interest in trusts	-	462,089
Total noncurrent assets	31,340,467	4,261,595
TOTAL ASSETS	47,614,816	8,752,579
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	64,973	-
Deferred outflows related to pensions	46,315	-
Deferred outflows related to other postemployment benefits	487,133	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	598,421	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 48,213,237	$ 8,752,579
LIABILITIES		
Current Liabilities		
Accounts payable	$ 229,265	$ 3,110
Wages payable	1,108,467	-
Accrued interest payable	38,849	-
Compensated absences payable	322,566	-
Deposits held in custody for others	134,975	-
Capital lease obligations	226,417	-
Certificates of participation	1,828,642	-
Total current liabilities	3,889,181	3,110
Noncurrent Liabilities		
Compensated absences payable	235	-
Other postemployment benefits obligation	1,700,356	-
Net pension liability	182,598	-
Capital lease obligations	1,914,974	-
Certificates of participation	6,941,541	-
Total noncurrent liabilities	10,739,704	-
TOTAL LIABILITIES	14,628,885	3,110
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	70,916	-
Deferred inflows related to other postemployment benefits	1,324,390	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,395,306	-
NET POSITION		
Net investment in capital assets	21,632,822	-
Restricted for:		
Nonexpendable - endowments	-	4,261,500
Expendable:		
Restricted funds	-	3,685,318
Debt retirement	38,848	-
Unrestricted	10,517,376	802,651
TOTAL NET POSITION	32,189,046	8,749,469
TOTAL LIABILITIES AND NET POSITION	$ 48,213,237	$ 8,752,579

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

Cowley County Coummunity College

Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2022

	Cowley County Community College	Component Unit CC Foundation
OPERATING REVENUES		
Student tuition and fees	$ 7,562,096	$ -
Less allowances for institutional scholarships	(915,460)	-
Less allowances for federal grants	(2,159,680)	-
Net student source revenue	4,486,956	-
Federal sources	8,906,584	-
State sources	135,156	-
Auxiliary enterprises:		
Residential life	2,492,563	-
Campus store (net of sales discounts)	978,123	-
Other auxiliary enterprises	73,405	-
Sales and services	1,685,010	-
Other operating revenues	685,428	138,832
Total operating revenues	19,443,225	138,832
OPERATING EXPENSES		
Educational and General		
Instruction	8,563,548	-
Academic support	747,779	-
Student services	4,575,374	-
Institutional support	3,552,584	591,107
KPERS contribution paid directly by the State of Kansas	1,818,537	-
Operations and maintenance of plant	3,489,233	-
Depreciation and amortization	2,714,516	-
Scholarships and grants	6,757,706	-
Auxiliary Enterprises		
Residential life	2,078,578	-
Campus store	730,744	-
Other auxiliary enterprises	151,574	-
Total operating expenses	35,180,173	591,107
Operating income (loss)	(15,736,948)	(452,275)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	7,890,185	-
KPERS contribution paid directly by the State of Kansas	1,818,537	-
Local sources	6,920,088	-
Private grants and gifts	9,580	860,839
Loss on disposal of capital assets	(4,198)	-
Investment income	41,254	(1,190,514)
Interest on capital asset-related debt	(292,459)	-
Net nonoperating revenues (expenses)	16,382,987	(329,675)
Income (loss) before other revenues	646,039	(781,950)
Capital grants and gifts	374,903	-
Net increase (decrease) in net position	1,020,942	(781,950)
NET POSITION		
Net position - beginning of year	31,168,104	9,531,419
Net position - end of year	$ 32,189,046	$ 8,749,469

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

Cowley County Community College

Statement of Cash Flows
For the Year Ended June 30, 2022

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	4,359,636
Federal and state sources		7,265,485
Sales and services of auxiliary enterprises		3,544,091
Other receipts		2,358,089
Payments to employees for salaries and benefits		(14,787,976)
Payments to suppliers		(15,633,184)
Loans issued to students		2,668,723
Net change in cash flows from operating activities		(10,225,136)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		7,890,185
County and local appropriations		6,920,088
Net change in cash flows from noncapital financing activities		14,810,273
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(4,130,693)
Principal paid on capital asset-related debt		287,040
Interest paid on capital asset-related debt		(309,298)
Capital grants and gifts		374,903
Net change in cash flows from capital and related financing activities		(3,778,048)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income		41,254
Net change in cash flows from investing activities		41,254
Net change in cash and cash equivalents		848,343
Cash and cash equivalents - beginning of year		13,529,565
Cash and cash equivalents - end of year	$	14,377,908
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO CHANGE IN CASH FLOWS FROM:		
Operating loss	$	(15,736,948)
Depreciation and amortization expense		2,714,516
Changes in operating assets and liabilities:		
Receivables, net		752,799
Prepaid expenses		(15,125)
Inventories		104,233
Accounts payable		(53,655)
Wages payable		129,802
Compensated absences payable		(13,748)
Deposits held in custody for others		(18,836)
Other postemployment benefits obligation		(642,523)
Net pension liability		(54,860)
Deferred inflows and outflows related to net pension and other post employment benefits		790,672
Employee benefits paid directly by State of Kansas		1,818,537
Net change in cash flows from operating activities	$	(10,225,136)

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

1. Summary of Significant Accounting Policies

Cowley County Community College (the College) is a public, two-year post-secondary educational institution, organized under the laws of the State of Kansas, and is governed by an elected Board of Trustees. With more than 70 majors and degree possibilities, the College prepares students to transfer to a four-year program or to enter the workforce with a two-year job-ready degree.

The accounting and reporting policies of the College relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(a) Reporting Entity

For financial reporting purposes, the College is considered a special-purpose government engaged only in business type activities. It is governed by a Board of Trustees elected by the voters of Cowley County, Kansas. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the College (the primary government) and its discretely presented component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its financial relationship with the College. The financial data of the College's component unit is discretely presented in a separate column to emphasize that it is a legally separate entity.

Cowley College Foundation (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. For financial reporting purposes only, the Foundation's statements of financial position and activities are included in the College's financial statements as required by generally accepted accounting principles for public colleges and universities.

For financial reporting purposes, the Foundation follows the provisions of the Financial Accounting Standards Board (FASB) which establish the financial reporting standards for all nonprofit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information. Complete financial statements for the Foundation can be obtained from the Foundation's business office.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the College are included on the statement of net position. Revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. All significant interfund transactions have been eliminated.

Nonexchange 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. Property taxes are recognized in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

1. Summary of Significant Accounting Policies (Continued)

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The College does not present budgetary comparison information in the basic financial statements or as required supplemental information. This is because the College reports as a business-type activity and does not have the reporting requirements related to major funds. The College does present budgetary comparison information in the supplementary information to these financial statements.

(c) Assets, Liabilities, and Net Position

Deposits and Investments

Kansas Statute (KSA) 12-1675 authorizes the College to invest monies in time deposits, certificates of deposits, repurchase agreements consisting of obligations insured by the U.S. government or any agency thereof, U.S. Treasury bills or notes with maturities not exceeding two years, and the Kansas Municipal Investment Pool. Investments are reported at fair value based on quoted market prices.

Cash resources of the individual funds (except for any proceeds of revenue bonds, which are separately invested) are combined to form a pool of cash and temporary investments that are managed by the College. Investments of the pooled accounts consist primarily of certificates of deposits and treasury securities. Interest income earned is allocated to various funds based upon statutory guidelines.

Cash maintained in escrow accounts specifically designated for bond repayments and reserves are classified as restricted cash.

For purposes of the statement of cash flows, the College considers all investments with original maturities of one year or less to be cash equivalents.

Receivables

Receivables consist of tuition and fee charges to students, amounts due from the federal, state, and local governments in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts, and other receivables. Receivables are recorded net of estimated uncollectible amounts.

Inventories

Inventories of the campus store are stated at the lower of cost or net realizable value, cost being determined principally on the basis of average cost. Campus store inventories consist of books, clothing, and supplies. Inventories have been adjusted for obsolete merchandise. Inventories are recorded as expenditures when consumed rather than when purchased.

Capital Assets

Capital assets, which include property, plant, and equipment, are recorded at cost at the date of acquisition, or estimated fair market value at the date of donation, in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than three years. Renovations to buildings 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.

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position (Continued)

Capital Assets (Continued)

Depreciation is computed on assets having a value of more than $5,000 using the straight-line method over the estimated useful lives of the assets. Depreciation is not allocated to the various functions of the College but is reported separately on these financial statements.

Estimated useful lives used for calculating depreciation are as follows:

Buildings and improvements - 20 to 30 years
Equipment and furniture - 5 to 15 years

Federal Financial Assistance 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.*

Compensated Absences Payable

Employee vacation and sick leave pay is accrued at year end for financial statement purposes. The liability is recorded in the statement of net position and a related expense is recorded in the statement of revenues, expenses, and changes in net position.

For vacation pay, the amount is based on leave earned, but not taken. Employees are allowed to carry over a limited number of vacation days from year to year.

Unused sick leave is accumulated up to a specified maximum number of days. Upon separation from the College, the compensation is for one-half of the accumulated sick leave to a maximum of 100 days paid at the rate of current pay, (1/2 of monthly salary or hourly rate).

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable, certificates of participation payable, related premiums and discounts, loans payable, and capital lease obligations with contractual maturities greater than one year; and (2) estimated amounts for the early retirement benefits, compensated absences, other postemployment benefits, and net pension liabilities not anticipated to be paid within the next fiscal year.

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has two items that qualify for reporting in this category. The first is the deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or original debt. The second is the deferred outflows related to other postemployment benefits and pensions as actuarially determined and explained in Note 6, 7 and 8, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has one item that qualifies for reporting in this category. It is the deferred inflows relating to other postemployment benefits and pensions as actuarially determined and explained in Note 6, 7 and 8, respectively.

Net Position

The College's net position is classified as follows:

Net investment in capital assets – This represents the College's total investment in capital assets, net of accumulated depreciation and reduced by 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 net investment in capital assets.

Restricted net position – nonexpendable – Restricted nonexpendable net assets consist 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 in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal.

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

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

Net position flow assumption

Sometimes the College will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the College's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

1. Summary of Significant Accounting Policies (Continued)

(d) Assets, Liabilities, and Net Position (Continued)

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 allowances, (2) sales and services of auxiliary enterprises, and (3) most federal, state and local grants and contracts.

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as grants and gifts, and other revenue sources such as state and county (local) appropriations and investment income.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the differences between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants, such as PELL, Supplemental Educational Opportunity Grants (SEOG), 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 allowance.

Use of Estimates

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

Property Tax Information

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until January of the current fiscal year, such procedure being in conformity with governing Kansas statutes. Current year property taxes receivable are recognized net of an allowance for delinquent taxes. A sixty-day period is used for revenue recognition.

The County Appraiser is responsible for assessment of all taxable property within Cowley County. The County Treasurer computes the annual tax and issues the tax bills to all taxpayers. Property taxes are collected by the County Treasurer, who remits to the College its respective share of the tax collections. Property taxes become a lien against all property on November 1st. Taxpayers have the option of paying in full, or in two installments. The installment dates are December 20 and May 10.

1. Summary of Significant Accounting Policies (Continued)

Change in Accounting Principles

GASB issued Statement No. 87, *Leases*. This Statement requires the recognition of certain lease assets and liabilities for leases that were previous classified as operating leases. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. The Statement was not required to be applied retroactively and there were not any changes to net position as a result of applying this.

GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*. This Statement defines a SBITA; (2) establishes that SBITA results in a right-to-use subscription asset - an intangible asset - and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. The Statement was not required to be applied retroactively and there were not any changes to net position as a result of applying this.

2. Stewardship, Compliance, and Accountability

(a) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

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

All legal annual operating budgets are prepared using the regulatory basis of accounting. Regulatory receipts are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments for future payment and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbered appropriations are not re-appropriated in the ensuing year’s budget but are carried forward until liquidated or canceled. Accordingly, the data presented in the budgetary comparison schedules differs from the data presented in the financial statements prepared in accordance with GAAP. The reconciliations are presented on the face of the budgetary comparison schedules.

2. Stewardship, Compliance, and Accountability (Continued)

(a) Budgetary Information (Cont.)

A legal operating budget is not required for current restricted funds, capital project funds, trust funds, and some special revenue funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

(b) Cash-Basis Law (KSA 10-1113)

Kansas municipalities are subject to the cash-basis law as stated in KSA 10-1113. Certain sub-funds of the Restricted Funds have negative unencumbered cash balances at June 30, 2022, which is allowable under KSA 12-1663. The funds will be reimbursed in the following fiscal year from federal grants, state grants and other contracts for expenditures incurred by the College. This combined receivable has been recognized for GAAP purposes on these financial statements.

3. Deposits and Investments

As of June 30, 2022, the College had cash and cash equivalents as listed below:

Deposits in financial banking institutions	$ 7,001,651
Certificates of deposit	7,376,257
Total cash and cash equivalents	$ 14,377,908

The College did not have any activity in investment-type assets.

The College's policies relating to deposits and investments are governed by various Kansas Statutes (KSA). Those statutes specify the type of deposits and investments as well as the securing of those deposits and investments.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with KSA 12-1675, the College manages its exposure to interest rate fluctuations by limiting all time investments to maturities of less than two years.

Credit risk – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675. The College's practice is to place idle funds in certificates of deposits and United States obligations.

Custodial credit risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. KSA 9-1402 and 9-1405 requires that governments obtain security for all deposits. The College manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks. Monies in the Kansas Municipal Investment Pool are not required to have pledged securities. As of June 30, 2022, the College was not exposed to custodial credit risk with its deposits or investments.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area.

Component unit – Investments of the Cowley College Foundation consists of mutual funds, treasury obligations, certificates of deposits, and other investments. These investments are managed by the Finance Committee of the Foundation. These types of investments are not regulated by Kansas Statutes. These investments are subject to all normal market risks.

4. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2022:

	Beginning Balance	Increases	(Decrease) Adjustments	Ending Balance
Non-depreciable capital assets				
Land	$ 4,475,445	$ 1,775,108	$ -	$ 6,250,553
Construction in progress	-	1,503,813	-	1,503,813
Total non-depreciable capital asse	4,475,445	3,278,921	-	7,754,366
Depreciable capital assets				
Buildings and improvements	52,044,062	323,889	-	52,367,951
Equipment	7,689,485	434,986	(270,506)	7,853,965
Leased equipment	3,436,690	102,478	(1,062,240)	2,476,928
Total depreciable capital assets	63,170,237	861,353	(1,332,746)	62,698,844
Less accumulated depreciation				
Buildings and improvements	(30,452,726)	(1,534,057)	-	(31,986,783)
Equipment	(5,406,057)	(546,895)	266,307	(5,686,645)
Leased equipment	(2,295,206)	(633,564)	1,062,240	(1,866,530)
Total accumulated depreciation	(38,153,989)	(2,714,516)	1,328,547	(39,539,958)
Total depreciable capital assets (net)	25,016,248	(1,853,163)	(4,199)	23,158,886
Total capital assets, net	$29,491,693	$ 1,425,758	$ (4,199)	$ 30,913,252

Depreciation and amortization expense for the year ended June 30, 2022, is $2,714,516.

5. Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2022:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Current Portion
Certificates of participation					
Refunding certificate - indoor sports	$ 505,000	$ -	$ 250,000	$ 255,000	$ 255,000
Certificate of Participation - Series 2015	2,300,000	-	300,000	2,000,000	310,000
Certificate of Participation - Series 2017	5,460,000	-	860,000	4,600,000	880,000
Certificate of Participation - Series 2021	-	2,170,000	355,000	1,815,000	360,000
Premium on certificates	123,825	-	23,641	100,184	23,642
Capital lease - Bus	159,350	-	78,819	80,531	80,531
Capital lease - Equipment	2,100,000	-	126,640	1,973,360	129,878
Capital lease - Laundry equipment	-	102,478	14,978	87,500	16,008
Compensated absences	336,549	-	13,748	322,801	322,566
Other postemployment benefits	2,342,879		642,523	1,700,356	-
Net pension liability	237,458	-	54,860	182,598	-
Total long-term liabilities	$ 13,565,061	$ 2,272,478	$ 2,720,209	$ 13,117,330	$ 2,377,625

The compensated absences, other postemployment benefits, and the 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. The capital leases are generally liquidated by the General Fund and the Capital Outlay Fund.

5. Long-Term Liabilities (Continued)

(a) Indoor Sports Facility

The College issued the Student Union Indoor Sports Facility, Certificates of Participation Series A, 2011. The original issue amount was $2,660,000, due in annual principal installments ranging from $220,000 to $255,000 through year 2023. Interest rates vary from 2.60% to 3.60%.

The annual debt service requirements for the Indoor Sports Facility are as follows:

Year Ending	Principal	Interest	Total
6/30/2023	$ 255,000	$ 9,180	$ 264,180

(b) Refunding - Certificates of Participation Series 2015

The College issued the Certificates of Participation Series 2015. The original issue amount was $3,620,000, due in annual principal installments ranging from $265,000 to $360,000 through year 2028. Interest rates vary from 2.50% to 3.45%.

The remaining debt service requirement for the Certificates of Participation - Series 2015 is as follows:

Year Ending	Principal	Interest	Total
6/30/2023	$ 310,000	$ 56,315	$ 366,315
6/30/2024	315,000	48,188	363,188
6/30/2025	325,000	39,223	364,223
6/30/2026	340,000	29,240	369,240
6/30/2027	350,000	18,195	368,195
6/30/2028	360,000	6,210	366,210
Total	$ 2,000,000	$ 197,371	$ 2,197,371

(c) Certificates of Participation Series 2017

The College issued the Certificates of Participation Series 2017. The original issue amount was $8,710,000, due in annual principal installments ranging from $765,000 to $970,000 through year 2027. Interest rates vary from 2.00% to 3.00%.

The remaining debt service requirement for the Certificates of Participation - Series 2017 is as follows:

Year Ending	Principal	Interest	Total
6/30/2023	$ 880,000	$ 120,250	$ 1,000,250
6/30/2024	895,000	102,650	997,650
6/30/2025	915,000	84,750	999,750
6/30/2026	940,000	57,300	997,300
6/30/2027	970,000	29,100	999,100
Total	$ 4,600,000	$ 394,050	$ 4,994,050

5. Long-Term Liabilities (Continued)

(d) Certificates of Participation Series 2021

The College issued the Certificates of Participation Series 2021. The original issue amount was $2,170,000, due in annual principal installments ranging from $355,000 to $370,000 through year 2027. Interest rates vary from 0.80% to 1.35%.

Year Ending	Principal	Interest	Total
6/30/2023	$ 360,000	$ 20,313	$ 380,313
6/30/2024	360,000	17,118	377,118
6/30/2025	360,000	13,518	373,518
6/30/2026	365,000	9,558	374,558
6/30/2027	370,000	4,995	374,995
Total	$ 1,815,000	$ 65,502	$ 1,880,502

The College has entered into a lease agreement with Community National Bank for financing the acquisition of a 2020 Coachliner Bus. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The Bus totaled $274,450 and is included in the capital assets of the College. The amortization of this bus has been included in the College's depreciation expense.

The College has entered into a lease agreement with Bank of America for financing the acquisition of Deferred Maintenance Equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The equipment totaled $2,100,000 and is included in the capital assets of the College. The amortization of this equipment has been included in the College's depreciation expense.

The College has entered into a lease agreement with Jetz Service for financing the acquisition of laundry equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The laundry equipment totaled $103,683 and is included in the capital assets of the College. The amortization of this laundry equipment has been included in the College's depreciation expense.

The annual debt service requirements for capital leases are as follows:

Year Ending	Principal	Interest	Total
6/30/2023	$ 226,417	$ 52,344	$ 278,761
6/30/2024	150,249	47,888	198,137
6/30/2025	154,751	44,276	199,027
6/30/2026	159,398	40,563	199,961
6/30/2027	160,675	36,749	197,424
6/30/2028 - 6/30/2032	775,423	126,260	901,683
6/30/2033 - 6/30/2035	514,478	26,532	541,010
Total	$ 2,141,391	$ 374,612	$ 2,516,003

6. Other Postemployment Healthcare Benefits (OPEB)

Plan Description

The College sponsors Medical and Dental insurance to qualifying retirees and their dependents. Coverage is provided through a fully-insured program that operates as a single-employer defined benefit plan. Retirees and their spouses may continue coverage with the College until retiree Medicare eligibility (i.e. age 65). In addition, spouses may continue coverage under Cobra provisions, not to exceed the spouse age 65, when the retiree dies or reaches age 65. The College pays up to the single premium for retirees when upon retirement the minimum of age 60 and 10 years of service is achieved. Otherwise, retirees pay group plan rates to maintain coverage. Dependents must pay group plan premiums to maintain coverage in all cases.

All retiree coverage is provided through the group insurance program of the College and delivered through a fully insured arrangement. Along with a dental plan, three medical plan options (High, Low and HDHP) are available to qualifying retirees. Coverage is available for retirees and spouses until the retiree qualifies for Medicare (i.e. age 65).

Spouses may continue coverage under Cobra, upon covered retiree death or attainment of Medicare eligibility age, for up to 36 months not to exceed the spouse's own age 65. Benefits renew annually on September 1. A retiree is not allowed future coverage after once declining coverage.

Retirees and beneficiaries receiving benefits	8
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	189
Total	197

Funding Policy

The College provides health insurance benefits to retirees and their dependents in accordance with Kansas law (KSA 12-5040). The benefits are paid from the general operating assets of the College on a pay-as-you-go basis. The contribution requirements of Plan members and the College are established and may be amended by the Board of Trustees.

Employer Contribution - An employer may make contributions through an irrevocable transfer of assets to a qualifying trust, direct payment of benefits or a combination of these. Without a trust and self-funded, the contribution equals retiree claims plus admin costs, less any retiree contribution premiums. Without a trust and not self-funded, the contribution equals age-adjusted premium costs, less any retiree contribution premiums.

Annual OPEB Cost and Net OPEB Obligation

The College's annual OPEB cost (expense) consists of the service cost plus interest on total OPEB liability and changes in assumptions and inputs. The service cost is the portion of the Actuarial Present Value of OPEB benefits that is allocated to the current year by the Actuarial Cost method. The following table presents the components of the College's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the College's total OPEB obligation to the Plan.

	June 30, 2022
Net OPEB liability - beginning of year	$ 2,342,879
Service cost	163,220
Interest cost	49,542
Changes in benefit terms	-
Differences between actual and expected experience	(465,216)
Changes in assumptions and inputs	(332,069)
Employer contributions (benefit payments)	58,000
Net changes	(642,523)
Net OPEB liability - end of year	$ 1,700,356

6. Other Postemployment Healthcare Benefits (OPEB) (Continued)

There were no changes to benefit terms.

Changes from the beginning to the end of year measurement for FY 2021-22 are noted below:

- The discount rate changed from 2.0% to 3.9%
- The assumed mortality was changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.
- The per capita costs, retiree contribution premiums and trend assumptions were updated taking into account the September 1, 2022 renewal.
- The assumed retirement and turnover rates were updated based on the latest available KPERS pension valuation data.

Total OPEB Liability

The College's total OPEB liability of $1,700,356 reported as of June 30, 2022, was measured as of June 30, 2022 (the measurement date), and was determined by an actuarial valuation as of September 1, 2021, using the following actuarial assumptions:

Salary increases; including wage increases	2.0%
Discount rate	3.9%

OPEB Expense

For the year ended June 30, 2022, the College recognized OPEB expense of $146,194, which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Valuation Procedures and Discount Rate

GASB 75 standards require a single discount rate be determined. To the extent Plan (i.e. Trust) assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent a Plan is not projected to be sufficient make future benefit payments the yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to the College's program.

In order to determine the municipal bond rate the actuaries took the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 2.0% and 3.9% as of the beginning and end of year measurement dates, respectively. These were used as the discount rates to determine present value costs.

Mortality rates used for the death benefits were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

In the September 1, 2021, actuarial valuation, the Entry Age Normal - Level Percent of pay Actuarial Cost method was applied. The actuarial assumptions included a 3.00% investment rate of return, which is a blended rate of the expected long-term investment returns on Plan assets and on the College's pooled funds and investments. The valuation assumed annual healthcare cost trend rate of 7.00% in the first two years, decreasing by 0.50% until year three and by .25% until year nine when it reaches an ultimate rate of 5.00%. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the accuracy of the results.

6. Other Postemployment Healthcare Benefits (OPEB) (Continued)

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

	1% Decrease	Current Trend Assumption	1% Increase
Total OPEB Liability	$ 1,506,804	$ 1,700,356	$ 1,930,868
Increase / (Decrease) from Baseline	(193,552)		230,512

Sensitivity of Total OPEB Liability to changes in the Discount Rate

	1% Decrease 2.90%	Current Single Discount Rate Assumption 3.90%	1% Increase 4.90%
Total OPEB Liability	$ 1,857,601	$ 1,700,356	$ 1,557,786
Increase / (Decrease) from Baseline	157,245		(142,570)

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Category	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 116,593	$ 557,119
Changes in assumptions	370,540	767,271
Benefit payments subsequent to the measurement date (1)	-	-
Total	$ 487,133	$ 1,324,390

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

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

Year Ending:	Amount
6/30/2023	$ (66,568)
6/30/2024	(66,568)
6/30/2025	(66,568)
6/30/2026	(66,568)
6/30/2027	(66,568)
Thereafter	(504,417)
Total	$ (837,257)

7. Other Post Employment Benefit Plan - KPERS Death and Disabilities

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

7. Other Post Employment Benefit Plan - KPERS Death and Disabilities (Continued)

Contributions

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended June 30, 2021, totaled $7,719.

Special Funding Situation

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

Benefits

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

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

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

Covered Employees

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

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	205
Total	208

Total OPEB Liability

At the College's reporting date of June 30, 2022, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $186,902.

7. Other Post Employment Benefit Plan - KPERS Death and Disabilities (Continued)

Actuarial Assumptions

The financial information for fiscal year 2021-22 is based upon actuarial valuation performed as of December 31, 2020, rolled forward to June 30, 2021 using the participant census as of July 1, 2020.

The measurement date as selected by the College under GASB 75 Standards is June 30th. The results of the valuation were projected to the end of year measurement date using standard actuarial techniques.

Price inflation	2.75%
Salary increases, including wage increases	3.50-10.00%
Discount rate (based on the 20 year municipal bond rate with an average rating of AA/Aa or better, obtained from the index.)	2.16%

Mortality rates used for the death benefits were based on the RP-2014 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using MP-2021. Mortality rates used for the disability benefits were based on the RP-2014 Disabled Life Table with generational mortality improvement using MP-2021.

The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study conducted for three years ending December 21, 2018.

Revenue and OPEB Expense Recorded by the College

For the year ended June 30, 2022, the College recognized revenue and OPEB expense in an equal amount of $965.

8. Defined Benefit Pension Plan

Plan Description

The College participates in the Kansas Public Employees Retirement System (KPERS or System), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law and administered by KPERS, a body corporate and an instrumentality of the State of Kansas. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available, stand-alone comprehensive annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737, or at the KPERS website at www.kpers.org.

KPERS provides benefits to the following statewide pension groups under one plan, as provided by KSA 74 article 49:

- Public employees, which include:
  - 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.

8. Defined Benefit Pension Plan (Continued)

Plan Description (Continued)

The employer contributions for non-public school district schools, as defined in K.S.A. 74-4931 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, vocational-technical schools and community junior colleges, are considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the System. Since these employers do 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 the College's 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 non-public school district employer. In addition, each non-public school district 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.

A number of these employers make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per KSA. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies "working after retirement" contributions and resulting net pension liability are attributable to the employer.

Benefits Provided

Benefits are established by statute and may only be changed by the Legislature. Members with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member's combined age and years of certified service equal 85 "points".

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc postretirement 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 January 1, 2015, was created. Normal retirement age for KPERS 3 is 65 with five years of service or 60 with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the account balance at retirement.

Contributions

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund established by KSA 74-4922. Member contribution rates 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 for each of the three state wide pension groups to be determined based on the results of each annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by KSA 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

8. Defined Benefit Pension Plan (Continued)

Contributions (Continued)

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 State is required to contribute 100% of the College's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. However, they do make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per KSA 74-4937, "working after retirement" employees. The resulting proportional share of the "working after retirement" contributions and resulting new pension liability are attributable to the employer.

KSA 74-4919 and KSA 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members.

The College's contractually required contributions rate for the actuarial report dated year ended June 30, 2021, was 15.59% of the annual college payroll of which 1.672% of payroll was required from the College and 99.8328% of payroll was required from the State. The College's contributions to the pension plan were $22,863 for the year ended June 30, 2021 (actuarial report date).

Legislature in the 2015 session authorized issuance of $1.0 billion in net bond proceeds to improve the funding of the State/School group. The bonds were issued in August 2015, and deposited in the trust fund on August 20, 2015.

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, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

8. Defined Benefit Pension Plan (Continued)

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

At June 30, 2022 (actuarial report year ended June 30, 2021), the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	$ 237,458
State's proportionate share of the net pension liability associated with the College	13,651,655
	$ 13,889,113

The net pension liability was measured as of December 31, 2020, which was rolled forward to June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal year ended June 30, 2021. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At the actuarial report date of June 30, 2021, the combined College and state's proportion was 0.19%, which was a decrease of 0.05% from its proportion measured as of June 30, 2020.

For the actuarial report as of June 30, 2021, there were changes in assumptions and benefits as described in the notes to the required supplemental information.

There were no changes between the measurement date of December 31, 2020, rolled forward to June 30, 2021, and the College's reporting date of June 30, 2022.

For the year ended June 30, 2022, the College recognized pension expense of $1,817,572 and revenue of $1,817,572 for support provided by the state. For the portion related to the "working after retirement" the College recognized pension expense of $276,620, 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. At June 30, 2022 (the measurement date of June 30, 2021), the College reported deferred outflows of resources and deferred inflows of resources related to pensions for the College from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,712	$ 852
Changes of assumptions	26,284	-
Net difference between projected and actual earnings on pension plan investments	-	45,044
Changes in proportion and differences between College contributions and proportionate share of contributions	17,319	25,020
Total	$ 46,315	$ 70,916

8. Defined Benefit Pension Plan (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses by the College as follows:

Year Ending:	Amount
6/30/2022	$ (11,036)
6/30/2023	(414)
6/30/2024	(3,635)
6/30/2025	(10,460)
6/30/2026	944
Thereafter	-
	$ (24,601)

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2020, which was rolled forward to June 30, 2021, using the following actuarial assumptions, applied to all periods included in the measurement:

• Inflation	2.75 percent
• Wage Inflation	3.5 percent
• Salary increases, including wage increases	3.50 to 12.00 percent, including price inflation
• Investment rate of return	7.25 percent

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

Asset class	Long-term target allocation	Long-term expected real rate of return
U.S. Equities	23.50%	5.20%
Non-U.S. 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 Investments	4.00%	0.25%
Total	100.00%	

8. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2021 was 1.2 percent.

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 S Sub. For Sub. HB 2052 delayed $64.1 million in Fiscal Year State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of $6.4 million was received in July 2017 and appropriations for Fiscal Year 2018 are intended to fully fund the State/School group statutory contribution rate of 12.01 percent for that year. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of $194 million from the previously certified contribution rate of 13.21 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 2020. 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, an were reflected in the projected cash flows.

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

The statutory contribution rate for the combined State/School group first became equal to the actuarily required rate (ARC rate) In Fiscal Year 2021. Projections based on the same valuation, and an annual return on investments of 7.25 percent, indicate that the contribution rate will remain fairly stable until 2036.

8. Defined Benefit Pension Plan (Continued)

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

The following presents the net pension liability of the Pension Plan as of June 30, 2021, (actuarial report date) calculated using the discount rate of 7.25 percent, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.25 percent) or 1 percentage point higher (8.25 percent) than the current rate:

1% Decrease (6.25%)	Discount rate (7.25%)	1% Increase (8.25%)
$268,295	$182,598	$110,544

9. Risk Management

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

10. Related Party Transactions Between the College and its Component Unit

The Cowley College Foundation paid $129,177 in student scholarships during the current fiscal year.

The College provides administrative support, office space, and other services to the Cowley College Foundation. The Foundation does not reimburse the College for expenses incurred.

11. Contingent Liabilities

The College receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the College. However, in the opinion of management, any such disallowed claims would not have a material effect on the financial statements.

The College is a defendant in various pending litigation and administrative proceedings. Management anticipates that any potential claims, if any, against the College would be covered by insurance and would not materially affect the College's financial position.

12. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity for fiscal year 2022. Future potential impacts may include a decrease in certain revenues, reduced customer traffic and the temporary closure of operating hours of our offices.

13. CRF AND CARES ACT FUNDING

The CARES Act also included Higher Education Emergency Relief Funds (HEERF) to institutions. The HEERF grants will provide institutions with emergency relief funds to address the impact COVID-19 has had on students and institutions. It is being allocated to the College in three phases, HEERF I, II, and III. The HEERF I under the Cares Act began in March 2020, the HEERF II under the CRRSA Act began in December 2020, and the HEERF III under the ARP Act began in March 2021. The College was allocated $1,266,686 for HEERF I, $2,802,964 for HEERF II, and $4,880,642 for HEERF III. As of June 30, 2022 the College spent $1,126,847 of HEERF II, and $2,689,238 of HEERF III.

14. Subsequent Events

Management has evaluated the effects on the financial statements of subsequent events occurring through the date of this report, which is the date at which the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

Cowley County Community College

Schedule of Changes in the Net OPEB Liability - Healthcare
For the Year Ended June 30, 2022

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability - Beginning of year	$2,342,879	$2,578,192	$2,980,200	$2,382,832	$2,234,437	For 2013 to 2017, this data is not yet available.				
Service Cost	163,220	205,809	216,961	166,437	151,837	For 2013 to 2017, this data is not yet available.				
Interest Cost	49,542	70,837	92,495	79,654	77,648	For 2013 to 2017, this data is not yet available.				
Changes in Benefit Terms	-	-	(128,694)	-	-	For 2013 to 2017, this data is not yet available.				
Differences between actual and expected experience	(465,216)	(213,257)	(217,477)	555,808	-	For 2013 to 2017, this data is not yet available.				
Changes in assumptions and inputs	(332,069)	(179,702)	(137,293)	66,469	123,910	For 2013 to 2017, this data is not yet available.				
Employer contributions	(58,000)	(119,000)	(228,000)	(271,000)	(205,000)	For 2013 to 2017, this data is not yet available.				
Net Changes	(642,523)	(235,313)	(402,008)	597,368	148,395	For 2013 to 2017, this data is not yet available.				
Total OPEB Liability - End of year	$1,700,356	$2,342,879	$2,578,192	$2,980,200	$2,382,832	For 2013 to 2017, this data is not yet available.				

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2013-2017 is not available under the measurement requirements of GASB 75.

Cowley County Community College

Schedule of the College's Proportionate Share of the Net OPEB Liability - Healthcare
For the Year Ended June 30, 2022

Last 10 Fiscal Years

	2021	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability	$ 1,700,356	$ 2,342,879	$ 2,578,192	$ 2,980,200	$ 2,382,832	For 2013 to 2017, this data is not yet available.				
Fiduciary net position	-	-	-	-	-	For 2013 to 2017, this data is not yet available.				
Net OPEB liability	$ 1,700,356	$ 2,342,879	$ 2,578,192	$ 2,980,200	$ 2,382,832	For 2013 to 2017, this data is not yet available.				
Fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	For 2013 to 2017, this data is not yet available.				
Covered-employee payroll	$ 9,415,034	$ 9,114,156	$ 9,114,156	$ 9,819,831	$ 9,819,831	For 2013 to 2017, this data is not yet available.				
Net OPEB liability as a percentage of covered-employee payroll	18.10%	25.70%	28.30%	30.30%	24.30%	For 2013 to 2017, this data is not yet available.				

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2013-2017 is not available under the measurement requirements of GASB 75.

Cowley County Community College

Schedule of the College's Proportionate Share of the Net OPEB Liability - KPERS Death and Disability
For the Year Ended June 30, 2022

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Total OPEB Liability	$ 186,902	$ 185,937	$ 178,218	$ 138,639	$ 141,682	For 2013 to 2017, this data is not yet available.				
Fiduciary net position	-	-	-	-	-	For 2013 to 2017, this data is not yet available.				
Net OPEB liability	$ 186,902	$ 185,937	$ 178,218	$ 138,639	$ 141,682	For 2013 to 2017, this data is not yet available.				
Nonemployer contributing entities' total proportionate share of collective net OPEB liability	$ 186,902	$ 185,937	$ 178,218	$ 138,639	$ 141,682	For 2013 to 2017, this data is not yet available.				
Employer's proportionate share of the collective net OPEB liability	$ -	$ -	$ -	$ -	$ -	For 2013 to 2017, this data is not yet available.				
Covered-employee payroll	$ 11,778,132	$ 11,659,090	$ 11,132,391	$ 10,778,559	$ 10,420,801					
Employer's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	1.59%	1.59%	1.60%	1.29%	1.36%					
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	For 2013 to 2017, this data is not yet available.				

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2013-2017 is not available under the measurement requirements of GASB 75.

Cowley County Community College

Schedule of the College's OPEB Contributions - KPERS Death & Disability
For the Year Ended June 30, 2022

Kansas Public Employees Retirement System

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Statutorily required OPEB contributions	$ 10,117	$ 10,717	$ 7,621	$ 2,400	$ 1,657	For 2013 to 2017, this data is not yet available.				
OPEB contributions in relation to statutorily required contributions**	10,117	10,717	7,621	2,400	1,657	For 2013 to 2017, this data is not yet available.				
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	For 2013 to 2017, this data is not yet available.				
College's covered-employee payroll	$ 11,778,132	$ 11,659,090	$ 11,132,391	$ 10,778,559	$10,420,801	For 2013 to 2017, this data is not yet available.				
OPEB contributions as a percentage of covered payroll	0.09%	0.09%	0.07%	0.02%	0.02%	For 2013 to 2017, this data is not yet available.				

** Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the OPEB Plan, as distinct from statutorily required contributions.

Cowley County Community College

Schedule Of The College's Proportionate Share Of The Net Pension Liability
For the Year Ended June 30, 2022

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
College's proportion of the net pension liability (asset)	0.002%	0.002%	0.002%	0.002%	0.003%	0.003%	0.001%	0.000%	0.000%	This data is not available.
College's proportionate share of the net pension liability (asset)	$ 182,598	$ 237,458	$ 214,663	$ 186,180	$ 276,620	$ 253,817	$ 68,940	$ -	$ -	This data is not available.
State's proprotionate share of the net pension liability (asset)	0.175%	0.173%	0.192%	0.156%	0.174%	0.188%	0.211%	0.167%	0.019%	
State's proprotionate share of the net pension liability (asset)	$ 13,651,655	$ 18,167,854	$ 17,075,700	$ 14,226,311	$ 16,006,227	$ 16,922,056	$ 17,487,197	$16,126,705	$ 18,308,158	This data is not available.
Total collective net pension liability (asset)	$ 13,834,253	$ 18,405,312	$ 17,290,363	$ 14,412,491	$ 16,282,847	$ 17,175,873	$ 17,556,137	$16,126,705	$ 18,308,158	
College's covered payroll	$ 12,509,813	$ 11,950,621	$ 11,844,899	$ 11,403,369	$ 10,863,517	$ 10,728,540	$ 11,321,427	$11,713,003	$ 11,465,206	
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	110.59%	154.01%	145.97%	126.39%	149.89%	160.10%	155.07%	137.68%	159.68%	This data is not available.
Plan fiduciary net position as a percentage of the total pension liability	76.40%	66.30%	69.88%	67.12%	65.10%	64.95%	66.60%	59.94%	59.94%	This data is not available.

* The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

Cowley County Community College

Schedule of College Contributions
For the Year Ended June 30, 2022

Kansas Public Employees Retirement System

Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually required contribution	$ 13,308	$ -	$ 2,488	$ 8,130	$ 8,124	$ 7,857	$ 12,829	$ -	$ -	$ -
Contributions in relation to the contractually required contribution	(13,308)	-	(2,488)	(8,130)	(8,124)	(7,857)	(12,829)	-	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 12,509,813	$ 11,950,621	$ 11,844,899	$ 11,403,369	$ 10,863,517	$ 10,728,540	$ 11,321,427	$ -	$ -	$ -
Contributions as a percentage of covered payroll	0.11%	0.00%	0.02%	0.07%	0.07%	0.07%	0.11%	0.00%	0.00%	0.00%

Note: Historically, the College has not been responsible for contributions due to being a special funding situation. The State of Kansas has paid all contributions. Due to changes in the statutes, the College is now responsible for "working after retirement" employees contributions.

Cowley County Community College

Notes to Required Supplementary Information
For the Year Ended June 30, 2022

Other Post Employment Benefits - Healthcare

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes from the beginning to the end of year measurement for FY 2021-22 are noted below:

- The discount rate changed from 2.0% to 3.9%
- The mortality assumption was changed from Socierty of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.
- The per capita costs, retiree contribution premiums and trend assumptions were updated were updated taking into account the September 1, 2021 renewal.
- The census was changed from July 1, 2019 to September 1, 2021.

Other Post Employment Benefits - KPERS Death and Disabilities

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

- Changes of assumptions and other inputs reflect a change in the discount rate from 2.21% in June 30, 2020 actuarial report to 2.16% at June 30, 2021, actuarial report.
- Mortality rates used for the death benefits were based on the RP-2014 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using MP-2018. Mortality rates used for the disability benefits were based on the RP-2014 Disabled Life Table with generational mortality improvement using MP-2021.

Defined Benefit Pension Plan

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes from the beginning to the end of year measurement for the valuation report dated June 30, 2021, are noted below:

- Price inflation remained unchanged at 2.75 percent
- Investment return assumption was lowered from 7.50 percent to 7.25 percent componded annually, net of investment expense, and including price inflation
- General wage growth assumption was raised from 3.5 percent to 12.00 percent, including price inflation

SUPPLEMENTARY INFORMATION

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
General Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Student sources	$ 5,470,912	$ 5,470,912	$ 5,650,918	$ 180,006
State sources	4,452,683	4,452,683	6,271,177	1,818,494
Local sources	5,602,658	5,602,658	6,341,867	739,209
Other sources	2,825,071	2,825,071	567,640	(2,257,431)
Total Cash Receipts	$ 18,351,324	$ 18,351,324	18,831,602	$ 480,278
Expenditures and Transfers Subject to Budget				
Instruction	$ 7,308,061	$ 7,308,061	$ 4,522,170	$ (2,785,891)
Academic support	5,365,178	5,365,178	649,984	(4,715,194)
Student services	-	-	4,966,263	4,966,263
Institutional support	4,007,306	4,007,306	5,063,426	1,056,120
Operation and maintenance	3,167,583	3,167,583	2,798,195	(369,388)
Scholarships	950,000	950,000	1,761,574	811,574
Total Expenditures and Transfers Subject to Budget	$ 20,798,128	$ 20,798,128	19,761,612	$ (1,036,516)
Receipts Over (Under) Expenditures			(930,010)	
Unencumbered Cash, July 1			10,830,557	
Unencumbered Cash, June 30			$ 9,900,547	
Unencumbered Cash, June 30			$ 9,900,547	
Receivables			1,893,673.00	
Accrued sick leave			(15,235)	
Accrued vacation			(307,566)	
Accrued net pension liability			(207,199)	
Accrued other post employment benefits			(2,537,613)	
GAAP fund balance			$ 8,726,607	

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Postsecondary Technical Education Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Student sources	$ 2,480,041	$ 2,480,041	$ 1,730,106	$ (749,935)
Federal sources	218,957	218,957	157,624	(61,333)
State sources	3,636,833	3,636,833	3,655,341	18,508
Total Cash Receipts	$ 6,335,831	$ 6,335,831	5,543,071	$ (792,760)
Expenditures and Transfers Subject to Budget				
Instruction	$ 3,792,354	$ 3,792,354	$ 3,182,944	$ (609,410)
Academic support	94,080	94,080	105,466	11,386
Student services	478,277	478,277	782,125	303,848
Institutional support	427,499	427,499	531,028	103,529
Operation and maintenance	337,918	337,918	439,974	102,056
Scholarships	208,026	208,026	290,646	82,620
Total Expenditures and Transfers Subject to Budget	$ 5,338,154	$ 5,338,154	5,332,183	$ (5,971)
Receipts Over (Under) Expenditures			210,888	
Unencumbered Cash, July 1			845,116	
Unencumbered Cash, June 30			$ 1,056,004	
Unencumbered Cash, June 30			$ 1,056,004	
Receivables			-	
GAAP fund balance			$ 1,056,004	

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Education Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Federal sources	$ 96,884	$ 96,884	$ 101,728	$ 4,844
State sources	59,019	59,019	76,497	17,478
Local sources	90,000	90,000	-	(90,000)
Other sources	-	-	-	-
Total Cash Receipts	$ 245,903	$ 245,903	178,225	$ (67,678)
Expenditures Subject to Budget				
Instruction	$ 231,274	$ 231,274	215,996	$ (15,278)
Receipts Over (Under) Expenditures			(37,771)	
Unencumbered Cash, July 1			(112,264)	
Unencumbered Cash, June 30			$ (150,035) *	
			$ (150,035)	
Receivables			-	
Deferred revenue			-	
GAAP fund balance			$ (150,035)	

* Exempt from Cash-Basis Law (KSA 10-1116).

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Supplementary Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Student sources	$ 12,753	$ 12,753	$ -	$ (12,753)
Other sources	37,247	37,247	98,413	61,166
Total Cash Receipts	$ 50,000	$ 50,000	98,413	$ 48,413
Expenditures Subject to Budget				
Instruction	$ 54,359	$ 54,359	2,458	$ (51,901)
Receipts Over (Under) Expenditures			95,955	
Unencumbered Cash, July 1			153,138	
Unencumbered Cash, June 30			$ 249,093	
Unencumbered Cash, June 30			$ 249,093	
Receivables			-	
GAAP fund balance			$ 249,093	

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Motorcycle Driver Safety Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Student sources	$ -	$ -	$ 6,433	$ 6,433
Expenditures Subject to Budget				
Instruction	$ 6,407	$ 6,407	6,339	$ (68)
Receipts Over (Under) Expenditures			94	
Unencumbered Cash, July 1			2,628	
Unencumbered Cash, June 30			$ 2,722	
Unencumbered Cash, June 30			$ 2,722	
Receivables			-	
GAAP fund balance			$ 2,722	

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Bookstore Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Sales	$ 1,024,000	$ 1,024,000	$ 978,123	$ (45,877)
Expenditures Subject to Budget				
Salaries and benefits	$ 240,632	$ 240,632	$ 218,563	$ (22,069)
General operating expenses	51,700	51,700	30,902	(20,798)
Supplies	200	200	108,351	108,151
Cost of goods sold	750,000	750,000	633,815	(116,185)
Equipment	105,000	105,000	10,666	(94,334)
Total Expenditures Subject to Budget	$ 1,147,532	$ 1,147,532	$ 1,002,297	$ (145,235)
Receipts Over (Under) Expenditures			(24,174)	
Unencumbered Cash, July 1			77,750	
Unencumbered Cash, June 30			$ 53,576	
Unencumbered Cash, June 30			$ 53,576	
Inventory			379,722	
GAAP fund balance			$ 433,298	

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Housing Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Student sources	$ -	$ -	$ 109,250	$ 109,250
Sales	2,229,000	2,229,000	2,296,670	67,670
Other income	158,700	158,700	86,643	(72,057)
Total Cash Receipts	$ 2,387,700	$ 2,387,700	2,492,563	$ 104,863
Expenditures Subject to Budget				
Salaries and benefits	$ 183,680	$ 183,680	$ 153,143	$ (30,537)
General operating expenses	1,110,100	1,110,100	63,835	(1,046,265)
Supplies	449,550	449,550	360,194	(89,356)
Cost of goods sold	-	-	996,818	996,818
Utilities	-	-	155,253	155,253
Debt service	364,500	364,500	365,439	939
Transfer to other funds	-	-	-	-
Total Expenditures Subject to Budget	$ 2,107,830	$ 2,107,830	$ 2,094,682	$ (13,148)
Receipts Over (Under) Expenditures			397,881	
Unencumbered Cash, July 1			2,401,744	
			$ 2,799,625	
Unencumbered Cash, June 30			$ 2,799,625	
Receivables			-	
GAAP fund balance			$ 2,799,625	

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Cosmetology Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Sales	$ 18,000	$ 18,000	$ 13,573	$ (4,427)
Expenditures Subject to Budget				
General operating expenses	$ -	$ -	339	$ 339
Cost of goods sold	18,000	18,000	11,267	(6,733)
Total Expenditures Subject to Budget	$ 18,000	$ 18,000	11,606	$ (6,394)
Receipts Over (Under) Expenditures			1,967	
Unencumbered Cash, July 1			593	
Unencumbered Cash, June 30			$ 2,560	
Unencumbered Cash, June 30			$ 2,560	
Receivables			-	
GAAP fund balance			$ 2,560	

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Wellness Center Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Sales	$ 30,000	$ 30,000	$ 26,585	$ (3,415)
Other income	-	-	200	200
Transfer from other funds	-	-	-	-
Total Cash Receipts	$ 30,000	$ 30,000	26,785	$ (3,215)
Expenditures Subject to Budget				
Salaries and benefits	$ 81,136	$ 81,136	$ 76,118	$ (5,018)
General operating expenses	9,466	9,466	8,323	(1,143)
Supplies	19,859	19,859	16,654	(3,205)
Total Expenditures Subject to Budget	$ 110,461	$ 110,461	101,095	$ (9,366)
Receipts Over (Under) Expenditures			(74,310)	
Unencumbered Cash, July 1			10,842	
Unencumbered Cash, June 30			$ (63,468) *	
Unencumbered Cash, June 30			$ (63,468)	
			-	
GAAP fund balance			$ (63,468)	

* Exempt from Cash-Basis Law (KSA 10-1116).

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Deli Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over
	Original	Final	Basis	(Under)
Cash Receipts				
Sales	$ 57,000	$ 57,000	46,820	$ (10,180)
Expenditures Subject to Budget				
Salaries and benefits	$ -	$ -	$ 6,184	$ 6,184
General operating expenses	3,000	3,000	2,599	(401)
Supplies	45,100	45,100	41,021	(4,079)
Equipment	5,000	5,000	675	(4,325)
Total Expenditures Subject to Budget	$ 53,100	$ 53,100	50,479	$ (2,621)
Receipts Over (Under) Expenditures			(3,659)	
Unencumbered Cash, July 1			37,616	
Unencumbered Cash, June 30			$ 33,957	
Unencumbered Cash, June 30			$ 33,957	
Inventory			-	
GAAP fund balance			$ 33,957	

Cowley County Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Capital Outlay Fund
Year Ended June 30, 2022

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Local sources	$ 648,924	$ 648,924	659,069	$ 10,145
Expenditures and Transfers Subject to Budget				
Plant equipment and facility	$ 913,578	$ 913,578	746,643	$ (166,935)
Receipts Over (Under) Expenditures			(87,574)	
Unencumbered Cash, July 1			695,850	
Unencumbered Cash, June 30			$ 608,276	
Unencumbered Cash, June 30			$ 608,276	
Receivables			10,731	
GAAP fund balance			$ 619,007	

SINGLE AUDIT SECTION

Cowley County Community College

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Number	Identifying Number	Disbursements/ Expenditures
Department of Education			
Direct Programs:			
Student Financial Aid (SFA) Cluster			
Federal Work-Study Program	84.033	P033A161504	$ 63,348
Supplemental Education Opportunity Grant	84.007	P007A161504	55,000
Federal Direct Student Loan	84.268	P268K171454	2,696,703
PELL Grant	84.063	P063P161454	3,943,058
Total Student Financial Aid (SFA) Cluster			6,758,109
TRIO Cluster			
TRIO Student Support Services	84.042A	P042A160110-20	285,425
TRIO Upper Bound Program	84.047A	P047A171288-20	321,548
Total TRIO Cluster			606,973
CARES Act Cluster			
Institutional Portion of CARES Act for Higher Education	84.425F	P425F202375	1,239,856
CARES Act funds for Students	84.425E	P425E202238	2,576,229
Total Cares Act Cluster			3,816,085
Passed Through Kansas Board of Regents:			
Adult Education - Basic Grants to States	84.002		101,728
Carl Perkins	84.048A		157,624
TOTAL DEPARTMENT OF EDUCATION			11,440,519
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 11,440,519

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

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

Note 2 - Summary of Significant Account Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

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

Board of Trustees
Cowley County Community College
Arkansas City, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the business-type activities, and the aggregate discretely presented component units of Cowley County Community College as of and for the year ended June 30, 2022, and the related notes to the financial statements which collectively comprise Cowley County Community College's basic financial statements, and have issued our report thereon dated December 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cowley 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 Cowley County Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Cowley 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cowley 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards,* which is described in the accompanying schedule of findings and questioned costs as item 2022-001.

Cowley County Community College's Response to Findings

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

Purpose of this Report

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

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
December 8, 2022

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

Board of Trustees
Cowley County Community College
Arkansas City, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the 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, 2022.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as item 2022-001. Our opinion on each major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on the College's response to the noncompliance finding identified in the accompany schedule of findings and questioned cost. The 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.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of the 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 the College's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that 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 the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
December 8, 2022

Cowley County Community College

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2022

Section 1 – Summary of Auditor's Results

Financial Statements

1. Type of auditor's opinion issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	No
3. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None Reported
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	Yes
4. Identification of major programs:	
	CFDA No.
Student Financial Aid Programs:	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal PELL Grant Program	84.063
Federal Direct Student Loan Program	84.268
5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee?	Yes

Section 3 – Findings – Financial Statement Audit

There were no reportable findings for the year ended June 30, 2022.

Section 2 – Findings and Questioned Costs – Major Federal Award Programs

Student Financial Aid Programs

Federal Supplemental Education Opportunity Grant, CFDA No. 84.007. Federal Work-Study Program CFDA No. 84.033. Federal Pell Grant Program CFDA No. 84.063. Federal Direct Student Loan Program CFDA No. 84.268

2022-001 Return of Funds

Condition: There were two students in our sample of return of funds that were not completed timely. The Department of Education requires that all determinations of a potential return of funds be completed within 30 days of the withdrawal date.

Criteria: The Department of Education requires that all determinations of a potential return of funds be completed within 30 days of the withdrawal date.

Section 2 – Findings and Questioned Costs – Major Federal Award Programs (Cont.)

2022-001 Return of Funds (Cont.)

Cause: There was confusion on implementing the new 49% rule. These students were determined initially to meet this new rule, but later were determined to still be under the old rules, causing a late calculation.

Effect: Amounts were not remitted back to the Department of Education timely.

Questioned Costs: The amount not returned timely was $1,677, which is immaterial to the College's program.

Recommendation: We recommend that all students who withdraw from all classes that were awarded Title IV funds, be completed within 30 days of withdrawal date.

Views of Responsible Officials and Planned Corrective Actions: The College agrees with this finding. Staff have attended webinars for the rules regarding return of funds and now have a more accurate understanding of when the calculation is required.