

**INDEPENDENCE  
COMMUNITY COLLEGE**  
Independence, Kansas

Independent Auditors' Report and  
Financial Statements with  
Supplementary Information

For the Year Ended June 30, 2022

**INDEPENDENCE COMMUNITY COLLEGE**  
Independence, Kansas

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# INDEPENDENCE COMMUNITY COLLEGE

## Management's Discussion and Analysis

### **Introduction:**

The following discussion and analysis of the financial performance and activity of Independence Community College (The College) is to introduce an understanding of the basic financial statements of the College for the year ended June 30, 2022, with selected comparative information for the year ended June 30, 2021. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness of this information. A separate audit is issued for the Independence Community College Foundation and is available for review at the Independence Community College Business Office.

### **Overview of the Financial Statements and Financial Analysis**

The discussion and analysis of Independence Community College's (ICC) financial statements focuses on the college as a whole and provides an overview of the college's financial activities for the year ended June 30, 2022, with selected comparative information of the prior year ended June 30, 2021. The emphasis of discussion about these statements is on audit year data and based on the known facts. It is easier to understand this discussion when read along with the college's basic financial statements, the footnotes to those statements and the Schedules provided by the auditors.

ICC is required to present annual financial statements in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB) the authoritative body for establishing generally accepted accounting principles for state and local governments, including public institutions of higher education in the United States. These pronouncements permit public colleges like ICC to use the guidance for special purpose governments engaged only in business-type activities in their separately issued financial statements. As a result, the presentation format was shifted from a columnar fund group format to a consolidated, single-column, entity-wide format. This format is like the type of financial statements issued by a typical business enterprise or a not-for-profit organization.

### **Statement of Net Position**

The Statement of Net Position presents the assets, liabilities and net position of the college as of the end of the fiscal year. Net Position is an accounting concept defined as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

From the data presented, readers of the Statement of Net Position may determine the assets available to operate the college. They also may determine how much the institution owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the financial resources and their availability for expenditure by the institution.

Total Assets have two main categories: “Current” and “Noncurrent Assets.” Current Assets provide a view of the how much is owed to the college (receivables), cash and bookstore inventory (items for sale). Noncurrent Assets is made up primarily of the college’s other physical assets – buildings, land, etc. Total Liabilities have two main categories: “Current” and “Noncurrent Liabilities.” Current Liabilities provide a view of how much the college owes (payables), interest, vacation, deferred revenue and deposits held in custody for others. Noncurrent Liabilities provide a view of notes and capital leases payable.

The Governmental Accounting Standards Board implemented Statement No. 87 - Leases which went into effect for the Fiscal Year 2022 audit. The fundamental principle of Statement 87 is that leases are financings of the right to use an underlying asset. The intangible right to use lease asset is recorded as a noncurrent asset and the outstanding liability of future lease payments is recorded in the noncurrent liabilities.

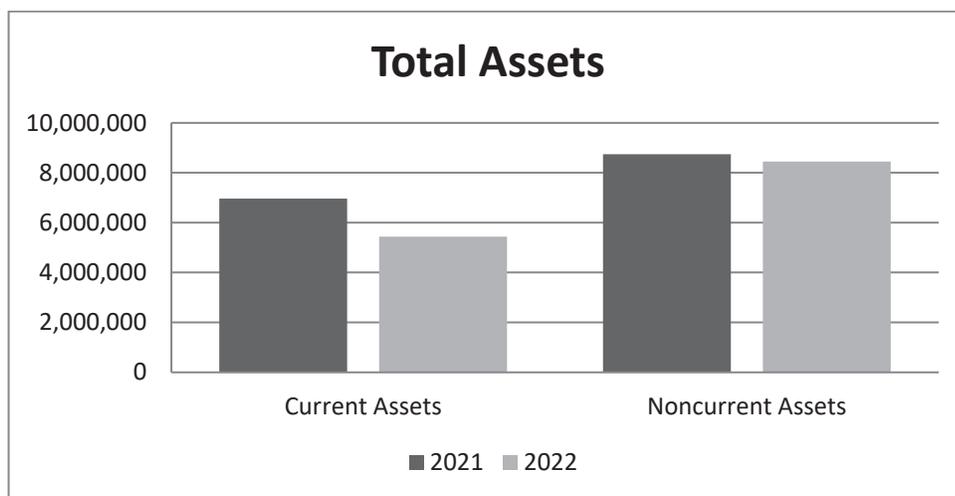
### Analysis of Total Assets, Total Liabilities and Net Position

#### Total Assets

##### Comparison of Assets – Fiscal Year 2021 to 2022

	2021	% Total 2021	2022	% Total 2022
Current Assets	\$6,962,169	44.33%	\$5,435,628	39.15%
Non-Current Assets	\$8,744,876	55.67%	\$8,448,380	60.85%
Total Assets	\$15,707,045	100.00%	\$13,884,008	100.00%

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

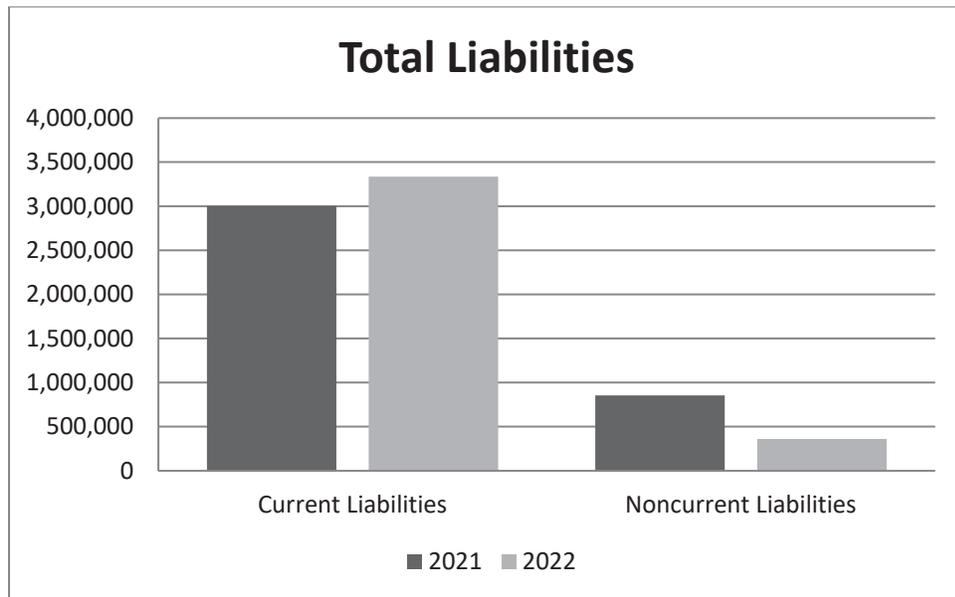


For the year ended June 30, 2022, total assets decreased by \$1,823,037(11.61%) from the previous fiscal year.

Comparison of Liabilities – Fiscal Year 2021 to 2022

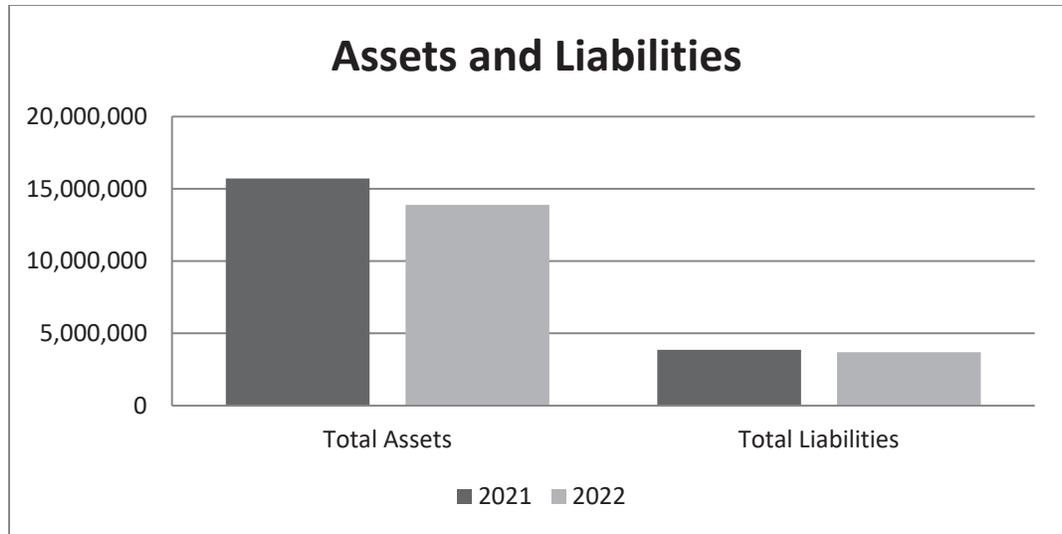
	2021	% Total 2021	2022	% Total 2022
Current Liabilities	\$3,002,525	77.86%	\$3,334,632	90.26%
Non-Current Liabilities	\$853,851	22.14%	359,813	9.74%
Total Liabilities	\$3,856,376	100.00%	\$3,694,445	100.00%

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



Comparison of Assets to Liabilities

Total liabilities decreased by \$161,931 from \$3,856,376 in 2021 to \$3,694,445 in 2022, while total assets decreased \$1,823,037 from \$15,707,045 in 2021 to \$13,884,008 in 2022. As a result, the asset to liability ratio decreased from 4.07 (\$15,707,045/\$3,856,376) in 2021 to 3.76 (\$13,884,008/\$3,694,445) in 2022. Assets exceeded liabilities by \$10,189,563.

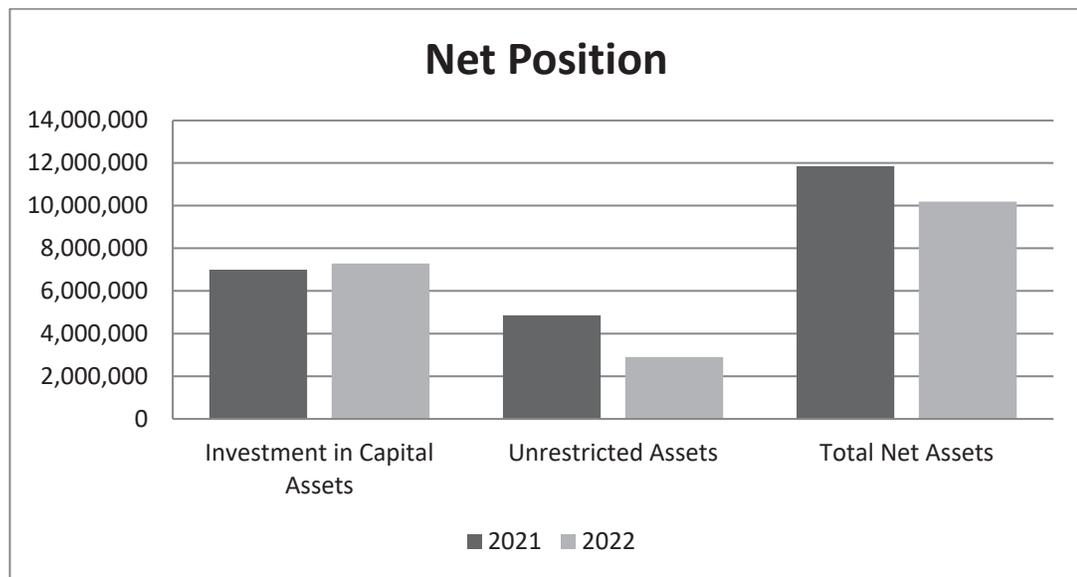


## Net Position

### Comparison of Net Position – Fiscal Year 2021 to 2022

Net position is presented in three major categories. The first is investment in capital assets, net of related debt, which represents the College’s equity in its property, plant, and equipment. The second is restricted and the third is unrestricted. Net position decreased during the current fiscal year from \$11,850,670 to \$10,189,563 for a total decrease of \$1,661,106.

Net position for 2022 compared to 2021:



## Statement of Revenues, Expenses and Changes in Net Position

The Statement of Revenues, Expenses and Changes in Net Position reflects the results of operations and other changes for the fiscal year. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains or losses received or spent by the institution. Changes in total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position.

Operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods or services for those revenues.

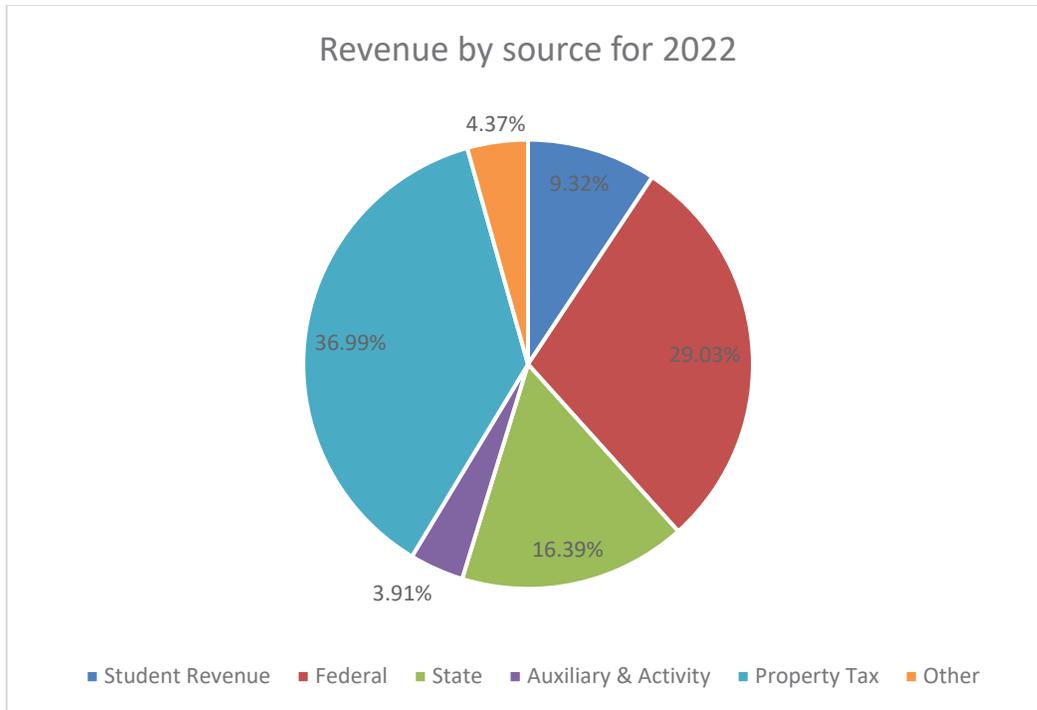
### Analysis of Revenues and Expenses

#### Results of Operations Fiscal Year 2022

#### Components and sources of revenue:

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

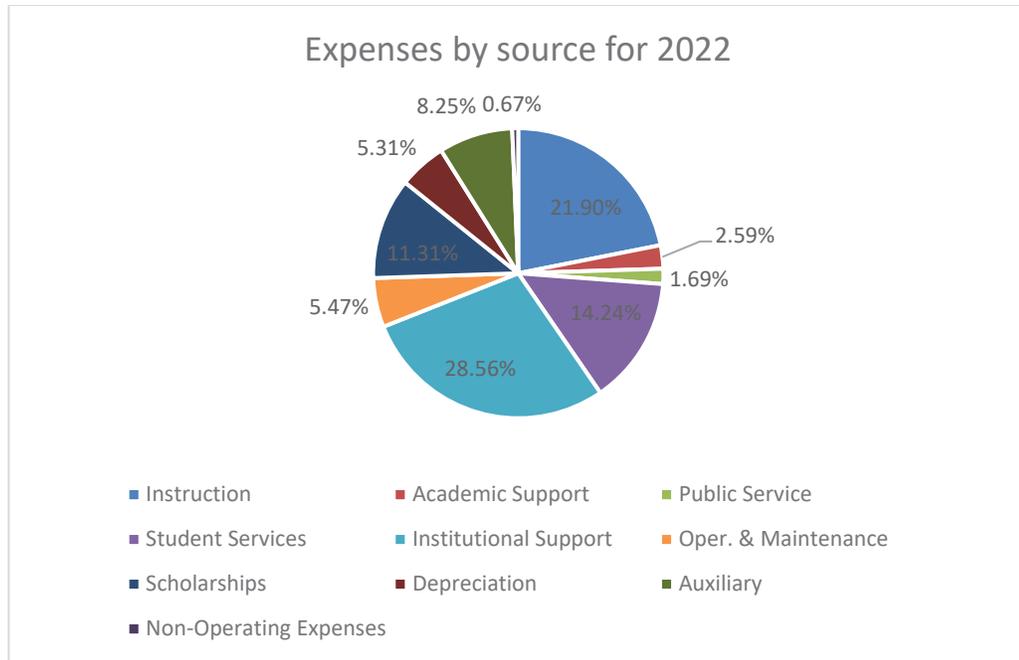
	2021	% Total 2021	2022	% Total 2022
Student Revenue	2,250,487.07	11.07%	1,642,358.30	9.32%
Federal	4,815,767.78	18.84%	5,117,526.91	29.03%
State	2,759,619.31	17.57%	2,888,840.55	16.39%
Auxiliary & Activity	953,733.02	6.47%	688,391.63	3.91%
Property Tax	6,388,320.17	43.33%	6,520,050.11	36.99%
Other	321,972.88	2.72%	769,402.17	4.37%
Total Revenue	17,489,900.23	100.00%	17,626,569.67	100.00%



Expenses

Detail of the 2021 and 2022 Education and General expenses:

	2021	% Total 2021	2022	% Total 2022
Instruction	\$3,566,635.98	24.74%	\$4,225,050.17	21.90%
Academic Support	\$513,803.49	3.15%	\$499,965.17	2.59%
Public Service	\$42,081.23	1.78%	\$325,876.61	1.69%
Student Services	\$2,736,449.45	16.58%	\$2,746,980.13	14.24%
Institutional Support	\$4,177,288.07	22.03%	\$5,509,652.71	28.56%
Oper. & Maintenance	\$685,014.44	4.80%	\$1,054,632.49	5.47%
Scholarships	\$1,352,901.84	7.85%	\$2,180,867.86	11.31%
Depreciation	\$999,658.20	6.70%	\$1,024,586.96	5.31%
Auxiliary	\$1,465,642.11	11.34%	\$1,591,746.08	8.25%
Non-Operating Expenses	\$89,820.86	1.03%	\$128,800.01	0.67%
Total	\$15,629,295.67	100.00%	\$19,288,158.19	100.00%



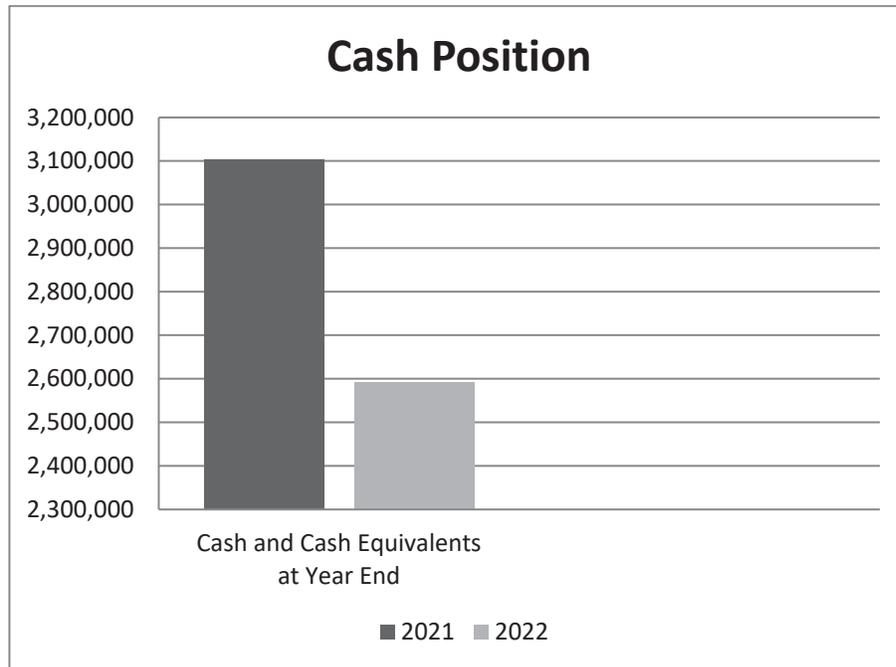
### Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the institution during the fiscal year for the general fund. The statement is divided into five parts:

- 1) Operating Activities-This section deals with operating cash flows and shows the net cash used by the operating activities of the institution.
- 2) Non-capital Investing Activities-This section shows the cash received and spent for nonoperating, noninvesting and noncapital financing purposes.
- 3) Capital Investing Activities-This section deals with the cash used for the acquisition and construction of capital assets and related items.
- 4) Financing Activities-This section shows the interest paid on debts and leases.
- 5) Reconciliation of income/loss to net cash used by operating activities-The final section reconciles the net cash used in relation to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

The Statement of Cash Flows indicates that, when balancing cash received against cash used in operations of the college, its cash and cash equivalents decreased \$511,428

## Comparative Cash Position at Year End



## Economic Outlook

ICC's End of Year – Net Position for FY 21-22 was \$10,189,563, a decrease of \$1,661,106 over the End of Year – Net Position for FY 20-21.

The college will be retiring all long-term debt in FY 2023, allowing for more projects on a cash basis.

ICC is currently implementing a 5-year strategic plan and has engaged with external counsel for a long-term capital campaign that will help enhance the institution and offerings to be better positioned in the market for subsequent fiscal years.

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

**INDEPENDENT AUDITORS' REPORT**

Board of Trustees  
Independence Community College  
Independence, Kansas

**Report on the Financial Statements**

We have audited the accompanying financial statements of Independence Community College, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Independence Community College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Independence Community College, as of June 30, 2022, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Independence Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

**Change in Accounting Principle**

As described in Note 22 to the financial statements, in 2022, the College adopted new accounting guidance, *GASB Statement No. 87, Leases*. Our opinion is not modified with respect to this matter.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Independence Community 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material

misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Independence Community 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 Independence Community 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.

### **Other Matters**

#### *Required Supplementary Information*

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

#### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Independence Community College's basic financial statements. The supplementary information, as listed in the table of contents as pages 28 to 40, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

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

We also previously audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statement of "Municipality", Kansas as of and for the year ended June 30, 2021 (not presented herein), and have issued our report thereon dated February 16, 2022, which contained an unmodified opinion on the basic financial statement. The 2021 basic financial statement and our accompanying report are not presented herein, but are available in electronic form from the web site of the Kansas Department of Administration at the following link <https://www.admin.ks.gov/offices/oar/municipal-services>. The 2021 actual column (2021 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended June 30, 2022 (Schedules 3 to 7 as listed in the table of contents) is presented for purposes of additional analysis and is not a required part of the basic financial statement. Such 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 2021 comparative information is fairly stated in all material respects in relation to the basic financial statement as a whole for the year ended June 30, 2021, on the basis of accounting described in Note 2.

**Other Reporting Required by Government Auditing Standards**

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
February 16, 2023

**INDEPENDENCE COMMUNITY COLLEGE**Independence, Kansas  
Statement of Net Position  
June 30, 2022

	Primary Institution	Component Unit - Foundation
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 2,424,220.65	\$ 312,380.52
Investments	-	3,494,676.54
Receivables, Net	2,656,226.98	-
Prepaid Expenses	36.54	-
Bookstore Inventory	355,143.88	-
Total Current Assets	<u>5,435,628.05</u>	<u>3,807,057.06</u>
Noncurrent Assets		
Cash and Cash Equivalents	166,486.95	-
Investments	-	-
Capital Assets, Net	8,089,143.72	-
Lease Assets, Net	192,749.61	-
Total Noncurrent Assets	<u>8,448,380.28</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u><u>\$ 13,884,008.33</u></u>	<u><u>\$ 3,807,057.06</u></u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 645,395.80	\$ 48,220.65
Accrued Payroll	48,056.40	-
Accrued Interest	6,209.49	-
Accrued Interest, Lease Liabilities	220.05	-
Deferred Revenue	1,324,965.00	-
Deposits Held in Custody for Others	528,984.45	-
Lease Liabilities, Due Within One Year	100,243.00	-
Financing Leases Payable, Due Within One Year	680,557.85	-
Total Current Liabilities	<u>3,334,632.04</u>	<u>48,220.65</u>
Noncurrent Liabilities		
Accrued Vacation	148,707.82	-
Lease Liabilities	93,531.04	-
Financing Leases Payable	117,574.31	-
Total Noncurrent Liabilities	<u>359,813.17</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u><u>3,694,445.21</u></u>	<u><u>48,220.65</u></u>
<b>NET POSITION</b>		
Net Position		
Investment in Capital Assets, Net of Related Debt	7,289,767.08	-
Restricted Net Position - Expendable	-	1,881,216.27
Restricted Net Position - Nonexpendable	-	615,780.47
Unrestricted	2,899,796.04	1,261,839.67
<b>TOTAL NET POSITION</b>	<u>10,189,563.12</u>	<u>3,758,836.41</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u><u>\$ 13,884,008.33</u></u>	<u><u>\$ 3,807,057.06</u></u>

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

**INDEPENDENCE COMMUNITY COLLEGE**  
Independence, Kansas  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2022

	Primary Institution	Component Unit - Foundation
<b>REVENUES</b>		
Operating Revenues		
Student Tuition and Fees, (net of scholarship allowances of \$1,041,866.22)	\$ 1,642,358.30	\$ -
Federal Grants and Contracts	3,184,798.91	-
State Grants and Contracts	900,661.55	-
Sales and Services of Auxiliary Enterprises (net of scholarship allowances of \$1,042,057.21)	596,783.54	-
Charges for Services	62,710.74	-
Activity Fund Revenues	28,897.35	-
Miscellaneous Income	389,217.80	14,818.69
Total Operating Revenues	<u>6,805,428.19</u>	<u>14,818.69</u>
<b>EXPENSES</b>		
Operating Expenses		
Educational and General		
Instruction	4,225,050.17	-
Academic Support	499,965.17	-
Public Service	325,876.61	-
Student Services	2,746,980.13	-
Institutional Support	5,509,652.71	348,611.76
Operation and Maintenance	1,054,632.49	-
Scholarships and Awards	2,180,867.86	65,188.06
Fundraising	-	35,786.90
Auxiliary Enterprises	1,591,746.08	-
Lease Expense	87,319.60	-
Depreciation Expense	1,024,586.96	-
Total Operating Expenses	<u>19,246,677.78</u>	<u>449,586.72</u>
Operating Income (Loss)	<u>(12,441,249.59)</u>	<u>(434,768.03)</u>
Nonoperating Revenues (Expenses)		
State Appropriations	1,988,179.00	-
County Appropriations	6,520,050.11	-
Federal Pell Grants	1,932,728.00	-
Gifts and Contributions	372,312.69	111,611.58
Investment Income	6,371.68	86,418.43
Unrealized Gains (Losses) on Investments Held	-	(577,856.56)
Realized Gains (Losses) on Investments Held	-	48,580.99
Debt Service	(41,480.41)	-
Gain (Loss) on Sale of Assets	1,500.00	-
Net Nonoperating Revenues (Expenses)	<u>10,779,661.07</u>	<u>(331,245.56)</u>
Increase (Decrease) in Net Position	<u>(1,661,588.52)</u>	<u>(766,013.59)</u>
Net Position - Beginning of Year, As Previously Reported	11,850,669.60	4,524,850.00
Changes in Accounting Principles and Restatement, See Note 22	482.04	-
Net Position - Beginning of Year, As Restated	<u>11,851,151.64</u>	<u>4,524,850.00</u>
Net Position - End of Year	<u>\$ 10,189,563.12</u>	<u>\$ 3,758,836.41</u>

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

**INDEPENDENCE COMMUNITY COLLEGE**

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

	Primary Institution	Component Unit - Foundation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student Tuition and Fees	\$ 3,094,050.58	\$ -
Federal Grants and Contracts	2,755,747.87	-
State Grants and Contracts	900,661.55	-
Sales and Services of Auxiliary Enterprises	596,783.54	-
Charges for Services	62,710.74	-
Activity Fund Revenues	28,897.35	-
Miscellaneous Income	672,827.80	14,818.69
Payments on Behalf of Employees	(8,329,779.22)	-
Payments for Supplies and Materials	(314,411.71)	-
Payments for Lease Expense	(85,593.08)	-
Payments for Other Expenses	(9,148,262.73)	(414,159.60)
Net cash provided by (used in) operating activities	<u>(9,766,367.31)</u>	<u>(399,340.91)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State Appropriations	1,988,179.00	-
County Appropriations	6,520,050.11	-
Federal Pell Grants	1,932,728.00	-
Federal Direct Loans	723,696.00	-
Federal Direct Loans Payments	(723,696.00)	-
Gifts and Contributions	372,312.69	107,411.58
Net cash provided by (used in) noncapital financing activities	<u>10,813,269.80</u>	<u>107,411.58</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Earned on Investments	6,371.68	86,418.43
Payments for the Issuance of Notes Receivable	-	(400,000.00)
Payments Received from Notes Receivable	-	400,000.00
Proceeds from the Sales and Maturities of Investments	-	738,638.61
Purchase of Investments	-	(530,746.54)
Net cash provided by (used in) capital investing activities	<u>6,371.68</u>	<u>294,310.50</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Payments for Purchase of Capital Assets	(537,200.34)	-
Proceeds from the Sale of Assets	4,250.00	-
Payments for Purchase of Leased Assets	(198,855.31)	-
Proceeds from the Issuance of Debt	400,000.00	400,000.00
Interest Paid on Long Term Debt	(46,352.71)	-
Principal Payments on Long Term Debt	(1,186,543.76)	(400,000.00)
Net cash provided by (used in) financing activities	<u>(1,564,702.12)</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(511,427.95)	2,381.17
Cash and Cash Equivalents, Beginning of Year	<u>3,102,135.55</u>	<u>309,999.35</u>
Cash and Cash Equivalents, End of Year	<u>\$ 2,590,707.60</u>	<u>\$ 312,380.52</u>

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

**INDEPENDENCE COMMUNITY COLLEGE**Independence, Kansas  
Statement of Cash Flows  
For the Year Ended June 30, 2022

	Primary Institution	Component Unit - Foundation
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (12,441,249.59)	\$ (434,768.03)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:		
Depreciation	1,024,586.96	-
Amortization of Lease Assets	82,815.45	-
Non-cash Donations	-	4,200.00
(Increase) Decrease in Receivables	1,022,641.24	-
(Increase) Decrease in Prepaid Expenses	(36.54)	-
(Increase) Decrease in Inventory	(8,382.83)	-
Increase (Decrease) in Accounts Payable	53,043.98	31,227.12
Increase (Decrease) in Accrued Payroll	(4,684.65)	-
Increase (Decrease) in Accrued Vacation	4,083.02	-
Increase (Decrease) in Deferred Revenue	283,610.00	-
Increase (Decrease) in Deposits Held for Others	99,439.27	-
Increase (Decrease) in Lease Liabilities	117,766.38	-
Net cash provided by (used in) operating activities	<u>\$ (9,766,367.31)</u>	<u>\$ (399,340.91)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents classified as current assets	\$ 2,424,220.65	312,380.52
Cash and Cash Equivalents classified as non-current assets	166,486.95	-
Total Cash and Cash Equivalents	<u>\$ 2,590,707.60</u>	<u>\$ 312,380.52</u>
<b>Supplementary Information</b>		
Cash Paid During the Period for		
Interest Expense	\$ 37,486.08	\$ 5,541.66
Non-Cash Donations		
Management and General	\$ -	\$ 4,200.00

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

## **INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas

Notes to the Financial Statements

For the Year Ended June 30, 2022

### **1. NATURE OF ACTIVITIES**

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

#### Reporting Entity

The financial reporting entity, as defined by Governmental Accounting Standards Board ("GASB") Statement No. 14, *The Financial Reporting Entity*, consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

#### Component Unit

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

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

### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### Basis of Accounting

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

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

Cash and Cash Equivalents

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

Investments

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

Inventories

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

Noncurrent Cash and Cash Equivalents

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

Accounts Receivable and Deferred Revenue

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Kansas. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts. Accounts receivable also include taxes in process of collection for property taxes assessed and collected for the calendar year ending December 31, 2021.

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

Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in November 2021 are recorded as taxes receivable. Approximately 2% to 6% of these taxes are normally distributed after June 30, 2022, and are presented as accounts receivable—taxes in process and deferred revenue to indicate that they are not appropriable. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Accounts Receivable and Allowance for Doubtful Accounts

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

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

Capital Assets

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

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

Compensated Absences

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

Noncurrent Liabilities

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

Net Position

The College's net position is classified as follows:

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

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

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

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

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

### Net Position (Continued)

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

### Income Taxes

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

### Classification of Revenues

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

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

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

### Scholarship Discounts and Allowances

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

### Accounting Estimates

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

### Pension Plan

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

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

Budgetary Information

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

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

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

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

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

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

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

**3. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Compliance with Kansas Statutes

Supplementary Schedules 3 to 7 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in Schedules 3 to 7, the College was in apparent compliance with Kansas cash basis laws. As shown in Schedules 3 to 7, the College was in apparent compliance with Kansas budget laws.

#### 4. DEPOSITS AND INVESTMENTS

Primary Institution:

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

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

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

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

At year-end, the College's carrying amount of the deposits was \$2,586,907.60 and the bank balance was \$2,643,133.28. The bank balance was held by two banks resulting in a concentration of credit risk. Of the bank balance, \$570,231.15 was covered by FDIC insurance and \$2,072,902.13 was secured by an Irrevocable Letter of Credit in the amount of \$3,300,000.00 to draw on permanent assets held at (FHL) Federal Home Loan Bank of Topeka in the name of FirstOak Bank, Independence, Kansas.

Component Unit:

*Custodial credit risk – deposits.* At year-end June 30, 2022, the Foundation's carrying amount of the deposits including certificates of deposit was \$312,380.52 and the bank balance was \$516,512.53. The bank balance was held by one bank and one investment company resulting in a concentration of credit risk. Of the bank balance, \$401,449.35 was covered by FDIC insurance and the remaining \$115,063.18 was considered unsecured at year-end.

Investments are made under the direction of the Board of Directors with no limitation by statute. Equity investments and other investments are recorded at fair values subject to comments on Investments under the summary of accounting policies.

Investments at June 30, 2022, are comprised of the following:

<u>Investment</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Rating</u>
Mutual Funds – Fixed	\$ 1,381,013.14	\$ 1,250,860.43	Various
Mutual Funds – Equity	678,397.71	934,039.04	Various
Common Stock	579,725.32	1,309,777.07	Various
	<u>\$ 2,639,136.17</u>	<u>\$ 3,494,676.54</u>	

**5. RECEIVABLES, NET**

Primary Institution:

Receivables at June 30, 2022, consisted of the following:

Current	
Federal Grants – PELL	\$ 216,468.00
Federal Grants – Direct Loans	52,278.00
Federal Grants – TRIO SSS	25,078.71
Federal Grants – UPWARD Bound	125,690.33
Federal Grants – Work-Study	3,348.00
Federal Grants – SEOG	6,188.00
Federal Grants – EDA	62,771.96
Federal Grants – Rural Opportunity	10,731.68
Foundation Payroll Reimbursement	46,509.87
Taxes in Process	324,344.00
Student Accounts	<u>1,782,818.43</u>
Total Receivables	<u>\$2,656,226.98</u>

The College uses the allowance method to account for uncollectible receivables. Receivables are presented net of an allowance for uncollectible accounts of \$1,993,281.83 at June 30, 2022.

**6. BOOKSTORE INVENTORY**

Primary Institution:

Bookstore inventory consisted of the following at June 30, 2022:

Book Store Inventory	
New Text Books	\$ 265,914.27
Clothing	42,005.64
Used Books	10,427.90
Supplies	14,263.06
Other	<u>22,533.01</u>
Total Bookstore Inventory	<u>\$ 355,143.88</u>

**7. CAPITAL ASSETS, NET**

Primary Institution:

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

	Balance 6/30/2021	Additions	Deletions/ Transfers	Balance 6/30/2022
Capital Assets Not Being Depreciated				
Land	\$ 54,728.70	\$ -	\$ -	\$ 54,728.70
Construction in Progress	611,350.00	-	(611,350.00)	-
Sub-Total	<u>666,078.70</u>	<u>-</u>	<u>(611,350.00)</u>	<u>54,728.70</u>
Other Capital Assets				
Building and Improvements	9,196,619.84	455,353.45	3,056,154.95	12,708,128.24
Building and Improvements Under Capital Lease	8,671,061.28	-	(2,514,611.95)	6,156,449.33
Equipment	1,097,870.42	67,846.89	(59,892.00)	1,105,825.31
Equipment Under Capital Lease	1,100,438.61	-	-	1,100,438.61
Vehicles	90,761.00	14,000.00	(53,262.00)	51,499.00
Sub-Total	<u>20,156,751.15</u>	<u>537,200.34</u>	<u>428,389.00</u>	<u>21,122,340.49</u>
Total Capital Assets	<u>20,822,829.85</u>	<u>537,200.34</u>	<u>(182,961.00)</u>	<u>21,177,069.19</u>
Accumulated Depreciation				
Building and Improvements	(5,962,097.84)	(438,988.46)	(1,742,809.11)	(8,143,895.41)
Building and Improvements Under Capital Lease	(4,694,043.75)	(290,246.56)	1,812,616.11	(3,171,674.20)
Equipment	(909,349.79)	(72,024.42)	57,142.00	(924,232.21)
Equipment Under Capital Lease	(597,071.13)	(220,087.72)	-	(817,158.85)
Vehicles	(80,987.00)	(3,239.80)	53,262.00	(30,964.80)
Total Accumulated Depreciation	<u>(12,243,549.51)</u>	<u>(1,024,586.96)</u>	<u>180,211.00</u>	<u>(13,087,925.47)</u>
Total Net Capital Assets	<u>\$ 8,579,280.34</u>	<u>\$ (487,386.62)</u>	<u>\$ (2,750.00)</u>	<u>\$ 8,089,143.72</u>

**8. FINANCING LEASES**

Primary Institution:

The College entered into a lease purchase agreement and issued refunding certificates of participation dated August 8, 2019, with UMB Bank to refinance COP's originally issued for construction of a dormitory building. The total cost was \$1,760,000.00. The lease calls for semi-annual payments including interest between 2.0% and 3.0% per annum, maturing May 1, 2023.

<u>Financing Lease – Dormitory Construction</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2023	\$ 464,100.00
Total Net Minimum Lease Payments	464,100.00
Less: Imputed Interest	<u>(9,100.00)</u>
Net Present Value of Capital Lease	<u>455,000.00</u>
Less: Current Maturities	<u>(455,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 0.00</u>

The College entered into a lease purchase agreement dated July 15, 2015, with Security Bank of Kansas City for upgrades to the information technology infrastructure and software. The total cost was \$955,000.00. The lease calls for semi-annual payments including interest of 3.00% per annum, maturing June 1, 2023.

<u>Financing Lease – IT Infrastructure and Software</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2023	\$ 149,350.00
Total Net Minimum Lease Payments	149,350.00
Less: Imputed Interest	<u>(4,350.00)</u>
Net Present Value of Capital Lease	<u>145,000.00</u>
Less: Current Maturities	<u>(145,000.00)</u>
Long-Term Capital Lease Obligations	<u>\$ 0.00</u>

The College entered into a lease purchase agreement dated December 3, 2018, with FirstOak Bank for a practice field. The total cost was \$239,032.54. The lease calls for semi-annual payments including interest of 5.96% per annum, maturing April 5, 2027.

<u>Financing Lease – Practice Field</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2023	\$ 37,708.14
2024	37,708.14
2025	37,708.14
2026	37,708.14
2027	<u>19,181.89</u>
Total Net Minimum Lease Payments	170,014.45
Less: Imputed Interest	<u>(23,157.74)</u>
Net Present Value of Capital Lease	<u>146,856.71</u>
Less: Current Maturities	<u>(29,282.40)</u>
Long-Term Capital Lease Obligations	<u>\$ 117,574.31</u>

**8. FINANCING LEASES** (Continued)

The College entered into a lease purchase agreement dated September 1, 2020, with FirstOak Bank for a thirty five (35) copiers with all accessories and attachments. The total cost was \$146,974.62. The lease calls for annual payments including interest of 5.391% per annum, maturing August 31, 2023.

<u>Financing Lease – Document Management Equipment</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2023	\$ 53,711.03
Total Net Minimum Lease Payments	53,711.03
Less: Imputed Interest	<u>(2,435.58)</u>
Net Present Value of Capital Lease	51,275.45
Less: Current Maturities	<u>(51,275.45)</u>
Long-Term Capital Lease Obligations	<u>\$ 0.00</u>

**9. LEASES**

The College implemented *Governmental Accounting Standards Board (GASB) Statement No. 87, Leases*. *GASB Statement No. 87* enhances the relevance and consistency of information of the government’s leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The College has entered into an operating lease for a postage machine. The postage machine was leased beginning March 29, 2021, for a term of 60 months at \$1,056.84 per quarter, and is capitalized at an incremental borrowing rate of 2.84%.

The College has entered into numerous operating leases for vehicles. The vehicle leases were signed on various dates during fiscal year 2021 and fiscal year 2022, for terms ranging from 16 to 36 months at various amounts per month, and is capitalized at an incremental borrowing rate ranging from 2.84% to 3.75%.

*Lease Expense:*

Amortization expense by class of underlying asset:	
Postage Machine	\$ 4,354.08
Vehicles	<u>78,869.49</u>
Total Amortization Expense	82,815.45
Interest on Lease Liability	<u>4,504.15</u>
Total Lease Expense	<u>\$ 87,319.60</u>

*Lease Assets:*

	Beginning	Additions	Subtractions	Ending
Postage Machine	\$ 19,729.55	\$ 0.00	\$ 0.00	\$ 19,729.55
Vehicles	61,929.02	198,855.31	0.00	260,784.33
Less Accumulated Amortization				
Postage Machine	(1,315.32)	(3,945.96)	0.00	(5,261.28)
Vehicles	<u>(3,633.50)</u>	<u>(78,869.49)</u>	<u>0.00</u>	<u>(82,502.99)</u>
Net Lease Assets	<u>\$ 76,709.75</u>	<u>\$ 116,039.86</u>	<u>\$ 0.00</u>	<u>\$ 192,749.61</u>

**9. LEASES** (Continued)

	Beginning	Additions	Principal	Ending
<i>Lease Liabilities:</i>	\$ 76,175.09	\$ 194,772.46	\$ (77,173.51)	\$ 193,774.04

*Future Maturity Analysis:*

	Principal	Interest	Total Payments
2023	\$ 100,243.00	\$ 4,084.88	\$ 104,327.88
2024	69,823.05	1,741.89	71,564.94
2025	21,616.65	293.51	21,910.16
2026	2,091.34	22.34	2,113.68
Totals	<u>\$ 193,774.04</u>	<u>\$ 6,142.62</u>	<u>\$ 199,916.66</u>

*Lease Liabilities Accrued Interest:*

	Beginning	Adjustment	Ending
Vehicles	\$ 52.62	\$ 167.43	\$ 220.05

**10. OTHER POST EMPLOYMENT BENEFITS**

*Description of Pension Plan*

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

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

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

KPERs issues a stand-alone comprehensive annual financial report, which is available on the KPERs website at [www.kpers.org](http://www.kpers.org).

*Special Funding Situation*

The employer contributions for the College, as defined in K.S.A. 74-4931 (2) and (3), are made by the State of Kansas on behalf of the College. Therefore, the College is considered to be in a special funding situation as defined by GASB Statement No. 68. Accordingly, the State is required to recognize its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources and expense for the pension plan attributable to the College. The College records revenue and pension expense in an amount equal to the expense recognized by the State on behalf of the College.

*Benefits*

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

**10. OTHER POST EMPLOYMENT BENEFITS (Continued)**

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

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

*Contributions*

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

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

The actuarially determined employer contribution rates and the statutory contribution rates for school employees are 15.59% and 14.23%, respectively. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

*Employer and Nonemployer Allocations*

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate (sub) actuarial valuations are prepared to determine the actuarial determined contribution rate by group. Following this method, the measurement of the collective net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense are determined separately for each of the following groups of the plan:

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

**10. OTHER POST EMPLOYMENT BENEFITS** (Continued)

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

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

At June 30, 2021, the proportion recognized by the State of Kansas on behalf of the College was .111308%, which was an increase of .023148% from the proportion measured at June 30, 2020.

*Net Pension Liability*

At June 30, 2021 and 2020, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was \$6,371,276.00 and \$6,720,107.00, respectively.

*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:

Price inflation	2.75%
Salary increases, including wage increases	3.50 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.25%

Mortality rates were based on the RP-2014 Mortality Tables, with age setback 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 of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study dated, January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

**10. OTHER POST EMPLOYMENT BENEFITS** (Continued)

<b>Asset Class</b>	<b>Long-Term Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
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%	

*Discount Rate:*

The discount rate used to measure the total pension liability at the measurement date of June 30, 2021 was 7.25%. The discount rate used to measure total pension liability at the prior measurement date of June 30, 2020 was 7.50%. The actuarial assumption used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three-year period of January 1, 2016 through December 31, 2018 and was dated January 7, 2020.

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

*Revenue and Pension Expense Recorded by the College:* For the year ended June 30, 2022, the College recognized revenue and pension expense in an equal amount of \$840,616.55.

*Health Insurance:*

As provided by K.S.A. 12-5040, the College allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the College is subsidizing the retirees because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

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

**10. OTHER POST EMPLOYMENT BENEFITS (Continued)**

Early Retirement Benefits:

The College has adopted a policy providing early retirement benefit options. The policy allows professional employees between the ages of 56 and 64, with 10 years of full-time service to the College, and is eligible for retirement with KPERS the option to retire early. Benefits which are provided are computed as a percentage of final contracted salary earned based on the following schedule:

First Year	23% of last salary
Second Year	19% of last salary
Third Year	15% of last salary
Fourth Year	12% of last salary
Fifth Year	11% of last salary
Maximum Cost	90% of last salary

The College has reserved the option of renewing or not renewing the early retirement option on an annual basis. The College funds these benefits on a pay-as-you-go basis. The Plan does not issue a separate, publicly available report.

Funded Status and Funding Progress: Since the year of implementation, the Plan was not funded, therefore, there is no funded status of the Plan. The Plan is funded as obligations occur. The following is a schedule of benefits payable for eligible employees which have taken early retirement as of June 30, 2022:

	Year Ended June 30th	Amount
Paid	2022	\$ 32,391.04
Payable	2023	45,183.12
Payable	2024	26,971.20
Payable	2025	16,469.76
Payable	2026	13,775.68

**11. COMPENSATED ABSENCES**

All full time administrators and full time non-faculty staff are granted vacations based on continuous employment on the following schedule:

Less than 1 year	Prorated based on 10 working days
1 to 4 years	10 working days
5 to 10 years	15 working days
11 years and over	20 working days

Continuing part time employees are granted vacations based on continuous employment on the following schedule:

1 year and over	5 working days
-----------------	----------------

Annual vacations days accrue to a maximum carryover equal to the number of benefit days an employee received each year.

Each full-time employee shall receive fifteen sick days per year, cumulative to a maximum of 90 days. There is no compensation for unused sick leave upon termination of employment.

**11. COMPENSATED ABSENCES** (Continued)

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

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

**12. EMPLOYEE BENEFIT PLANS**

The College has a 403(b) plan available for its employees. An employee is eligible to participate from the date of hire, but must provide 1,000 hours of service during the plan year in order to receive the employer match. The College will match contributions up to 3% of the employee's salary. Employer contributions will vest according to the following schedule:

Years of Service (from date of hire)	Vesting %
1	20%
2	40%
3	60%
4	80%
5	100%

Total contributions made by the College into the plan on behalf of the employees for the year ended June 30, 2022, was \$62,311.28.

**13. CONTINGENT LIABILITIES**

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

In December 2020, a novel strain of coronavirus ("COVID-19") was reported in Wuhan, China. The World Health Organization has declared COVID-19 to constitute a "Public Health Emergency of International Concern." The U.S. government has implemented enhanced screenings, quarantine requirements and travel restrictions in connection with the COVID-19 outbreak. The extent of the impact of the COVID-19 on the College's operational and financial performance will depend on future developments, including the duration and spread of the outbreak and related travel advisories and restrictions and the impact of the COVID-19. Our results of operations for full fiscal year 2023 may be materially adversely affected.

**14. RELATED PARTY TRANSACTIONS**

The Independence Community College Foundation was formed to promote and foster the educational purposes of the College, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the College. The Foundation acts largely as a fund raising organization, soliciting, receiving, managing, and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation's board of directors. The Foundation disbursed to the College for the year ended June 30, 2022, \$183,982.01 as project support and capital campaign expense, \$95,887.52 as reimbursement for payroll processed, and \$64,188.06 for scholarships.

**15. CONCENTRATION OF RISK**

Component Unit:

64.21% of the Foundation's monies at June 30, 2022, are invested in equities in the stock market. The effect in the future on the Foundation's equity portfolio is unknown and is subject to market economic conditions.

**16. SEGMENT INFORMATION**

A segment is an identifiable activity reported as a standalone entity for which one or more revenue bonds are outstanding. A segment has a specific identifiable revenue stream pledged in support of revenue bonds and has related expenses, gains, losses, assets, and liabilities that are required by an external party to be accounted for separately. The College does not have any segments that meet the reporting requirements of GASB Statement No. 35.

**17. RISK MANAGEMENT**

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

**18. RESTRICTED NET POSITION - EXPENDABLE**

Component Unit:

Restricted net position - expendable include principal totaling \$300,000.00 from the U.S. Department of Education in connection with Federal grants. The principal and fifty percent of the earned interest cannot be expended until twenty years after receipt of the grant money. The remaining restricted net position - expendable include contributions restricted for specific use by the donor.

**18. RESTRICTED NET POSITION – EXPENDABLE** (Continued)

Restricted Net Position - Expendable:	
Capital Campaign	\$ 30,503.00
Fab Lab	329.03
Fine Art	8,195.43
ICC Now	723.92
Wesley Hull Trust	38,591.02
Scholarships	1,495,236.52
Griffin Trust	229,026.92
McConnell Trust	78,610.43
Total Restricted Net Position - Expendable	<u>\$ 1,881,216.27</u>

**19. RESTRICTED NET POSITION – NONEXPENDABLE**

Component Unit:

On June 30, 2022 the Foundation endowments are summarized in the following table:

	<u>Nonexpendable</u>
Donor-Restricted Endowment Funds	<u>\$ 615,780.47</u>
Total Funds	<u>\$ 615,780.47</u>

Changes in endowments as of June 30, 2022 are as follows:

	<u>Nonexpendable</u>
Endowment Net Assets, Beginning of the Year	\$ 590,780.47
Contributions	25,000.00
Endowment Net Assets, End of Year	<u>\$ 615,780.47</u>

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

**20. LIQUIDITY**

Component Unit:

The Foundation regularly monitors liquidity required to meet its operating needs and other commitments. The Foundation has various sources of liquidity at its disposal, including cash and cash equivalents and certain investments.

For purposes of analyzing resources available to meet general expenditures over a one year period, the Foundation considers conduct of services undertaken to support program activities to be general expenditures.

In addition to financial assets available to meet general expenditures over the next year, the Foundation operates with a balanced budget and anticipates collecting sufficient revenue to cover general expenditures not covered by resources restricted by donors.

Financial assets available for general expenditure, that is, without donor or other restrictions or designations limiting their use, within twelve months of the statement of financial position date, comprise the following.

**20. LIQUIDITY (Continued)**

	<u>June 30, 2022</u>
Cash and Cash Equivalents	\$ 312,380.52
Investments	3,494,676.54
Less: Cash Received with Donor Restrictions	<u>(2,496,996.74)</u>
Assets Available to Satisfy Current Obligations	<u>\$ 1,310,060.32</u>

**21. INTERFUND TRANSFERS**

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Reason</u>	<u>Amount</u>
General Fund	Adult Education Fund	Institutional Paid	\$ 52,288.00
General Fund	Auxiliary Enterprise Fund	Institutional Paid	559,000.00
General Fund	INGE Festival Fund	Institutional Paid	212,261.00
General Fund	CARES Act HEERF Grant Fund	Institutional Paid	28,138.92
General Fund	Federal Supplemental Opportunity Grants Fund	Institutional Share	8,778.00
General Fund	Postsecondary Technical Education Fund	Operating Expenses	488,000.00

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

**22. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT**

For 2022, the College implemented *Governmental Accounting Standards Board (GASB) Statement No. 87, Leases*. GASB Statement No. 87 enhances the relevance and consistency of information of the government's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. These changes were incorporated in the College's 2022 financial statements and had an effect on the beginning net position. The College recognized \$76,709.75 in net book value for the intangible right to use, a lease liability of \$76,175.09 corresponding assets at June 30, 2021, and an accrued interest amount of amortization in excess of actual payments and principal reductions of \$52.62.

The implementation of GASB Statement No. 87 had the following effect on net position as reported June 30, 2021:

Net Position June 30, 2021	\$ 11,850,669.60
Adjustments:	
Net Book Value Leased Asset	76,709.75
Lease Liability	(76,175.09)
Accrued Interest on Lease Liability	<u>(52.62)</u>
Restated Net Position June 30, 2021	<u>\$ 11,851,151.64</u>

**23. SUBSEQUENT EVENTS**

The College evaluated events and transactions occurring subsequent to year end. During this period, there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

## **SUPPLEMENTARY INFORMATION**

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas  
 Combining Schedule of Net Position  
 June 30, 2022

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	AUXILIARY ENTERPRISE	FEDERAL WORKSTUDY GRANTS	FEDERAL PELL GRANTS	FEDERAL SEOG GRANTS
<b>ASSETS</b>							
Current Assets							
Cash and Cash Equivalents	\$ 1,616,010.30	\$ 112,921.59	\$ -	\$ 7,744.25	\$ (924.00)	\$ -	\$ (6,188.00)
Receivables - Federal	-	-	-	-	3,348.00	216,468.00	6,188.00
Receivables - Taxes in Progress	324,344.00	-	-	-	-	-	-
Receivables - Other Receivables	1,499,292.86	-	-	283,525.57	-	-	-
Prepays	-	-	-	36.54	-	-	-
Bookstore Inventory	-	-	-	355,143.88	-	-	-
Total Current Assets	3,439,647.16	112,921.59	-	646,450.24	2,424.00	216,468.00	-
Noncurrent Assets							
Cash and Cash Equivalents	-	-	-	-	-	-	-
Capital Assets, Net	-	-	-	-	-	-	-
Lease Assets, Net	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 3,439,647.16</b>	<b>\$ 112,921.59</b>	<b>\$ -</b>	<b>\$ 646,450.24</b>	<b>\$ 2,424.00</b>	<b>\$ 216,468.00</b>	<b>\$ -</b>
<b>LIABILITIES</b>							
Current Liabilities							
Accounts Payable	\$ 215,541.97	\$ -	\$ -	\$ 5,196.77	\$ 2,424.00	\$ 216,468.00	\$ -
Accrued Payroll	45,807.40	-	-	2,249.00	-	-	-
Accrued Interest	-	-	-	6,209.49	-	-	-
Accrued Interest, Lease Liabilities	-	-	-	-	-	-	-
Deferred Revenue	1,127,490.00	112,205.00	-	79,120.00	-	-	-
Deposits Held in Custody for Others	-	-	-	3,131.80	-	-	-
Lease Liabilities,							
Due Within One Year	-	-	-	-	-	-	-
Financing Leases Payable,							
Due Within One Year	-	-	-	-	-	-	-
Total Current Liabilities	1,388,839.37	112,205.00	-	95,907.06	2,424.00	216,468.00	-
Noncurrent Liabilities							
Accrued Vacation	140,902.97	-	-	2,658.62	-	-	-
Lease Liabilities	-	-	-	-	-	-	-
Financing Leases Payable	-	-	-	-	-	-	-
Total Noncurrent Liabilities	140,902.97	-	-	2,658.62	-	-	-
<b>TOTAL LIABILITIES</b>	<b>1,529,742.34</b>	<b>112,205.00</b>	<b>-</b>	<b>98,565.68</b>	<b>2,424.00</b>	<b>216,468.00</b>	<b>-</b>
<b>NET POSITION</b>							
Investment in Capital Assets,							
Net of Related Debt	-	-	-	-	-	-	-
Unrestricted	1,909,904.82	716.59	-	547,884.56	-	-	-
Total Net Position	1,909,904.82	716.59	-	547,884.56	-	-	-
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 3,439,647.16</b>	<b>\$ 112,921.59</b>	<b>\$ -</b>	<b>\$ 646,450.24</b>	<b>\$ 2,424.00</b>	<b>\$ 216,468.00</b>	<b>\$ -</b>

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas

Combining Schedule of Net Position

June 30, 2022

	DIRECT LOANS	CARES ACT HEERF GRANT	STATE TECHNOLOGY GRANTS	INGE FESTIVAL	ICC FOUNDATION	FAB LAB GRANT	CARL PERKINS PROGRAM IMPROVEMENT	UPWARD BOUND GRANT
<b>ASSETS</b>								
Current Assets								
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 3,577.51	\$ (200.31)	\$ 126,978.93	\$ -	\$ (125,690.33)
Receivables - Federal	52,278.00	-	-	-	-	-	-	125,690.33
Receivables - Taxes in Progress	-	-	-	-	-	-	-	-
Receivables - Other Receivables	-	-	-	-	46,509.87	62,771.96	-	-
Prepays	-	-	-	-	-	-	-	-
Bookstore Inventory	-	-	-	-	-	-	-	-
Total Current Assets	52,278.00	-	-	3,577.51	46,309.56	189,750.89	-	-
Noncurrent Assets								
Cash and Cash Equivalents	-	-	-	-	-	-	-	-
Capital Assets, Net	-	-	-	-	-	-	-	-
Lease Assets, Net	-	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 52,278.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,577.51</b>	<b>\$ 46,309.56</b>	<b>\$ 189,750.89</b>	<b>\$ -</b>	<b>\$ -</b>
<b>LIABILITIES</b>								
Current Liabilities								
Accounts Payable	\$ 52,278.00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Accrued Payroll	-	-	-	-	-	-	-	-
Accrued Interest	-	-	-	-	-	-	-	-
Accrued Interest, Lease Liabilities	-	-	-	-	-	-	-	-
Deferred Revenue	-	-	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-	-
Lease Liabilities,	-	-	-	-	-	-	-	-
Due Within One Year	-	-	-	-	-	-	-	-
Financing Leases Payable,	-	-	-	-	-	-	-	-
Due Within One Year	-	-	-	-	-	-	-	-
Total Current Liabilities	52,278.00	-	-	-	-	-	-	-
Noncurrent Liabilities								
Accrued Vacation	-	-	-	3,577.51	1,568.72	-	-	-
Lease Liabilities	-	-	-	-	-	-	-	-
Financing Leases Payable	-	-	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	3,577.51	1,568.72	-	-	-
<b>TOTAL LIABILITIES</b>	<b>52,278.00</b>	<b>-</b>	<b>-</b>	<b>3,577.51</b>	<b>1,568.72</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>NET POSITION</b>								
Investment in Capital Assets,								
Net of Related Debt	-	-	-	-	-	-	-	-
Unrestricted	-	-	-	-	44,740.84	189,750.89	-	-
<b>TOTAL NET POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>44,740.84</b>	<b>189,750.89</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 52,278.00</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,577.51</b>	<b>\$ 46,309.56</b>	<b>\$ 189,750.89</b>	<b>\$ -</b>	<b>\$ -</b>

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas

Combining Schedule of Net Position

June 30, 2022

	TRIO - STUDENT SUPPORT SERVICES GRANT	VETERANS SUCCESS GRANT	RURAL OPPORTUNITY GRANT	COMMUNITY COLLEGE ACTIVITY	CAPITAL OUTLAY	INVESTMENT IN PLANT	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
<b>ASSETS</b>								
Current Assets								
Cash and Cash Equivalents	\$ (25,078.71)	\$ -	\$ (10,731.68)	\$ 159,796.45	\$ -	\$ -	\$ 566,004.65	\$ 2,424,220.65
Receivables - Federal	25,078.71	-	-	-	-	-	-	429,051.04
Receivables - Taxes in Progress	-	-	-	-	-	-	-	324,344.00
Receivables - Other Receivables	-	-	10,731.68	-	-	-	-	1,902,831.94
Prepays	-	-	-	-	-	-	-	36.54
Bookstore Inventory	-	-	-	-	-	-	-	355,143.88
Total Current Assets	-	-	-	159,796.45	-	-	566,004.65	5,435,628.05
Noncurrent Assets								
Cash and Cash Equivalents	-	-	-	-	166,486.95	-	-	166,486.95
Capital Assets, Net	-	-	-	-	-	8,089,143.72	-	8,089,143.72
Lease Assets, Net	-	-	-	-	-	192,749.61	-	192,749.61
Total Noncurrent Assets	-	-	-	-	166,486.95	8,281,893.33	-	8,448,380.28
<b>TOTAL ASSETS</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 159,796.45</b>	<b>\$ 166,486.95</b>	<b>\$ 8,281,893.33</b>	<b>\$ 566,004.65</b>	<b>\$ 13,884,008.33</b>
<b>LIABILITIES</b>								
Current Liabilities								
Accounts Payable	\$ -	\$ -	\$ -	\$ 113,335.06	\$ -	\$ -	\$ 40,152.00	\$ 645,395.80
Accrued Payroll	-	-	-	-	-	-	-	48,056.40
Accrued Interest	-	-	-	-	-	-	-	6,209.49
Accrued Interest, Lease Liabilities	-	-	-	-	-	220.05	-	220.05
Deferred Revenue	-	-	-	6,150.00	-	-	-	1,324,965.00
Deposits Held in Custody for Others	-	-	-	-	-	-	525,852.65	528,984.45
Lease Liabilities,								
Due Within One Year	-	-	-	-	-	100,243.00	-	100,243.00
Financing Leases Payable,								
Due Within One Year	-	-	-	-	-	680,557.85	-	680,557.85
Total Current Liabilities	-	-	-	119,485.06	-	781,020.90	566,004.65	3,334,632.04
Noncurrent Liabilities								
Accrued Vacation	-	-	-	-	-	-	-	148,707.82
Lease Liabilities	-	-	-	-	-	93,531.04	-	93,531.04
Financing Leases Payable	-	-	-	-	-	117,574.31	-	117,574.31
Total Noncurrent Liabilities	-	-	-	-	-	211,105.35	-	359,813.17
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>119,485.06</b>	<b>-</b>	<b>992,126.25</b>	<b>566,004.65</b>	<b>3,694,445.21</b>
<b>NET POSITION</b>								
Investment in Capital Assets,								
Net of Related Debt	-	-	-	-	-	7,289,767.08	-	7,289,767.08
Unrestricted	-	-	-	40,311.39	166,486.95	-	-	2,899,796.04
<b>TOTAL NET POSITION</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>40,311.39</b>	<b>166,486.95</b>	<b>7,289,767.08</b>	<b>-</b>	<b>10,189,563.12</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 159,796.45</b>	<b>\$ 166,486.95</b>	<b>\$ 8,281,893.33</b>	<b>\$ 566,004.65</b>	<b>\$ 13,884,008.33</b>

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas

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

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	AUXILIARY ENTERPRISE	FEDERAL WORKSTUDY GRANTS	FEDERAL PELL GRANTS	FEDERAL SEOG GRANTS
<b>REVENUES</b>							
Operating Revenues							
Student Tuition and Fees	\$ 2,224,666.52	\$ 459,558.00	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	1,057,238.57	-	-	-	52,325.80	-	86,744.00
State Grants and Contracts	883,837.55	-	-	-	-	-	-
Sales and Services of							
Auxiliary Enterprises	-	-	-	1,638,840.75	-	-	-
Charges for Services	-	8,454.59	-	-	-	-	-
Activity Fund Revenues	-	-	-	-	-	-	-
Miscellaneous Income	62,263.55	-	-	18,880.00	-	-	-
Total Operating Revenues	4,228,006.19	468,012.59	-	1,657,720.75	52,325.80	-	86,744.00
<b>EXPENSES</b>							
Operating Expenses							
Educational and General							
Instruction	2,375,031.55	829,052.10	52,288.00	-	-	-	-
Academic Support	454,995.73	44,969.44	-	-	-	-	-
Public Service	-	-	-	-	-	-	-
Student Services	2,490,044.38	243,058.13	-	-	-	-	-
Institutional Support	5,178,619.24	257,761.83	-	-	-	-	-
Operation and Maintenance	1,085,610.21	141,920.62	-	-	-	-	-
Scholarships and Awards	904,324.34	-	-	-	52,325.80	1,932,728.00	95,522.00
Auxiliary Enterprises	-	-	-	1,910,336.19	-	-	-
Lease Expense	82,894.16	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-
Total Operating Expenses	12,571,519.61	1,516,762.12	52,288.00	1,910,336.19	52,325.80	1,932,728.00	95,522.00
Operating Income (Loss)	(8,343,513.42)	(1,048,749.53)	(52,288.00)	(252,615.44)	-	(1,932,728.00)	(8,778.00)
Nonoperating Revenues (Expenses)							
State Appropriations	1,429,492.00	558,687.00	-	-	-	-	-
County Appropriations	6,519,159.28	-	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	1,932,728.00	-
Gifts and Contributions	81,317.82	-	-	-	-	-	-
Agency Fund Technology Fees	-	-	-	-	-	-	-
Interest Income	6,369.38	-	-	2.30	-	-	-
Debt Service	(363,946.47)	-	-	(464,077.70)	-	-	-
Gain (Loss) on Sale of Assets	4,250.00	-	-	-	-	-	-
Operating Transfers	(1,348,465.92)	488,000.00	52,288.00	559,000.00	-	-	8,778.00
Increase (Decrease) in Net Position	(2,015,337.33)	(2,062.53)	-	(157,690.84)	-	-	-
Net Position - Beginning of Year	3,925,242.15	2,779.12	-	705,575.40	-	-	-
Net Position - End of Year	\$ 1,909,904.82	\$ 716.59	\$ -	\$ 547,884.56	\$ -	\$ -	\$ -

**INDEPENDENCE COMMUNITY COLLEGE**  
 Independence, Kansas  
 Combining Schedule of Revenues, Expenses, and Changes in Net Position  
 For the Year Ended June 30, 2022

	DIRECT LOANS	CARES ACT HEERF GRANT	STATE TECHNOLOGY GRANT	INGE FESTIVAL	ICC FOUNDATION	FAB LAB GRANT	CARL PERKINS PROGRAM IMPROVEMENT	UPWARD BOUND GRANT
<b>REVENUES</b>								
Operating Revenues								
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	723,696.00	1,189,437.23	-	-	-	23,586.80	30,083.67	314,753.43
State Grants and Contracts	-	-	16,824.00	-	-	-	-	-
Sales and Services of								
Auxiliary Enterprises	-	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	54,256.15	-	-
Activity Fund Revenues	-	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	113,615.61	194,458.64	-	-	-
Total Operating Revenues	723,696.00	1,189,437.23	16,824.00	113,615.61	194,458.64	77,842.95	30,083.67	314,753.43
<b>EXPENSES</b>								
Operating Expenses								
Educational and General								
Instruction	-	-	16,824.00	-	-	179,086.93	30,083.67	314,753.43
Academic Support	-	-	-	-	-	-	-	-
Public Service	-	-	-	325,876.61	-	-	-	-
Student Services	-	-	-	-	-	-	-	-
Institutional Support	-	-	-	-	112,599.53	-	-	-
Operation and Maintenance	-	-	-	-	-	-	-	-
Scholarships and Awards	723,696.00	1,217,576.15	-	-	62,315.00	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-	-	-
Lease Expense	-	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-	-
Total Operating Expenses	723,696.00	1,217,576.15	16,824.00	325,876.61	174,914.53	179,086.93	30,083.67	314,753.43
Operating Income (Loss)	-	(28,138.92)	-	(212,261.00)	19,544.11	(101,243.98)	-	-
<b>Nonoperating Revenues (Expenses)</b>								
State Appropriations	-	-	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	290,994.87	-	-
Agency Fund Technology Fees	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-	-
Gain (Loss) on Sale of Assets	-	-	-	-	-	-	-	-
Operating Transfers	-	28,138.92	-	212,261.00	-	-	-	-
Increase (Decrease) in Net Position	-	-	-	19,544.11	189,750.89	-	-	-
Net Position - Beginning of Year	-	-	-	25,196.73	-	-	-	-
Net Position - End of Year	\$ -	\$ -	\$ -	\$ 44,740.84	\$ 189,750.89	\$ -	\$ -	\$ -

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas  
 Combining Schedule of Revenues, Expenses, and Changes in Net Position  
 For the Year Ended June 30, 2022

	TRIO - STUDENT SUPPORT SERVICES GRANT	VETERANS SUCCESS GRANT	RURAL OPPORTUNITY GRANT	COMMUNITY COLLEGE ACTIVITY	CAPITAL OUTLAY	INVESTMENT IN PLANT	SUB-TOTAL PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
<b>REVENUES</b>									
Operating Revenues									
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,684,224.52	\$ (1,041,866.22)	\$ 1,642,358.30
Federal Grants and Contracts	247,664.14	172,233.59	10,731.68	-	-	-	3,908,494.91	(723,696.00)	3,184,798.91
State Grants and Contracts	-	-	-	-	-	-	900,661.55	-	900,661.55
Sales and Services of									
Auxiliary Enterprises	-	-	-	-	-	-	1,638,840.75	(1,042,057.21)	596,783.54
Charges for Services	-	-	-	-	-	-	62,710.74	-	62,710.74
Activity Fund Revenues	-	-	-	28,897.35	-	-	28,897.35	-	28,897.35
Miscellaneous Income	-	-	-	-	-	-	389,217.80	-	389,217.80
Total Operating Revenues	247,664.14	172,233.59	10,731.68	28,897.35	-	-	9,613,047.62	(2,807,619.43)	6,805,428.19
<b>EXPENSES</b>									
Operating Expenses									
Educational and General									
Instruction	247,664.14	172,233.59	8,032.76	-	-	-	4,225,050.17	-	4,225,050.17
Academic Support	-	-	-	-	-	-	499,965.17	-	499,965.17
Public Service	-	-	-	-	-	-	325,876.61	-	325,876.61
Student Services	-	-	-	20,261.62	-	(6,384.00)	2,746,980.13	-	2,746,980.13
Institutional Support	-	-	-	-	-	(39,327.89)	5,509,652.71	-	5,509,652.71
Operation and Maintenance	-	-	-	-	-	(172,898.34)	1,054,632.49	-	1,054,632.49
Scholarships and Awards	-	-	-	-	-	(318,590.11)	4,988,487.29	(2,807,619.43)	2,180,867.86
Auxiliary Enterprises	-	-	-	-	-	1,726.52	1,591,746.08	-	1,591,746.08
Lease Expense	-	-	2,698.92	-	-	-	87,319.60	-	87,319.60
Depreciation Expense	-	-	-	-	-	1,024,586.96	1,024,586.96	-	1,024,586.96
Total Operating Expenses	247,664.14	172,233.59	10,731.68	20,261.62	-	489,113.14	22,054,297.21	(2,807,619.43)	19,246,677.78
Operating Income (Loss)	-	-	-	8,635.73	-	(489,113.14)	(12,441,249.59)	-	(12,441,249.59)
<b>Nonoperating Revenues (Expenses)</b>									
State Appropriations	-	-	-	-	-	-	1,988,179.00	-	1,988,179.00
County Appropriations	-	-	-	-	890.83	-	6,520,050.11	-	6,520,050.11
Federal Pell Grants	-	-	-	-	-	-	1,932,728.00	-	1,932,728.00
Gifts and Contributions	-	-	-	-	-	-	372,312.69	-	372,312.69
Agency Fund Technology Fees	-	-	-	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	6,371.68	-	6,371.68
Debt Service	-	-	-	-	-	786,543.76	(41,480.41)	-	(41,480.41)
Gain (Loss) on Sale of Assets	-	-	-	-	-	(2,750.00)	1,500.00	-	1,500.00
Operating Transfers	-	-	-	-	-	-	-	-	-
Increase (Decrease) in Net Position	-	-	-	8,635.73	890.83	294,680.62	(1,661,588.52)	-	(1,661,588.52)
Net Position - Beginning of Year	-	-	-	31,675.66	165,596.12	6,995,086.46	11,851,151.64	-	11,851,151.64
Net Position - End of Year	\$ -	\$ -	\$ -	\$ 40,311.39	\$ 166,486.95	\$ 7,289,767.08	\$ 10,189,563.12	\$ -	\$ 10,189,563.12

**INDEPENDENCE COMMUNITY COLLEGE**  
Independence, Kansas

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

For the Year Ended June 30, 2022

Schedules 3 to 7 are prepared in accordance with Kansas cash basis and budget laws (Regulatory Basis), which differs from generally accepted accounting principles (GAAP Basis). Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund in which the cash is transferred. Expenditures include cash disbursements, transfers, accounts payable and encumbrances – that is, commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas

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

Current Funds - Unrestricted

General Fund (Regulatory Basis)

For the Year Ended June 30, 2022

(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	PRIOR YEAR ACTUAL	CURRENT YEAR			BUDGET	VARIANCE OVER (UNDER)
		ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS		
<b>REVENUES</b>						
Student Tuition and Fees	\$ 1,584,922.74	\$ 2,224,666.52	\$ 429,688.39	\$ 2,654,354.91	\$ 2,600,000.00	\$ 54,354.91
Federal Sources						
Federal Grants	407,321.67	1,057,238.57	-	1,057,238.57	3,239,600.00	(2,182,361.43)
State Sources						
State Operating Grant	1,429,492.00	1,429,492.00	-	1,429,492.00	1,429,492.00	-
Other State Grants	-	883,837.55	(840,616.55)	43,221.00	16,573.00	26,648.00
Local Sources						
Ad Valorem Tax	5,404,473.21	5,671,882.50	-	5,671,882.50	5,850,652.00	(178,769.50)
Motor Vehicle Tax	674,252.62	627,695.96	-	627,695.96	693,766.00	(66,070.04)
Rental Motor Vehicle Tax	5,711.38	7,127.75	-	7,127.75	-	7,127.75
Recreational Vehicle	9,955.01	8,741.03	-	8,741.03	9,853.00	(1,111.97)
16M-20M Truck Tax	15,803.65	14,257.03	-	14,257.03	72,380.00	(58,122.97)
Delinquent Tax	268,116.39	182,709.92	-	182,709.92	-	182,709.92
Watercraft Tax	5,282.33	4,387.53	-	4,387.53	-	4,387.53
In Lieu of Tax	3,373.23	2,357.56	-	2,357.56	-	2,357.56
Other Sources						
Agency Fund Technology Fees	-	-	-	-	-	-
Interest Income	1,228.13	6,369.38	-	6,369.38	2,500.00	3,869.38
Gifts and Contributions	18,854.07	81,317.82	-	81,317.82	30,000.00	51,317.82
Sale of Assets	-	4,250.00	-	4,250.00	-	4,250.00
Miscellaneous	1,260,675.05	62,263.55	-	62,263.55	999,999.00	(937,735.45)
Debt Service						
Finance Lease Proceeds	400,000.00	400,000.00	-	400,000.00	-	400,000.00
<b>TOTAL REVENUES</b>	<b>11,489,461.48</b>	<b>12,668,594.67</b>	<b>(410,928.16)</b>	<b>12,257,666.51</b>	<b>14,944,815.00</b>	<b>(2,687,148.49)</b>

**Schedule 3 (Continued)**

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas  
 Schedule of Revenues, Expenditures and Changes  
 in Unencumbered Cash - Budget and Actual  
 Current Funds - Unrestricted  
 General Fund (Regulatory Basis)

For the Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	PRIOR YEAR ACTUAL	CURRENT YEAR			BUDGET	VARIANCE OVER (UNDER)
		ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS		
<b>EXPENDITURES</b>						
Instruction	\$ 2,100,372.77	\$ 2,375,031.55	\$ 6,161.57	\$ 2,381,193.12	\$ 2,500,000.00	\$ (118,806.88)
Academic Support	461,114.78	454,995.73	1,952.99	456,948.72	570,000.00	(113,051.28)
Student Services	2,464,366.80	2,490,044.38	8,777.42	2,498,821.80	2,850,000.00	(351,178.20)
Institutional Support	2,781,396.70	5,178,619.24	(859,500.05)	4,319,119.19	3,500,000.00	819,119.19
Operation and Maintenance	697,817.39	1,085,610.21	595.23	1,086,205.44	1,900,000.00	(813,794.56)
Lease Expense	-	82,894.16	-	82,894.16	-	82,894.16
Scholarships and Awards	872,678.17	904,324.34	-	904,324.34	1,750,000.00	(845,675.66)
Debt Service						
Principal Payments	937,748.92	741,543.73	-	741,543.73	-	741,543.73
Interest Payments	46,500.42	22,402.74	-	22,402.74	-	22,402.74
Operating Transfers to:						
Postsecondary Technical						
Education Fund	550,000.00	488,000.00	-	488,000.00	1,345,182.00	(857,182.00)
Adult Education Fund	52,287.85	52,288.00	-	52,288.00	-	52,288.00
Auxiliary Enterprise Fund	-	559,000.00	-	559,000.00	-	559,000.00
INGE Festival Fund	39,798.23	212,261.00	-	212,261.00	-	212,261.00
FAB Lab Grant Fund	60,799.69	-	-	-	-	-
CARES Act HEERF Grant Fund	-	28,138.92	-	28,138.92	-	28,138.92
Federal Workstudy Grants Fund	58,658.48	-	-	-	-	-
Federal Supplemental Opportunity						
Grants Fund	-	8,778.00	-	8,778.00	-	8,778.00
<b>TOTAL EXPENDITURES</b>	<b>11,123,540.20</b>	<b>14,683,932.00</b>	<b>(842,012.84)</b>	<b>13,841,919.16</b>	<b>14,415,182.00</b>	<b>(573,262.84)</b>
Excess of Revenues Over						
(Under) Expenditures and Other						
Additions (Deductions)	365,921.28	(2,015,337.33)	431,084.68	(1,584,252.65)	529,633.00	(2,113,885.65)
Unencumbered Cash						
Beginning of Year	2,572,992.30	3,925,242.15	(986,328.57)	2,938,913.58	2,281,218.00	657,695.58
End of Year	\$ 2,938,913.58	\$ 1,909,904.82	\$ (555,243.89)	\$ 1,354,660.93	\$ 2,810,851.00	\$ (1,456,190.07)

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas

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

Current Funds - Unrestricted

Postsecondary Technical Education Fund (Regulatory Basis)

For the Year Ended June 30, 2022

(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	PRIOR YEAR ACTUAL	CURRENT YEAR			VARIANCE OVER (UNDER)
		ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS	
<b>REVENUES</b>					
Student Tuition and Fees	\$ 529,652.67	\$ 459,558.00	\$ 21,461.00	\$ 481,019.00	\$ (28,981.00)
State Sources					
State Operating Grant	558,687.00	558,687.00	-	558,687.00	-
Other State Grants	-	-	-	-	(115,000.00)
Local Sources					
Delinquent Tax	0.73	-	-	-	-
Charges for Services					
Tech Service Income	4,019.57	8,454.59	-	8,454.59	8,454.59
Operating Transfers from General Fund	550,000.00	488,000.00	-	488,000.00	88,000.00
<b>TOTAL REVENUES</b>	<b>1,642,359.97</b>	<b>1,514,699.59</b>	<b>21,461.00</b>	<b>1,536,160.59</b>	<b>(47,526.41)</b>
<b>EXPENDITURES</b>					
Instruction	785,820.04	829,052.10	-	829,052.10	(481,392.90)
Academic Support	50,558.26	44,969.44	-	44,969.44	(35,030.56)
Student Services	271,121.87	243,058.13	-	243,058.13	55,368.13
Institutional Support	310,020.28	257,761.83	-	257,761.83	(128,215.17)
Operation and Maintenance	173,139.07	141,920.62	-	141,920.62	(15,379.38)
<b>TOTAL EXPENDITURES</b>	<b>1,590,659.52</b>	<b>1,516,762.12</b>	<b>-</b>	<b>1,516,762.12</b>	<b>(604,649.88)</b>
<b>Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)</b>	<b>51,700.45</b>	<b>(2,062.53)</b>	<b>21,461.00</b>	<b>19,398.47</b>	<b>557,123.47</b>
<b>Unencumbered Cash Beginning of Year</b>	<b>41,822.67</b>	<b>2,779.12</b>	<b>90,744.00</b>	<b>93,523.12</b>	<b>54,030.12</b>
<b>End of Year</b>	<b>\$ 93,523.12</b>	<b>\$ 716.59</b>	<b>\$ 112,205.00</b>	<b>\$ 112,921.59</b>	<b>\$ 611,153.59</b>

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas  
 Schedule of Revenues, Expenditures, and Changes  
 in Unencumbered Cash - Budget and Actual  
 Current Funds - Unrestricted  
 Adult Education Fund (Regulatory Basis)

For the Year Ended June 30, 2022  
 (With Comparative Actual Amounts for the Year Ended June 30, 2021)

	PRIOR YEAR ACTUAL	CURRENT YEAR			VARIANCE OVER (UNDER)
		ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS	
<b>REVENUES</b>					
Other Sources					
Miscellaneous	\$ 0.15	\$ -	\$ -	\$ -	\$ -
Operating Transfers from General Fund	52,287.85	52,288.00	-	52,288.00	52,288.00
<b>TOTAL REVENUES</b>	52,288.00	52,288.00	-	52,288.00	52,288.00
<b>EXPENDITURES</b>					
Instruction	52,288.00	52,288.00	-	52,288.00	52,288.00
<b>TOTAL EXPENDITURES</b>	52,288.00	52,288.00	-	52,288.00	52,288.00
<b>Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)</b>	-	-	-	-	-
<b>Unencumbered Cash Beginning of Year</b>	-	-	-	-	-
<b>End of Year</b>	\$ -	\$ -	\$ -	\$ -	\$ -

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas  
 Schedule of Revenues, Expenditures and Changes  
 in Unencumbered Cash - Budget and Actual  
 Current Funds - Unrestricted  
 Auxiliary Enterprise Fund (Regulatory Basis)  
 For the Year Ended June 30, 2022

(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	PRIOR YEAR ACTUAL	CURRENT YEAR			VARIANCE OVER (UNDER)	
		ACTUAL GAAP BASIS	ADJUSTMENTS TO BUDGET BASIS	ACTUAL BUDGET BASIS		BUDGET
<b>REVENUES</b>						
Sales and Services of						
Auxiliary Enterprises						
Bookstore Sales	\$ 258,233.16	\$ 211,782.62	\$ -	\$ 211,782.62	\$ 300,000.00	\$ (88,217.38)
Dormitory Rents	1,561,442.01	1,382,529.25	(67,365.78)	1,315,163.47	2,200,000.00	(884,836.53)
Other Fees	42,869.54	44,528.88	(6,207.00)	38,321.88	-	38,321.88
Other Sources						
Damages and Fines	715.00	880.00	-	880.00	-	880.00
Interest Income	-	2.30	-	2.30	-	2.30
Miscellaneous Receipts	140,758.59	18,000.00	-	18,000.00	410,000.00	(392,000.00)
Operating Transfers from						
General Fund	-	559,000.00	-	559,000.00	-	559,000.00
<b>TOTAL REVENUES</b>	<b>2,004,018.30</b>	<b>2,216,723.05</b>	<b>(73,572.78)</b>	<b>2,143,150.27</b>	<b>2,910,000.00</b>	<b>(766,849.73)</b>
<b>EXPENDITURES</b>						
Auxiliary Enterprise						
Materials	164,087.98	204,501.52	8,382.83	212,884.35	50,000.00	162,884.35
Food and Meals	751,666.73	800,015.54	-	800,015.54	125,000.00	675,015.54
Payroll	241,516.39	293,763.06	(367.10)	293,395.96	315,000.00	(21,604.04)
General Operating Expenses	275,905.27	261,661.07	36.54	261,697.61	1,625,613.00	(1,363,915.39)
Capital Outlay	9,099.09	331,229.88	-	331,229.88	29,000.00	302,229.88
Scholarships	-	19,165.12	-	19,165.12	-	19,165.12
Debt Service						
Principal	430,000.00	445,000.00	-	445,000.00	400,000.00	45,000.00
Interest	43,320.44	19,077.70	4,872.30	23,950.00	110,000.00	(86,050.00)
<b>TOTAL EXPENDITURES</b>	<b>1,915,595.90</b>	<b>2,374,413.89</b>	<b>12,924.57</b>	<b>2,387,338.46</b>	<b>2,654,613.00</b>	<b>(267,274.54)</b>
Excess of Revenues Over (Under)						
Expenditures and Other						
Additions (Deductions)	88,422.40	(157,690.84)	(86,497.35)	(244,188.19)	255,387.00	(499,575.19)
Unencumbered Cash	156,064.27	705,575.40	(461,088.73)	244,486.67	260,902.00	(16,415.33)
Beginning of Year						
End of Year	\$ 244,486.67	\$ 547,884.56	\$ (547,586.08)	\$ 298.48	\$ 516,289.00	\$ (515,990.52)



**INDEPENDENCE COMMUNITY COLLEGE**  
Independence, Kansas  
Schedule of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended June 30, 2022

ACCOUNT NAME	BALANCE JUNE 30, 2021	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2022
<b>AGENCY FUND</b>				
School Projects Accounts				
Technical Fees	\$ 143,721.59	\$ 75,498.00	\$ -	\$ 219,219.59
Student Loan Clearing	8,690.64	-	-	8,690.64
President's Community Relations	37,122.20	-	-	37,122.20
Athletic Administration	(4,505.76)	-	-	(4,505.76)
International Program	65.73	-	87.17	(21.44)
ICC Booster Club	(4,080.84)	155.86	1,770.92	(5,695.90)
Institutional Support	(9,512.52)	-	-	(9,512.52)
Student Insurance	80,564.93	37,875.00	-	118,439.93
Total School Projects	<u>252,065.97</u>	<u>113,528.86</u>	<u>1,858.09</u>	<u>363,736.74</u>
Student Organization Accounts				
Math and Science	5.00	-	-	5.00
Motorcycle Safety	382.20	-	-	382.20
Library	17,929.00	-	1,631.65	16,297.35
SEK Library Grant	4,843.63	4,500.00	2,836.15	6,507.48
Corner Stone Fitness	7,000.00	-	-	7,000.00
Student Senate	12,359.63	-	87.35	12,272.28
GED Testing	5,160.56	-	-	5,160.56
Vet Nursing	30,219.65	1,564.13	3,534.20	28,249.58
Vet Nursing SKNAVTA	-	3,961.00	3,082.19	878.81
Allied Health	3,918.91	220.00	6,160.18	(2,021.27)
ICC West Community Room	56,430.03	6,223.75	1,000.00	61,653.78
Concessions	5,778.06	-	4,161.66	1,616.40
Dorm Activities	76,863.40	-	-	76,863.40
Anchor Operations	3,825.50	-	-	3,825.50
Golf	(7,278.97)	-	-	(7,278.97)
Fab Lab	(50,934.19)	-	-	(50,934.19)
Farm Bureau Group	1,638.00	-	-	1,638.00
Total Student Organizations	<u>168,140.41</u>	<u>16,468.88</u>	<u>22,493.38</u>	<u>162,115.91</u>
<b>TOTAL AGENCY FUNDS</b>	<u>\$ 420,206.38</u>	<u>\$ 129,997.74</u>	<u>\$ 24,351.47</u>	<u>\$ 525,852.65</u>
<b>Assets</b>				
Cash and Investments	\$ 420,206.38	\$ 129,997.74	\$ (15,800.53)	\$ 566,004.65
<b>TOTAL ASSETS</b>	<u>\$ 420,206.38</u>	<u>\$ 129,997.74</u>	<u>\$ (15,800.53)</u>	<u>\$ 566,004.65</u>
<b>Liabilities</b>				
Accounts Payable	\$ -	\$ -	\$ (40,152.00)	\$ 40,152.00
Deposits Held For Others	420,206.38	129,997.74	64,503.47	525,852.65
<b>TOTAL LIABILITIES</b>	<u>\$ 420,206.38</u>	<u>\$ 129,997.74</u>	<u>\$ 24,351.47</u>	<u>\$ 566,004.65</u>

**AUDITOR INFORMATION SHEET**

**INDEPENDENCE COMMUNITY COLLEGE**

1057 WEST COLLEGE AVENUE  
INDEPENDENCE, KANSAS 67301

EIN NUMBER: 480720287  
OPE ID NUMBER: 00192400  
DUNS NUMBER: 084091107

TELEPHONE: (620) 331-4100  
FAX: (620) 331-5534

PRESIDENT: Vincent Bowhay, Ed.D.  
CONTACT PERSON & TITLE: Jonathan Sadhoo, Vice President for Administration & Finance  
LEAD AUDITOR: Neil L. Phillips, CPA  
EMAIL ADDRESS: [nphillips@jgppa.com](mailto:nphillips@jgppa.com)  
LICENSE NUMBER & HOME STATE: 7549 KS  
FIRM'S NAME & ADDRESS: JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants  
1815 S. Santa Fe  
P.O. Box 779  
Chanute, Kansas 66720

FIRM'S FEDERAL ID NUMBER: 20-3906022  
TELEPHONE: (620) 431-6342  
FAX: (620) 431-0724

PROGRAMS EXAMINED:	FSEOG	84.007
	DIRECT LOAN	84.268
	FWS	84.033
	PELL	84.063
	CARES	84.425

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

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

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

			NOTICE				
	> 50% OF	LOCATION	TO ED			DATE	
	PROGRAM	ON	PRIOR TO			OF CPA'S	
ALL	OFFERED	ELIGIBILITY	OFFERING	DATE	DATE	LAST	EXCLUSION
LOCATIONS	@ SITE	LETTER	INSTRUCTION	OPENED	CLOSED	VISIT	REASON
Independence, KS	Yes	Yes	Yes	1925	N/A	2022	N/A

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

The College does not use a servicer.

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

INDEPENDENCE COMMUNITY COLLEGE  
 1057 WEST COLLEGE AVENUE  
 INDEPENDENCE, KANSAS 67301

For Close-Out Examination only: N/A

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROVIDED TO SUBRECIPIENTS	EXPENDITURES
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Education Opportunity Grants	84.007	N/A	\$ -	\$ 86,744.00
Federal Direct Loan Program	84.268	N/A	- (1)	723,696.00
Federal Work-Study Program	84.033	N/A	-	52,325.80
Federal Pell Grant Program	84.063	N/A	-	1,932,728.00
Federal Pell Grant Administration	84.063	N/A	-	2,325.00
		Total 84.063	-	1,935,053.00
Total Student Financial Aid Cluster TRIO Cluster			-	2,797,818.80
TRIO - Student Support Services	84.042(a)	N/A	-	247,664.14
TRIO - Upward Bound	84.047(a)	N/A	-	314,753.43
Total TRIO Cluster			-	562,417.57
Funding for Improvement of Postsecondary Education	84.116(G)	N/A	-	172,233.59
Funding for Improvement of Postsecondary Education	84.116(W)	N/A	-	10,731.68
		Total 84.116	-	182,965.27
Education Stabilization Fund - Institutional	84.425(F)	N/A	-	901,118.84
Education Stabilization Fund - Student	84.425(E)	N/A	-	1,189,437.23
Education Stabilization Fund - Strengthening Institutions	84.425(M)	N/A	-	153,794.73
		Total 84.425	-	2,244,350.80

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2022

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PROVIDED TO SUBRECIPIENTS	EXPENDITURES
Passed through the Kansas Board of Regents Carl Perkins Vocational Education Grants: Career and Technical Education	84.048(A)	FY22-Carl Perkins	\$ -	\$ 8,500.00
Passed through the Salina Area Technical College Carl Perkins Vocational Education Grants: Career and Technical Education	84.048	FY22-Carl Perkins	-	21,583.67
		Total 84.048	-	30,083.67
Total U.S. Department of Education			-	5,817,636.11
<b>U.S. DEPARTMENT OF COMMERCE</b>				
Direct Programs: Investment for Public Works and Economic Development Facilities	11.300	N/A	-	23,586.80
Total U.S. Department of Commerce			-	23,586.80
<b>FEDERAL ASSISTANCE TOTALS</b>			\$ -	\$ 5,841,222.91

**NOTE A --BASIS OF PRESENTATION**

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

**NOTE B --INDIRECT COST RATE**

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

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

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees  
Independence Community College  
Independence, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Independence Community College, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Independence Community College's basic financial statements and have issued our report thereon dated February 16, 2023.

**Report on Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2022-001 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

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

**Independence Community College’s Response to Findings**

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

**Purpose of This Report**

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
February 16, 2023

**JARRED, GILMORE & PHILLIPS, PA**  
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees  
Independence Community College  
Independence, Kansas

**Report on Compliance for Each Major Federal Program**

***Qualified and Unmodified Opinion***

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

***Qualified Opinion on Student Financial Aid Cluster***

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Independence Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the Student Financial Aid Cluster for the year ended June 30, 2022.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, Independence Community College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2022.

***Basis for Qualified and Unmodified Opinions***

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

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

***Matter Giving Rise to Qualified Opinion on Education Stabilization***

As described in the accompanying schedule of findings and questioned costs, Education Stabilization as described in finding number 2022-002 for Reporting.

Compliance with such requirements is necessary, in our opinion, for Independence Community College to comply with the requirements applicable to that program.

### ***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 Independence Community College's federal programs.

### ***Auditors' Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Independence Community College's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance 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 Independence Community College's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

#### **Other Matters**

The results of our auditing procedures disclosed other 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 items 2022-002. 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 Independence Community College's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Independence Community College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as 2022-002 to be material weaknesses.

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

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

### **Purpose of this Report**

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
February 16, 2023

**INDEPENDENCE COMMUNITY COLLEGE**  
Independence, Kansas

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

**I. SUMMARY OF AUDITORS' RESULTS**

**Financial Statements:**

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

**Internal Control over Financial Reporting:**

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

**Federal Awards:**

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

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

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

**U.S. DEPARTMENT OF EDUCATION**

- Student Financial Aid Cluster
  - Federal Pell Grant Program – CFDA No. 84.063
  - Federal Direct Student Loans – CFDA No. 84.268
  - Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
  - Federal Work-Study Program – CFDA No. 84.033
  - Education Stabilization – CFDA No. 84.425

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

Auditee qualified as a low risk auditee?	<u>      </u>	Yes	<u>  X  </u>	No
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**INDEPENDENCE COMMUNITY COLLEGE**  
Independence, Kansas  
Schedule of Findings and Questioned Costs  
(Continued)

**II. FINANCIAL STATEMENT FINDINGS**

**Finding 2022-001** – Improper Classification of Transactions

*Criteria:* Internal controls should be in place that provide reasonable assurance that financial systems generate records for proper accountability for all funds and other assets of the College.

*Condition:* Reconciliations of most balance sheet accounts found transactions that were improperly classified and/or not recorded at all. These balance sheet account reconciliations resulted in material amounts of general ledger adjustments posted after year end and through the date of the audit report.

*Cause:* The Organization did not have adequate staff properly trained in the area of financial statement preparation and review.

*Effect or Potential Effect:* The deficiencies in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if expenses are not properly recorded in the general ledger when the expense is incurred.

*Recommendation:* Additional training for staff is needed in the area of financial statement preparation and use of the general ledger software.

*Views of responsible officials:* Management is in agreement and will implement a Corrective Action Plan, see pages 54-55 of the current year audit.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS** (Continued)

**Finding: 2022-002** – Reporting

*Identification of the federal program:*

**U.S. DEPARTMENT OF EDUCATION**

Education Stabilization – CFDA 84.425(E), 84.425 (F), 84.425(M)

*Criteria:* Internal controls should be in place that provide reasonable assurance that system generated records for all grant activities allow for proper reporting for reimbursement.

*Condition:* During our testing of financial reports to the grantor, it was determined a breakdown in internal controls occurred, because staff did not keep support for amounts reported to grantors from the accounting system. Staff tried to re-create the reports with the accounting system and amounts were materially different than originally reported to the grantor.

*Cause:* An oversight in management resulted in support to be disregarded therefore, the College had no support to verify amounts reported.

*Effect:* The deficiencies in the design and operation of the internal controls in this area could have resulted in the College being paid for expenses not actually expended.

**INDEPENDENCE COMMUNITY COLLEGE**  
Independence, Kansas

Schedule of Findings and Questioned Costs  
(Continued)

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS** (Continued)

**Finding: 2022-002** – Reporting (Continued)

*Identification of the federal program:*

**U.S. DEPARTMENT OF EDUCATION**

Education Stabilization – CFDA 84.425(E), 84.425 (F), 84.425(M)

*Questioned Costs:* None

*Context:* During our testing of reports submitted to grantors, it was noted that there was no documentation from the accounting system to support reports submitted.

*Repeat Finding:* No

*Recommendation:* Additional training for staff is needed in the area of internal control over reporting. All reports filed should be thoroughly reviewed and approved before issuance. This review would include tying amounts reported to attached support from the accounting system.

*Views of responsible officials:* Management is in agreement and will implement a Corrective Action Plan, see pages 54-55 of the current year audit.

**INDEPENDENCE COMMUNITY COLLEGE**

Independence, Kansas

Schedule of Resolution of Prior Year's Findings and Questioned Costs  
For the Year Ended June 30, 2022

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**Finding: 2021-001** – Special Tests and Provisions – Enrollment Reporting

*Condition:*

During our testing of the enrollment reporting process, it was noted that Independence Community College's internal controls over enrollment reporting broke down. On six (6) of forty (40) files tested, changes to a student's status were either incorrectly submitted or batch errors were not timely corrected.

*Recommendation:*

Policies and procedures should be written to provide additional training and oversight of new staff hired which should include updated training for all new regulations on an annual basis. We recommend the College establish an oversight process for new employees that includes additional controls necessary until staff are fully trained in the area of enrollment reporting.

*Current Status:* The College has implemented policies and procedure to ensure compliance.

**Finding: 2021-002** – Special Tests and Provisions – Return of Title IV Funds

*Condition:*

When a recipient of Title IV grant or loan assistance withdraws from an institution during a payment period or period of enrollment in which the recipient began attendance, the institution must determine the amount of Title IV grant or loan assistance that the student earned as of the student's withdrawal date (34 CFR section 668.22).

*Recommendation:*

Policies and procedures should be written to provide internal controls over obtaining complete and accurate reports of official and unofficial withdrawals, including date withdrawal dates, in order to identify students that need to have a return of Title IV completed.

*Current Status:* The College has implemented policies and procedure to ensure compliance.



## ***Corrective Action Plan***

February 16, 2023

Cognizant or Oversight Agency for Audit

Independence Community College respectfully submits the following corrective action plan for the year ended June 30, 2022.

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

Audit period: Year ended June 30, 2022.

The findings from the February 16, 2023 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

**Finding: 2022-001 – Improper Classification of Transactions**

*Condition:* Reconciliations of most balance sheet accounts found transactions that were improperly classified and/or not recorded at all. These balance sheet account reconciliations resulted in material amounts of general ledger adjustments posted after year end and through the date of the audit report.

*Recommendation:* Additional training for staff is needed in the area of financial statement preparation and use of the general ledger software.

*Views of responsible officials:* **We are in agreement and the proper training will be added. Policies will also be updated to include additional detail & steps to assure that misclassifications can be traced and reclassified in a timely manner, along with assuring reconciliation of all balance sheet accounts can properly occur monthly.**

**Finding: 2022-002 – Reporting**

*Condition:* During our testing of financial reports to the grantor, it was determined a breakdown in internal controls occurred, because staff did not keep support for amounts reported to grantors from the accounting system. Staff tried to re-create the reports with



the accounting system and amounts were materially different than originally reported to the grantor.

*Recommendation:* Additional training for staff is needed in the area of internal control over reporting. All reports filed should be thoroughly reviewed and approved before issuance. This review would include tying amounts reported to attached support from the accounting system.

*Views of responsible officials:* **We are in agreement and policies will be updated to include the proper internal controls are in place. It will also be required that all supporting GL documentation be included for all reporting aspects for Grants from the draws to annual reports.**

If the Oversight Agency for Audit has questions regarding this plan, please call Jonathan Sadhoo, Vice President for Administration & Finance, at (620) 332-5412.

Sincerely,

*Independence Community College*

Independence Community College