

**FORT SCOTT  
COMMUNITY COLLEGE**  
Fort Scott, Kansas

Independent Auditor's Report and  
Financial Statements with  
Supplementary Information

For the Year Ended June 30, 2025

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas

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Fort Scott, Kansas

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## Management's Discussion and Analysis

### Introduction:

The following discussion and analysis of the financial performance and activity of Fort Scott Community College (the College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2025, with selected comparative information for the year ended June 30, 2024. 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 Fort Scott Community College Foundation and is available for review at 2108 S Horton, Fort Scott, Kansas.

### Using the Annual Report:

The audit is conducted in accordance with auditing standards applicable to financial audits contained in Government Auditing Standards, specifically GASB 34/35, issued by the Comptroller of the United States. The purpose of GASB 34/35 is to make the financial statement presentation of public entities more closely resemble or emulate that of non-public for-profit enterprises. The hope is that it will "enhance the understandability of the general purpose external financial reports." To that end the annual financial report will include basic financial statements and required supplementary information.

### Basic financial statements are comprised of two parts:

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

### Required Supplementary Information:

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

### Highlights to the Financial Statements:

The College's financial position at June 30, 2025, shows total assets exceeded its liabilities by \$13,995,170, compared to \$13,006,641 in 2024. Of this net position, \$2,863,287 is classified as unrestricted net position, compared to \$1,435,995 in 2024. Unrestricted net position, which may be used to meet the College's ongoing obligations, increased by \$1,427,292 in fiscal year 2025. Revenue decreased by \$2,507,095 (12.3%); however, the sale of property, combined with reductions in program-specific expenses, reduced total expenses by \$3,580,253 (17.4%).

### Statement of Net Position

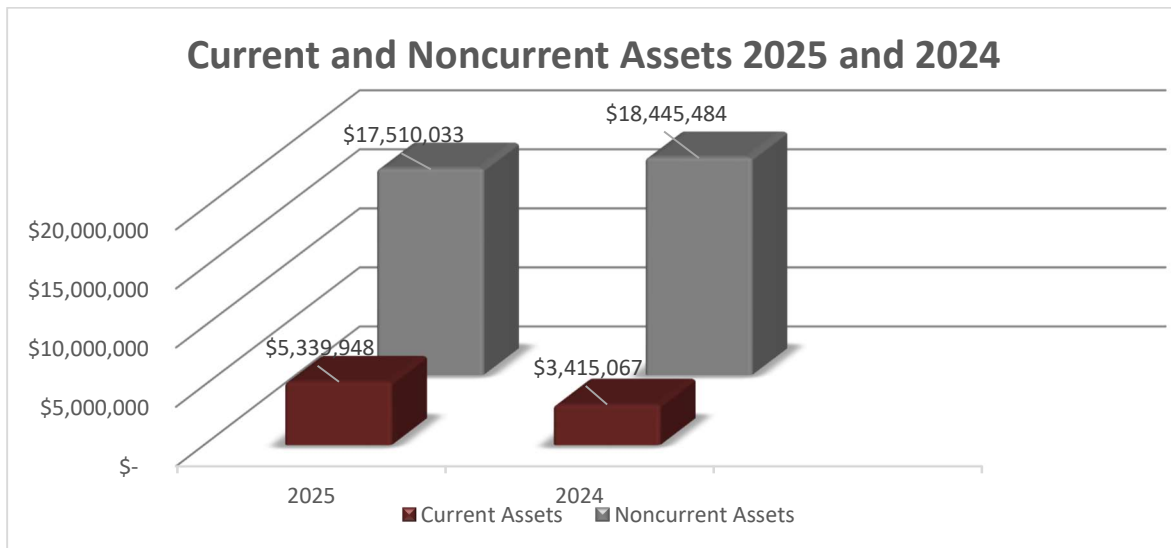
The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College at June 30, 2025. The purpose of the Statement of Net Position is to present the financial condition of the College. The Statement of Net Position presents end of year data concerning Assets (current and noncurrent), Deferred Outflows, Liabilities (current and noncurrent), Deferred Inflows, and Net Position (Assets and Deferred Outflows minus Liabilities and Deferred Inflows).

The assets and liabilities are categorized between current and noncurrent. The difference is that current assets and current liabilities become receivable or payable within the normal 12-month accounting cycle, whereas noncurrent assets and liabilities become receivable or payable after 12 months. The College implemented GASB Statement No. 101, Compensated Absences. The implementation of the standard resulted in restatement of beginning net position as of July 1, 2024.

**Comparison of Assets – Fiscal Year 2025 to 2024**

	2025	% Total 2025	2024	%Total 2024
Current Assets	\$5,339,948	23.4%	\$3,415,067	15.6%
Non-Current Assets	\$17,510,033	76.6%	\$18,445,484	84.4%
Total Assets	\$22,849,981	100.0%	\$21,860,551	100.0%
Deferred Outflows	\$323,279		\$391,873	

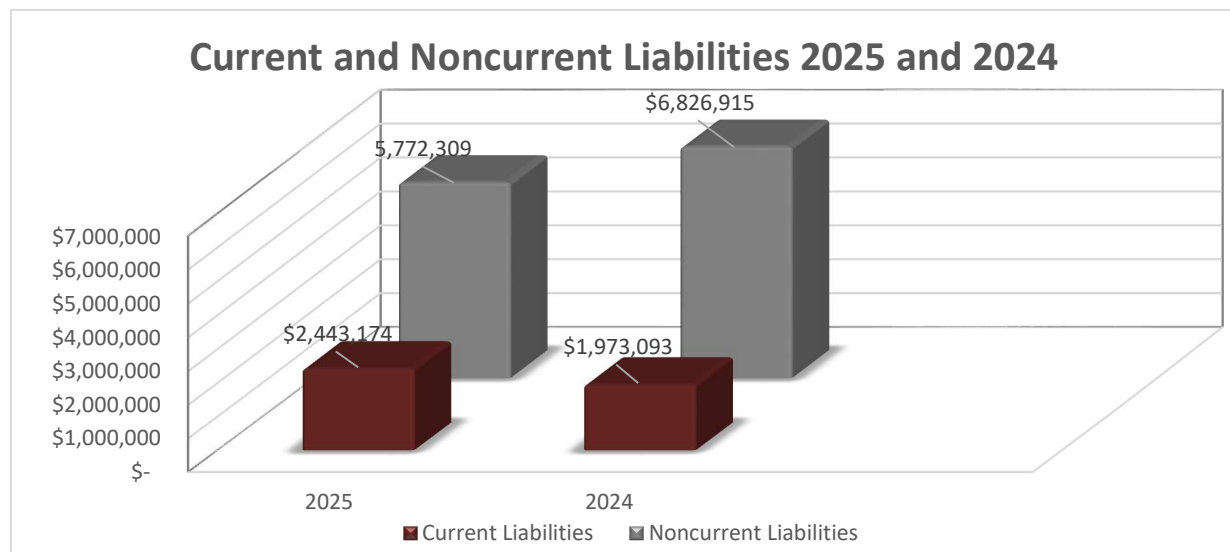
The College’s current assets consist primarily of cash, accounts receivable and inventories; while noncurrent assets consist mainly of capital and leased assets. The College’s current assets in 2025 were \$5,339,948 compared to \$3,415,067 in 2024. This reflects an increase in current assets from 2024 to 2025 of \$1,924,881. Noncurrent assets decreased from \$18,445,484 to \$17,510,033. Total breakdown of assets between current and noncurrent classifications follows:



**Comparison of Liabilities – Fiscal Year 2025 to 2024**

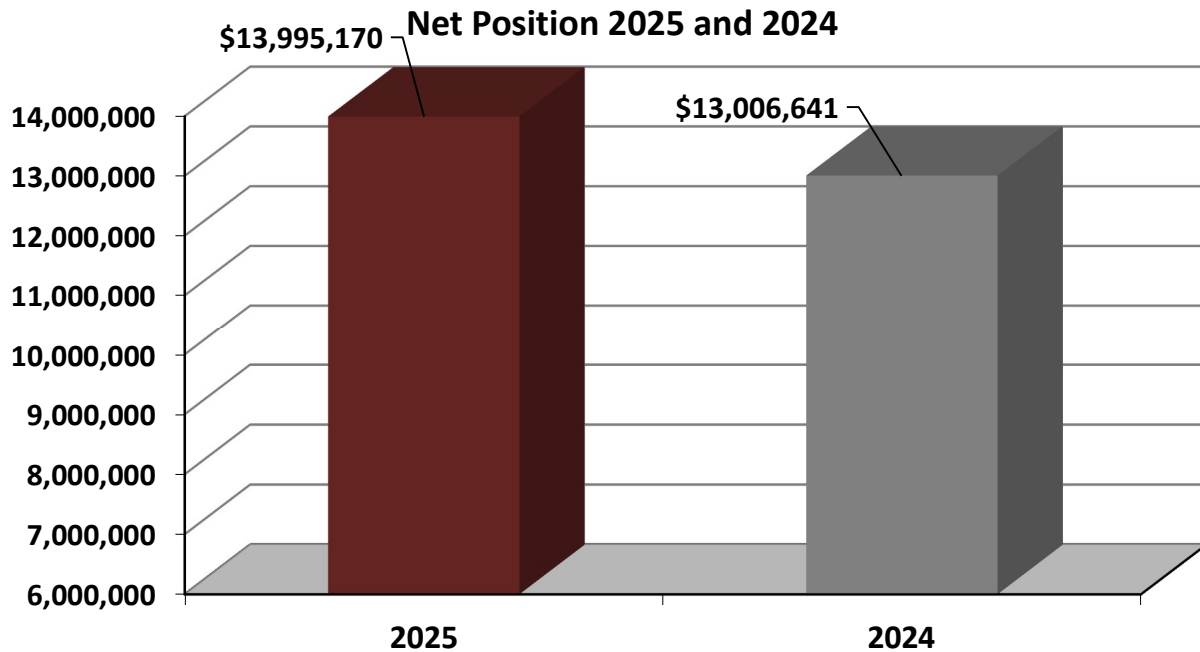
	2025	% Total 2025	2024	%Total 2024
Current Liabilities	\$2,443,174	29.7%	\$1,973,093	22.4%
Non-Current Liabilities	\$5,772,309	70.3%	\$6,826,915	77.6%
Total Liabilities	\$8,215,482	100.0%	\$8,800,008	100.0%
Deferred Inflows	\$962,607		\$445,775	

The liabilities are categorized between current and noncurrent. For example, the College's current liabilities consist primarily of accounts payable, accrued liabilities, and the current portion of the College's certificates of participation, lease and subscription liability. Current liabilities increased by \$470,081 in 2025 largely due to deposits held in custody of others.



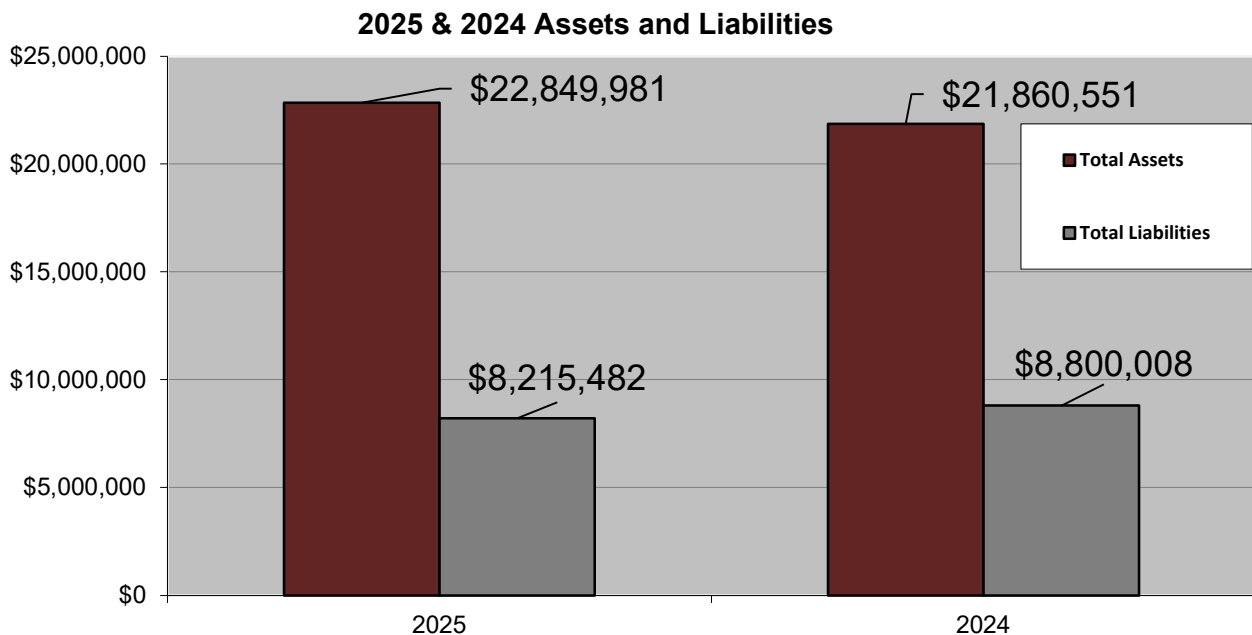
### Net Position for 2025 Compared to 2024

Net Position is presented in three major categories. The first is invested 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 increased during the current fiscal year from \$13,006,641 to \$13,995,170 for a total increase of \$988,529, mainly due to an increase in nonoperating revenues and reduction in operating expenses.



### Comparison of Assets to Liabilities

In 2025 total assets increased by \$989,430 while total liabilities decreased by \$584,526. This represents a 4.5% increase in total assets compared to a 6.6% decrease in total liabilities.



## ***Deferred Inflows and Outflows of Resources***

Deferred Inflows and Deferred Outflows of Resources are defined as resources not currently recognized as revenue or expense. The amounts reported are based on the most recent actuarial study, in accordance with Government Accounting Standards Board No. 75 (GASB 75) and Government Accounting Standards Board No. 68 (GASB 68). GASB 75 titled "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" replaces GASB 45 effective for fiscal years beginning after June 15, 2017. GASB 68 is titled "Accounting and Financial Reporting for Pensions".

The Related Deferred Outflows for 2025 was \$323,279 a \$68,594 decrease from 2024 of \$391,873 and the Related Deferred Inflows increased by \$516,832 from 2024 to a total of \$962,607. The change is the result of grants received.

## **Statements of Revenues, Expenses, and Changes in Net Position**

The combined statement of revenues, expenses, and changes in net position presents the College's financial results for the fiscal year ending June 30, 2025. The statements include the College's revenue and expenses, both operating and nonoperating.

Operating revenues and expenses are those for which the College directly exchanges goods and services. Nonoperating revenues and expenses are those that exclude specific goods and services. Examples of nonoperating revenues would be Bourbon County property tax revenue and Kansas state aid; whereby local and state taxpayers do not directly receive goods and services from the College.

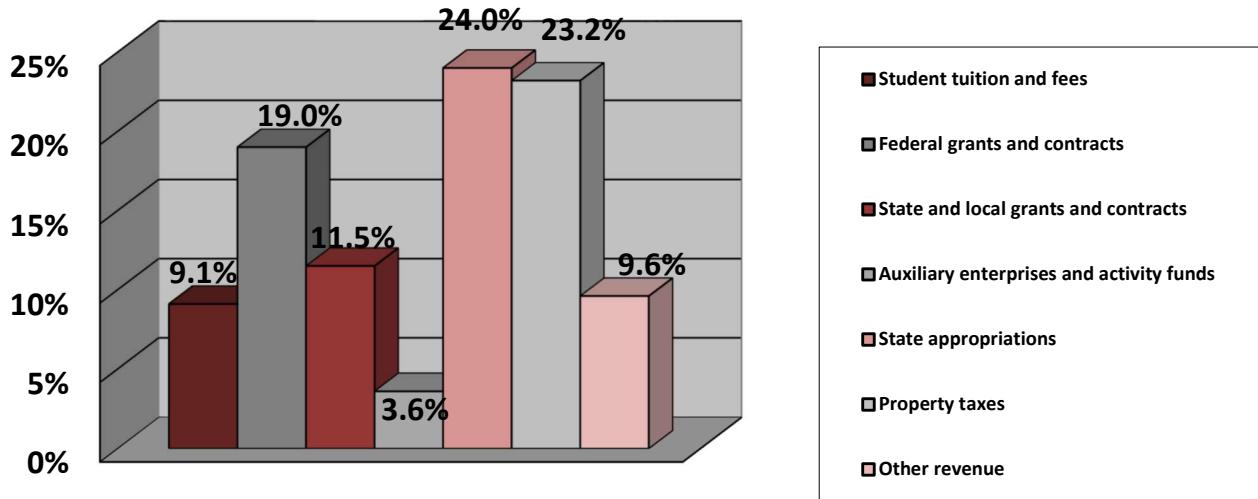
### ***Revenue***

Components and sources of revenue:

Fort Scott Community College receives revenue from five major sources. They are: The State of Kansas; Federal Government; students, in the form of tuition and fees; local taxpayers, by way of property taxes; and through business style auxiliary enterprises. Aside from student tuition and fees, these sources are relatively stable year after year as a percentage of the total.

	2025	% Total 2025	2024	% Total 2024
Student Tuition and Fees	\$1,628,024	9.1%	\$1,508,968	7.5%
Federal Grants and Contracts	\$3,410,427	19.0%	\$3,590,281	17.8%
State and Local Grants and Contracts	\$2,065,598	11.5%	\$2,004,181	9.9%
Auxiliary Enterprises and Activity Funds	\$637,178	3.6%	\$799,175	4.0%
State Appropriations	\$4,309,610	24.0%	\$4,868,526	24.1%
Property Taxes	\$4,165,944	23.2%	\$3,940,404	19.5%
Other Revenue	\$1,730,474	9.6%	\$3,460,446	17.2%
Total Revenue	\$17,947,255	100.0%	\$20,171,981	100.0%

## 2025 Total Revenue Sources by Percentage

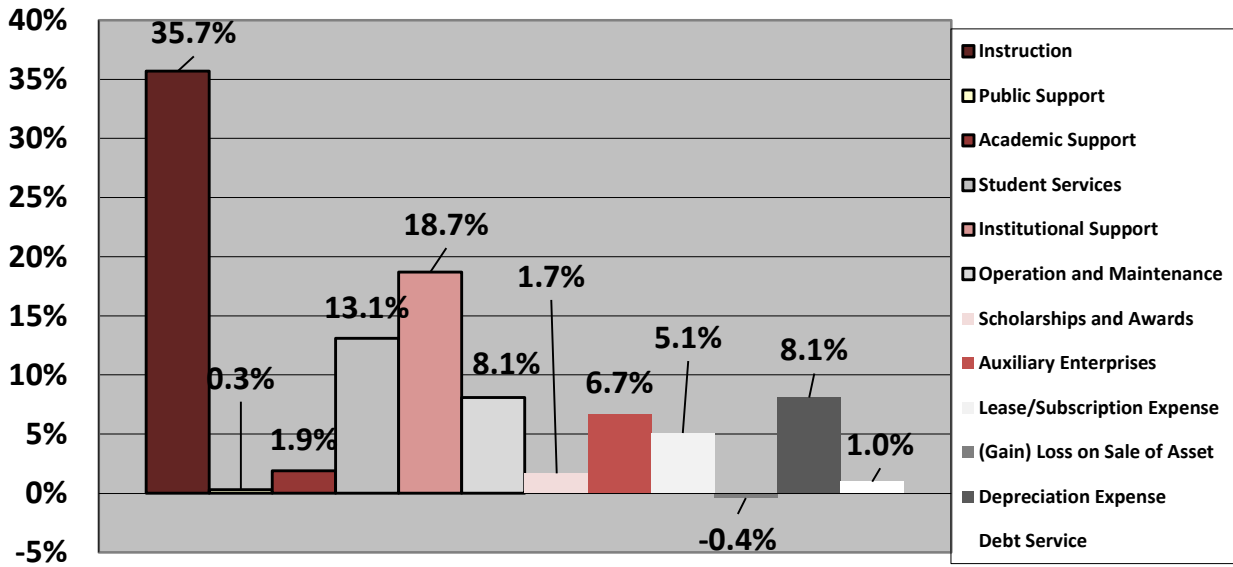


### **Expenditures**

The College incurs thirteen types of expenses including Instruction, Research Function, Public Support, Academic Support, Student Services, Institutional Support, Operations and Maintenance, Scholarships and Grants, Auxiliary Enterprises, Lease/Subscription Expense, Depreciation, and Debt Services. These expenses are relatively stable year over year as a percentage of the total. The largest areas of variance were in Instruction, Student Services, and Operations and Maintenance due to a conscious effort in reducing operating expenses. The following chart shows expenses by function for 2025 and 2024 and expenses by percentage:

	2025	% Total 2025	2024	% Total 2024
Instruction	\$6,050,032	35.7%	\$7,791,861	40.9%
Public Support	\$56,515	0.3%	\$66,450	0.3%
Academic Support	\$317,830	1.9%	\$354,046	1.9%
Student Services	\$2,229,188	13.1%	\$2,736,449	14.3%
Institutional Support	\$3,173,564	18.7%	\$3,159,666	16.6%
Operation and Maintenance	\$1,366,065	8.1%	\$1,370,272	7.2%
Scholarships and Awards	\$292,701	1.7%	\$229,906	1.2%
Auxiliary Enterprises	\$1,138,771	6.7%	\$1,227,895	6.4%
Lease/Subscription Expense	\$860,716	5.1%	\$724,014	3.8%
(Gain) Loss on Sale of Asset	\$(64,687)	-0.4%	\$(149,172)	-0.8%
Depreciation Expense	\$1,375,154	8.1%	\$1,366,577	7.2%
Debt Service	\$162,876	1.0%	\$193,535	1.0%
<b>Total Expenses</b>	<b>\$16,958,727</b>	<b>100.0%</b>	<b>\$20,538,980</b>	<b>100.0%</b>

## 2025 Total Expense by Percentage



### Statement of Cash Flows

The statement of cash flows presents detailed information about the cash activity of the College during the year. It helps assess the College's ability to generate net cash flows and to meet its obligations as they come due. The first section deals with operating cash flows and shows the net cash used by the operating activities of the College. The second section reflects cash flows from non-capital investing activities. This section reflects the cash received and spent for nonoperating investing and noncapital financing purposes. The third section reflects the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

### Summary Statement of Cash Flows Information

	2025	2024
Net Cash Provided (used) by:		
Operating Activities	\$(6,961,868)	\$(8,694,630)
Non-Capital Investing Activities	\$10,490,503	\$11,235,937
Capital Investing Activities	\$144,800	\$625,000
Financing Activities	\$(1,370,470)	\$(2,020,005)
Net Change in Cash	\$2,302,965	\$1,146,302
Cash Beginning of Year	\$2,057,185	\$910,883
Cash End of Year	\$4,360,150	\$2,057,185



**Summary of Overall Performance and Economic Outlook**

Fort Scott Community College reported an improved financial position in fiscal year 2025, with net position increasing by \$988,529 to a total of \$13,995,170. The College’s cash reserves also increased during 2025, primarily due to the sale of the Burke Street property and a reduction in operating expenses. Total operating and nonoperating revenues were \$17,947,255, while total operating expenses were \$16,958,727.

The College experienced enrollment declines during 2024–25. In response, recruitment and retention remain high priorities, and the College continues to seek operational efficiencies. Fort Scott Community College is also developing new programs aimed at increasing enrollment in future years, while exploring opportunities to expand both new and existing revenue sources and sustain high-impact programs.

Because a significant portion of the College’s resources comes from state and local sources, the College closely monitors both State of Kansas funding allocations and local economic conditions. The College remains committed to long-term fiscal stability through carefully planned budgets that align with its strategic plan and through continued management of expenditures.

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Fort Scott Community College  
Fort Scott, Kansas

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the financial statements of Fort Scott Community College, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of Fort Scott Community College, as of June 30, 2025, and the respective 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.

**Emphasis of Matter – Change in Accounting Principles and Restatement of Beginning Net Position**

As discussed in Note 26 to the financial statements, during the year ended June 30, 2025, the College implemented GASB Statement No. 101, Compensated Absences. The implementation of the standard resulted in restatement of beginning net position as of July 1, 2024. Our opinion is not modified with respect to this matter.

***Basis for Opinion***

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

**Responsibilities of Management for the Financial Statements**

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

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

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

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

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

#### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of College's Net OPEB Liability Other Postemployment Benefit Plan – Medical and Prescription Drug Plan, Schedule of the College's Proportionate Share of net Pension Liability Kansas Public Employees Retirement System, and Schedule of the College Pension Contributions Kansas Public Employees Retirement System on pages i to viii and 39 to 41 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Fort Scott Community College's basic financial statements. The supplementary information, as listed in the table of contents as pages 42 to 56, 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 are required by Title 2 U.S. *Code of*

*Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information and 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 Fort Scott Community College, Kansas as of and for the year ended June 30, 2024 (not presented herein), and have issued our report thereon dated March 17, 2025 which contained an unmodified opinion on the basic financial statement. The 2024 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://admin.ks.gov/offices/accountsreports/local-government/municipal-services>. The 2024 actual column (2024 comparative information) presented in the individual fund schedules of regulatory basis receipts and expenditures—actual and budget for the year ended June 30, 2025 (Schedules 6 to 10 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 2024 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 2024 basic financial statement. The 2024 comparative information was subjected to the auditing procedures applied in the audit of the 2024 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 2024 basic financial statement or to the 2024 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 2024 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, 2024, 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 March 20, 2026 on our consideration of the Fort Scott 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 Fort Scott 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 Fort Scott Community College's internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
March 20, 2026

**FORT SCOTT COMMUNITY COLLEGE**

Fort Scott, Kansas  
Statement of Net Position  
June 30, 2025

	Primary Institution	Component Unit - Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 4,304,625.43	\$ 187,942.11
Investments	-	6,712,207.80
Receivables, Net	930,376.77	-
Inventory	104,946.09	-
Total Current Assets	<u>5,339,948.29</u>	<u>6,900,149.91</u>
Noncurrent Assets		
Cash and Cash Equivalents	55,525.30	-
Capital Assets, Net of Accumulated Depreciation	16,347,886.53	4,000.00
Lease Assets, Net of Accumulated Amortization	429,527.32	-
Subscription Assets, Net of Accumulated Amortization	677,093.46	-
Total Noncurrent Assets	<u>17,510,032.61</u>	<u>4,000.00</u>
TOTAL ASSETS	<u>22,849,980.90</u>	<u>6,904,149.91</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>323,278.60</u>	<u>-</u>

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

**FORT SCOTT COMMUNITY COLLEGE**Fort Scott, Kansas  
Statement of Net Position  
June 30, 2025

	Primary Institution	Component Unit - Foundation
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 106,724.57	\$ -
Accrued Payroll	174,506.06	-
Accrued Interest	39,893.89	-
Accrued Interest, Lease Liabilities	1,273.33	-
Deferred Revenue	43,716.93	-
Deposits Held in Custody for Others	902,719.81	-
Accrued Vacation, Due Within One Year	83,479.00	-
Lease Liabilities, Due Within One Year	166,939.76	-
Subscription Liabilities, Due Within One Year	322,999.29	-
Financing Leases Payable, Due Within One Year	600,921.00	-
Total Current Liabilities	<u>2,443,173.64</u>	<u>-</u>
Noncurrent Liabilities		
Lease Liabilities	289,303.54	-
Subscription Liabilities	686,013.14	-
Financing Leases Payable	4,255,174.00	-
Accrued Vacation	115,917.00	-
Net Pension Liability	319,304.00	-
OPEB Obligations	106,597.00	-
Total Noncurrent Liabilities	<u>5,772,308.68</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>8,215,482.32</u>	<u>-</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>962,607.34</u>	<u>-</u>
<b>NET POSITION</b>		
Investment in Capital Assets, Net of Related Debt	11,131,883.25	-
Restricted Net Position - Expendable	-	2,238,837.59
Restricted Net Position - Nonexpendable	-	4,267,546.57
Unrestricted	2,863,286.59	397,765.75
<b>TOTAL NET POSITION</b>	<u>\$ 13,995,169.84</u>	<u>\$ 6,904,149.91</u>

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

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2025

	Primary Institution	Component Unit - Foundation
<b>REVENUES</b>		
Operating Revenues		
Student Tuition and Fees, (net of scholarship allowances of \$1,937,786.72)	\$ 1,628,023.74	\$ -
Federal Grants and Contracts	1,628,072.69	-
State Grants and Contracts	2,065,598.48	-
Sales and Services of Auxiliary Enterprises	637,178.00	-
Miscellaneous Income	1,497,879.20	-
Total Operating Revenues	7,456,752.11	-
<b>EXPENSES</b>		
Operating Expenses		
Educational and General		
Instruction	6,050,032.43	-
Public Service	56,514.64	-
Academic Support	317,830.38	-
Student Services	2,229,188.41	-
Institutional Support	3,173,564.23	558,786.20
Operation and Maintenance	1,366,065.31	-
Scholarships and Awards	292,700.81	383,928.94
Fundraising	-	11,895.23
Auxiliary Enterprises	1,138,770.53	-
Lease Expense	279,549.39	-
Subscription Expense	581,166.75	-
Depreciation Expense	1,375,154.11	-
Total Operating Expenses	16,860,536.99	954,610.37
Operating Income (Loss)	(9,403,784.88)	(954,610.37)

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

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
Statement of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2025

	Primary Institution	Component Unit - Foundation
Nonoperating Revenues (Expenses)		
State Appropriations	\$ 4,309,610.00	\$ -
County Appropriations	4,165,944.23	-
Pell Grants	1,782,353.86	-
Gifts and Contributions	231,211.57	427,049.85
Investment Income	1,382.87	109,282.26
Unrealized Gains (Losses) on Investments Held	-	298,374.51
Realized Gains (Losses) on Investments Held	-	262,793.90
Gain (Loss) on Sale of Asset	64,686.75	-
Debt Service	(162,876.20)	-
Net Nonoperating Revenues (Expenses)	10,392,313.08	1,097,500.52
Increase (Decrease) in Net Position	988,528.20	142,890.15
Net Position - Beginning of Year, As Previously Reported	13,047,800.66	6,761,259.76
Changes in Accounting Principles and Restatements, See Note 26	(41,159.02)	-
Net Position - Beginning of Year, As Restated	13,006,641.64	6,761,259.76
Net Position - End of Year	\$ 13,995,169.84	\$ 6,904,149.91

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

**FORT SCOTT COMMUNITY COLLEGE**Fort Scott, Kansas  
Statement of Cash Flows  
For the Year Ended June 30, 2025

	Primary Institution	Component Unit - Foundation
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Student Tuition and Fees	\$ 1,461,764.71	\$ -
Federal Grants and Contracts	1,628,072.69	-
State Grants and Contracts	2,065,598.48	-
Sales and Services of Auxiliary Enterprises	637,178.00	-
Miscellaneous Income	1,497,879.20	-
Payments on Behalf of Employees	(8,460,410.79)	-
Payments for Supplies and Materials	(864,763.13)	-
Payments for Lease Expense	(279,549.39)	-
Payments for Other Expenses	(4,647,637.89)	(857,911.44)
Net cash provided by (used in) operating activities	<u>(6,961,868.12)</u>	<u>(857,911.44)</u>
<b>CASH FLOWS FROM NON-CAPITAL INVESTING ACTIVITIES</b>		
State Appropriations	4,309,610.00	-
County Appropriations	4,165,944.23	-
Pell Grants	1,782,353.86	-
Federal Direct Loans	1,035,160.00	-
Federal Direct Loans Payments	(1,035,160.00)	-
Interest Earned on Investments	1,382.87	109,282.26
Gifts and Contributions	231,211.57	332,947.15
Net cash provided by (used in) non-capital investing activities	<u>10,490,502.53</u>	<u>442,229.41</u>
<b>CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES</b>		
Proceeds from the Sale of Investments	-	3,122,746.75
Payments from the Purchase of Investments	-	(2,859,086.73)
Proceeds from the Sale of Assets	144,800.00	-
Net cash provided by (used in) capital investing activities	<u>144,800.00</u>	<u>263,660.02</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Payments for Purchase of Capital Assets	(511,277.88)	-
Interest Paid on Financing Leases	(174,057.47)	-
Principal Payments on Finance Leases	(685,134.17)	-
Net cash provided by (used in) financing activities	<u>(1,370,469.52)</u>	<u>-</u>

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

**FORT SCOTT COMMUNITY COLLEGE**

Fort Scott, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2025

	Primary Institution	Component Unit - Foundation
	<hr/>	<hr/>
Net Increase (Decrease) in Cash and Cash Equivalents	\$ 2,302,964.89	\$ (152,022.01)
Cash and Cash Equivalents, Beginning of Year	2,057,185.84	339,964.12
	<hr/>	<hr/>
Cash and Cash Equivalents, End of Year	\$ 4,360,150.73	\$ 187,942.11
	<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (9,403,784.88)	\$ (954,610.37)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:		
Depreciation Expense	1,375,154.11	-
Amortization Lease Expense	257,238.04	-
Amortization Subscription Expense	246,164.61	-
Non-cash Donations	-	94,102.70
(Increase) Decrease in Receivables	(208,932.36)	7,531.23
(Increase) Decrease in Inventory	135,931.80	-
(Increase) Decrease in Deferred Outflows	68,594.62	-
Increase (Decrease) in Accounts Payable	(267,165.33)	(4,935.00)
Increase (Decrease) in Accrued Payroll	(133,096.91)	-
Increase (Decrease) in Deferred Revenue	42,673.33	-
Increase (Decrease) in Accrued Vacation	(31,235.00)	-
Increase (Decrease) in Deposits Held for Others	768,821.22	-
Increase (Decrease) in Lease Liabilities	(262,564.85)	-
Increase (Decrease) in Subscription Liabilities	(60,929.86)	-
Increase (Decrease) in Net Pension Liability	43,068.00	-
Increase (Decrease) in OPEB Obligations	(48,637.00)	-
Increase (Decrease) in Deferred Inflows	516,832.34	-
Net cash provided by (used in) operating activities	\$ (6,961,868.12)	\$ (857,911.44)
	<hr/> <hr/>	<hr/> <hr/>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents classified as current assets	\$ 4,304,625.43	\$ 187,942.11
Cash and Cash Equivalents classified as non-current assets	55,525.30	-
Total Cash and Cash Equivalents	\$ 4,360,150.73	\$ 187,942.11
	<hr/> <hr/>	<hr/> <hr/>

**Supplemental Information**

Cash Paid During the Period for:

Interest Expense Paid	\$ 155,521.24	\$ -
Non-Cash Donations		
Management & General - In-Kind	-	94,102.70

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

## **FORT SCOTT COMMUNITY COLLEGE**

Fort Scott, Kansas

Notes to the Financial Statements

June 30, 2025

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

Fort Scott Community College (the College), located in Fort Scott, Kansas, is a public two-year institution of higher education. The College is a special-purpose government engaged only in business-type activities; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, in conformity with accounting principles generally accepted in the United States of America (GAAP). The *Governmental Accounting Standards Board* (GASB) is the recognized standard-setting authority for establishing accounting and financial reporting principles for state and local governments. The more significant accounting policies of the College are described below in footnote 2.

#### Reporting Entity

The financial reporting entity consists of the College (the primary government) and all organizations for which the College is financially accountable. Financial accountability is defined by GASB Statement No. 14, as amended by GASB Statements No. 39 and No. 61, and exists if the College appoints a voting majority of an organization's governing body and either (1) is able to impose its will on that organization, or (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the College. Other organizations are included in the reporting entity if the nature and significance of their relationship with the College are such that exclusion would cause the financial statements to be misleading or incomplete.

After evaluating all potential component units, management has determined that other than the component unit described below, no other organizations meet the criteria for inclusion in the College's financial reporting entity.

#### Component Unit

The component unit column in the financial statements includes the financial data of the College's discretely presented component unit, The Fort Scott Community College Foundation (the Foundation). The Foundation is a legally separate, tax-exempt nonprofit organization formed to promote and support the educational purposes of the College through fundraising and management of contributed resources. The Foundation's economic resources are held almost entirely for the direct benefit of the College.

The Foundation issues separate audited financial statements, which are available from the College's Chief Financial Officer. The Foundation follows accounting principles generally accepted in the United States of America as established by the Financial Accounting Standards Board (FASB), including the use of the FASB Accounting Standards Codification (ASC). Accordingly, certain recognition and presentation differences exist compared with GASB requirements. No modifications have been made to the Foundation's financial information for these differences; however, its financial data have been aggregated into comparable categories for presentation within the College's financial statements.

## **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 financial statements are presented using the economic resources measurement focus and the accrual basis of accounting, as prescribed by the Governmental Accounting Standards Board (GASB). Under the accrual basis, revenues are recognized when earned and expenses are recognized when an obligation is incurred, regardless of the timing of related cash flows. All significant interfund transactions have been eliminated in the preparation of the financial statements. The College reports as a single enterprise fund.

### Cash and Cash Equivalents

For purposes of the statement of cash flows, the College considers all highly liquid investments with original maturities of three months or less from the date of acquisition to be cash equivalents. This includes demand deposits and short-term investments such as money market funds.

Certificates of deposit with original maturities greater than three months are reported as investments rather than cash equivalents.

### Investments

Investments are reported at fair value, except for nonparticipating contracts such as certificates of deposit, which are reported at cost. Fair value is determined based on quoted market prices, where available.

Changes in the fair value of investments are reported as a component of investment income in the statement of revenues, expenses, and changes in net position.

The College's investments consist primarily of certificates of deposit with local financial institutions and may also include U.S. government securities and other instruments authorized by Kansas statutes (K.S.A. 12-1675).

The College's investment policy limits investment maturities as a means of managing exposure to fair value losses arising from interest rate fluctuations. All investments are held in the College's name and are fully collateralized in accordance with Kansas statutes.

### Inventories

Inventories consist primarily of books and supplies held for resale in the College's bookstore. Inventories are stated at cost, determined using the first-in, first-out (FIFO) method. The cost of inventories is recognized as expense when the related goods are sold.

### Noncurrent Cash, Investments, and Noncurrent Accounts Receivable

Cash and cash equivalents that are externally restricted by creditors, grantors, contributors, or by state statute for the purpose of making debt service payments, maintaining sinking or reserve funds, or purchasing or constructing capital or other noncurrent assets are classified as noncurrent assets in the statement of net position. These amounts are reported as restricted cash and cash equivalents, noncurrent.

### Accounts Receivable and Deferred Revenue

Accounts receivable consist primarily of amounts due from students for tuition and fees, as well as charges for auxiliary enterprise services provided to students, faculty, and staff—most of whom reside in the State of Kansas. Accounts receivable also include amounts due from federal, state, and local governmental agencies, and from private organizations, for reimbursement of allowable expenditures made under various grants and contracts.

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

Accounts Receivable and Deferred Revenue (Continued)

The College also recognizes property taxes receivable for taxes assessed and collected on behalf of the College by Bourbon County. In accordance with state law, property taxes levied during the current calendar year are intended to finance the budget of the ensuing fiscal year. Property taxes are assessed on a calendar-year basis and become a lien on the related property on November 1 of each year. The County Treasurer acts as the collection agent for all taxing entities within the County. Property owners may pay one-half or the full amount of taxes levied on or before December 14 of the year levied, with the remaining balance due on or before May 10 of the following year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year.

Accordingly, for revenue recognition purposes, property taxes levied in November 2024 are not due and receivable until January 2025 and are therefore recorded as taxes receivable and as a deferred inflow of resources at June 30, 2025. Approximately 10 percent of these taxes are normally distributed after June 30 and are presented as accounts receivable – taxes in process and deferred inflows of resources, to indicate they are not yet available for appropriation. It is not practicable to apportion delinquent taxes held by the County Treasurer at year-end; such amounts are not material in relation to the financial statements taken as a whole.

Capital Assets

Capital assets include land, buildings, furniture, equipment, and vehicles. Capital assets are defined as assets with an initial individual cost of more than \$5,000.00 and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost. Donated fixed assets are recorded at estimated fair value at the date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Major additions and improvements are capitalized. The College capitalizes interest on the construction of capital assets when material.

The College's capital assets are depreciated using the straight line method over the estimated useful lives of the assets. Estimated useful lives are as follows:

Buildings	35 Years
Building Improvements	20 Years
Furniture & Equipment	7-10 Years
Vehicles & Trailers	5-7 Years

Right-to-use lease assets recognized under GASB Statement No. 87 and subscription-based information technology assets recognized under GASB Statement No. 96 are reported and disclosed separately in the accompanying notes.

Compensated Absences

The College records a liability for compensated absences in accordance with GASB Statement No. 101, Compensated Absences. Employees earn vacation and other leave benefits in accordance with College policy and applicable employment agreements.

A liability for compensated absences is recognized when earned, if it is probable that the benefits will be used or paid, and the leave accumulates and can be carried forward to future periods. The liability is measured based on the leave terms in effect as of the reporting date.

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

### Compensated Absences (Continued)

The current portion of the liability, representing amounts expected to be paid within one year, is reported as a current liability in the statement of net position. The remaining balance is reported as a noncurrent liability. Detailed information on the College's compensated absences, including activity and amounts, is presented in a separate note.

### Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of bonds payable, notes payable, and lease liabilities with contractual maturities greater than one year; (2) estimated amounts for accrued compensated absences and other obligations that are not expected to be liquidated within the next fiscal year; (3) subscription-based information technology arrangement (SBITA) liabilities arising under GASB Statement No. 96; and (4) other liabilities that, although payable within one year, are to be paid from resources that are classified as noncurrent assets or otherwise restricted.

The current portion of these obligations, representing amounts expected to be paid within one year, is reported as a current liability in the statement of net position, with the remaining balance classified as noncurrent.

### Net Position

The College's net position is classified as follows:

#### *Invested in Capital Assets, Net of Related Debt:*

This component consists of the College's total investment in capital assets, net of accumulated depreciation, and outstanding debt obligations related to those capital assets. To the extent that debt has been incurred but not yet expended for capital assets, such amounts are excluded from this category and instead reported as restricted net position.

#### *Restricted Net Position – Expendable:*

Expendable restricted net position includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by creditors, grantors, contributors, or by state statute or other external laws or regulations.

#### *Restricted Net Position – Nonexpendable:*

Nonexpendable restricted net position consists of endowment and similar funds in which donors or other external parties have stipulated, as a condition of the gift instrument, that the principal is to be maintained inviolate and in perpetuity, and invested to produce income that may be expended in accordance with the terms of the endowment.

#### *Unrestricted Net Position:*

Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are available to the College's governing board to meet current obligations for any lawful purpose. Unrestricted net position also includes resources of auxiliary enterprises that are substantially self-supporting activities providing services to students, faculty, and staff.

#### *Resource Flow Assumption:*

When an expense is incurred for purposes for which both restricted and unrestricted resources are available, the College's policy is to apply unrestricted resources first, followed by restricted resources as needed.

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

### 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 Fort Scott Community College Foundation (the Foundation), a discretely presented component unit, is exempt from federal 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, in which the College receives value without directly giving equal value in return. These revenues include state appropriations, property taxes, gifts and contributions, nonexchange grants such as federal Pell grants, and investment income.

Classification of revenues is made in accordance with GASB Statements No. 9, Reporting Cash Flows of Proprietary Funds and Governmental Entities That Use Proprietary Fund Accounting, and No. 34, Basic Financial Statements—and Management’s Discussion and Analysis—for State and Local Governments.

### 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 statement of revenues, expenses, and changes in net position. Scholarship discounts and allowances represent the difference between the stated charges for goods and services provided by the College and the amount that is paid by students and/or third parties on the students’ behalf.

Certain federal, state, and nongovernmental grants, such as federal Pell grants, and other financial aid programs are recorded as either operating or nonoperating revenues in the College’s financial statements. To the extent that such revenues are used to satisfy tuition and fees or other student charges, the College reports the related amounts as scholarship discounts and allowances rather than as expense.

### 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, liabilities, and disclosures of contingent assets and liabilities, as well as the reported amounts of revenues and expenses during the reporting period.

Estimates are based on management’s best judgments and currently available information. Actual results may differ from those estimates.

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

### Pension Plan

Substantially all full-time employees of the College participate in the Kansas Public Employees Retirement System (KPERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the State of Kansas. KPERS provides retirement, disability, and death benefits to plan members in accordance with benefit provisions established by state statute.

The College's contributions to KPERS are determined in accordance with actuarially established contribution requirements and are remitted to the plan as required by Kansas law. The College recognizes its proportionate share of the collective net pension liability, deferred outflows and inflows of resources, and pension expense in accordance with GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, as amended by GASB Statement No. 71.

Additional information regarding the plan's fiduciary net position, actuarial assumptions, and the College's proportionate share of the collective net pension liability is presented in a separate note to the financial statements.

### 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). 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.

If the College is holding a revenue neutral rate hearing, the budget timeline for the public hearing is adjusted to no sooner than August 20th and no later than September 20th, but at least ten days after all statutory notification and publication requirements have been met. Municipal budgets requiring a hearing to exceed the revenue neutral rate should be adopted on or before October 1st but may not be adopted prior to the revenue neutral rate hearing. The College did hold a revenue neutral rate hearing for this year.

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 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.

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

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 6 to 10 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. As shown in schedules 6 to 10 the College was in apparent compliance with Kansas cash basis and budget laws.

**4. DEPOSITS**

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 and the bank 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. All deposits were legally secured at June 30, 2025.

**4. DEPOSITS** (Continued)

Primary Institution:

*Deposits:* At year-end, the College's carrying amount of deposits is \$4,355,915.73 and the bank balance was \$4,772,907.75. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$464,297.93 was covered by FDIC insurance, and \$4,308,609.82 was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name.

Component Unit:

At year-end, the carrying amount of the Foundation's deposits were \$187,942.11. The bank balances were \$187,942.11. The bank balances were held by two banks resulting in a concentration of credit risk. Of the bank balances \$55,106.15 was covered by FDIC insurance and \$132,835.96 was covered by SIPC insurance.

**5. INVESTMENTS**

Component Unit:

The Primary objective of the Foundation's investment policy is to provide for long-term growth of principal and income within reasonable risk on continuing and consistent basis. Emphasis shall be on maintaining growth of assets, net of inflation and fees. Over a period of time, the minimum goal for the total return of the fund should be the current rate of inflation plus 3 to 7%.

The investment objective requires a disciplined and consistent management philosophy. The objectives do not call for a philosophy which represents extreme positions or opportunistic styles. The portfolio shall be diversified with both fixed income and equity holdings. The purpose of such diversification is to provide reasonable assurance that no single security or class of securities will have a disproportionate impact of the total portfolio.

Investments are made under the direction of the Board of Directors and are reported at fair value in accordance with ASC 820, Fair Value Measurement, and ASC 958-320, Investments—Debt and Equity Securities. Equity, fixed income, and alternative investments are recorded at their estimated fair values as of year-end.

Investments at June 30, 2025, are comprised of the following:

	<u>FAIR VALUE</u>
Common Stock	\$ 4,776,091.75
Fixed Income Securities	1,587,209.05
Alternative Investments	333,068.81
Miscellaneous	<u>15,838.19</u>
Total Investments	<u>\$ 6,712,207.80</u>

**6. FAIR VALUE MEASUREMENTS**

Component Unit:

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). The three levels of the fair value hierarchy are described as follows:

## 6. **FAIR VALUE MEASUREMENTS** (Continued)

### Component Unit:

- Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2. Inputs to the valuation methodology include:
- quoted prices for similar assets or liabilities in active markets;
  - quoted prices for identical or similar assets or liabilities in inactive markets;
  - inputs other than quoted prices that are observable for the asset or liability;
  - inputs that are derived principally from or corroborated by observable market data by correlation or other means.
  - If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
- Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2025.

#### *Common Stock*

Common stocks are valued at quoted market prices, typically the closing price reported on recognized exchanges such as the New York Stock Exchange. These investments are classified as Level 1 within the fair value hierarchy.

#### *Fixed Income Securities*

Fixed income securities are valued using pricing models that maximize the use of observable market inputs, such as quoted prices for similar instruments, benchmark yields, and credit spreads. These investments are generally classified as Level 2 within the fair value hierarchy.

#### *Alternative Investments*

Alternative investments, which may include hedge funds or other nonmarketable securities, are valued using the net asset value (NAV) per share (or its equivalent) as provided by the investment managers. Commerce Trust Company applies its "Best Effort Processing Standards" to determine fair value based on information obtained from external sources. Because these investments are valued using NAV as a practical expedient, they are not classified within the fair value hierarchy (Level 1, 2, or 3). The Foundation had no unfunded commitments related to these investments, and redemptions are permitted quarterly with notice periods ranging from 30 to 90 days.

**6. FAIR VALUE MEASUREMENTS** (Continued)

Component Unit:

Miscellaneous Investments: Commerce Trust Company uses “Best Effort Processing Standards” to price these life insurance policies based on information obtained from outside providers.

Because the valuation of annuities relies on observable inputs and does not require significant unobservable assumptions developed by management, these investments are classified as Level 2 within the fair value hierarchy.

	June 30, 2025			Total
	Level 1	Level 2	Level 3	
Common Stock	\$ 4,776,091.75	\$ --	\$ --	\$ 4,776,091.75
Fixed Income Securities	1,587,209.05	--	--	1,587,209.05
Miscellaneous	--	--	15,838.19	15,838.19
Sub-total	<u>\$ 6,363,300.80</u>	<u>\$ --</u>	<u>\$ 15,838.19</u>	<u>6,379,138.99</u>
Alternative Investments – Hedge Funds (NAV)				<u>333,068.81</u>
Total				<u>\$ 6,712,207.80</u>

**7. ACCOUNTS RECEIVABLE, NET**

Primary Institution:

Accounts receivable, net at June 30, 2025, consisted of the following:

	<u>Primary Institution</u>
Current:	
Student Accounts	\$ 254,105.51
Federal Grants	429,616.26
Taxes in Progress	<u>246,655.00</u>
Net Accounts Receivable	<u>\$ 930,376.77</u>

The College uses the allowance method to account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for uncollectible accounts of \$937,667.28 at June 30, 2025.

**8. INVENTORIES**

Primary Institution:

Inventories consisted of the following at June 30, 2025:

Book Store Inventory	
Textbooks	\$ 102,642.09
Soft Goods and Supplies	<u>2,304.00</u>
 Total Bookstore Inventory	 <u>\$ 104,946.09</u>

**9. CAPITAL ASSETS**

Primary Institution:

Following are the changes in capital assets for the year ended June 30, 2025:

	Balance 06/30/2024	Additions	Retirements/ Transfers	Balance 06/30/2025
Capital Assets Not Being Depreciated				
Land	\$ 1,108,035.75	\$ -	\$ (112,812.25)	\$ 995,223.50
Total Capital Assets Not Being Depreciated	<u>1,108,035.75</u>	<u>-</u>	<u>(112,812.25)</u>	<u>995,223.50</u>
Other Capital Assets				
Buildings	26,808,368.57	290,728.87	(84,471.25)	27,014,626.19
Furniture & Equipment	4,780,341.08	20,124.01	(105,575.89)	4,694,889.20
Vehicles	1,112,034.42	200,425.00	(6,600.00)	1,305,859.42
Total Other Capital Assets	<u>32,700,744.07</u>	<u>511,277.88</u>	<u>(196,647.14)</u>	<u>33,015,374.81</u>
Accumulated Depreciation				
Buildings	12,763,737.43	895,990.44	(138,015.33)	13,521,712.54
Furniture & Equipment	3,125,818.23	355,465.33	(84,730.81)	3,396,552.75
Vehicles	627,348.15	123,698.34	(6,600.00)	744,446.49
Total Accumulated Depreciation	<u>16,516,903.81</u>	<u>1,375,154.11</u>	<u>(229,346.14)</u>	<u>17,662,711.78</u>
Total Net Capital Assets	<u>\$ 17,291,876.01</u>	<u>\$ (863,876.23)</u>	<u>\$ (80,113.25)</u>	<u>\$ 16,347,886.53</u>

Component Unit:

Following are the changes in capital assets for the year ended June 30, 2025:

	Balance 06/30/2024	Additions	Retirements	Balance 06/30/2025
Capital Assets Not Being Depreciated				
Land	\$ 4,000.00	\$ -	\$ -	\$ 4,000.00
Total Capital Assets Not Being Depreciated	<u>4,000.00</u>	<u>-</u>	<u>-</u>	<u>4,000.00</u>
Accumulated Depreciation	-	-	-	-
Total Accumulated Depreciation	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Net Capital Assets	<u>\$ 4,000.00</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,000.00</u>

**10. FINANCING LEASES**

Primary Institution:

The College entered into a certificate of participation dated October 6, 2015, with Security Bank of Kansas City to construct the Fine Arts Building. The total cost was \$2,766,451.00. The lease calls for varying annual payments, including interest of 4.35% annually, maturing March 15, 2036.

<u>Financing Lease – Fine Arts Building</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2026	\$ 207,089.12
2027	207,089.10
2028	207,089.30
2029	207,088.83
2030	207,089.13
2031-2035	1,035,443.20
2036	<u>207,088.93</u>
Total Net Minimum Lease Payments	2,277,977.61
Less: Imputed Interest	<u>(467,332.71)</u>
Net Present Value of Financing Lease	<u>1,810,644.90</u>
Less: Current Maturities	<u>(131,179.21)</u>
 Long-Term Financing Lease Obligations	 <u>\$ 1,679,465.69</u>

The College entered into a certificate of participation dated October 6, 2015, with Security Bank of Kansas City for the equipment and furnishings for the Fine Arts Building. The total cost was \$100,000.00. The lease calls for varying annual payments, including interest of 4.35% annually, maturing March 15, 2036.

<u>Financing Lease – Equipment &amp; Furnishings for Fine Arts Building</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2026	\$ 7,485.74
2027	7,485.74
2028	7,485.75
2029	7,485.73
2030	7,485.75
2031-2035	37,428.56
2036	<u>7,485.72</u>
Total Net Minimum Lease Payments	82,342.99
Less: Imputed Interest	<u>(16,892.89)</u>
Net Present Value of Financing Lease	<u>65,450.10</u>
Less: Current Maturities	<u>(4,741.79)</u>
 Long-Term Financing Lease Obligations	 <u>\$ 60,708.31</u>

**10. FINANCING LEASES** (Continued)

Primary Institution:

The College entered into a certificate of participation dated June 15, 2017, with Security Bank of Kansas City to pay off a prior lease purchase on the John Deere Building and complete additional capital improvements to the building in the amount of \$750,000.00. The total cost was \$930,000.00. The lease calls for varying annual payments, including varying interest of 3.125%-5.00% annually, maturing June 1, 2037.

<u>Financing Lease – John Deere Building</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2026	\$ 64,731.26
2027	63,381.26
2028	62,031.26
2029	65,681.26
2030	64,181.26
2031-2035	316,012.80
2036-2037	<u>130,937.52</u>
Total Net Minimum Lease Payments	766,956.62
Less: Imputed Interest	<u>(136,956.62)</u>
Net Present Value of Financing Lease	<u>630,000.00</u>
Less: Current Maturities	<u>(45,000.00)</u>
 Long-Term Financing Lease Obligations	 <u>\$ 585,000.00</u>

The College entered into a certificate of participation dated June 15, 2017, with Security Bank of Kansas City to pay off the equipment lease purchase agreements dated December 2016 and July 2017. The total cost was \$1,355,000.00. The lease calls for varying annual payments, including varying interest of 2.00%-5.00% annually, maturing June 1, 2026.

<u>Financing Lease – Equipment</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2026	\$ 80,800.00
Total Net Minimum Lease Payments	80,800.00
Less: Imputed Interest	<u>(800.00)</u>
Net Present Value of Financing Lease	<u>80,000.00</u>
Less: Current Maturities	<u>(80,000.00)</u>
 Long-Term Financing Lease Obligations	 <u>\$ 0.00</u>

**10. FINANCING LEASES** (Continued)

Primary Institution:

The College entered into a certificate of participation dated June 12, 2018, with Security Bank of Kansas City to refurbish Greyhound Lodge. The total cost was \$270,000.00. The lease calls for varying annual payments, including varying interest of 3.25%-4.20% annually, maturing May 1, 2029.

<u>Financing Lease – Greyhound Lodge</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2026	\$ 29,062.50
2027	28,187.50
2028	32,250.00
2029	<u>31,125.00</u>
Total Net Minimum Lease Payments	120,625.00
Less: Imputed Interest	<u>(10,625.00)</u>
Net Present Value of Financing Lease	<u>110,000.00</u>
Less: Current Maturities	<u>(25,000.00)</u>
Long-Term Financing Lease Obligations	<u>\$ 85,000.00</u>

The College entered into a certificate of participation dated December 17, 2019, with Security Bank of Kansas City to refinance a dormitory lease purchase. The total cost was \$2,005,000.00. The lease calls for varying annual payments, including varying interest of 1.60%-2.30% annually, maturing February 1, 2032.

<u>Financing Lease – Dorm Refinance</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2026	\$ 195,748.75
2027	197,582.50
2028	185,257.50
2029	200,795.00
2030	196,910.00
2031-2032	<u>401,327.50</u>
Total Net Minimum Lease Payments	1,377,621.25
Less: Imputed Interest	<u>(97,621.25)</u>
Net Present Value of Financing Lease	<u>1,280,000.00</u>
Less: Current Maturities	<u>(170,000.00)</u>
Long-Term Financing Lease Obligations	<u>\$ 1,110,000.00</u>

**10. FINANCING LEASES** (Continued)

Primary Institution:

The College entered into a certificate of participation dated January 5, 2022, with Security Bank of Kansas City to complete a turf project. The total cost was \$1,445,000.00. The lease calls for varying annual payments, including varying interest of 0.35%-1.50% annually, maturing April 1, 2031.

<u>Financing Lease – Turf Project</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2026	\$ 155,657.50
2027	154,207.50
2028	152,757.50
2029	151,162.50
2030	154,350.00
2031	<u>152,250.00</u>
Total Net Minimum Lease Payments	920,385.00
Less: Imputed Interest	<u>(40,385.00)</u>
Net Present Value of Financing Lease	<u>880,000.00</u>
Less: Current Maturities	<u>(145,000.00)</u>
 Long-Term Financing Lease Obligations	 <u>\$ 735,000.00</u>

**11. LEASES**

Primary Institution:

The College has entered into various lease agreements for office space and equipment that meet the criteria for recognition under GASB Statement No. 87, *Leases*. Under this standard, the College recognizes a lease liability and an intangible right-to-use lease asset at the commencement of each lease. Lease liabilities are measured at the present value of future lease payments using the College's incremental borrowing rate at the lease inception date, and the corresponding lease assets are recorded at the same amount, adjusted for any prepayments or incentives received. Lease assets are amortized on a straight-line basis over the shorter of the useful life of the underlying asset or the lease term, and lease liabilities are reduced as payments are made, with interest expense recognized using the effective interest method. Short-term leases (those with terms of 12 months or less) are not capitalized and are expensed as incurred. The College had no leases accounted for as short-term leases and no variable or residual value guarantees at June 30, 2025. All leases are with local vendors and are collateralized only by the underlying assets. Management does not expect any significant changes in leasing arrangements in the next fiscal year.

At June 30, 2025, the College's right-to-use lease assets and related lease liabilities consisted of office space and postage machine leases. The following summarizes the College's lease activity and balances for the year ended June 30, 2025:

**11. LEASES** (Continued)

Primary Institution:

*Lease Expense:*

Amortization expense by class of underlying asset:	
Copy Machines	\$ 12,179.88
Building	163,879.72
Vehicles	74,911.68
Postage Machine	2,134.44
Equipment	<u>4,132.32</u>
Total Amortization Expense	257,238.04
Interest on Lease Liability	<u>22,311.35</u>
Total Lease Expense	<u>\$ 279,549.39</u>

*Lease Assets:*

	Beginning	Additions/ Modifications	Subtractions	Ending
Copy Machine	\$ 58,998.21	\$ 0.00	\$ 0.00	\$ 58,998.21
Building	1,039,788.72	(82,625.51)	(284,737.60)	672,425.61
Postage Machine	11,027.97	0.00	0.00	11,027.97
Vehicles	209,306.30	134,896.44	(119,467.73)	224,735.01
Equipment	<u>12,396.98</u>	<u>0.00</u>	<u>0.00</u>	<u>12,396.98</u>
	1,331,518.18	52,270.93	(404,205.33)	979,583.78
<i>Less Accumulated Amortization</i>				
Copy Machine	(18,358.50)	(12,179.88)	0.00	(30,538.38)
Building	(496,697.40)	(163,879.72)	284,737.60	(375,839.52)
Postage Machine	(711.48)	(2,134.44)	0.00	(2,845.92)
Vehicles	(174,369.17)	(74,911.68)	119,467.73	(129,813.12)
Equipment	<u>(6,887.20)</u>	<u>(4,132.32)</u>	<u>0.00</u>	<u>(11,019.52)</u>
	(697,023.75)	(257,238.04)	404,205.33	(550,056.46)
<i>Total Lease Asset, Net</i>	<u>\$ 634,494.43</u>	<u>\$ (204,967.11)</u>	<u>\$ 0.00</u>	<u>\$ 429,527.32</u>

	Beginning	Additions	Subtractions	Ending
<i>Lease Liabilities</i>	<u>\$ 665,952.55</u>	<u>\$ 52,270.93</u>	<u>\$ (261,980.18)</u>	<u>\$ 456,243.30</u>

*Future Maturity Analysis:*

	Principal	Interest	Total Payments
2026	\$ 166,939.76	\$ 12,902.34	\$ 179,842.10
2027	165,061.41	7,307.15	172,368.56
2028	122,516.13	2,288.93	124,805.06
2029	<u>1,726.00</u>	<u>39.17</u>	<u>1,765.17</u>
Totals	<u>\$ 456,243.30</u>	<u>\$ 22,537.59</u>	<u>\$ 478,780.89</u>

**12. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS**

Primary Institution:

The College has entered into several subscription-based information technology arrangements (SBITAs) for cloud-based and on-premise software solutions, which extend through fiscal year 2028. The College accounts for these arrangements in accordance with GASB Statement No. 96, Subscription-Based Information Technology Arrangements.

Under this standard, the College recognizes a subscription liability and a corresponding subscription asset at the commencement of the subscription term. The liability is measured at the present value of future subscription payments using the College’s incremental borrowing rate at the inception of each arrangement. The subscription asset equals the liability amount, adjusted for any prepayments or incentives received. Subscription assets are amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying software. Short-term SBITAs (terms of 12 months or less) are not capitalized and are expensed as incurred.

The College had no short-term or variable-payment SBITAs at June 30, 2025. Management does not anticipate any significant modifications or new arrangements during fiscal year 2026.

*SBITA Expense:*

Amortization expense by class of underlying asset:	
SBITA – GASB 96	\$ 246,164.61
Interest on SBITA Liability	<u>41,436.71</u>
Total SBITA Expense	<u>\$ 287,601.32</u>

*SBITA Assets:*

	Beginning	Additions	Subtractions	Ending
SBITA – GASB 96	\$ 1,178,110.13	\$ 8,584.92	\$ (8,206.40)	\$ 1,178,488.65
Less Accumulated Amortization				
SBITA – GASB 96	<u>(263,436.98)</u>	<u>(246,164.61)</u>	<u>8,206.40</u>	<u>(501,395.19)</u>
Net SBITA Assets	<u>\$ 914,673.15</u>	<u>\$ (237,579.69)</u>	<u>\$ 0.00</u>	<u>\$ 677,093.46</u>

	Beginning	Additions	Reductions	Ending
<i>SBITA Liabilities:</i>	<u>\$ 1,061,357.37</u>	<u>\$ 8,584.92</u>	<u>\$ (60,929.86)</u>	<u>\$ 1,009,012.43</u>

*Future Maturity Analysis:*

	Principal	Interest	Total Payments
2026	\$ 322,999.29	\$ 41,108.71	\$ 364,108.00
2027	336,158.77	27,949.23	364,108.00
2028	<u>349,854.37</u>	<u>14,253.63</u>	<u>364,108.00</u>
Totals	<u>\$ 1,009,012.43</u>	<u>\$ 83,311.57</u>	<u>\$ 1,092,324.00</u>

**13. LONG-TERM LIABILITY ACTIVITY**

Primary Institution:

Following are the changes in long-term liability activity for the year ended June 30, 2025:

	Balance 06/30/2024	Additions	Reductions	Balance 06/30/2025	Amount Due within One Year
Accrued Vacation	\$ 230,631.00	\$ -	\$ (31,235.00) *	\$ 199,396.00	\$ 83,479.00
Lease Liability	665,952.55	52,270.93	(261,980.18)	456,243.30	166,939.76
Subscription Liability	1,061,357.37	8,584.92	(60,929.86)	1,009,012.43	322,999.29
Financing Lease Payable	5,541,229.17	-	(685,134.17)	4,856,095.00	600,921.00
	<u>\$ 7,499,170.09</u>	<u>\$ 60,855.85</u>	<u>\$ (1,039,279.21)</u>	<u>\$ 6,520,746.73</u>	<u>\$ 1,174,339.05</u>

\* Change in the accrued vacation liability is presented as a net change

**14. RESTRICTED NET POSITION - EXPENDABLE**

Component Unit:

Restricted Position – Expendable includes contributions from donors with restrictions of time or purpose totaling \$2,238,837.59.

**15. RESTRICTED NET POSITION - NONEXPENDABLE**

Component Unit:

Changes in endowments for the year ended June 30, 2025 are as follows:

	<u>Nonexpendable</u>
Restricted Net Position, Beginning of Year	\$ 4,265,187.59
Contributions	2,358.98
Restricted Net Position, End of Year	<u>\$ 4,267,546.57</u>

**16. DEFINED BENEFIT PENSION PLANS**

Primary Institution:

*Description of Pension Plan*

The College participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERs provides benefit provisions to statewide pension groups for State/School employees, Local employees, Police and Firemen, and Judges under one plan. Those employees participating in the pension plan for the College are included in the State/School employee group.

KPERs provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the state General Assembly. Member employees with ten or more years of credited service may retire as early as age 55 with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points".

**16. DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Institution:

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

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee'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. The retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

*Funding policy:*

K.S.A. 74-4919, as amended, establishes a three-tier benefit structure. Tier 1 members include active members hired before July 1, 2009. Tier 2 members include active members hired between July 1, 2009 and December 31, 2014. Tier 3 members include those first employed in a KPERS covered position after January 1, 2015. The member-employee contribution rate is 6%. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutorily required employer's share. For fiscal year 2025, the State of Kansas contributed 11.54% of covered payroll.

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

At June 30, 2024 and June 30, 2023, the College's proportion of the net pension liability was 0.136%. The proportion recognized by the State of Kansas on behalf of the College was 0.131% (special funding situation). The proportion recognized by the College for KPERS retirees was 0.004885%.

**16. DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Institution:

*Special Funding Situation*

The employer contributions for the College, as defined in K.S.A. 74-4931 (2) and (3), are funded 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.

The State of Kansas is treated as a non-employer contributing entity to KPERS and is required to recognize its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and expenses for the pension plan attributable to the College. At June 30, 2024 and 2023, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was \$8,869,394.00 and \$9,296,385.00, respectively.

The State of Kansas contributed \$772,653.01 and \$981,773.51 directly to KPERS on behalf of the College for the years ended June 30, 2025 and 2024, respectively. The payments made by the State of Kansas on behalf of the College have been recorded as both revenues (in state appropriations) and expenses (in benefits) in the Statements of Revenues, Expenses and Changes in Net Position.

*Net Pension Liability:*

The College makes contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937. During the years ended June 30, 2025 and June 30, 2024, the contribution made to KPERS for these employees was \$22,718.01 and \$34,876.22, respectively. The College reported a liability for its proportionate share of the net pension liability related to these employees of \$319,304.00 and \$276,236.00 June 30, 2025 and 2024, respectively.

The June 30, 2025 net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. The June 30, 2024 net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023.

The College's proportion of the net pension liability was based on the ratio of the College's actual contribution to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal years ended June 30, 2025 and 2024. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. The College's proportion was 0.00489% and 0.00397% at June 30, 2025 and 2024, respectively. The College recognized pension expense of \$29,982.62 and \$20,896.66 for the years ended June 30, 2025 and 2024, respectively, related to the College's net pension liability.

**16. DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Institution:

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflow of Resources	Deferred Inflow of Resources
Difference between expected And actual experience	\$ 20,275.00	\$ 0.00
Net difference between projected And actual earnings		
On pension plan investments	2,850.00	0.00
Changes of assumption	21,445.00	8,224.00
Change in proportion	<u>240,500.00</u>	<u>214,702.00</u>
Total	<u>\$ 285,070.00</u>	<u>\$ 222,926.00</u>

The net \$62,144.00 of amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the Statement of Revenues, Expenses and Changes in Net Position as follows:

2026	\$ 36,030.00
2027	63,746.00
2028	(42,098.00)
2029	4,466.00

*Discount Rate:*

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarially determined rate. 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.

*Actuarial Assumptions*

The total pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024, using the following actuarial assumptions:

Price inflation	2.75%
Salary increases, including wage increases	3.50 to 15.50%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.00%

Mortality rates were based on the PUB 2010 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-2021.

**16. DEFINED BENEFIT PENSION PLANS** (Continued)

Primary Institution:

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 29, 2024, as provided by KPERS' investment consultant, are summarized in the following table:

<b>Asset Class</b>	<b>Long-Term Target Allocation</b>	<b>Long-Term Expected Real Rate of Return</b>
Non-U.S. Equities	43.00%	8.20%
Core Fixed Income	13.00	2.20
Yield Driven	12.00	5.30
Infrastructure	3.00	6.80
Real Estate	15.00	5.70
Alternatives	11.00	12.00
Short-term investments	4.00	0.30
Total	100.00%	

*Sensitivity to changes in the discount rate:*

The following presents the net pension liability of the Pension Plan as of June 30, 2024, calculated using the discount rate of 7.00 percent, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

	<b>1.00% Decrease (6.00%)</b>	<b>Current Discount Rate (7.00%)</b>	<b>1.00% Increase (8.00%)</b>
Proportionate share of the net pension liability allocated to:			
State	\$ 14,942,218,651.00	\$ 10,290,865,809.00	\$ 6,396,725,371.00
College	470,311.00	319,304.00	192,816.00

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100, Topeka, Kansas 66603-3803) or by calling (888) 275-5737. The report is also available online at [www.kpers.org](http://www.kpers.org).

**17. OTHER POST EMPLOYMENT BENEFITS**

Primary Institution:

Health Insurance: 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.

Early Retiree Health Insurance:

*Plan Description:* The College sponsors Medical and Dental insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured contracts that collectively operate as a single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate retirement benefits under the Kansas Public Employees Retirement System and retire prior to age 65. Retirees and spouses may continue coverage with the College until their Medicare eligibility (i.e. age 65). Participants are required to contribute 100% of group insurance premiums to maintain coverage. Age-adjusted costs may exceed group insurance premiums thus creating an age-subsidy or benefit that forms the basis for the valuation. The plan is identifiable as a single-employer plan. There are 80 total active employees and 1 retiree who are participating in the plan as of January 1, 2025, the census date used for the actuarial valuation.

*Funding policy:* Costs under the College’s group insurance program are paid from general operating assets on a pay-as-you-go basis. This arrangement does not qualify as an “OPEB Plan” under GASB requirements and thus these assets may not be reported as an offset to GASB liabilities. The Board has the authority for establishing and amending the funding policy.

*Total OPEB Liability:* The College’s total OPEB liability of \$106,597.00 was measured as of June 30, 2025, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs:* The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2025
Measurement Date (End of Year)	June 30, 2025
Reporting Date	June 30, 2025
Discount Rate	4.1% (Measurement Date) 4.8% (Year Preceding Measurement Date)
Salary Scale	1.5%
Actuarial Cost Method	Entry Age – Level Percent-of-Pay
Health Care Cost Trend Rates	8.00% decreasing 0.25% per year until 2035 when the rate changes to decreasing by 0.50% until 2036, the rate continues to decrease to 4.75% where it settles in 2038

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 4.1% (beginning-of-year measurement) and 4.8% (end-of-year measurement).

The mortality assumption was changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.

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

Primary Institution:

Annual OPEB cost and net OPEB obligation:

Net OPEB Liability	
I. Total OPEB Liability	\$ 106,597.00
II. Plan Fiduciary Net Position (Trust Assets)	<u>0.00</u>
III. Net OPEB Liability at June 30, 2025 (I minus II)	<u>\$ 106,597.00</u>
OPEB Liability Changes	
Total OPEB Liability – Beginning of Year	\$ 155,234.00
1. Service Cost	11,852.00
2. Interest Cost	6,732.00
3. Changes in Benefit Terms	0.00
4. Differences between actual and expected experience	(64,856.00)
5. Changes in assumptions and inputs	3,435.00
6. Employer Contributions (Benefit Payments)	<u>(5,800.00)</u>
Net Changes (1 + 2 + 3 + 4 + 5 + 6)	<u>(48,637.00)</u>
Total OPEB Liability – End of Year	<u>\$ 106,597.00</u>
OPEB Expense – Fiscal Year 2024-25	
1. Service Cost	\$ 11,852.00
2. Interest Cost	6,732.00
3. Changes in Benefit Terms	0.00
4. Differences between expected and actual experience	(4,246.00)
5. Changes of assumptions and other inputs	35.00
6. Projected earnings on OPEB plan investments	0.00
7. Differences between projected & actual earnings on OPEB investments	<u>0.00</u>
OPEB Expense (1 + 2 + 3 + 4 + 5 - 6+7)	<u>\$ 14,373.00</u>
OPEB Liability as a percentage of payroll	
Total OPEB Liability	\$ 106,597.00
Payroll *	3,077,339.00
Percent of Payroll	3.46%

\* Annualized pay as of January 1, 2025 of active employees included in the valuation

Sensitivity of Net OPEB Liability to changes in the Discount Rate

	1% Decrease 3.8%	Current Single Discount Rate Assumption 4.8%	1% Increase 5.8%
Net OPEB Liability	119,912.00	106,597.00	94,727.00
Increase/(Decrease) from Baseline	13,315.00		(11,870.00)

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

	1% Decrease	Current Trend Assumption	1% Increase
Net OPEB Liability	92,124.00	106,597.00	123,882.00
Increase/(Decrease) from Baseline	(14,473.00)		17,285.00

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

Primary Institution:

*Deferred Outflows and Inflows of Resources:* The accumulated amount of Deferred Outflows and Inflows of Resources as of June 30, 2025 are shown below.

Category	Deferred Outflows of Resources	Deferred Inflow of Resources
Changes in Assumptions	3,206.00	2,432.00
Differences between expected and actual experience	1,021.00	60,532.00
Contributions Subsequent to Measurement Date (1)	0.00	0.00

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

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

Fiscal Year Ending	Amount
2026	\$ (4,211.00)
2027	(4,211.00)
2028	(4,211.00)
2029	(4,211.00)
2030	(4,211.00)
2031 & Thereafter	(37,682.00)

Average Expected Remaining Service Life: 13.95 years

**18. COMPENSATED ABSENCES**

Primary Institution:

The College has various leave benefits to full-time employees. Some provisions vary by classification and length of service.

*Vacation Leave:*

New employees accrue 80 hours of vacation time each year, earning 1/12th of the accrual each month. Administrative staff, directors, and employees of five years or more accrue 120 hours of vacation yearly, earning 1/12th of the accrual each month.

An employee can carry over the amount accrued within a year to the following year; however, amounts exceeding the annual accrual total are forfeited after August 1. If an employee has more than the cap of either 80 or 120 hours prior to rollover, the excess is available for use and/or for payout upon termination even if it exceeds what is allowed to be carried over.

*Sick Leave:*

Full time contracted employees are granted ten days of paid sick leave for the year, accumulative to one hundred and twenty days for illness of themselves or serious illness or death in the immediate family.

**18. COMPENSATED ABSENCES** (Continued)

Primary Institution:

Full-time employees at Fort Scott Community College are eligible for a percentage of the value of his/her unused sick leave upon retirement, subject to a maximum of thirty (30) days. An employee is eligible if is at least (60) years of age on or before June 30th of the retiring year; or is currently employed full time and has met the KPERS eligibility requirements for full retirement.

A portion of unused sick leave (subject to 30 day maximum) is paid upon KPERS retirement as follows:

≥ 25 Years of Service	50%
20 to 24 Years of Service	40%
15 to 19 Years of Service	30%
< 15 Years of Service	15%

Primary Institution:

In accordance with the College’s compensated-absences accounting policy (see Note 2), a liability has been recorded for vacation and sick leave because payment for unused vacation and sick is probable and measurable.

The current portion of the compensated-absences liability, representing amounts expected to be paid within one year, is reported as a current liability in the statement of net position; the remainder is reported as noncurrent.

**19. DEFERRED OUTFLOWS AND INFLOWS OF RESOURCES**

Primary Institution:

Deferred outflows of resources represent the consumption of net position that applies to a future period and will be recognized as expenses or reductions of liabilities in future periods. Deferred inflows of resources represent the acquisition of net position that applies to a future period and will be recognized as revenues or reductions of assets in future periods.

The components of deferred outflows and inflows of resources reported in the statement of net position at June 30, 2025, are summarized as follows:

Description	Deferred Outflows	Deferred Inflows
Pensions – KPERS (GASB 68)	\$ 285,070.00	\$ 222,926.00
Pension Subsequent Payments		
To KPERS (GASB 68)	33,981.60	0.00
Other Postemployment		
Benefits (GASB 75)	4,227.00	62,964.00
Grant Received in Advance	0.00	430,062.34
Taxes in Process	0.00	246,655.00
Total	<u>\$ 323,278.60</u>	<u>\$ 962,607.34</u>

**20. RISK MANAGEMENT**

Primary Institution:

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 insurance policies.

**20. RISK MANAGEMENT** (Continued)

Primary Institution:

The College has been unable to obtain property and liability insurance at a cost it considers to be economically justifiable. For this reason, the College has joined together with other counties in the State to participate in the Kansas Education Risk Management Pool, LLC (KERMP). The College participates in the decision making of KERMP through trustee representation. KERMP files its annual audited financial statement with the Kansas Insurance Commissioner. The College pays annual premium to KERMP for its property and liability insurance. The agreement to participate provides that KERMP will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of a stated dollar amount for each insurance event. Additional premiums may be due if total claims for the pool are different than what has been anticipated by KERMP management.

**21. CONCENTRATION OF RISK**

Component Unit:

71.2% of the Foundation's monies 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.

**22. 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.

**23. RELATED PARTY TRANSACTIONS**

The Foundation was formed to promote and foster the educational purposes of the Fort Scott Community College, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the College. The Foundation acts largely as a 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 scholarships for the year ended June 30, 2025, \$383,928.94. The Foundation disbursed \$421,458.79 for College projects and programs for the year ended June 30, 2025. The College disbursed on behalf of the Foundation donated services and facilities for the year ended June 30, 2025, \$94,102.70.

**24. INTERFUND TRANSFERS**

Primary Institution:

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Reason</u>	<u>Amount</u>
General	Adult Education	Operating	\$ 17,032.82

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.

**25. KANSAS BOARD OF REGENTS DISCLOSURE**

Primary Institution:

*Certification of Cash on Hand:*

Pursuant to 2025 Senate Bill No. 125, Section 118(a), each Kansas community college is required to certify its cash on hand as of June 30, 2025, to determine eligibility for distributions from the Two-Year College Business Industry and Apprenticeship Act and the Two-Year College Student Success Initiatives Account for the fiscal year ending June 30, 2026.

Under this provision, a community college is eligible to receive appropriated funding if its cash on hand is equal to or less than six months of operating expenditures for the fiscal year ending June 30, 2025.

The following information is presented to demonstrate the College's compliance with this statutory requirement:

Row	Description	Amount
1.	Operating Expenditures	\$ 16,860,536.99
2.	Depreciation and Amortization	1,375,154.11
3.	Auxiliary Depreciation	0.00
4.	Depreciation Subtotal	<u>1,375,154.11</u>
5.	Current Assets: Cash and Cash Equivalents	4,304,625.43
6.	Investments: Only Highly Liquid & Certificates of of Deposit with an Original Maturity less than 3 Mo.	<u>0.00</u>
7.	Cash on Hand Subtotal	<u>4,304,625.43</u>
8.	Net Operating Expenses	15,485,382.88
9.	Net Operating Expenses Converted to Months	1,290,448.57
10.	Months cash on Hands for the Year Ended June 30, 2025	3.34

**26. PRIOR PERIOD ADJUSTMENT**

During fiscal year 2025, the College implemented GASB Statement No. 101, Compensated Absences, which establishes accounting and financial reporting requirements for compensated absences. This standard requires governments to recognize a liability for leave when it is earned, probable that the leave will be used or paid, and measurable based on current pay rates and salary-related costs. The cumulative effect of implementing GASB 101 resulted in a restatement of beginning net position to recognize the College's compensated absences liability as of July 1, 2024. The effect of this restatement was a decrease in beginning net position of \$41,159.02.

Beginning net assets have been restated as follows:

Net Position, Beginning of the Year, As Reported	\$ 13,047,800.66
Implementation of GASB 101 – Compensated Absences	<u>(41,159.02)</u>
Net Assets, Beginning of the Year, As Restated	<u>\$ 13,006,641.64</u>

**27. SUBSEQUENT EVENTS**

The College evaluated events and transactions occurring subsequent to June 30, 2025, there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**FORT SCOTT COMMUNITY COLLEGE**  
 Fort Scott, Kansas  
 REQUIRED SUPPLEMENTARY INFORMATION  
 June 30, 2025

Schedule of the College's Proportionate Share of Net OPEB Liability  
 Other Postemployment Benefit Plan - Medical and Prescription Drug Plan  
*(This schedule is to be built prospectively until it contains ten years of data)*

	<u>06/30/2025</u>	<u>06/30/2024</u>	<u>06/30/2023</u>
OPEB Liability Changes			
Total OPEB Liability - Beginning of Year	\$ 155,234.00	\$ 144,518.00	\$ 137,427.00
1. Service Cost	11,852.00	11,947.00	11,830.00
2. Interest Cost	6,732.00	6,119.00	5,646.00
3. Changes in Benefit Terms	-	-	-
4. Difference between actual and expected experience	(64,856.00)	1,177.00	-
5. Changes in assumptions and inputs	3,435.00	(1,527.00)	(1,385.00)
6. Employer Contributions (Benefit Payments)	(5,800.00)	(7,000.00)	(9,000.00)
Net Changes (1+2+3+4+5+6)	<u>(48,637.00)</u>	<u>10,716.00</u>	<u>7,091.00</u>
Total OPEB Liability - End of Year	<u>\$ 106,597.00</u>	<u>\$ 155,234.00</u>	<u>\$ 144,518.00</u>
OPEB Liability as a percentage of payroll			
Total OPEB Liability	\$ 106,597.00	\$ 155,234.00	\$ 144,548.00
Payroll	^ 3,077,339.00	* 5,701,855.00	* 5,701,855.00
Percent of Payroll	3.46%	2.72%	2.54%

^Annualized pay as of January 1, 2025 of active employees included in the valuation

\*Annualized pay as of January 1, 2023 of active employees included in the valuation

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:**

*Funding policy:* Costs under the College's group insurance program are paid from general operating assets on a pay-as-you-go basis, no assets are accumulated to pay related benefits.

*Changes in Assumptions:* Changes in assumptions or other inputs reflect a change in the discount rate from 4.1% (beginning-of-year measurement) to 4.8% (end-of-year measurement).

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2025

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

*(This schedule is to be built prospectively until it contains ten years of data)*

Measurement Date	2025 June 30, 2024	2024 June 30, 2023	2023 June 30, 2022
College's proportion of the collective net pension liability	0.004885%	0.003971%	0.010291%
College's proportionate share of the collective net pension liability	\$ 319,304.00	\$ 276,236.00	\$ 735,334.00
State's proportionate share of the collective net pension liability associated with the College	8,869,394.00	9,296,385.00	9,529,473.00
Total	\$ 9,188,698.00	\$ 9,572,621.00	\$ 10,264,807.00
College's covered payroll*	\$ 7,990,015.27	\$ 7,640,104.45	\$ 7,122,738.36
College's proportionate share of the collective net pension liability as a percentage of its covered payroll	3.9963%	3.6156%	10.3238%
Plan (KPERS) fiduciary net position as a percentage of the total pension liability	72.75%	70.70%	69.75%

\*Covered payroll is as of the measurement date.

**FORT SCOTT COMMUNITY COLLEGE**  
 Fort Scott, Kansas  
 REQUIRED SUPPLEMENTARY INFORMATION  
 June 30, 2025

Schedule of the College Pension Contributions  
 Kansas Public Employees Retirement System  
*(This schedule is to be built prospectively until it contains ten years of data)*

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Contractually required contribution	\$ 34,876.00	\$ 28,259.00	\$ 72,087.00
Contributions in relation to the contractually required contribution	<u>(34,876.00)</u>	<u>(28,259.00)</u>	<u>(72,087.00)</u>
Contributions deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered payroll*	\$ 6,829,792.61	\$ 7,990,015.27	\$ 7,640,104.45
Contributions as a percentage of covered-payroll	0.51%	0.35%	0.94%

\*The amounts presented for each fiscal year were determined as of June 30.

**Notes to Schedule:**

Contractually required contributions for the College consist of “working after retirement” contribution for KPERS retirees who are filing KPERS covered positions as College employees under K.S.A. 74-4937.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

## **SUPPLEMENTARY INFORMATION**

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
Combining Schedule of Net Position  
June 30, 2025

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	AUXILIARY ENTERPRISE BOOKSTORE
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 2,043,695.91	\$ 284,295.29	\$ -	\$ (982.26)
Receivables - Taxes in Process	246,655.00	-	-	-
Receivables - Grants	-	-	-	-
Receivables - Other Receivables	252,891.76	1,213.75	-	-
Bookstore Inventory	-	-	-	104,946.09
Total Current Assets	<u>2,543,242.67</u>	<u>285,509.04</u>	<u>-</u>	<u>103,963.83</u>
<b>Noncurrent Assets</b>				
Cash and Cash Equivalents	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-
Lease Assets, Net of Accumulated Amortization	-	-	-	-
Subscription Assets, Net of Accumulated Amortization	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>2,543,242.67</u>	<u>285,509.04</u>	<u>-</u>	<u>103,963.83</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>323,278.60</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	14,558.25	492.82	-	(3,098.29)
Accrued Wages	99,952.42	60,943.90	-	-
Accrued Interest	2,731.04	1,644.27	-	-
Accrued Interest, Lease Liabilities	-	-	-	-
Deferred Revenue	38,747.37	-	-	-
Deposits Held in Custody for Others	-	-	-	-
Accrued Vacation, Due Within One Year	65,977.25	16,370.79	-	905.92
Lease Liabilities, Due Within One Year	-	-	-	-
Subscription Liabilities, Due Within One Year	-	-	-	-
Financing Leases Payable, Due Within One Year	-	-	-	-
Total Current Liabilities	<u>221,966.33</u>	<u>79,451.78</u>	<u>-</u>	<u>(2,192.37)</u>
<b>Noncurrent Liabilities</b>				
Lease Liabilities	-	-	-	-
Subscription Liabilities	-	-	-	-
Financing Leases Payable	-	-	-	-
Accrued Vacation	91,614.48	22,732.11	-	1,257.93
Net Pension Liability	319,304.00	-	-	-
OPEB Obligations	106,597.00	-	-	-
Total Noncurrent Liabilities	<u>517,515.48</u>	<u>22,732.11</u>	<u>-</u>	<u>1,257.93</u>
<b>TOTAL LIABILITIES</b>	<u>739,481.81</u>	<u>102,183.89</u>	<u>-</u>	<u>(934.44)</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>532,545.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Investment in Capital Assets, Net of Related Debt	-	-	-	-
Restricted for:				
Unrestricted	1,594,494.46	183,325.15	-	104,898.27
<b>TOTAL NET POSITION</b>	<u>\$ 1,594,494.46</u>	<u>\$ 183,325.15</u>	<u>\$ -</u>	<u>\$ 104,898.27</u>

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
Combining Schedule of Net Position  
June 30, 2025

	AUXILIARY ENTERPRISE DORMITORIES	AUXILIARY ENTERPRISE FOODSERVICE	FEDERAL STUDENT GRANTS	HEP GRANT
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 883,640.53	\$ (15,204.29)	\$ (152,921.49)	\$ (98,567.32)
Receivables - Taxes in Process	-	-	-	-
Receivables - Grants	-	-	178,855.00	105,470.31
Receivables - Other Receivables	-	-	-	-
Bookstore Inventory	-	-	-	-
<b>Total Current Assets</b>	<b>883,640.53</b>	<b>(15,204.29)</b>	<b>25,933.51</b>	<b>6,902.99</b>
<b>Noncurrent Assets</b>				
Cash and Cash Equivalents	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-
Lease Assets, Net of Accumulated Amortization	-	-	-	-
Subscription Assets, Net of Accumulated Amortization	-	-	-	-
<b>Total Noncurrent Assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>883,640.53</b>	<b>(15,204.29)</b>	<b>25,933.51</b>	<b>6,902.99</b>
Pension Related Deferred Outflows	-	-	-	-
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	750.68	100.00	24,398.00	7,156.74
Accrued Wages	3,024.85	-	-	-
Accrued Interest	11,715.62	-	-	-
Accrued Interest, Lease Liabilities	-	-	-	-
Deferred Revenue	4,969.56	-	-	-
Deposits Held in Custody for Others	-	-	-	-
Accrued Vacation, Due Within One Year	225.04	-	-	-
Lease Liabilities, Due Within One Year	-	-	-	-
Subscription Liabilities, Due Within One Year	-	-	-	-
Financing Leases Payable, Due Within One Year	-	-	-	-
<b>Total Current Liabilities</b>	<b>20,685.75</b>	<b>100.00</b>	<b>24,398.00</b>	<b>7,156.74</b>
<b>Noncurrent Liabilities</b>				
Lease Liabilities	-	-	-	-
Subscription Liabilities	-	-	-	-
Financing Leases Payable	-	-	-	-
Accrued Vacation	312.48	-	-	-
Net Pension Liability	-	-	-	-
OPEB Obligations	-	-	-	-
<b>Total Noncurrent Liabilities</b>	<b>312.48</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>TOTAL LIABILITIES</b>	<b>20,998.23</b>	<b>100.00</b>	<b>24,398.00</b>	<b>7,156.74</b>
DEFERRED INFLOWS OF RESOURCES	-	-	-	-
<b>NET POSITION</b>				
Investment in Capital Assets, Net of Related Debt	-	-	-	-
Restricted for:				
Unrestricted	862,642.30	(15,304.29)	1,535.51	(253.75)
<b>TOTAL NET POSITION</b>	<b>\$ 862,642.30</b>	<b>\$ (15,304.29)</b>	<b>\$ 1,535.51</b>	<b>\$ (253.75)</b>

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
Combining Schedule of Net Position  
June 30, 2025

	CAMP GRANT	CARES GRANT	TITLE IV GRANT	PASS
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ (83,957.42)	\$ 88.81	\$ (47,967.18)	\$ -
Receivables - Taxes in Process	-	-	-	-
Receivables - Grants	95,601.19	-	49,689.76	-
Receivables - Other Receivables	-	-	-	-
Bookstore Inventory	-	-	-	-
Total Current Assets	<u>11,643.77</u>	<u>88.81</u>	<u>1,722.58</u>	<u>-</u>
Noncurrent Assets				
Cash and Cash Equivalents	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-
Lease Assets, Net of Accumulated Amortization	-	-	-	-
Subscription Assets, Net of Accumulated Amortization	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>11,643.77</u>	<u>88.81</u>	<u>1,722.58</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	6,103.63	-	-	-
Accrued Wages	5,540.14	-	1,722.58	-
Accrued Interest	-	-	-	-
Accrued Interest, Lease Liabilities	-	-	-	-
Deferred Revenue	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-
Accrued Vacation, Due Within One Year	-	-	-	-
Lease Liabilities, Due Within One Year	-	-	-	-
Subscription Liabilities, Due Within One Year	-	-	-	-
Financing Leases Payable, Due Within One Year	-	-	-	-
Total Current Liabilities	<u>11,643.77</u>	<u>-</u>	<u>1,722.58</u>	<u>-</u>
Noncurrent Liabilities				
Lease Liabilities	-	-	-	-
Subscription Liabilities	-	-	-	-
Financing Leases Payable	-	-	-	-
Accrued Vacation	-	-	-	-
Net Pension Liability	-	-	-	-
OPEB Obligations	-	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL LIABILITIES</b>	<u>11,643.77</u>	<u>-</u>	<u>1,722.58</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Investment in Capital Assets, Net of Related Debt	-	-	-	-
Restricted for:				
Unrestricted	-	88.81	-	-
<b>TOTAL NET POSITION</b>	<u>\$ -</u>	<u>\$ 88.81</u>	<u>\$ -</u>	<u>\$ -</u>

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
Combining Schedule of Net Position  
June 30, 2025

	GRANTS	MIGRANT EDUCATION GRANT	CAPITAL OUTLAY	INVESTMENT IN PLANT
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and Cash Equivalents	\$ 550,092.22	\$ -	\$ -	\$ -
Receivables - Taxes in Process	-	-	-	-
Receivables - Grants	-	-	-	-
Receivables - Other Receivables	-	-	-	-
Bookstore Inventory	-	-	-	-
Total Current Assets	<u>550,092.22</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Noncurrent Assets</b>				
Cash and Cash Equivalents	-	-	55,525.30	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	16,347,886.53
Lease Assets, Net of Accumulated Amortization	-	-	-	429,527.32
Subscription Assets, Net of Accumulated Amortization	-	-	-	677,093.46
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>55,525.30</u>	<u>17,454,507.31</u>
<b>TOTAL ASSETS</b>	<u>550,092.22</u>	<u>-</u>	<u>55,525.30</u>	<u>17,454,507.31</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts Payable	16,569.92	-	-	-
Accrued Wages	3,322.17	-	-	-
Accrued Interest	-	-	23,802.96	-
Accrued Interest, Lease Liabilities	-	-	-	1,273.33
Deferred Revenue	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-
Accrued Vacation, Due Within One Year	-	-	-	-
Lease Liabilities, Due Within One Year	-	-	-	166,939.76
Subscription Liabilities, Due Within One Year	-	-	-	322,999.29
Financing Leases Payable, Due Within One Year	-	-	-	600,921.00
Total Current Liabilities	<u>19,892.09</u>	<u>-</u>	<u>23,802.96</u>	<u>1,092,133.38</u>
<b>Noncurrent Liabilities</b>				
Lease Liabilities	-	-	-	289,303.54
Subscription Liabilities	-	-	-	686,013.14
Financing Leases Payable	-	-	-	4,255,174.00
Accrued Vacation	-	-	-	-
Net Pension Liability	-	-	-	-
OPEB Obligations	-	-	-	-
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,230,490.68</u>
<b>TOTAL LIABILITIES</b>	<u>19,892.09</u>	<u>-</u>	<u>23,802.96</u>	<u>6,322,624.06</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>430,062.34</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>NET POSITION</b>				
Investment in Capital Assets, Net of Related Debt	-	-	-	11,131,883.25
Restricted for:				
Unrestricted	100,137.79	-	31,722.34	-
<b>TOTAL NET POSITION</b>	<u>\$ 100,137.79</u>	<u>\$ -</u>	<u>\$ 31,722.34</u>	<u>\$ 11,131,883.25</u>

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
Combining Schedule of Net Position  
June 30, 2025

	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 942,412.63	\$ 4,304,625.43
Receivables - Taxes in Process	-	246,655.00
Receivables - Grants	-	429,616.26
Receivables - Other Receivables	-	254,105.51
Bookstore Inventory	-	104,946.09
Total Current Assets	<u>942,412.63</u>	<u>5,339,948.29</u>
Noncurrent Assets		
Cash and Cash Equivalents	-	55,525.30
Capital Assets, Net of Accumulated Depreciation	-	16,347,886.53
Lease Assets, Net of Accumulated Amortization	-	429,527.32
Subscription Assets, Net of Accumulated Amortization	-	677,093.46
Total Noncurrent Assets	<u>-</u>	<u>17,510,032.61</u>
<b>TOTAL ASSETS</b>	<u>942,412.63</u>	<u>22,849,980.90</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	<u>-</u>	<u>323,278.60</u>
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	39,692.82	106,724.57
Accrued Wages	-	174,506.06
Accrued Interest	-	39,893.89
Accrued Interest, Lease Liabilities	-	1,273.33
Deferred Revenue	-	43,716.93
Deposits Held in Custody for Others	902,719.81	902,719.81
Accrued Vacation, Due Within One Year	-	83,479.00
Lease Liabilities, Due Within One Year	-	166,939.76
Subscription Liabilities, Due Within One Year	-	322,999.29
Financing Leases Payable, Due Within One Year	-	600,921.00
Total Current Liabilities	<u>942,412.63</u>	<u>2,443,173.64</u>
Noncurrent Liabilities		
Lease Liabilities	-	289,303.54
Subscription Liabilities	-	686,013.14
Financing Leases Payable	-	4,255,174.00
Accrued Vacation	-	115,917.00
Net Pension Liability	-	319,304.00
OPEB Obligations	-	106,597.00
Total Noncurrent Liabilities	<u>-</u>	<u>5,772,308.68</u>
<b>TOTAL LIABILITIES</b>	<u>942,412.63</u>	<u>8,215,482.32</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	<u>-</u>	<u>962,607.34</u>
<b>NET POSITION</b>		
Investment in Capital Assets, Net of Related Debt	-	11,131,883.25
Restricted for:		
Unrestricted	-	2,863,286.59
<b>TOTAL NET POSITION</b>	<u>\$ -</u>	<u>\$ 13,995,169.84</u>

## FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2025

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	AUXILIARY ENTERPRISE BOOKSTORE	AUXILIARY ENTERPRISE DORMITORIES	AUXILIARY ENTERPRISE FOODSERVICE	CAPITAL OUTLAY
<b>REVENUES</b>							
Operating Revenues							
Student Tuition and Fees	\$ 1,851,782.25	\$ 647,503.55	\$ -	\$ -	\$ 850,826.43	\$ -	\$ 215,698.23
Federal Grants and Contracts	-	-	-	-	-	-	-
State Grants and Contracts	1,039,477.01	-	-	-	-	-	406,628.00
Sales and Services of Auxiliary Enterprises	-	-	-	98,266.58	-	538,911.42	-
Miscellaneous Income	321,818.02	93,874.09	-	-	78.90	1,714.55	-
Total Operating Revenues	<u>3,213,077.28</u>	<u>741,377.64</u>	<u>-</u>	<u>98,266.58</u>	<u>850,905.33</u>	<u>540,625.97</u>	<u>622,326.23</u>
<b>EXPENSES</b>							
Operating Expenses							
Educational and General							
Instruction	1,403,432.70	2,376,622.91	17,032.82	-	-	-	-
Public Support	4,131.52	52,383.12	-	-	-	-	-
Academic Support	315,348.69	2,481.69	-	-	-	-	-
Student Services	1,771,268.24	200,503.21	-	-	-	-	-
Institutional Support	2,075,783.86	807,933.96	-	-	-	-	-
Operation and Maintenance	1,340,749.96	-	-	-	-	-	100,343.36
Scholarships and Awards	373,880.17	-	-	-	-	-	-
Auxiliary Enterprises	-	-	-	277,071.14	275,035.24	586,664.15	-
Lease Expense	204,377.04	75,600.00	-	-	-	4,899.16	-
Subscription Expense	140,678.16	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-
Total Operating Expenses	<u>7,629,650.34</u>	<u>3,515,524.89</u>	<u>17,032.82</u>	<u>277,071.14</u>	<u>275,035.24</u>	<u>591,563.31</u>	<u>100,343.36</u>
Operating Income (Loss)	<u>(4,416,573.06)</u>	<u>(2,774,147.25)</u>	<u>(17,032.82)</u>	<u>(178,804.56)</u>	<u>575,870.09</u>	<u>(50,937.34)</u>	<u>521,982.87</u>
Nonoperating Revenues (Expenses)							
State Appropriations	1,814,609.00	2,495,001.00	-	-	-	-	-
County Appropriations	4,165,944.23	-	-	-	-	-	-
Pell Grants	-	-	-	-	-	-	-
Gifts and Contributions	-	208,096.86	-	-	-	-	-
Interest Income	1,382.87	-	-	-	-	-	-
Gain (Loss) on Sale of Asset	-	-	-	-	-	-	144,800.00
Debt Service	(339,816.91)	(67,971.26)	-	-	(226,175.05)	-	(214,047.15)
Operating Transfers	(17,032.82)	-	17,032.82	-	-	-	-
Increase (Decrease) in Net Position	1,208,513.31	(139,020.65)	-	(178,804.56)	349,695.04	(50,937.34)	452,735.72
Net Position - Beginning of Year	385,981.15	322,345.80	-	283,702.83	512,947.26	35,633.05	(421,013.38)
Net Position - End of Year	<u>\$ 1,594,494.46</u>	<u>\$ 183,325.15</u>	<u>\$ -</u>	<u>\$ 104,898.27</u>	<u>\$ 862,642.30</u>	<u>\$ (15,304.29)</u>	<u>\$ 31,722.34</u>

**FORT SCOTT COMMUNITY COLLEGE**

Fort Scott, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2025

	FEDERAL STUDENT GRANTS	HEP GRANT	CAMP GRANT	CARES GRANT	TITLE IV GRANT	PASS	GRANTS
<b>REVENUES</b>							
Operating Revenues							
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	1,111,033.50	442,946.78	516,216.45	192,915.00	265,020.96	-	135,100.00
State Grants and Contracts	-	-	-	-	-	-	619,493.47
Sales and Services of Auxiliary Enterprises	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	13,070.20	-
Total Operating Revenues	<u>1,111,033.50</u>	<u>442,946.78</u>	<u>516,216.45</u>	<u>192,915.00</u>	<u>265,020.96</u>	<u>13,070.20</u>	<u>754,593.47</u>
<b>EXPENSES</b>							
Operating Expenses							
Educational and General							
Instruction	-	442,946.78	516,216.45	-	-	174,548.04	-
Public Support	-	-	-	-	-	-	-
Academic Support	-	-	-	-	-	-	-
Student Services	-	-	-	-	265,020.96	-	-
Institutional Support	-	-	-	192,915.00	-	-	525,577.28
Operation and Maintenance	-	-	-	-	-	-	-
Scholarships and Awards	2,891,767.36	-	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Lease Expense	-	-	-	-	-	-	-
Subscription Expense	-	-	-	-	-	-	255,253.84
Depreciation Expense	-	-	-	-	-	-	-
Total Operating Expenses	<u>2,891,767.36</u>	<u>442,946.78</u>	<u>516,216.45</u>	<u>192,915.00</u>	<u>265,020.96</u>	<u>174,548.04</u>	<u>780,831.12</u>
Operating Income (Loss)	<u>(1,780,733.86)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(161,477.84)</u>	<u>(26,237.65)</u>
Nonoperating Revenues (Expenses)							
State Appropriations	-	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	-	-
Pell Grants	1,782,353.86	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-	23,114.71
Interest Income	-	-	-	-	-	-	-
Gain (Loss) on Sale of Asset	-	-	-	-	-	-	-
Debt Service	-	-	-	-	-	-	-
Operating Transfers	-	-	-	-	-	-	-
Increase (Decrease) in Net Position	1,620.00	-	-	-	-	(161,477.84)	(3,122.94)
Net Position - Beginning of Year	(84.49)	(253.75)	-	88.81	-	161,477.84	103,260.73
Net Position - End of Year	<u>\$ 1,535.51</u>	<u>\$ (253.75)</u>	<u>\$ -</u>	<u>\$ 88.81</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 100,137.79</u>

**FORT SCOTT COMMUNITY COLLEGE**

Fort Scott, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position  
For the Year Ended June 30, 2025

	MIGRANT EDUCATION GRANTS	INVESTMENT IN PLANT	SUB-TOTALS PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
<b>REVENUES</b>					
Operating Revenues					
Student Tuition and Fees	\$ -	\$ -	\$ 3,565,810.46	\$ (1,937,786.72)	\$ 1,628,023.74
Federal Grants and Contracts	-	-	2,663,232.69	(1,035,160.00)	1,628,072.69
State Grants and Contracts	-	-	2,065,598.48	-	2,065,598.48
Sales and Services of Auxiliary Enterprises	-	-	637,178.00	-	637,178.00
Miscellaneous Income	1,067,323.44	-	1,497,879.20	-	1,497,879.20
Total Operating Revenues	<u>1,067,323.44</u>	<u>-</u>	<u>10,429,698.83</u>	<u>(2,972,946.72)</u>	<u>7,456,752.11</u>
<b>EXPENSES</b>					
Operating Expenses					
Educational and General					
Instruction	1,119,232.73	-	6,050,032.43	-	6,050,032.43
Public Support	-	-	56,514.64	-	56,514.64
Academic Support	-	-	317,830.38	-	317,830.38
Student Services	-	(7,604.00)	2,229,188.41	-	2,229,188.41
Institutional Support	-	(428,645.87)	3,173,564.23	-	3,173,564.23
Operation and Maintenance	-	(75,028.01)	1,366,065.31	-	1,366,065.31
Scholarships and Awards	-	-	3,265,647.53	(2,972,946.72)	292,700.81
Auxiliary Enterprises	-	-	1,138,770.53	-	1,138,770.53
Lease Expense	-	(5,326.81)	279,549.39	-	279,549.39
Subscription Expense	-	185,234.75	581,166.75	-	581,166.75
Depreciation Expense	-	1,375,154.11	1,375,154.11	-	1,375,154.11
Total Operating Expenses	<u>1,119,232.73</u>	<u>1,043,784.17</u>	<u>19,833,483.71</u>	<u>(2,972,946.72)</u>	<u>16,860,536.99</u>
Operating Income (Loss)	<u>(51,909.29)</u>	<u>(1,043,784.17)</u>	<u>(9,403,784.88)</u>	<u>-</u>	<u>(9,403,784.88)</u>
Nonoperating Revenues (Expenses)					
State Appropriations	-	-	4,309,610.00	-	4,309,610.00
County Appropriations	-	-	4,165,944.23	-	4,165,944.23
Pell Grants	-	-	1,782,353.86	-	1,782,353.86
Gifts and Contributions	-	-	231,211.57	-	231,211.57
Interest Income	-	-	1,382.87	-	1,382.87
Gain (Loss) on Sale of Asset	-	(80,113.25)	64,686.75	-	64,686.75
Debt Service	-	685,134.17	(162,876.20)	-	(162,876.20)
Operating Transfers	-	-	-	-	-
Increase (Decrease) in Net Position	(51,909.29)	(438,763.25)	988,528.20	-	988,528.20
Net Position - Beginning of Year	<u>51,909.29</u>	<u>11,570,646.50</u>	<u>13,006,641.64</u>	<u>-</u>	<u>13,006,641.64</u>
Net Position - End of Year	<u>\$ -</u>	<u>\$ 11,131,883.25</u>	<u>\$ 13,995,169.84</u>	<u>\$ -</u>	<u>\$ 13,995,169.84</u>

**FORT SCOTT COMMUNITY COLLEGE**

Fort Scott, Kansas

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

For the Year Ended June 30, 2025

Schedules 6 to 10 are prepared in accordance with Kansas cash basis and budget laws (Budget 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.

**FORT SCOTT COMMUNITY COLLEGE**  
 Fort Scott, 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, 2025

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2024)

	Prior Year Budget Basis	Current Year			Variance Over (Under)	
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis		
<b>REVENUES</b>						
Student Tuition and Fees	\$ 2,360,630.30	\$ 1,851,782.25	\$ (504,517.19)	\$ 1,347,265.06	\$ 1,781,900.00	\$ (434,634.94)
State Sources						
State Operating Grant	1,967,561.00	1,814,609.00	-	1,814,609.00	1,814,609.00	-
Other State Grants	724,301.00	1,039,477.01	(772,653.01)	266,824.00	1,016,824.00	(750,000.00)
Total State Sources	2,691,862.00	2,854,086.01	(772,653.01)	2,081,433.00	2,831,433.00	(750,000.00)
Local Sources						
Ad Valorem Tax	3,477,497.89	3,772,162.22	-	3,772,162.22	4,098,985.00	(326,822.78)
Motor Vehicle Tax	385,102.16	445,120.24	-	445,120.24	416,876.00	28,244.24
16M-20M Truck Tax	20,602.34	-	-	-	-	-
Recreational Vehicle	6,158.07	6,741.28	-	6,741.28	10,661.00	(3,919.72)
Delinquent Tax	51,043.24	78,935.51	-	78,935.51	47,941.00	30,994.51
Neighborhood Revitalization	-	(137,015.02)	-	(137,015.02)	-	(137,015.02)
Total Local Sources	3,940,403.70	4,165,944.23	-	4,165,944.23	4,574,463.00	(408,518.77)
Other Sources						
Gifts	-	-	-	-	50,000.00	(50,000.00)
Interest Income	868.04	1,382.87	-	1,382.87	300.00	1,082.87
Miscellaneous	417,889.30	321,818.02	-	321,818.02	845,000.00	(523,181.98)
Total Other Sources	418,757.34	323,200.89	-	323,200.89	895,300.00	(572,099.11)
<b>TOTAL REVENUES</b>	<b>9,411,653.34</b>	<b>9,195,013.38</b>	<b>(1,277,170.20)</b>	<b>7,917,843.18</b>	<b>10,083,096.00</b>	<b>(2,165,252.82)</b>

**FORT SCOTT COMMUNITY COLLEGE**  
 Fort Scott, 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, 2025

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2024)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
<b>EXPENDITURES</b>						
Instruction	\$ 1,598,520.05	\$ 1,403,432.70	\$ (13,869.17)	\$ 1,389,563.53	\$ 1,595,000.00	\$ (205,436.47)
Public Service	1,575.45	4,131.52	-	4,131.52	135,000.00	(130,868.48)
Academic Support	319,476.46	315,348.69	-	315,348.69	320,000.00	(4,651.31)
Student Services	2,402,976.23	1,771,268.24	-	1,771,268.24	2,450,000.00	(678,731.76)
Institutional Support	1,755,577.49	2,075,783.86	(772,653.01)	1,303,130.85	1,750,000.00	(446,869.15)
Operation and Maintenance	1,500,719.81	1,340,749.96	-	1,340,749.96	2,664,250.00	(1,323,500.04)
Scholarships and Awards	703,074.30	373,880.17	(359,743.57)	14,136.60	-	14,136.60
Lease Expense	206,458.88	204,377.04	-	204,377.04	-	204,377.04
Subscription Expense	128,443.23	140,678.16	-	140,678.16	-	140,678.16
Debt Service						
Principal Payments	320,000.00	324,090.00	-	324,090.00	-	324,090.00
Interest Payments	25,768.08	15,726.91	500.00	16,226.91	-	16,226.91
Operating Transfers from (to) Other Funds:						
Adult Education Fund	17,084.45	17,032.82	-	17,032.82	17,250.00	(217.18)
<b>TOTAL EXPENDITURES</b>	<b>8,979,674.43</b>	<b>7,986,500.07</b>	<b>(1,145,765.75)</b>	<b>6,840,734.32</b>	<b>8,931,500.00</b>	<b>(2,090,765.68)</b>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	431,978.91	1,208,513.31	(131,404.45)	1,077,108.86	1,151,596.00	(74,487.14)
Unencumbered Cash Beginning of Year	420,097.47	385,981.15	466,095.23	852,076.38	425,805.00	426,271.38
End of Year	\$ 852,076.38	\$ 1,594,494.46	\$ 334,690.78	\$ 1,929,185.24	\$ 1,577,401.00	\$ 351,784.24

**FORT SCOTT COMMUNITY COLLEGE**  
 Fort Scott, 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, 2025

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2024)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
<b>REVENUES</b>						
Student Tuition and Fees	\$ 549,967.86	\$ 647,503.55	\$ 48,596.15	\$ 696,099.70	\$ 1,145,000.00	\$ (448,900.30)
State Sources						
State Operating Grant	1,423,883.00	1,252,873.00	-	1,252,873.00	1,252,873.00	-
Other State Grants	1,477,082.00	1,242,128.00	-	1,242,128.00	1,250,000.00	(7,872.00)
Total State Sources	2,900,965.00	2,495,001.00	-	2,495,001.00	2,502,873.00	(7,872.00)
Other Sources						
Sale of Assets	625,000.00	-	-	-	-	-
Miscellaneous	86,663.17	93,874.09	-	93,874.09	50,000.00	43,874.09
Charges for Services	40,808.05	-	-	-	-	-
Donations	-	208,096.86	(208,096.86)	-	-	-
Total Other Sources	752,471.22	301,970.95	(208,096.86)	93,874.09	50,000.00	43,874.09
<b>TOTAL REVENUES</b>	<b>4,203,404.08</b>	<b>3,444,475.50</b>	<b>(159,500.71)</b>	<b>3,284,974.79</b>	<b>3,697,873.00</b>	<b>(412,898.21)</b>
<b>EXPENDITURES</b>						
Instruction	2,527,149.89	2,376,622.91	6,125.39	2,382,748.30	3,180,000.00	(797,251.70)
Public Service	64,874.35	52,383.12	-	52,383.12	68,000.00	(15,616.88)
Academic Support	34,569.47	2,481.69	-	2,481.69	35,000.00	(32,518.31)
Student Services	72,256.75	200,503.21	-	200,503.21	62,000.00	138,503.21
Institutional Support	169,622.26	807,933.96	(208,096.86)	599,837.10	177,000.00	422,837.10
Operation and Maintenance	12,466.30	-	-	-	13,000.00	(13,000.00)
Lease Expense	101,278.06	75,600.00	-	75,600.00	-	75,600.00
Subscription Expense	4,484.70	-	-	-	-	-
Debt Service						
Principal Payments	522,000.00	45,000.00	-	45,000.00	-	45,000.00
Interest Payments	29,362.00	22,971.26	150.00	23,121.26	-	23,121.26
Operating Transfers to:						
General Fund	-	-	-	-	845,000.00	(845,000.00)
Capital Outlay Fund	370,417.86	-	-	-	-	-
<b>TOTAL EXPENDITURES</b>	<b>3,908,481.64</b>	<b>3,583,496.15</b>	<b>(201,821.47)</b>	<b>3,381,674.68</b>	<b>4,380,000.00</b>	<b>(998,325.32)</b>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	294,922.44	(139,020.65)	42,320.76	(96,699.89)	(682,127.00)	585,427.11
Unencumbered Cash Beginning of Year	24,636.02	322,345.80	(2,787.34)	319,558.46	327,754.00	(8,195.54)
End of Year	\$ 319,558.46	\$ 183,325.15	\$ 39,533.42	\$ 222,858.57	\$ (354,373.00)	\$ 577,231.57

**FORT SCOTT COMMUNITY COLLEGE**  
 Fort Scott, 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, 2025

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2024)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
REVENUES						
Operating Transfers from General Fund	\$ 17,084.45	\$ 17,032.82	\$ -	\$ 17,032.82	\$ 17,250.00	\$ (217.18)
TOTAL REVENUES	17,084.45	17,032.82	-	17,032.82	17,250.00	(217.18)
EXPENDITURES						
Instruction	17,084.45	17,032.82	-	17,032.82	17,250.00	(217.18)
TOTAL EXPENDITURES	17,084.45	17,032.82	-	17,032.82	17,250.00	(217.18)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	-	-	-	-	-	-
Unencumbered Cash						
Beginning of Year	-	-	-	-	-	-
End of Year	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

**FORT SCOTT COMMUNITY COLLEGE**  
 Fort Scott, Kansas  
 Schedule of Revenues, Expenditures, and Changes  
 in Unencumbered Cash - Budget and Actual  
 Current Funds - Unrestricted  
 Auxiliary Enterprise Funds (Regulatory Basis)  
 For the Year Ended June 30, 2025

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2024)

	Current Year								Variance Over (Under)
	Prior Year Budget Basis	Dorm GAAP	Bookstore GAAP	Foodservice GAAP	Total Auxiliary Enterprise Funds GAAP	Adjustments to Budget Basis	Total Auxiliary Enterprise Funds Budget Basis	Final Budget	
<b>REVENUES</b>									
Student Tuition and Fees									
Dorm Rents	\$ 1,108,186.18	\$ 796,692.92	\$ -	\$ -	\$ 796,692.92	\$ 29,289.64	\$ 825,982.56	\$ 1,150,000.00	\$ (324,017.44)
Student Fees	639,295.78	54,133.51	-	538,911.42	593,044.93	35,633.05	628,677.98	-	628,677.98
Sales and Services of Auxiliary Enterprises	193,288.06	-	98,266.58	-	98,266.58	10,071.31	108,337.89	750,000.00	(641,662.11)
Other Revenues									
Miscellaneous	1,358.48	78.90	-	1,714.55	1,793.45	-	1,793.45	-	1,793.45
Interest	191.62	-	-	-	-	-	-	-	-
Operating Transfers to Dorm Fund	215,565.92	-	-	-	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>2,157,886.04</b>	<b>850,905.33</b>	<b>98,266.58</b>	<b>540,625.97</b>	<b>1,489,797.88</b>	<b>74,994.00</b>	<b>1,564,791.88</b>	<b>1,900,000.00</b>	<b>(335,208.12)</b>
<b>EXPENDITURES</b>									
Auxiliary Enterprise									
Salaries and Benefits	211,542.24	133,030.22	56,630.01	-	189,660.23	423.16	190,083.39	-	190,083.39
General Operating Expense	890,557.84	132,146.15	9,492.99	586,664.15	728,303.29	-	728,303.29	2,100,000.00	(1,371,696.71)
Cost of Goods Sold	94,841.19	-	210,948.14	-	210,948.14	(135,931.80)	75,016.34	-	75,016.34
Capital Outlay	17,964.88	9,858.87	-	-	9,858.87	-	9,858.87	-	9,858.87
Lease Expense	133,446.20	-	-	4,899.16	4,899.16	-	4,899.16	-	4,899.16
Debt Service	228,830.00	226,175.05	-	-	226,175.05	1,348.96	227,524.01	-	227,524.01
Operating Transfer to Foodservice Fund	215,565.92	-	-	-	-	-	-	-	-
Capital Outlay Fund	-	-	-	-	-	-	-	275,000.00	(275,000.00)
<b>TOTAL EXPENDITURES</b>	<b>1,792,748.27</b>	<b>501,210.29</b>	<b>277,071.14</b>	<b>591,563.31</b>	<b>1,369,844.74</b>	<b>(134,159.68)</b>	<b>1,235,685.06</b>	<b>2,375,000.00</b>	<b>(1,139,314.94)</b>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	365,137.77	349,695.04	(178,804.56)	(50,937.34)	119,953.14	209,153.68	329,106.82	(475,000.00)	804,106.82
Unencumbered Cash Beginning of Year	167,462.59	512,947.26	283,702.83	35,633.05	832,283.14	(299,682.78)	532,600.36	552,549.00	(19,948.64)
End of Year	\$ 532,600.36	\$ 862,642.30	\$ 104,898.27	\$ (15,304.29)	\$ 952,236.28	\$ (90,529.10)	\$ 861,707.18	\$ 77,549.00	\$ 784,158.18

**FORT SCOTT COMMUNITY COLLEGE**

Fort Scott, Kansas

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

Unexpended (Capital Outlay) Fund (Regulatory Basis)  
For the Year Ended June 30, 2025

(With Comparative Budget Basis Actual Amounts for the Year Ended June 30, 2024)

	Prior Year Budget Basis	Current Year				Variance Over (Under)
		Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
<b>REVENUES</b>						
Student Tuition and Fees	\$ 215,899.88	\$ 215,698.23	\$ -	\$ 215,698.23	\$ -	\$ 215,698.23
State Sources						
Other State Grants	-	406,628.00	-	406,628.00	406,628.00	-
Other Sources						
Sale of Assets	-	144,800.00	-	144,800.00	-	144,800.00
Operating Transfers from						
Post Secondary Technical Education Fund	370,417.86	-	-	-	-	-
<b>TOTAL REVENUES</b>	<b>586,317.74</b>	<b>767,126.23</b>	<b>-</b>	<b>767,126.23</b>	<b>406,628.00</b>	<b>360,498.23</b>
<b>EXPENDITURES</b>						
Plant Equipment and Facility						
Capital Outlay	-	100,343.36	-	100,343.36	406,628.00	(306,284.64)
Debt Service						
Principal Payments	124,594.00	130,134.17	-	130,134.17	-	130,134.17
Interest Payments	91,305.88	83,912.98	1,651.08	85,564.06	-	85,564.06
<b>TOTAL EXPENDITURES</b>	<b>215,899.88</b>	<b>314,390.51</b>	<b>1,651.08</b>	<b>316,041.59</b>	<b>406,628.00</b>	<b>(90,586.41)</b>
Excess of Revenues and Transfers						
Over (Under) Expenditures	370,417.86	452,735.72	(1,651.08)	451,084.64	-	451,084.64
Unencumbered Cash						
Beginning of Year	(765,977.20)	(421,013.38)	25,454.04	(395,559.34)	-	(395,559.34)
End of Year	<u>\$ (395,559.34)</u>	<u>\$ 31,722.34</u>	<u>\$ 23,802.96</u>	<u>\$ 55,525.30</u>	<u>\$ -</u>	<u>\$ 55,525.30</u>

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
Schedule of Changes in Assets and Liabilities  
All Agency Funds  
For the Year Ended June 30, 2025

ACCOUNT NAME	Balance June 30, 2024	Additions	Deductions	Balance June 30, 2025
<b>AGENCY FUND</b>				
Fee and User Charges				
Student Capital Projects	\$ (94,411.80)	\$ 197,312.71	\$ 215,899.55	\$ (112,998.64)
Student Activity Accounts	26,041.00	866,904.46	366,238.82	526,706.64
Non Credit Programs	1,886.14	44.00	-	1,930.14
Special Registrar	104,043.48	32,430.18	10,400.83	126,072.83
Total Fee and User Charges	<u>37,558.82</u>	<u>1,096,691.35</u>	<u>592,539.20</u>	<u>541,710.97</u>
Gate Receipts				
Sales Accounts	26,797.24	24,381.07	-	51,178.31
Total Gate Receipts	<u>26,797.24</u>	<u>24,381.07</u>	<u>-</u>	<u>51,178.31</u>
School Projects Accounts				
Miscellaneous Funds	60,538.80	25,331.83	187.98	85,682.65
Booster Accounts	-	314,666.47	143,977.52	170,688.95
Booster Endowment Clearing	(113,796.49)	2,090.02	-	(111,706.47)
Total School Projects Accounts	<u>(53,257.69)</u>	<u>342,088.32</u>	<u>144,165.50</u>	<u>144,665.13</u>
Student Organization Accounts				
Nursing and Allied Health	-	-	-	-
Clubs and Organizations	31,753.31	82,704.67	86,255.86	28,202.12
Cosmetology	-	30,666.37	-	30,666.37
Clearing Accounts	91,046.91	15,250.00	-	106,296.91
Total Student Organizations	<u>122,800.22</u>	<u>128,621.04</u>	<u>86,255.86</u>	<u>165,165.40</u>
<b>TOTAL AGENCY FUNDS</b>	<u>\$ 133,898.59</u>	<u>\$ 1,591,781.78</u>	<u>\$ 822,960.56</u>	<u>\$ 902,719.81</u>
Assets				
Cash and Investments	\$ 142,507.91	\$ 1,629,972.85	\$ 830,068.13	\$ 942,412.63
Other Receivables	38,191.07	-	38,191.07	-
<b>TOTAL ASSETS</b>	<u>\$ 180,698.98</u>	<u>\$ 1,629,972.85</u>	<u>\$ 868,259.20</u>	<u>\$ 942,412.63</u>
Liabilities				
Accounts Payable	\$ 46,800.39	\$ 39,692.82	\$ 46,800.39	\$ 39,692.82
Deposits Held For Others	133,898.59	1,591,781.78	822,960.56	902,719.81
<b>TOTAL LIABILITIES</b>	<u>\$ 180,698.98</u>	<u>\$ 1,631,474.60</u>	<u>\$ 869,760.95</u>	<u>\$ 942,412.63</u>

**FORT SCOTT COMMUNITY COLLEGE**  
FORT SCOTT, KANSAS

**FEDERAL COMPLIANCE SECTION**  
For the Year Ended June 30, 2025

EIN NUMBER: 48-0723448  
OPE ID NUMBER: 00191600  
DUNS NUMBER: 067956334  
UEI NUMBER: CHKNBXENN815

COMPLIANCE ATTESTATION EXAMINATION  
INCLUDING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

FORT SCOTT, KANSAS  
FRONTENAC, KANSAS  
PAOLA, KANSAS  
PITTSBURG, KANSAS  
PLEASANTON, KANSAS

FEDERAL PELL GRANT PROGRAM (PELL) (84.063)  
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (FSEOG) (84.007)  
FEDERAL DIRECT STUDENT LOAN PROGRAM (DIRECT LOAN) (84.268)  
FEDERAL WORK-STUDY PROGRAM (FWS) (84.033)

**AUDITOR INFORMATION SHEET**

**FORT SCOTT COMMUNITY COLLEGE**

2108 SOUTH HORTON STREET  
FORT SCOTT, KANSAS 66701

EIN NUMBER: 48-0723448  
OPE ID NUMBER: 00191600  
DUNS NUMBER: 067956334  
UEI NUMBER: CHKNBXENN815

TELEPHONE: (620) 223-2700  
FAX: (620) 223-4927

PRESIDENT: Dr. Jack Welch  
CONTACT PERSON & TITLE: Gina Shelton, CPA, Chief Financial Officer  
LEAD AUDITOR: Neil L. Phillips, CPA  
EMAIL ADDRESS: nphillips@jgppa.com  
LICENSE NUMBER & HOME STATE: 2005 KS  
FIRM'S NAME & ADDRESS: JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants  
1815 S. Santa Fe  
PO Box 779  
Chanute, Kansas 66720  
FIRM'S FEDERAL ID NUMBER : 20-3906022  
TELEPHONE: (620) 431-6342  
FAX: (620) 431-0724

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

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 correspondence courses	NONE
Regular students that are incarcerated	NONE
Regular students enrolled based on ability to benefit	<.001%
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:

ALL LOCATIONS	> 50% OF PROGRAM OFFERED @ SITE	LOCATION ON ELIGIBILITY LETTER	NOTICE TO ED PRIOR TO OFFERING INSTRUCTION	DATE OPENED	DATE CLOSED	DATE OF CPA'S LAST VISIT	EXCLUSION REASON
Fort Scott, KS	Yes	Yes	Yes	1969	N/A	2025	N/A
Frontenac, KS	No	Yes	Yes	2004	N/A	2025	N/A
Paola, KS	No	Yes	Yes	1974	N/A	2025	N/A
Pittsburg, KS	No	Yes	Yes	1985	N/A	2025	N/A
Pleasanton, KS	No	Yes	Yes	2023	N/A	2025	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:

FORT SCOTT COMMUNITY COLLEGE  
 2108 SOUTH HORTON STREET  
 FORT SCOTT, KANSAS 66701

For Close-Out Examination only:  
 None

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas  
Schedule of Expenditures of Federal Awards  
For the Year Ended June 30, 2025

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	ASSISTANCE LISTING NUMBER	PASS-THROUGH ENTITY IDENTIFYING NUMBER	PASS-THROUGH 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	\$ -	\$ 32,758.00
Federal Work-Study Program	84.033	N/A	-	43,115.50
Federal Pell Grant Program	84.063	N/A	-	1,780,733.86
Federal Pell Grant Administration	84.063	N/A	-	1,620.00
		Total 84.063	-	1,782,353.86
Federal Direct Student Loans	84.268	N/A	-	(1) 1,035,160.00
Total Student Financial Aid Cluster			-	2,893,387.36
Direct Programs:				
TRIO Cluster				
Student Support Services	84.042	N/A	-	265,020.96
Total TRIO Cluster			-	265,020.96
HEP Grant	84.141A	N/A	-	442,946.78
CAMP Grant	84.149A	N/A	-	516,216.45
Passed through the Kansas Board of Regents:				
Carl Perkins Vocational Education Grants:				
Career and Technical Education	84.048A	2025 Carl Perkins	-	132,600.00
Perkins Performance Incentive	84.048A	V048A220016	-	2,500.00
		Total 84.048A	-	135,100.00
Total U.S. Department of Education			-	4,252,671.55
<b>U.S. DEPARTMENT OF LABOR</b>				
Direct Grant				
Community Project Funding/ Congressionally Directed Spending				
	17.289	N/A	-	192,915.00
Total U.S. Department of Labor			-	192,915.00
FEDERAL ASSISTANCE TOTALS			\$ -	\$ 4,445,586.55

**NOTE A -- BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal award activity of Fort Scott Community College under programs of the federal government for the year ended June 30, 2025. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Fort Scott Community College, it is not intended to and does not present the financial position, changes in net position, or cash flows of Fort Scott Community College.

**NOTE B -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C--INDIRECT COST RATE**

Fort Scott Community College has not elected to use the de minimis indirect cost rate allowed under the Uniform Guidance.

(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

**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**

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Fort Scott Community College  
Fort Scott, 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 (*Government Auditing Standards*), the financial statements of the Fort Scott Community College, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Fort Scott Community College's basic financial statements and have issued our report thereon dated March 20, 2026.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Fort Scott 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 the Fort Scott Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Fort Scott 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 2025-001 that we consider to be material weaknesses.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Fort Scott 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*.

**Fort Scott Community College Response to Findings**

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

**Purpose of This Report**

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



JARRED, GILMORE & PHILLIPS, PA  
Certified Public Accountants

Chanute, Kansas  
March 20, 2026

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

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Trustees  
Fort Scott Community College  
Fort Scott, Kansas

**Report on Compliance for Each Major Federal Program  
Qualified and Unmodified Opinions**

We have audited Fort Scott 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 Fort Scott Community College's major federal programs for the year ended June 30, 2025. Fort Scott 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, Fort Scott Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Student Financial Aid Cluster for the year ended June 30, 2025.

***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 Fort Scott 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 qualified and unmodified opinions on compliance for each major federal program. Our audit does not provide a legal determination of Fort Scott Community College's compliance with the compliance requirements referred to above.

*Matters Giving Rise to Qualified Opinion on Student Financial Aid Cluster*

As described in the accompanying schedule of findings and questioned costs, Fort Scott Community College did not comply with requirements regarding Student Financial Aid Cluster as described in finding numbers 2025-002 and 2025-003 for Special Tests and Provisions Compliance with such requirements is necessary, in our opinion, for Fort Scott 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 Fort Scott Community College's federal programs.

### ***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Fort Scott 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 Fort Scott 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 Fort Scott Community College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Fort Scott Community College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Fort Scott 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 2025-002 and 2025-003. 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 Fort Scott Community College's response to the noncompliance findings identified in our compliance audit described in the accompanying corrective action plan. Fort Scott 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 items 2025-002 and 2025-003 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 Fort Scott Community College's response to the internal control over compliance findings identified in our compliance audit described in the accompanying corrective action plan. Fort Scott 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.

### **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  
March 20, 2026

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

**I. SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements:**

The auditor's report expresses an unmodified opinion on the basic financial statements of Fort Scott 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 auditor's report on compliance for the major federal award programs for Fort Scott Community College expresses a qualified opinion.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<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 – ALN # 84.063
  - Federal Supplemental Educational Opportunity Grant – ALN # 84.007
  - Federal Work-Study Program – ALN # 84.033
  - Federal Direct Student Loan Program – ALN # 84.268

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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**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

**II. FINANCIAL STATEMENT FINDINGS**

**Finding: 2025-001** – General Ledger Reconciliations

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

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

*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 activity is not properly recorded in the general ledger when the activity is incurred. The College is making financial decisions based on materially inaccurate information.

*Cause:* The College did not have adequate staff properly trained in the area of general ledger preparation, reconciliation, and review.

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

*Views of responsible officials and planned corrective action:* Management is in agreement and will implement a Corrective Action Plan, see pages 71-73 of the current year audit.

**III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

**Finding: 2025-002** – Special Tests and Provisions – Payment to Students

*Information of Federal Program:*

Student Financial Aid Cluster

Federal Pell Grant Program – ALN # 84.063

Federal Family Education Loans – ALN # 84.032

Federal Supplemental Educational Opportunity Grant – ALN # 84.007

Federal Work-Study Program – ALN # 84.033

*Criteria:* The institution must disburse Federal funds requested as soon as administratively feasible but no later than 3 business days following the date the institution received those funds. A credit balance on a student account must be paid directly to the student or parent as soon as possible, but no later than fourteen (14) days after the balance occurred. 34 CFR sections 668.162, 668.164, 668.167(b), 682.603, and 682.604(d)).

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

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

**Finding: 2025-002** – Special Tests and Provisions – Payment to Students (Continued)

*Condition:* During our testing of the financial aid disbursements it was noted the College is not maintaining records of what students the drawdowns were for, therefore we were unable to determine if the amounts were posted to the student accounts within the required time frame and subsequently were paying out any credit balances created on student accounts.

*Cause:* The College did not have proper procedures in place regarding record retention.

*Effect or Potential Effect:* The deficiencies in the design and operation of the internal controls in this area could result in the delayed payment to the student.

*Questioned Costs:* None

*Context:* During our testing of student financial aid disbursements, it was noted that Fort Scott Community College's internal controls over posting to student accounts broke down after there was a change in staff. Forty (40) of forty (40) files tested, the College was unable to produce reports showing what students were included with each drawdown from the Department of Education, therefore resulting in an inability to complete the test.

*Repeat Finding:* Yes

*Recommendation:* Policies and procedures should be written to provide internal control over the documentation used to complete the drawdowns from the Department of Education. We recommend the College establish a communication and record retention process that allows for the notification of the student financial aid proceeds and a control in place that allows the financial aid department to know the student financial aid was applied to the student's account timely.

*Views of responsible officials and planned corrective action:* See the Corrective Action Plan on pages 71-73 of the current year audit.

**Finding: 2025-003** – Special Tests and Provisions – Return of Title IV Funds

*Information of Federal Program:*

Student Financial Aid Cluster

Federal Pell Grant Program – ALN # 84.063

Federal Direct Student Loans – ALN # 84.268

Federal Supplemental Educational Opportunity Grant – ALN # 84.007

Federal Work-Study Program – ALN # 84.033

*Criteria:* 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).

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas

Schedule of Findings and Questioned Costs  
For the Year Ended June 30, 2025

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

**Finding: 2025-003** – Special Tests and Provisions – Return of Title IV Funds (Continued)

*Condition:* During the testing of the return of Title IV funds, it was noted that one (1) of eight (8) tested calculation of funds to be returned had no documentation to determine if returns were completed timely as the College did not retain the lists of students associated with drawdowns and/or returns for one (1) of eight (8) tested.

*Cause:* The College did not have proper procedures in place regarding record retention.

*Effect or Potential Effect:* The deficiencies in the design and operation of the internal controls in this area could result in the institution not returning Federal funds as required by Title IV regulations or returning an incorrect amount.

*Questioned Costs:* None

*Context:* During our testing of return of Title IV funds, it was noted that Fort Scott Community College's internal controls over posting to student accounts broke down after there was a change in staff. For one (1) of eight (8) files tested, the College was unable to produce reports showing what students were included with each drawdown, including returns, from the Department of Education and it was determined they were unaware.

*Repeat Finding:* Yes

*Recommendation:* Policies and procedures should be written to provide internal control over the documentation used to complete the drawdowns, including returns, from the Department of Education. We recommend the College establish a communication and record retention process that allows for the notification of students withdrawing and a control in place that allows the financial aid department to know that the student financial aid was returned to the Department of Education within the required timeframe.

*Views of responsible officials and planned corrective action:* Management is in agreement and will implement a Corrective Action Plan, see pages 71-73 of the current year audit.

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas

Schedule of Resolution of Prior Year's Findings and Questioned Costs  
For the Year Ended June 30, 2025

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**Finding: 2024-001** – General Ledger Reconciliations

*Condition:* Reconciliations of asset and liability accounts found transactions that were improperly classified and/or not recorded at all. These general ledger 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 general ledger preparation, reconciliations, and overall use of the general ledger software.

*Current Status:* This is a repeat finding, see finding 2025-001.

**Finding: 2024-002** – Special Tests and Provisions – Payment to Students

*Information of Federal Program:*

Student Financial Aid Cluster

Federal Pell Grant Program – ALN # 84.063

Federal Family Education Loans – ALN # 84.032

Federal Supplemental Educational Opportunity Grant – ALN # 84.007

Federal Work-Study Program – ALN # 84.033

*Condition:* During our testing of the financial aid disbursements it was noted the College is not maintaining records of what students the drawdowns were for, therefore we were unable to determine if the amounts were posted to the student accounts within the required time frame and subsequently were paying out any credit balances created on student accounts.

*Recommendation:* Policies and procedures should be written to provide internal control over the documentation used to complete the drawdowns from the Department of Education. We recommend the College establish a communication and record retention process that allows for the notification of the student financial aid proceeds and a control in place that allows the financial aid department to know the student financial aid was applied to the student's account timely.

*Current Status:* This is a repeat finding, see finding 2025-002.

**Finding: 2024-003** – Special Tests and Provisions – Return of Title IV Funds

*Information of Federal Program:*

Student Financial Aid Cluster

Federal Pell Grant Program – ALN # 84.063

Federal Direct Student Loans – ALN # 84.268

Federal Supplemental Educational Opportunity Grant – ALN # 84.007

Federal Work-Study Program – ALN # 84.033

*Condition:* During the testing of the return of Title IV funds, it was noted that six (6) of six (6) tested calculation of funds to be returned had no documentation to determine if returns were completed timely as the College did not retain the lists of students associated with drawdowns and/or returns.

**FORT SCOTT COMMUNITY COLLEGE**  
Fort Scott, Kansas

Schedule of Resolution of Prior Year's Findings and Questioned Costs  
For the Year Ended June 30, 2025

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**Finding: 2024-003** – Special Tests and Provisions – Return of Title IV Funds (Continued)

*Recommendation:* Policies and procedures should be written to provide internal control over the documentation used to complete the drawdowns, including returns, from the Department of Education. We recommend the College establish a communication and record retention process that allows for the notification of students withdrawing and a control in place that allows the financial aid department to know that the student financial aid was returned to the Department of Education within the required timeframe.

*Current Status:* This is a repeat finding, see finding 2025-003.



Fort Scott Community College  
2108 South Horton  
Fort Scott, KS 66701

## Schedule 15

# Corrective Action Plan

March 20, 2026

Cognizant or Oversight Agency for Audit

Fort Scott Community College respectfully submits the following corrective action plan for the year ended June 30, 2025.

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, 2025.

The findings from the March 20, 2026 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

### **Finding: 2025-001** – General Ledger Reconciliations

*Condition:* Reconciliations of asset and liability accounts found transactions that were improperly classified and/or not recorded at all. These general ledger 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 general ledger preparation, reconciliations, and overall use of the general ledger software.

*Views of responsible officials and planned corrective action:* Areas of focus will be in the area of bank reconciliation, accounts receivable, student receivables, and the area of financial aid reconciliation within the general ledger in a timely manner.

## Corrective Action Plan

Management's objective has been to implement procedures requiring all balance sheet accounts to be reconciled on a monthly basis as part of the standard month-end closing process. A standardized reconciliation format has been adopted to ensure consistency and completeness. Management has implemented a cross-training approach to ensure that multiple staff members possess the knowledge and capability to prepare account reconciliations and understand their significance, while maintaining ultimate oversight and responsibility at the senior staff level. Additionally, formalized processes and procedures will be established to ensure that financial transactions are recorded in the accounting system in a timely and accurate manner, including the incorporation of a verification control to confirm proper completion and follow-through. Management will require that all applicable accounts be reconciled on a monthly basis to ensure that any discrepancies are identified, investigated, and resolved in a timely manner.

Management's measurable objective is to incorporate monthly reconciliations into the standard month-end closing process to ensure timely identification and resolution of discrepancies. These reconciliations are being shared with the Board of Trustees in a standardized bank reconciliation format is being utilized to promote consistency and completeness across all reconciliations. In addition, the Finance Committee of the Board of Trustees will review and document approval of the reconciliations at their monthly review meeting. The College has implemented updates to its accounting system that allow for improved accessibility and retrieval of financial information in certain areas. Monthly reconciliations have been completed and communication with staff has occurred to help with future corrections and questions.

Staff training and the development of formal processes and procedures are currently underway, with a focus on improving the accuracy of data entry and reducing the occurrence of errors. These procedures include the implementation of internal checks and balances designed to verify that financial information is recorded in the accounting system accurately and in a timely manner.

**Finding: 2025-002** – Special Tests and Provisions – Payment to Students

*Condition:* During our testing of the financial aid disbursements, it was noted the College is not maintaining records of what students the drawdowns were for, therefore we were unable to determine if the amounts were posted to the student accounts within the required time frame and subsequently were paying out any credit balances created on student accounts.

*Recommendation:* Policies and procedures should be written to provide internal control over the documentation used to complete the drawdowns from the Department of Education. We recommend the College establish a communication and record retention process that allows for the notification of the student financial aid proceeds and a control in place that allows the financial aid department to know the student financial aid was applied to the student's account timely.

*Views of responsible officials and planned corrective action:* The College has established formal procedures governing the documentation, approval, and processing of financial aid drawdowns from the Department of Education.

A segregated and controlled workflow has been implemented through the use of a secure shared electronic folder with restricted access to provide confidentiality and provide documentation of the shared communication between the Financial Aid office who approves the aid, the Business Office who ultimately pulls down from the Department of Education, and with the Cashier who distributes any refunds. The Financial Aid Office prepares and approves disbursement amounts and communicates them via documented reporting; the Business Office reconciles disbursement amounts to individual student accounts prior to drawdown; the CFO initiates drawdowns after documented review and approval; and the Cashier processes student refunds, where applicable. The documentation is being retained and backed up.

## Corrective Action Plan

Measurable targets will be to do this weekly or as batches are prepared for draw-down. This documentation can be found in the secure shared electronic folder, which has already been implemented. Financial aid disbursements are processed on a weekly or batch basis, and funds are applied to student accounts in compliance with federal requirements, generally within three (3) business days of receipt.

**Finding: 2025-003** – Special Tests and Provisions – Return of Title IV Funds

*Condition:* During the testing of the return of Title IV funds, it was noted that one (1) of eight (8) tested calculation of funds to be returned had no documentation to determine if returns were completed timely as the College did not retain the lists of students associated with drawdowns and/or returns and one (1) of eight (8) tested.

*Recommendation:* Policies and procedures should be written to provide internal control over the documentation used to complete the drawdowns, including returns, from the Department of Education. We recommend the College establish a communication and record retention process that allows for the notification of students withdrawing and a control in place that allows the financial aid department to know that the student financial aid was returned to the Department of Education within the required timeframe.

*Views of responsible officials and planned corrective action:* Areas of focus will be to put in place written policies and procedures for the Financial Aid office, including the area of disbursements that includes additional controls and documentation of such.

Our objectives will be that all current and incoming Financial Aid staff will be required to maintain documentation of any drawdowns of funds related to student financial aid. We have put in place a shared an electronic folder with restricted access to provide confidentiality and provide documentation of the shared communication between offices. Documentation of drawdowns and/or returns will be maintained within this folder. Staff will be trained on using the daily generated reports from J1 to watch for students who have withdrawal on their records so that this can be updated and proper calculations done.

Measurable targets will be achieved by documenting the records within a shared secure electronic drive between the Financial Aid Office and the Business Office. The Financial Aid Office utilizes system-generated reports to identify student withdrawals on a biweekly basis, or as needed ensuring timely processing of R2T4 calculations. The Business Office processes all returns of funds, and a specific general ledger account has been designated to track R2T4 transactions

If the Oversight Agency for Audit has questions regarding this plan, please call Gina Shelton, Chief Financial Officer. (620) 223-2700.

Sincerely,

*Fort Scott Community College*

Fort Scott Community College