

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

Financial Statements and
Independent Auditors' Report with
Supplementary Information and
Federal Compliance Section
For the Fiscal Year Ended June 30, 2020

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

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FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis - This report consists of Management's Discussion and Analysis, the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. This discussion provides an overview of the College's financial activities for the year ended June 30, 2020. The discussion provides current year data with comparable data from the previous fiscal year in accordance with Governmental Accounting Standards Board (GASB) Statements 34 and 35. Information presented focuses on the College as a whole.

The component unit section of the financial statements includes the financial data of the Fort Scott Community College Foundation Association. The component unit is reported separately to emphasize that it is legally separate from the College. None of the information from the component unit are included in the graphs and tables in this "Management's Discussion and Analysis". The economic resources received or held by the component unit are held almost entirely for the direct benefit of the College. The Fort Scott Community College Foundation Association was formed to promote and foster the educational purposes of the College, and to create a fund to be used for any program, project or enterprise undertaken in the interest of the College. The Association acts largely as a fundraising organization, soliciting, receiving, managing and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Association serves essentially as a conduit. Contributions that are not designated are used where the need is considered the greatest, as determined by the Association board of directors. The Association disbursed to, or on behalf of, the College for the year ended June 30, 2020, \$1,200,191. The Association can sue and be sued, and can buy, sell, or lease real property. Separate audited financial statements are prepared and are available at the Association, and can be requested through the Director of the Foundation Association. The Association is considered a component unit.

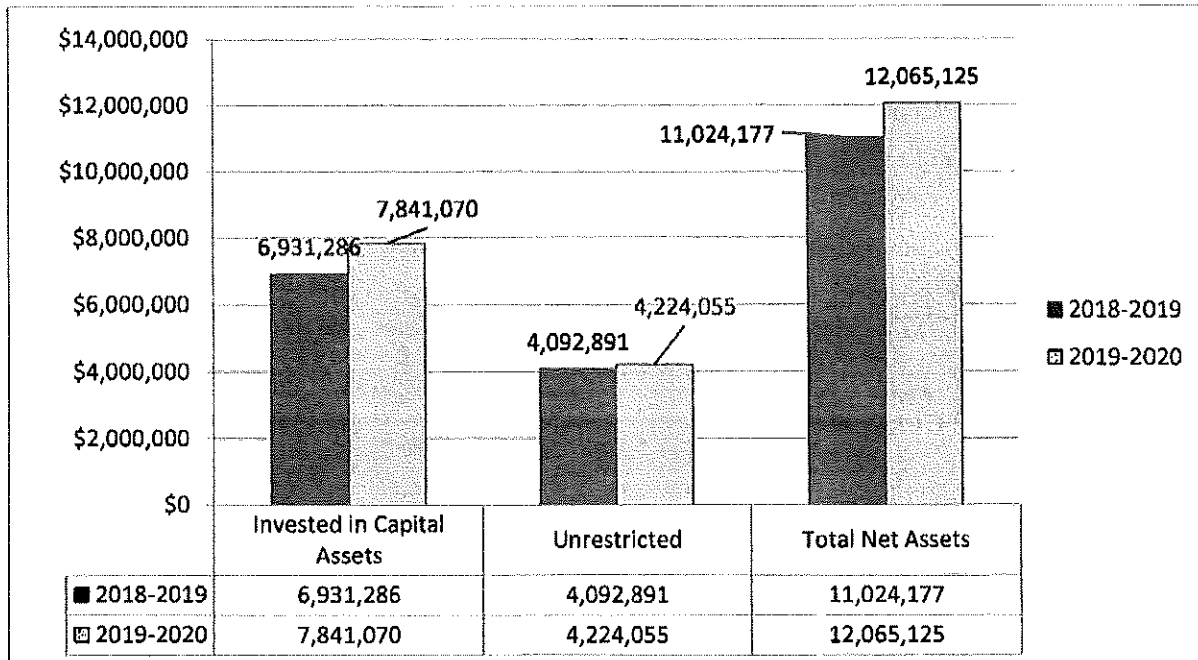
There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and, the Statement of Cash Flows.

Statement of Net Position – The Statement of Net Position presents the assets, liabilities, and net position of the College as of the end of the fiscal year.

Net positions are divided into three categories. Category one, "Invested in capital assets, net of debt", provides information on property, plant, and equipment owned by the institution. Category two, "Restricted", expendable and non-expendable, are funds that must be spent by the institution as determined by donors/external entities that have placed time or purpose restrictions on the use of the assets or resources available only for investment purposes. The final category, "Unrestricted", are funds available to be used for any lawful purpose by the institution.

Information presented allows readers to determine assets available to continue operations of the College, along with information of monies owed vendors/investors/lending institutions. The following chart provides a picture of net position and the availability for expenditure. Net position increased during the fiscal year ending June 30, 2020, by \$1,040,948 over the previous year.

Net Position



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

Generally speaking, operating revenues are received for providing goods and services to customers/constituencies. Operating expenses are monies paid to acquit/produce the goods and services provided in return for the operating revenues, and to carry out the College's mission. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the Legislature to the institution without the Legislature directly receiving goods or services for those revenues.

The following table summarizes the College's revenues, expenses, and changes in net position for the years ending June 30, 2019 and 2020.

Revenue, Expenses and Changes in Net Position

	<u>2018/2019</u>	<u>2019/2020</u>
Operating Revenue	\$10,532,892	\$10,280,082
Operating Expenses	\$ 20,056,662	\$19,919,247
Operating Loss	\$(9,523,770)	\$(9,623,165)
Non-operating Revenues and Expenses	\$ 9,941,623	\$10,680,113
Increase/Decrease in Net Position	\$ 417,853	\$ 728,825

Operating Revenues – Operating Revenues of \$10,280,082 decreased \$252,810 when compared to the prior year. The following table summarizes the College’s operating revenues for the years ending June 30, 2019 and 2020.

Operating Revenues		
	<u>2018/2019</u>	<u>2019/2020</u>
Tuition and Fees	\$ 3,625,789	\$ 3,596,013
Federal Grants and Contracts	\$ 2,147,563	\$ 2,505,796
State Grants and Contracts	\$ 978,415	\$ 992,944
Other	\$ 2,626,775	\$ 2,048,064
Auxiliary Enterprises	\$ 1,154,350	\$ 1,137,265
Total Operating Revenues	\$ 10,532,892	\$ 10,280,082

Increases in federal grants and contracts helped hold us steady as we experienced declines in tuition and fees, auxiliary and other revenues.

Operating Expenses- Operating Expenses of \$19,919,248 decreased \$137,415 compared to the prior year. The following table summarizes the College’s operating expenses for the years ended June 30, 2019 and 2020.

Operating Expenses		
	<u>2018/2019</u>	<u>2019/2020</u>
Instruction	\$ 9,100,999	\$ 9,126,821
Public Service	\$ 21,872	\$ 2,879
Academic Support	\$ 448,947	\$ 479,599
Student Services	\$ 2,847,994	\$ 2,862,749
Institutional Support	\$ 1,958,799	\$ 1,880,424
Operation and Maintenance	\$ 1,219,513	\$ 1,172,646
Scholarships and Awards	\$ 2,845,111	\$ 2,772,911
Auxiliary Enterprises	\$ 1,613,428	\$ 1,621,219
Total Operating Expenses	\$ 20,056,663	\$ 19,919,248

Non-Operating Revenues and Expenses- Non-operating revenues and expenses of \$10,680,113 increased \$738,490 when compared to the prior year. The following table summarizes the College's non-operating revenues and expenses for the years ended June 30, 2019 and 2020.

Non-operating Revenues and Expenses		
	<u>2018/2019</u>	<u>2019/2020</u>
State Appropriations	\$ 4,002,692	\$ 4,051,557
County Appropriations (local taxes)	\$ 3,359,278	\$ 3,357,475
Federal Pell Grants	\$ 2,851,719	\$ 2,810,319
Gifts	\$	\$ 776,065
Interest in capital assets debt/refunding	\$ (272,066)	\$ (315,303)
Total Non-operating Revenues and Expenses	\$ 9,941,623	\$ 10,680,113

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

- 1) Operating Activities- This section deals with the operating cash flows and shows net cash provided by (used in) operating activities of the institution.
- 2) Non-Capital Financing Activities- This section shows the cash received and spent for non-operating, non-investing, and non-capital financing purposes.
- 3) Capital Financing Activities – This section deals with the cash used for the acquisition and construction of capital and related items.
- 4) Investing Activities- This section reflects cash flow from investing activities and shows purchases, proceeds, and interest received from investing activities.
- 5) Net Change in Cash- the Final section reconciles net cash used in relation to operating income or loss reflected in the Statement of Revenues, Expenses, and Change in Net Position.

The following summarizes the College's cash flows for the years ending June 30, 2016 through 2020. **Additional information is presented on page 5 of the audit report.**

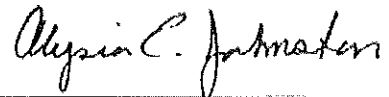
Cash and Cash Equivalents, End of Year					
	<u>2019/2020</u>	<u>2018/2019</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>2015/2016</u>
30-Jun	\$ 2,323,637	\$ 2,369,193	\$ 2,215,961	\$2,710,394	\$2,321,682

Capital Assets and Debt Administration-At June 30, 2020 the College had \$27,642,347 invested in capital assets which net of accumulated depreciation total to \$14,329,808. Depreciation charges for the current year total \$896,602 compared to \$923,607 in the prior year.

The outstanding long-term debt of the College includes four larger capital leases and three smaller capital leases totaling \$6,488,738 as of June 2020. Included is the Boileau Hall dorm constructed in 2002, major mechanical equipment replacements for energy efficiency, the Ellis Fine Arts Center, and the building addition for John Deere.

Economic Outlook- The College has maintained past success of close management to control expenditures and operations while holding enrollment steady. The following table reflects enrollment over the past five years.

Credit Hour History				
<u>2019/2020</u>	<u>2018/2019</u>	<u>2017/2018</u>	<u>2016/2017</u>	<u>2015/2016</u>
38,072	38,074	37,025	36,265	38,868



Alysia Johnston
President
Fort Scott Community College

Diehl Banwart Boston

Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

Board of Trustees
Fort Scott Community College
Fort Scott, Kansas 66701

Report on Financial Statements

We have audited the accompanying financial statements of Fort Scott Community College (College), Fort Scott, Kansas, which are comprised of the statement of net position as of June 30, 2020, and the related statements of revenues, expenses and changes in net position, and cash flows for the fiscal year then ended, and the related notes to the financial statements which collectively comprise the College's financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Scott Community College as of June 30, 2020, and the changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary Information

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

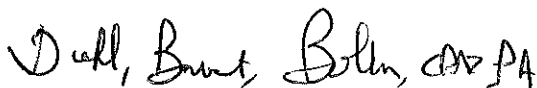
These schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2020 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Prior Year Comparative Numbers

The 2019 actual column presented in the Schedule of Revenues, Expenditures and Changes in Unencumbered Cash - Budget and Actual (Legal Basis): All Budgeted Funds (Schedules 1 to 5 as listed in the table of contents), are also presented for comparative analysis and is not a required part of the 2019 financial statement upon which we rendered an unqualified opinion dated October 31, 2019. The 2019 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 <http://admin.ks.gov/offices/chief-financial-officer/municipal-services>. Such 2019 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 2019 basic financial statement. The 2019 comparative information was subjected to the auditing procedures applied in the audit of the 2019 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 2019 basic financial statement or to the 2019 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 2019 comparative information is fairly stated in all material respects in relation to the 2019 basic financial statement as a whole, on the basis of accounting described in Note 1.



DIEHL, BANWART, BOLTON, CPAs PA

December 22, 2020
Fort Scott, Kansas

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
Statement of Net Position
June 30, 2020

	Primary Institution- College	Component Unit- Endowment Association
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,323,636.91	\$ 195,719.30
Receivables, net of allowance	3,083,935.14	-
Bookstore inventory	407,941.74	-
Total Current Assets	5,815,513.79	195,719.30
Noncurrent Assets		
Restricted Assets		
Endowment Association Investments	-	5,860,465.89
Change in Assets held for others in Charitable Remainder		
Trusts in excess of future liability for others	-	269,287.31
Capital assets, net of accumulated depreciation	14,329,807.81	-
Total Noncurrent Assets	14,329,807.81	6,129,753.20
 TOTAL ASSETS	 \$ 20,145,321.60	 \$ 6,325,472.50
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 773,934.45	\$ 64,645.25
Compensated Absences	168,725.00	-
Deposits Held in Custody for Others	648,799.10	-
Current Portion of Long-Term Liabilities	419,415.07	-
Total Current Liabilities	2,010,873.62	64,645.25
Noncurrent Liabilities		
Long Term Liabilities		
Capital Leases Payable	6,488,738.07	-
Less Current Portion included above	(419,415.07)	-
Total Noncurrent Liabilities	6,069,323.00	-
 TOTAL LIABILITIES	 8,080,196.62	 64,645.25
NET POSITION		
Invested in Capital Assets, Net of Related Debt	7,841,069.74	-
Net Assets without Donor Restrictions	-	218,684.05
Net Assets with Donor Restrictions	-	6,042,143.20
Unrestricted	4,224,055.24	-
TOTAL NET POSITION	12,065,124.98	6,260,827.25
 TOTAL LIABILITIES AND NET POSITION	 \$ 20,145,321.60	 \$ 6,325,472.50

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

FORT SCOTT COMMUNITY COLLEGE

FORT SCOTT, KANSAS

Statement of Revenues, Expenses, and Changes in Net Position
For the Fiscal Year Ended June 30, 2020

	Primary Institution- College	Component Unit- Endowment Association
REVENUES		
Student Tuition and Fees, net of scholarship Discounts and Allowances of \$700,294		
Student Tuition and Fees	\$ 3,596,012.84	\$ -
Federal Grants and Contracts	2,505,795.92	-
State Grants and Contracts	992,943.91	-
Other	2,048,064.65	-
Auxiliary Enterprises	1,137,264.95	-
Total Operating Revenues	<u>10,280,082.27</u>	<u>-</u>
EXPENSES		
Operating Expenses		
Educational and General		
Instruction	9,126,820.85	-
Public Service	2,879.07	-
Academic Support	479,598.63	-
Student Services	2,862,748.62	-
Institutional Support	1,880,423.95	25,680.69
Operation and Maintenance	1,172,646.37	-
Scholarships and Awards	2,772,911.40	1,174,509.95
Auxiliary Enterprise	1,621,218.73	-
Total Operating Expenses	<u>19,919,247.62</u>	<u>1,200,190.64</u>
Net Operating Income (Loss)	<u>(9,639,165.35)</u>	<u>(1,200,190.64)</u>
Nonoperating Revenues (Expenses)		
State Appropriations	4,051,557.00	-
County Appropriations	3,357,475.22	-
Federal Pell Grants	2,810,319.33	-
Gifts	776,064.63	391,082.63
Investment Income (Loss)	-	125,394.18
Loss on refunding of debt	(100,000.00)	-
Interest on Capital Assets -- related debt	(215,303.25)	-
Net Nonoperating Revenue (Expenses)	<u>10,680,112.93</u>	<u>516,476.81</u>
Net Increase (Decrease) in Net Position Before Other Revenue and Expenses	1,040,947.58	(683,713.83)
Other Revenue and (Expenses)		
Additions to Permanent Endowments	-	195,368.04
INCREASE (DECREASE) IN NET POSITION	<u>1,040,947.58</u>	<u>(488,345.79)</u>
NET POSITION -- Beginning of Year	<u>11,024,177.40</u>	<u>6,749,173.04</u>
NET POSITION -- End of Year	<u>\$ 12,065,124.98</u>	<u>\$ 6,260,827.25</u>

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

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
Statement of Cash Flows - Primary Institution - College
For the Fiscal Year Ended June 30, 2020

	<u>Primary Institution- College</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees	\$ 3,848,252.21
Federal Grants and Contracts	3,063,964.70
State Grants and Contracts	992,943.91
Sales and Services of Auxiliary Enterprises	1,137,264.95
Other	1,142,649.68
Payments on Behalf of Employees	(10,013,875.50)
Payments for Supplies and Materials	(4,706,255.97)
Payments for Other Expenses	(4,384,227.61)
Net Cash Provided by (Used in) Operating Activities	<u>(8,919,283.63)</u>
CASH FLOWS FROM NONCAPITAL FINANCIAL ACITIVITIES	
State Appropriations	4,051,557.00
County Appropriations	3,357,475.22
Federal Pell Grants	2,810,319.33
Gifts for Fixed Assets	776,064.63
Net Cash Provided by (Used in) Noncapital Financing Activities	<u>10,995,416.18</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Payments for Purchase of Fixed Assets	(1,521,734.00)
Proceeds from New Long Term Debt	2,005,000.00
Principal Paid on Long Term Debt	(2,289,651.23)
Interest Paid on Long Term Debt	(215,303.25)
Loss on Refunding of Debt	(100,000.00)
Net Cash Provided by (Used in) Financing Activities	<u>(2,121,688.48)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Net (increase) decrease in assets held in trust for capital projects	-
Interest Earned on Investments	-
Net Cash Provided by (Used in) Investing Activities	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(45,555.93)
Cash and Cash Equivalents, Beginning of Year	<u>2,369,192.84</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 2,323,636.91</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (9,639,165.35)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation Expense	896,602.14
(Increase) Decrease in Accounts Receivable	(95,006.82)
(Increase) Decrease in Inventory	(59,354.93)
Increase (Decrease) in Accounts Payable	(112,663.71)
Increase (Decrease) in Compensated Absences & OPEB Obligation	(9,573.00)
Increase (Decrease) in Deposits Held for Others	99,878.04
Net Cash Provided by (Used in) Operating Activities	<u><u>\$ (8,919,283.63)</u></u>

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

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS

Statement of Cash Flows - Component Unit - Endowment Association
For the Fiscal Year Ended June 30, 2020

	<u>Component Unit- Endowment Association</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Increase (Decrease) in Net Assets	\$ (488,345.79)
Adjustments to reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities	
(Gain) loss on investments sold	(120,434.19)
Unrealized (gain) loss on investments held	130,271.21
Amortization of present value of future liability pertaining to Charitable Remainder Trusts	(18,992.00)
Contributions restricted for Endowment	<u>(195,368.04)</u>
Net Cash Provided by (Used in) Operating Activities	<u>(692,868.81)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash from investments sold or matured	1,458,916.33
Purchases of investments	<u>(1,153,229.48)</u>
Net Cash Provided by (Used in) Investing Activities	<u>305,686.85</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Collections from endowment contributions	<u>195,368.04</u>
Net Cash Provided by (Used in) Financing Activities	<u>195,368.04</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(191,813.92)
Cash and Cash Equivalents, Beginning of Year	<u>387,533.22</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 195,719.30</u></u>

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

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Fort Scott Community College (College), have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). The Government Accounting Standards Board is the principal standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the College follow:

Financial Reporting Entity

The financial statements of the College are required by accounting principles generally accepted in the United States to include those of separately administered entities that are controlled by or dependent on the College. Control or dependence is determined on the basis of the significance of their operational or financial relationships with the College. Entities that are legally separate tax-exempt organizations are required to be reported in the College's financial statements if the resources of the affiliated organization benefit the College, the College is entitled to or can otherwise access the resources, and the resources are considered significant to the College.

Fort Scott Community College Foundation (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation was originally named the Fort Scott Community College Endowment Association. The name was changed in 2019. The Foundation acts primarily as a fund-raising organization to supplement funds to provide scholarships to students at the College and to provide other financial support to the College. The majority of the resources, or income thereon, that the Foundation holds and invests are restricted to the activities to the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College or its constituents, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a nonprofit organization that reports under standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. Separately issued audited financial statements for the Foundation may be obtained from the College's administrative office at Fort Scott, Kansas.

Basis of Accounting

For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. The financial statements are reported using the economic resources measurement focus and accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Funds

Fiduciary funds are used to report activities whereby the College acts as a trustee or fiduciary to hold resources for the benefit of parties outside the College. The accrual basis of accounting is used for fiduciary funds and is similar to the accounting for business type activities. The basic financial statements exclude fiduciary fund activities and balances, because these assets are restricted in purpose and cannot be used by the College to finance its operations. The College must ensure that assets reported in fiduciary funds are used for their intended purpose. The College's fiduciary funds are classified as agency funds.

Cash and Investments

Applicable state statutes authorize the College to invest in (1) temporary notes or no-fund warrants issued by the governmental unit; (2) time deposit, open accounts or certificates of deposit, with maturities of not more than two years, in commercial banks; (3) time certificates of deposit, with maturities of not more than two years, with state or federally chartered savings and loan associations or federally chartered savings banks; (4) repurchase agreements with commercial banks, state or federally chartered savings and loan associations or federally chartered savings banks; (5) United States treasury bills or notes with maturities as the governing body shall determine, but not exceeding two years; (6) the municipal investment pool maintained by the State Treasurer's Office; and (7) trust departments of commercial banks. Investments are reported at fair value.

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

Investments held by the Foundation include marketable equity securities, mutual funds, debt securities, and government and municipal obligations. Investments are carried at fair value, with both unrealized and realized gains and losses reported as an increase or decrease in unrestricted or temporarily restricted net position based upon donor imposed restrictions. Interest income is recognized as earned.

Accounts Receivable and Deferred Revenue

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Kansas. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts.

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

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

For revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in November are recorded as taxes receivable. Taxes levied but not received as of June 30 are presented as accounts receivable—taxes in process and deferred revenue to indicate that they are not appropriable. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories

Inventories consist of books and supplies held for resale in the College's book store and are valued at cost.

Budgetary Information

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

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

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 budgets amended 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.

Annual operating budgets are prepared using the modified accrual basis of accounting, modified further by the recording of encumbrances. Revenues are recognized when cash is received. Expenditures include cash disbursements, accounts payable, and encumbrances. Encumbrances are commitments by the College for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse 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 are controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or fair market value at the date of donation in the case of gifts. For equipment purchased as a single asset, the College's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. When multiple equipment items are purchased as an integrated system of assets, they are considered as a single asset when applying the above capitalization rules. Items purchased together, but that can function individually on a stand-alone basis, are considered on an item-by-item basis when applying the above thresholds. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

Buildings and Additions	10 to 40 Years
Machinery and Equipment	5 to 20 Years
Vehicles and Trailers	4 to 10 Years

Noncurrent Liabilities

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

Net Position

The College's net position is classified as follows:

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – The Foundation reports contributions restricted by donors as increases in net assets without donor restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions, depending on the nature of the restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Income Taxes

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

It is not subject to income taxes except on unrelated business income. No unrelated business income tax has been paid in the current year.

Classification of Revenues

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

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

Nonoperating revenues: Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues such as state appropriations, tax revenues, and investment income. Pell grant receipts are classified as nonoperating revenues and any amounts applied to student receivable accounts are recorded as scholarship discounts or allowances.

Scholarship Discounts and Allowances

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

Accounting Estimates

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Compensated Absences

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

A total of 10 to 15 days of vacation per year can be accumulated by administrators and support staff up to a maximum of 15 days. A total of 10 days per year of sick leave are granted to employees, which can be accumulated by each employee up to a maximum of 120 days. Accumulated sick days are lost when employment at the College ends.

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

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

In accordance with the above criteria the College has not accrued a liability for sick pay which has been earned but not taken inasmuch as the amount cannot be reasonably estimated. The liability for vacation pay totaled \$168,725, which is considered a long-term liability of the College, which is not to be paid from current resources.

Termination and Post Employment Benefits

No termination benefits are provided to College employees when employment with the College ends except for the accrued Compensated Absences as discussed in Note 1 and Early Retirement Program as discussed in Note 9.

As provided by K.S.A. 12-5040, the College allows retirees to participate in the group health insurance plan. 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. Each retiree pays the full amount of the applicable premium at a higher premium than the active employees. Accordingly, the College has determined that there is no cost to the College under this program.

Pension Plan

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

On-behalf Payments for Employee Benefits

The College recognizes revenues and expenses for the contributions (Note 8) made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the College's employees.

2. **STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Compliance with Kansas Statutes

The College was in compliance with the cash basis and budgeted laws of the State of Kansas. There were no apparent violations of Kansas statutes identified during the current fiscal year.

3. **CASH AND DEPOSITS WITH FINANCIAL INSTITUTIONS**

Primary Institution: College

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

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

Concentration of credit risk. State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 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 Government's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The College does not have any "peak periods" designated.

At June 30, 2020 the College's carrying amount of deposits was \$2,323,636.91 and the bank balance was \$2,794,376.35. Although the bank balance was held by four banks, over 80% is held at one bank resulting in a concentration of credit risk. Of the bank balance, \$525,074.22 was covered by federal depository insurance, and \$2,259,302.13 was collateralized with securities totaling \$3,739,988.32 held by the pledging financial institutions' agents in the College's name.

Component Unit – Foundation

At year-end the carrying amount of the Foundation's deposits totaled \$195,719.30. Although cash deposits are sometimes in excess of limits insured by the Federal Deposit Insurance Corporation, the amount of credit risk to the Foundation is considered minimal.

4. **INVESTMENTS**

Primary Institution - FSCC:

Investments are made in accordance with an investment policy established by the Board of Trustees of the College and are stated at cost, which approximates the market value.

There were no investments at June 30, 2020.

4. INVESTMENTS (Continued)

Component Unit – FSCC Foundation:

Investments are made in accordance with an investment policy established by the Board of Directors of the Foundation and are stated at market value.

Investments at June 30, 2020 are held in Trust by a financial institution and are comprised of the following:

	<u>COST</u>	<u>MARKET</u>
Equity Securities	\$ 2,895,080.08	\$ 3,738,226.82
Fixed Income	1,543,584.52	1,619,312.70
Alternative Investments	223,377.10	226,098.02
Micellaneous	34,317.15	15,838.19
Cash and Cash Equivalents	260,990.16	260,990.16
	<u>\$ 4,957,349.01</u>	<u>\$ 5,860,465.89</u>

Investment income of the Foundation is comprised of the following:

Dividends and Interest	\$ 116,239.20
Realized gains (losses)	120,434.19
Unrealized gains (losses)	(130,271.21)
Change in value of CRAT	18,992.00
	<u>\$ 125,394.18</u>

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The *Fair Value Measurements and Disclosures Topic* of the Financial Accounting Standards Board Accounting Standards Codification (ASC) establishes a fair value hierarchy that prioritizes the inputs 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 measurement) and the lowest priority to unobservable inputs (Level 3 measurement). In determining fair value, the Foundation uses various methods including market, income, and cost approaches. Based on these approaches, the Foundation utilizes certain assumptions that market participants would use in pricing the assets, including assumptions about risk and the risks inherent in the inputs to the valuation techniques. The inputs can be readily observable, market corroborated, or generally unobservable inputs. The Foundation uses valuation techniques that maximize the use of observable inputs and minimize the use of unobservable inputs. The observability of the inputs used in the valuation techniques is the basis for determining the appropriate fair value hierarchy level.

Certain of the Foundation's financial assets and financial liabilities are measured at fair value on a recurring basis, including money market, fixed income, and equity instruments. The three levels of the fair value hierarchy and a description of the valuation methodologies used for instruments measured at fair value are as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities as of the reporting date. Level 1 primarily consists of financial instruments such as money market securities and listed equities.

4. **INVESTMENTS** (Continued)

Level 2 – Pricing inputs other than quoted prices included in Level 1 that are either directly observable or that can be derived or supported from observable data as of the reporting date. Instruments in this category include certain U.S. government agency and sponsored entity debt securities and interest rate swap contracts.

Level 3 – Pricing inputs include those that are significant to the fair value of the financial asset or financial liability and are not observable from objective sources. These inputs may be used with internally developed methodologies that result in management’s best estimate of fair value.

The Foundations investments are reported at fair value as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity and Debt Securities	\$5,583,637.54	\$260,990.16	\$ -	\$5,844,627.70
Insurance Policies	-	-	15,838.19	15,838.19
Total Assets at Fair Value	<u>\$5,583,637.54</u>	<u>\$260,990.16</u>	<u>\$15,838.19</u>	<u>\$5,860,465.89</u>

Changes in level 3 investments for the year ended June 30, 2020 were as follows:

		Insurance Policies
Balance June 30, 2019		\$ 15,838.19
Unrealized gain (loss)		-
Balance June 30, 2020		<u>\$ 15,838.19</u>

5. **ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2020, consisted of the amounts due as follows:

	<u>Primary Institution</u>
Accounts Receivable -	
Federal Grants	\$ 227,044.38
Tuition and fees	1,112,225.77
Other Receivables	<u>1,744,664.99</u>
Total Accounts Receivable	<u>\$ 3,083,935.14</u>

The College charges any uncollectible accounts directly to current revenues. Current year student tuition, fees, and auxiliary enterprises revenues have been reduced by \$171,014.05 for old receivables deemed uncollectible. All accounts at June 30, 2020 are considered fully collectible. Uncollectible amounts for unconditional promises to give to the Foundation are expected to be insignificant. Accordingly, no provision is made for uncollectible amounts.

6. CAPITAL ASSETS

Following are the changes in capital assets for the year ended June 30, 2020:

	Balance <u>June 30, 2019</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>June 30, 2020</u>
<u>Capital Assets:</u>				
Land and Improvements	\$ 985,633.50	\$ -	\$ -	\$ 985,633.50
Building and Improvements	20,844,440.60	1,527,775.51	98,936.90	22,273,279.21
Furniture and Equipment	5,088,136.73	360,186.91	1,724,934.24	3,723,389.40
Vehicles and Trailers	604,742.19	55,302.50	-	660,044.69
Subtotal:	<u>27,909,141.62</u>	<u>1,943,264.92</u>	<u>1,823,871.14</u>	<u>27,642,346.80</u>
<u>Accumulated Depreciation:</u>				
Building and Improvements	9,513,954.09	564,504.31	73,131.21	10,005,327.19
Furniture and Equipment	4,116,577.79	318,069.41	1,715,397.61	2,719,249.59
Vehicles and Trailers	573,933.79	14,028.42	-	587,962.21
Subtotal:	<u>14,204,465.67</u>	<u>896,602.14</u>	<u>1,788,528.82</u>	<u>13,312,538.99</u>
Net Capital Assets	<u>\$13,704,675.95</u>	<u>\$1,046,662.78</u>	<u>\$ 35,342.32</u>	<u>\$14,329,807.81</u>

Depreciation expense was charged to the following functions:

Instruction	\$ 489,334.19
Academic Support	111,633.95
Institutional Support	53,827.97
Auxiliary	146,540.58
Student Support	95,265.45
	<u>\$ 896,602.14</u>

7. LONG-TERM DEBT

Long-term debt of the College consisted of the following as of June 30, 2020:

Capital Leases

Dormitory building refunding certificate of participation agreement lease, dated December 17, 2019 to refinance the dormitory lease purchase agreement issued in 2010, originally totaling \$2,585,000. The lease purchase agreement was refinanced on December 17, 2019 with a certificate of participation lease for \$2,005,000. The lease requires semi-annual lease payments of approximately \$200,000 thru 2032. Interest rates range from 1.6% to 2.3%, with the final principal due February 2032.

\$ 2,005,000.00

7. **LONG-TERM DEBT** (Continued)

Fine arts building lease purchase agreement, dated October 6, 2015 in the original amount of \$2,766,451. The lease requires semi-annual interest payments at 4.35% and annual principal payments for a total annual debt service payment of approximately \$206,000 per year. The agreement is scheduled to mature in September 2035 but can be paid off early beginning in September 2025. The agreement is secured by the fine arts building.

\$ 2,387,373.66

Equipment and furnishings for the Fine arts building lease purchase agreement, dated October 6, 2015 in the original amount of \$100,000. The lease requires semi-annual interest payments at 4.35% and annual principal payments for a total annual debt service payment of approximately \$7,400 per year. The agreement is scheduled to mature in September 2035 but can be paid off early beginning in September 2025. The agreement is secured by the equipment and furnishing in the fine arts building.

86,297.34

Baseball scoreboard lease purchase agreement, dated June 30, 2016 in the original amount of \$74,796. The lease requires annual payments of \$15,175 including interest at .72%, with a scheduled maturity in 2021. The agreement is secured by the scoreboard.

15,067.07

Building Capital Lease Purchase Agreement (COP 2017A), dated June 15, 2017 in the original amount of \$930,000.00. The proceeds were used to pay off a prior lease purchase agreement on the building and provide funds of \$750,000 for additional capital improvements on the building. The lease requires semi-annual interest payments of 4.04% interest and annual principal payments for a total annual debt service of approximately \$64,000 per year. The agreement is schedule to paid off in December 2037.

830,000.00

Building Capital Lease Purchase Agreement (COP 2017B), dated June 15, 2017 in the original amount of \$1,355,000.00. A portion of the proceeds were placed in a trust account to be used to pay off the equipment lease purchase agreement dated December 2016 in July 2017. The lease requires semi-annual principal and interest payments of 2.0 to 5.0% totaling approximately \$175,000 each year. The agreement is schedule to paid off in December 2025.

935,000.00

Greyhound Lodge Lease Purchase Agreement (COP 2018), dated June 12, 2018 in the original amount of \$270,000.00. The proceeds were used to refurbish lodging for College students. The lease requires semi-annual principal and interest payments of 2.5 to 5.0% interest totaling approximately \$30,000 each year with final payment due in 2029.

230,000.00

Total Long-Term Debt \$ 6,488,738.07

7. **LONG-TERM DEBT** (Continued)

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2020:

Long Term Debt	Principal June 30, 2019	New Debt	Debt Paid	Principal June 30, 2020	Interest Paid
Capital Leases					
COPS 2017B	\$ 1,085,000.00	\$ -	\$ 150,000.00	\$ 935,000.00	\$ 24,487.50
COPS 2017A (JD Bd)	865,000.00	-	35,000.00	830,000.00	29,831.26
Fine Arts COPS 2015A	2,488,414.30	-	101,040.64	2,387,373.66	106,048.39
Fine Arts COPS 2016B	89,949.70	-	3,652.36	86,297.34	3,833.36
Dormitory Building	1,965,000.00	-	60,000.00	-	41,593.75
Paid with Refunding Issue	-	-	1,905,000.00		
2016 Equipment	30,025.30	-	14,958.23	15,067.07	216.49
Greyhound Lodge 2018	250,000.00	-	20,000.00	230,000.00	9,292.50
Dormitory Certificate of Participation Series 2019	-	2,005,000.00	-	2,005,000.00	
Total Long Term Debt	\$ 6,773,389.30	\$ 2,005,000.00	\$ 2,289,651.23	\$ 6,488,738.07	\$ 215,303.25

The bond principal and interest requirements are as follows:

Fiscal Year Ending June 30,	Capital Leases		
	Principal	Interest	Totals
2021	\$ 419,415.07	\$ 204,326.59	\$ 623,741.66
2022	499,211.00	186,530.21	685,741.21
2023	519,289.00	172,629.09	691,918.09
2024	529,594.00	158,354.64	687,948.64
2025	545,134.00	143,889.31	689,023.31
2026 to 2030	2,057,793.00	521,806.24	2,579,599.24
2031 to 2035	1,583,295.00	206,916.81	1,790,211.81
2036 to 2040	335,007.00	10,505.17	345,512.17
Totals	\$ 6,488,738.07	\$1,604,958.06	\$ 8,093,696.13

8. **DEFINED BENEFIT PENSION PLAN**

Plan Description: The College participates in the Kansas Public Employees Retirement System ("KPERS"), a cost-sharing multiple - employer defined benefit pension plan as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting for Pension Plans*. The Pension Plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. K.S. A. 74-4901 determines benefits 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.

8. **DEFINED BENEFIT PENSION PLAN** (Continued)

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

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

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

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

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

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

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

8. DEFINED BENEFIT PENSION PLAN (Continued)

State law provides that the employer contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.59% and 13.21% respectively, for the fiscal year ended June 30, 2019. The actuarially determined employer contribution rate and the statutory contribution rate was 16.15% and 14.41% for the fiscal year ended June 30, 2020.

Per 2017 Senate Substitute for House Bill 2052, Section 37(a), state general fund employer contributions to KPERS were decreased by \$64.13 million for the fiscal year ended June 30, 2017. Section 43(17) of the bill also stipulated that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2018. The level dollar amount was computed to be \$6.4 million dollars per year. The first payment of \$6.4 million was received in July 2017, and appropriations for fiscal year 2018 were made for the state/school group at the statutory contribution rate of 12.01% for that year.

Per 2017 Senate Substitute for House Bill 2002, Section 51(a), state general fund employer contributions to KPERS were decreased by \$194.0 million for the fiscal year ended June 30, 2019. Section 56(19) of the bill also stipulates that repayments of the reduced contributions are to be amortized over twenty years at a level dollar amount commencing in fiscal year 2020. The level dollar amount was computed to be \$19.4 million per year.

2018 House Substitute for Senate Bill 109 provided for additional funding for KPERS School group. A payment of \$56 million was paid in fiscal year 2018. This bill also authorized a payment of \$82 million in fiscal year 2019.

2019 Senate Bill 9 authorized a payment of \$115 million for the KPERS School group.

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

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

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

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

At June 30, 2019, the proportion recognized by the State of Kansas on behalf of the College was 0.004635%, which was a increase of 0.001961% from the proportion measured at June 30, 2018.

8. DEFINED BENEFIT PENSION PLAN (Continued)

Net Pension Liability: At June 30, 2019 and 2018, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was \$9,006,151 and \$9,081,203 respectively.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019, using the following actuarial assumptions:

Price inflation	2.75%
Wage inflation	3.00%
Salary increases, including wage increases	3.50 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.75%

Mortality rates were based on the RP-2014 Mortality Tables with adjustments to better match actual experience. Separate tables apply for males and females as well as each group (State, School, Local, KP&F, and Judges).

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2013 to December 31, 2015.

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 included in the pension plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Long-Term Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global equity	47.00%	6.85%
Fixed income	13.00	1.25
Yield driven	8.00	6.55
Real return	11.00	1.71
Real estate	11.00	5.05
Alternatives	8.00	9.85
Short-term investments	2.00	(0.25)
	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Revenue and Pension Expense Recorded by the College: For the year ended June 30, 2020, the College recognized revenue and pension expense in an equal amount of \$910,553.

9. OTHER POST RETIREMENT BENEFITS

Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA), the College 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.

Plan description: The College sponsors a single-employer other post-employment benefit plan that provides medical benefits to qualifying retirees and their dependents. Employees, who qualify for pension benefits under the Kansas Public Employee Retirement System (KPERS) and are enrolled in the College's insurance benefits during the benefit plan year prior to retirement, are eligible for benefits. Under KPERS, a participant must be at least age 55 with at least 10 years of service or meet Rule of 85 (age + service \geq 85) at any age to be eligible. Also, a retiring employee who waives continuing participation in the College's health plan at the time of retirement is not eligible to participate at a later date. Employees who qualify for a total disability benefit under the KPERS Disability Benefits Program are eligible for benefits until they qualify for Medicare. Spouses may continue coverage upon retiree death or attainment of Medicare eligibility age under Cobra for up to 36 months not to exceed the spouse's own age 65.

Funding policy: The College establishes and amends contribution requirements. The current funding policy of the College is to fund benefits on a pay-as-you-go basis. The total cost of the medical benefits is however, paid by the retirees. This arrangement does not qualify as other post-employment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 75 for current GASB reporting. Retirees, who either meet the Rule of 85 or are age 55 with 15 years of service upon retirement, pay 100% of group insurance premiums to maintain coverage. Accordingly, the College does not record a OPEB cost or obligation.

Termination Benefits:

The College has adopted a policy providing early retirement benefits. Professional employees with at least 15 years of full time service are eligible to receive from 15% up to 30% of the value of his or her unused sick leave upon retirement, subject to a maximum of 30 days of accumulated sick leave. The employee must be at least 60 years old as of June 30 of the retiring year or has met KPERS retirement eligibility.

Twelve employees are eligible to receive benefits totaling \$34,842 as of June 30. These are not accrued as liabilities in the financial statements since payment is contingent upon the eligible employees announcing their intention to retire as stipulated in the College's early retirement program.

10. CONTINGENT LIABILITIES

In the normal course of operations the College participates in various federal and state grant programs. These grants are often subject to additional audits by the granting agencies, the purpose of which is to ensure compliance with the specific grant conditions. Any liability for reimbursement, which may arise as a result of these audits, cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

11. **RISK MANAGEMENT**

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

12. **ADDITIONAL DISCLOSURES FOR THE FSCC FOUNDATION -
A COMPONENT UNIT**

SIGNIFICANT ACCOUNTING POLICIES

Financial Statement Presentation

U.S. GAAP requires the Foundation to report information regarding its financial position and activities according to two classes of net position: net assets with donor restrictions and net assets without donor restrictions.

Contributions and Unconditional Pledges

U.S. GAAP specifies that contributions received are recorded as net assets with donor restrictions and net assets without donor restrictions depending on the existence and/or nature of any donor restrictions. Restricted contributions are required to be reported as temporarily restricted support and are then reclassified to unrestricted net assets upon expiration of the donor restrictions.

Contributions Establishing Charitable Trusts

The Foundation accepts donor contributions to establish trust agreements in exchange for a named beneficiary to receive a fixed dollar annual return or a specific percentage of the fair value of the trust assets for the beneficiary's lifetime or a specific time period. A portion of the donation is considered to be a charitable contribution and the remaining portion represents a liability equal to the present value of future payments. The liability is revalued annually based on actuarially computed present values.

Investments

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

Pooled Investments

The Foundation pools cash from various individual endowment principal funds for investment purposes.

Net Assets with Donor Restrictions

Net Assets with Donor Restrictions include Permanently restricted Endowment funds as well as Temporarily restricted net assets which have been limited by donors to a specific time period or purpose. Upon expiration of the donor's restrictions, temporarily restricted net assets are classified as unrestricted net assets and reported in the statement of activities as net assets released from restrictions. The appreciation of endowment funds in excess of the amounts contributed is also classified as temporarily restricted net position. Permanently restricted net position are restricted by donors to be maintained by the Foundation in perpetuity. Donor restricted contributions whose restrictions are met within the same year as received are reported as unrestricted contributions in the accompanying financial statements.

12. **ADDITIONAL SPECIFIC DISCLOSURES FOR THE FSCC FOUNDATION -
A COMPONENT UNIT** - (Continued)

SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Income Taxes

The Foundation is a non-profit Section 501(c) (3) tax exempt organization. It is not subject to income taxes except on unrelated business income. No unrelated business income tax has been paid in the current year. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instruments that appears on the statements of financial position, for which it was practicable to estimate that value (for all categories listed, the carrying value approximates fair value):

Cash and Cash Equivalents – For the purpose of the statements of cash flows, cash and cash equivalents are defined as cash on hand and cash in demand accounts. The carrying values of the Foundation’s cash equivalents approximate market value.

Contributions Receivable – Fair value is approximately equal to the book value and was determined by discounting the expected future cash flows.

Other Receivables – Loans receivable are reported in the statements of financial position as outstanding principal, adjusted for the allowance for doubtful accounts. Interest receivable is receivable in the current year and recorded at cost, which approximates the market value.

Investments – Investments in equity securities with readily determinable fair values and all investments in debt securities are reported at fair value, with gains and losses included in the statement of activities. The fair value is determined by the investment custodian utilizing prices quoted by securities dealers or brokers, investment bankers, or statistical services on the valuation date. Management’s estimate of the fair value of investments is included in Note 4.

Charitable Remainder Trusts – Charitable remainder trusts are recognized at fair value in the period the trust is established and adjusted accordingly at year-end. Assets of such gifts are reported as a component of marketable securities. Liabilities incurred related to the acceptance of life income gifts are recognized as the present value of the expected future cash payments and are discounted at rates specified by the Code Section 7520(a). Generally, the terms of the life income gifts require the Foundation to pay a specified amount or percentage of a fund’s market value to a designated beneficiary for a specified term or the beneficiary’s life span. Actuarial assumptions related to mortality are based on tables published by the IRS.

12. **ADDITIONAL SPECIFIC DISCLOSURES FOR THE FSCC FOUNDATION -
A COMPONENT UNIT** - (Continued)

ENDOWMENT FUNDS

The Foundation’s endowment consists of over 200 individual fund accounts established for a variety of purposes. The endowment includes only donor-restricted endowment funds. As required by GAAP, net assets associated with endowment funds, including funds designated by the Board of Trustees to function as endowments, are classified and reported on the existence or absence of donor-imposed restrictions. The endowment does not include fund accounts that are wholly expendable.

Interpretation of Relevant Law: The Foundation has interpreted the Uniform Management of Institutional Funds Act (UMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretations, the Foundation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until the donor’s restriction is met. Effective July 1, 2008, the state of Kansas adopted the UPMIFA, which added certain prudent spending measures to UMIFA. In accordance with UPMIFA, the Foundation considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Foundation
- (7) The investment policies of the Foundation

At June 30, 2020, the endowment net position composition by type of fund consisted of the following:

	Endowment Other	Endowment Principal	Endowment Totals
Endowment Funds			
Donor-restricted	\$ 1,205,464.13	\$ 4,186,681.09	\$ 5,392,145.22
Board-designated	-	-	\$ -
Totals	\$ 1,205,464.13	\$ 4,186,681.09	\$ 5,392,145.22

12. **ADDITIONAL SPECIFIC DISCLOSURES FOR THE FSCC FOUNDATION - A COMPONENT UNIT** - (Continued)

ENDOWMENT FUNDS (Continued)

For the year ended June 30, 2020, the changes in the endowment net position are as follows (in thousands):

	Endowment Other	Endowment Principal	Endowment Totals
Endowment Net Position,			
June 30, 2019	\$ 1,261,631.14	\$ 3,991,313.05	\$ 5,252,944.19
Investment Return:			
Investment and Dividends	80,407.03	-	80,407.03
Realized Gains (Losses)	83,824.44	-	83,824.44
Unrealized Gains (Losses)	(90,323.62)	-	(90,323.62)
Total Investment Return	73,907.85	-	73,907.85
Contributions	-	195,368.04	195,368.04
Expenses	(130,074.86)	-	(130,074.86)
Endowment Net Position,			
June 30, 2020	\$ 1,205,464.13	\$ 4,186,681.09	\$ 5,392,145.22

Funds with Deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor requires the Foundation to retain as a fund of perpetual duration. In the absence of donor stipulations or law to the contrary, decreases in the value of investments of a donor-restricted endowment fund cannot reduce a permanently restricted fund to an amount below the historical gift value. Accordingly, any excess losses shall reduce temporarily restricted net position to the extent there is net appreciation on related funds with donor-imposed temporary restrictions. If there is no appreciation remaining in the temporary restricted net position, unrestricted net position must be reduced by the amount of deficiency. As of June 30, 2020, there were no deficiencies.

Return Objectives and Risk Parameters: The Foundation has investment policies that attempt to provide a predictable stream of funding to programs supported by operations as well as endowment donations. Assets are invested in a manner that is intended to produce results that exceed the respective benchmark while assuming a moderate level of investment risk. The Foundation expects its endowment funds, over time, to provide an average rate of return of approximately at least 5% annually. Actual returns in any given year may vary from this amount.

Strategies Employed for Achieving Objectives: To satisfy its long-term rate-of-return objectives, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends net of fees). The Foundation targets a diversified asset allocation to achieve its long-term return objectives within prudent risk constraints.

12. **ADDITIONAL SPECIFIC DISCLOSURES FOR THE FSCC FOUNDATION - A COMPONENT UNIT** - (Continued)

ENDOWMENT FUNDS - (Continued)

Spending Policy and How the Investment Objectives Relate to Spending Policy: Except as specified by the donor, the Foundation has adopted a policy in which earnings are allocated monthly for spending. In establishing this policy, the Foundation considered the long-term expected return on its endowment. Accordingly, over the long-term, the Foundation expects the current spending policy to allow its endowment to grow at an average of the long-term rate of inflation. This is consistent with the Foundation objective to maintain the purchasing power of the endowed assets held in perpetuity, as well as to provide additional growth through new gifts.

EXPENSES

The Foundation incurred the following expenses for the fiscal year ending June 30, 2020:

	<u>2020</u>
Program Services	
Scholarships	\$ 146,702.99
Payments to or for the College	<u>1,027,806.96</u>
	<u>1,174,509.95</u>
Support Services	
Consulting Fees	22,277.19
Office	<u>3,403.50</u>
	<u>25,680.69</u>
Total Expenses	<u>\$ 1,200,190.64</u>

LIQUIDITY AND AVAILABILITY

As shown in Note 14, Temporarily Restricted Endowment net assets are available for general expenditure in the next fiscal year. Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following:

	<u>2020</u>
Cash and cash equivalents	<u>\$ 195,719.30</u>
Investments without Donor Restrictions	<u>22,964.75</u>
Total Net Assets without Restrictions	<u>\$ 218,684.05</u>

CHANGE IN ACCOUNTING PRINCIPAL

On August 18, 2016, FASB issued Accounting Standards Update (ASU) 2016-14, Not-for-Profit Entities (Topic 958) – *Presentation of Financial statements of Not-for-Profit-Entities*. The update addresses the complexity and understandability of net asset classification, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Organization has implemented ASU 2016-14 and has adjusted the presentation in these amended and restated consolidated financial statements accordingly. The ASU has been applied retrospectively to all periods presented but did not have an effect on net assets.

12. **ADDITIONAL SPECIFIC DISCLOSURES FOR THE FSCC FOUNDATION - A COMPONENT UNIT** - (Continued)

CHANGE IN ACCOUNTING PRINCIPAL (Continued)

In August 2016, FASB issued ASU 2016-15, *Statement of Cash Flows (Topic 230), Classification of Certain Cash Receipts and Cash Payments*. This guidance is intended to reduce the diversity in practice in how certain transactions are classified in the statement of cash flows. In addition, in November 2016, FASB issued ASU 2016-18, *Statement of Cash Flows (Topic 230), Restricted Cash*. This ASU provides additional guidance related to transfers between cash and restricted cash and how entities present, in their statements of cash flows, the cash receipts and cash payments that directly affect the restricted cash accounts. The Organization has adopted these provisions in the accompanying amended and restated consolidated financial statements.

FASB Accounting Standards Codification Topic 606, Revenue from Contracts with Customers, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. The Organization has implemented Topic 606 and has adjusted the presentation in these amended and restated consolidated financial statements accordingly. The amendments have been applied retrospectively to all periods presented, with no effect on net assets.

13. **INTERFUND TRANSFERS**

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.

The following interfund transfers were recorded this fiscal year:

FROM	TO	AMOUNT
General	Adult Education	\$ 17,563.42
Postsecondary Education	General	1,200,000.00
Auxiliary Enterprise	General	200,000.00

14. **NET ASSETS WITH DONOR RESTRICTIONS**

Temporarily Restricted Endowment Funds	\$ 1,205,464.13
Permanently Restricted Endowment Funds	4,186,681.09
Charitable Remainder Trust Funds	649,997.98
	\$ 6,042,143.20

15. SUBSEQUENT EVENTS

Events subsequent to June 30 have been evaluated through December 22, 2020. There are no subsequent events recognized in these financial statements or recorded in the notes to the financial statements.

In March of 2020, the World Health Organization declared the coronavirus (“COVID 19”) outbreak a nationwide pandemic. Many businesses and governmental entities were required to shut down due to the pandemic. All school buildings were subsequently shut down, in-person instruction ceased and there was a temporary closure of operating hours for administrative personnel. In person classes have begun again with the Fall school year.

The financial impact of this pandemic is almost impossible to determine. The College has received additional emergency aid directly from the State and from the county to mitigate the negative financial input of the COVID 19 virus. The extent of the impact of COVID 19 on the College’s operations and finances will vary depending upon future developments, including an increased spread of the virus, the length of time of the outbreak, and any restrictions implemented by the State or Federal government. Management is unable to quantify the financial and other impacts to the College, though management believes that a material impact on the College’s financial position and results of future operations is reasonably possible.

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

SUPPLEMENTARY INFORMATION

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
Schedule of Revenues, Expenditures and Changes
in Unencumbered Cash - Budget and Actual
Current Funds Unrestricted - General Fund (Legal Basis)
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2019 Actual	2020 Actual	2020 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Student Tuition and Fees				
Tuition	\$ 1,156,932.00	\$ 1,124,619.60	\$ 1,235,189.00	\$ (110,569.40)
Other Student Fees	870,004.62	813,497.64	923,938.00	(110,440.36)
Total Student Tuition and Fees	<u>2,026,936.62</u>	<u>1,938,117.24</u>	<u>2,159,127.00</u>	<u>(221,009.76)</u>
Federal				
Pell Grant Administration	6,620.00	-	-	-
Total Federal	<u>6,620.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
State				
Operating Aid	1,923,816.00	1,985,636.00	1,985,810.00	(174.00)
Total State	<u>1,923,816.00</u>	<u>1,985,636.00</u>	<u>1,985,810.00</u>	<u>(174.00)</u>
Local				
Ad Valorem Tax	2,858,807.53	2,917,044.24	3,026,439.00	(109,394.76)
Motor Vehicle Tax	419,668.66	384,427.63	407,726.00	(23,298.37)
Delinquent Tax	80,801.50	56,003.35	42,940.00	13,063.35
In Lieu of Taxes	-	-	-	-
Total Local	<u>3,359,277.69</u>	<u>3,357,475.22</u>	<u>3,477,105.00</u>	<u>(119,629.78)</u>
Other				
Interest	-	-	-	-
Miscellaneous	290,949.93	348,286.58	241,008.00	107,278.58
Total Other	<u>290,949.93</u>	<u>348,286.58</u>	<u>241,008.00</u>	<u>107,278.58</u>
TOTAL REVENUES	<u>7,607,600.24</u>	<u>7,629,515.04</u>	<u>7,863,050.00</u>	<u>(233,534.96)</u>

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
Schedule of Revenues, Expenditures and Changes
in Unencumbered Cash - Budget and Actual
Current Funds Unrestricted - General Fund (Legal Basis)
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2019 Actual	2020 Actual	2020 Budget	Variance - Favorable (Unfavorable)
EXPENDITURES				
Instruction	\$ 1,622,306.23	\$ 1,578,117.19	\$ 1,739,599.00	\$ 161,481.81
Public Service	2,402.22	43.07	2,676.00	2,632.93
Academic Support	298,639.37	342,515.68	358,422.00	15,906.32
Student Services	2,543,589.24	2,608,822.07	2,668,336.00	59,513.93
Institutional Support	1,814,191.61	1,848,000.75	2,473,780.00	625,779.25
Operation and Maintenance	1,598,032.43	1,536,216.55	1,665,009.00	128,792.45
Scholarships and Awards	530,050.27	552,848.11	43,600.00	(509,248.11)
TOTAL EXPENDITURES	<u>8,409,211.37</u>	<u>8,466,563.42</u>	<u>8,951,422.00</u>	<u>484,858.58</u>
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers from (to) Other Funds				
Transfers In from Other Funds	-	1,400,000.00	-	1,400,000.00
Transfers Out to Other Funds	(17,563.42)	(17,355.03)	(18,625.00)	1,269.97
Total Other Additions (Deductions)	<u>(17,563.42)</u>	<u>1,382,644.97</u>	<u>(18,625.00)</u>	<u>1,401,269.97</u>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(819,174.55)	545,596.59	(1,106,997.00)	1,652,593.59
Unencumbered Cash-Begin of Year	<u>1,068,541.63</u>	<u>249,367.08</u>	<u>1,746,085.00</u>	<u>(1,496,717.92)</u>
Unencumbered Cash-End of Year	<u>\$ 249,367.08</u>	<u>\$ 794,963.67</u>	<u>\$ 639,088.00</u>	<u>\$ 155,875.67</u>

Note: This schedule is prepared on the budgetary (legal) basis of accounting. Revenues in this schedule only include cash receipts and do not include an adjustment for accounts receivable.

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 (Legal Basis)

For the Fiscal Year Ended June 30, 2020

(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2019 Actual	2020 Actual	2020 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Student Tuition and Fees				
Tuition	\$ 892,551.36	\$ 853,705.55	\$ 924,711.00	\$ (71,005.45)
Other Student Fees	436,471.19	401,808.31	407,281.00	(5,472.69)
Total Student Tuition and Fees	<u>1,329,022.55</u>	<u>1,255,513.86</u>	<u>1,331,992.00</u>	<u>(76,478.14)</u>
State				
Operating Aid	1,487,677.00	1,508,066.00	1,508,066.00	-
State Grants	591,115.00	557,855.00	654,000.00	(96,145.00)
Total State	<u>2,078,792.00</u>	<u>2,065,921.00</u>	<u>2,162,066.00</u>	<u>(96,145.00)</u>
Other				
Miscellaneous	76,378.98	36,467.00	267,925.00	(231,458.00)
TOTAL REVENUES	<u>3,484,193.53</u>	<u>3,357,901.86</u>	<u>3,761,983.00</u>	<u>(404,081.14)</u>
EXPENDITURES				
Instruction	2,718,586.10	2,605,025.44	2,737,410.00	132,384.56
Academic Support	100,510.97	97,014.09	191,316.00	94,301.91
Institutional Support	55,377.71	-	-	-
Operation and Maintenance	64,182.59	59,208.03	158,150.00	98,941.97
TOTAL EXPENDITURES	<u>2,938,657.37</u>	<u>2,761,247.56</u>	<u>3,086,876.00</u>	<u>325,628.44</u>
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers from (to) Other Funds				
Transfers Out to Other Funds	-	(1,200,000.00)	-	(1,200,000.00)
Excess of Revenues Over (Under) Expenditures	545,536.16	(603,345.70)	675,107.00	(1,278,452.70)
Unencumbered Cash-Beginning of Year	<u>514,520.44</u>	<u>1,060,056.60</u>	<u>313,595.00</u>	<u>746,461.60</u>
Unencumbered Cash-End of Year	<u>\$ 1,060,056.60</u>	<u>\$ 456,710.90</u>	<u>\$ 988,702.00</u>	<u>\$ (531,991.10)</u>

Note: This schedule is prepared on the budgetary (legal) basis of accounting. Revenues in this schedule only include cash receipts and do not include an adjustment for accounts receivable.

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 (Legal Basis)
 For the Fiscal Year Ended June 30, 2020
 (With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2019 Actual	2020 Actual	2020 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Student Tuition and Fees				
Other Student Fees	\$ -	\$ -	\$ -	\$ -
Other				
Miscellaneous	-	-	-	-
TOTAL REVENUES	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Instruction	<u>17,563.42</u>	<u>17,355.03</u>	<u>18,625.00</u>	<u>1,269.97</u>
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers from (to) Other Funds				
Transfers In from Other Funds	<u>17,563.42</u>	<u>17,355.03</u>	<u>18,625.00</u>	<u>(1,269.97)</u>
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Unencumbered Cash-Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Unencumbered Cash-End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Note: This schedule is prepared on the budgetary (legal) basis of accounting. Revenues in this schedule only include cash receipts and do not include an adjustment for accounts receivable.

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
Schedule of Revenues, Expenditures and Changes
in Unencumbered Cash - Budget and Actual
Current Funds Unrestricted - Truck Driver Training Fund (Legal Basis)
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2019 Actual	2020 Actual	2020 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Student Tuition and Fees				
Tuition	\$ 798.00	\$ -	\$ -	\$ -
Other Student Fees	463.56	-	-	-
Total Student Tuition and Fees	<u>1,261.56</u>	<u>-</u>	<u>-</u>	<u>-</u>
State				
Other State Aid	84.00	-	-	-
Special State Aid	-	-	-	-
Total State	<u>84.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other	<u>64,600.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL REVENUES	<u>65,945.56</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXPENDITURES				
Instruction	<u>369.19</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers from (to) Other Funds				
Transfers In from Other Funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	65,576.37	-	-	-
Unencumbered Cash-Beginning of Year	<u>6,169.94</u>	<u>71,746.31</u>	<u>-</u>	<u>71,746.31</u>
Unencumbered Cash-End of Year	<u>\$ 71,746.31</u>	<u>\$ 71,746.31</u>	<u>\$ -</u>	<u>\$ 71,746.31</u>

Note: This schedule is prepared on the budgetary (legal) basis of accounting. Revenues in this schedule only include cash receipts and do not include an adjustment for accounts receivable.

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS

Schedule of Revenues, Expenditures and Changes
in Unencumbered Cash - Budget and Actual
Current Funds Unrestricted - Auxiliary Enterprise Fund (Legal Basis)
For the Fiscal Year Ended June 30, 2020
(With Comparative Actual Amounts for the Year Ended June 30, 2019)

	2019 Actual	2020 Actual	2020 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Tuition and Fees				
Student fees	\$ 102.79	\$ 69.50	\$ -	\$ 69.50
Dormitory rents	932,088.18	926,627.02	1,044,663.00	(118,035.98)
Total Tuition and Fees	<u>932,190.97</u>	<u>926,696.52</u>	<u>1,044,663.00</u>	<u>(117,966.48)</u>
Other				
Miscellaneous	-	-	-	-
Total Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sales and Services of Auxiliary Enter				
Food service sales	624,775.86	596,781.96	764,800.00	(168,018.04)
Bookstore sales	477,508.79	136,848.97	505,500.00	(368,651.03)
Total Sales and Services of Auxiliary Enterprises	<u>1,102,284.65</u>	<u>733,630.93</u>	<u>1,270,300.00</u>	<u>(536,669.07)</u>
TOTAL REVENUES	<u>2,034,475.62</u>	<u>1,660,327.45</u>	<u>2,314,963.00</u>	<u>(654,635.55)</u>
EXPENDITURES				
Auxiliary Enterprise				
Bookstore and Student Center	\$ 336,454.98	\$ 362,902.71	\$ 424,359.00	\$ 61,456.29
Dormitory	650,122.39	656,663.24	1,041,758.00	385,094.76
Food Service	610,642.72	540,510.54	736,934.00	196,423.46
Total Auxiliary Enterprise	<u>1,597,220.09</u>	<u>1,560,076.49</u>	<u>2,203,051.00</u>	<u>642,974.51</u>
Retirement of Indebtedness	130,000.00	80,000.00	143,050.00	63,050.00
Interest on Indebtedness	95,218.52	50,886.25	91,026.00	40,139.75
TOTAL EXPENDITURES	<u>1,822,438.61</u>	<u>1,690,962.74</u>	<u>2,437,127.00</u>	<u>746,164.26</u>
OTHER ADDITIONS (DEDUCTIONS):				
Operating Transfer from (to)				
Other Funds	-	(200,000.00)	-	(200,000.00)
Excess of Revenues Over (Under)				
Expenditures and Other				
Additions (Deductions)	212,037.01	(230,635.29)	(122,164.00)	(108,471.29)
Unencumbered Cash-Beginning of Year	<u>459,163.86</u>	<u>671,200.87</u>	<u>254,789.00</u>	<u>416,411.87</u>
Unencumbered Cash-End of Year	<u>\$ 671,200.87</u>	<u>\$ 440,565.58</u>	<u>\$ 132,625.00</u>	<u>\$ 307,940.58</u>

Note: This schedule is prepared on the budgetary (legal) basis of accounting. Revenues in this schedule only include cash receipts and do not include an adjustment for accounts receivable.

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Fiscal Year Ended June 30, 2020

ACCOUNT NAME	BALANCE JUNE 30, 2019	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2020
ACTIVITY FUND				
Fee and User Charges				
Guaranteed Student Loans	\$ 28,234.00	\$ 2,052,897.00	\$ 2,052,897.00	\$ 28,234.00
Student Capital Project	21,159.79	216,437.10	215,606.75	21,990.14
Student Activity Accounts	283,898.48	885,156.89	823,579.36	345,476.01
Non Credit Programs	1,098.37	1,669.14	1,234.37	1,533.14
Sales Tax	47.62	3,813.62	-	3,861.24
Cosmetology	-	-	-	-
PSU Cosmetology	-	-	-	-
Special Registrar	18,556.62	22,535.18	2,055.00	39,036.80
	<u>\$ 352,994.88</u>	<u>\$ 3,182,508.93</u>	<u>\$ 3,095,372.48</u>	<u>\$ 440,131.33</u>
Gate Receipts				
Sales accounts	\$ 27,523.11	\$ 23,049.33	\$ 28,448.82	\$ 22,123.62
	<u>\$ 27,523.11</u>	<u>\$ 23,049.33</u>	<u>\$ 28,448.82</u>	<u>\$ 22,123.62</u>
School Projects Accounts				
Miscellaneous Funds	\$ 27,776.38	\$ 9,162.90	\$ 1,571.65	\$ 35,367.63
Dental Hygiene	-	-	-	-
Booster/ Endowment Clearing	211,237.14	33,854.43	-	245,091.57
Payroll Clearing	-	-	-	-
	<u>\$ 239,013.52</u>	<u>\$ 43,017.33</u>	<u>\$ 1,571.65</u>	<u>\$ 280,459.20</u>
Student Organization Accounts				
Nursing/Allied Health	\$ -	\$ 46.00	\$ -	\$ 46.00
Clubs and Organizations	38,697.39	76,776.90	76,002.50	39,471.79
Clearing Account	48,296.80	5,549.99	5,332.06	48,514.73
	<u>\$ 86,994.19</u>	<u>\$ 82,372.89</u>	<u>\$ 81,334.56</u>	<u>\$ 88,032.52</u>
TOTAL ACTIVITY FUND	<u>\$ 706,525.70</u>	<u>\$ 3,330,948.48</u>	<u>\$ 3,206,727.51</u>	<u>\$ 830,746.67</u>
Assets				
Cash and Investments	\$ 30,812.41	\$ 2,586,417.11	\$ 2,531,014.22	\$ 86,215.30
Other Receivables	675,713.29	744,531.37	675,713.29	744,531.37
TOTAL ASSETS	<u>\$ 706,525.70</u>	<u>\$ 3,330,948.48</u>	<u>\$ 3,206,727.51</u>	<u>\$ 830,746.67</u>
Liabilities				
Accounts Payable	\$ 157,604.64	\$ 181,947.57	\$ 157,604.64	\$ 181,947.57
Deposits Held For Others	548,921.06	3,149,000.91	3,049,122.87	648,799.10
TOTAL LIABILITIES	<u>\$ 706,525.70</u>	<u>\$ 3,330,948.48</u>	<u>\$ 3,206,727.51</u>	<u>\$ 830,746.67</u>

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
 Combining Schedule of Net Position - Primary Institution
 June 30, 2020

	ASSETS					
	General Fund #11	Postsecondary Technical Ed Fund #12	Adult Education Fund #13	Truck Driving Training Fund #17	Auxiliary Enterprise Fund #81-84	Federal Workstudy Fund #21
Current Assets						
Cash and Cash Equivalents	\$ 1,134,469.65	\$ 523,765.44	\$ -	\$ 71,746.31	\$ 457,561.15	\$ (5,469.60)
Receivables, net of allowance	703,791.82	411,904.20	-	-	988,434.71	6,224.96
Bookstore Inventory	-	-	-	-	407,941.74	-
Total Current Assets	1,838,261.47	935,669.64	-	71,746.31	1,853,937.60	755.36
Noncurrent Assets	-	-	-	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,838,261.47	\$ 935,669.64	\$ -	\$ 71,746.31	\$ 1,853,937.60	\$ 755.36
LIABILITIES AND NET POSITION						
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ 400,090.70	\$ 67,054.54	\$ -	\$ -	\$ 16,995.57	\$ 755.36
Compensated Absences	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-
Current Portion of Long-Term Liabilities	-	-	-	-	-	-
Total Current Liabilities	400,090.70	67,054.54	-	-	16,995.57	755.36
Noncurrent Liabilities						
Long Term Liabilities						
Other Post Employment (OPEB) Obligations	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Less Current Portion included above	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	400,090.70	67,054.54	-	-	16,995.57	755.36
Net Position						
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-
Restricted - Expendable	-	-	-	-	-	-
Unrestricted	1,438,170.77	868,615.10	-	71,746.31	1,836,942.03	-
Total Unrestricted	1,438,170.77	868,615.10	-	71,746.31	1,836,942.03	-
TOTAL NET POSITION	\$ 1,838,261.47	\$ 935,669.64	\$ -	\$ 71,746.31	\$ 1,853,937.60	\$ 755.36

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
 Combining Schedule of Net Position - Primary Institution
 June 30, 2020

	SEOG Fund #22	Pell Grant Fund #24	HEP Grant Fund #25	Comm Based Job Training Fund #26	Title IV Grant Fund #27	Pass Fund #28	Grants Fund #31
ASSETS							
Current Assets							
Cash and Cash Equivalents	\$ (813.00)	\$ (18,133.00)	\$ (42,282.79)	\$ (30,858.07)	\$ (18,961.87)	\$ 112,097.33	\$ 16,585.21
Receivables, net of allowance	813.00	122,693.33	42,053.15	30,858.07	20,966.87	2,377.50	9,286.16
Bookstore Inventory	-	-	-	-	-	-	-
Total Current Assets	-	104,560.33	(229.64)	-	2,005.00	114,474.83	25,871.37
Noncurrent Assets							
Capital assets, net of accumulated depreciation	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-
TOTAL ASSETS	\$ -	\$ 104,560.33	\$ (229.64)	\$ -	\$ 2,005.00	\$ 114,474.83	\$ 25,871.37
LIABILITIES AND NET POSITION							
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ -	\$ 104,560.33	\$ 25.38	\$ -	\$ 2,005.00	\$ -	\$ -
Compensated Absences	-	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-
Current Portion of Long-Term Liabilities	-	-	-	-	-	-	-
Total Current Liabilities	-	104,560.33	25.38	-	2,005.00	-	-
Noncurrent Liabilities							
Long Term Liabilities							
Other Post Employment (OPEB) Obligations	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-
Less Current Portion included above	-	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-	-
TOTAL LIABILITIES	-	104,560.33	25.38	-	2,005.00	-	-
Net Position							
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-
Restricted - Expendable	-	-	-	-	-	-	-
Unrestricted	-	-	(255.02)	-	-	114,474.83	25,871.37
Total Unrestricted	-	-	(255.02)	-	-	114,474.83	25,871.37
TOTAL NET POSITION	-	-	(229.64)	-	2,005.00	114,474.83	25,871.37

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
 Combining Schedule of Net Position - Primary Institution
 June 30, 2020

ASSETS	Migrant Ed Fund #37	Activity Funds	Plant	Eliminating Scholarship Discounts & Allowances	GAAP		TOTALS
					Adjustments	Adjustments	
Current Assets							
Cash and Cash Equivalents	\$ 37,714.85	\$ 86,215.30	\$ -	\$ -	\$ -	\$ -	\$ 2,323,636.91
Receivables, net of allowance	-	744,531.37	-	-	-	-	3,083,935.14
Bookstore Inventory	-	-	-	-	-	-	407,941.74
Total Current Assets	37,714.85	830,746.67	-	-	-	-	5,815,513.79
Noncurrent Assets							
Capital assets, net of accumulated depreciation	-	-	14,329,807.81	-	-	-	14,329,807.81
Total Noncurrent Assets	-	-	14,329,807.81	-	-	-	14,329,807.81
TOTAL ASSETS	\$ 37,714.85	\$ 830,746.67	\$ 14,329,807.81	\$ -	\$ -	\$ -	\$ 20,145,321.60
LIABILITIES AND NET POSITION							
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 500.00	\$ 181,947.57	\$ -	\$ -	\$ -	\$ -	\$ 773,934.45
Compensated Absences	-	-	-	-	168,725.00	-	168,725.00
Deposits Held in Custody for Others	-	648,799.10	-	-	-	-	648,799.10
Current Portion of Long-Term Liabilities	-	-	419,415.07	-	-	-	419,415.07
Total Current Liabilities	500.00	830,746.67	419,415.07	-	168,725.00	-	2,010,873.62
Noncurrent Liabilities							
Long Term Liabilities							
Other Post Employment (OPEB) Obligations	-	-	-	-	-	-	-
Capital Leases Payable	-	-	6,488,738.07	-	-	-	6,488,738.07
Less Current Portion included above	-	-	(419,415.07)	-	-	-	(419,415.07)
Total Noncurrent Liabilities	-	-	6,069,323.00	-	-	-	6,069,323.00
TOTAL LIABILITIES	500.00	830,746.67	6,488,738.07	-	168,725.00	-	8,080,196.62
Net Position							
Invested in Capital Assets, Net of Related Debt	-	-	7,841,069.74	-	-	-	7,841,069.74
Restricted - Expendable	-	-	-	-	-	-	-
Unrestricted	37,214.85	-	-	-	(168,725.00)	-	4,224,055.24
Total Net Position	37,214.85	-	7,841,069.74	-	(168,725.00)	-	12,065,124.98
TOTAL LIABILITIES AND NET POSITION	\$ 37,714.85	\$ 830,746.67	\$ 14,329,807.81	\$ -	\$ -	\$ -	\$ 20,145,321.60

Note: GAAP Adjustments consist of payroll related adjustments for compensated absences, KPERS paid by the State, unissued checks, and accounts receivable.

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution
For the Fiscal Year Ended June 30, 2020

	General Fund #11	Vocational Education Fund #12	Adult Education Fund #13	Truck Driving Training Fund #17	Auxiliary Enterprise Fund #81-84	Federal Workstudy Fund #21
REVENUES						
Operating Revenues						
Student Tuition and Fees	\$ 2,007,373.54	\$ 1,313,608.07	\$ -	\$ -	\$ 975,325.23	\$ -
Federal Grants and Contracts	3,435.00	-	-	-	-	71,224.96
State Grants and Contracts	-	-	-	-	-	-
Other	350,652.45	36,467.00	-	-	-	-
Auxiliary Enterprises	-	-	-	-	1,137,264.95	-
Total Operating Revenues	2,361,460.99	1,350,075.07	-	-	2,112,590.18	71,224.96
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	1,578,117.19	2,605,025.44	17,355.03	1,760.75	-	-
Public Service	43.07	-	-	-	-	-
Academic Support	342,515.68	-	-	-	-	-
Student Services	2,608,822.07	97,014.09	-	-	-	-
Institutional Support	1,848,000.75	-	-	-	-	-
Operation and Maintenance	1,536,216.55	59,208.03	-	-	-	-
Scholarships and Awards	552,848.11	-	-	-	-	71,224.96
Auxiliary Enterprise	-	-	-	-	1,500,721.56	-
Total Operating Expenses	8,466,563.42	2,761,247.56	17,355.03	1,760.75	1,500,721.56	71,224.96
Net Operating Income (Expense)	(6,105,102.43)	(1,411,172.49)	(17,355.03)	(1,760.75)	611,868.62	-
Nonoperating Revenues (Expenses)						
State Appropriations	1,985,636.00	2,065,921.00	-	-	-	-
County Appropriations	3,357,475.22	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-
Gifts	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Loss on refunding of debt	-	-	-	-	-	-
Interest on Capital Assets -- related debt	-	-	-	-	-	-
Net Nonoperating Income (Expense)	5,343,111.22	2,065,921.00	-	-	(130,886.25)	-
INCREASE (DECREASE) IN NET POSITION	620,653.76	(545,251.49)	-	(1,760.75)	280,982.37	-
NET POSITION -- Beginning of Year	817,517.01	1,413,866.59	-	73,507.06	1,555,959.66	-
NET POSITION -- End of Year	\$ 1,438,170.77	\$ 868,615.10	\$ -	\$ 71,746.31	\$ 1,836,942.03	\$ -

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution
For the Fiscal Year Ended June 30, 2020

	SEOG Fund #22	Pell Grant Fund #24	HEP Grant Fund #25	Comm Based Job Training Fund #26	Title IV Grant Fund #27	Pass Fund #28	Grants Fund #31
REVENUES							
Operating Revenues							
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	38,813.00	-	915,148.82	590,458.07	232,966.87	-	118,749.20
State Grants and Contracts	-	-	-	-	-	-	82,390.91
Other	-	-	-	-	-	124,085.26	29,693.37
Auxiliary Enterprises	-	-	-	-	-	-	-
Total Operating Revenues	38,813.00	-	915,148.82	590,458.07	232,966.87	124,085.26	230,833.48
EXPENSES							
Operating Expenses							
Educational and General							
Instruction	-	-	915,148.82	590,458.07	232,966.87	68,100.23	223,101.49
Public Service	-	-	-	-	-	-	-
Academic Support	-	-	-	-	-	-	-
Student Services	-	-	-	-	-	-	-
Institutional Support	-	-	-	-	-	-	-
Operation and Maintenance	-	-	-	-	-	-	-
Scholarships and Awards	38,813.00	2,810,319.33	-	-	-	-	-
Auxiliary Enterprise	-	-	-	-	-	-	-
Total Operating Expenses	38,813.00	2,810,319.33	915,148.82	590,458.07	232,966.87	68,100.23	223,101.49
Net Operating Income (Expense)	-	(2,810,319.33)	-	-	-	55,985.03	7,731.99
Nonoperating Revenues (Expenses)							
State Appropriations	-	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	-	-
Federal Pell Grants	-	2,810,319.33	-	-	-	-	-
Gifts	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-
Loss on refunding of debt	-	-	-	-	-	-	-
Interest on Capital Assets -- related debt	-	-	-	-	-	-	-
Net Nonoperating Income (Expense)	-	2,810,319.33	-	-	-	-	-
INCREASE (DECREASE) IN NET POSITION	-	-	-	-	-	55,985.03	7,731.99
NET POSITION -- Beginning of Year	-	-	(255.02)	-	-	58,489.80	18,139.38
NET POSITION -- End of Year	\$ -	\$ -	(255.02)	\$ -	\$ -	114,474.83	\$ 25,871.37

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS

Combining Schedule of Revenues, Expenses, and Changes in Net Position - Primary Institution
For the Fiscal Year Ended June 30, 2020

Eliminating
Scholarship
Discounts &
Allowances

	Migrant Ed Fund #37	Activity Funds	Plant	GAAP Adjustments	GAAP Adjustments	TOTALS
REVENUES						
Operating Revenues						
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,596,012.84
Federal Grants and Contracts	535,000.00	-	-	-	-	2,505,795.92
State Grants and Contracts	-	-	-	-	910,553.00	992,943.91
Other	1,507,166.57	-	-	-	-	2,048,064.65
Auxiliary Enterprises	-	-	-	-	-	1,137,264.95
Total Operating Revenues	2,042,166.57	-	-	(700,294.00)	910,553.00	10,280,082.27
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	2,338,915.99	-	28,356.97	(9,573.00)	537,087.00	9,126,820.85
Public Service	-	-	-	-	2,836.00	2,879.07
Academic Support	-	-	110,608.95	-	26,474.00	479,598.63
Student Services	-	-	(15,054.54)	-	171,967.00	2,862,748.62
Institutional Support	-	-	(75,544.80)	-	107,968.00	1,880,423.95
Operation and Maintenance	-	-	(467,228.21)	-	44,450.00	1,172,646.37
Scholarships and Awards	-	-	-	(700,294.00)	-	2,772,911.40
Auxiliary Enterprise	-	-	100,726.17	-	19,771.00	1,621,218.73
Total Operating Expenses	2,338,915.99	-	(318,135.46)	(9,573.00)	910,553.00	19,919,247.62
Net Operating Income (Expense)	(296,749.42)	-	318,135.46	9,573.00	-	(9,639,165.35)
Nonoperating Revenues (Expenses)						
State Appropriations	-	-	-	-	-	4,051,557.00
County Appropriations	-	-	-	-	-	3,357,475.22
Federal Pell Grants	-	-	-	-	-	2,810,319.33
Gifts	-	-	776,064.63	-	-	776,064.63
Investment Income	-	-	-	-	-	-
Loss on refunding of debt	-	-	(100,000.00)	-	-	(100,000.00)
Interest on Capital Assets -- related debt	-	-	(84,417.00)	-	-	(215,303.25)
Net Nonoperating Income (Expense)	-	-	591,647.63	-	-	10,680,112.93
INCREASE (DECREASE) IN NET POSITION	(296,749.42)	-	909,783.09	-	-	1,040,947.58
NET POSITION -- Beginning of Year	333,964.27	-	6,931,286.65	(178,298.00)	-	11,024,177.40
NET POSITION -- End of Year	\$ 37,214.85	\$ -	\$ 7,841,069.74	\$ (178,298.00)	\$ -	\$ 12,065,124.98

Note: GAAP Adjustments consist of payroll related adjustments for compensated absences and OPEB as of the beginning and the end of the year, as well as KPERS paid by the State.

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

FEDERAL COMPLIANCE SECTION
For the Fiscal Year Ended June 30, 2020

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2020

<u>Federal Grantor</u> Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Grantor's Number	Revenue	Expenditures
<u>U.S. Department of Education</u>				
Direct Programs				
Federal Supplemental Education				
Opportunity Grant Program	(3) 84.007	N/A	\$ 38,813.00	\$ 38,813.00
Federal Workstudy Program	(3) 84.033	N/A	71,224.96	71,224.96
TRIO Student Support Services	84.042	N/A	232,966.87	232,966.87
Federal Pell Grant Program				
Grants	(3) 84.063	N/A	2,810,319.33	2,810,319.33
Administration	(3) 84.063	N/A	3,435.00	3,435.00
HEP Grant	84.141A	N/A	514,009.01	514,009.01
CAMP Grant	84.149A	N/A	401,139.81	401,139.81
Fed Direct Student Loan Program (2)	(3) 84.268	N/A	2,052,897.00	2,052,897.00
Passed Through the State of Kansas				
Department of Education				
Migrant Education (Title I) Program	84.011	(1)	535,000.00	535,000.00
Passed Through the State of Kansas				
Board of Regents				
Career and Technical Ed - Basic Grants	84.048A	(1)	118,749.20	118,749.20
Covid 19 grant	84.425D		590,458.07	590,458.07
Totals U.S. Department of Education			<u>7,369,012.25</u>	<u>7,369,012.25</u>
Total Federal Awards			<u>\$ 7,369,012.25</u>	<u>\$ 7,369,012.25</u>

Notes to the Schedule of Expenditures of Federal Awards

This schedule is prepared on the accrual basis of accounting, which is the same basis of accounting that the basic financial statements were prepared. Revenues are recorded when earned.

Expenses are recorded when the goods or services are received.

- (1) The number of the pass through grantor is not available.
- (2) These amounts are Single Parent, Stafford, Unsubsidised Stafford, and Plus Loans to students and parents of students at the College.
- (3) Included in the "Student Financial Assistance Cluster". (3) Total expended = \$ 4,976,689.29
- (4) The College did not use the 10% de minimis cost rate. Instead indirect cost rates as specified in the grant agreements with the grantors was used.

Federal Awards recorded as Operating Revenue	\$ 2,505,795.92
Federal Awards recorded as Non Operating Revenue	2,810,319.33
Federal Family Education Loan Program (2)	2,052,897.00
Total Federal Awards	<u>\$ 7,369,012.25</u>

Diehl Banwart Bolton

Certified Public Accountants PA

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

To the Board of Trustees
Fort Scott Community College
Fort Scott, Kansas 66701

Report on Compliance for Each Major Federal Program

We have audited the Fort Scott Community College, Fort Scott, Kansas (College) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2020. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibilities

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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

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.


DIEHL, BANWART, BOLTON, CPAs PA

December 22, 2020
Fort Scott, Kansas

Diehl Banwart Bolton

Certified Public Accountants PA

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

To the Board of Trustees
Fort Scott Community College
Fort Scott, Kansas 66701

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Fort Scott Community College, Fort Scott, Kansas, as of the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Fort Scott Community College's basic financial statements, and have issued our report thereon dated December 22, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statement is free of 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 determination of financial statement amounts. 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 that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization'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 organization's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



DIEHL, BANWART, BOLTON, CPAs PA

December 22, 2020
Fort Scott, Kansas

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

Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

SECTION I - FINANCIAL STATEMENT FINDINGS

FINANCIAL STATEMENTS

Type of auditor's report issued:

The auditors' report expresses an unmodified opinion on the financial statements prepared in accordance with U.S. Generally Accepted Accounting Principles.

Internal control over financial reporting:

- Material weakness identified? Yes No
- Significant deficiency identified? Yes No
- Noncompliance material to financial statements noted? Yes No

FEDERAL AWARDS

Internal control over major programs:

- Material weakness identified? Yes No
- Significant deficiency identified? Yes None reported

Type of auditors' report issued on compliance for major programs:

Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of the Uniform Guidance?

Yes No

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program</u>
84.007	Federal SEOG Program (1)
84.011	Migrant Education Program
84.033	Federal Workstudy Program (1)
84.063	Federal Pell Grant Program (1)
84.268	Federal Direct Student Loan Program (1)

(1) Student Financial Assistance Cluster

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

No

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiency

None

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No material findings or questioned costs are required to be disclosed under the Uniform Guidance.

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

Schedule of Resolution of Prior Year's Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2020

The prior years' corrective action plan was followed and the findings were not reported this year.