

**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, 2022

**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, 2022. 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, 2022, \$749,054. 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.

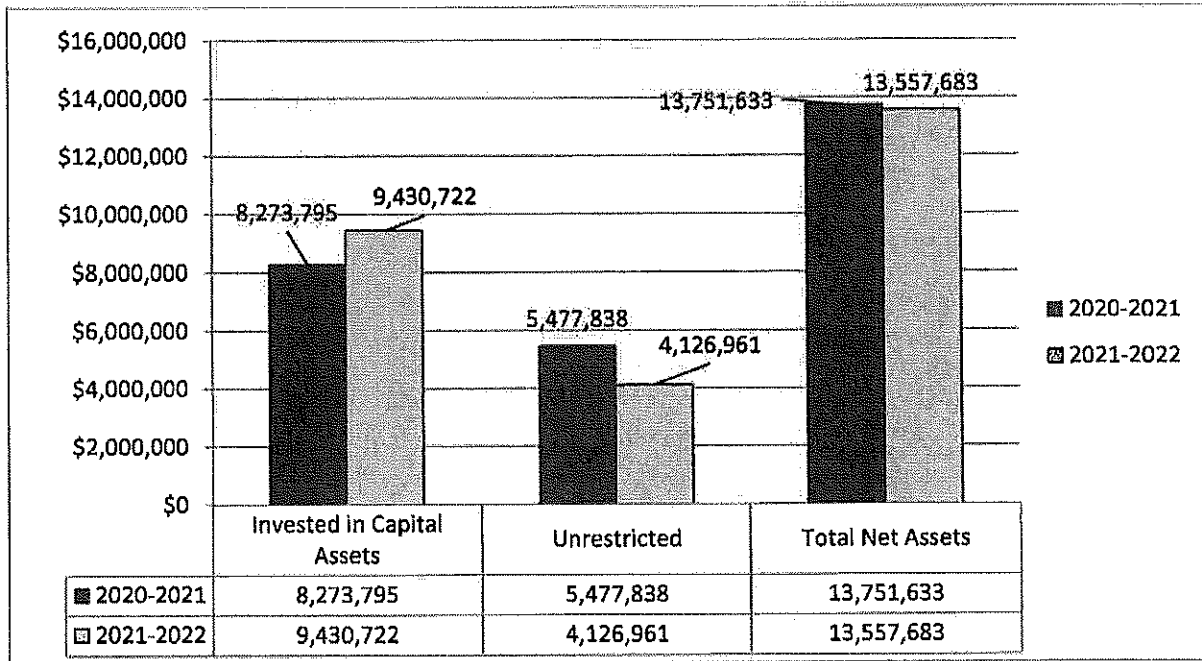
There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Changes in Net Position; and, the Statement of Cash Flows.

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 decreased during the fiscal year ending June 30, 2022, by \$193,950 from 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 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, 2021 and 2022.

Revenue, Expenses and Changes in Net Position

	<u>2020 / 2021</u>	<u>2021 / 2022</u>
Operating Revenue	\$14,040,224	\$13,197,454
Operating Expenses	\$22,128,497	\$23,109,131
Operating Loss	\$(8,088,274)	\$(9,911,676)
Non-operating Revenues and Expenses	\$ 9,774,782	\$ 9,717,725
Increase/Decrease in Net Position	\$1,686,508	\$(193,950)

Operating Revenues – Operating Revenues of \$13,197,454 decreased \$842,770 when compared to the prior year. The following table summarizes the College’s operating revenues for the years ending June 30, 2021 and 2022.

Operating Revenues		
	<u>2020 / 2021</u>	<u>2021 / 2022</u>
Tuition and Fees	\$ 2,906,873	\$ 2,935,225
Federal Grants and Contracts	\$ 5,585,590	\$ 5,614,332
State Grants and Contracts	\$ 1,085,137	\$ 1,074,787
Other	\$ 3,212,704	\$ 2,630,707
Auxiliary Enterprises	\$ 1,249,919	\$ 942,403
Total Operating Revenues	\$ 14,040,224	\$ 13,197,454

The decrease in total operating revenue is due to decreases primarily in other and auxiliary revenue. The changes in auxiliary are consistent with changes in activity / athletics roster size, while other revenue is in line with our COVID reimbursement requests.

Operating Expenses- Operating Expenses of \$23,109,131 increased \$980,634 compared to the prior year. The following table summarizes the College’s operating expenses for the years ended June 30, 2021 and 2022.

Operating Expenses		
	<u>2020 / 2021</u>	<u>2021 / 2022</u>
Instruction	\$ 11,517,270	\$ 11,791,725
Public Service	\$ 5,144	\$ 4,288
Academic Support	\$ 453,306	\$ 490,088
Student Services	\$ 3,692,091	\$ 2,389,799
Institutional Support	\$ 1,975,350	\$ 2,041,790
Operation and Maintenance	\$ 1,345,783	\$ 2,360,211
Scholarships and Awards	\$ 1,319,252	\$ 1,914,469
Auxiliary Enterprises	\$ 1,820,301	\$ 2,116,761
Total Operating Expenses	\$ 22,128,497	\$ 23,109,131

Non-Operating Revenues and Expenses- Non-operating revenues and expenses of \$9,717,725 remained consistent when compared to the prior year. The following table summarizes the College's non-operating revenues and expenses for the years ended June 30, 2021 and 2022.

Non-operating Revenues and Expenses		
	<u>2020 / 2021</u>	<u>2021 / 2022</u>
State Appropriations	\$ 3,909,403	\$ 3,866,684
County Appropriations (local taxes)	\$ 3,507,374	\$ 3,825,076
Federal Pell Grants	\$ 2,408,884	\$ 2,216,391
Gifts	\$ 153,448	\$ -0-
Interest in capital assets debt/refunding	\$ (204,327)	\$ (190,425)
Total Non-operating Revenues and Expenses	\$ 9,774,782	\$ 9,717,725

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, 2017 through 2021. Additional information is presented on page 5 of the audit report.

Cash and Cash Equivalents, End of Year					
	<u>2021/2022</u>	<u>2020/2021</u>	<u>2019/2020</u>	<u>2018/2019</u>	<u>2017/2018</u>
June 30th	\$ 2,234,196	\$ 2,345,645	\$ 2,323,637	\$2,369,193	\$2,215,961

Capital Assets and Debt Administration-At June 30, 2022 the College had \$30,465,674 invested in capital assets which net of accumulated depreciation total to \$16,300,834. Depreciation charges for the current year total \$1,167,932 compared to \$954,617 in the prior year.

The outstanding long-term debt of the College includes five larger capital leases and two smaller capital leases totaling \$6,870,112 as of June 2022. Included is the Boileau Hall dorm constructed in 2002, major mechanical equipment replacements for energy efficiency, the Ellis Fine Arts Center, the building addition for John Deere, the purchase and remodel of Greyhound Lodge and turf fields for softball and baseball.

Economic Outlook- The College has maintained past success with close management and control expenditures and operations while holding enrollment steady. The following table reflects enrollment over the past five years. The entire fiscal year of 2021 included semesters that were affected by COVID 19. We believe our dip in enrollment for 2021 was primarily related to changes made to social distance in institutions we work with and we saw that enrollment improve in fiscal year 2022. Enrollment in fiscal year 2022 was also impacted by changes in activity/athletic rosters.

Credit Hour History				
<u>2021/2022</u>	<u>2020/2021</u>	<u>2019/2020</u>	<u>2018/2019</u>	<u>2017/2018</u>
34,552	34,421	38,072	38,074	37,025


 Alysia Johnston
 President
 Fort Scott Community College

Diehl Banwart Bolton

Certified Public Accountants PA

INDEPENDENT AUDITORS' REPORT

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

Report on the Audit of Financial Statements

Opinions

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, 2022, 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.

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, 2022, 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.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statement.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The 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. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules listed as supplementary information in the table of contents and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2022 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 the effectiveness of the College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Prior Year Comparative Numbers

The 2021 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 2021 financial statement upon which we rendered an unqualified opinion dated November 15, 2021. The 2021 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 2021 comparative information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 2021 basic financial statement. The 2021 comparative information was subjected to the auditing procedures applied in the audit of the 2021 basic financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 2021 basic financial statement or to the 2021 basic financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the 2021 comparative information is fairly stated in all material respects in relation to the 2021 basic financial statement as a whole, on the basis of accounting described in Note 1.

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

November 9, 2022
Fort Scott, Kansas

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
Statement of Net Position
June 30, 2022

	Primary Institution- College	Component Unit- FSCC Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 2,234,196.61	\$ 144,687.56
Receivables, net of allowance	2,546,091.90	-
Bookstore inventory	379,603.39	-
Total Current Assets	5,159,891.90	144,687.56
Noncurrent Assets		
Restricted Assets		
FSCC Foundation Investments	-	6,313,535.50
Change in Assets held for others in Charitable Remainder		
Trusts in excess of future liability for others	-	276,971.24
Capital assets, net of accumulated depreciation	16,300,833.97	-
Total Noncurrent Assets	16,300,833.97	6,590,506.74
 TOTAL ASSETS	 \$ 21,460,725.87	 \$ 6,735,194.30
LIABILITIES AND NET POSITION		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 130,095.04	\$ 64,645.25
Compensated Absences	194,172.00	-
Deposits Held in Custody for Others	708,664.23	-
Current Portion of Long-Term Liabilities	659,289.00	-
Total Current Liabilities	1,692,220.27	64,645.25
Noncurrent Liabilities		
Long Term Liabilities		
Capital Leases Payable	6,870,112.00	-
Less Current Portion included above	(659,289.00)	-
Total Noncurrent Liabilities	6,210,823.00	-
 TOTAL LIABILITIES	 7,903,043.27	 64,645.25
 NET POSITION		
Invested in Capital Assets, Net of Related Debt	9,430,721.97	-
Net Assets without Donor Restrictions	-	844,396.05
Net Assets with Donor Restrictions	-	6,244,194.74
Unrestricted	4,126,960.63	-
TOTAL NET POSITION	13,557,682.60	7,088,590.79
 TOTAL LIABILITIES AND NET POSITION	 \$ 21,460,725.87	 \$ 7,153,236.04

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, 2022

	Primary Institution- College	Component Unit- FSCC Foundation
REVENUES		
Student Tuition and Fees, net of scholarship		
Discounts and Allowances of \$743,629		
Student Tuition and Fees	\$ 2,935,224.63	\$ -
Federal Grants and Contracts	5,614,332.39	-
State Grants and Contracts	1,074,787.50	-
Other	2,630,706.94	-
Auxiliary Enterprises	942,403.19	-
Total Operating Revenues	13,197,454.65	-
EXPENSES		
Operating Expenses		
Educational and General		
Instruction	11,791,724.62	-
Public Service	4,287.50	-
Academic Support	490,088.46	-
Student Services	3,834,799.71	-
Institutional Support	2,041,789.72	59,285.49
Operation and Maintenance	915,210.89	-
Scholarships and Awards	1,914,468.88	749,054.26
Auxiliary Enterprise	2,116,760.90	-
Total Operating Expenses	23,109,130.68	808,339.75
Net Operating Income (Loss)	(9,911,676.03)	(808,339.75)
Nonoperating Revenues (Expenses)		
State Appropriations	3,866,684.00	-
County Appropriations	3,825,075.75	-
Federal Pell Grants	2,216,391.00	-
Gifts	-	595,636.21
Investment Income (Loss)	-	(926,190.92)
Loss on refunding of debt	-	-
Interest on Capital Assets -- related debt	(190,425.31)	-
Net Nonoperating Revenue (Expenses)	9,717,725.44	(330,554.71)
Net Increase (Decrease) in Net Position Before Other Revenue and Expenses	(193,950.59)	(1,138,894.46)
Other Revenue and (Expenses)		
Additions to Permanent Endowments	-	-
INCREASE (DECREASE) IN NET POSITION	(193,950.59)	(1,138,894.46)
NET POSITION -- Beginning of Year	13,751,633.19	8,227,485.25
NET POSITION -- End of Year	\$ 13,557,682.60	\$ 7,088,590.79

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, 2022

	Primary Institution- College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student Tuition and Fees	\$ 3,434,286.53
Federal Grants and Contracts	6,191,568.51
State Grants and Contracts	1,182,588.24
Sales and Services of Auxiliary Enterprises	942,403.19
Other	3,249,427.57
Payments on Behalf of Employees	(10,753,765.60)
Payments for Supplies and Materials	(5,835,248.68)
Payments for Other Expenses	(5,915,574.83)
Net Cash Provided by (Used in) Operating Activities	(7,504,315.07)
CASH FLOWS FROM NONCAPITAL FINANCIAL ACITIVITIES	
State Appropriations	3,866,684.00
County Appropriations	3,825,075.75
Federal Pell Grants	2,216,391.00
Gifts for Fixed Assets	-
Net Cash Provided by (Used in) Noncapital Financing Activities	9,908,150.75
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES	
Payments for Purchase of Fixed Assets	(3,125,647.72)
Proceeds from New Long Term Debt	1,445,000.00
Principal Paid on Long Term Debt	(644,211.00)
Interest Paid on Long Term Debt	(190,425.31)
Loss on Refunding of Debt	-
Net Cash Provided by (Used in) Financing Activities	(2,515,284.03)
Net Increase (Decrease) in Cash and Cash Equivalents	(111,448.35)
Cash and Cash Equivalents, Beginning of Year	2,345,644.96
Cash and Cash Equivalents, End of Year	\$ 2,234,196.61
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating Income (Loss)	\$ (9,911,676.03)
Adjustments to Reconcile Change in Net Assets to Net Cash Used in Operating Activities	
Depreciation Expense	1,167,931.65
(Increase) Decrease in Accounts Receivable	1,802,819.39
(Increase) Decrease in Inventory	25,369.50
Increase (Decrease) in Accounts Payable	(533,536.52)
Increase (Decrease) in Compensated Absences	29,835.00
Increase (Decrease) in Deposits Held for Others	(85,058.06)
Net Cash Provided by (Used in) Operating Activities	\$ (7,504,315.07)

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

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
Statement of Cash Flows - Component Unit - FSCC Foundation
For the Fiscal Year Ended June 30, 2022

	<u>Component Unit- FSCC Foundation</u>
CASH FLOWS FROM OPERATING ACTIVITIES	
Net Increase (Decrease) in Net Assets	\$ (1,138,894.46)
Adjustments to reconcile Net Increase (Decrease) in Net Assets to Net Cash Provided by Operating Activities	
(Increase) Decrease in Accounts Receivable	245,250.00
(Gain) loss on investments sold	(635,115.20)
Unrealized (gain) loss on investments held	1,704,023.18
Amortization of present value of future liability pertaining to Charitable Remainder Trusts	(26,504.00)
Contributions restricted for Endowment	<u>(9,894.89)</u>
Net Cash Provided by (Used in) Operating Activities	<u>138,864.63</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash from investments sold or matured	3,444,613.78
Purchases of investments	<u>(3,633,243.31)</u>
Net Cash Provided by (Used in) Investing Activities	<u>(188,629.53)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Collections from endowment contributions	<u>9,894.89</u>
Net Cash Provided by (Used in) Financing Activities	<u>9,894.89</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(39,870.01)
Cash and Cash Equivalents, Beginning of Year	<u>184,557.57</u>
Cash and Cash Equivalents, End of Year	<u>\$ 144,687.56</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, 2022

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 \$194,172, 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, 2022 the College's carrying amount of deposits was \$2,232,396.61 and the bank balance was \$3,105,826.44. Although the bank balance was held by three banks, over 80% is held at one bank resulting in a concentration of credit risk. Of the bank balance, \$518,082.62 was covered by federal depository insurance, and \$2,587,743.82 was collateralized with securities totaling \$6,544,367.58 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 \$144,687.56. 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, 2022.

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, 2022 are held in Trust by a financial institution and are comprised of the following:

	COST	MARKET
Equity Securities	\$ 3,992,585.02	\$ 4,577,443.22
U.S. Government Obligations	1,548,812.14	1,386,721.04
Non-Government Obligations	337,282.55	322,254.68
Miscellaneous	34,317.15	15,838.19
Money Market Funds and short-term debt obligations	288,256.91	288,249.61
	<u>\$ 6,201,253.77</u>	<u>\$ 6,590,506.74</u>

Investment income of the Foundation is comprised of the following:

Dividends and Interest	\$ 116,213.00
Realized gains	635,115.20
Unrealized gains	(1,704,023.09)
Change in value of CRAT	26,504.00
	<u>\$ (926,190.92)</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.

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2022.

Common stocks: Valued at the closing price reported on the active market on which the individual securities are traded.

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

Mutual funds: Valued at the daily closing price as reported by the fund. Mutual funds held by the Plan are open-end mutual funds that are registered with the SEC. These funds are required to publish their daily net asset value (NAV) and to transact at that price. The mutual funds held by the Plan are deemed to be actively traded.

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

The Foundations investments are reported at fair value as follows:

<u>June 30, 2022</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Equity and Debt Securities	\$4,577,443.22	\$ -	\$ -	\$4,577,443.22
Fixed Income	1,386,721.04	-	-	1,386,721.04
Alternative Investments	322,254.68	-	-	322,254.68
Miscellaneous	-	-	15,838.19	15,838.19
Money Market & Other Short Term Obligations	-	288,249.61	-	288,249.61
Total Assets at Fair Value	\$6,286,418.94	\$288,249.61	\$15,838.19	\$6,590,506.74

Changes in level 3 investments for the year ended June 30, 2022 were as follows:

		Insurance Policies
Balance June 30, 2021		\$ 15,838.19
Unrealized gain (loss)		-
Balance June 30, 2022		<u>\$ 15,838.19</u>

5. **ACCOUNTS RECEIVABLE**

Accounts receivable at June 30, 2022, consisted of the amounts due as follows:

Accounts Receivable	<u>Primary Institution</u>	<u>Foundation</u>
Federal Grants	\$ 547,617.33	\$ -
State Grants	233,095.45	-
Tuition and fees	579,226.03	-
Other Receivables	<u>1,186,153.09</u>	-
Total Accounts Receivable	<u>\$ 2,546,091.90</u>	<u>\$ -</u>

The College charges any uncollectible accounts directly to current revenues. Current year student tuition, fees, and auxiliary enterprises revenues have been reduced by \$202,531 for old receivables deemed uncollectible. All accounts at June 30, 2022 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, 2022:

	<u>Balance June 30, 2021</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance June 30, 2022</u>
<u>Capital Assets:</u>				
Land and Improvements	\$ 985,633.50	\$ 9,590.00	\$ -	\$ 995,223.50
Building and Improvements	21,557,555.60	2,915,359.63	72,147.00	24,400,768.23
Furniture and Equipment	3,676,247.41	758,068.36	39,872.52	4,394,443.25
Vehicles and Trailers	<u>659,867.69</u>	<u>15,370.98</u>	-	<u>675,238.67</u>
Subtotal:	<u>26,879,304.20</u>	<u>3,698,388.97</u>	<u>112,019.52</u>	<u>30,465,673.65</u>
<u>Accumulated Depreciation:</u>				
Building and Improvements	10,439,300.68	701,506.34	64,469.75	11,076,337.27
Furniture and Equipment	2,188,435.21	419,247.63	39,872.52	2,567,810.32
Vehicles and Trailers	473,514.41	47,177.68	-	520,692.09
Subtotal:	<u>13,101,250.30</u>	<u>1,167,931.65</u>	<u>104,342.27</u>	<u>14,164,839.68</u>
Net Capital Assets	<u>\$13,778,053.90</u>	<u>\$2,530,457.32</u>	<u>\$ 7,677.25</u>	<u>\$16,300,833.97</u>

The underlying assets for the capital leases have an original cost of \$11,899,141, accumulated depreciation of \$2,868,184, and net book value of \$8,900,957, as of June 30, 2022. Current year depreciation on these assets totaled \$358,056.

Depreciation expense was charged to the following functions:

Instruction	\$ 506,409.40
Academic Support	103,867.26
Institutional Support	81,729.98
Auxiliary	199,947.82
Student Support	<u>275,977.19</u>
	<u>\$1,167,931.65</u>

7. **LONG-TERM DEBT**

Long-term debt of the College consisted of the following as of June 30, 2022:

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.	\$ 1,765,000.00
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.	2,171,613.81
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.	78,498.19
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.	755,000.00
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.	615,000.00
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.	185,000.00

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

Turf Project Lease Purchase Agreement (COP 2022), dated 2022 in the original amount of \$1,445,000.00. The proceeds were used for improvements. The lease requires annual principal payments ranging from \$140,000 to \$150,000 plus semi-annual interest at 1.22% with final payment due in 2031.

\$ 1,300,000.00

Total Long-Term Debt

\$ 6,870,112.00

The following is a summary of changes in long-term debt for the fiscal year ended June 30, 2022:

Long Term Debt	Principal June 30, 2021	New Debt	Debt Paid	Principal June 30, 2022	Interest Paid
<u>Capital Leases</u>					
COPS 2017B	\$ 775,000.00	\$ -	\$ 160,000.00	\$ 615,000.00	\$ 15,562.50
COPS 2017A (JD Bd)	795,000.00	-	40,000.00	755,000.00	26,330.68
Fine Arts COPS 2015A	2,281,840.41	-	110,226.60	2,171,613.81	96,862.63
Fine Arts COPS 2016B	82,482.59	-	3,984.40	78,498.19	3,501.32
Greyhound Lodge 2018	210,000.00	-	25,000.00	185,000.00	7,612.50
Dormitory Certificate of Participation Series 2019	1,925,000.00	-	160,000.00	1,765,000.00	36,660.00
COPS Series 2022	-	1,445,000.00	145,000.00	1,300,000.00	3,895.68
Total Long Term Debt	\$ <u>6,069,323.00</u>	\$ <u>1,445,000.00</u>	\$ <u>644,211.00</u>	\$ <u>6,870,112.00</u>	\$ <u>190,425.31</u>

The bond principal and interest requirements are as follows:

Fiscal Year Ending June 30,	Capital Leases		
	Principal	Interest	Totals
2023	\$ 659,289.00	\$ 187,486.59	\$ 846,775.59
2024	669,594.00	171,812.14	841,406.14
2025	685,134.00	155,946.81	841,080.81
2026	600,921.00	139,653.87	740,574.87
2027	531,965.00	125,968.60	657,933.60
2028 to 2032	2,640,320.00	415,306.49	3,055,626.49
2033 to 2037	1,082,889.00	98,684.26	1,181,573.26
2038 to 2042	-	-	-
Totals	\$ <u>6,870,112.00</u>	\$ <u>1,294,858.76</u>	\$ <u>8,164,970.76</u>

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 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 15.59% and 14.43% respectively, for the fiscal year ended June 30, 2021. The actuarially determined employer contribution rate and the statutory contribution rate was 14.83% and 13.33% for the fiscal year ended June 30, 2022.

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, 2021, the proportion recognized by the State of Kansas on behalf of the College was 0.002450%, which was a decrease of 0.001423% from the proportion measured at June 30, 2022.

Net Pension Liability: At June 30, 2021 and 2020, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was \$7,547,713 and \$9,480,014 respectively.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2021, using the following actuarial assumptions:

Price inflation	2.75%
Wage inflation	3.50%
Salary increases, including wage increases	3.25 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.25%

Mortality rates were based on the RP-2014 Mortality Tables with 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).

8. DEFINED BENEFIT PENSION PLAN (Continued)

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 to January 7, 2020.

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan’s target asset allocation as of June 30, 2019 are summarized in the following table:

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.50%	5.20%
Non-U.S. Equities	23.50	6.4
Private Equity	8.00	9.5
Private Real Estate	11.00	4.45
Yield Driven	8.00	4.7
Real Return	11.00	3.25
Fixed Income	11.00	1.55
Short-term investments	4.00	0.25
	100.00%	

Discount Rate: The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from school districts will be made at contractually required rates, actuarially determined. Based on those assumptions, the pension plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Revenue and Pension Expense Recorded by the College: For the year ended June 30, 2022, the College recognized revenue and pension expense in an equal amount of \$935,063.

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.

9. **OTHER POST RETIREMENT BENEFITS** (Continued)

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.

Seven employees are eligible to receive benefits as of June 30. However, the amount is not accrued as a liability 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. Moreover, the amount is considered immaterial.

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.

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.

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

SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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.

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.

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

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, 2022, the endowment net position composition by type of fund consisted of the following:

	Endowment Other	Endowment Principal	Endowment Totals
Endowment Funds			
Donor-restricted	\$ 1,341,262.98	\$ 4,207,918.78	\$ 5,549,181.76
Board-designated	-	-	-
Totals	\$ 1,341,262.98	\$ 4,207,918.78	\$ 5,549,181.76

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

ENDOWMENT FUNDS (Continued)

For the year ended June 30, 2022, the changes in the endowment net position are as follows (in thousands):

	Endowment Other	Endowment Principal	Endowment Totals
Endowment Net Position, June 30, 2020	\$ 2,169,701.80	\$ 4,403,658.29	\$ 6,573,360.09
Prior Period Adjustment (See Note 12)	<u>(75,682.76)</u>	<u>(205,634.40)</u>	<u>(281,317.16)</u>
Investment Return:			
Investment and Dividends	76,397.15	-	76,397.15
Realized Gains (Losses)	415,420.33	-	415,420.33
Unrealized Gains (Losses)	<u>(1,119,589.79)</u>	-	<u>(1,119,589.79)</u>
Total Investment Return	<u>(627,772.31)</u>	-	<u>(627,772.31)</u>
Contributions	-	9,894.89	9,894.89
Expenses	<u>(124,983.75)</u>	-	<u>(124,983.75)</u>
Endowment Net Position, June 30, 2021	<u>\$ 1,341,262.98</u>	<u>\$ 4,207,918.78</u>	<u>\$ 5,549,181.76</u>

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 deficiency. As of June 30, 2022, there were two funds with small 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, 2022:

	2022
Program Services	
Scholarships	\$ 156,829.00
Payments to or for the College	<u>592,225.26</u>
	<u>749,054.26</u>
Support Services	
Consulting Fees	38,237.12
Dues and Subscriptions	12,970.32
Office	<u>8,078.05</u>
	<u>59,285.49</u>
Total Expenses	<u>\$ 808,339.75</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:

	2022
Cash and cash equivalents	<u>\$ 144,687.56</u>

PRIOR PERIOD ADJUSTMENT

The Foundation was once named the FSCC Endowment Association. Two years ago, the name was changed to the Fort Scott Community College Foundation. Since that time, management has closely reviewed documentation to determine if accounts are truly Endowment or if they should actually be expendable accounts. An adjustment was made as of July 1, 2021 to properly reclassify some accounts that were originally recorded as endowment to unrestricted.

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 Fund	To Fund	Amount
General	Adult Education	\$ 17,208.95
Postsecondary Education	General	750,000.00
Auxiliary Enterprise	General	125,000.00

14. NET ASSETS WITH DONOR RESTRICTIONS

Temporarily Restricted Endowment Funds	\$ 1,341,262.98
Permanently Restricted Endowment Funds	4,207,918.78
Charitable Remainder Trust Funds	695,012.98
	<u>\$ 6,244,194.74</u>

15. SUBSEQUENT EVENTS

Events subsequent to June 30 have been evaluated through November 9, 2022. There are no subsequent events recognized in these financial statements or recorded in the notes to the financial statements.

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

	2021 Actual	2021 Actual	2021 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Student Tuition and Fees				
Tuition	\$ 1,138,486.20	\$ 1,191,854.93	\$ 1,246,038.00	\$ (54,183.07)
Other Student Fees	780,409.94	864,144.72	878,568.00	(14,423.28)
Total Student Tuition and Fees	<u>1,918,896.14</u>	<u>2,055,999.65</u>	<u>2,124,606.00</u>	<u>(68,606.35)</u>
Federal				
Pell Grant Administration	-	-	-	-
Total Federal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
State				
Operating Aid	<u>1,977,473.00</u>	<u>1,952,193.00</u>	<u>1,952,193.00</u>	<u>-</u>
Total State	<u>1,977,473.00</u>	<u>1,952,193.00</u>	<u>1,952,193.00</u>	<u>-</u>
Local				
Ad Valorem Tax	2,892,926.10	3,236,802.08	3,243,977.00	(7,174.92)
Motor Vehicle Tax	445,119.65	425,132.25	403,839.00	21,293.25
Delinquent Tax	169,328.14	163,141.42	47,117.00	116,024.42
In Lieu of Taxes	-	-	-	-
Total Local	<u>3,507,373.89</u>	<u>3,825,075.75</u>	<u>3,694,933.00</u>	<u>130,142.75</u>
Other				
Interest	-	-	-	-
Miscellaneous	<u>546,032.86</u>	<u>273,586.28</u>	<u>332,944.00</u>	<u>(59,357.72)</u>
Total Other	<u>546,032.86</u>	<u>273,586.28</u>	<u>332,944.00</u>	<u>(59,357.72)</u>
TOTAL REVENUES	<u>7,949,775.89</u>	<u>8,106,854.68</u>	<u>8,104,676.00</u>	<u>2,178.68</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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2021 Actual	2021 Actual	2021 Budget	Variance - Favorable (Unfavorable)
EXPENDITURES				
Instruction	\$ 1,455,258.59	\$ 1,554,518.56	\$ 1,535,827.00	\$ (18,691.56)
Public Service	2,737.39	1,303.50	2,000.00	696.50
Academic Support	318,512.79	358,238.20	369,687.00	11,448.80
Student Services	3,071,050.38	2,815,404.23	3,054,125.00	238,720.77
Institutional Support	1,878,679.37	1,865,376.32	2,540,753.00	675,376.68
Operation and Maintenance	1,951,388.97	2,596,289.69	1,567,774.00	(1,028,515.69)
Scholarships and Awards	25,160.92	319,928.20	87,736.00	(232,192.20)
TOTAL EXPENDITURES	<u>8,702,788.41</u>	<u>9,511,058.70</u>	<u>9,157,902.00</u>	<u>(353,156.70)</u>
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers from (to) Other Funds				
Transfers In from Other Funds	1,261,746.31	875,000.00	640,000.00	235,000.00
Transfers Out to Other Funds	<u>(17,253.38)</u>	<u>(17,208.95)</u>	<u>(17,950.00)</u>	<u>741.05</u>
Total Other Additions (Deductions)	<u>1,244,492.93</u>	<u>857,791.05</u>	<u>622,050.00</u>	<u>235,741.05</u>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	491,480.41	(546,412.97)	(431,176.00)	(115,236.97)
Unencumbered Cash-Begin of Year	<u>794,963.67</u>	<u>1,286,444.08</u>	<u>2,268,753.00</u>	<u>(982,308.92)</u>
Unencumbered Cash-End of Year	<u><u>\$ 1,286,444.08</u></u>	<u><u>\$ 740,031.11</u></u>	<u><u>\$ 1,837,577.00</u></u>	<u><u>\$ (1,097,545.89)</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 - Postsecondary Technical Education Fund (Legal Basis)

For the Fiscal Year Ended June 30, 2022

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

	2021 Actual	2021 Actual	2021 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Student Tuition and Fees				
Tuition	\$ 725,009.53	\$ 755,800.93	\$ 796,374.00	\$ (40,573.07)
Other Student Fees	351,375.03	407,108.29	265,461.00	141,647.29
Total Student Tuition and Fees	<u>1,076,384.56</u>	<u>1,162,909.22</u>	<u>1,061,835.00</u>	<u>101,074.22</u>
State				
Operating Aid	1,508,066.00	1,508,066.00	1,508,066.00	-
State Grants	<u>423,864.00</u>	<u>406,425.00</u>	<u>722,700.00</u>	<u>(316,275.00)</u>
Total State	<u>1,931,930.00</u>	<u>1,914,491.00</u>	<u>2,230,766.00</u>	<u>(316,275.00)</u>
Other				
Miscellaneous	<u>403,122.73</u>	<u>249,740.91</u>	<u>30,000.00</u>	<u>219,740.91</u>
TOTAL REVENUES	<u>3,411,437.29</u>	<u>3,327,141.13</u>	<u>3,322,601.00</u>	<u>4,540.13</u>
EXPENDITURES				
Instruction	1,997,353.08	2,389,359.06	2,516,546.00	127,186.94
Academic Support	344,756.94	52,500.50	184,081.00	131,580.50
Institutional Support	-	-	-	-
Operation and Maintenance	<u>96,868.88</u>	<u>28,537.51</u>	<u>-</u>	<u>(28,537.51)</u>
TOTAL EXPENDITURES	<u>2,438,978.90</u>	<u>2,470,397.07</u>	<u>2,700,627.00</u>	<u>230,229.93</u>
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers from (to) Other Funds				
Transfers Out to Other Funds	<u>(920,000.00)</u>	<u>(750,000.00)</u>	<u>(640,000.00)</u>	<u>(110,000.00)</u>
Excess of Revenues Over (Under) Expenditures	52,458.39	106,744.06	(18,026.00)	124,770.06
Unencumbered Cash-Begin of Year	<u>456,710.90</u>	<u>509,169.29</u>	<u>456,448.00</u>	<u>52,721.29</u>
Unencumbered Cash-End of Year	<u>\$ 509,169.29</u>	<u>\$ 615,913.35</u>	<u>\$ 438,422.00</u>	<u>\$ 177,491.35</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, 2022
(With Comparative Actual Amounts for the Year Ended June 30, 2021)

	2021 Actual	2021 Actual	2021 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Student Tuition and Fees				
Other Student Fees	\$ -	\$ -	\$ -	\$ -
Other				
Miscellaneous	-	-	-	-
TOTAL REVENUES	-	-	-	-
EXPENDITURES				
Instruction	17,253.38	17,208.95	17,950.00	741.05
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers from (to) Other Funds				
Transfers In from Other Funds	17,253.38	17,208.95	17,950.00	(741.05)
Excess of Revenues Over (Under) Expenditures	-	-	-	-
Unencumbered Cash-Begin of Year	-	-	-	-
Unencumbered Cash-End of Year	\$ -	\$ -	\$ -	\$ -

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

	2021 Actual	2021 Actual	2021 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Student Tuition and Fees				
Tuition	\$ -	\$ -	\$ -	\$ -
Other Student Fees	-	-	-	-
Total Student Tuition and Fees	-	-	-	-
State				
Other State Aid	-	-	-	-
Special State Aid	-	-	-	-
Total State	-	-	-	-
Other	-	1,939.00	-	1,939.00
TOTAL REVENUES	-	1,939.00	-	1,939.00
EXPENDITURES				
Instruction	-	-	-	-
OTHER ADDITIONS (DEDUCTIONS)				
Operating Transfers from (to) Other Funds				
Transfers In from Other Funds	(71,746.31)	-	-	-
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(71,746.31)	1,939.00	-	1,939.00
Unencumbered Cash-Begin of Year	71,746.31	-	-	-
Unencumbered Cash-End of Year	\$ -	\$ 1,939.00	\$ -	\$ 1,939.00

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

	2021 Actual	2021 Actual	2021 Budget	Variance - Favorable (Unfavorable)
REVENUES				
Tuition and Fees				
Student fees	\$ 52.91	\$ 139.28	\$ -	\$ 139.28
Dormitory rents	1,125,616.96	1,585,833.95	1,607,028.00	(21,194.05)
Total Tuition and Fees	<u>1,125,669.87</u>	<u>1,585,973.23</u>	<u>1,607,028.00</u>	<u>(21,054.77)</u>
Other				
Miscellaneous	-	-	-	-
Total Other	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Sales and Services of Auxiliary Enter				
Food service sales	684,105.73	741,612.09	876,040.00	(134,427.91)
Bookstore sales	573,603.86	(35,136.50)	435,839.00	(470,975.50)
Total Sales and Services of Auxiliary Enterprises	<u>1,257,709.59</u>	<u>706,475.59</u>	<u>1,311,879.00</u>	<u>(605,403.41)</u>
TOTAL REVENUES	<u>2,383,379.46</u>	<u>2,292,448.82</u>	<u>2,918,907.00</u>	<u>(626,458.18)</u>
EXPENDITURES				
Auxiliary Enterprise				
Bookstore and Student Center	\$ 240,087.59	\$ 308,558.25	\$ 358,526.00	\$ 49,967.75
Dormitory	817,012.24	993,298.21	1,799,773.00	806,474.79
Food Service	716,878.87	769,664.25	850,553.00	80,888.75
Total Auxiliary Enterprise	<u>1,773,978.70</u>	<u>2,071,520.71</u>	<u>3,008,852.00</u>	<u>937,331.29</u>
Retirement of Indebtedness	100,000.00	185,000.00		(185,000.00)
Interest on Indebtedness	51,747.77	44,272.50	-	(44,272.50)
TOTAL EXPENDITURES	<u>1,925,726.47</u>	<u>2,300,793.21</u>	<u>3,008,852.00</u>	<u>708,058.79</u>
OTHER ADDITIONS (DEDUCTION)				
Operating Transfer from (to)				
Other Funds	<u>(270,000.00)</u>	<u>(125,000.00)</u>	<u>-</u>	<u>(125,000.00)</u>
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	187,652.99	(133,344.39)	(89,945.00)	(43,399.39)
Unencumbered Cash-Begin of Year	<u>440,565.58</u>	<u>628,218.57</u>	<u>472,240.00</u>	<u>155,978.57</u>
Unencumbered Cash-End of Year	<u>\$ 628,218.57</u>	<u>\$ 494,874.18</u>	<u>\$ 382,295.00</u>	<u>\$ 112,579.18</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, 2022

ACCOUNT NAME	BALANCE JUNE 30, 2021	ADDITIONS	DEDUCTIONS	BALANCE JUNE 30, 2022
ACTIVITY FUND				
Fee and User Charges				
Guaranteed Student Loans	\$ 18,169.38	\$ 1,266,003.00	\$ 1,254,987.38	\$ 29,185.00
Student Capital Project	70,093.20	218,196.00	262,465.20	25,824.00
Student Activity Accounts	360,799.74	880,508.28	1,004,337.38	236,970.64
Non Credit Programs	1,573.14	100.00	-	1,673.14
Sales Tax	3,389.41	-	(6,920.94)	10,310.35
Special Registrar	63,805.59	33,957.54	7,980.60	89,782.53
	\$ 517,830.46	\$ 2,398,764.82	\$ 2,522,849.62	\$ 393,745.66
Gate Receipts				
Sales accounts	\$ 21,513.22	\$ 9,795.28	\$ 4,618.47	\$ 26,690.03
	\$ 21,513.22	\$ 9,795.28	\$ 4,618.47	\$ 26,690.03
School Projects Accounts				
Miscellaneous Funds	\$ 46,813.11	\$ 12,638.33	\$ 9,620.90	\$ 49,830.54
Dental Hygiene	-	-	-	-
Booster/ Endowment Clearing	220,048.60	39,675.00	(54,567.89)	314,291.49
Payroll Clearing	-	-	-	-
	\$ 266,861.71	\$ 52,313.33	\$ (44,946.99)	\$ 364,122.03
Student Organization Accounts				
Nursing/Allied Health	\$ 46.00	\$ -	\$ -	\$ 46.00
Clubs and Organizations	33,112.06	73,331.63	80,672.15	25,771.54
Clearing Account	58,254.73	11,661.00	3,246.04	66,669.69
	\$ 91,412.79	\$ 84,992.63	\$ 83,918.19	\$ 92,487.23
TOTAL ACTIVITY FUND	\$ 897,618.18	\$ 2,545,866.06	\$ 2,566,439.29	\$ 877,044.95
Assets				
Cash and Investments	\$ 164,745.00	\$ 2,774,068.94	\$ 2,670,335.18	\$ 268,478.76
Other Receivables	732,873.18	504,670.30	732,873.18	504,670.30
	\$ 897,618.18	\$ 3,278,739.24	\$ 3,403,208.36	\$ 773,149.06
Liabilities				
Accounts Payable	\$ 103,895.89	\$ 64,484.83	\$ 103,895.89	\$ 64,484.83
Deposits Held For Others	793,722.29	3,214,254.41	3,299,312.47	708,664.23
	\$ 897,618.18	\$ 3,278,739.24	\$ 3,403,208.36	\$ 773,149.06

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
 Combining Schedule of Net Position - Primary Institution
 June 30, 2022

	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
ASSETS						
Current Assets						
Cash and Cash Equivalents	\$ 704,625.35	\$ 619,762.01	\$ -	\$ 1,939.00	\$ 524,102.32	\$ 2,008.38
Receivables, net of allowance	364,957.25	214,268.78	-	-	654,226.72	2,473.62
Bookstore Inventory	-	-	-	-	379,603.39	-
Total Current Assets	1,069,582.60	834,030.79	-	1,939.00	1,557,932.43	4,482.00
Noncurrent Assets						
Capital assets, net of accumulated depreciation	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-
TOTAL ASSETS	\$ 1,069,582.60	\$ 834,030.79	\$ -	\$ 1,939.00	\$ 1,557,932.43	\$ 4,482.00
LIABILITIES AND NET POSITION						
LIABILITIES						
Current Liabilities						
Accounts Payable	\$ (12,994.04)	\$ 3,848.66	\$ -	\$ -	\$ 29,228.14	\$ 4,482.00
Compensated Absences	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-
Current Portion of Long-Term Liabilities	-	-	-	-	-	-
Total Current Liabilities	(12,994.04)	3,848.66	-	-	29,228.14	4,482.00
Noncurrent Liabilities						
Long Term Liabilities						
Other Post Employment (OPEB) Obligations	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-
Less Current Portion included above	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	(12,994.04)	3,848.66	-	-	29,228.14	4,482.00
Net Position						
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-
Restricted - Expendable	-	-	-	-	-	-
Unrestricted	1,082,576.64	830,182.13	-	1,939.00	1,528,704.29	-
Total Net Position	1,082,576.64	830,182.13	-	1,939.00	1,528,704.29	-
TOTAL LIABILITIES AND NET POSITION	\$ 1,069,582.60	\$ 834,030.79	\$ -	\$ 1,939.00	\$ 1,557,932.43	\$ 4,482.00

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
 Combining Schedule of Net Position - Primary Institution
 June 30, 2022

ASSETS	SEOG Fund #22	Pell Grant Fund #24	HEP Grant Fund #25	CARES Fund #23	Title IV Grant Fund #27	Pass Fund #28	Grants Fund #31
Current Assets							
Cash and Cash Equivalents	\$ 150.00	\$ (50,226.14)	\$ (49,690.96)	\$ (266,544.46)	\$ 1,119.41	\$ 119,553.95	\$ 11,498.44
Receivables, net of allowance	-	80,372.00	49,573.99	268,074.46	920.26	81.00	27,175.07
Bookstore Inventory	-	-	-	-	-	-	-
Total Current Assets	150.00	30,145.86	(116.97)	1,530.00	2,039.67	119,634.95	38,673.51
Noncurrent Assets							
Capital assets, net of accumulated depreciation	-	-	-	-	-	-	-
Total Noncurrent Assets	-	-	-	-	-	-	-
TOTAL ASSETS	\$ 150.00	\$ 30,145.86	\$ (116.97)	\$ 1,530.00	\$ 2,039.67	\$ 119,634.95	\$ 38,673.51
LIABILITIES AND NET POSITION							
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 150.00	\$ 38,219.00	\$ 136.78	-	\$ 2,039.67	-	\$ -
Compensated Absences	-	-	-	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-	-	-	-
Current Portion of Long-Term Liabilities	-	-	-	-	-	-	-
Total Current Liabilities	150.00	38,219.00	136.78	-	2,039.67	-	-
Noncurrent Liabilities							
Long Term Liabilities							
Other Post Employment (OPEB) Obligations	-	-	-	-	-	-	-
Capital Leases Payable	-	-	-	-	-	-	-
Less Current Portion included above	-	-	-	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-	-	-	-
TOTAL LIABILITIES	150.00	38,219.00	136.78	-	2,039.67	-	-
Net Position							
Invested in Capital Assets, Net of Related Debt	-	-	-	-	-	-	-
Restricted - Expendable	-	-	-	-	-	-	-
Unrestricted	-	(8,073.14)	(253.75)	1,530.00	-	119,634.95	38,673.51
TOTAL NET POSITION	-	(8,073.14)	(253.75)	1,530.00	-	119,634.95	38,673.51
TOTAL LIABILITIES AND NET POSITION	\$ 150.00	\$ 30,145.86	\$ (116.97)	\$ 1,530.00	\$ 2,039.67	\$ 119,634.95	\$ 38,673.51

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
 Combining Schedule of Net Position - Primary Institution
 June 30, 2022

ASSETS	Migrant Ed Fund #37	Activity Funds	Plant	Eliminating Scholarship Discounts & Allowances	GAAP		TOTALS
					Adjustments	Adjustments	
Current Assets							
Cash and Cash Equivalents	\$ 347,420.55	\$ 268,478.76	\$ -	\$ -	\$ -	\$ -	\$ 2,234,196.61
Receivables, net of allowance	379,298.45	504,670.30	-	-	-	-	2,546,091.90
Bookstore Inventory	-	-	-	-	-	-	379,603.39
Total Current Assets	726,719.00	773,149.06	-	-	-	-	5,159,891.90
Noncurrent Assets							
Capital assets, net of accumulated depreciation	-	-	16,300,833.97	-	-	-	16,300,833.97
Total Noncurrent Assets	-	-	16,300,833.97	-	-	-	16,300,833.97
TOTAL ASSETS	\$ 726,719.00	\$ 773,149.06	\$ 16,300,833.97	\$ -	\$ -	\$ -	\$ 21,460,725.87
LIABILITIES AND NET POSITION							
LIABILITIES							
Current Liabilities							
Accounts Payable	\$ 500.00	\$ 64,484.83	\$ -	\$ -	\$ -	\$ -	\$ 130,095.04
Compensated Absences	-	-	-	-	194,172.00	-	194,172.00
Deposits Held in Custody for Others	-	708,664.23	-	-	-	-	708,664.23
Current Portion of Long-Term Liabilities	-	-	659,289.00	-	-	-	659,289.00
Total Current Liabilities	500.00	773,149.06	659,289.00	-	194,172.00	-	1,692,220.27
Noncurrent Liabilities							
Long Term Liabilities	-	-	-	-	-	-	-
Other Post Employment (OPEB) Obligations	-	-	-	-	-	-	-
Capital Leases Payable	-	-	6,870,112.00	-	-	-	6,870,112.00
Less Current Portion included above	-	-	(659,289.00)	-	-	-	(659,289.00)
Total Noncurrent Liabilities	-	-	6,210,823.00	-	-	-	6,210,823.00
TOTAL LIABILITIES	500.00	773,149.06	6,870,112.00	-	194,172.00	-	7,903,043.27
Net Position							
Invested in Capital Assets, Net of Related Debt	-	-	9,430,721.97	-	-	-	9,430,721.97
Restricted - Expendable	-	-	-	-	-	-	-
Unrestricted	726,219.00	-	-	-	(194,172.00)	-	4,126,960.63
Total Net Position	726,219.00	-	9,430,721.97	-	(194,172.00)	-	13,557,682.60
TOTAL LIABILITIES AND NET POSITION	\$ 726,719.00	\$ 773,149.06	\$ 16,300,833.97	\$ -	\$ -	\$ -	\$ 21,460,725.87

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, 2022

	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	\$ 1,720,769.21	\$ 990,705.61	\$ -	\$ -	\$ 967,378.81	\$ -
Federal Grants and Contracts	-	-	-	-	-	72,005.93
State Grants and Contracts	-	-	-	-	-	-
Other	312,479.48	252,238.61	-	1,939.00	-	-
Auxiliary Enterprises	-	-	-	-	942,403.19	-
Total Operating Revenues	2,033,248.69	1,242,944.22	-	1,939.00	1,909,782.00	72,005.93
EXPENSES						
Operating Expenses						
Educational and General						
Instruction	1,554,518.56	2,389,359.06	17,208.95	-	-	-
Public Service	1,303.50	-	-	-	-	-
Academic Support	358,238.20	-	-	-	-	-
Student Services	2,815,404.23	52,500.50	-	-	-	-
Institutional Support	1,865,376.32	-	-	-	-	-
Operation and Maintenance	2,596,289.69	28,537.51	-	-	-	-
Scholarships and Awards	319,928.20	-	-	-	-	72,005.93
Auxiliary Enterprise	-	-	-	-	2,096,890.21	-
Total Operating Expenses	9,511,058.70	2,470,397.07	17,208.95	-	2,096,890.21	72,005.93
Net Operating Income (Expense)	(7,477,810.01)	(1,227,452.85)	(17,208.95)	1,939.00	(187,108.21)	-
Nonoperating Revenues (Expenses)						
State Appropriations	1,952,193.00	1,914,491.00	-	-	-	-
County Appropriations	3,825,075.75	-	-	-	-	-
Federal Pell Grants	-	-	-	-	-	-
Gifts	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-
Loss on refunding of debt	-	-	-	-	-	-
Interest on Capital Assets -- related debt	-	-	-	-	-	-
Net Nonoperating Income (Expense)	5,777,268.75	1,914,491.00	-	-	(229,272.50)	-
INCREASE (DECREASE) IN NET POSITION	(842,750.21)	(62,961.85)	-	1,939.00	(541,380.71)	-
NET POSITION -- Beginning of Year	1,925,326.85	893,143.98	-	-	2,070,085.00	-
NET POSITION -- End of Year	\$ 1,082,576.64	\$ 830,182.13	\$ -	\$ 1,939.00	\$ 1,528,704.29	\$ -

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, 2022

	SEOG Fund #22	Pell Grant Fund #24	HEP Grant Fund #25	CARES Fund #23	Title IV Grant Fund #27	Pass Fund #28	Grants Fund #31
REVENUES							
Operating Revenues							
Student Tuition and Fees	\$ 46,937.00	-	\$ 919,517.53	\$ 2,769,768.71	\$ 278,410.22	-	\$ 266,033.00
Federal Grants and Contracts	-	2,595.00	-	-	-	-	139,124.50
State Grants and Contracts	-	-	-	-	-	-	98.75
Other	-	-	-	-	-	115,972.82	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Total Operating Revenues	46,937.00	2,595.00	919,517.53	2,769,768.71	278,410.22	115,972.82	405,256.25
EXPENSES							
Operating Expenses							
Educational and General							
Instruction	-	-	919,516.26	2,768,238.70	278,410.22	132,485.49	327,238.55
Public Service	-	-	-	-	-	-	-
Academic Support	-	-	-	-	-	-	-
Student Services	-	7,832.39	-	-	-	-	63,000.00
Institutional Support	-	-	-	-	-	-	-
Operation and Maintenance	-	-	-	-	-	-	-
Scholarships and Awards	46,937.00	2,219,226.75	-	-	-	-	-
Auxiliary Enterprise	-	-	-	-	-	-	-
Total Operating Expenses	46,937.00	2,227,059.14	919,516.26	2,768,238.70	278,410.22	132,485.49	390,238.55
Net Operating Income (Expense)	-	(2,224,464.14)	1.27	1,530.01	-	(16,512.67)	15,017.70
Nonoperating Revenues (Expenses)							
State Appropriations	-	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	-	-
Federal Pell Grants	-	2,216,391.00	-	-	-	-	-
Gifts	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-
Loss on refunding of debt	-	-	-	-	-	-	-
Interest on Capital Assets -- related debt	-	-	-	-	-	-	-
Net Nonoperating Income (Expense)	-	2,216,391.00	-	-	-	-	-
INCREASE (DECREASE) IN NET POSITION							
NET POSITION -- Beginning of Year	-	(8,073.14)	1.27	1,530.01	-	(16,512.67)	15,017.70
	-	-	(255.02)	(0.01)	-	136,147.62	23,655.81
NET POSITION -- End of Year	\$ -	\$ (8,073.14)	\$ (253.75)	\$ 1,530.00	\$ -	\$ 119,634.95	\$ 38,673.51

SCHEDULE 8 (Continued)

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, 2022

	Migrant Ed Fund #37	Activity Funds	Plant	Eliminating Scholarship Discounts & Allowances	GAAP Adjustments	GAAP Adjustments	TOTALS
REVENUES							
Operating Revenues							
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ (743,629.00)	\$ -	\$ -	\$ 2,935,224.63
Federal Grants and Contracts	1,259,065.00	-	-	-	-	-	5,614,332.39
State Grants and Contracts	-	-	-	-	-	935,663.00	1,074,787.50
Other	1,947,978.28	-	-	-	-	-	2,630,706.94
Auxiliary Enterprises	-	-	-	-	-	-	942,403.19
Total Operating Revenues	3,207,043.28	-	-	(743,629.00)	-	935,663.00	13,197,454.65
EXPENSES							
Operating Expenses							
Educational and General							
Instruction	3,074,895.34	-	(252,395.51)	-	29,835.00	552,414.00	11,791,724.62
Public Service	-	-	-	-	-	2,984.00	4,287.50
Academic Support	-	-	103,867.26	-	-	27,983.00	490,088.46
Student Services	-	-	729,520.59	-	-	166,542.00	3,834,799.71
Institutional Support	-	-	67,198.40	-	-	109,215.00	2,041,789.72
Operation and Maintenance	-	-	(1,752,253.31)	-	-	42,637.00	915,210.89
Scholarships and Awards	-	-	-	(743,629.00)	-	-	1,914,468.88
Auxiliary Enterprise	-	-	(14,017.31)	-	-	33,888.00	2,116,760.90
Total Operating Expenses	3,074,895.34	-	(1,118,079.88)	(743,629.00)	29,835.00	935,663.00	23,109,130.68
Net Operating Income (Expense)	132,147.94	-	1,118,079.88	-	(29,835.00)	-	(9,911,676.03)
Nonoperating Revenues (Expenses)							
State Appropriations	-	-	-	-	-	-	3,866,684.00
County Appropriations	-	-	-	-	-	-	3,825,075.75
Federal Pell Grants	-	-	-	-	-	-	2,216,391.00
Gifts	-	-	-	-	-	-	-
Investment Income	-	-	-	-	-	-	-
Loss on refunding of debt	-	-	-	-	-	-	-
Interest on Capital Assets -- related debt	-	-	38,847.19	-	-	-	(190,425.31)
Net Nonoperating Income (Expense)	-	-	38,847.19	-	-	-	9,717,725.44
INCREASE (DECREASE) IN NET POSITION	132,147.94	-	1,156,927.07	-	(29,835.00)	-	(193,950.59)
NET POSITION -- Beginning of Year	594,071.06	-	8,273,794.90	-	(164,337.00)	-	13,751,633.19
NET POSITION -- End of Year	\$ 726,219.00	\$ -	\$ 9,430,721.97	\$ -	\$ (194,172.00)	\$ -	\$ 13,557,682.60

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, 2022

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended June 30, 2022

<u>Federal Grantor</u>		Federal	Pass Through		
Pass Through Grantor		CFDA	Grantor's		
Program Title		Number	Number	Revenue	Expenditures
U.S. Department of Education					
Direct Programs					
Student Financial Aid Cluster					
Federal Supplemental Education	(3)				
Opportunity Grant Program	(3)	84.007	N/A	\$ 46,937.00	\$ 46,937.00
Federal Workstudy Program	(3)	84.033	N/A	72,005.93	72,005.93
Federal Pell Grant Program					
Grants	(3)	84.063	N/A	2,216,391.00	2,216,391.00
Administration	(3)	84.063	N/A	2,595.00	2,595.00
Fed Direct Student Loan Program (2)	(3)	84.268	N/A	1,266,003.00	1,266,003.00
Total Student Financial Aid Cluster				3,603,931.93	3,603,931.93
TRIO Student Support Services	(7)	84.042	N/A	278,410.22	278,410.22
HEP Grant		84.141A	N/A	459,298.34	459,298.34
CAMP Grant		84.149A	N/A	460,219.19	460,219.19
COVID 19-Covid Grant	(5)	84.425D	N/A	2,769,768.71	2,768,042.08
Passed Through the State of Kansas Department of Education					
Migrant Education (Title I) Program		84.011	(1)	1,259,065.00	1,259,065.00
Career and Technical Ed - Basic Grants		84.048A	(1)	266,033.00	266,033.00
Totals U.S. Department of Education				9,096,726.39	9,094,999.76
Total Federal Awards				\$ 9,096,726.39	\$ 9,094,999.76

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".
- (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.
- (5) COVID-19 Grants
- (6) The College does not provide Federal funds to subrecipients.
- (7) TRIO Cluster. The College received funding from only one program in the TRIO cluster.

Federal Awards recorded as Operating Revenue	\$ 5,614,332.39
Federal Awards recorded as Non Operating Revenue	2,216,391.00
Federal Family Education Loan Program (2)	1,266,003.00
Total Federal Awards	<u>\$ 9,096,726.39</u>

Diehl Banwart Bolton

Certified Public Accountants P.A.

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

Opinion on Each Major Federal Program

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

In our opinion, Fort Scott Community College, Fort Scott, Kansas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control over Compliance

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

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

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

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

Diehl, Banwart, Bolton, CPAs PA

DIEHL, BANWART, BOLTON, CPAs PA

November 9, 2022

Fort Scott, Kansas

Diehl Banwart Bolton

Certified Public Accountants P.A.

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, 2022, 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 November 9, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the College's internal control over financial reporting (internal control) as a basis for designing the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statement, 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 statement 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 or significant deficiencies may exist that were not identified.

Report On 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance 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

DIEHL, BANWART, BOLTON, CPAs PA

November 9, 2022
Fort Scott, Kansas

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

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

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)
84.033	Federal Workstudy Program (1)
84.063	Federal Pell Grant Program (1)
84.268	Federal Direct Student Loan Program (1)
84.425	CARES Act
(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?

Yes No

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS

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

SECTION II - FINANCIAL STATEMENT FINDINGS

None Reported

**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, 2021

Significant Deficiencies

2021-001 Reconciliation of cash in bank to cash according to the accounting records.

Cash in bank was not reconciled to cash according to the accounting records. Although some reconciling items were identified, the accounting records were not adjusted. Steps were taken by management to perform timely monthly reconciliations and adjust the accounting records as needed. The bank reconciliations are now prepared each month and adjustments made as needed. Monitoring will continue to ensure that the reconciliations are prepared each month on a timely basis. No further action is needed.