

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

Independent Auditor's Report and
Financial Statements with
Supplementary Information

For the Year Ended June 30, 2023

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

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FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

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Management's Discussion and Analysis

Introduction:

The following discussion and analysis of the financial performance and activity of Fort Scott Community College (the College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2023, with selected comparative information for the year ended June 30, 2022. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness of this information. A separate audit is issued for the Fort Scott Community College Foundation and is available for review at 2108 S Horton, Fort Scott, Kansas.

Using the Annual Report:

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

Basic financial statements are comprised of two parts:

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

Required Supplementary Information:

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

Highlights to the Financial Statements:

The College's financial position at June 30, 2023, shows total assets exceeded its liabilities by \$12,120,911 as compared to \$11,719,071 in 2022. Of this amount, \$387,140 is classified as unrestricted net position as compared to \$2,288,349 in 2022. The unrestricted net position may be used to meet the College's ongoing obligations and decreased by \$1,901,209 in fiscal year 2023. This was due to significant investments into capital assets. The Cash and fund balances decreased significantly in 2023, due to a decrease in credit hour enrollment and less collections of student accounts.

Statement of Net Position

The Statement of Net Position presents the assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position of the College at June 30, 2023. The purpose of the Statements of Net Position is to present the financial condition of the College. The Statement of Net Position presents end of year data concerning Assets (current and noncurrent), Deferred Outflows, Liabilities (current and noncurrent), Deferred Inflows, and Net Position (Assets and Deferred Outflows minus Liabilities and Deferred Inflows).

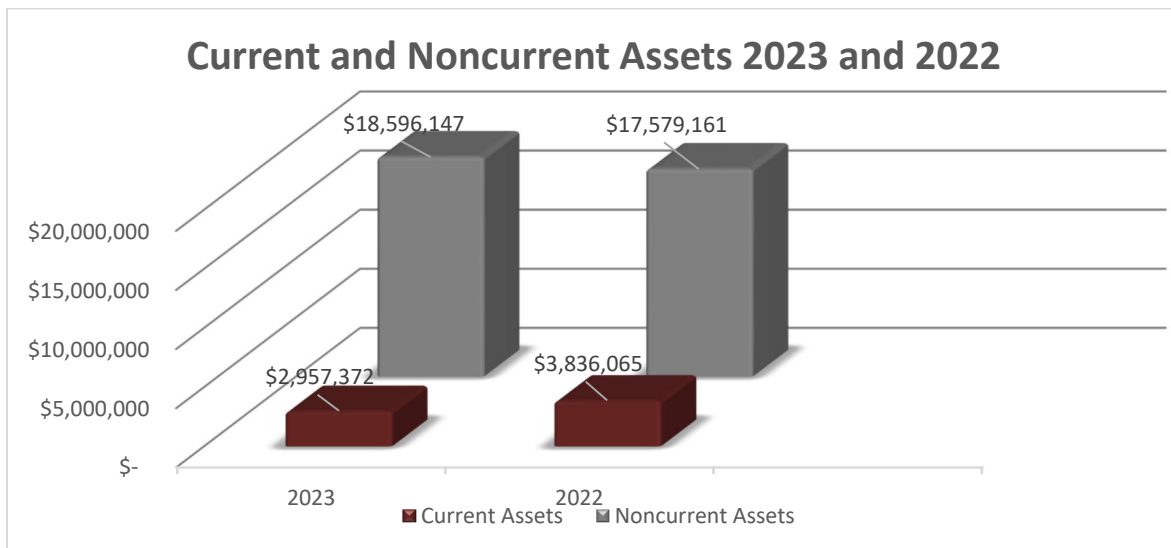
The assets and liabilities are categorized between current and noncurrent. The difference is that current assets and current liabilities become receivable or payable within the normal 12-month accounting cycle, whereas noncurrent assets and liabilities become receivable or payable after 12 months. The Governmental Accounting Standards Board implemented Statement No. 96 –

accounting for subscription based information technology arrangements went into effect for the Fiscal Year 2023 audit. The fundamental principle of Statement 96 is that software subscriptions are financings of the right to use a subscription based software asset. The intangible right to use the software asset is recorded as a noncurrent asset and the outstanding liability of future subscription based payments is recorded in the noncurrent liabilities.

Comparison of Assets – Fiscal Year 2023 to 2022

	2023	% Total 2023	2022	% Total 2022
Current Assets	\$2,957,372	13.7%	\$3,836,065	17.9%
Non-Current Assets	\$18,596,147	86.3%	\$17,579,161	82.1%
Total Assets	\$21,553,519	100.0%	\$21,415,227	100.0%
Deferred Outflows	\$0		\$0	

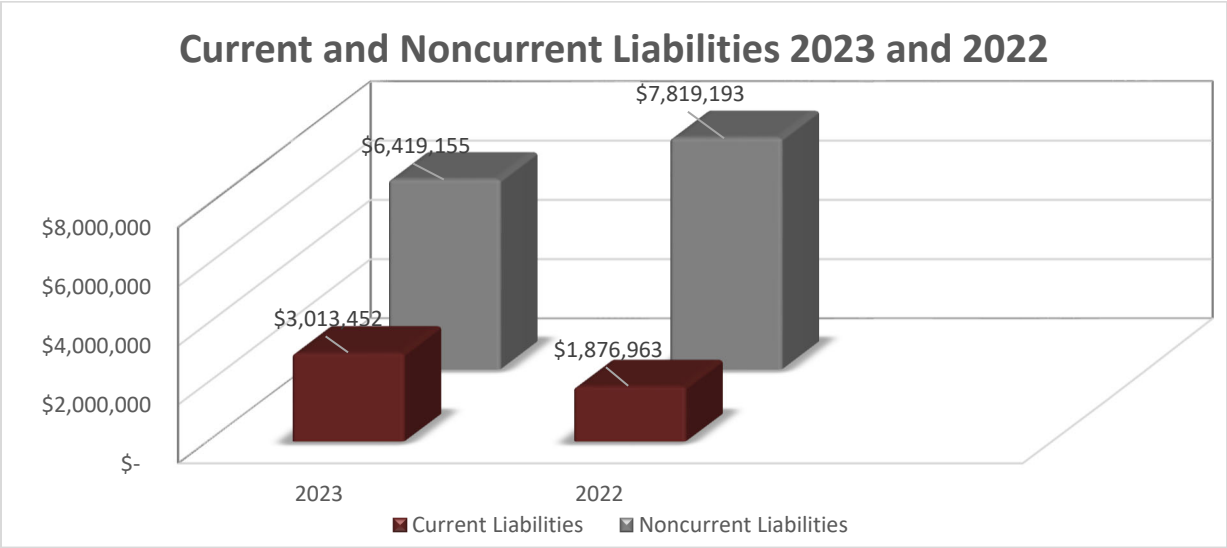
The College’s current assets consist primarily of cash, accounts receivable and inventories; while noncurrent assets consist mainly of capital and leased assets. The College’s current assets in 2023 were \$2,957,372 compared to \$3,836,065 in 2022. This reflects a decrease in current assets from 2022 to 2023 of \$878,693. Noncurrent assets increased from \$17,579,161 to \$18,596,147 due to an increase in capital assets and the accounting of GASB Statement No. 96 – subscription based information technology based assets which went into effect for the Fiscal Year 2023 audit. Total breakdown of assets between current and noncurrent classifications follows:



Comparison of Liabilities – Fiscal Year 2023 to 2022

	2023	% Total 2023	2022	% Total 2022
Current Liabilities	\$3,013,452	31.9%	\$1,876,963	19.4%
Non-Current Liabilities	\$6,419,155	68.1%	\$7,819,193	80.6%
Total Liabilities	\$9,432,607	100.0%	\$9,696,156	100.0%
Deferred Inflows	\$1,293		\$0	

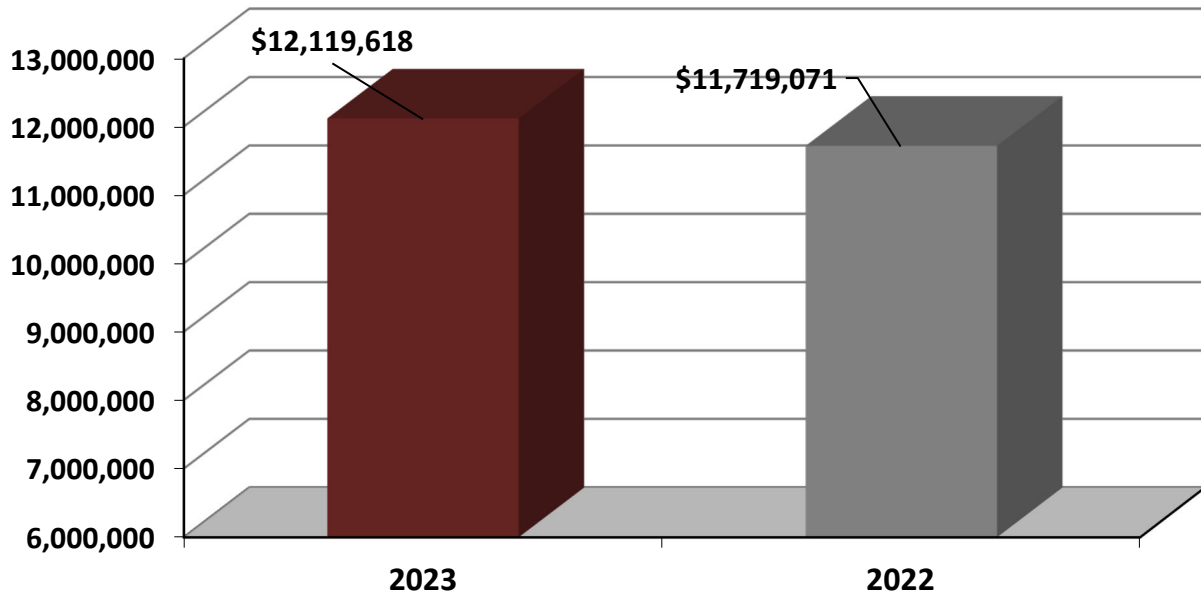
The liabilities are categorized between current and noncurrent. For example, the College’s current liabilities consist primarily of accounts payable, accrued liabilities, and the current portion of the College’s certificates of participation, lease and subscription liability. Current liabilities increased by \$1,136,489 in 2023 largely due to the increase in accounts payable and an increase of recognition of current portions of leased liabilities. The noncurrent liabilities portion now includes lease liability payable as well as subscription liability for those technology subscriptions contracted for more than one year.



Net Position for 2023 Compared to 2022

Net Position is presented in three major categories. The first is invested in capital assets, net of related debt, which represents the College’s equity in its property, plant, and equipment. The second is restricted and the third is unrestricted. Net position increased slightly during the current fiscal year from \$11,719,071 to \$12,119,618 for a total increase of \$400,547, mainly due to an increase in capital assets which were funded by combining donations with cash reserves.

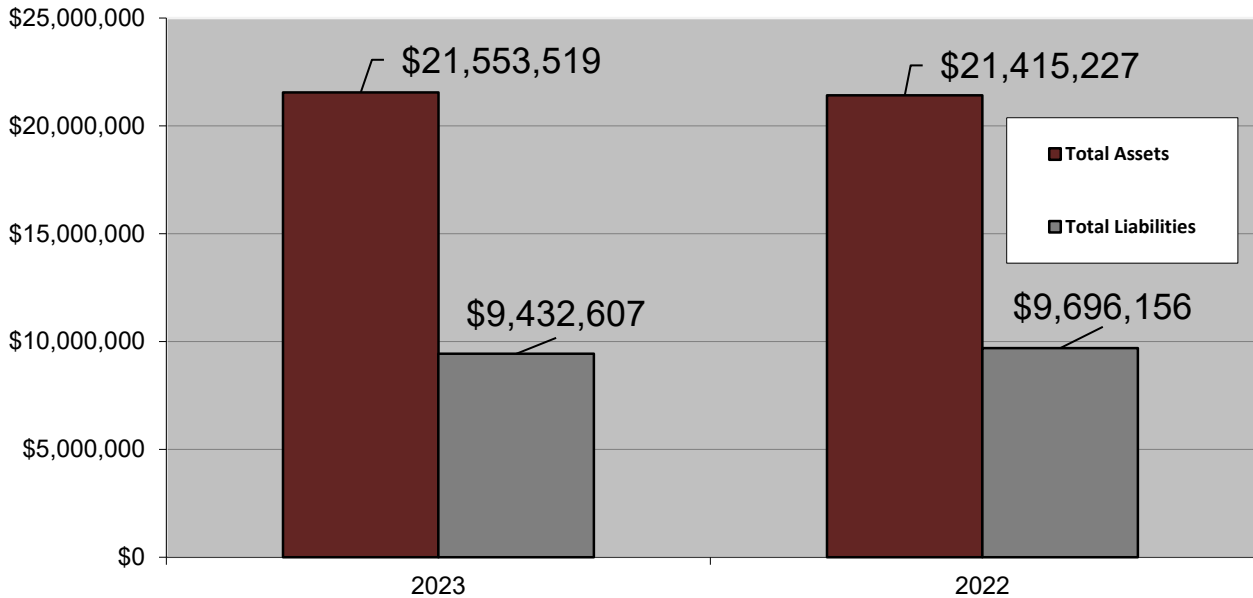
Net Position 2023 and 2022



Comparison of Assets to Liabilities

In 2023 total assets increased by \$138,292 while total liabilities decreased by \$263,548. This represents a 0.65% increase in total assets compared to an 2.72% decrease in total liabilities.

2023 & 2022 Assets and Liabilities



Deferred Inflows and Outflows of Resources

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

The Pension Related Deferred Outflows remained at \$0 and the Pension Related Deferred Inflows increased by \$1,293 from 2022 to a total of \$1,293. The change is the result of recognition of the actuarial study.

Statements of Revenues, Expenses, and Changes in Net Position

The combined statement of revenues, expenses, and changes in net position presents the College's financial results for the fiscal year ending June 30, 2023. The statements include the College's revenue and expenses, both operating and non-operating.

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

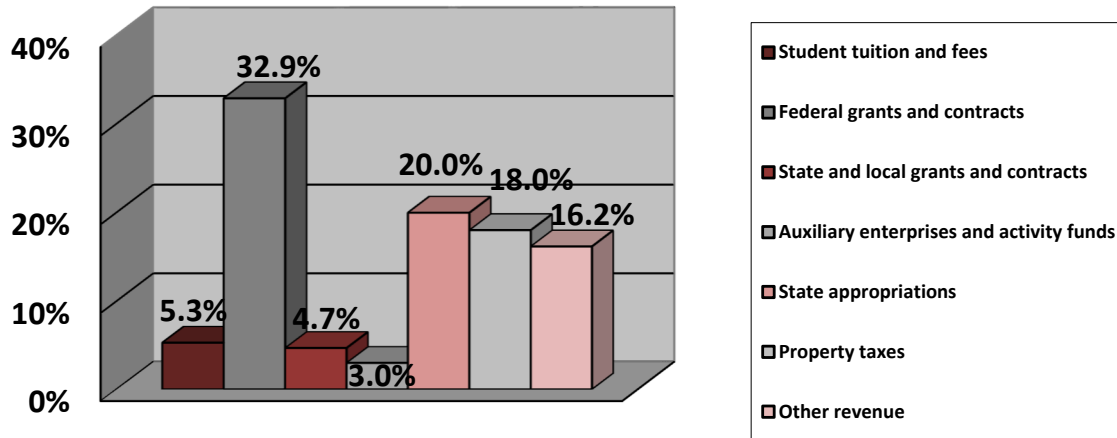
Revenue

Components and sources of revenue:

Fort Scott Community College receives revenue from five major sources. They are: The State of Kansas; Federal Government; students, in the form of tuition and fees; local taxpayers, by way of property taxes; and through business style auxiliary enterprises. Aside from student tuition and fees, these sources are relatively stable year after year as a percentage of the total. Revenues from auxiliary enterprises dropped. It is anticipated that federal grant revenue contracts will decrease significantly in the 2023-24 fiscal year.

	2023	% Total of 2023	2022	% Total of 2022
Student Tuition and Fees	\$ 1,127,379	5.37%	\$ 2,935,225	12.70%
Federal Grants and Contracts	7,004,158	33.39%	7,830,723	33.89%
State and Local Grants and Contracts	998,587	4.76%	1,074,788	4.65%
Auxiliary Enterprises and Activity Funds	638,203	3.04%	942,403	4.08%
State Appropriations	4,254,710	20.28%	3,866,684	16.73%
Property Taxes	3,835,713	18.28%	3,825,076	16.55%
Other Revenue	3,119,797	14.87%	2,630,707	11.39%
Total Revenue	\$ 20,978,548	100.00%	\$ 23,105,605	100.00%

2023 Total Revenue Sources by Percentage

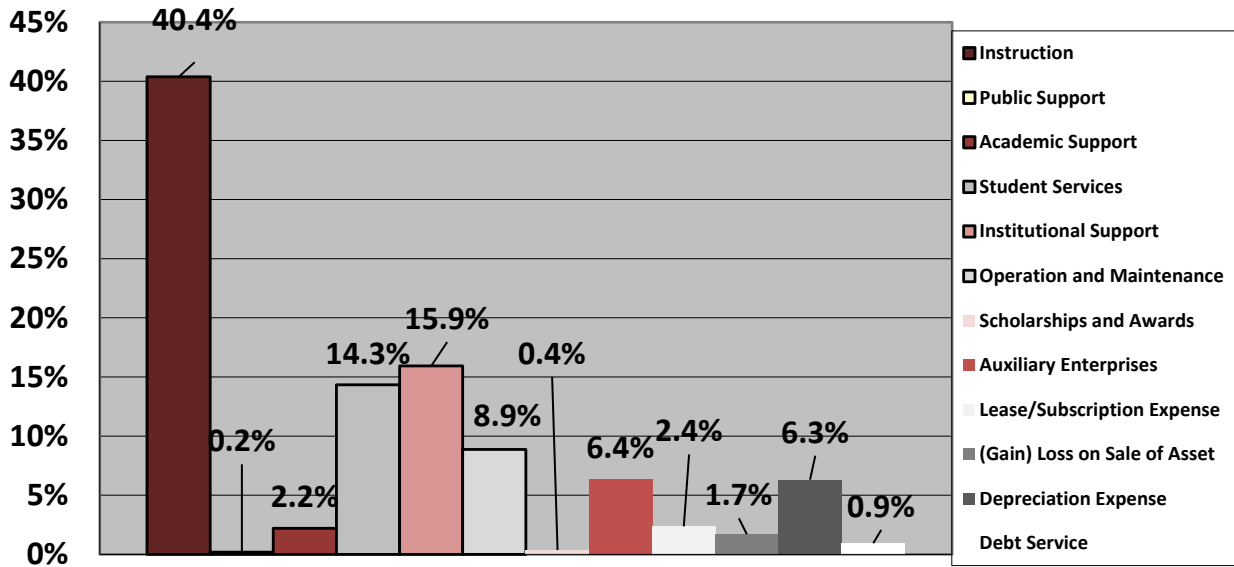


Expenditures

The College incurs thirteen types of expenses including Instruction, Research Function, Public Support, Academic Support, Student Services, Institutional Support, Operations and Maintenance, Scholarships and Grants, Auxiliary Enterprises, Lease/Subscription Expense, Depreciation, and Debt Services. These expenses are relatively stable year over year as a percentage of the total. The largest areas of variance were in Scholarships and Awards due to reflecting Revenue net of scholarships and increases in Operation and Maintenance due to investment into capital assets. The following chart shows expenses by function for 2023 and 2022 and expenses by percentage:

	2023	% Total of 2023	2022	% Total of 2022
Instruction	\$ 8,440,228	40.38%	\$ 11,791,725	50.61%
Public Support	38,234	0.18%	4,288	0.02%
Academic Support	460,911	2.20%	490,088	2.10%
Student Services	2,996,109	14.33%	3,834,800	16.46%
Institutional Support	3,329,186	15.93%	2,041,790	8.76%
Operation and Maintenance	1,855,609	8.88%	915,211	3.93%
Scholarships and Awards	76,107	0.36%	1,914,469	8.22%
Auxiliary Enterprises	1,336,290	6.39%	2,116,761	9.08%
Lease/Subscription Expense	494,871	2.37%	-	0.00%
(Gain) Loss on Sale of Asset	356,914	1.71%	-	0.00%
Depreciation Expense	1,321,010	6.32%	-	0.00%
Debt Service	197,629	0.95%	190,425	0.82%
Total Expenses	\$ 20,903,097	100.00%	\$ 23,299,556	100.00%

2023 Total Expense by Percentage

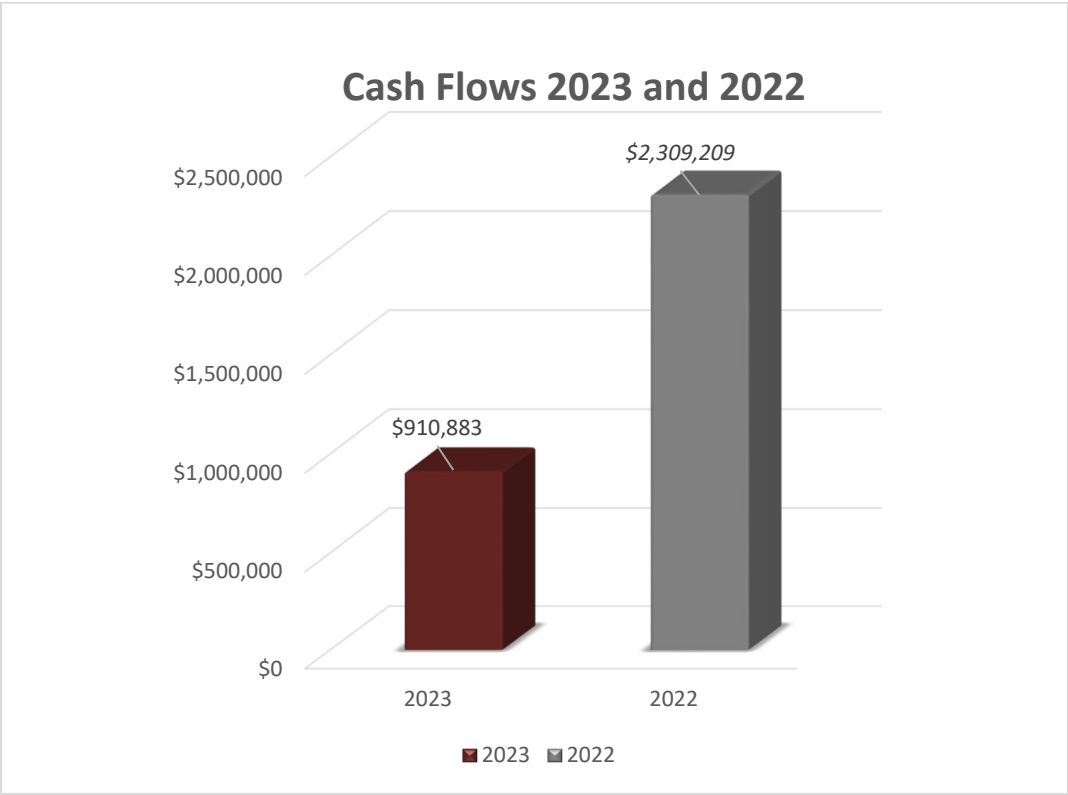


Statement of Cash Flows

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

Summary Statement of Cash Flows Information:

	2023	2022
Net Cash Provided (used) by:		
Operating Activities	\$ (7,945,001)	\$ (7,429,303)
Non-Capital Investing Activities	10,757,445	9,908,151
Financing Activities	(4,210,770)	(2,515,284)
Net Change in Cash	\$ (1,398,326)	\$ (36,436)
Cash Beginning of Year	\$ 2,309,209	\$ 2,345,645
Cash End of Year	\$ 910,883	\$ 2,309,209



Summary of Overall Performance and Economic Outlook

Fort Scott Community College had a slight increase in the financial position with net position increasing in fiscal year 2023 by \$400,547 to a total of \$12,119,618. The College’s cash reserves decreased drastically in 2023 due to an increase in investment of capital assets. Total operating and non-operating revenues were \$21,303,644 while operating expenses were \$20,903,097. There was a change in accounting principles for which resulted in a reduction of the net position of \$1,838,612.

The College experienced a decrease in enrollment for fiscal year 2023 and 2023-24 is trending the same. Aid from the State of Kansas is expected to remain stable for fiscal years 2024-2025. There was a slight increase in aid from the State of Kansas in 2023-2024 for specific needs. The College continues to seek alternative sources of operating and non-operating revenue. This may include increases in tuition rates, short term use of auxiliary revenues, acquisition of grant funding, increase in local property taxes, and adjustment to operational expense allocations. The College has made recruitment and retention a high priority and continues to look for efficiency in its operations. The College is committed to becoming fiscally stable through thoughtfully planned budgets that align with the College’s strategic plan and continued expenditure management.

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Fort Scott Community College
Fort Scott, Kansas

Report on the Financial Statements

Opinion

We have audited the accompanying financial statements of Fort Scott Community College, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Fort Scott Community College's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Fort Scott Community College, as of June 30, 2023, and the changes in financial position, and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Emphasis of Matters

As discussed in Note 25 of the financial statements, the June 30, 2022 financial statements have been restated to correct misstatements. Our opinion is not modified with respect to this matter.

The June 30, 2023 financial statements have been revised for additional transfers between funds with no overall effect on the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and schedule of funding progress on pages i-viii and 39 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 an opinion on the financial statements that collectively comprise the Fort Scott Community College's basic financial statements. The supplementary information, as listed in the table of contents as pages 40 to 55, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2024, Except Note 24, as to which is dated May 10, 2024, on our consideration of the Fort Scott Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Fort Scott Community College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Fort Scott Community College's internal control over financial reporting and compliance.



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas

March 19, 2024

Except Note 24, as to which is dated May 10, 2024

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas
Statement of Net Position
June 30, 2023

	Primary Institution	Component Unit - Foundation
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,597,700.31	\$ 967,794.52
Investments	-	5,465,223.53
Receivables, Net	1,103,606.21	-
Notes Receivable	-	220,000.00
Interest Receivable	-	2,025.21
Inventory	256,065.56	-
Total Current Assets	<u>2,957,372.08</u>	<u>6,655,043.26</u>
Noncurrent Assets		
Cash and Cash Equivalents	(686,817.20)	-
Receivables, Net	-	-
Capital Assets, Net of Accumulated Depreciation	18,193,399.85	4,000.00
Lease Assets, Net of Accumulated Amortization	1,033,046.63	-
Subscription Assets, Net of Accumulated Amortization	56,517.37	-
Total Noncurrent Assets	<u>18,596,146.65</u>	<u>4,000.00</u>
TOTAL ASSETS	<u>21,553,518.73</u>	<u>6,659,043.26</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows	-	-

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

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas
Statement of Net Position
June 30, 2023

	Primary Institution	Component Unit - Foundation
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 904,622.65	\$ 4,164.65
Accrued Payroll	73,360.06	-
Accrued Interest	47,069.52	-
Accrued Interest, Lease Liabilities	3,124.87	-
Deferred Revenue	213,124.00	-
Grant Advance	401,122.29	-
Deposits Held in Custody for Others	(68,217.35)	71,093.76
Accrued Vacation, Due Within One Year	111,295.28	-
Lease Liabilities, Due Within One Year	409,420.63	-
Subscription Liabilities, Due Within One Year	28,936.48	-
Financing Leases Payable, Due Within One Year	889,594.00	-
Total Current Liabilities	3,013,452.43	75,258.41
Noncurrent Liabilities		
Lease Liabilities	655,941.66	-
Subscription Liabilities	22,238.25	-
Assets Held for Others in Charitable Remainder Trust	-	159,726.00
Financing Leases Payable	5,541,229.17	-
Accrued Vacation	55,227.89	-
OPEB Obligations	144,518.00	-
Total Noncurrent Liabilities	6,419,154.97	159,726.00
TOTAL LIABILITIES	9,432,607.40	234,984.41
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows	1,293.00	-
NET POSITION		
Investment in Capital Assets, Net of Related Debt	11,732,478.79	-
Restricted Net Position - Expendable	-	1,625,492.29
Restricted Net Position - Nonexpendable	-	4,251,934.46
Unrestricted	387,139.54	546,632.10
TOTAL NET POSITION	\$ 12,119,618.33	\$ 6,424,058.85

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

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Primary Institution	Component Unit - Foundation
REVENUES		
Operating Revenues		
Student Tuition and Fees, (net of scholarship allowances of \$2,502,855.13)	\$ 1,127,379.02	\$ -
Federal Grants and Contracts	4,938,702.48	-
State Grants and Contracts	998,587.25	-
Charges for Services	46,975.02	-
Sales and Services of Auxiliary Enterprises	638,203.39	-
Miscellaneous Income	2,796,351.67	-
Total Operating Revenues	<u>10,546,198.83</u>	<u>-</u>
EXPENSES		
Operating Expenses		
Educational and General		
Instruction	8,440,227.72	-
Public Service	38,233.54	-
Academic Support	460,910.60	-
Student Services	2,996,108.98	-
Institutional Support	3,329,185.92	1,055,225.44
Operation and Maintenance	1,855,608.82	-
Scholarships and Awards	76,107.47	205,669.38
Fundraising	-	29,858.98
Auxiliary Enterprises	1,336,290.19	-
Lease Expense	468,752.13	-
Subscription Expense	26,118.85	-
Depreciation Expense	1,321,010.28	-
Total Operating Expenses	<u>20,348,554.50</u>	<u>1,290,753.80</u>
Operating Income (Loss)	<u>(9,802,355.67)</u>	<u>(1,290,753.80)</u>

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

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas
Statement of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Primary Institution	Component Unit - Foundation
Nonoperating Revenues (Expenses)		
State Appropriations	\$ 4,254,710.00	\$ -
County Appropriations	3,835,712.92	-
Pell Grants	2,065,456.00	-
Gifts and Contributions	601,429.99	679,523.45
Investment Income	136.56	95,534.85
Unrealized Gains (Losses) on Investments Held	-	194,441.91
Realized Gains (Losses) on Investments Held	-	254,470.61
Gain (Loss) on Sale of Asset	(356,913.69)	-
Debt Service	(197,628.66)	-
Net Nonoperating Revenues (Expenses)	<u>10,202,903.12</u>	<u>1,223,970.82</u>
Increase (Decrease) in Net Position	400,547.45	(66,782.98)
Net Position - Beginning of Year, As Previously Reported	13,557,682.60	7,088,590.79
Changes in Accounting Principles and Restatements, See Note 25	(1,838,611.72)	(597,748.96)
Net Position - Beginning of Year, As Restated	<u>11,719,070.88</u>	<u>6,490,841.83</u>
Net Position - End of Year	<u>\$ 12,119,618.33</u>	<u>\$ 6,424,058.85</u>

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

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2023

	Primary Institution	Component Unit - Foundation
	<hr/>	<hr/>
CASH FLOWS FROM OPERATING ACTIVITIES		
Student Tuition and Fees	\$ 1,468,099.97	\$ -
Federal Grants and Contracts	4,938,702.48	-
State Grants and Contracts	998,587.25	-
Charges for Services	46,975.02	-
Sales and Services of Auxiliary Enterprises	638,203.39	-
Miscellaneous Income	2,471,254.96	-
Payments on Behalf of Employees	(9,787,576.97)	-
Payments for Supplies and Materials	(1,507,241.91)	-
Payments for Lease Expense	(468,752.13)	-
Payments for Other Expenses	(6,743,253.37)	(1,121,915.14)
Net cash provided by (used in) operating activities	<hr/> <u>(7,945,001.31)</u>	<hr/> <u>(1,121,915.14)</u>
CASH FLOWS FROM NON-CAPITAL INVESTING ACTIVITIES		
State Appropriations	4,254,710.00	-
County Appropriations	3,835,712.92	-
Pell Grants	2,065,456.00	-
Federal Direct Loans	1,163,414.00	-
Federal Direct Loans Payments	(1,163,414.00)	-
Interest Earned on Investments	136.56	334,447.54
Gifts and Contributions	601,429.99	510,849.44
Net cash provided by (used in) non-capital investing activities	<hr/> <u>10,757,445.47</u>	<hr/> <u>845,296.98</u>
CASH FLOWS FROM CAPITAL INVESTING ACTIVITIES		
Proceeds from the Sale of Investments	-	4,299,712.36
Payments from the Purchase of Investments	-	(2,979,987.24)
Proceeds from the Sale of Assets	-	-
Payments for Notes Receivable	-	(220,000.00)
Net cash provided by (used in) capital investing activities	<hr/> <u>-</u>	<hr/> <u>1,099,725.12</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments for Purchase of Capital Assets	(3,570,489.68)	-
Interest Paid on Bonds and Capital Leases	(200,991.60)	-
Proceeds from the Issuance of Capital Leases	220,000.00	-
Principal Payments on Bonds	-	-
Principal Payments on Finance Leases	(659,289.00)	-
Net cash provided by (used in) financing activities	<hr/> <u>(4,210,770.28)</u>	<hr/> <u>-</u>

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

FORT SCOTT COMMUNITY COLLEGEFort Scott, Kansas
Statement of Cash Flows
For the Year Ended June 30, 2023

	Primary Institution	Component Unit - Foundation
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,398,326.12)	\$ 823,106.96
Cash and Cash Equivalents, Beginning of Year	<u>2,309,209.23</u>	<u>144,687.56</u>
Cash and Cash Equivalents, End of Year	<u>\$ 910,883.11</u>	<u>\$ 967,794.52</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH USED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ (9,802,355.67)	\$ (1,290,753.80)
Adjustments to Reconcile Change in Net Position to Net Cash Used in Operating Activities:		
Depreciation Expense	1,321,010.28	-
Amortization Lease Expense	397,498.50	-
Amortization Subscription Expense	25,116.50	-
Non-cash Donations	-	164,674.01
(Increase) Decrease in Receivables	127,596.95	-
(Increase) Decrease in Inventory	39,587.33	-
Increase (Decrease) in Accounts Payable	799,534.33	4,164.65
Increase (Decrease) in Accrued Payroll	(256.84)	-
Increase (Decrease) in Deferred Revenue	213,124.00	-
Increase (Decrease) in Grant Advance	(325,096.71)	-
Increase (Decrease) in Accrued Vacation	(7,020.29)	-
Increase (Decrease) in Deposits Held for Others	(326,862.16)	-
Increase (Decrease) in Lease Liabilities	(384,802.39)	-
Increase (Decrease) in Subscription Liabilities	(30,459.14)	-
Increase (Decrease) in OPEB Obligations	7,091.00	-
Increase (Decrease) in Pension Related Deferred Inflows	1,293.00	-
Net cash provided by (used in) operating activities	<u>\$ (7,945,001.31)</u>	<u>\$ (1,121,915.14)</u>
RECONCILIATION OF CASH AND CASH EQUIVALENTS TO THE STATEMENT OF NET POSITION		
Cash and Cash Equivalents classified as current assets	\$ 1,597,700.31	\$ 967,794.52
Cash and Cash Equivalents classified as non-current assets	(686,817.20)	-
Total Cash and Cash Equivalents	<u>\$ 910,883.11</u>	<u>\$ 967,794.52</u>
Supplemental Information		
Cash Paid During the Period for:		
Interest Expense Paid	\$ 187,486.60	\$ -
Non-Cash Donations		
Management & General - In-Kind	-	162,799.01
Fundraising - In-Kind Items for Auction	-	1,875.00
Capital Assets - Land	-	4,000.00

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

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas

Notes to the Financial Statements
For the Year Ended June 30, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

The financial reporting entity consist of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion could cause the financial statements to be misleading or incomplete.

Component Unit

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

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

Basis of Accounting

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

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

Cash and Cash Equivalents

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

Investments

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

Accounts Receivable and Deferred Revenue

Accounts receivable consist of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of each residing in the State of Kansas. Accounts receivable also includes amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the College's grant and contracts. Accounts receivable also include taxes in process of collection for property taxes assessed and collected for the calendar year ending December 31, 2022.

In accordance with governing state statutes, property taxes levied during the current year are a revenue source to be used to finance the budget of the ensuing year. Taxes are assessed on a calendar year basis and become a lien on the property on November 1st of each year. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20th during the year levied with the balance to be paid on or before May 10th of the ensuing year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1st of the ensuing year. Consequently, for revenue recognition purposes, taxes levied during the current year are not due and receivable until the ensuing year. Property taxes levied in December are recorded as taxes receivable. Approximately 4% to 10% of these taxes are normally distributed after June 30th, and are presented as accounts receivable—taxes in process and deferred revenue to indicate that they are not appropriable. It is not practicable to apportion delinquent taxes held by the County Treasurer at the end of the year and, further, the amounts thereof are not material in relationship to the financial statements taken as a whole.

Inventories

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

Noncurrent Cash and Cash Equivalents

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

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

Capital Assets

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

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

Accounts Receivable and Allowance for Doubtful Accounts

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

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 position, and a component of compensation and benefit expense in the statement of revenues, expenses, and changes in net position.

Noncurrent Liabilities

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

Net Position

The College's net position is classified as follows:

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

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

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

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

Net Position (Continued)

Unrestricted Net Position: Unrestricted net position represents resources derived from student tuition and fees, state appropriations and sales and services of educational departments and auxiliary enterprises. These resources are 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.

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

Income Taxes

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

Classification of Revenues

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

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

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

Scholarship Discounts and Allowances

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

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.

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special purpose funds (unless specifically exempted by statute), bond and interest funds, and business funds. Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

If the College is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The College did hold a revenue neutral rate hearing for this year.

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

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison schedules are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

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

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

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

2. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Compliance with Kansas Statutes

Kansas municipalities are subject to the cash-basis law as stated in K.S.A. 10-1,113. Certain sub-funds, Federal Student Grants Fund, HEP Grant Funds, and Title IV Grants Fund, have negative unencumbered cash balances at June 30, 2023, which is allowable under K.S.A. 12-1663. The funds will be reimbursed in the following fiscal year from federal grants, state grants and other contracts for expenditures incurred by the College. The combined receivable has been recognized for GAAP purposes on these financial statements.

Supplementary Schedules 4 to 9 have been prepared in order to show compliance with the cash basis and budget laws of Kansas. Based upon these schedules, the College was in apparent violation of K.S.A. 10-1,113, as the College has obligated expenditures in excess of available funds in the Auxiliary Enterprise Foodservice Fund, Capital Outlay Fund, and Agency Funds and in violation of K.S.A. 79-2935, as the College has obligated expenditures in excess of budget limits in the Adult Education Fund.

3. DEPOSITS

Primary Institution

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

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

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

Custodial credit risk – deposits. Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka. All deposits were legally secured at June 30, 2023.

Deposits: At year-end, the College's carrying amount of deposits is \$908,603.11 and the bank balance was \$1,473,930.85. The bank balance was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$522,286.93 was covered by FDIC insurance, and \$951,643.92 was collateralized with pledged securities held by the pledging financial institutions' agents in the College's name.

3. **DEPOSITS** (Continued)

Component Unit

At year-end, the carrying amount of the Foundation's deposits were \$967,794.52. The bank balances were \$971,462.78. The bank balances were held by two banks resulting in a concentration of credit risk. Of the bank balances \$363,508.94 were covered by FDIC insurance, \$117,123.04 was covered by SIPC insurance and the remaining \$490,830.80 was considered unsecured.

4. **INVESTMENTS**

Component Unit:

Investments are made under the direction of the Board of Directors. Equity investments and other investments are recorded at fair values subject to comments on investments under the summary of accounting policies.

Investments at June 30, 2023, are comprised of the following:

	<u>COST</u>	<u>FAIR VALUE</u>	<u>Rating</u>
Equities	\$ 3,029,484.57	\$ 3,844,613.21	Various
Fixed Income	1,531,608.79	1,354,190.03	Various
Alternative Investments	227,658.83	250,582.10	Various
Miscellaneous	34,317.15	15,838.19	Various
Total Investments	<u>\$ 4,823,069.34</u>	<u>\$ 5,465,223.53</u>	

5. **FAIR VALUE MEASUREMENTS**

Component Unit:

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

Level 1. Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.

Level 2. Inputs to the valuation methodology include:

- quoted prices for similar assets or liabilities in active markets;
- quoted prices for identical or similar assets or liabilities in inactive markets;
- inputs other than quoted prices that are observable for the asset or liability;
- inputs that are derived principally from or corroborated by observable market data by correlation or other means.
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.
-

Level 3. Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

5. FAIR VALUE MEASUREMENTS (Continued)

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at June 30, 2023.

Equities: Valued at the closing price reported on the New York Stock Exchange.

Fixed Income: Valued using pricing models maximizing the use of observable inputs for similar securities.

Alternative Investments: Commerce Trust Company uses "Best Effort Processing Standards" to price these hedge funds based on information obtained from outside providers.

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

	June 30, 2023			
	Level 1	Level 2	Level 3	Total
Equities	\$ 3,844,613.21	\$ --	\$ --	\$ 3,844,613.21
Fixed Income	1,354,190.03	--	--	1,354,190.03
Alternative	--	250,582.10	--	250,582.10
Miscellaneous	--	--	15,838.19	15,838.19
Totals	<u>\$ 5,198,803.24</u>	<u>\$ 250,582.10</u>	<u>\$ 15,838.19</u>	<u>\$ 5,465,223.53</u>

Changes in level 3 investments for the year ended June 30, 2023 were as follows:

Balance June 30, 2022	\$ 15,838.19
Unrealized Gain/Loss	0.00
Balance June 30, 2023	<u>\$ 15,838.19</u>

6. ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2023, consisted of the following:

	Primary
	<u>Institution</u>
Current:	
Student Accounts	\$ 380,966.99
Federal Grants	312,383.52
State Grants	81,065.00
Foundation Scholarships	9,235.17
Other Receivables	140,136.53
Taxes in Progress	179,819.00
Total Current	<u>1,103,606.21</u>
Noncurrent	
Taxes in Progress	0.00
Total Accounts Receivable	<u>\$ 1,103,606.21</u>

6. ACCOUNTS RECEIVABLE (Continued)

The College uses the allowance method to account for uncollectible accounts receivable. Accounts receivable are presented net of an allowance for uncollectible accounts of \$1,207,657.33 at June 30, 2023.

7. INVENTORIES

Inventories consisted of the following at June 30, 2023:

Book Store Inventory	
Textbooks	\$ 248,144.44
Soft Goods and Supplies	<u>7,921.12</u>
Total Bookstore Inventory	<u>\$ 256,065.56</u>

8. NOTES RECEIVABLE

Component Unit:

Fort Scott Community College Foundation has entered into a financing lease agreement with Fort Scott Community College. The financing lease agreement is dated March 10, 2023 and is for the purchase of two semi-truck and trailers to be used by the FSCC CDL program. The lease requires one annual payment of \$220,000.00, plus interest at 3.00% per annum due June 30, 2024.

9. CHARITABLE REMAINDER ANNUITY TRUSTS

Component Unit:

The Foundation is the trustee and beneficiary of charitable remainder annuity trusts. Investments have been donated to these trusts. The donors receive guaranteed periodic payments from the trusts until death. The Foundation keep the remaining assets after the death of the donors. Investments with a fair value of \$223,243.21 at June 30, 2023 are included in the investments of the Foundation in these financial statements. The "change in value of charitable remainder trusts" as shown in the statement of activities is comprised of the amortization of the discount for the benefits due to donors associated with the contribution. The "assets held for others in charitable remainder trusts" is equal to the present value of expected future cash flows to the donors who established the trusts, plus or minus the changes in the value of the assets held in the charitable remainder trusts. Assets held for other in charitable remainder trusts has been valued using a 6.20% present value rate and an annuity factor based on age from the IRS Table S (2000 CM) and an adjustment of time factor from IRS publication 1457, Table K.

10. CAPITAL ASSETS

Primary Institution:

Following are the changes in capital assets for the year ended June 30, 2023:

	Balance 06/30/2022	Additions	Retirements	Balance 06/30/2023
Capital assets not being depreciated				
Land	\$ 995,223.50	\$ -	\$ -	\$ 995,223.50
Total Capital Assets not being depreciated	995,223.50	-	-	995,223.50
Other Capital Assets				
Buildings	12,838,758.79	2,557,426.93	(242,986.59)	15,153,199.13
Buildings Under Financing Lease	11,562,009.44	-	-	11,562,009.44
Furniture & Equipment	4,097,312.02	729,154.00	(358,754.87)	4,467,711.15
Furniture & Equipment Under Financing Lease	297,131.23	-	(44,455.32)	252,675.91
Vehicles	675,238.67	81,778.75	(39,198.00)	717,819.42
Vehicles Under Financing Lease	-	202,130.00	-	202,130.00
Total Other Capital Assets	29,470,450.15	3,570,489.68	(685,394.78)	32,355,545.05
Accumulated Depreciation				
Buildings	8,220,870.74	411,708.03	(50,990.31)	8,581,588.46
Buildings Under Financing Lease	2,855,466.53	435,190.43	-	3,290,656.96
Furniture & Equipment	2,555,092.80	432,847.68	(238,292.95)	2,749,647.53
Furniture & Equipment Under Financing Lease	12,717.52	20,989.49	-	33,707.01
Vehicles	520,692.09	10,168.15	(39,198.00)	491,662.24
Vehicles Under Financing Lease	-	10,106.50	-	10,106.50
Total Accumulated Depreciation	14,164,839.68	1,321,010.28	(328,481.26)	15,157,368.70
Total Net Capital Assets	\$ 16,300,833.97	\$ 2,249,479.40	\$ (356,913.52)	\$ 18,193,399.85

Component Unit:

Following are the changes in capital assets for the year ended June 30, 2023:

	Balance 06/30/2022	Additions	Retirements	Balance 06/30/2023
Capital Assets Not Being Depreciated				
Land	\$ -	\$ 4,000.00	\$ -	\$ 4,000.00
Total Capital Assets Not Being Depreciated	-	4,000.00	-	4,000.00
Accumulated Depreciation	-	-	-	-
Total Accumulated Depreciation	-	-	-	-
Total Net Capital Assets	\$ -	\$ 4,000.00	\$ -	\$ 4,000.00

11. FINANCING LEASES

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

<u>Financing Lease – Fine Arts Building</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2024	\$ 207,089.15
2025	207,088.83
2026	207,089.12
2027	207,089.10
2028	207,089.30
2029-2033	1,035,443.45
2034-2036	<u>621,266.81</u>
Total Net Minimum Lease Payments	2,692,155.76
Less: Imputed Interest	<u>(635,669.22)</u>
Net Present Value of Financing Lease	<u>2,056,486.54</u>
Less: Current Maturities	<u>(120,247.37)</u>
Long-Term Financing Lease Obligations	<u>\$ 1,936,239.17</u>

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

<u>Financing Lease – Equipment & Furnishings for Fine Arts Building</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2024	\$ 7,485.73
2025	7,485.72
2026	7,485.74
2027	7,485.74
2028	7,485.75
2029-2033	37,428.61
2034-2036	<u>22,457.15</u>
Total Net Minimum Lease Payments	97,314.44
Less: Imputed Interest	<u>(22,977.81)</u>
Net Present Value of Financing Lease	<u>74,336.63</u>
Less: Current Maturities	<u>(4,346.63)</u>
Long-Term Financing Lease Obligations	<u>\$ 69,990.00</u>

11. FINANCING LEASES (Continued)

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

<u>Financing Lease – John Deere Building</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2024	\$ 63,131.26
2025	66,531.26
2026	64,731.26
2027	63,381.26
2028	62,031.26
2029-2033	322,906.56
2034-2037	<u>253,906.28</u>
Total Net Minimum Lease Payments	896,619.14
Less: Imputed Interest	<u>(181,619.14)</u>
Net Present Value of Financing Lease	<u>715,000.00</u>
Less: Current Maturities	<u>(40,000.00)</u>
 Long-Term Financing Lease Obligations	 <u>\$ 675,000.00</u>

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

<u>Financing Lease – Equipment</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2024	\$ 188,012.50
2025	184,300.00
2026	<u>80,800.00</u>
Total Net Minimum Lease Payments	453,112.50
Less: Imputed Interest	<u>(13,112.50)</u>
Net Present Value of Financing Lease	<u>440,000.00</u>
Less: Current Maturities	<u>(180,000.00)</u>
 Long-Term Financing Lease Obligations	 <u>\$ 260,000.00</u>

11. FINANCING LEASES (Continued)

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

<u>Financing Lease – Greyhound Lodge</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2024	\$ 30,750.00
2025	29,937.50
2026	29,062.50
2027	28,187.50
2028	32,250.00
2029	<u>31,125.00</u>
Total Net Minimum Lease Payments	181,312.50
Less: Imputed Interest	<u>(21,312.50)</u>
Net Present Value of Financing Lease	<u>160,000.00</u>
Less: Current Maturities	<u>(25,000.00)</u>
Long-Term Financing Lease Obligations	<u>\$ 135,000.00</u>

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

<u>Financing Lease – Dorm Refinance</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2024	\$ 191,480.00
2025	193,680.00
2026	195,748.75
2027	197,582.50
2028	185,257.50
2029-2032	<u>799,032.50</u>
Total Net Minimum Lease Payments	1,762,781.25
Less: Imputed Interest	<u>(157,781.25)</u>
Net Present Value of Financing Lease	<u>1,605,000.00</u>
Less: Current Maturities	<u>(160,000.00)</u>
Long-Term Financing Lease Obligations	<u>\$ 1,445,000.00</u>

11. FINANCING LEASES (Continued)

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

<u>Financing Lease – Turf Project</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2024	\$ 153,457.50
2025	152,057.50
2026	155,657.50
2027	154,207.50
2028	152,757.50
2029-2031	<u>457,762.50</u>
Total Net Minimum Lease Payments	1,225,900.00
Less: Imputed Interest	<u>(65,900.00)</u>
Net Present Value of Financing Lease	<u>1,160,000.00</u>
Less: Current Maturities	<u>(140,000.00)</u>
Long-Term Financing Lease Obligations	<u>\$ 1,020,000.00</u>

The College entered into a finance lease agreement dated March 10, 2023, with Fort Scott Community College Foundation to purchase two semi-truck and trailers. The total cost was \$220,000.00. The lease calls for varying annual payments, including interest of 3.00% annually, maturing June 30, 2024.

<u>Financing Lease – Two Semi-Trucks & Trailers</u>	
Debt requirements are as follows:	
<u>June 30,</u>	
2024	\$ 226,600.00
Total Net Minimum Lease Payments	226,600.00
Less: Imputed Interest	<u>(6,600.00)</u>
Net Present Value of Financing Lease	<u>220,000.00</u>
Less: Current Maturities	<u>(220,000.00)</u>
Long-Term Financing Lease Obligations	<u>\$ 0.00</u>

12. LEASES

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

The College has entered into a lease agreement with Lakeland Office Systems to lease copiers. The agreements were signed at various dates and calls for rental payments ranging from \$45.00 to 1,362.53 per month with the last lease scheduled to end on April 30, 2028. This lease was capitalized at incremental borrowing rates ranging from 3.40% to 5.89%.

12. LEASES (Continued)

The College has entered into a lease agreement with Ecolab to lease a commercial dishwasher. The agreement is for 36 months, commencing November 9, 2022 and continuing through October 31, 2025, renewable annually thereafter. The agreement calls for rental payments in the amount of \$375.00 monthly. This lease was capitalized at an incremental borrowing rate of 5.95%.

The College has entered into a lease agreement with Pitney Bowes to lease a postage machine. The agreement is for 33 months, commencing July 1, 2021 and continuing through March 29, 2024. The agreement calls for rental payments in the amount of \$729.00 quarterly. This lease was capitalized at an incremental borrowing rate of 3.84%.

The College has entered into a lease agreement with Merchants Fleet to lease three fifteen passenger vans. The agreement is for 36 months, commencing September 1, 2022 and continuing through September 1, 2025. The agreement calls for rental payments in the amount of \$2,595.00 monthly. This lease was capitalized at an incremental borrowing rate of 4.51%.

The College has entered into a lease agreement with Creel Enterprises to lease a building for the Cosmetology Program. The agreement is for 36 months, commencing July 1, 2021 and continuing through June 30, 2024. The agreement calls for rental payments in the amount of \$1,800.00 monthly. This lease was capitalized at an incremental borrowing rate of 7.11%.

The College has entered into a lease agreement with Masters Leasing and Rentals to lease a 2019 Freightliner. The agreement is for 37 months, commencing July 1, 2021 and continuing through July 15, 2024. The agreement calls for rental payments in the amount of \$3,399.00 monthly. This lease was capitalized at an incremental borrowing rate of 3.46%.

The College has entered into a lease agreement with the City of Frontenac, Kansas to lease a building for the Harley Davidson Technology Program. The agreement is for 48 months, commencing July 1, 2021 and continuing through June 30, 2025. The agreement calls for rental payments in the amount of \$6,300.00 monthly. This lease was capitalized at an incremental borrowing rate of 3.11%.

The College has entered into a lease agreement with MPH Development, LLC to lease a building in Paola, Kansas to hold courses. The agreement is for 96 months, commencing July 1, 2021 and continuing through June 30, 2029. The agreement calls for rental payments in the amount of \$8,888.00 monthly. This lease was capitalized at an incremental borrowing rate of 3.16%.

The College has entered into a lease agreement with Ron Query, d/b/a Sycamore Grove Apartments to lease apartments in Fort Scott, Kansas to house students. The agreement is for 12 months, with an automatic renewal of twelve month periods, the College anticipates continuing the lease through June 30, 2024. The agreement calls for rental payments in the amount of \$10,730.00 monthly. This lease was capitalized at an incremental borrowing rate of 3.47%.

12. LEASES (Continued)

Lease Expense:

Amortization expense by class of underlying asset:	
Copy Machines	\$ 20,094.42
Building	307,551.36
Vehicles	64,777.80
Postage Machine	2,867.76
Equipment	<u>2,754.88</u>
Total Amortization Expense	398,046.22
Interest on Lease Liability	<u>40,783.19</u>
Total Lease Expense	<u>\$ 438,829.41</u>

Lease Assets:

	Beginning	Additions	Subtractions	Ending
Copy Machine	\$ 53,772.13	\$ 50,529.98	\$ 0.00	\$ 104,302.11
Building	1,465,745.38	0.00	0.00	1,465,745.38
Postage Machine	7,647.28	0.00	0.00	7,647.28
Vehicles	119,467.73	89,838.57	0.00	209,306.30
Equipment	<u>0.00</u>	<u>12,396.98</u>	<u>0.00</u>	<u>12,396.98</u>
	1,646,632.52	152,765.53	0.00	1,799,398.05
<i>Less Accumulated Amortization</i>				
Copy Machine	(18,063.48)	(20,094.42)	0.00	(38,157.90)
Building	(307,551.36)	(307,551.36)	0.00	(615,102.72)
Postage Machine	(2,867.76)	(2,867.76)	0.00	(5,735.52)
Vehicles	(39,822.60)	(64,777.80)	0.00	(104,600.40)
Equipment	<u>0.00</u>	<u>(2,754.88)</u>	<u>0.00</u>	<u>(2,754.88)</u>
	(368,305.20)	(398,046.22)	0.00	(766,351.42)
<i>Total Lease Asset, Net</i>	<u>\$1,278,327.32</u>	<u>\$ (245,280.69)</u>	<u>\$ 0.00</u>	<u>\$1,033,046.63</u>

	Beginning	Additions	Subtractions	Ending
<i>Lease Liabilities</i>	<u>\$1,297,399.15</u>	<u>\$ 148,873.43</u>	<u>\$ (380,910.29)</u>	<u>\$1,065,362.29</u>

Future Maturity Analysis:

	Principal	Interest	Total Payments
2024	\$ 409,420.63	\$ 30,579.84	\$ 440,000.47
2025	216,184.18	18,892.46	235,076.64
2026	115,095.71	12,807.83	127,903.54
2027	109,180.70	9,073.30	118,254.00
2028	110,628.41	5,295.09	115,923.50
2029-2033	<u>104,852.66</u>	<u>1,803.34</u>	<u>106,656.00</u>
Totals	<u>\$ 1,065,362.29</u>	<u>\$ 78,451.86</u>	<u>\$1,143,814.15</u>

13. SUBSCRIPTION-BASED INFORMATION TECHNOLOGY ARRANGEMENTS

The College implemented Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. The College has three software arrangements that require recognition under GASB No. 96. The software amortization expense is included on the Statement of Revenues, Expenses and Changes in Fund Net Position related to the College’s intangible asset of ten software systems. The College now recognizes a subscription-based information technology arrangements (SBITA) liability and an intangible right-to-use asset for various software agreements ranging from 2 years to 3 years with imputed interest from 2.84% to 4.61%.

SBITA Expense:

Amortization expense by class of underlying asset:	
SBITA – GASB 96	\$ 25,116.50
Interest on SBITA Liability	<u>1,838.01</u>
Total SBITA Expense	<u>\$ 26,954.51</u>

SBITA Assets:

	Beginning	Additions	Subtractions	Ending
SBITA – GASB 96	\$ 15,084.86	\$ 66,549.01	\$ 0.00	\$ 81,633.87
Less Accumulated Amortization				
SBITA – GASB 96	<u>0.00</u>	<u>(25,116.50)</u>	<u>0.00</u>	<u>(25,116.50)</u>
Net SBITA Assets	<u>\$ 15,084.86</u>	<u>\$ 41,432.51</u>	<u>\$ 0.00</u>	<u>\$ 56,517.37</u>

	Beginning	Additions	Reductions	Ending
<i>SBITA Liabilities:</i>	<u>\$ 15,084.86</u>	<u>\$ 63,686.76</u>	<u>\$ (27,596.89)</u>	<u>\$ 51,174.73</u>

Future Maturity Analysis:

	Principal	Interest	Total Payments
2024	\$ 28,936.48	\$ 2,025.01	\$ 30,961.49
2025	<u>22,238.25</u>	<u>974.00</u>	<u>23,212.25</u>
Totals	<u>\$ 51,174.73</u>	<u>\$ 2,999.01</u>	<u>\$ 54,173.74</u>

14. LONG-TERM LIABILITY ACTIVITY

Primary Institution:

Following are the changes in long-term liability activity for the year ended June 30, 2023:

	Balance 06/30/2022	Additions	Reductions	Balance 06/30/2023	Amount Due within One Year
Accrued Vacation	\$ 173,543.46	\$ -	\$ (7,020.29) *	\$ 166,523.17	\$ 111,295.28
Lease Liability	1,297,399.15	148,873.43	(380,910.29)	1,065,362.29	409,420.63
Subscription Liability	15,084.86	63,686.76	(27,596.89)	51,174.73	28,936.48
Financing Lease Payable	6,870,112.00	220,000.00	(659,288.83)	6,430,823.17	889,594.00
	<u>\$ 8,356,139.47</u>	<u>\$ 432,560.19</u>	<u>\$ (1,074,816.30)</u>	<u>\$ 7,713,883.36</u>	<u>\$ 1,439,246.39</u>

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

15. RESTRICTED NET POSITION - EXPENDABLE

Component Unit:

Restricted Net Position – Expendable consists of the following donations received and restricted to use at June 30, 2023 of \$1,625,492.29.

16. RESTRICTED NET POSITION - NONEXPENDABLE

Component Unit:

Changes in endowments as of June 30, 2023 are as follows:

	<u>Nonexpendable</u>
Restricted Net Position, Beginning of Year	\$ 4,207,918.78
Contributions	<u>44,015.68</u>
Restricted Net Position, End of Year	<u>\$ 4,251,934.46</u>

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

17. OTHER POST EMPLOYMENT BENEFITS

Description of Pension Plan

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

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

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

Contributions

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

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

17. OTHER POST EMPLOYMENT BENEFITS (Continued)

The actuarially determined employer contribution rates and the statutory contribution rates for school employees are 14.09% and 13.33%, respectively. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members.

Employer and Nonemployer Allocations

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

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

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, 2022, the proportion recognized by the State of Kansas on behalf of the College was .133365%, which was an decrease of .000603% from the proportion measured at June 30, 2021.

Net Pension Liability

At June 30, 2022, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was \$735,334.00.

Actuarial Assumptions

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

Wage inflation	2.75%
Salary increases, including wage increases	3.50 to 12.00%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.00%

17. OTHER POST EMPLOYMENT BENEFITS (Continued)

Mortality rates were based on the RP-2014 Mortality Tables, with setback and age set forward as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

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

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
US Equities	23.50%	5.20%
Non-US Equities	23.50	6.50
Private Equities	8.00	9.50
Private Real Estate	11.00	4.45
Yield Driven	8.00	4.70
Real Return	11.00	3.25
Fixed Income	11.00	1.55
Short-term investments	4.00	0.25
Total	100.00%	

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

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

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for Fiscal Year 2015 of 11.27 percent was reduced to 8.65 percent for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the Pension Plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.

17. OTHER POST EMPLOYMENT BENEFITS (Continued)

In addition, 2017 Senate Sub for Sub HB 2052 delayed \$64.1 million in Fiscal Year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first payment of \$6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made at the statutory contribution rate of 12.01 percent for the State/School group. Additional legislation in the 2017 Session (Senate Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as receivables by the Pension Plan. The 2018 Legislature passed House Sub for Sen Bill 109, which directed on-behalf payments of \$56 million in Fiscal Year 2018 and \$82 million in Fiscal Year 2019. The 2019 Legislative session passed Senate Bill 9 which provided additional contributions to the KPERS School Group of \$115 million in Fiscal Year 2019. House Sub for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School group in Fiscal Year 2020 of \$51 million.

The 2021 Legislature passed House Bill 2405, which authorizes the state of Kansas to issue bonds with net proceeds of \$500 million to fund a portion of the School Group's unfunded actuarial liability, assuming certain criteria are met. As a result, the State/School contribution rate was recertified for Fiscal Years 2022 and 2023, lowering them respectively to 13.33 and 13.11 percent. The bond proceeds were received on August 26, 2021, and were reflected in the projected cash flows.

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

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

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

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 \$979,960.75.

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

17. OTHER POST EMPLOYMENT BENEFITS (Continued)

Early Retiree Health Insurance:

Plan Description: The College sponsors Medical and Dental insurance to qualifying retirees and their dependents. Coverage is provided through fully-insured contracts that collectively operate as a single-employer defined benefit plan. Qualifying retirees are those employees who are eligible for immediate retirement benefits under the Kansas Public Employees Retirement System and retire prior to age 65. Retirees and spouses may continue coverage with the College until their Medicare eligibility (i.e. age 65). Participants are required to contribute 100% of group insurance premiums to maintain coverage. Age-adjusted costs may exceed group insurance premiums thus creating an age-subsidy or benefit that forms the basis for the valuation. The plan is identifiable as a single-employer plan. There are 130 total active employees and 1 retiree who are participating in the plan as of January 1, 2023, the census date used for the actuarial valuation.

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

Total OPEB Liability: The College’s total OPEB liability of \$144,518.00 was measured as of June 30, 2023, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Valuation Date	January 1, 2023
Measurement Date (End of Year)	June 30, 2023
Reporting Date	June 30, 2023
Discount Rate	4.0% (Measurement Date) 3.9% (Year Preceding Measurement Date)
Salary Scale	1.5%
Actuarial Cost Method	Entry Age – Level Percent-of-Pay
Health Care Cost Trend Rates	7.50% decreasing 0.50% per year until 2026 when the rate changes to decreasing by 0.25% reaching an ultimate trend rate of 4.5%

17. OTHER POST EMPLOYMENT BENEFITS (Continued)

The average of the S&P Municipal Bond 20 Year High Grade and Fidelity GO AA-20 Year published yields was evaluated to determine the discount rate. The selected rates are 3.9% (beginning-of-year measurement) and 4.0% (end-of-year measurement).

The assumed mortality was the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

Annual OPEB cost and net OPEB obligation:

Net OPEB Liability	
I. Total OPEB Liability	\$ 144,518.00
II. Plan Fiduciary Net Position (Trust Assets)	<u>0.00</u>
III. Net OPEB Liability at June 30, 2023 (I minus II)	<u>\$ 144,518.00</u>
OPEB Liability Changes	
Total OPEB Liability – Beginning of Year	\$ 137,427.00
1. Service Cost	11,830.00
2. Interest Cost	5,646.00
3. Changes in Benefit Terms	0.00
4. Differences between actual and expected experience	0.00
5. Changes in assumptions and inputs	(1,385.00)
6. Employer Contributions (Benefit Payments)	<u>9,000.00</u>
Net Changes (1 + 2 + 3 + 4 + 5 – 6)	<u>7,091.00</u>
Total OPEB Liability – End of Year	<u>\$ 144,518.00</u>
OPEB Expense – Fiscal Year 2022-23	
1. Service Cost	\$ 11,830.00
2. Interest on Total OPEB Liability	5,646.00
3. Differences between expected and actual experience	0.00
4. Changes of assumptions and inputs	0.00
5. Changes in Benefit Terms	(92.00)
6. Projected earnings on OPEB plan investments	0.00
7. Differences between projected & actual earnings on OPEB investments	<u>0.00</u>
OPEB Expense (1 + 2 + 3 + 4 + 5 - 6+7)	<u>\$ 17,384.00</u>
OPEB Liability as a percentage of payroll	
Total OPEB Liability	\$ 831,256
Payroll *	5,667,531
Percent of Payroll	14.67%

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

17. OTHER POST EMPLOYMENT BENEFITS (Continued)

Sensitivity of Total OPEB Liability to changes in the Discount Rate

	1% Decrease 3.0%	Current Single Discount Rate Assumption 4.0%	1% Increase 5.0%
Total OPEB Liability	159,294.00	144,518.00	131,165.00
Increase/(Decrease) from Baseline	14,776.00	0.00	(13,353.00)

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

	1% Decrease	Current Trend Assumption	1% Increase
Total OPEB Liability	125,970.00	144,518.00	166,771.00
Increase/(Decrease) from Baseline	(18,548.00)	0.00	22,253.00

Deferred Outflows and Inflows of Resources: The accumulated amount of Deferred Outflows and Inflows of Resources as of June 30, 2023 are shown below.

Category	Deferred Outflows of Resources	Deferred Inflow of Resources
Differences between expected and actual experience	0.00	0.00
Changes in Assumptions	0.00	1,293.00
Contributions Subsequent to Measurement Date (1)	0.00	0.00

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

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

Fiscal Year Ending	Amount
2024	\$ (92.00)
2025	(92.00)
2026	(92.00)
2027	(92.00)
2028	(92.00)
2029 & Thereafter	(833.00)

Average Expected Remaining Service Life: 14.05 years

18. COMPENSATED ABSENCES

Employees accrued 80 hours of vacation time each year, earning 1/12th of the accrual each month. No vacation leave is earned during a month when an employee is on “leave without pay” any time during that same month. Administrative staff, directors, and employees of five years or more accrue 120 hours of vacation yearly, earning 1/12th of the accrual each month. An employee can carry over the amount accrued within a year to the following year; however, amounts exceeding the annual accrual total will be forfeited after August 1. Faculty, coaching staff, and part-time employees are excluded from vacation accruals.

Full time contracted employees accrue 80 hours of paid sick leave annually for illness of themselves or serious illness or death in the immediate family. Sick leave may be carried over to a maximum total of 960 hours. Any amount in excess of 960 hours will be lost on August 1. Employees are not paid for accumulated sick leave upon termination.

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 accrued a liability for vacation and not recorded a liability for sick leave which has been earned, but not taken, inasmuch as the amount cannot be reasonably.

19. RISK MANAGEMENT

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

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

20. CONCENTRATION OF RISK

Component Unit:

70.30% of the Foundation’s monies are invested in equities in the stock market. The effect in the future on the Foundation’s equity portfolio is unknown and is subject to market economic conditions.

21. CONTINGENT LIABILITIES

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

22. NON CASH CONTRIBUTIONS

Component Unit:

The Foundation receives non cash contributions from Fort Scott Community College in the form of services and materials. Amounts contributed have been shown in contributions and reflected in the management and general expense in the amount of \$156,672.73 for contributions of time, supplies, and space that Fort Scott Community College pays on the Foundation's behalf and qualifies under generally accepted accounting principles (GAAP) for the year ended June 30, 2023. The Foundation has also received non cash items for the annual auction of \$1,875.00 that has been shown as contributions and reflected in fundraising expense in the financial statements for the year ended June 30, 2023. The Foundation also received a donation of classroom supplies of \$6,126.28 that has been shown as contributions and reflected in other college programs in the financial statements. The Foundation has also received the contribution of land valued at \$4,000.00 that has been shown as a contribution and capitalized as an asset in the financial statements.

23. RELATED PARTY TRANSACTIONS

The Foundation was formed to promote and foster the educational purposes of the Fort Scott Community College, and to create a fund to be used for any program, project, or enterprise undertaken in the interest of the College. The Foundation acts largely as a fund raising organization, soliciting, receiving, managing and disbursing contributions on behalf of the College. Most of the contributions received are designated by the donors to be used for specific purposes or by specific departments. In these instances, the Foundation serves essentially as a conduit. Contributions that are not designated are used where the need is considered greatest, as determined by the Foundation's board of directors. The Foundation disbursed to the College for scholarships for the year ended June 30, 2023, \$205,669.38. The Foundation disbursed \$829,246.36 for College projects and programs for the year ended June 30, 2023, \$4,709,556.38. The College disbursed on behalf of the Foundation donated services and facilities for the year ended June 30, 2023, \$99,463.00.

In addition, as described in Note 8, the Foundation has entered into financing lease agreement with Fort Scott Community College.

24. INTERFUND TRANSFERS

Operating transfers were as follows:

<u>From Fund:</u>	<u>To Fund:</u>	<u>Reason</u>	<u>Amount</u>
Postsecondary Technical Education	General	Overhead	\$ 520,000.00
General	Adult Education	Operating	17,250.00
Truck Driver Training	General	Residual	1,939.00
Postsecondary Technical Education	Capital Outlay	Improvements	128,547.18
Auxiliary Enterprise Bookstore	Capital Outlay	Improvements	24,541.01
Auxiliary Enterprise Dormitories	Capital Outlay	Improvements	95,669.94
Auxiliary Enterprise Foodservice	Capital Outlay	Improvements	114,963.12

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

25. PRIOR PERIOD ADJUSTMENT

During the year ended June 30, 2023, the College completed a reconciliation of all statement of net position general ledger accounts and determined a prior period adjustments would be required. The College has restated beginning net position to implement all changes below:

Beginning net assets have been restated as follows:

Net Position, Beginning of the Year, As Reported	\$ 13,557,682.60
Petty Cash	1,395.72
Change in Accounts Receivable	(87,426.03)
Record Allowance for Uncollectible Student A/R	(775,276.29)
Inventory Change from Retail to Cost	(83,950.50)
Accrued Vacation	20,628.54
Record Accrued Interest	(50,432.46)
Reclassification from Agency Fund to College	(2,167.00)
Change in Accounts Payable	25,006.72
Record Grant Advance	(726,219.00)
Record GASB 87 Lease Changes	(22,744.42)
Record GASB 75 Net Pension Liability	<u>(137,427.00)</u>
Net Assets, Beginning of the Year, As Restated	<u>\$ 11,719,070.88</u>

25. PRIOR PERIOD ADJUSTMENT (Continued)

Component Unit:

During the fiscal year ended June 30, 2023, it was discovered that the liability for assets held for other in charitable remainder trust (CRT) had not been annually revalued as the donor aged. Upon investigation this led to a prior period adjustment to change the amounts due to the owner due to the amount being negative or a receivable from the donor at June 30, 2022. The new liability amount was calculated by using a 6.20% present value rate and an annuity factor based on age from the IRS Table S (2000 CM) and an adjustment of time factor from IRS publication 1457, Table K. As a result the beginning net assets were decreased by \$662,394.21 to properly reflect the future payments to the donors.

Net Assets, As Reported	\$ 7,088,590.79
Booster Club Payable Written off	64,645.25
Increase in CRT Liability	<u>(662,394.21)</u>
Net Assets, As Restated	<u>\$ 6,490,841.83</u>

The retrospective application of the change increased amortization of the payments by \$14,489.74 for the year ended June 30, 2022.

26. SUBSEQUENT EVENTS

The College evaluated events and transactions occurring subsequent to June 30, 2023, there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

**REQUIRED
SUPPLEMENTARY INFORMATION**

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas

Schedule of Funding Progress

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

	<u>06/30/2023</u>
OPEB Liability Changes	
Total OPEB Liability - Beginning of Year	\$ 137,427
1. Service Cost	11,830
2. Interest Cost	5,646
3. Changes in Benefit Terms	-
4. Difference between actual and expected experience	-
5. Changes in assumptions and inputs	(1,385)
6. Employer Contributions (Benefit Payments)	9,000
Net Changes (1+2+3+4+5-6)	<u>7,091</u>
Total OPEB Liability - End of Year	<u><u>\$ 144,518</u></u>

OPEB Liability as a percentage of payroll

Total OPEB Liability	\$ 144,548
Payroll	* 5,701,855
Percent of Payroll	2.5%

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

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION:

Funding policy: Costs under the College's group insurance program are paid from general operating assets on a pay-as-you-go basis, not assets are accumulated to pay related benefits.

Changes in Assumptions: Changes in assumptions or other inputs reflect a change in the discount rate from 3.90% (beginning-of-year measurement) to 4.00% (end-of-year measurement).

SUPPLEMENTARY INFORMATION

FORT SCOTT COMMUNITY COLLEGE
 Fort Scott, Kansas
 Combining Schedule of Net Position
 June 30, 2023

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	TRUCK DRIVER TRAINING
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 734,418.68	\$ 133,237.95	\$ -	\$ -
Receivables - Taxes in Process	179,819.00	-	-	-
Receivables - Grants	-	-	-	-
Receivables - Other Receivables	134,370.37	76,279.61	-	-
Bookstore Inventory	-	-	-	-
Total Current Assets	<u>1,048,608.05</u>	<u>209,517.56</u>	<u>-</u>	<u>-</u>
Noncurrent Assets				
Cash and Cash Equivalents	-	-	-	-
Receivables - Taxes in Process	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-
Lease Assets, Net of Accumulated Amortization	-	-	-	-
Subscription Assets, Net of Accumulated Amortization	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>1,048,608.05</u>	<u>209,517.56</u>	<u>-</u>	<u>-</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
LIABILITIES				
Current Liabilities				
Accounts Payable	283,584.59	65,978.49	-	-
Accrued Wages	30,736.62	42,623.44	-	-
Accrued Interest	3,740.42	1,927.61	-	-
Accrued Interest, Lease Liabilities	-	-	-	-
Deferred Revenue	179,819.00	-	-	-
Grant Advance	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-
Accrued Vacation, Due Within One Year	89,169.26	18,824.09	-	-
Lease Liabilities, Due Within One Year	-	-	-	-
Subscription Liabilities, Due Within One Year	-	-	-	-
Financing Leases Payable, Due Within One Year	-	-	-	-
Total Current Liabilities	<u>587,049.89</u>	<u>129,353.63</u>	<u>-</u>	<u>-</u>
Noncurrent Liabilities				
Lease Liabilities	-	-	-	-
Subscription Liabilities	-	-	-	-
Financing Leases Payable	-	-	-	-
Accrued Vacation	42,826.45	10,937.67	-	-
OPEB Obligations	144,518.00	-	-	-
Total Noncurrent Liabilities	<u>187,344.45</u>	<u>10,937.67</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>774,394.34</u>	<u>140,291.30</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Deferred Inflows	<u>1,293.00</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET POSITION				
Investment in Capital Assets, Net of Related Debt	-	-	-	-
Restricted for:				
Unrestricted	272,920.71	69,226.26	-	-
TOTAL NET POSITION	<u>\$ 272,920.71</u>	<u>\$ 69,226.26</u>	<u>\$ -</u>	<u>\$ -</u>

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas
Combining Schedule of Net Position
June 30, 2023

	AUXILIARY ENTERPRISE BOOKSTORE	AUXILIARY ENTERPRISE DORMITORIES	AUXILIARY ENTERPRISE FOODSERVICE	FEDERAL STUDENT GRANTS
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 13,027.94	\$ 347,463.65	\$ (130,621.47)	\$ (2,692.63)
Receivables - Taxes in Process	-	-	-	-
Receivables - Grants	-	-	-	48,264.00
Receivables - Other Receivables	13,554.93	52,066.23	56,097.63	-
Bookstore Inventory	256,065.56	-	-	-
Total Current Assets	<u>282,648.43</u>	<u>399,529.88</u>	<u>(74,523.84)</u>	<u>45,571.37</u>
Noncurrent Assets				
Cash and Cash Equivalents	-	-	-	-
Receivables - Taxes in Process	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-
Lease Assets, Net of Accumulated Amortization	-	-	-	-
Subscription Assets, Net of Accumulated Amortization	-	-	-	-
Total Noncurrent Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ASSETS	<u>282,648.43</u>	<u>399,529.88</u>	<u>(74,523.84)</u>	<u>45,571.37</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	-	-	-	-
LIABILITIES				
Current Liabilities				
Accounts Payable	2,115.59	9,495.12	17,491.82	51,021.51
Accrued Wages	-	-	-	-
Accrued Interest	-	14,366.67	-	-
Accrued Interest, Lease Liabilities	-	-	-	-
Deferred Revenue	-	33,305.00	-	-
Grant Advance	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-
Accrued Vacation, Due Within One Year	1,573.08	1,728.85	-	-
Lease Liabilities, Due Within One Year	-	-	-	-
Subscription Liabilities, Due Within One Year	-	-	-	-
Financing Leases Payable, Due Within One Year	-	-	-	-
Total Current Liabilities	<u>3,688.67</u>	<u>58,895.64</u>	<u>17,491.82</u>	<u>51,021.51</u>
Noncurrent Liabilities				
Lease Liabilities	-	-	-	-
Subscription Liabilities	-	-	-	-
Financing Leases Payable	-	-	-	-
Accrued Vacation	167.14	1,296.63	-	-
OPEB Obligations	-	-	-	-
Total Noncurrent Liabilities	<u>167.14</u>	<u>1,296.63</u>	<u>-</u>	<u>-</u>
TOTAL LIABILITIES	<u>3,855.81</u>	<u>60,192.27</u>	<u>17,491.82</u>	<u>51,021.51</u>
DEFERRED INFLOWS OF RESOURCES				
Pension Related Deferred Inflows	-	-	-	-
NET POSITION				
Investment in Capital Assets, Net of Related Debt	-	-	-	-
Restricted for:				
Unrestricted	278,792.62	339,337.61	(92,015.66)	(5,450.14)
TOTAL NET POSITION	<u>\$ 278,792.62</u>	<u>\$ 339,337.61</u>	<u>\$ (92,015.66)</u>	<u>\$ (5,450.14)</u>

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas
Combining Schedule of Net Position
June 30, 2023

	HEP GRANT	CARES GRANT	TITLE IV GRANT	PASS
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ (5,765.68)	\$ 120,000.00	\$ (1,573.14)	\$ 236,488.62
Receivables - Taxes in Process	-	-	-	-
Receivables - Grants	30,877.22	-	4,250.34	-
Receivables - Other Receivables	-	-	-	31,967.63
Bookstore Inventory	-	-	-	-
Total Current Assets	25,111.54	120,000.00	2,677.20	268,456.25
Noncurrent Assets				
Cash and Cash Equivalents	-	-	-	-
Receivables - Taxes in Process	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	-
Lease Assets, Net of Accumulated Amortization	-	-	-	-
Subscription Assets, Net of Accumulated Amortization	-	-	-	-
Total Noncurrent Assets	-	-	-	-
TOTAL ASSETS	25,111.54	120,000.00	2,677.20	268,456.25
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	-	-	-	-
LIABILITIES				
Current Liabilities				
Accounts Payable	25,365.29	120,000.00	2,677.20	479.60
Accrued Wages	-	-	-	-
Accrued Interest	-	-	-	-
Accrued Interest, Lease Liabilities	-	-	-	-
Deferred Revenue	-	-	-	-
Grant Advance	-	-	-	-
Deposits Held in Custody for Others	-	-	-	-
Accrued Vacation, Due Within One Year	-	-	-	-
Lease Liabilities, Due Within One Year	-	-	-	-
Subscription Liabilities, Due Within One Year	-	-	-	-
Financing Leases Payable, Due Within One Year	-	-	-	-
Total Current Liabilities	25,365.29	120,000.00	2,677.20	479.60
Noncurrent Liabilities				
Lease Liabilities	-	-	-	-
Subscription Liabilities	-	-	-	-
Financing Leases Payable	-	-	-	-
Accrued Vacation	-	-	-	-
OPEB Obligations	-	-	-	-
Total Noncurrent Liabilities	-	-	-	-
TOTAL LIABILITIES	25,365.29	120,000.00	2,677.20	479.60
DEFERRED INFLOWS OF RESOURCES				
Pension Related Deferred Inflows	-	-	-	-
NET POSITION				
Investment in Capital Assets, Net of Related Debt	-	-	-	-
Restricted for:				
Unrestricted	(253.75)	-	-	267,976.65
TOTAL NET POSITION	\$ (253.75)	\$ -	\$ -	\$ 267,976.65

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas
Combining Schedule of Net Position
June 30, 2023

	GRANTS	MIGRANT EDUCATION GRANT	CAPITAL OUTLAY	INVESTMENT IN PLANT
ASSETS				
Current Assets				
Cash and Cash Equivalents	\$ 54,269.85	\$ 251,784.96	\$ -	\$ -
Receivables - Taxes in Process	-	-	-	-
Receivables - Grants	-	310,056.96	-	-
Receivables - Other Receivables	-	18,090.81	-	-
Bookstore Inventory	-	-	-	-
Total Current Assets	54,269.85	579,932.73	-	-
Noncurrent Assets				
Cash and Cash Equivalents	-	-	(686,817.20)	-
Receivables - Taxes in Process	-	-	-	-
Capital Assets, Net of Accumulated Depreciation	-	-	-	18,193,399.85
Lease Assets, Net of Accumulated Amortization	-	-	-	1,033,046.63
Subscription Assets, Net of Accumulated Amortization	-	-	-	56,517.37
Total Noncurrent Assets	-	-	(686,817.20)	19,282,963.85
TOTAL ASSETS	54,269.85	579,932.73	(686,817.20)	19,282,963.85
DEFERRED OUTFLOWS OF RESOURCES				
Pension Related Deferred Outflows	-	-	-	-
LIABILITIES				
Current Liabilities				
Accounts Payable	4,652.59	178,810.44	79,160.00	-
Accrued Wages	-	-	-	-
Accrued Interest	-	-	27,034.82	-
Accrued Interest, Lease Liabilities	-	-	-	3,124.87
Deferred Revenue	-	-	-	-
Grant Advance	-	401,122.29	-	-
Deposits Held in Custody for Others	-	-	-	-
Accrued Vacation, Due Within One Year	-	-	-	-
Lease Liabilities, Due Within One Year	-	-	-	409,420.63
Subscription Liabilities, Due Within One Year	-	-	-	28,936.48
Financing Leases Payable, Due Within One Year	-	-	-	889,594.00
Total Current Liabilities	4,652.59	579,932.73	106,194.82	1,331,075.98
Noncurrent Liabilities				
Lease Liabilities	-	-	-	655,941.66
Subscription Liabilities	-	-	-	22,238.25
Financing Leases Payable	-	-	-	5,541,229.17
Accrued Vacation	-	-	-	-
OPEB Obligations	-	-	-	-
Total Noncurrent Liabilities	-	-	-	6,219,409.08
TOTAL LIABILITIES	4,652.59	579,932.73	106,194.82	7,550,485.06
DEFERRED INFLOWS OF RESOURCES				
Pension Related Deferred Inflows	-	-	-	-
NET POSITION				
Investment in Capital Assets, Net of Related Debt	-	-	-	11,732,478.79
Restricted for:				
Unrestricted	49,617.26	-	(793,012.02)	-
TOTAL NET POSITION	\$ 49,617.26	\$ -	\$ (793,012.02)	\$ 11,732,478.79

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas
Combining Schedule of Net Position
June 30, 2023

	AGENCY FUNDS	TOTALS - PRIMARY INSTITUTION
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ (152,338.42)	\$ 1,597,700.31
Receivables - Taxes in Process	-	179,819.00
Receivables - Grants	-	393,448.52
Receivables - Other Receivables	147,911.48	530,338.69
Bookstore Inventory	-	256,065.56
Total Current Assets	<u>(4,426.94)</u>	<u>2,957,372.08</u>
Noncurrent Assets		
Cash and Cash Equivalents	-	(686,817.20)
Receivables - Taxes in Process	-	-
Capital Assets, Net of Accumulated Depreciation	-	18,193,399.85
Lease Assets, Net of Accumulated Amortization	-	1,033,046.63
Subscription Assets, Net of Accumulated Amortization	-	56,517.37
Total Noncurrent Assets	<u>-</u>	<u>18,596,146.65</u>
TOTAL ASSETS	<u>(4,426.94)</u>	<u>21,553,518.73</u>
DEFERRED OUTFLOWS OF RESOURCES		
Pension Related Deferred Outflows	<u>-</u>	<u>-</u>
LIABILITIES		
Current Liabilities		
Accounts Payable	63,790.41	904,622.65
Accrued Wages	-	73,360.06
Accrued Interest	-	47,069.52
Accrued Interest, Lease Liabilities	-	3,124.87
Deferred Revenue	-	213,124.00
Grant Advance	-	401,122.29
Deposits Held in Custody for Others	(68,217.35)	(68,217.35)
Accrued Vacation, Due Within One Year	-	111,295.28
Lease Liabilities, Due Within One Year	-	409,420.63
Subscription Liabilities, Due Within One Year	-	28,936.48
Financing Leases Payable, Due Within One Year	-	889,594.00
Total Current Liabilities	<u>(4,426.94)</u>	<u>3,013,452.43</u>
Noncurrent Liabilities		
Lease Liabilities	-	655,941.66
Subscription Liabilities	-	22,238.25
Financing Leases Payable	-	5,541,229.17
Accrued Vacation	-	55,227.89
OPEB Obligations	-	144,518.00
Total Noncurrent Liabilities	<u>-</u>	<u>6,419,154.97</u>
TOTAL LIABILITIES	<u>(4,426.94)</u>	<u>9,432,607.40</u>
DEFERRED INFLOWS OF RESOURCES		
Pension Related Deferred Inflows	<u>-</u>	<u>1,293.00</u>
NET POSITION		
Investment in Capital Assets, Net of Related Debt	-	11,732,478.79
Restricted for:		
Unrestricted	-	387,139.54
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 12,119,618.33</u>

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas

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

For the Year Ended June 30, 2023

	GENERAL	POSTSECONDARY TECHNICAL EDUCATION	ADULT EDUCATION	TRUCK DRIVER TRAINING	AUXILIARY ENTERPRISE BOOKSTORE	AUXILIARY ENTERPRISE DORMITORIES	AUXILIARY ENTERPRISE FOODSERVICE
REVENUES							
Operating Revenues							
Student Tuition and Fees	\$ 1,673,763.72	\$ 679,842.03	\$ -	\$ -	\$ -	\$ 920,842.37	\$ -
Federal Grants and Contracts	-	-	-	-	-	-	-
State Grants and Contracts	998,587.25	-	-	-	-	-	-
Charges for Services	-	46,975.02	-	-	-	-	-
Sales and Services of Auxiliary Enterprises	-	-	-	-	136,897.99	-	501,305.40
Miscellaneous Income	376,654.33	11,503.62	-	-	-	14,679.60	2,271.41
Total Operating Revenues	<u>3,049,005.30</u>	<u>738,320.67</u>	<u>-</u>	<u>-</u>	<u>136,897.99</u>	<u>935,521.97</u>	<u>503,576.81</u>
EXPENSES							
Operating Expenses							
Educational and General							
Instruction	1,376,276.33	2,761,252.31	17,250.00	-	-	-	-
Public Support	2,392.98	35,840.56	-	-	-	-	-
Academic Support	417,866.74	43,043.86	-	-	-	-	-
Student Services	2,738,025.09	-	-	-	-	-	-
Institutional Support	2,970,654.49	-	-	-	-	-	-
Operation and Maintenance	1,502,830.70	11,165.85	-	-	-	-	-
Scholarships and Awards	66,663.08	-	-	-	-	-	-
Auxiliary Enterprises	-	-	-	-	271,589.17	485,108.23	579,592.79
Lease Expense	225,881.22	97,200.00	-	-	-	128,760.00	4,214.80
Subscription Expense	31,461.49	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-
Total Operating Expenses	<u>9,332,052.12</u>	<u>2,948,502.58</u>	<u>17,250.00</u>	<u>-</u>	<u>271,589.17</u>	<u>613,868.23</u>	<u>583,807.59</u>
Operating Income (Loss)	<u>(6,283,046.82)</u>	<u>(2,210,181.91)</u>	<u>(17,250.00)</u>	<u>-</u>	<u>(134,691.18)</u>	<u>321,653.74</u>	<u>(80,230.78)</u>
Nonoperating Revenues (Expenses)							
State Appropriations	1,935,369.00	2,319,341.00	-	-	-	-	-
County Appropriations	3,835,712.92	-	-	-	-	-	-
Pell Grants	-	-	-	-	-	-	-
Gifts and Contributions	-	-	-	-	-	-	-
Interest Income	103.67	-	-	-	-	32.89	-
Gain (Loss) on Sale of Asset	-	-	-	-	-	-	-
Debt Service	(345,383.44)	(66,187.93)	-	-	-	(230,960.42)	-
Operating Transfers	<u>504,689.00</u>	<u>(648,547.18)</u>	<u>17,250.00</u>	<u>(1,939.00)</u>	<u>(24,541.01)</u>	<u>(95,669.94)</u>	<u>(114,963.12)</u>
Increase (Decrease) in Net Position	(352,555.67)	(605,576.02)	-	(1,939.00)	(159,232.19)	(4,943.73)	(195,193.90)
Net Position - Beginning of Year	<u>625,476.38</u>	<u>674,802.28</u>	<u>-</u>	<u>1,939.00</u>	<u>438,024.81</u>	<u>344,281.34</u>	<u>103,178.24</u>
Net Position - End of Year	<u>\$ 272,920.71</u>	<u>\$ 69,226.26</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 278,792.62</u>	<u>\$ 339,337.61</u>	<u>\$ (92,015.66)</u>

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	CAPITAL OUTLAY	FEDERAL STUDENT GRANTS	HEP GRANT	CARES GRANT	TITLE IV GRANT	PASS	GRANTS
REVENUES							
Operating Revenues							
Student Tuition and Fees	\$ 355,786.03	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Grants and Contracts	-	1,270,318.94	912,381.82	1,675,783.84	267,910.38	-	616,656.50
State Grants and Contracts	-	-	-	-	-	-	-
Charges for Services	-	-	-	-	-	-	-
Sales and Services of Auxiliary Enterprises	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	261,346.64	-
Total Operating Revenues	<u>355,786.03</u>	<u>1,270,318.94</u>	<u>912,381.82</u>	<u>1,675,783.84</u>	<u>267,910.38</u>	<u>261,346.64</u>	<u>616,656.50</u>
EXPENSES							
Operating Expenses							
Educational and General							
Instruction	-	3,116.00	912,381.82	-	-	113,004.94	-
Public Support	-	-	-	-	-	-	-
Academic Support	-	-	-	-	-	-	-
Student Services	-	-	-	-	267,910.38	-	-
Institutional Support	-	-	-	-	-	-	825,712.75
Operation and Maintenance	1,871,015.13	-	-	1,332,064.26	-	-	-
Scholarships and Awards	-	3,330,463.94	-	345,249.58	-	-	-
Auxiliary Enterprises	-	-	-	-	-	-	-
Lease Expense	-	-	-	-	-	-	-
Subscription Expense	-	-	-	-	-	-	-
Depreciation Expense	-	-	-	-	-	-	-
Total Operating Expenses	<u>1,871,015.13</u>	<u>3,333,579.94</u>	<u>912,381.82</u>	<u>1,677,313.84</u>	<u>267,910.38</u>	<u>113,004.94</u>	<u>825,712.75</u>
Operating Income (Loss)	<u>(1,515,229.10)</u>	<u>(2,063,261.00)</u>	<u>-</u>	<u>(1,530.00)</u>	<u>-</u>	<u>148,341.70</u>	<u>(209,056.25)</u>
Nonoperating Revenues (Expenses)							
State Appropriations	-	-	-	-	-	-	-
County Appropriations	-	-	-	-	-	-	-
Pell Grants	-	2,065,456.00	-	-	-	-	-
Gifts and Contributions	601,429.99	-	-	-	-	-	-
Interest Income	-	-	-	-	-	-	-
Gain (Loss) on Sale of Asset	-	-	-	-	-	-	-
Debt Service	(214,385.87)	-	-	-	-	-	220,000.00
Operating Transfers	363,721.25	-	-	-	-	-	-
Increase (Decrease) in Net Position	(764,463.73)	2,195.00	-	(1,530.00)	-	148,341.70	10,943.75
Net Position - Beginning of Year	(28,548.29)	(7,645.14)	(253.75)	1,530.00	-	119,634.95	38,673.51
Net Position - End of Year	<u>\$ (793,012.02)</u>	<u>\$ (5,450.14)</u>	<u>\$ (253.75)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 267,976.65</u>	<u>\$ 49,617.26</u>

FORT SCOTT COMMUNITY COLLEGE

Fort Scott, Kansas

Combining Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	MIGRANT EDUCATION GRANTS	INVESTMENT IN PLANT	SUB-TOTALS PRIMARY INSTITUTION	ELIMINATING INTER-COMPANY SCHOLARSHIPS	TOTALS - PRIMARY INSTITUTION
REVENUES					
Operating Revenues					
Student Tuition and Fees	\$ -	\$ -	\$ 3,630,234.15	\$ (2,502,855.13)	\$ 1,127,379.02
Federal Grants and Contracts	1,359,065.00	-	6,102,116.48	(1,163,414.00)	4,938,702.48
State Grants and Contracts	-	-	998,587.25	-	998,587.25
Charges for Services	-	-	46,975.02	-	46,975.02
Sales and Services of Auxiliary Enterprises	-	-	638,203.39	-	638,203.39
Miscellaneous Income	2,129,896.07	-	2,796,351.67	-	2,796,351.67
Total Operating Revenues	<u>3,488,961.07</u>	<u>-</u>	<u>14,212,467.96</u>	<u>(3,666,269.13)</u>	<u>10,546,198.83</u>
EXPENSES					
Operating Expenses					
Educational and General					
Instruction	3,488,961.07	(232,014.75)	8,440,227.72	-	8,440,227.72
Public Support	-	-	38,233.54	-	38,233.54
Academic Support	-	-	460,910.60	-	460,910.60
Student Services	-	(9,826.49)	2,996,108.98	-	2,996,108.98
Institutional Support	-	(467,181.32)	3,329,185.92	-	3,329,185.92
Operation and Maintenance	-	(2,861,467.12)	1,855,608.82	-	1,855,608.82
Scholarships and Awards	-	-	3,742,376.60	(3,666,269.13)	76,107.47
Auxiliary Enterprises	-	-	1,336,290.19	-	1,336,290.19
Lease Expense	-	12,696.11	468,752.13	-	468,752.13
Subscription Expense	-	(5,342.64)	26,118.85	-	26,118.85
Depreciation Expense	-	1,321,010.28	1,321,010.28	-	1,321,010.28
Total Operating Expenses	<u>3,488,961.07</u>	<u>(2,242,125.93)</u>	<u>24,014,823.63</u>	<u>(3,666,269.13)</u>	<u>20,348,554.50</u>
Operating Income (Loss)	<u>-</u>	<u>2,242,125.93</u>	<u>(9,802,355.67)</u>	<u>-</u>	<u>(9,802,355.67)</u>
Nonoperating Revenues (Expenses)					
State Appropriations	-	-	4,254,710.00	-	4,254,710.00
County Appropriations	-	-	3,835,712.92	-	3,835,712.92
Pell Grants	-	-	2,065,456.00	-	2,065,456.00
Gifts and Contributions	-	-	601,429.99	-	601,429.99
Interest Income	-	-	136.56	-	136.56
Gain (Loss) on Sale of Asset	-	(356,913.69)	(356,913.69)	-	(356,913.69)
Debt Service	-	439,289.00	(197,628.66)	-	(197,628.66)
Operating Transfers	-	-	-	-	-
Increase (Decrease) in Net Position	-	2,324,501.24	400,547.45	-	400,547.45
Net Position - Beginning of Year	-	9,407,977.55	11,719,070.88	-	11,719,070.88
Net Position - End of Year	<u>\$ -</u>	<u>\$ 11,732,478.79</u>	<u>\$ 12,119,618.33</u>	<u>\$ -</u>	<u>\$ 12,119,618.33</u>

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

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

For the Year Ended June 30, 2023

Schedules 4 to 9 are prepared in accordance with Kansas cash basis and budget laws (Budget Basis), which differs from generally accepted accounting principles (GAAP Basis). Cash receipts are recognized when the cash balance of a fund is increased. For an interfund transaction, a cash receipt is recorded in the fund receiving the cash from another fund. Cash disbursements are recognized when the cash balance of a fund is decreased. For an interfund transaction, a cash disbursement is recorded in the fund in which the cash is transferred. Expenditures include cash disbursements, transfers, accounts payable and encumbrances – that is, commitments related to unperformed (executory) contracts for goods and services, and are usually evidenced by a purchase order or written contract.

FORT SCOTT COMMUNITY COLLEGE
 Fort Scott, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted
 General Fund (Regulatory Basis)
 For the Year Ended June 30, 2023

	Current Year				Variance Over (Under)
	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
REVENUES					
Student Tuition and Fees	\$ 1,673,763.72	\$ 35,555.41	\$ 1,709,319.13	\$ 2,269,293.00	\$ (559,973.87)
State Sources					
State Operating Grant	1,935,369.00	-	1,935,369.00	1,935,369.00	-
Other State Grants	998,587.25	(979,960.75)	18,626.50	16,824.00	1,802.50
Total State Sources	2,933,956.25	(979,960.75)	1,953,995.50	1,952,193.00	1,802.50
Local Sources					
Ad Valorem Tax	3,292,818.20	-	3,292,818.20	3,485,165.00	(192,346.80)
Motor Vehicle Tax	426,543.18	-	426,543.18	423,711.00	2,832.18
16M-20M Truck Tax	20,554.32	-	20,554.32	-	20,554.32
Recreational Vehicle	6,539.81	-	6,539.81	6,287.00	252.81
Delinquent Tax	89,257.41	-	89,257.41	34,390.00	54,867.41
Total Local Sources	3,835,712.92	-	3,835,712.92	3,949,553.00	(113,840.08)
Other Sources					
Interest Income	103.67	-	103.67	-	103.67
Miscellaneous	376,654.33	-	376,654.33	358,370.00	18,284.33
Total Other Sources	376,758.00	-	376,758.00	358,370.00	18,388.00
TOTAL REVENUES	8,820,190.89	(944,405.34)	7,875,785.55	8,529,409.00	(653,623.45)

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas
Schedule of Revenues, Expenditures and Changes
in Unencumbered Cash - Budget and Actual
Current Funds - Unrestricted
General Fund (Regulatory Basis)
For the Year Ended June 30, 2023

	Current Year				
	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
EXPENDITURES					
Instruction	\$ 1,376,276.33	\$ 12,199.04	\$ 1,388,475.37	\$ 1,554,394.00	\$ (165,918.63)
Public Service	2,392.98	-	2,392.98	2,800.00	(407.02)
Academic Support	417,866.74	-	417,866.74	382,639.00	35,227.74
Student Services	2,738,025.09	-	2,738,025.09	2,858,460.00	(120,434.91)
Institutional Support	2,970,654.49	(988,344.75)	1,982,309.74	2,795,029.00	(812,719.26)
Operation and Maintenance	1,502,830.70	-	1,502,830.70	1,740,360.00	(237,529.30)
Scholarships and Awards	66,663.08	-	66,663.08	62,774.00	3,889.08
Lease Expense	225,881.22	-	225,881.22	-	225,881.22
Subscription Expense	31,461.49	-	31,461.49	-	31,461.49
Debt Service					
Principal Payments	315,000.00	-	315,000.00	-	315,000.00
Interest Payments	30,383.44	514.06	30,897.50	-	30,897.50
Operating Transfers from (to) Other Funds:					
Truck Driver Training Fund	(1,939.00)	-	(1,939.00)	-	(1,939.00)
Postsecondary Technical					
Education Fund	(520,000.00)	-	(520,000.00)	(900,000.00)	380,000.00
Auxiliary Fund	-	-	-	(304,000.00)	304,000.00
Capital Outlay Fund	-	-	-	-	-
Adult Education Fund	17,250.00	-	17,250.00	17,250.00	-
TOTAL EXPENDITURES	9,172,746.56	(975,631.65)	8,197,114.91	8,209,706.00	(12,591.09)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(352,555.67)	31,226.31	(321,329.36)	319,703.00	(641,032.36)
Unencumbered Cash					
Beginning of Year	625,476.38	115,950.45	741,426.83	1,339,702.00	(598,275.17)
End of Year	<u>\$ 272,920.71</u>	<u>\$ 147,176.76</u>	<u>\$ 420,097.47</u>	<u>\$ 1,659,405.00</u>	<u>\$ (1,239,307.53)</u>

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas
Schedule of Revenues, Expenditures, and Changes
in Unencumbered Cash - Budget and Actual
Current Funds - Unrestricted
Postsecondary Technical Education Fund (Regulatory Basis)
For the Year Ended June 30, 2023

	Current Year				Variance Over (Under)
	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
REVENUES					
Student Tuition and Fees	\$ 679,842.03	\$ 9,574.42	\$ 689,416.45	\$ 1,386,489.00	\$ (697,072.55)
State Sources					
State Operating Grant	1,508,066.00	-	1,508,066.00	1,508,066.00	-
Other State Grants	811,275.00	-	811,275.00	733,500.00	77,775.00
Total State Sources	2,319,341.00	-	2,319,341.00	2,241,566.00	77,775.00
Other Sources					
Miscellaneous	11,503.62	-	11,503.62	26,200.00	(14,696.38)
Charges for Services	46,975.02	-	46,975.02	-	46,975.02
Total Other Sources	58,478.64	-	58,478.64	26,200.00	32,278.64
TOTAL REVENUES	3,057,661.67	9,574.42	3,067,236.09	3,654,255.00	(587,018.91)
EXPENDITURES					
Instruction	2,761,252.31	(4,857.60)	2,756,394.71	2,923,301.00	(166,906.29)
Public Service	35,840.56	-	35,840.56	-	35,840.56
Academic Support	43,043.86	-	43,043.86	255,897.00	(212,853.14)
Operation and Maintenance	11,165.85	-	11,165.85	82,000.00	(70,834.15)
Scholarships and Awards	-	-	-	-	-
Lease Expense	97,200.00	-	97,200.00	-	97,200.00
Debt Service					
Principal Payments	40,000.00	-	40,000.00	-	40,000.00
Interest Payments	26,187.93	133.33	26,321.26	-	26,321.26
Operating Transfers to:					
General Fund	520,000.00	-	520,000.00	900,000.00	(380,000.00)
Capital Outlay Fund	128,547.18	-	128,547.18	-	128,547.18
TOTAL EXPENDITURES	3,663,237.69	(4,724.27)	3,658,513.42	4,161,198.00	(502,684.58)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	(605,576.02)	14,298.69	(591,277.33)	(506,943.00)	(84,334.33)
Unencumbered Cash Beginning of Year	674,802.28	(58,888.93)	615,913.35	891,361.00	(275,447.65)
End of Year	\$ 69,226.26	\$ (44,590.24)	\$ 24,636.02	\$ 384,418.00	\$ (359,781.98)

FORT SCOTT COMMUNITY COLLEGE
 Fort Scott, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted
 Adult Education Fund (Regulatory Basis)
 For the Year Ended June 30, 2023

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

FORT SCOTT COMMUNITY COLLEGE
 Fort Scott, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted
 Truck Driver Training Fund (Regulatory Basis)
 For the Year Ended June 30, 2023

	Current Year				Variance Over (Under)
	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	
REVENUES					
Student Tuition and Fees	\$ -	\$ -	\$ -	\$ 2,061.00	\$ (2,061.00)
TOTAL REVENUES	-	-	-	2,061.00	(2,061.00)
EXPENDITURES					
Operating Transfers to General Fund	1,939.00	-	1,939.00	4,000.00	(2,061.00)
TOTAL EXPENDITURES	1,939.00	-	1,939.00	4,000.00	(2,061.00)
Excess of Revenues Over (Under) Expenditures	(1,939.00)	-	(1,939.00)	(1,939.00)	-
Unencumbered Cash Beginning of Year	1,939.00	-	1,939.00	1,939.00	-
End of Year	\$ -	\$ -	\$ -	\$ -	\$ -

FORT SCOTT COMMUNITY COLLEGE
 Fort Scott, Kansas
 Schedule of Revenues, Expenditures, and Changes
 in Unencumbered Cash - Budget and Actual
 Current Funds - Unrestricted
 Auxiliary Enterprise Funds (Regulatory Basis)
 For the Year Ended June 30, 2023

	Current Year							Variance Over (Under)
	Dorm GAAP	Bookstore GAAP	Foodservice GAAP	Total Auxiliary Enterprise Funds GAAP	Adjustments to Budget Basis	Total Auxiliary Enterprise Funds Budget Basis	Final Budget	
REVENUES								
Student Tuition and Fees								
Dorm Rents	\$ 885,161.98	\$ -	\$ -	\$ 885,161.98	\$ (2,403.99)	\$ 882,757.99	\$ 1,222,526.00	\$ (339,768.01)
Student Fees	35,680.39	-	501,305.40	536,985.79	(4,110.72)	532,875.07	-	532,875.07
Sales and Services of Auxiliary Enterprises	-	136,897.99	-	136,897.99	(233.46)	136,664.53	1,110,742.00	(974,077.47)
Other Revenues								
Miscellaneous	14,679.60	-	2,271.41	16,951.01	-	16,951.01	-	16,951.01
Interest	32.89	-	-	32.89	-	32.89	-	32.89
TOTAL REVENUES	935,554.86	136,897.99	503,576.81	1,576,029.66	(6,748.17)	1,569,281.49	2,333,268.00	(763,986.51)
EXPENDITURES								
Auxiliary Enterprise								
Salaries and Benefits	239,374.72	54,509.76	-	293,884.48	(321.15)	293,563.33	-	293,563.33
General Operating Expense	209,213.66	21,432.91	579,592.79	810,239.36	-	810,239.36	-	810,239.36
Cost of Goods Sold	-	195,646.50	-	195,646.50	(39,587.33)	156,059.17	-	156,059.17
Scholarships	-	-	-	-	-	-	-	-
Capital Outlay	36,519.85	-	-	36,519.85	-	36,519.85	2,114,238.00	(2,077,718.15)
Debt Service	230,960.42	-	-	230,960.42	1,202.08	232,162.50	-	232,162.50
Operating Transfer to Capital Outlay Fund	95,669.94	24,541.01	114,963.12	235,174.07	-	235,174.07	300,000.00	(64,825.93)
TOTAL EXPENDITURES	811,738.59	296,130.18	694,555.91	1,802,424.68	(38,706.40)	1,763,718.28	2,414,238.00	(650,519.72)
Excess of Revenues Over (Under) Expenditures and Other Additions (Deductions)	123,816.27	(159,232.19)	(190,979.10)	(226,395.02)	31,958.23	(194,436.79)	(80,970.00)	(113,466.79)
Unencumbered Cash Beginning of Year	344,281.34	438,024.81	103,178.24	885,484.39	(390,610.21)	494,874.18	196,759.00	298,115.18
End of Year	\$ 468,097.61	\$ 278,792.62	\$ (87,800.86)	\$ 659,089.37	\$ (358,651.98)	\$ 300,437.39	\$ 115,789.00	\$ 184,648.39

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas
Schedule of Revenues, Expenditures, and Changes
in Unencumbered Cash - Budget and Actual
Plant Funds
Unexpended (Capital Outlay) Fund (Regulatory Basis)
For the Year Ended June 30, 2023

	Current Year				
	Actual GAAP Basis	Adjustments Budget Basis	Actual Budget Basis	Budget	Variance Over (Under)
REVENUES					
Student Tuition and Fees	\$ 355,786.03	\$ -	\$ 355,786.03	\$ -	\$ 355,786.03
Federal Sources	-	-	-	2,500,000.00	(2,500,000.00)
Other Sources					
Donations	601,429.99	-	601,429.99	-	601,429.99
Operating Transfers from:					
General Fund	-	-	-	-	-
Post Secondary Technical Education Fund	128,547.18	-	128,547.18	-	128,547.18
Auxiliary Enterprise - Bookstore Fund	24,541.01	-	24,541.01	-	24,541.01
Auxiliary Enterprise - Dormitories Fund	95,669.94	-	95,669.94	-	95,669.94
Auxiliary Enterprise - Foodservice Fund	114,963.12	-	114,963.12	-	114,963.12
Total Operating Transfers	<u>363,721.25</u>	<u>-</u>	<u>363,721.25</u>	<u>-</u>	<u>363,721.25</u>
TOTAL REVENUES	<u>1,320,937.27</u>	<u>-</u>	<u>1,320,937.27</u>	<u>2,500,000.00</u>	<u>(1,179,062.73)</u>
EXPENDITURES					
Plant Equipment and Facility					
Capital Outlay	1,871,015.13	-	1,871,015.13	2,500,000.00	(628,984.87)
Debt Service					
Principal Payments	119,289.00	-	119,289.00	-	119,289.00
Interest Payments	95,096.87	1,513.47	96,610.34	-	96,610.34
TOTAL EXPENDITURES	<u>2,085,401.00</u>	<u>1,513.47</u>	<u>2,086,914.47</u>	<u>2,500,000.00</u>	<u>(413,085.53)</u>
Excess of Revenues and Transfers Over (Under) Expenditures	(764,463.73)	(1,513.47)	(765,977.20)	-	(765,977.20)
Unencumbered Cash					
Beginning of Year	(28,548.29)	28,548.29	-	-	-
End of Year	<u>\$ (793,012.02)</u>	<u>\$ 27,034.82</u>	<u>\$ (765,977.20)</u>	<u>\$ -</u>	<u>\$ (765,977.20)</u>

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas
Schedule of Changes in Assets and Liabilities
All Agency Funds
For the Year Ended June 30, 2023

ACCOUNT NAME	Balance June 30, 2022	Additions	Deductions	Balance June 30, 2023
AGENCY FUND				
Fee and User Charges				
Student Capital Projects	\$ 10,300.80	\$ 180,636.82	\$ 240,454.54	\$ (49,516.92)
Student Activity Accounts	190,017.54	797,068.07	1,142,231.47	(155,145.86)
Non Credit Programs	1,673.14	75.00	-	1,748.14
Special Registrar	90,516.23	33,776.25	22,623.79	101,668.69
Total Fee and User Charges	<u>292,507.71</u>	<u>1,011,556.14</u>	<u>1,405,309.80</u>	<u>(101,245.95)</u>
Gate Receipts				
Sales Accounts	27,446.93	8,146.84	18,570.42	17,023.35
Total Gate Receipts	<u>27,446.93</u>	<u>8,146.84</u>	<u>18,570.42</u>	<u>17,023.35</u>
School Projects Accounts				
Miscellaneous Funds	50,686.04	6,149.96	3,073.02	53,762.98
Booster Endowment Clearing	(205,088.91)	80,769.14	18,240.83	(142,560.60)
Total School Projects Accounts	<u>(154,402.87)</u>	<u>86,919.10</u>	<u>21,313.85</u>	<u>(88,797.62)</u>
Student Organization Accounts				
Nursing and Allied Health	46.00	-	-	46.00
Clubs and Organizations	25,771.54	77,650.80	77,001.46	26,420.88
Clearing Accounts	67,275.50	11,560.49	500.00	78,335.99
Total Student Organizations	<u>93,093.04</u>	<u>89,211.29</u>	<u>77,501.46</u>	<u>104,802.87</u>
TOTAL AGENCY FUNDS	<u>\$ 258,644.81</u>	<u>\$ 1,195,833.37</u>	<u>\$ 1,522,695.53</u>	<u>\$ (68,217.35)</u>
Assets				
Cash and Investments	\$ 273,614.76	\$ 1,097,436.77	\$ 1,523,389.95	\$ (152,338.42)
Other Receivables	49,514.88	147,911.48	49,514.88	147,911.48
TOTAL ASSETS	<u>\$ 323,129.64</u>	<u>\$ 1,245,348.25</u>	<u>\$ 1,572,904.83</u>	<u>\$ (4,426.94)</u>
Liabilities				
Accounts Payable	\$ 64,484.83	\$ 63,790.41	\$ 64,484.83	\$ 63,790.41
Deposits Held For Others	258,644.81	1,195,833.37	1,522,695.53	(68,217.35)
TOTAL LIABILITIES	<u>\$ 323,129.64</u>	<u>\$ 1,259,623.78</u>	<u>\$ 1,587,180.36</u>	<u>\$ (4,426.94)</u>

FORT SCOTT COMMUNITY COLLEGE
FORT SCOTT, KANSAS

FEDERAL COMPLIANCE SECTION
For the Year Ended June 30, 2023

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

COMPLIANCE ATTESTATION EXAMINATION
INCLUDING TITLE IV STUDENT FINANCIAL ASSISTANCE PROGRAMS

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

FEDERAL PELL GRANT PROGRAM (PELL) (84.063)
FEDERAL SUPPLEMENTAL EDUCATIONAL OPPORTUNITY GRANT (FSEOG) (84.007)
FEDERAL DIRECT STUDENT LOAN PROGRAM (DIRECT LOAN) (84.268)
FEDERAL WORK-STUDY PROGRAM (FWS) (84.033)
EDUCATION STABILIZATION FUND – GOVERNOR’S EMERGENCY RELIEF (CARES) (84.425C)
EDUCATION STABILIZATION FUND – STUDENT (CARES) (84.425E)
EDUCATION STABILIZATION FUND – INSTITUTION (CARES) (84.425F)
STRENGTHENING INSTITUTIONS PROGRAM (CARES) (84.425M)
MIGRANT EDUCATION (TITLE I) PROGRAM (MEP) (84.011A)

AUDITOR INFORMATION SHEET

FORT SCOTT COMMUNITY COLLEGE

2108 SOUTH HORTON STREET
FORT SCOTT, KANSAS 66701

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

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

PRESIDENT: Dr. C. Jason Kegler
CONTACT PERSON & TITLE: Dr. C. Jason Kegler, President
LEAD AUDITOR: Neil L. Phillips, CPA
EMAIL ADDRESS: nphillips@jgppa.com
LICENSE NUMBER & HOME STATE: 10957 KS
FIRM'S NAME & ADDRESS: JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants
1815 S. Santa Fe
PO Box 779
Chanute, Kansas 66720
FIRM'S FEDERAL ID NUMBER : 20-3906022
TELEPHONE: (620) 431-6342
FAX: (620) 431-0724

PROGRAMS EXAMINED:	PELL	84.063
	FSEOG	84.007
	DIRECT LOAN	84.268
	FWS	84.033
	EDUCATION STABILIZATION – Governor’s	84.425(C)
	EDUCATION STABILIZATION - Student	84.425(E)
	EDUCATION STABILIZATION - Institutions	84.425(F)
	STRENGTHENING INSTITUTIONS	84.425(M)
	MEP	84.011(A)

For the Award Year that ended during the institution’s fiscal year, the percentage of:

Correspondence courses to total courses	NONE
Regular students enrolled in correspondence courses	NONE
Regular students that are incarcerated	NONE
Regular students enrolled based on ability to benefit	<.001%
For short term programs—	
Completion	N/A
Placement	N/A

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

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

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

The College does not use a servicer.

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

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

For Close-Out Examination only:
 None

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	FEDERAL CFDA NUMBER	PASS-THROUGH GRANTOR'S NUMBER	PASS-THROUGH TO SUBRECIPIENTS	EXPENDITURES
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
Student Financial Aid Cluster				
Federal Supplemental Education				
Opportunity Grants	84.007	N/A	\$ -	\$ 41,465.00
Federal Work-Study Program	84.033	N/A	-	62,323.34
Federal Work-Study Program Administration	84.033	N/A	-	3,116.00
		Total 84.033	-	65,439.34
Federal Pell Grant Program	84.063	N/A	-	2,063,261.00
Federal Pell Grant Administration	84.063	N/A	-	2,195.00
		Total 84.063	-	2,065,456.00
Federal Direct Student Loans	84.268	N/A	-	(1) 1,163,414.00
Total Student Financial Aid Cluster			-	3,335,774.34
Education Stabilization Fund - Student - COVID-19	84.425E	N/A	-	345,249.58
Education Stabilization Fund - Institutional - COVID-19	84.425F	N/A	-	1,175,006.42
Education Stabilization Fund - Stengthening Institutions - COVID-19	84.425M	N/A	-	155,724.46
Passed through the Kansas Board of Regents:				
Education Stabilization Fund - Governor's				
Emergency Education Relief - COVID-19	84.425C	S425C210046	-	20,000.00
		Total 84.425	-	1,695,980.46
Direct Programs:				
TRIO Cluster				
Student Support Services	84.042	N/A	-	267,910.38
Total TRIO Cluster			-	267,910.38
HEP Grant	84.141A	N/A	-	448,947.54
CAMP Grant	84.149A	N/A	-	463,434.28
Passed through the Kansas Board of Regents:				
Carl Perkins Vocational Education Grants:				
Career and Technical Education	84.048A	2023 Carl Perkins	-	136,817.00
Kansas Industry and Labor Force Expansion	84.048A	V048A220016	-	45,478.00
Integrating CTE and Academic Instruction	84.048A	V048A210016	-	3,360.00
Perkins Performance Incentive	84.048A	V048A210016	-	8,000.00
		Total 84.048A	-	193,655.00
Passed through the Kansas Department of Education				
Migrant Education (Title I) Program	84.011A	2023 MEP	-	1,359,065.00
Total U.S. Department of Education				
			-	7,764,767.00
U.S. DEPARTMENT OF THE TREASURY				
Passed through Kansas Department of Commerce				
Coronavirus State Fiscal Recovery Funds - COVID-19	21.027	Not Assigned	-	400,051.50
Total U.S. Department of the Treasury				
			-	400,051.50
FEDERAL ASSISTANCE TOTALS			\$ -	\$ 8,164,818.50

NOTE A -- BASIS OF PRESENTATION

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

NOTE B --INDIRECT COST RATE

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

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

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Fort Scott Community College
Fort Scott, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Fort Scott Community College, as of and for the year ended June 30, 2023, 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 March 19, 2024, Except Note 24, as to which is dated May 10, 2024.

Report on Internal Control over Financial Reporting

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

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2023-001 to be material weaknesses.

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.

Report on Compliance and Other Matters

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

Fort Scott Community College Response to Findings

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

Purpose of This Report

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



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas

March 19, 2024

Except Note 24, as to which is dated May 10, 2024

JARRED, GILMORE & PHILLIPS, PA
CERTIFIED PUBLIC ACCOUNTANTS

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

Board of Trustees
Fort Scott Community College
Fort Scott, Kansas

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

We have audited Fort Scott Community College's compliance with the types of compliance requirements identified as subject to audit in the OMB Compliance Supplement that could have a direct and material effect on each of Fort Scott Community College's major federal programs for the year ended June 30, 2023. Fort Scott Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Qualified Opinion on Student Financial Aid Cluster and Migrant Education (Title I) Program

In our opinion, except for the noncompliance described in the Basis for Qualified and Unmodified Opinions section of our report, Fort Scott Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on Student Financial Aid Cluster and Migrant Education (Title I) Program for the year ended June 30, 2023.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Fort Scott Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

Basis for Qualified and Unmodified Opinions

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

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

Matters Giving Rise to Qualified Opinion on Student Financial Aid Cluster and Migrant Education (Title I) Program

As described in the accompanying schedule of findings and questioned costs, Fort Scott Community College did not comply with requirements regarding Student Financial Aid Cluster as described in finding numbers 2023-002, 2023-003, and 2023-004 for Special Tests and Provisions and Migrant Education (Title I) Program as described in finding number 2023-005 for Allowable Costs.

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Other Matters

The results of our auditing procedures disclosed other instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-004, and 2023-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2023-002, 2023-003, 2023-004, and 2023-005 to be material weaknesses.

A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Purpose of This Report

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



JARRED, GILMORE & PHILLIPS, PA
Certified Public Accountants

Chanute, Kansas
March 19, 2024
Except Note 24, as to which is dated May 10, 2024

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

I. SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

The auditor's report expresses an unmodified opinion on the basic financial statements of Fort Scott Community College.

Internal Control over Financial Reporting:

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

Federal Awards:

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

The auditor's report on compliance for the major federal award programs for Fort Scott Community College expresses a qualified opinion.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	<u> X </u>	Yes	<u> </u>	No
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Identification of major programs:

U.S. DEPARTMENT OF EDUCATION

- Student Financial Aid Cluster
 - Federal Pell Grant Program – CFDA No. 84.063
 - Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007
 - Federal Work-Study Program – CFDA No. 84.033
 - Federal Direct Student Loan Program – CFDA No. 84.268
 - Education Stabilization Fund – Governor's Relief – CFDA No. 84.425(C)
 - Education Stabilization Fund – Student – CFDA No. 84.425(E)
 - Education Stabilization Fund – Institutional – CFDA No. 84.425(F)
 - Strengthening Institutions Program – CFDA No. 84.425(M)
 - Migrant Education (Title I) Program – CFDA No. 84.011(A)

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

Auditee qualified as a low risk auditee?	<u> </u>	Yes	<u> X </u>	No
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FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

II. FINANCIAL STATEMENT FINDINGS

Finding: 2023-001 – General Ledger Reconciliations

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

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

Effect or Potential Effect: The deficiencies in the design and operation of the internal controls in this area could adversely affect the recording, processing, summarization, and reporting of financial data if activity is not properly recorded in the general ledger when the activity is incurred. The College is making financial decisions based on materially inaccurate information.

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

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

Views of responsible officials and planned corrective action: Management is in agreement and will implement a Corrective Action Plan, see pages 72-75 of the current year audit.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Finding: 2023-002 – Special Tests and Provisions – Payment to Students

Information of Federal Program:

Student Financial Aid Cluster

Federal Pell Grant Program – CFDA No. 84.063

Federal Family Education Loans – CFDA No. 84.032

Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007

Federal Work-Study Program – CFDA No. 84.033

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

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding: 2023-002 – Special Tests and Provisions – Payment to Students (Continued)

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

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

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

Questioned Costs: None

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

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

Views of responsible officials and planned corrective action: See the Corrective Action Plan on pages 72-75 of the current year audit.

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding: 2023-003 – Special Tests and Provisions – Enrollment Reporting

Information of Federal Program:

Student Financial Aid Cluster

Federal Pell Grant Program – CFDA No. 84.063

Federal Direct Student Loans – CFDA No. 84.268

Criteria: Under the Pell grant and ED loan programs, institutions must complete and return within 15 days the Enrollment Reporting roster file [formerly the Student Status Confirmation Report (SSCR)] placed in their Student Aid Internet Gateway (SAIG) (OMB No. 1845-0002) mailboxes sent by ED via NSLDS (OMB No. 1845-0035). The institution determines how often it receives the Enrollment Reporting roster file with the default set at a minimum of every 60 days. Once received, the institution must update for changes in student status, report the date the enrollment status was effective, enter the new anticipated completion date, and submit the changes electronically through the batch method or the NSLDS website (Pell, 34 CFR 690.83(b)(2); FFEL, 34 CFR 682.610; Direct Loan, 34 CFR 685.309). Institutions are responsible for timely reporting, whether they report directly or via a third-party servicer. NSLDS will send a Late Enrollment Reporting notification e-mail if no updates are received by batch or online within 22 days after the date the roster was sent to the school. The Enrollment Reporting Summary Report (SCHER1) on the NSLDS website can be created at the request of the institution. It shows the dates the roster files were sent and returned, the number of errors, date and number of online updates, and the number of late enrollment reporting notifications sent for overdue Enrollment Reporting rosters.

Condition: During our testing of the enrollment reporting, it was noted that Fort Scott Community College did not have internal controls of reporting changes in student status' to NSLDS.

Cause: The College did not have proper training that allowed for changes in the Federal reporting regulations and the creation of an error summary report to process all errors in a timely manner.

Effect or Potential Effect: A student's enrollment status determines eligibility for in-school status, deferment, and grace periods, as well as for the payment of interest subsidies to FFEL Program loan holders by ED. Enrollment Reporting in a timely and accurate manner is critical for effective management of the programs.

Questioned Costs: None

Context: During our testing of the enrollment reporting process, it was noted that Fort Scott Community College's internal controls over enrollment reporting broke down after there was a change in the reporting process. Twenty-four (24) of forty (40) files tested, changes to a student's status was either incorrectly submitted or batch errors were not timely corrected.

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding: 2023-003 – Special Tests and Provisions – Enrollment Reporting (Continued)
Repeat Finding: No

Recommendation: Policies and procedures should be written to provide additional training and oversight of staff responsible for enrollment reporting. We recommend the College establish an oversight process that includes additional controls necessary until staff are fully trained in the area of enrollment reporting.

Views of responsible officials and planned corrective action: Management is in agreement and will implement a Corrective Action Plan, see pages 72-75 of the current year audit.

Finding: 2023-004 – Special Tests and Provisions – Return of Title IV Funds

Information of Federal Program:

Student Financial Aid Cluster

Federal Pell Grant Program – CFDA No. 84.063

Federal Direct Student Loans – CFDA No. 84.268

Federal Supplemental Educational Opportunity Grant – CFDA No. 84.007

Federal Work-Study Program – CFDA No. 84.033

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

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

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

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

Questioned Costs: None

Context: During our testing of return of Title IV funds, it was noted that Fort Scott Community College's internal controls over posting to student accounts broke down after there was a change in staff. Six (6) of six (6) files tested, the College was unable to produce reports showing what students were included with each drawdown, including returns, from Department of Education, therefore resulting inability to complete the test.

Repeat Finding: No

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding: 2023-004 – Special Tests and Provisions – Return of Title IV Funds (Continued)

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

Views of responsible officials and planned corrective action: Management is in agreement and will implement a Corrective Action Plan, see pages 72-75 of the current year audit.

Finding: 2023-005 – Allowable Costs – Approval

Information of Federal Program:
Migrant Education (Title I) Program – CFDA No. 84.011(A)

Criteria: 2 CFR Part 200 requires the College to have the following internal controls in place in order to determine allowability under federal awards; 1) Be necessary and reasonable for the performance of the federal award and be allocable thereto under the principles in 2 CFR Part 200, Subpart E. 2) Conform to any limitations or exclusions set forth in 2 CFR Part 200, Subpart E or in the federal award as to types or amount of cost items. 3) Be consistent with policies and procedures that apply uniformly to both federally financed and other activities of the non-federal entity. 4) Be accorded consistent treatment. A cost may not be assigned to a federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the federal award as an indirect cost. 5) Be determined in accordance with generally accepted accounting principles (GAAP), except for state and local government and Indian tribes only as otherwise provided for in 2 CFR Part 200. 6) Not be included as a cost or used to meet cost-sharing or matching requirements of any other federally financed program in either the current or a prior period. 7) Be adequately documented.

Condition: During our testing of expenses of the College, we selected forty (40) expenses charged to Migrant Education (Title I) Program. During this testing, it was noted the College issued payments without proper prior approval being kept on file and without regard to College policy. Fifteen (15) of forty (40) expenses selected for testing were missing prior approval.

Cause: The College did not have proper procedures in place regarding obtaining prior approval and authorization for disbursements.

Effect or Potential Effect: The breakdown of internal controls in the area could adversely affect the recording, processing and reporting of financial data, as well as creating an opportunity for fraud to occur.

Questioned Costs: None

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS (Continued)

Finding: 2023-005 – Allowable Costs – Approval (Continued)

Context: Disbursements were made by the College without proper internally required approval and authorization.

Repeat Finding: No

Recommendation: Policies and procedures should be implemented prohibiting issuance of payments without prior approval and authorization. All payments should be issued in compliance with the College's grants policy manual.

Views of responsible officials and planned corrective action: Management is in agreement and will implement a Corrective Action Plan, see pages 72-75 of the current year audit.

FORT SCOTT COMMUNITY COLLEGE
Fort Scott, Kansas

Schedule of Resolution of Prior Year's Findings and Questioned Costs
For the Year Ended June 30, 2023

None



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

Schedule 15

Corrective Action Plan

March 19, 2024

Cognizant or Oversight Agency for Audit

Fort Scott Community College respectfully submits the following corrective action plan for the year ended June 30, 2023.

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

Audit period: Year ended June 30, 2023.

The findings from the March 19, 2024 schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule.

Finding: 2023-001 – General Ledger Reconciliations

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

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

Views of responsible officials and planned corrective action:

Areas of focus will be in the area of bank reconciliation, accounts receivable, student receivables, and the area of financial aid reconciliation within the general ledger in a timely manner.

Our objective would be to cross-train staff so that numerous individuals are able to prepare and understand the reconciliation processes, with senior staff ultimately responsible. Our objective would be to tie out accounts monthly so that any differences can be examined promptly and corrected. Some of the issues with reconciliations appear to be related not using the software to properly apply and distribute to the appropriate general ledger coding. This can be fixed by assigning the correct TR codes within the system. In addition, information needs to be timely picked up in the accounting system.

Corrective Action Plan

Finding: 2023-001 – General Ledger Reconciliations (Continued)

Our measurable target will be to do this as a monthly reconciliation as a part of the closing process for the month. We will also be narrowing down the number of bank accounts that the College has as to simplify the accounting process. Our accounting system is outdated; however, we have already started the process of converting to an updated system, which includes an integrated program for student accounts, embedded payroll, and a bank reconciliation module. We also believe there will be efficiencies gained which should free up more time for training and reconciliations. The College has already implemented a timelier system of picking up expenses in place of multiple journal entries.

Finding: 2023-002 – Special Tests and Provisions – Payment to Students

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

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

Views of responsible officials and planned corrective action:

Areas of Focus will be in the documentation of policies and procedures to provide clear expectations of internal control documentation used to complete the drawdowns from the Department of Education and for a process of record retention.

Our objective would be to formalized the policies and procedures be updated in the Financial Aid policy manual with shared access between the Financial Aid office who approves the aid, the Business Office who ultimately pulls down from the Department of Education, and with the Cashier who distributes any refunds. We have put in place an electronic folder with restricted access to provide confidentiality and provide documentation of the shared communication between offices. The POISE system already generates a listing of students. That workflow will be amended to retain that documentation to be available.

Measurable targets will be to do this weekly or as batches are prepared for draw-down. This documentation will be found in the shared electronic folder, which has already been implemented. The transfer of student records into the financial system is being done weekly and documentation is retained of students for which transactions occur.

Corrective Action Plan

Finding: 2023-003 – Special Tests and Provisions – Enrollment Reporting

Condition: During our testing of the enrollment reporting, it was noted that Fort Scott Community College did not have internal controls of reporting changes in student status' to NSLDS.

Recommendation: Policies and procedures should be written to provide additional training and oversight of staff responsible for enrollment reporting. We recommend the College establish an oversight process that includes additional controls necessary until staff are fully trained in the area of enrollment reporting.

Views of responsible officials and planned corrective action:

Areas of focus will be to put in place written policies in procedures for the Financial Aid office, including the area of enrollment reporting, which is also done by Institutional Research, to provide appropriate updating of the NSLDS records. This will include creating checks and balances to be sure that enrollment reporting is working and being updating timely. The Federal Student Aid website offers many resources in the form of training, including access to on-demand resources which provide a documented learning assessment.

Our objectives will be that all current and incoming Financial Aid staff, along with Institutional Research staff, will be required to undergo training in the area of enrollment reporting, including the supervisor with whom the Financial Aid office reports to. This training will be annually and periodically throughout the year. In addition, daily add and drop reports are generated which would allow more frequent updating of the NSLDS system. Objectives will be to put in place to provide checks and balances to be sure that enrollment reporting is timely.

Measurable targets will be achieved by documenting the training within a shared electronic drive between the supervisor and the Financial Aid office. The Financial Aid office shall be responsible for monitoring that the enrollment reporting is being done timely. In addition, periodic and monitored checks-ins of staff in Institutional Research with whom the responsibility to update NSLDS is with.

Finding: 2023-004 – Special Tests and Provisions – Return of Title IV Funds

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

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

Views of responsible officials and planned corrective action:

Areas of focus will be to put in place written policies and procedures for the Financial Aid office, including the area of disbursements that includes additional controls and documentation of such.

Corrective Action Plan

Finding: 2023-004 – Special Tests and Provisions – Return of Title IV Funds (Continued)

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

Measurable targets will be achieved by documenting the records within a shared electronic drive between the Financial Aid office and the Business Office, who handles the return of funds. This will become of a part of the weekly duties of staff.

Finding: 2023-005 – Allowable Costs – Approval

Condition: During our testing of expenses of the College, we selected forty (40) expenses charged to Migrant Education (Title I) Program. During this testing, it was noted the College issued payments without proper prior approval being kept on file and without regard to College policy. Fifteen (15) of forty (40) expenses selected for testing were missing prior approval.

Recommendation: Policies and procedures should be implemented prohibiting issuance of payments without prior approval and authorization. All payments should be issued in compliance with the College's grants policy manual.

Views of responsible officials and planned corrective action:

Areas of focus will be to update the grant policy manual and provide training to all staff of the College to be sure that the policies contained within are adhered to.

Our objectives will be that all current and incoming staff will be provided training on adhering to the policies within and proper approvals. Documentation of approvals can be achieved through our current accounting system and purchasing system. Staff has been briefed and is already working through that process of approvals by putting information through the accounting system.

Measurable targets will be achieved by having a requisition and purchase order issued prior to purchase to provide a documentation trail of proper approvals and thus payment. This provides a documentation trail of approvals.

If the Oversight Agency for Audit has questions regarding this plan, please call Dr. C. Jason Kegler, President. (620) 223-2700.

Sincerely,

Fort Scott Community College

Fort Scott Community College