



Forvis Mazars Report to the Board of Regents, Audit Committee, and Management

Kentucky Community and Technical College System

Results of the 2024 Financial Statement Audit, Including Required Communications

June 30, 2024

Required Communications Regarding Our Audit Strategy & Approach (AU-C 260)

The following matters are required communications we must make to you, including these responsibilities:

Overview & Responsibilities

Scope of Our Audit & Inherent Limitation to *Reasonable Assurance*

Your & Our Responsibilities

Extent of Our Communication & Distribution Restriction

Independence Matters

Matter	Discussion
Scope of Our Audit	<p>This report covers audit results related to your financial statements and supplementary information</p> <ul style="list-style-type: none"> • As of and for the year ended June 30, 2024 • Conducted in accordance with our contract dated April 4, 2024
Our Responsibilities	<p>Forvis Mazars is responsible for forming and expressing an opinion about whether the financial statements that have been prepared by management, with the oversight of those charged with governance, are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).</p>
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>An audit performed in accordance with auditing standards generally accepted in the United States of America (GAAS) and <i>Government Auditing Standards</i> issued by the Comptroller General of the United States (GAGAS) is designed to obtain reasonable, rather than absolute, assurance about the financial statements and about whether noncompliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Title 2 U.S. <i>Code of Federal Regulations</i> (CFR) Part 200, <i>Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards</i> (Uniform Guidance) that could have a direct and material effect on a major federal award program occurred. The scope of our audit tests was established in relation to the financial statements taken as a whole and did not include a detailed audit of all transactions.</p>

Matter	Discussion
Extent of Our Communication	In addition to areas of interest and noting prior communications made during other phases of the engagement, this report includes communications required in accordance with GAAS that are relevant to the responsibilities of those charged with governance in overseeing the financial reporting process, including audit approach, results, and internal control. The standards do not require the auditor to design procedures for the purpose of identifying other matters to be communicated with those charged with governance.
Independence	The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.
Your Responsibilities	Our audit does not relieve management or those charged with governance of your responsibilities. Your responsibilities and ours are further referenced in our contract.
Distribution Restriction	<p>This communication is intended solely for the information and use of the following and is not intended to be, and should not be, used by anyone other than these specified parties:</p> <ul style="list-style-type: none"> • Board of Regents, Audit Committee, and management • Others within the Entity

Government Auditing Standards

Matter	Discussion
Additional GAGAS Reporting	<p>We also provided reports as of June 30, 2024 on the following, as required by GAGAS:</p> <ul style="list-style-type: none"> • Internal control over financial reporting and on compliance and other matters based on an audit of the financial statements performed in accordance with GAGAS

Reporting Limitations

Our consideration of internal control over financial reporting and our tests of compliance were not designed with an objective of forming an opinion on the effectiveness of internal control or on compliance and, accordingly, we do not express such an opinion.

Uniform Guidance Overview & Responsibilities

Matter	Discussion
Scope of Our Audit	<p>We also provided reports as of June 30, 2024 on the following, as required by the OMB Uniform Guidance:</p> <ul style="list-style-type: none">• Opinion on compliance for each major federal award programs• Report on internal control over compliance• Schedule of Expenditures of Federal Awards
Audit Scope & Inherent Limitations to Reasonable Assurance	<p>A compliance audit performed in accordance with OMB Uniform Guidance is designed to obtain reasonable, rather than absolute, assurance about whether noncompliance with the types of compliance requirements described in the OMB <i>Compliance Supplement</i> that could have a direct and material effect on a major federal award program occurred.</p>

Qualitative Aspects of Significant Accounting Policies and Practices

The following matters are detailed in the following pages and included in our assessment:

**Significant Accounting
Policies**

**Unusual Policies or
Methods**

**Alternative Accounting
Treatments**

**Management Judgments
& Accounting Estimates**

**Financial Statement
Disclosures**

**Our Judgment About the
Quality of the Entity's
Accounting Principles**

Significant Accounting Policies

Significant accounting policies are described in Note 1 of the audited financial statements.

With respect to new accounting standards adopted during the year, we call to your attention the following topics detailed in the following pages:

- No matters are reportable

Unusual Policies or Methods

With respect to significant unusual accounting policies or accounting methods used for significant unusual transactions (significant transactions outside the normal course of business or that otherwise appear to be unusual due to their timing, size, or nature):

- No matters are reportable

Alternative Accounting Treatments

We had discussions with management regarding alternative accounting treatments within GAAP for policies and practices for material items, including recognition, measurement and disclosure considerations related to the accounting for specific transactions as well as general accounting policies, as follows.

- No matters are reportable

Management Judgments and Accounting Estimates

Accounting estimates are an integral part of financial statement preparation by management, based on its judgments. Significant areas of such estimates for which we are prepared to discuss management's estimation process and our procedures for testing the reasonableness of those estimates include:

- Valuation of investment securities
- Allowance for uncollectible receivables
- Defined benefit pension plan assumptions
- Other post-employment benefit (OPEB) plan assumptions

Financial Statement Disclosures

The following areas involve particularly sensitive financial statement disclosures for which we are prepared to discuss the issues involved and related judgments made in formulating those disclosures:

- Alternative investments
- Kentucky Community and Technical College System's (KCTCS) OPEB plan and long-term disability plan

Our Judgment About the Quality of the Entity's Accounting Principles

During the course of the audit, we made the following observations regarding the Entity's application of accounting principles:

- No matters are reportable

Adjustments Identified by Audit

During the course of any audit, an auditor may propose adjustments to financial statement amounts. Management evaluates our proposals and records those adjustments that, in its judgment, are required to prevent the financial statements from being materially misstated.

A misstatement is a difference between the amount, classification, presentation, or disclosure of a reported financial statement item and that which is required for the item to be presented fairly in accordance with the applicable financial reporting framework.

Proposed & Recorded Adjustments

Auditor-proposed and management-recorded entries include the following:

- No matters are reportable

Uncorrected Misstatement

One adjustment proposed was **not recorded** because its effect is not currently considered material. We request that all identified misstatements be corrected.

The uncorrected misstatement that was determined by management to be immaterial, but more than trivial to the financial statements as a whole is listed below and included as an attachment to this communication.

While this uncorrected misstatement was deemed to be immaterial to the current-period financial statements, it is possible that the impact of this uncorrected misstatement, or matters underlying this uncorrected misstatement, could potentially cause future-period financial statements to be materially misstated.

Current Period Uncorrected Misstatement

- See attached for summary of uncorrected misstatement

Other Required Communications

Significant Issues Discussed with Management

During the Audit Process

During the audit process, the following issues were discussed or were the subject of correspondence with management:

- State examination report and forensic audit

Other Material Communications

Listed below are other material communications between management and us related to the audit:

- Management representation letter (see Attachments)

We orally communicated to management other deficiencies in internal control identified during our audit that are not considered material weaknesses or significant deficiencies.

Required Communications Regarding Internal Control (AU-C 265)

Consideration of Internal Control Over Compliance

In planning and performing our audit of KCTCS, we considered the Entity's internal control over compliance with the requirements that could have a direct and material effect on a major federal award program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with the OMB Uniform Guidance.

However, this consideration was not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control over compliance.

Accordingly, we do not express an opinion on the effectiveness of the Entity's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraphs and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified.

Categorizing Deficiencies by Severity

Deficiency

A deficiency in internal control *over compliance* 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 noncompliance with a type of compliance requirement of a federal award program on a timely basis.

Significant Deficiency

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

Material Weakness

A material weakness 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 award program will not be prevented or detected and corrected on a timely basis.

Identified Compliance Deficiency

We identified a deficiency in internal control over compliance that we consider to be a deficiency.

Deficiency

- During the testing of Student Financial Assistance cluster, it was noted for the special test of reporting certain dates per the Common Origination and Disbursement (COD) system did not agree to the student records within the People Soft System. For these particular colleges, within the system, there is an internal policy to wait a few weeks after the start of classes before disbursing aid. Due to a copying error in setup values from one user to another, aid was disbursed sooner than the internal schedule originally determined. The aid to those colleges was immediately reversed the next day before being properly disbursed a few weeks later, in accordance with their policy. We recommend that management review those set up values when transferring roles within the system to new users.



Attachments

Management Representation Letter

As a material communication with management, included herein is a copy of the representation letter provided by management at the conclusion of our engagement.

Schedule of Uncorrected Misstatements

The detail of uncorrected misstatements identified as a result of our engagement is included herein.



Management Representation Letter and Schedule of Uncorrected Misstatements

Representation of:

Kentucky Community and Technical College System
300 N. Main Street
Versailles, KY 40383

Provided to:

Forvis Mazars, LLP
Certified Public Accountants
101 S. 5th Street, Suite 3800
Louisville, KY 40202

The undersigned (“We”) are providing this letter in connection with Forvis Mazars’ audit of our financial statements as of and for the year ended June 30, 2024.

We are also providing this letter in connection with:

- Your audit of our compliance with requirements applicable to each of our major federal awards programs as of and for the year ended June 30, 2024

Our representations are current and effective as of the date of Forvis Mazars’ report: December 2, 2024.

Our engagement with Forvis Mazars is based on our contract for services dated: April 4, 2024.

Our Responsibility & Consideration of Material Matters

We confirm that we are responsible for the fair presentation of the financial statements subject to Forvis Mazars’ report in conformity with accounting principles generally accepted in the United States of America.

We are also responsible for adopting sound accounting policies; establishing and maintaining effective internal control over financial reporting, operations, and compliance; and preventing and detecting fraud.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would be changed or influenced by the omission or misstatement. An omission or misstatement that is monetarily small in amount could be considered material as a result of qualitative factors.

Confirmation of Matters Specific to the Subject Matter of Forvis Mazars’ Report

We confirm, to the best of our knowledge and belief, the following:

Broad Matters

1. We have fulfilled our responsibilities, as set out in the terms of our contract, for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America.
2. We acknowledge our responsibility for the design, implementation, and maintenance of:
 - a. Internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
 - b. Internal control to prevent and detect fraud.

Kentucky Community and Technical College System
Page 2

3. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements, such as financial records and related data, documentation, and other matters.
 - b. Additional information that you have requested from us for the purpose of the audit.
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
 - d. All minutes of meetings of the governing body meetings held through the date of this letter or summaries of actions of recent meetings for which minutes have not yet been prepared. All unsigned copies of minutes provided to you are copies of our original minutes approved by the governing body, if applicable, and maintained as part of our records.
 - e. All significant contracts and grants.
4. We have made available to you all internal audit reports completed by Dean Dorton through the date of this letter.
5. We have responded fully and truthfully to all your inquiries.

Government Auditing Standards

6. We acknowledge that we are responsible for compliance with applicable laws, regulations, and provisions of contracts and grant agreements.
7. We have identified and disclosed to you all laws, regulations, and provisions of contracts and grant agreements that have a direct and material effect on the determination of amounts in our financial statements or other financial data significant to the audit objectives.
8. We have identified and disclosed to you any violations or possible violations of laws, regulations, and provisions of contracts and grant agreements, tax or debt limits, and any related debt covenants whose effects should be considered for recognition and/or disclosure in the financial statements or for your reporting on noncompliance.
9. We have taken or will take timely and appropriate steps to remedy any fraud, abuse, illegal acts, or violations of provisions of contracts or grant agreements that you or other auditors report.
10. We have a process to track the status of audit findings and recommendations.
11. We have identified to you any previous financial audits, attestation engagements, performance audits, or other studies related to the objectives of your audit and the corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other studies.
12. We have provided our views on any findings, conclusions, and recommendations, as well as our planned corrective actions with respect thereto, to you for inclusion in the findings and recommendations referred to in your report on internal control over financial reporting and on compliance and other matters based on your audit of the financial statements performed in accordance with *Government Auditing Standards*.

Federal Awards Programs (Uniform Guidance)

13. We have identified in the schedule of expenditures of federal awards all assistance provided (either directly or passed through other entities) by federal agencies in the form of grants, contracts, loans, loan guarantees, property, cooperative agreements, interest subsidies, commodities, insurance, direct appropriations, or in any other form.
14. We have disclosed to you all contracts or other agreements with service organizations, and we have disclosed to you all communications from the service organizations relating to noncompliance at the service organizations.
15. We have reconciled the schedule of expenditures of federal awards (SEFA) to the financial statements.
16. Federal awards-related revenues and expenditures are fairly presented, both in form and content, in accordance with the applicable criteria in the entity's financial statements.
17. We have evaluated all recipient organizations that received federal funding and have correctly identified all subrecipients on the schedule of expenditures of federal awards.
18. We have identified the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* regarding activities allowed or unallowed; allowable costs/cost principles; cash management; eligibility; equipment and real property management; matching, level of effort, earmarking; period of performance of federal funds; procurement and suspension and debarment; program income; reporting; subrecipient monitoring; and special tests and provisions that are applicable to each of our federal awards programs. We have identified to you our interpretation of any applicable compliance requirements subject to varying interpretations.
19. We are responsible for complying, and have complied, with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).
20. We are responsible to understand and comply with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal awards programs and have disclosed to you any and all instances of noncompliance with those requirements occurring during the period of your audit or subsequent thereto to the date of this letter of which we are aware. Except for any instances of noncompliance we have disclosed to you, we believe the entity has complied with all applicable compliance requirements.
21. We are responsible for the design, implementation, and maintenance of internal controls over compliance that provide reasonable assurance we have administered each of our federal awards programs in compliance with federal statutes, regulations, and the terms and conditions of the federal awards.
22. We have made available to you all federal awards (including amendments, if any) and any other correspondence or documentation relevant to each of our federal awards programs and to our compliance with applicable requirements of those programs.
23. The information presented in federal awards program financial reports and claims for advances and reimbursements is supported by the books and records from which our financial statements have been prepared.
24. The costs charged to federal awards are in accordance with applicable cost principles.

Kentucky Community and Technical College System
Page 4

25. The reports provided to you related to federal awards programs are true copies of reports submitted or electronically transmitted to the federal awarding agency, the applicable payment system, or pass-through entity in the case of a subrecipient.
26. Amounts claimed or used for matching were determined in accordance with the Uniform Guidance regarding cost principles.
27. We have monitored any subrecipients to determine that they have expended federal awards in accordance with federal statutes, regulations, and the terms and conditions of the subaward and have met the audit and other requirements of the Uniform Guidance.
28. We have taken appropriate corrective action on a timely basis after receipt of any subrecipient's auditor's report that identified findings and questioned costs pertaining to federal awards programs passed through to the subrecipient by us.
29. We have considered the results of any subrecipient's audits received and made any necessary adjustments to our books and records.
30. We have disclosed to you any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the applicable compliance requirements for each of our federal awards programs, including any communications received from the end of the period of your audit through the date of this letter.
31. We have identified to you any previous compliance audits, attestation engagements, and internal or external monitoring related to the objectives of your compliance audit, including findings received and corrective actions taken to address any significant findings and recommendations made in such audits, attestation engagements, or other monitoring.
32. Except as described in the schedule of findings and questioned costs, we are in agreement with the findings contained therein and our views regarding any disagreements with such findings are consistent, as of the date of this letter, with the description thereof in that schedule.
33. We are responsible for taking corrective action on any audit findings and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
34. The summary schedule of prior audit findings correctly states the status of all audit findings of the prior audit's schedule of findings and questioned costs and any uncorrected open findings included in the prior audit's summary schedule of prior audit findings as of the date of this letter.
35. The reporting package does not contain any protected personally identifiable information.
36. No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance subsequent to the period covered by the auditor's report.

Commonwealth of Kentucky's House Bill 622 (Kentucky Revised Statutes (KRS) 164A.555 through 164A.630)

37. We confirm the state has transferred funds to the Kentucky Community and Technical College System (System), which were approved through state appropriations, in accordance with KRS 164A.555.
38. We have elected to perform in accordance with KRS 164A.555 through 164A.560 regarding acquisition of funds, accounting, purchasing and capital construction.

Kentucky Community and Technical College System
Page 5

39. We have accounted for funds received and disbursed in accordance with KRS 164A.560, while making deposits on a timely basis and developing processes and policies to support, approve and record disbursements for authorized purposes.
40. We use an accrual basis for accounting that conforms with accounting principles generally accepted in the United States of America.
 - a. The accounting system of the System includes an operating fund group, restricted fund group, loan fund group, endowment fund group, agency fund group, plant fund group and fiduciary fund group, as applicable.
 - b. We have used all state appropriations for intended purposes and within the period awarded which were made available.
 - c. For each capital construction project, we have submitted, at the end of each fiscal year, a report showing all funding sources and expenditures and current status to the capital projects and bond oversight committee.
 - d. We did not have state general funds for capital construction projects, which were unexpended at project completion. If such funds were unexpended at project completion, our policy is that all such unexpended funds would be returned to a surplus account in accordance with KRS 164A.565.
 - e. The land, buildings and capital equipment have been accounted for in the plant fund group in accordance with KRS 164A.565.
 - f. We have submitted an annual report, and the annual report does meet the requirements for the council on post-secondary education system of uniform financial reporting for institutions of higher education.
 - g. We have made available on our website the board-approved operating and capital budgets for the current and prior two fiscal years, our audited financial statements for the previous three fiscal years and agendas and actions of all meetings of the governing board for the previous three years.
41. We have engaged a qualified, experienced CPA firm to conduct an annual audit.
42. Our procurement policy's purchasing procedures are consistent with KRS 164A.575.
43. We do take and maintain inventories of plant and equipment.
44. Our policies for disposals of real property are in accordance with KRS 164A.575
45. The governing board of the System has managed and administered capital construction projects in accordance with KRS 164A.580.
46. We are following procedures, outlined in the KRSs, to contract for capital construction projects in accordance with KRS 164A.585.
47. We are following procedures, outlined in the KRSs, to contract for architectural and engineering services in accordance with KRS 164A.590.
48. We are carrying out capital construction projects in accordance with KRS 164A.595.
49. We have remained within the scope authorized by the general assembly for all capital construction and equipment purchase projects in accordance with KRS 164A.600.

Kentucky Community and Technical College System
Page 6

50. We did not have any emergency projects in the current year for which the board authorized funds to be transferred to other capital construction and equipment purchase projects.
51. We have established a contingency fund and emergency repair, maintenance and replacement fund within our plant fund records in accordance with KRS 164A.600.
52. We did not issue any consolidated educational building revenue bonds, housing bonds and bonds anticipation notes in accordance with KRS 164A.605.
53. In the current fiscal year, there have been no circumstances in which we were unable to make required principal and interest payments due on agency bonds. All principal and interest payments on bonds have been made in accordance with KRS 164A.608.
54. We have no affiliated corporations for which the following guidelines are adhered to in accordance with KRS 164A.610.
55. The provisions of KRS 164A.555 through 164A.630 have not prevented the System from accepting gifts, awarding scholarships or performing any other functions assigned by the governing board.
56. We have not established a "fund for excellence" trust fund into which gifts, grants, etc., are deposited in accordance with KRS 164A.620.
57. To our knowledge, none of the provisions of KRS 164A.555 through 164A.630 or the application thereof to any persons or circumstances has been held to be invalid and, thus, has not affected the application of other provisions of the System.
58. We have followed the provisions of KRS 164A.555 through 164A.630 and are bound by the statutes, as outlined at KRS 164A.630 pertaining to the following:
 - a. Relocation assistance and lease of property for state use and related legislative approval of fiscal obligations.
 - b. The Kentucky Moral Procurement Code
 - c. The issuance and approval of revenue bonds and bond anticipation notes.
 - d. Equal employment opportunity.

Misappropriation, Misstatements, & Fraud

59. We have informed you of all current risks of a material amount that are not adequately prevented or detected by our procedures with respect to:
 - a. Misappropriation of assets.
 - b. Misrepresented or misstated assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
60. We have no knowledge of fraud or suspected fraud affecting the entity involving:
 - a. Management or employees who have significant roles in internal control over financial reporting, or
 - b. Others when the fraud could have a material effect on the financial statements.

61. We understand that the term "fraud" includes misstatements arising from fraudulent financial reporting and misstatements arising from misappropriation of assets. Misstatements arising from fraudulent financial reporting are intentional misstatements, or omissions of amounts or disclosures in financial statements to deceive financial statement users. Misstatements arising from misappropriation of assets involve the theft of an entity's assets where the effect of the theft causes the financial statements not to be presented in conformity with accounting principles generally accepted in the United States of America.
62. We have no knowledge of any allegations of fraud or suspected fraud affecting the entity received in communications from employees, customers, regulators, suppliers, or others.
63. We have assessed the risk that the financial statements may be materially misstated as a result of fraud and disclosed to you any such risk identified.

Ongoing Operations

Related Parties

64. We have disclosed to you the identity of all of the entity's related parties and all the related-party relationships of which we are aware. The entity has not entered into any new agreements with a related party or modified terms related to an existing related-party transaction during the year under audit, or as of the date of this letter. Further, we do not have any existing or ongoing agreements with related parties that are still in effect as of the date of this letter.
65. We understand that the term related party refers to:
 - Affiliates
 - Entities for which investments are accounted for by the equity method
 - Trusts for the benefits of employees, such as pension and profit-sharing trusts that are managed by or under the trusteeship of management
 - Principal owners and members of their immediate families
 - Management and members of their immediate families
 - Any other party with which the entity may deal if one party can significantly influence the management or operating policies of the other to an extent that one of the transacting parties might be prevented from fully pursuing its own separate interests.

Another party is also a related party if it can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests.

The term affiliate refers to a party that directly or indirectly controls, or is controlled by, or is under common control with, the entity.

Litigation, Laws, Rulings & Regulations

66. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with accounting principles generally accepted in the United States of America.

Kentucky Community and Technical College System
Page 8

67. We have no knowledge of communications, other than those specifically disclosed, from regulatory agencies, governmental representatives, employees, or others concerning investigations or allegations of noncompliance with laws and regulations, deficiencies in financial reporting practices, or other matters that could have a material adverse effect on the financial statements.
68. We have disclosed to you all known instances of violations or noncompliance or possible violations or suspected noncompliance with laws and regulations whose effects should be considered when preparing financial statements or as a basis for recording a loss contingency.
69. We have no reason to believe the entity owes any penalties or payments under the Employer Shared Responsibility Provisions of the *Patient Protection and Affordable Care Act*, nor have we received any correspondence from the IRS or other agencies indicating such payments may be due.
70. We have not been designated as a potentially responsible party (PRP or equivalent status) by the Environmental Protection Agency (EPA) or other cognizant regulatory agency with authority to enforce environmental laws and regulations:

Nonattest Services

71. You have provided nonattest services, including the following, during the period of this engagement:
 - Preparing a draft of the schedule of expenditures of federal awards
 - Completing the auditee portion of the Form SF-SAC (Data Collection Form) through the Federal Audit Clearinghouse
 - Tax return review/preparation
72. With respect to these services:
 - a. We have designated a qualified management-level individual to be responsible and accountable for overseeing the nonattest services.
 - b. We have established and monitored the performance of the nonattest services to ensure they meet our objectives.
 - c. We have made any and all decisions involving management functions with respect to the nonattest services and accept full responsibility for such decisions.
 - d. We have evaluated the adequacy of the services performed and any findings that resulted.
 - e. We have established and maintained internal controls, including monitoring ongoing activities.
 - f. When we receive final deliverables from you, we will store those deliverables in information systems controlled by us. We have taken responsibility for maintaining internal control over these deliverables.

Financial Statements & Reports

73. With regard to supplementary information:
 - a. We acknowledge our responsibility for the presentation of the supplementary information in accordance with the applicable criteria.
 - b. We believe the supplementary information is fairly presented, both in form and content, in accordance with the applicable criteria.

Kentucky Community and Technical College System
Page 9

- c. The methods of measurement and presentation of the supplementary information are unchanged from those used in the prior period, and we have disclosed to you any significant assumptions or interpretations underlying the measurement and presentation of the supplementary information.
 - d. We believe the significant assumptions or interpretations underlying the measurement and/or presentation of the supplementary information are reasonable and appropriate.
 - e. If the supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to intended users of the supplementary information no later than the date such information and the related auditor's report are issued.
74. We do not issue an annual report, nor do we have plans to issue an annual report at this time.
75. The System has provided you copies of all exhibits specified by the Auditor of Public Accounts of the Commonwealth of Kentucky closing package instructions, which were submitted to the Commonwealth of Kentucky for purposes of preparing the Commonwealth of Kentucky's general-purpose financial statements.

Transactions, Records, & Adjustments

76. All transactions have been recorded in the accounting records and are reflected in the financial statements.
77. The entity has appropriately reconciled its general ledger accounts to their related supporting information. All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. All intracompany (and intercompany) accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.
78. We have everything we need to keep our books and records.
79. We have disclosed any significant unusual transactions the entity has entered into during the period, including the nature, terms, and business purpose of those transactions.

Governmental Accounting & Disclosure Matters

80. Interfund, internal, and intra-entity activity and balances have been appropriately classified and reported.
81. With regard to deposit and investment activities:
- a. All deposit, repurchase and reverse repurchase agreements, and investment transactions have been made in accordance with legal and contractual requirements.
 - b. Investments, derivative instrument transactions, and land and other real estate held by endowments are properly valued.
 - c. Disclosures of deposit and investment balances and risks in the financial statements are consistent with our understanding of the applicable laws regarding enforceability of any pledges of collateral.
 - d. We understand that your audit does not represent an opinion regarding the enforceability of any collateral pledges.

Kentucky Community and Technical College System
Page 10

82. We have identified and evaluated all potential fiduciary activities. The financial statements include all fiduciary activities required by Governmental Accounting Standards Board (GASB) Statement No. 84, Fiduciary Activities, as amended.
83. Components of net position (net investment in capital assets, restricted, and unrestricted) and classifications of fund balance (nonspendable, restricted, committed, assigned, and unassigned) are properly classified and, if applicable, approved.
84. Capital assets, including infrastructure and intangible assets, are properly capitalized, reported, and, if applicable, depreciated or amortized.
85. We have appropriately disclosed the entity's policy regarding whether to first apply restricted or unrestricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position/fund balance is available and have determined that net position is properly recognized under the policy.
86. The entity's ability to continue as a going concern was evaluated and that appropriate disclosures are made in the financial statements as necessary under GASB requirements.
87. The supplementary information required by the GASB, consisting of management's discussion and analysis pension, and other post-employment benefit information, has been prepared and is measured and presented in conformity with the applicable GASB pronouncements, and we acknowledge our responsibility for the information. The information contained therein is based on all facts, decisions, and conditions currently known to us and is measured using the same methods and assumptions as were used in the preparation of the financial statements. We believe the significant assumptions underlying the measurement and/or presentation of the information are reasonable and appropriate. There has been no change from the preceding period in the methods of measurement and presentation.
88. With regard to pension and other postretirement benefits (OPEB):
 - a. We believe that the actuarial assumptions and methods used to measure pension and OPEB liabilities and costs for financial accounting purposes are appropriate in the circumstances.
 - b. We have provided you with the entity's most current pension and OPEB plan instrument for the audit period, including all plan amendments.
 - c. The participant data provided to you related to pension and OPEB plans are true copies of the data submitted or electronically transmitted to the plan's actuary.
 - d. The participant data that we provided the plan's actuary for the purposes of determining the actuarial present value of accumulated plan benefits and other actuarially determined amounts in the financial statements were complete.
89. We believe the effect of the uncorrected financial statement misstatement and omitted disclosures summarized in the attached schedule and aggregated by you during the current engagement are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Nonprofit Accounting & Disclosure Matters

90. We are an entity exempt from income tax under Section 115 of the Internal Revenue Code and a similar provision of state law and, except as disclosed in the financial statements, there are no activities that would jeopardize our tax-exempt status or subject us to income tax on unrelated business income or excise tax on prohibited transactions and events.

Accounting & Disclosure

91. All transactions entered into by the entity are final. We are not aware of any unrecorded transactions, side agreements or other arrangements (either written or oral) that are in place.
92. Except as reflected in the financial statements, there are no:
- a. Plans or intentions that may materially affect carrying values or classifications of assets, deferred outflows of resources, liabilities, deferred inflows of resources, or net position.
 - b. Material transactions omitted or improperly recorded in the financial records.
 - c. Material unasserted claims or assessments that are probable of assertion or other gain/loss contingencies requiring accrual or disclosure, including those arising from environmental remediation obligations.
 - d. Events occurring subsequent to the balance sheet date through the date of this letter, which is the date the financial statements were available to be issued, requiring adjustment or disclosure in the financial statements.
 - e. Agreements to purchase assets previously sold.
 - f. Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, lines of credit, or similar arrangements.
 - g. Guarantees, whether written or oral, under which the entity is contingently liable.
 - h. Known or anticipated asset retirement obligations.
93. Except as disclosed in the financial statements, the entity has:
- a. Satisfactory title to all recorded assets, and those assets are not subject to any liens, pledges, or other encumbrances.
 - b. Complied with all aspects of contractual and grant agreements, for which noncompliance would materially affect the financial statements.
94. We agree with the findings of specialists in evaluating the pension and other post-employment benefit plans and have and have adequately considered the qualification of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had impact on the independence or objectivity of the specialists.
95. With regard to the Higher Education Emergency Relief Funds awarded:
- a. We believe the method we have utilized to recognize lost revenue for institutional portions awarded is consistent with acceptable methods outlined by the Department of Education and other guidance available as of June 30, 2024.
 - b. We believe we have recognized revenue related to these awards in the proper financial statement reporting period, based on the Department of Education and other guidance available as of June 30, 2024.

Kentucky Community and Technical College System
Page 12

- c. We understand that amounts recognized on the schedule of expenditures of federal awards may differ from amounts recognized on the financial statements.

Revenue, Accounts Receivable, & Inventory

96. Adequate provisions and allowances have been accrued for any material losses from:
 - a. Uncollectible receivables.
 - b. Sales commitments, including those unable to be fulfilled.
 - c. Purchase commitments in excess of normal requirements or at prices in excess of prevailing market prices.

Estimates

97. We have identified all accounting estimates that could be material to the financial statements and we confirm the appropriateness of the methods and the consistency in their application, the accuracy and completeness of data, and the reasonableness of significant assumptions used by us in making the accounting estimates, including those measured at fair value reported in the financial statements.
98. Significant estimates that may be subject to a material change in the near term have been properly disclosed in the financial statements. We understand that “near term” means the period within one year of the date of the financial statements. In addition, we have no knowledge of concentrations, which refer to volumes of business, revenues, available sources of supply, or markets, existing at the date of the financial statements that would make the entity vulnerable to the risk of severe impact in the near term that have not been properly disclosed in the financial statements.

Fair Value

99. With respect to the fair value measurements of financial and nonfinancial assets and liabilities, if any, recognized in the financial statements or disclosed in the notes thereto:
 - a. The underlying assumptions are reasonable and they appropriately reflect management’s intent and ability to carry out its stated course of action.
 - b. The measurement methods and significant assumptions used in determining fair value are appropriate in the circumstances for financial statement measurement and disclosure purposes and have been consistently applied.
 - c. The significant assumptions appropriately reflect market participant assumptions.
 - d. The disclosures related to fair values are complete, adequate, and in conformity with accounting principles generally accepted in the United States of America.
 - e. There are no subsequent events that require adjustments to the fair value measurements and disclosures included in the financial statements.

Other Matters

100. We did not offer correspondence courses during the 2023–2024 school year.
101. There were no students without a high school diploma or recognized equivalent during the 2023–2024 school year.

Kentucky Community and Technical College System
Page 13

102. Less than 25% of our enrolled students were incarcerated.

103. We have interpreted the U.S. Department of Education's regulation on related party disclosures at 34 CFR 668.23(d)(1) not to apply to public institutions and, therefore, have not included the disclosures required by the regulation in the financial statement disclosures.

Signed by:

Dr. Ryan Quarles

F53327D87D1B453...

Dr. Ryan Quarles, President
ryan.quarles@kctcs.edu

Signed by:

Todd J. Kilburn

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Todd Kilburn, Chief Financial Officer and Treasurer
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Signed by:

Benjamin Stenberg

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Benjamin Stenberg, Executive Director of Treasury and
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Signed by:

Amanda Talbot

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Amanda Talbot, Director of Accounting
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Signed by:

Lindsay K. Driskell

163300AD103340C...

Lindsay K. Driskell, Acting Systems Office Director of
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Signed by:

Leslie Whisnant

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Leslie Whisnant, Director of Sponsored Projects Accounting
leslie.whisnant@kctcs.edu

Attachment:

Schedule of Uncorrected Misstatements and Omitted Disclosures

Kentucky Community & Technical College System

Period Ending: June 30, 2024

ATTACHMENT

This analysis and the attached "Schedule of Uncorrected Misstatements (Adjustments Passed)" reflect the effects on the financial statements if the uncorrected misstatements identified were corrected.

QUANTITATIVE ANALYSIS

	Before Misstatements	Misstatements	Subsequent to Misstatements	% Change
Current Assets	411,620,000		411,620,000	
Non-Current Assets & Deferred Outflows	1,194,650,000	3,706,514	1,198,356,514	0.31%
Current Liabilities	(55,034,000)		(55,034,000)	
Non-Current Liabilities & Deferred Inflows	(329,916,000)		(329,916,000)	
Current Ratio	7.479		7.479	
Total Assets & Deferred Outflows	1,606,270,000	3,706,514	1,609,976,514	0.23%
Total Liabilities & Deferred Inflows	(384,950,000)		(384,950,000)	
Total Net Position	(1,221,320,000)	(3,706,514)	(1,225,026,514)	0.30%
Operating Revenues	(247,450,000)		(247,450,000)	
Operating Expenses	632,331,000	(3,706,514)	628,624,486	-0.59%
Nonoperating (Revenues) Exp	(539,599,000)		(539,599,000)	
Change in Net Position	(154,718,000)	(3,706,514)	(158,424,514)	2.40%