WESTERN KANSAS COMMUNITY COLLEGE
VIRTUAL EDUCATION CONSORTIUM

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

DECEMBER 31, 2023



LOYD GROUP, LLC

Certified Public Accountants

Western Kansas Community College
Virtual Education Consortium

December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Western Kansas Community College
Virtual Education Consortium
Overland Park, Kansas

Report on the Financial Statements

Opinions

We have audited the financial statements of the business-type activities the Western Kansas Community College Consortium (the Consortium), as of and for the six months ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Consortium's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Western Kansas Community College Consortium as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Consortium 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 opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material

misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

Emphasis-of-matter

As of the six months ended December 31, 2023, the member Colleges of the Consortium have voted to discontinue the Consortium. The Consortium has changed the basis of accounting used to determine the amounts at which assets and liabilities are carried from the going concern basis to a liquidation basis. All revenues and expense have been recognized as of December 31, 2023. The remaining cash balances, receivables and payables are reflective of the activity left to liquidate and settle the remaining obligations of the Consortium.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis on pages 3-5, 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.

Loyd Group, LLC

Loyd Group, LLC
Galva, Kansas

April 30, 2024

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

Western Kansas Community College Virtual Education Consortium is presenting this discussion and analysis of its financial statements to provide an overview of the financial activities for the year. It is presenting its annual financial statements in accordance with pronouncements issued by the Government Accounting Standards Board (GASB), the authoritative body for establishing Generally Accepted Accounting Principles (GAAP) for state and local governments, including public institutions of higher learning.

The Consortium was created by six western Kansas community colleges to jointly develop and market general education courses over the internet. It was created in 1999 and has operated successfully since that time. The initial investments made by the colleges were completely repaid.

The basic financial statements focus on the Consortium as a whole. These statements are designed to emulate corporate presentation models. There are three financial statements presented: the Statement of Net Position; the Statement of Revenues, Expenses, and Change in Net Position; and the Statement of Cash Flows. The statements are presented on a comparative basis. The emphasis of the discussion will include this comparison.

Statements of Net Position

The Statements of Net Position is a point in time financial statement. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of the Consortium. The Statements of Net Position presents end-of-year data concerning Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Position (assets minus liabilities).

From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the Consortium. They are also able to determine how much the Consortium owes vendors and others. The Statements of Net Position provides a picture of the net position (assets minus liabilities) and its availability for expenditure by the Consortium. The net position of the consortium is unrestricted and is available for any lawful purposes.

	December 31, 2023	June 30, 2023
Assets & Deferred Outflows		
Current Assets	$ 887,654	$ 1,137,806
Capital Assets	-	-
Deferred Outflows	-	1,782
Total Assets & Deferred Outflows	$ 887,654	$ 1,139,588
Liabilities & Deferred Inflows		
Current Liabilities	$ 887,654	$ 373,306
Non-Current Liabilities	-	-
Deferred Inflows	-	75,886
Total Liabilities & Deferred Inflows	887,654	449,192
Net Position		
Investment in Capital Assets	-	-
Unrestricted	-	690,396
Total Net Position	-	690,396
Total Liabilities, Deferred Inflows & Net Position	$ 887,654	$ 1,139,588

The net position of the Consortium is zero at December 31, 2023 due to the decision to discontinue the Consortium. The remaining balance sheet items are the final cash balances to pay out the final bills and distributions to the member Colleges.

Statement of Revenues, Expenses and Change in Net Position

Changes in total net position are based on the activity presented in the Statements of Revenues, Expenses, and Changes in Net Position. The purpose of the statements is to present the revenues received by the Consortium, both operating and nonoperating, and the expenses paid by the Consortium, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the Consortium.

Generally speaking, operating revenues are received for providing educational services to the various customers and constituencies of the Consortium. The revenues are primarily tuition received from students taking courses from the Consortium. The three colleges enroll and charge tuition and fees to their students and then pay the resulting revenues to the Consortium. Operating expenses are those expenses paid to produce the educational services provided in return for the operating revenues, and to carry out the mission of the Consortium. Non-operating revenues (expenses) are amounts for which educational services are not provided. For the Consortium, non-operating revenues (expenses) are interest on cash balances, service charges, coursework research and appropriations to members.

The operating revenues of the Consortium are primarily tuition and fees generated from the sale of education to students. Revenues also include online textbooks purchased by students. Credit hour production represents only a half year, decreasing by approximately 42%. Expenditures also decreased by 38%. Some of the changes in expenditures are caused by adjustments in noncurrent liabilities, deferred outflows and deferred inflows that are not controlled by the Consortium. Operating income is normally used to continue needed research into new education possibilities and continue appropriation payments to members.

	December 31, 2023	June 30, 2023
Operating Revenues	$ 1,053,572	$ 1,822,840
Operating Expenses	1,016,724	1,635,787
Net Operating Income	36,848	187,053
Total Non operating Revenues (Expenses)	(727,244)	(254,426)
Change in Net Position	(690,396)	(67,373)
Total Net Position, Beginning	690,396	757,769
Total Net Position, Ending	$ -	$ 690,396

Statement of Cash Flows

The final statement presented by the Consortium is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the Consortium during the year. It is divided into cash flows from operating activities, capital activities, noncapital activities and investing activities. It reconciles the net cash used to the operating income or loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position.

	December 31, 2023	June 30, 2023
Net change in Cash From		
Operating Activities	$ 450,199	$ 299,970
Capital and Related Financing Activities	(755,484)	(300,000)
Investing Activities	5,741	2,973
Net change in Cash	(299,544)	2,943
Cash - Beginning	934,818	931,875
Cash - Ending	$ 635,274	$ 934,818

The cash balance at the end of the year is the remaining balances to settle the business of the Consortium and for the final distributions to the member Colleges.

Economic Outlook

As of December 31, 2023, Dodge City Community College and Seward Community College will exit the Consortium. Pratt Community College will retain exclusive rights to the brand and all other intellectual property rights.

Dr. Esther Lahargoue
Chief Executive Officer

BASIC FINANCIAL STATEMENTS

Western Kansas Community College Virtual Education Consortium

Statement of Net Position

December 31, 2023

ASSETS	
Current Assets	
Cash	$ 635,274
Accounts receivable	252,380
Total current assets	887,654
TOTAL ASSETS	887,654
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows - pensions	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 887,654
LIABILITIES	
Current Liabilities	
Accounts payable	$ 887,654
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows - pensions	-
TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	887,654
NET POSITION	
Unrestricted	-
Total net position	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 887,654

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

Western Kansas Community College Virtual Education Consortium

Statements of Revenues, Expenses, and Changes in Net Position

For the 6 Months Ended December 31, 2023

OPERATING REVENUES	
Student tuition and fees	$ 1,052,585
Miscellaneous revenue	987
Total operating revenues	1,053,572
OPERATING EXPENSES	
Digital asset fees	53,583
Instructional costs	323,813
Textbooks	130,343
Salaries and benefits	229,366
Marketing	55,465
Travel	4,090
Supplies	6,731
Legal and accounting	78,558
Professional fees	66,100
Office overhead	4,808
Utilities	10,305
Website	53,052
Platform costs	30
Interest	480
Total operating expenses	1,016,724
Operating income (loss)	36,848
NONOPERATING REVENUES (EXPENSES)	
State aid - KPERS	22,019
Investment income	6,221
Member appropriations	(755,484)
Net nonoperating revenues (expenses)	(727,244)
Net change in net position	(690,396)
NET POSITION	
Net position - beginning of year	690,396
Net position - end of year	$ -

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

Western Kansas Community College Virtual Education Consortium

Statements of Cash Flows

For the 6 Months Ended December 31, 2023

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	708,178
Miscellaneous revenue		987
Payments for salaries and benefits		154,394
Payments for contractual services		(56,959)
Payments and reimbursements for utilities		(10,306)
Payments for marketing		(55,465)
Payments for other administration costs		(290,630)
Net change in cash flows from operating activities		450,199
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Member appropriations		(755,484)
Net change in cash flows from capital and related financing activities		(755,484)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments		5,741
Net change in cash and cash equivalents		(299,544)
Cash - beginning of year		934,818
Cash - end of year	$	635,274
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income	$	36,848
Changes in operating assets and liabilities:		
Accounts receivable		(99,098)
Prepaid expense		49,706
Accounts payable		828,413
Accrued salaries		(55,662)
Deferred tuition		(245,309)
Compensated absences payable		(12,614)
Deferred inflows and outflows related to pensions		(74,104)
State aid - KPERS		22,019
Net change in cash flows from operating activiites	$	450,199

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

Western Kansas Community College Virtual Education Consortium

Notes to Financial Statements

December 31, 2023

1. Summary of Significant Accounting Policies

Western Kanas Community College Virtual Education Consortium (the Consortium) was organized under the inter-local cooperative agreement act authorized by K.S.A. 12-2901 and approved by the office of the Attorney General on October 29, 2002 and the Board of Regents on November 14, 2002. The Consortium functions as a special purpose government and encompasses the geographic areas in Western Kansas served by the Community Colleges of Dodge City, Pratt, and Seward County. The Consortium offers online courses under the name EduKan. EduKan provides access to quality higher education through degrees, certificates, individual courses, support services and emerging market-driven programming through distance education.

At inception of the Consortium, the six member Colleges invested equal funds to support the projects' operation and development. As revenues exceeded expenses and appropriate level cash reserves were established, invested funds were periodically repaid. As of January 2007, the entire amount of the original investment has been returned to the respective Colleges.

(a) Reporting Entity

The Consortium is governed by a separate Board of Directors comprised of the three member College Presidents. The accounting and reporting policies of the Consortium, relating to the funds included in the accompanying financial statements, conform to generally accepted accounting principles applicable to public institutes engaged in business-type activities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The significant accounting policies of the Consortium are described below.

(b) Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Consortium's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. With this measurement focus, all assets and liabilities associated with the operation of the Consortium are included on the statement of net position. The statement of revenues, expenses and change in net pension presents increases and decreases in net position. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. Revenues are recognized as soon as they are both measurable and available.

(c) Use of 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 and disclosure of contingent 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.

(d) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Cash

For purposes of the statement of cash flows, the Consortium considers all investments with original maturities of one year or less to be cash equivalents. There were no cash equivalents as of December 31, 2023.

1. Summary of Significant Accounting Policies (Cont.)

(d) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Accounts Receivable

Accounts receivable consists of tuition and fees charged to students. The member Colleges receive billings from the Consortium for the tuition due from the students enrolled through their respective College. The balance shown as accounts receivable at December 31, 2023 is considered to be 100% collectible by management since each College is responsible for collecting their own receivables from the students. Accordingly, no provision has been established for doubtful accounts.

Prepaid Expenses

Payments made to vendors for goods and services that will benefit periods beyond the current year are recorded as prepaid items when they are deemed material and it is considered appropriate. Prepaid contract fees and prepaid payroll include the amounts paid for summer sessions not yet completed. The Consortium maintains no significant inventory of office supplies. These items are expensed as purchased and no inventory is recorded in the financial statements.

Deferred Tuition

Summer session tuition and fees billed to students who enroll in May and June are allocated over the days of the course and the portion related to the subsequent account period is recorded as deferred revenue.

Capital Assets

Capital assets include property and equipment. Capital assets are defined by the Consortium as assets with an initial unit cost of $5,000 or more. Such assets are recorded at historical cost or estimated cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized as projects are constructed. The costs of normal maintenance and repairs that do not add value to the assets or materially extend the assets' lives are not capitalized.

Property and equipment of the Consortium are depreciated using the straight-line method over the following estimated useful lives:

Office and Computer Equipment – 3 to 5 years

On-Behalf Payments for Employee Benefits

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

Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Kansas Public Employees Retirement System (KPERS) and additions to/deductions from KPERS's fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Summary of Significant Accounting Policies (Cont.)

(d) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Consortium reports collective deferred outflows for pensions. See Note 6 for more information on these deferred outflows.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Consortium reports collective deferred inflows for pensions. See Note 6 for more information on these deferred inflows.

Net Position

The Consortium's net position is classified as follows:

Net investment in capital assets. This represents the Consortium's total investment in capital assets, net of accumulated depreciation and reduced by 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 net investment in capital assets.

Restricted net position – nonexpendable. Restricted nonexpendable net position consists 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 in perpetuity, and invested for the purpose of producing present and future income, which may either be expended or added to principal. The Consortium has no nonexpendable restricted net position as of December 31, 2023.

Restricted net position – expendable. Restricted expendable net assets include resources in which the Consortium is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties. The Consortium has no expendable restricted net position as of December 31, 2023.

Unrestricted net position. Unrestricted net assets represent resources derived from student tuition and fees. These resources are used for transactions relating to the educational and general operations of the Consortium and may be used at the discretion of the governing board to meet current expenses for any lawful purpose.

Net Position Flow Assumption

Sometimes the Consortium will fund outlays for a particular purpose from both restricted (e.g. restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Consortium's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

1. Summary of Significant Accounting Policies (Cont.)

(e) Revenue Classification

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

Operating Revenues. Operating revenues include activities that have the characteristics of exchange transactions, such as student tuition and fees and sales and services of auxiliary enterprises.

Nonoperating Revenues. Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions and other revenue sources, such as state aid, property taxes and investment income.

2. Stewardship, Compliance, and Accountability

(a) Budgetary Information

The Consortium is not subject to the legal annual operating budget requirements, but is controlled by the use of an internal budget established by the governing body. As the Consortium is not subject to these requirements, comparison to budget has been waived on the financial statements.

3. Cash and Investments

Kansas Statute (KSA) 9-1401 establishes the depositories which may be used by the Consortium. The statute requires banks eligible to hold the Consortium's funds have a main or branch bank in the county in which the Consortium is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The Consortium has no other policies that would further limit inherent rate risk.

Kansas Statute (KSA) 12-1675 authorizes the Consortium to invest monies in time deposits, certificates of deposits, repurchase agreements consisting of obligations insured by the U.S. government or any agency thereof, U.S. Treasury bills or notes with maturities not exceeding two years, and the Kansas Municipal Investment Pool. The Consortium has no other policies that would further limit investment choices.

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

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Consortium's deposits may not be returned to it. State statutes require the Consortium'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 December 31, 2023.

The Consortium's carrying amount of deposits was $635,274 and the bank balance was $647,180 at December 31, 2023. The bank balance was held by one bank resulting in a concentration of credit risk. Of the bank balance, $250,000 was covered by federal depository insurance and $397,180 was collateralized by securities held by the pledging institutions' agents in the Consortium's name at December 31, 2023. The cash balances are representative of the remaining receivables and payables to clear the bank in the January through April 2024 months as described in Note 9.

3. Cash and Investments (Cont.)

Custodial Credit Risk - Investments. For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the Consortium will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The Consortium had no investments at December 31, 2023.

4. Capital Assets

Capital asset activity for the year ended December 31, 2023, was as follows:

	Beginning Balance	Increases	(Decreases) Adjustments	Ending Balance
Depreciable capital assets:				
Office Equipment	$ 216,153	$ -	$ (216,153)	$ -
Less accumulated depreciation:				
Office Equipment	(216,153)	-	216,153	-
Total capital assets, net	$ -	$ -	$ -	$ -

Depreciation expense for the year ended December 31, 2023 is $0.

5. Risk Management

The Consortium is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Consortium has been unable to obtain health insurance at a cost it considered to be economically justifiable. For this reason, the County joined together with other counties in the State to participate in the State Employee Health Plan (SEHP), which is a public entity risk pool currently operating as a common risk management and insurance program.

The Consortium pays monthly premiums to the SEHP for its health insurance coverage. The agreement to participate provides that the SEHP will be self-sustaining through member premiums and will not reinsure through commercial companies. Additional premiums may be due if total claims for the pool are different than what has been anticipated by SEHP management.

The Consortium carries commercial insurance for all other risks of loss, including property, general liability, automobile, crime, cyber liability, directors and officers' professional liability, inland marine and worker's compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

During the ordinary course of its operations, the Consortium is exposed to various claims, legal actions and complaints. It is of the opinion of the Consortium's management and legal counsel that any current matters are not anticipated to have a material impact on the Consortium.

6. Defined Benefit Pension Plan

Plan Description

The Consortium participates in the Kansas Public Employees Retirement System (KPERS or System), a cost-sharing multiple-employer defined benefit pension plan as provided by Kansas law and administered by KPERS, a body corporate and an instrumentality of the State of Kansas. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available, stand-alone comprehensive annual financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737, or at the KPERS website at www.kpers.org.

Due to the dissolution of the Consortium, there are no outstanding balances with regard to this plan. All activity ceased as of December 31, 2023.

7. Other Post Employment Benefits - Healthcare

The Consortium allows retirees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the Consortium is subsidizing the retirees because each participant is charged a level of premium regardless of age. Due to no retired employees participating and immaterial nature of cost, the cost of this subsidy has not been quantified in these financial statements.

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

8. Member Appropriations

Each fiscal year end, the Consortium calculates the revenues that exceed the expenses and an appropriation is returned back to the three member Colleges. Fifteen percent of the total appropriation available is allocated equally among the members. The other eighty-five percent is based on the amount of credit hours each member purchased through EduKan and is allocated respectively. This formula was used in calculating the final distributions.

9. Dissolution of Consortium

As of December 31, 2023, the member Colleges of the Consortium have voted to discontinue the Consortium. All revenues and expenses have been recognized as of December 31, 2023. All operations have ceased as of this date. The remaining receivables and payables are the activity left to liquidate and settle the remaining obligations of the Consortium. All final checks are anticipated to be issued by April 30, 2024. Dodge City Community College and Seward Community College will exit the Consortium. Pratt Community College will retain exclusive rights to the brand and all other intellectual property rights. as of January 1, 2024.

10. Subsequent Events

Management has evaluated the effects on the financial statements of subsequent events occurring through the date of this report, which is the date at which the financial statements were available to be issued.