PRATT COMMUNITY COLLEGE

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEAR ENDED JUNE 30, 2021

AND

INDEPENDENT AUDITOR'S REPORT

AGH
CPAs & ADVISORS

PRATT COMMUNITY COLLEGE

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WITH SUPPLEMENTARY INFORMATION

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Year Ended June 30, 2021

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AGH
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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pratt Community College
Pratt, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activity and the discretely presented component unit of Pratt Community College (College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activity and the discretely presented component unit of the College, as of June 30, 2021, 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.

Other Matters

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

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedules of receipts, expenditures, changes in unencumbered cash, and comparison with budget are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedules of receipts, expenditures, changes in unencumbered cash, and comparison with budget 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 schedules of receipts, expenditures, changes in unencumbered cash, and comparison with budget 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 December 20, 2021 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 College's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

December 20, 2021
Wichita, KS

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following discussion and analysis of Pratt Community College's (College) financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2021. This discussion and analysis should be utilized in conjunction with the financial statements with supplementary information for the year ended June 30, 2021 and the independent auditor's report.

Financial Highlights

- The College reported net position of $34,479,082. Of this amount, $20,142,658 is unrestricted and available to meet ongoing obligations. This represents a $2.8 million increase in total net position from 2020.

- Total assets and deferred outflows of resources increased by $1,976,860, primarily related to an increase in cash, due to increase in operations and students returning to the dorms.

- Unrestricted cash and cash equivalents increased by $1,510,539. The critical point in the year for cash at the College is December 31 each year due to the timing of cash receipts. The increased cash is a result of student tuition, fees, housing receipts, taxes and state aid.

Overview of the Basic Financial Statements

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the College, as well as its component unit, the Pratt Community College Foundation, Inc. The following discussion focuses on the College.

The attached reports contain the following components: 1) basic financial statements, 2) notes to the financial statements, 3) required supplementary information, and 4) supplementary financial information.

The basic financial statements provide both long-term and short-term information about the College's overall financial status. The required supplementary information provides additional information regarding the College's pension and OPEB liabilities. The supplementary financial information provides a schedule of receipts, expenditures, changes in unencumbered cash, and comparison with budget on a statutory basis by fund. These schedules, which have been provided in the past, focus on the individual parts of the College, reporting the College's operations in more detail than the basic financial statements. The two perspectives allow the user of this data to address relevant questions, broaden the basis of comparison, and enhance accountability.

Financial Analysis of the College
Net Position

As of June 30,

	2021	2020	Increase (Decrease)
Current Assets	**$ 27,403,729**	$ 25,814,581	$ 1,589,148
Non-current assets:			
Restricted cash and deposits held	**156,038**	234,647	(78,609)
Capital assets, net of depreciation	**13,075,435**	12,774,825	300,610
Deferred outflows	**89,563**	63,650	25,913
Total assets and deferred outflows	**40,724,765**	38,887,703	1,837,062
Current liabilities	**1,089,390**	1,722,682	(633,292)
Non-current liabilities	**5,061,276**	5,366,676	(305,400)
Deferred inflows	**95,017**	87,913	7,104
Total liabilities and deferred inflows	**6,245,683**	7,177,271	(931,588)
Net position			
Net investment in capital assets	**7,881,658**	7,149,999	731,659
Restricted for:			
Programs	**6,454,766**	6,162,775	291,991
Unrestricted	**20,142,658**	18,397,658	1,745,000
Total net position	**$ 34,479,082**	$ 31,710,432	$ 2,768,650

Long-term Debt and Capital Assets

Capital assets, net of accumulated depreciation, increased by $300,610 due to ongoing capital acquisitions, which included the purchase of equipment and building repairs. The College refunded Series 2012 Certificates of Participation and issued new Series 2021 Certificates of Participation. See Note 6 for additional information on the College's long-term debt.

Operating Results

Total revenues increased $937,358, primarily due to a 2% increase in room and board fees.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Financial Analysis of the College
Operating Results for the Years Ended

As of June 30,

	2021	2020	Increase (Decrease)
Operating revenues:			
Tuition and fees	**$ 1,522,500**	$ 1,152,395	$ 370,105
Auxiliary	**2,401,810**	1,598,129	803,681
Non-operating revenues:			
Governmental appropriations	**13,792,216**	13,046,324	745,892
Grants and gifts	**1,022,031**	990,716	31,315
Capital contributions	**-**	468,369	(468,369)
Investment income	**2,485**	10,297	(7,812)
Other	**556,649**	1,094,103	(537,454)
Total Revenues	**19,297,691**	18,360,333	937,358
Expenses:			
Operating expenses			
Instruction	**4,397,908**	4,293,833	104,075
Academic support	**454,021**	756,364	(302,343)
Student services	**2,454,107**	2,383,065	71,042
Institutional support	**3,344,428**	3,266,462	77,966
Operations and maintenance	**129,252**	472,534	(343,282)
Depreciation	**1,013,334**	921,648	91,686
Scholarships and fellowships	**1,734,989**	1,720,710	14,279
Auxiliary	**2,935,620**	2,675,081	260,539
Interest expense	**65,382**	57,319	8,063
Total expenses	**16,529,041**	16,547,016	(17,975)
Increase in net position	**2,768,650**	1,813,317	955,333
Net position, beginning of year	**31,710,432**	29,897,115	1,813,317
Net position, end of year	**$ 34,479,082**	$ 31,710,432	$ 2,768,650

Notes to the Financial Statements

The notes provide additional narrative and financial information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements begin on page 10 of this report.

Basic Financial Statements

The basic financial statements report information about Pratt Community College as a whole using accounting methods similar to those used in private-sector companies. The statement of net position presents information on all of the College's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position will determine if the College as a whole is better or worse off.

The statement of revenues, expenses and changes in net position shows how the College's net position changed during the most recent fiscal year. All changes in net position are taken into account regardless of when cash is received or paid.

The statement of cash flows utilizes the direct method of calculating cash flows (i.e. the amounts received and paid in cash).

Next Year's Budget

The College's enrollment trend has stabilized and is expected to trend-up as new programs gain enrollment. The state restored the remainder of the prior four percent budget cut plus provided some additional funding. The College will continue to monitor the state funding situation. The College continues to focus on developing additional programs to grow enrollment.

PRATT COMMUNITY COLLEGE

STATEMENT OF NET POSITION

June 30, 2021

	College	Foundation
ASSETS		
Current assets:		
Cash	$ 26,904,418	$ 1,432,900
Receivables, net of allowance for uncollectible accounts of $67,418	499,311	18,100
Total current assets	27,403,729	1,451,000
Noncurrent assets:		
Restricted cash	156,038	--
Other investments	--	3,987,874
Beneficial interest in South Central Community Foundation	--	626,905
Capital assets	29,325,191	165,452
Accumulated depreciation	(16,249,756)	--
Total noncurrent assets	13,231,473	4,780,231
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	54,368	--
Deferred outflows related to OPEB	35,195	--
Total deferred outflows of resources	89,563	--
Total assets and deferred outflows of resources	$ 40,724,765	$ 6,231,231
LIABILITIES		
Current liabilities:		
Accounts payable	$ 188,898	$ --
Deposits held in custody for others	173,389	--
Salaries payable	239,155	--
Certificates of participation	350,000	--
Capital leases	117,511	--
Accrued interest	20,437	--
Total current liabilities	1,089,390	--
Noncurrent liabilities:		
Certificates of participation	2,105,000	--
Capital leases	2,621,266	--
Net pension liability	135,093	--
Total OPEB liability	199,917	--
Total noncurrent liabilities	5,061,276	--
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	18,177	--
Deferred inflows related to OPEB	76,840	--
Total deferred inflows of resources	95,017	--
NET POSITION		
Net investment in capital assets	7,881,658	165,452
Restricted for:		
Scholarships (expendable)	--	519,984
Programs (expendable)	6,454,766	--
Restricted for scholarships (nonexpendable)	--	697,190
Unrestricted	20,142,658	4,848,605
Total net position	34,479,082	6,231,231
Total liabilities, deferred inflows of resources and net position	$ 40,724,765	$ 6,231,231

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

PRATT COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

Year Ended June 30, 2021

	College	Foundation
Operating revenues:		
Student tuition and fees	$ 1,522,500	$ --
Auxiliary enterprises - dormitory	2,401,810	--
Net investment income (loss)	--	847,111
Grants and gifts	--	1,016,710
Total operating revenues	3,924,310	1,863,821
Operating expenses		
Education and general		
Instruction	4,397,908	--
Academic support	454,021	--
Student services	2,454,107	--
Institutional support	3,344,428	143,940
Operation and maintenance of plant	129,252	162,795
Depreciation	1,013,334	--
Scholarships and fellowships	1,734,989	253,418
Total education and general	13,528,039	560,153
Auxiliary enterprises	2,935,620	--
Total operating expenses	16,463,659	560,153
Operating income (loss)	(12,539,349)	1,303,668
Nonoperating revenues (expenses):		
Governmental appropriations	13,792,216	--
Grants and gifts	1,022,031	--
Investment income	2,485	--
Interest expenses	(65,382)	--
Other	556,649	--
Total nonoperating revenues (expenses)	15,307,999	--
Change in net position	2,768,650	1,303,668
Net position, beginning of year	31,710,432	4,927,563
Net position, end of year	$ 34,479,082	$ 6,231,231

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

PRATT COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

Year Ended June 30, 2021

	College	Foundation
Cash flows from operating activities:		
Tuition and fees	$ 1,910,212	$ --
Auxiliary enterprise revenue	2,401,810	--
Income from grants and other	--	872,769
Payments to suppliers and employees	(14,247,660)	(163,132)
Payments for scholarships	(1,734,989)	(253,418)
Net cash flows from operating activities	(11,670,627)	456,219
Cash flows from noncapital financing activities		
Governmental appropriations, grants and gifts	14,814,247	--
Other	556,649	--
Net cash flows from noncapital financing activities	15,370,896	--
Cash flows from capital and related financing activities		
Acquisition of capital assets	(1,313,944)	--
Payments on capital leases	(106,049)	--
Proceeds from issuance of capital leases	--	--
Payments on certificates of participation	(1,650,000)	--
Proceeds from issuance of certificates of participation	1,325,000	--
Interest paid on long-term debt	(59,510)	--
Cash flows from capital and related financing activities	(1,804,503)	--
Cash flows from investing activities		
Investment purchases and earnings reinvested	--	(160,004)
Investment maturities and sales	--	155,651
Interest and dividends received on investments	2,485	69,103
Net cash flows from investing activities	2,485	64,750
Net change in cash and cash equivalents	1,898,251	520,969
Cash and cash equivalents, beginning of year	25,162,205	911,931
Cash and cash equivalents, end of year	$ 27,060,456	$ 1,432,900
to net cash flows from operating activities:		
Reconciliation of operating income (loss)		
Operating income (loss)	$ (12,539,349)	$ 1,303,668
Adjustments to reconcile operating income (loss) to net cash flows from operating activities:		
Depreciation expense	1,013,334	--
Net unrealized gain on investments	--	(847,111)
Changes in assets, deferred outflows of resources, liabilities and deferred inflows of resources		
Accounts receivable	387,712	--
Deferred outflows	(25,913)	--
Accounts payable	(579,956)	(338)
Salaries payable	35,320	--
Other payables	6,600	--
Net pension liability	30,381	--
Total OPEB liability	(5,860)	--
Deferred inflows	7,104	--
Total adjustments	868,722	(847,449)
Net cash flows from operating activities	$ (11,670,627)	$ 456,219

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

1. NATURE OF ORGANIZATION

Pratt Community College (College), established in 1938, is a public institution of higher education that grants associate degrees and occupational certificates. The College's mission is to provide high quality instruction and services that meet the educational and occupational training needs of its students and regional business and industry while providing activities for the lifetime enrichment of citizens in south central Kansas. The College is governed by a seven-member Board of Trustees, elected at large.

Financial reporting entity - The College follows Governmental Accounting Standards Board (GASB) Statement No. 61, *Financial Reporting Entity Omnibus* which amends GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units,* an amendment of GASB Statement 14. Under this amendment, entities that are legally separate tax-exempt organizations are required to be reported in the College's financial statements if the resources of the affiliated organization benefit the College, the College is entitled to or can otherwise access the resources, and the resources are considered significant to the College.

Pratt County Community College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement funds to provide scholarships to students at the College and to provide other financial support to the College. The College provides personnel services related to administration and accounting activities for the Foundation. Grants and gifts revenue and institutional support expense of $143,940 was recognized by the Foundation for these services for the year ended June 30, 2021. The majority of the resources or income thereon that the Foundation holds and invests is restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of the College or its constituents, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

The Foundation is a nonprofit organization that reports under standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from the Governmental Accounting Standards Board (GASB) revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. The Foundation does not issue separate financial statements.

Accounting principles generally accepted in the United States of America (GAAP) require the reporting entity to include: (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The Pratt Community College Foundation meets the requirements to be included in the reporting entity of the College.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of accounting - The accounting records of the College are maintained in accordance with accounting principles generally accepted in the United States of America. The College accounts for all activities within one business-type activity fund and applies all statements issued by the Government Accounting Standards Board (GASB).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The College's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when realized or realizable and earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The College distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the College's principal ongoing operations. The College's primary operating revenues are charges for student tuition, fees and dormitory charges. Operating expenses include the cost of providing the tuition and dormitory facilities, including administrative charges and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The College first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position is available.

Cash and cash equivalents - Cash and cash equivalents are reported at fair value and changes in unrealized gains and losses are recorded in the statements of revenues, expenses, and changes in net position. The College considers all unrestricted investments with an original maturity of three months or less to be cash equivalents. Restricted cash consists of funds for debt service, operation, construction, and maintenance and replacement.

Deposits and investments - Kansas statutes authorize the College to invest in certain specified securities, including time deposits, repurchase agreements, and U.S. government obligations. Investments are recorded at fair value.

Receivables and deferred revenues - Property taxes are recognized as revenue in the period for which they are levied. In Kansas, taxes are levied in November and are due by December 20. Taxpayers may elect to pay in two installments, with the second half due by May 10 of the following year. As of June 30, 2021, the County Treasurer had distributed to the College approximately 95% of the 2020 tax levied.

Tuition and fees for summer sessions are reported within the fiscal year in which the programs are predominantly conducted. Accordingly, tuition and fees collected for the 2021 summer session have been included in the current year's revenues.

Capital assets - Capital assets over $5,000 are recorded at cost or estimated acquisition value at date of donation in the case of gifts. The costs of maintenance, repairs, and minor replacements are charged to the appropriate operations and maintenance expense accounts. Depreciation is computed on a straight-line basis over the estimated useful lives of the related assets. Estimated service lives range from 5 to 40 years. The depreciation expense on assets acquired under capital leases is included with depreciation expense on owned assets.

Compensated absences - The College provides paid vacations and sick leave to employees. Employees are paid for accumulated vacation when employment is terminated. Employees are not paid for accumulated sick leave upon termination. Management of the College has determined the liability for accrued vacation and considers the liability to be immaterial in amount at June 30, 2021.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Pensions - The employer contributions for community colleges are funded by the State of Kansas on behalf of these employers for active employees. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68. The state is treated as a nonemployer contributing entity in the Kansas Public Employees Retirement System (KPERS). Since these employers do not contribute directly to KPERS for active employees, there is no net pension liability or deferred inflows or outflows to report in their financial statements for active employees. See Note 8 for disclosures regarding the state's portion of the College's total proportionate share of the collective net pension liability that is associated with the College. The College recognizes pension expense associated with the College as well as revenue in an amount equal to the state's total proportionate share of the collective pension expense associated with the College.

The College does make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, known as "working after retirement" employees. The resulting proportional share of the "working after retirement" contributions and resulting net pension liability, deferred inflows of resources and deferred outflows of resources are attributable to the College. 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 KPERS and additions to/deductions from KPERS' 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.

Estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect: (1) the reported amounts of assets and liabilities, (2) disclosures such as contingencies, and (3) the reported amounts of revenues and expenses included in such financial statements. Actual results could differ from those estimates.

Net position - *Net investment in capital assets*: This represents the College's total investment in capital assets, net of 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 in this component.

Restricted net position - non-expendable: Restricted non-expendable net position includes endowment corpus amounts.

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 by external third parties.

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 for transactions relating to the educational and general operations of the College and may be 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.

3. CASH AND INVESTMENTS

College

Deposits: At year-end, the College's carrying amount of deposits was $27,060,456 and the bank balance was $27,554,322.

Custodial Credit Risk: Custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its deposits or investments that are in the possession of an outside party. As of June 30, 2021, all deposits were either fully insured or collateralized. The College has no formal policy regarding custodial credit risk.

Investments: During the year, the College's idle funds were held in interest bearing demand deposit accounts.

Foundation

Deposits: At year-end, the Foundation's carrying amount of deposits was $1,432,900 and the bank balance was $1,512,373.

Investments include the following at June 30, 2021:

Equity	$ 2,437,050
Fixed income	1,516,222
Cash management fund	34,602
Investment in South Central Community Foundation	626,905
	$ 4,614,779

Investment income consists of the following for the year ended June 30, 2021:

Unrealized loss	$ 713,048
Realized gain	90,901
Dividends and interest income	69,103
Investment management expenses	(25,941)
	$ 847,111

4. FAIR VALUE OF FINANCIAL INSTRUMENTS - FOUNDATION

Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value.

The following describes three levels of inputs that may be used to measure fair value:

Level 1 - Inputs to the valuation methodology are quoted prices available in active markets for identical investments as of the reporting date;

4. FAIR VALUE OF FINANCIAL INSTRUMENTS - FOUNDATION (CONTINUED)

Level 2 - Inputs to the valuation methodology are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value can be determined through the use of models or other valuation methodologies; and

Level 3 - Inputs to the valuation methodology are unobservable inputs in situations where there is little or no market activity for the asset or liability and the reporting entity makes estimates and assumptions related to the pricing of the asset or liability including assumptions regarding risk.

A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. The Foundation's investments classified as Level 1 in the fair value hierarchy are based on quoted prices in active markets. The Foundation's beneficial interest in the South Central Community Foundation (SCCF) is valued by the SCCF based on estimates of the underlying investments of the fund as provided by fund managers and other market data. Because the Foundation has an undivided interest in the SCCF Fund (Fund), its unit of account for the fair value measurement purposes is the Fund. The Fund is classified as Level 3 in the fair value hierarchy because no observable inputs exist for an undivided interest in the Fund.

The following table sets forth the Foundation's financial assets that were measured at fair value on a recurring basis as of June 30, 2021.

	2021 Fair Value Measurements Using			
	Level 1	Level 2	Level 3	Total Fair Value
Equity investments	$ 2,437,050	$ --	$ --	$ 2,437,050
Fixed income investments	1,516,222	--	--	1,516,222
Cash management fund	34,602	--	--	34,602
Community Foundation	--	--	626,905	626,905
	$ 3,987,874	$ --	$ 626,905	$ 4,614,779

5. CAPITAL ASSETS

Capital assets are comprised of the following at June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
College:				
Land	$ 458,000	$ --	$ --	$ 458,000
Building and improvements	22,103,993	871,330	(218,792)	22,756,531
Equipment, furniture and fixtures	8,951,052	442,614	(3,283,006)	6,110,660
Less accumulated depreciation	(18,738,220)	(1,013,334)	3,501,798	(16,249,756)
Total	$ 12,774,825	$ 300,610	$ --	$ 13,075,435
Foundation: Land	$ 165,452	$ --	$ --	$ 165,452

6. LONG-TERM DEBT AND CAPITAL LEASES

The following is a summary of changes in long-term debt of the College for the year ended June 30, 2021:

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021	Due within one year
Certificates of Participation *					
Series 2012	$ 1,500,000	$ --	$ (1,500,000)	$ --	$ --
Series 2020	1,280,000	--	(150,000)	1,130,000	160,000
Series 2021	--	1,325,000	--	1,325,000	190,000
Capital lease obligations	2,844,826	--	(106,049)	2,738,777	117,511
	$ 5,624,826	$ 1,325,000	$ (1,756,049)	$ 5,193,777	$ 467,511

* The College's Certificates of Participation have been issued as direct placement debt.

The College's outstanding notes from direct placements of $1,130,000 and $1,325,000 contain a provision that in the event of default, the outstanding amounts become immediately due and payable at the end of the then current fiscal year. The trustee may also sell, lease, or manage any portion of the College's interest in the project and apply the net proceeds towards the outstanding balance.

Certificates of Participation, Series 2012

Certificates of Participation totaling $2,825,000 were issued during the year ended June 30, 2012, pursuant to an installment purchase agreement with the College as lessee and a local bank as the lessor and trustee. The certificates, with interest rates ranging from 2.0% to 2.8%, were issued to refund Student Dormitory Revenue Bonds, Series 2009. Certificates of Participation, Series 2012 were refunded during 2021 with the issuance of Certificates of Participation, Series 2021.

Certificates of Participation, Series 2020

Certificates of Participation totaling $1,280,000 were issued during the year ended June 30, 2020, pursuant to an installment purchase agreement with the College as lessee and a local bank as the lessor and trustee. The certificates, with interest rates ranging from 1.625% to 2.0%, were issued to refund Certificates of Participation, Series 2006 and Series 2009. Principal payments for the Certificates of Participation, Series 2020 are due annually through 2031. Annual debt service requirements under the certificates to maturity are as follows:

Year ending June 30,	Principal	Interest
2022	$ 160,000	$ 22,194
2023	160,000	18,994
2024	160,000	15,794
2025	160,000	12,594
2026	165,000	9,394
2027-2031	325,000	10,625
	$ 1,130,000	$ 89,595

6. LONG-TERM DEBT AND CAPITAL LEASES (CONTINUED)

Certificates of Participation, Series 2021

Certificates of Participation totaling $1,325,000 were issued during the year ended June 30, 2021, pursuant to an installment purchase agreement with the College as lessee and a local bank as the lessor and trustee. The certificates, with interest rates ranging from .35% to .90%, were issued to refund Certificates of Participation, Series 2012. Principal payments for the Certificates of Participation, Series 2021 are due annually through 2028. Annual debt service requirements under the certificates to maturity are as follows:

Year ending June 30,	Principal	Interest
2022	$ 190,000	$ 7,267
2023	220,000	7,588
2024	200,000	6,818
2025	205,000	5,718
2026	205,000	4,590
2027-2028	305,000	3,645
	$ 1,325,000	$ 35,626

Capital Leases

Equipment, vehicles and campus improvements, with a net depreciated cost of $3,641,724, have been acquired under capital leases. The equipment and the related liability under the capital leases are recorded at the present value of the future payments due under the leases as determined with interest rates ranging from 3.0% to 4.0% and expire in various years through 2040.

The following is a schedule by years of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2021:

Year ending June 30,	
2022	$ 211,539
2023	215,149
2024	210,480
2025	227,480
2026	209,147
2027-2031	1,022,388
2032-2036	1,034,750
2037-2039	627,000
Total future minimum lease payments	3,757,933
Less: amount representing interest	(1,019,156)
Present value of future minimum lease payments	2,738,777
Less: current portion	(117,511)
	$ 2,621,266

7. RISK MANAGEMENT

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters.

8. DEFINED BENEFIT PENSION PLAN AND EMPLOYEE BENEFITS

General Information about the Pension Plan

Plan description: The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 66603) or by calling 1-888-275-5737.

Benefits provided: KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the Legislature. 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 an employee's combined age and years of credited service equal 85 "points".

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. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. 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 employee 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.

The 2012 Legislature made changes affecting new hires, current members and employers. A new KPERS 3 cash balance retirement plan for new hires starting January 1, 2015 was created. Normal retirement ages for KPERS 3 is 65 with five years of service or 60 years with 30 years of service. Early retirement is available at age 55 with ten years of service, with a reduced benefit. Monthly benefit options are an annuity benefit based on the accounts balance at retirement.

8. DEFINED BENEFIT PENSION PLAN AND EMPLOYEE BENEFITS (CONTINUED)

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

With the exception of contributions made by the College directly to KPERS for KPERS retirees filing KPERS covered positions under K.S.A. 74-4937 (known as "working after retirement" employees), employer contributions for the College's active employees are funded by the State of Kansas on behalf of the employer. Therefore, the College is considered to be in a special funding situation as defined by GASB 68, *Accounting and Financial Reporting for Pensions.*

State law provides that the contribution rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability program) was 16.15% and 14.41%, respectively for the fiscal year ended June 30, 2021.

For the year ended June 30, 2021, College contributions to the plan for "working after retirement" payments were $18,873.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2021, the College reported a liability for its proportionate share of the KPERS' collective net pension liability that reflected a reduction for state pension support provided to the College. The amount recognized by the College as its proportionate share of the collective net pension liability, the related state support, and the total portion of the collective net pension liability that was associated with the College were as follows:

College's proportionate share of the collective net pension liability	$ 135,093
State's proportionate share of the collective net pension liability associated with the College	8,869,259
	$ 9,004,352

The collective net pension liability was measured by KPERS as of June 30, 2020, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The College's proportion of the collective net pension liability was first based on the ratio of the total actual contributions made for the College (including on-behalf contributions from the state

8. DEFINED BENEFIT PENSION PLAN AND EMPLOYEE BENEFITS (CONTINUED)

and contributions paid by the College) to KPERS, relative to the total employer and nonemployer contributions of the state/school subgroup within KPERS for the fiscal year ended June 30, 2020. The resulting proportion was then allocated to the College based on the ratio of the College's actual contributions paid directly to KPERS for "working after retirement" employees relative to the total employer and nonemployer contributions of the College for the fiscal year ended June 30, 2020. As of the measurement date of June 30, 2020, the College's "working after retirement" contributions were 2.190% of total contributions made for the College (including on-behalf contributions made by the state). The total local allocation percentage for the College as of the measurement date of June 30, 2020 was .001808%., a increase of 0.000189% from the prior measurement date.

For the year ended June 30, 2021, the College recognized pension expense of $849,380 and revenue of $842,409 for support provided by the state in the form of non-employer contributions to KPERS on the College's behalf. At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,881	$ 1,485
Net difference between projected and actual earnings on pension plan investments	11,969	--
Changes in proportionate share	14,746	16,692
Changes in assumptions	6,899	--
College contributions subsequent to the measurement date	18,873	--
	$ 54,368	$ 18,177

The $18,873 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	Deferred (Outflows) Inflows of Resources
2022	$ (401)
2023	(4,422)
2024	(5,365)
2025	(6,673)
2026	(457)
	$ (17,318)

8. DEFINED BENEFIT PENSION PLAN AND EMPLOYEE BENEFITS (CONTINUED)

Actuarial assumptions: The total pension liability for KPERS in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75%
Wage inflation	3.25%
Salary increases, including wage increases	3.25% to 11.75%, including inflation
Long-term rate of return, net of investment expense, and including price inflation	7.50%

Mortality rates were based on the RP-2014 Combined Mortality, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using scale MP-2016.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016 through December 31, 2018. The experience study is dated January 7, 2020.

The actuarial assumptions changes adopted by the Pension Plan for all groups based on the experience study were as follows:

- Price inflation assumption lowered from 3.00% to 2.75%.
- Investment return assumption was lowered from 7.75% to 7.50%.
- General wage growth assumption was lowered from 3.50% to 3.25%.
- Payroll growth assumption was lowered from 3.00% to 2.75%.

The long-term expected rate of return on 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	Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	23.50%	5.20%
Non-U.S equities	23.50	6.40
Private equity	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%	

8. DEFINED BENEFIT PENSION PLAN AND EMPLOYEE BENEFITS (CONTINUED)

Discount rate: The discount rate used by KPERS to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The state/school subgroup employers do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the KPERS' Board of Trustees may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in the future. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the College's proportionate share of the collective net pension liability to changes in the discount rate: The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.50% as well as what the College's proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
College's proportionate share of the net pension liability	$ 179,124	$ 135,093	$ 97,971

Pension plan fiduciary net position: Detailed information about the pension plan's fiduciary net position is available in the separately issued KPERS financial report.

9. POST-EMPLOYMENT HEALTHCARE PLAN

The College participates in two other post-employment benefit plans (OPEB), which are separately disclosed in this section under the provisions of GASB Statement No. 75, *Accounting and Financial Reporting by Employers for Post-Employment Benefits Other Than Pensions.*

The College's OPEB Plan

Plan Description: The College provides for medical, dental and prescription drug insurance coverage to qualifying retirees and their dependents. Retirees must contribute carrier charged premiums to maintain coverage. Coverage is provided on a fully-insured basis with two medical plan options. Retirees and spouses have the same benefit as active employees. Retiree coverage terminates either when the retiree becomes covered under another employer health plan, or when the retiree reaches the Medicare eligibility age which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies. The retiree healthcare program operates

9. POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

as a single-employer defined benefit plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The plan does not issue a separate report.

Benefits provided: As provided by K.S.A. 12-5040, the College allows retirees to participate in the College's group health insurance plan. The funding policy of the College is to pay premiums as they become due through the general operating assets of the College. The contribution requirements of plan members and the College are established and may be amended by the Board of Trustees. The required contribution is based on projected pay-as-you-go financing requirements. Retirees pay 100% of their premiums; the College is not required to share costs of retiree premiums.

Members covered by benefit terms. At June 30, 2020, the following members were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	1
Active employees	116
	117

Total OPEB Liability: The College's total OPEB liability of $199,917 was measured as of June 30, 2021 and was determined by an actuarial valuation as of July 1, 2019, which was rolled forward to June 30, 2021.

Actuarial Assumptions and other inputs: The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise noted:

Salary increases, including inflation	2.00%
Discount Rate	2.00% as of June 30, 2021
Healthcare cost trend rates	6.5% for 2021, decreasing by 0.5% per year until 2023 and then decreasing by 0.25% per year to an ultimate rate of 4.5% for 2029 and later years
Retiree share of benefit cost	Retirees pay 100% of COBRA rates

The discount rate was based on the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement.

The actuarial assumptions used in the July 1, 2019 valuation were based reasonable expectations of future experience under the postretirement insurance program based on years of experience information provided by the College.

9. POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Change in the total OPEB liability:

Total OPEB liability, beginning of year	$	205,777
Service cost		21,273
Interest		5,831
Difference between expected and actual experience		1,868
Effect of assumption changes or inputs		(29,232)
Benefit payments		(5,600)
Net changes		(5,860)
Total OPEB liability, end of year	$	199,917

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate decreased from 2.60% on June 30, 2020 to 2.00% on June 30, 2021.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.60%) or 1-percentage-point higher (3.60%) than the current discount rate:

	1% Decrease (1.00%)	Current Discount Rate (2.00%)	1% Decrease (3.00%)
Total OPEB liability	$ 220,420	$ 199,917	$ 181,054

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower (5.5% decreasing to 3.5%) or 1-percentage-point higher (7.5% decreasing to 5.5%) than the current healthcare cost trend rates:

	1% Decrease	Current Trend Assumption	1% Decrease
Total OPEB liability	$ 170,423	$ 199,917	$ 236,224

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB:

For the year ended June 30, 2021, the College recognized OPEB expense of $23,215. At June 30, 2021, the College reported deferred outflows and inflows of resources related to OPEB from the following sources:

9. POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 1,735	$ 30,574
Changes in assumptions	33,460	46,266
	$ 35,195	$ 76,840

Amounts reported as deferred inflows of resources related to OPEB will be recognized in the OPEB expense as follows:

Year ending June 30,	Deferred (Outflows) Inflows of Resources
2022	$ 3,889
2023	3,889
2024	3,889
2025	3,889
2026	3,889
Thereafter	22,200
	$ 41,645

KPERS Death and Disability OPEB Plan

*Plan Description***.** The College participates in an agent multiple-employer defined benefit other post-employment benefit (OPEB) plan which is administered by KPERS. The plan provides long-term disability benefits and life insurance benefits for disabled members to KPERS members, as provided by K.S.A. 74-04927. The plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. Because the trust's assets are used to pay employee benefits other than OPEB, no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75. There is no stand-alone financial report for the plan.

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. Accordingly, the state is required to recognize the total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense for the OPEB plan attributable to the College. The College records revenue and OPEB expense in an amount equal to the expense recognized by the state on behalf of the College.

Benefits provided: Benefits are established by statute and may be amended by the KPERS Board of Trustees. The Plan provides long-term disability benefits equal to 60% (prior to January 1, 2006, 66 2/3%) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver premium provision.

9. POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Long-term disability benefit: Monthly benefit is 60% of the member's monthly compensation, with a minimum of $100 and maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, worker's compensation benefits, other disability benefits from any other source by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability occurs after age 60, benefits are payable while disability continues, for a period of 5 years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the term of the disability or 24 months per lifetime, whichever is less. There are no automatic cost-of-living increase provisions. KPERS has the authority to implement an ad hoc cost-of-living increase.

Group life waiver of premium benefit: Upon the death of an employee who is receiving monthly disability benefits, the plan will pay a lump-sum benefit to eligible beneficiaries. The benefit amount will be 150% of the greater of the member's annual rate of compensation at the time of disability or the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price before the life insurance benefit is computed. The indexing is based on the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual life insurance policy.

Members covered by benefit terms: At June 30, 2021, the following members were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	--
Active employees	131
	131

Total OPEB Liability

At June 30, 2021, the state support provided to the College reduced the College's total OPEB liability to zero. The state reported a liability of $44,687 measured as of June 30, 2020, and was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020.

For the year ended June 30, 2021 the College recognized OPEB expense and revenue of $10,493 for support provided by the state in the form of non-employer contributions on the College's behalf.

9. POST-EMPLOYMENT HEALTHCARE PLAN (CONTINUED)

Actuarial assumptions and other inputs. The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all period included in the measurement, unless otherwise noted:

Price inflation	2.75%
Payroll growth	3.00%
Salary increases, including inflation	3.50% to 11.5%, including price inflation
Discount rate	2.21%
Healthcare cost trend rates	Not applicable for coverage in this plan
Retiree share of benefit cost	Not applicable for coverage in this plan

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on the RP-2014 Mortality tables, as appropriate, with adjustment for mortality improvements based on Scale MP-2019.

The actuarial assumptions used in the December 31, 2019 valuation were based on actuarial experience study for the period July 1, 2013 through December 31, 2015. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

Changes of assumptions. Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020.

10. BUDGETARY INFORMATION

For the purpose of levying taxes, the College used several tax levy funds. Kansas statutes require budgets be adopted for all funds unless exempted by a specific statute. The statutes provide for the following sequence and timetable in the adoption for the legal budget:

1. Preparation of the budget for the succeeding fiscal year on or before July 1.
2. If the budget will exceed the revenue-neutral rate:
    a. Notification to county clerks by July 15 of intent to exceed the revenue-neutral rate.
    b. County clerks mail notification of the intent of the taxing subdivision to each taxpayer at least 10 days in advance of public hearing.
    c. Public Hearing must be held on or after August 10 and no later than September 10.
    d. Adoption of the final budget on or before September 20.
3. If the budget will not exceed the revenue-neutral rate
    a. Publication in local newspaper of the proposed budget and notice of hearing on the budget is on or before August 5.
    b. Public hearing on or before August 15, but at least 10 days after publication of notice of hearing.
    c. Adoption of the final budget on or before August 25.

10. BUDGETARY INFORMATION (CONTINUED)

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes.

To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least 10 days after the publication, the hearing may be held and the governing body may amend the budget at that time. The College did not amend its budget during the fiscal year ended June 30, 2021.

Kansas statutes permit transferring budgeted amounts from one object or purpose to another within the same fund; however, such statutes prohibit creating expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Management may amend the amount of a specific object or purpose appropriation without obtaining authorization from the Board of Trustees providing the amendments or transfers do not create a total budgeted expenditure amount for a specific fund in excess of the amount originally adopted by the Board of Trustees.

All legal operating budgets are prepared using the statutory basis of accounting. Revenues are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments for future payments and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

Encumbered appropriations are not reappropriated in the ensuing year's budget but are carried forward until liquidated or canceled.

Accordingly, the data presented in the budgetary comparison statements included as supplementary information differ from the data presented in the financial statements prepared in accordance with GAAP.

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

11. ENDOWMENTS - FOUNDATION

The Foundation's investment in the South Central Community Foundation was established for the benefit of the Foundation, and includes donor-restricted funds. As required by generally accepted accounting principles, net position associated with endowment funds are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of Directors of the Foundation has interpreted the State Prudent Management of Institutional Funds Act (SPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Foundation classifies as nonspendable restricted net position (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in nonspendable restricted net position is classified as spendable restricted net position until

11. ENDOWMENTS – FOUNDATION (CONTINUED)

those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by SPMIFA.

In accordance with SPMIFA, the Foundation considers the following factors in making determination to appropriate or accumulate donor-restricted endowment funds: (1) the duration and preservation of the various funds, (2) the purposes of the donor-restricted endowment funds, (3) general economic conditions, (4) the possible effect of inflation and deflation, (5) the expected total return from income and the appreciation of investments, (6) other resources of the Foundation, and (7) the Foundation's investment policies.

The Foundation is subject to the South Central Community Foundation's (SCCF) spending policy and donor agreements for scholarships. SCCF's primary investment objective is to achieve an annualized total return (net of fees and expenses), through appreciation and income, equal to or greater than the rate of inflation (as measured by the broad, domestic Consumer Price Index) plus any spending and administrative expenses thus, at a minimum, maintaining the purchasing power. The assets are to be managed in a manner that will meet the primary investment objective, while at the same time attempting to limit volatility in year-to-year spending. The Foundation's investment and spending policy covers amounts not invested at South Central Community Foundation. The Foundation's primary investment objective is to preserve the real purchasing power of the principal and provide a stable source of perpetual financial support to beneficiaries in accordance with the Foundation's spending policy. In order to preserve the purchasing power both of principal and of withdrawals made available for spending, the long-term annualized total rate of return objective is inflation plus the Foundation's current spending rate and management fee assessment. To satisfy its long-term rate of return objective, the Foundation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and from current yield (interest and dividends). Asset allocation guidelines and the investment manager structure should ensure adequate diversification in order to reduce volatility of investment returns.

Endowment net position composition by type of fund as of June 30, 2021 is as follows:

	Unrestricted	Restricted for Scholarships Expendable	Restricted for Scholarships Nonexpendable	Total
Board-designated endowment funds	$ 6,960	$ --	$ --	$ 6,960
Donor-restricted endowment funds	--	--	519,984	519,984
Accumulated investment gains	--	390,023	--	390,023
	$ 6,960	$ 390,023	$ 519,984	$ 916,967

Changes in endowment net position for the year ended June 30, 2021 are as follows:

	Unrestricted	Restricted for Scholarships Expendable	Restricted for Scholarships Nonexpendable	Total
Endowed net position, beginning of year	$ 5,933	$ 250,373	$ 473,624	$ 729,930
Net appreciation	1,227	135,450	14,200	150,877
Donations	--	4,500	63,500	68,000
Amounts appropriated for expenditure	(200)	(300)	(31,340)	(31,840)
Endowed net position, end of year	$ 6,960	$ 390,023	$ 519,984	$ 916,967

12. RELATED PARTY TRANSACTIONS

During 2019, the City of Pratt (City) issued Series 2019 Industrial Revenue Bonds in the principal amount of $2,720,000, for which the Pratt Community College Foundation is named as the primary obligor. The bonds are being used to pay a portion of the costs of acquiring, constructing and equipping a track and field facility, which will be owned by the City, but available for the use of the College. Concurrently with the issuance of the bonds, a lease agreement was entered into between the College and the Foundation under which the rights and responsibilities of the Foundation will be performed by the College. As a result, the College has recorded a capital lease obligation for the repayment of this obligation over the 20-year term of the agreement. During the year ended June 30, 2020, construction of the track and field complex was completed and the asset was placed in service.

The Foundation recorded in-kind revenue and expense for the value of administrative services performed by College staff. For the year ended June 30, 2021, the value of in-kind services was $143,940. In addition, the Foundation provided scholarships of $253,418 to the College for the year ended June 30, 2021.

13. PENDING GOVERNMENTAL ACCOUNTING STANDARDS

GASB Statement No. 87, *Leases*, improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on foundational principle that leases are financings of the right to use an underlying asset. Under this statement, 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, thereby enhancing the relevance and consistency of information about governments' leasing activities. Provisions of this statement were originally effective for financial statements for the College's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

GASB Statement No. 91, *Conduit Debt Obligations*, provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The provisions of this statement were originally effective for the College's fiscal year ending June 30, 2022 and now postponed until June 30, 2023 per GASB Statement No. 95.

13. PENDING GOVERNMENTAL ACCOUNTING STANDARDS (CONTINUED)

GASB Statement No. 92, *Omnibus 2020,* enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including: effective date of GASB 87 for interim financial reports; intra-entity transfers between primary governments and component unit pension or OPEB plans; applicability of Statements No. 73 and 74 for reporting assets accumulated for postemployment benefits; applicability of certain requirements of GASB 84 to postemployment benefit arrangements; measurement of asset retirement obligations in government acquisitions; reporting by public entity risk pools for amounts recoverable from reinsurers or excess insurers; reference to nonrecurring fair value measurements in authoritative literature and terminology used related to derivative instruments. Certain provisions of this statement were effective upon issuance and did not impact the Department's financial reporting, other provisions of this statement were originally effective for financial statements for the College's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

GASB Statement No. 93, *Replacement of Interbank Offered Rates,* provides guidance where some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR) -most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. The provisions of this statement were originally effective for financial statements for the College's fiscal year ending June 30, 2021 and now postponed until June 30, 2022 per GASB Statement No. 95.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements,* improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). A PPP is an arrangement in which a government contracts with an operator to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset, for a period of time in an exchange or exchange-like transaction. This statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs), which is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The provisions of this statement are effective for financial statements for the College's fiscal year ending June 30, 2023.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, which provides new accounting and financial reporting guidance for subscription-based information technology arrangements (SBITAs), which have become increasingly common among state and local governments in recent years. Statement 96 is based on the standards established in Statement 87, *Leases*. The new defines a SBITA as a contract that conveys control of the right to use a SBITA vendor's IT software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or

13. PENDING GOVERNMENTAL ACCOUNTING STANDARDS (CONTINUED)

exchange-like transaction. The guidance requires governments with SBITAs to recognize a right-to-use subscription asset, an intangible asset, and a corresponding subscription liability (with an exception for short-term SBITAs, those with a maximum possible term of 12 months) and provides guidance related to outlays other than subscription payments, including implementation costs, and requirements for note disclosures related to a SBITA. The provisions of this statement will be effective for financial statements for the College's fiscal year ending June 30, 2023.

GASB Statement No. 97, *Certain Component Unit Criteria and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans,* provides the following guidance: 1) increases consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; 2) mitigates costs associated with the reporting of certain defined contribution pension plans, defined contribution OPEB plans and employee benefit plans other than pension or OPEB plans as fiduciary component units in fiduciary fund financial statements; and 3) addresses relevance, consistency and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The first two provisions of this statement are effective immediately. The last provision will be effective for financial statements for the College's fiscal year ending June 30, 2022.

14. RISKS AND UNCERTAINTIES

The Coronavirus Aid, Relief, and Economic Security (CARES) Act Higher Education Emergency Relief Fund allocated funding of $518,364 to Pratt Community College. At least one-half of this funding must be distributed directly to students as emergency aid for expenses related to the disruption of campus operations during the pandemic. The other one-half of the funds may be used for institutional purposes. During the year ended June 30, 2021, $288,215 was disbursed to qualifying students and recorded as revenue within Grants and Contracts and as expense within Scholarship and fellowships on the Consolidated Statement of Activities.

Pratt Community College puts the health and safety of staff, students, and the community as a top priority. The College put together a return to campus task force and developed a plan for COVID-19 protocols allowing the College to have students return to campus for the fall 2020 semester.

The full extent of COVID-19's effect on the College's operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic, all of which are uncertain and difficult to predict considering the rapidly evolving landscape. As a result, it is not currently possible to ascertain the overall impact of COVID-19 on the College's operations.

PRATT COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2021

Schedule of Changes in the College's Total OPEB Liability and Related Ratios
Last Four Fiscal Years*

	2021	2020	2019	2018
Measurement date	June 30, 2021	June 30, 2020	June 30, 2019	June 30,2018
Service cost	$ 21,273	$ 17,818	$ 20,332	$ 20,491
Interest cost	5,831	6,267	7,013	7,153
Changes in benefit terms	--	(8,871)	--	--
Differences between expected and actual experience	1,868	(35,049)	(1,217)	--
Changes in assumptions or other inputs	(29,232)	39,544	(15,251)	(11,341)
Benefit payments	(5,600)	(10,000)	(14,000)	(14,000)
Net change in OPEB liability	(5,860)	9,709	(3,123)	2,303
Total OPEB liability, beginning	205,777	196,068	199,191	196,888
Total OPEB liability, ending	$ 199,917	$ 205,777	$ 196,068	$ 199,191
Covered-employee payroll	$ 4,854,469	$ 4,854,469	$ 4,366,128	$ 4,366,128
Total OPEB liability as a percentage of covered-employee payroll	4.12%	4.24%	4.49%	4.56%

* GASB 75 requires presentation of ten years. As of June 30, 2021, only four years of information is available.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:

- The discount rate decreased from 3.30% on June 30, 2018 to 3.00% on June 30, 2019.
- The discount rate decreased from 3.00% on June 30, 2019 to 2.60% on June 30, 2020.
- The discount rate decreased from 2.60% on June 30, 2020 to 2.00% on June 30, 2021.

Change in benefit terms. The $1,000 deductible plan was eliminated effective July 1, 2020. This change lowered the Total OPEB Liability by $8,871. This is treated as a change in benefit terms and is fully recognized in the income statement without deferral.

PRATT COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

As of June 30, 2021

Schedule of Changes in the College's Proportionate Share of the Death & Disability
Total OPEB Liability and Related Ratios
Last Four Fiscal Years*

	2021	2020	2019	2018
Measurement date	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017
Service cost	$ 11,833	$ 10,839	$ 10,724	$ 11,118
Interest cost	1,979	1,881	1,723	1,058
Effect of economic/demographic gains or losses	(15,589)	(6,369)	(11,694)	--
Changes in assumptions or other inputs	1,755	575	(361)	(778)
Benefit payments	--	--	--	--
Net change in OPEB liability	(22)	6,926	392	11,398
Total OPEB liability, beginning	44,709	37,783	37,391	25,993
Total OPEB liability, ending	$ 44,687	$ 44,709	$ 37,783	$ 37,391
State's proportionate share of the total OPEB liability	$ 44,687	$ 44,709	$ 37,783	$ 37,391
College's proportionate share of the total OPEB liability	$ --	$ --	$ --	$ --
Covered payroll	$ 5,606,684	$ 5,449,595	$ 5,113,257	$ 4,941,380
College's proportionate share of the total OPEB liability as a percentage of covered-employee payroll	0.80%	0.82%	0.74%	0.76%

* GASB 75 requires presentation of ten years. As of June 30, 2021, only four years of information is available.

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period:

- The discount rate increased from 3.58% on June 30, 2017 to 3.87% on June 30, 2018.
- The discount rate decreased from 3.87% on June 30, 2018 to 3.50% on June 30, 2019.
- The discount rate decreased from 3.50% on June 30, 2019 to 2.21% on June 30, 2020.

PRATT COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the College's Proportionate Share of the Collective Net Pension Liability
Kansas Public Employees Retirement System
Last Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion of the collective net pension liability	0.00181%	0.00162%	0.00175%	0.00199%	0.00169%	0.00232%	0.00000%	0.00000%
College's proportionate share of the collective net pension liability	$ 135,093	$ 104,712	$ 114,031	$ 134,335	$ 113,782	$ 160,770	$ --	$ --
State's proportionate share of the collective net pension liability	8,869,259	7,663,168	7,662,276	7,684,833	7,662,362	8,276,566	8,176,669	9,620,564
Total	$ 9,004,352	$ 7,767,880	$ 7,776,307	$ 7,819,168	$ 7,776,144	$ 8,437,336	$ 8,176,669	$ 9,620,564
College's covered payroll	$ 5,846,006	$ 6,351,312	$ 6,222,645	$ 5,245,417	$ 4,703,472	$ 5,263,690	$ 5,536,462	$ 5,658,730
College's proportionate share of the collective net pension liability as a percentage of covered payroll	2.31%	1.65%	1.83%	2.56%	2.42%	3.05%	0.00%	0.00%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%	66.60%	59.94%

* GASB 68 requires presentation of ten years. As of June 30, 2021, only eight years of information is available.

^ Covered payroll is measured as of the measurement date, the most recent of which was June 30, 2020.

PRATT COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of College's Contributions
Kansas Public Employees Retirement System
Last Eight Fiscal Years*

	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 18,873	$ 12,882	$ 10,423	$ 10,008	$ 9,912	$ 7,910	$ --	$ --
Contributions in relation to the contractually required contribution	18,873	12,882	10,423	10,008	9,912	7,910	--	--
Contribution deficiency (excess)	$ --	$ --	$ --	$ --	$ --	$ --	$ --	$ --
College's covered payroll	$ 5,846,006	$ 6,403,495	$ 6,351,312	$ 6,222,645	$ 5,245,417	$ 4,703,472	$ 5,536,462	$ 5,658,730
Contributions as a percentage of covered payroll	0.32%	0.20%	0.16%	0.16%	0.19%	0.17%	0.00%	0.00%

* GASB 68 requires presentation of ten years. As of June 30, 2021, only eight years of information is available.

Note: Contractually required contributions for the College consist of "working after retirement" contributions for KPERS retirees who are filling KPERS covered positions as College employees under K.S.A. 74-4937.

PRATT COMMUNITY COLLEGE

KPERS PENSION PLAN
REQUIRED SUPPLEMENTARY INFORMATION
JUNE 30, 2021

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

Changes in benefit terms for KPERS: Effective January 1, 2014, KPERS Tier 1 members' employee contribution rate increased to 5.0% and then on January 1, 2015, increased to 6.0% with an increase in benefit multiplier to 1.85% for future years of service. For Tier 2 members retiring after July 1, 2012, the cost of living adjustment (COLA) is eliminated, but members will receive a 1.85% multiplier for all years of service.

January 1, 2015, the KPERS 3 cash balance plan became effective. Members enrolled in this plan are ones first employed in a KPERS covered position on or after January 1, 2015, or KPERS 1 or KPERS 2 members who left employment before vesting and returned to employment on or after January 1, 2015. The retirement benefit is an annuity based on the account balance at retirement.

For the state fiscal year 2017, the Legislature changed the working after retirement rules for members who retire on or after January 1, 2018. The key changes to the working after retirement rules were to lengthen the waiting period for KPERS members to return to work from 60 days to 180 days for members who retire before attaining age 62, remove the earnings limitation for all retirees and establish a single-employer contribution schedule for all retirees.

Changes in assumptions for KPERS:

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation are as follows:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.
- The post-retirement health mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (CONTINUED)

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes are as follows:

- The investment return assumption was lowered from 7.75% to 7.50%.
- The general wage growth assumption was lowered from 3.50% to 3.25%
- The payroll growth assumption was lowered from 3.00% to 2.75%.
- Changes from the January 2020 experience study that impacted individual groups are listed below:
- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contribution rates was increased from 0.16% to 0.18%.

SUPPLEMENTARY FINANCIAL INFORMATION

PRATT COMMUNITY COLLEGE

SCHEDULE OF RECEIPTS, EXPENDITURES, CHANGES IN UNENCUMBERED CASH, AND COMPARISON WITH BUDGET (REGULATORY BASIS)

For Year Ended June 30, 2021

GENERAL FUND

	Actual	Budget	Over (Under) Budget
RECEIPTS			
General property tax:			
Ad valorem property tax	$ 6,402,895	$ 6,618,580	$ 215,685
Delinquent tax	37,189	--	(37,189)
Motor vehicle tax	480,143	654,691	174,548
State aid	1,261,965	1,279,195	17,230
Student tuition and fees	1,059,781	883,878	(175,903)
Interest	2,225	--	(2,225)
Other	199,021	1,152,468	953,447
Total receipts	9,443,219	10,588,812	1,145,593
EXPENDITURES			
Instruction	1,346,205	1,729,875	(383,670)
Academic support	340,791	370,403	(29,612)
Student services	2,472,294	2,617,023	(144,729)
Institutional support	1,822,432	1,641,812	180,620
Operation and maintenance	586,363	660,265	(73,902)
Scholarships	145,180	200,000	(54,820)
Transfers	2,023,750	3,440,417	(1,416,667)
Total expenditures	8,737,015	10,659,795	(1,922,780)
EXCESS (DEFICIT) OF RECEIPTS OVER EXPENDITURES	706,204	$ (70,938)	$ 3,068,373
UNENCUMBERED CASH, BEGINNING OF YEAR	11,198,963		
UNENCUMBERED CASH, END OF YEAR	$ 11,905,167		

PRATT COMMUNITY COLLEGE

SCHEDULE OF RECEIPTS, EXPENDITURES, CHANGES IN UNENCUMBERED CASH, AND COMPARISON WITH BUDGET (REGULATORY BASIS)

For Year Ended June 30, 2021

AUXILIARY FUNDS

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Student sources	$ 87,620	$ 2,250,000	$ (2,162,380)
Gifts and grants	893,496	350,000	543,496
Other	527,442	1,100,000	(572,558)
Total receipts	1,508,558	3,700,000	(2,191,442)
EXPENDITURES			
Salaries and benefits	1,035	-	1,035
General operating expense	299,747	1,000,000	(700,253)
Supplies	173,936	600,000	(426,064)
Scholarships	924,912	2,100,000	(1,175,088)
Total expenditures	1,399,630	3,700,000	(2,300,370)
EXCESS OF RECEIPTS OVER EXPENDITURES	108,928	$ --	$ 108,928
UNENCUMBERED CASH, BEGINNING OF YEAR	1,389,267		
UNENCUMBERED CASH, END OF YEAR	$ 1,498,195		

PRATT COMMUNITY COLLEGE

SCHEDULE OF RECEIPTS, EXPENDITURES, CHANGES IN UNENCUMBERED CASH, AND COMPARISON WITH BUDGET (REGULATORY BASIS)

For Year Ended June 30, 2021

STUDENT HOUSING FUND

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Student sources	$ 2,314,190	$ 1,850,000	$ 464,190
Other	243	500,000	(499,757)
Total receipts	2,314,433	2,350,000	(35,567)
EXPENDITURES			
Salaries and benefits	187,160	199,311	(12,151)
General operating expense	814,912	527,139	287,773
Supplies	119,495	1,371,417	(1,251,922)
Equipment	660	--	660
Transfers	252,133	252,133	--
Total expenditures	1,374,360	2,350,000	(975,640)
EXCESS OF RECEIPTS OVER EXPENDITURES	940,073	$ --	$ (940,073)
UNENCUMBERED CASH, BEGINNING OF YEAR	5,583,773		
UNENCUMBERED CASH, END OF YEAR	$ 6,523,846		

PRATT COMMUNITY COLLEGE

SCHEDULE OF RECEIPTS, EXPENDITURES, CHANGES IN UNENCUMBERED CASH, AND COMPARISON WITH BUDGET (REGULATORY BASIS)

For Year Ended June 30, 2021

POST-SECONDARY/TECHNICAL EDUCATION FUND

	Actual	Budget	Over (Under) Budget
RECEIPTS			
State aid	$ 1,552,119	$ 1,596,223	$ (44,104)
Student tuition and fees	760,133	589,252	170,881
Transfers	1,405,908	1,772,774	(366,866)
Other receipts	90,834	500,000	(409,166)
Total receipts	3,808,994	4,458,249	(649,255)
EXPENDITURES			
Instruction	2,276,799	2,079,469	197,330
Academic support	46,309	136,762	(90,453)
Institutional support	994,534	1,094,408	(99,874)
Operation and maintenance	302,967	440,177	(137,210)
Transfers out	--	707,433	(707,433)
Total expenditures	3,620,609	4,458,249	(837,640)
DEFICIT OF RECEIPTS OVER EXPENDITURES	188,385	$ --	$ 188,385
UNENCUMBERED CASH, BEGINNING OF YEAR	6,477,316		
UNENCUMBERED CASH, END OF YEAR	**$** 6,665,701		

PRATT COMMUNITY COLLEGE

SCHEDULE OF RECEIPTS, EXPENDITURES, CHANGES IN
UNENCUMBERED CASH, AND COMPARISON WITH BUDGET
(REGULATORY BASIS)

For Year Ended June 30, 2021

ADULT BASIC EDUCATION FUND

	Actual	Budget	Over (Under) Budget
RECEIPTS			
Other receipts	$ --	$ 5,000	$ (5,000)
EXPENDITURES	--	5,000	(5,000)
EXCESS OF RECEIPTS OVER EXPENDITURES	--	$ --	$ --
UNENCUMBERED CASH, BEGINNING OF YEAR	40,891		
UNENCUMBERED CASH, END OF YEAR	$ 40,891		

PRATT COMMUNITY COLLEGE

SCHEDULE OF RECEIPTS, EXPENDITURES, CHANGES IN UNENCUMBERED CASH, AND COMPARISON WITH BUDGET (REGULATORY BASIS)

For Year Ended June 30, 2021

ADULT SUPPLEMENTAL EDUCATION FUND

	Actual	Budget	Over (Under) Budget
RECEIPTS	$ --	$ 20,000	$ (20,000)
EXPENDITURES	--	20,000	(20,000)
EXCESS OF RECEIPTS OVER EXPENDITURES	--	$ --	$ --
UNENCUMBERED CASH, BEGINNING OF YEAR	1,107		
UNENCUMBERED CASH, END OF YEAR	$ 1,107		

PRATT COMMUNITY COLLEGE

SCHEDULE OF RECEIPTS, EXPENDITURES, CHANGES IN
UNENCUMBERED CASH, AND COMPARISON WITH BUDGET
(REGULATORY BASIS)

For Year Ended June 30, 2021

UNEXPENDED PLANT FUND

	Actual	Budget	Over (Under) Budget
RECEIPTS			
General property tax:			
Ad valorem property tax	$ --	$ --	$ --
Delinquent tax	22	--	22
Transfers in	252,000	--	252,000
Miscellaneous income	360,540	1,252,000	(891,460)
Total receipts	612,562	1,252,000	(639,438)
EXPENDITURES	472,624	1,252,000	(779,376)
EXCESS OF RECEIPTS OVER EXPENDITURES	139,938	$ --	$ 139,938
UNENCUMBERED CASH, BEGINNING OF YEAR	773,341		
UNENCUMBERED CASH, END OF YEAR	$ 913,279		

PRATT COMMUNITY COLLEGE

SCHEDULE OF RECEIPTS, EXPENDITURES, CHANGES IN UNENCUMBERED CASH, AND COMPARISON WITH BUDGET (REGULATORY BASIS)

For Year Ended June 30, 2021

RETIREMENT OF INDEBTEDNESS PLANT FUND

	Actual	Budget	Over (Under) Budget
RECEIPTS AND TRANSFERS IN	$ 595,316	$ 592,975	$ 2,341
EXPENDITURES			
Principal	365,000	435,000	(70,000)
Interest and fees	59,510	157,975	(98,465)
Total expenditures	424,510	592,975	(168,465)
DEFICIT OF RECEIPTS OVER EXPENDITURES	170,806	$ --	$ 170,806
UNENCUMBERED CASH, BEGINNING OF YEAR	656,380		
UNENCUMBERED CASH, END OF YEAR	$ 827,186		