PRATT COMMUNITY COLLEGE

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2024



LOYD GROUP, LLC

Certified Public Accountants

Pratt Community College

June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Pratt Community College
Pratt, Kansas

Report on the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Pratt Community College (the College), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Pratt Community College as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other post-employment benefits and pension information on pages 4-10 and 31-35, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The individual fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relates 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 individual fund financial statements and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2025 on our consideration of Pratt Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of 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.

Loyd Group, LLC

Loyd Group, LLC
Galva, Kansas

January 24, 2025

Management's Discussion and Analysis

Introduction:

Pratt Community College is proud to present its financial statements for the fiscal year 2024. The following discussion and analysis of the financial performance and activity of Pratt Community College (The College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2024, with selected comparative information for the years ended June 30, 2023. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness and accuracy of this information.

Using the Annual Report:

The College's financial statements are prepared in accordance with the standards outlined in GASB statements 34 and 35. The method is intended to summarize and simplify the user's analysis of the costs of various College services. The annual financial report will include the basic financial statements and required supplementary information for both the College and its component units. Further information on the component units are available upon request from the Pratt Foundation.

Basic financial statements are comprised of two parts:

1. Basic Financial Statements – These include Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. These statements present the results of a single measurement focus and basis of accounting.
   a. The Statement of Net Position is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term expendable resources) with capital assets.
   b. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of College activities which are supported mainly by property taxes, state revenues and tuition.
   c. The Statement of Cash Flows provides information about the cash receipts and cash disbursements of the College during the fiscal period.
2. The Notes to the Basic Financial Statements are an integral and essential portion of the financial statements.

Required Supplementary Information:

Management Discussion and Analysis (MD&A), Other Post-Employment Benefits, and Pension Schedules - This is information required by standards to be presented but is not part of the basic financial statements.

Highlights to the Financial Statements:

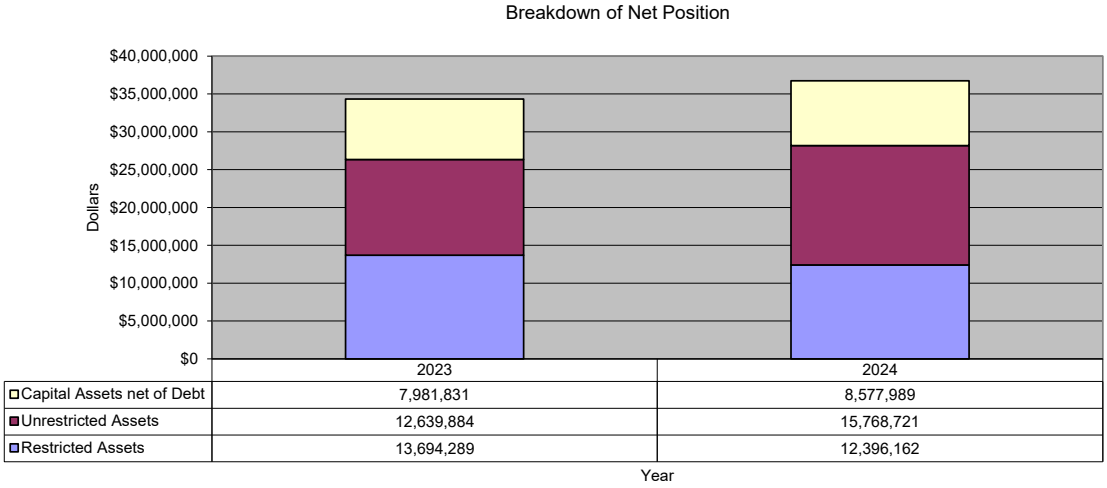
Statement of Net Position

Comparison Net Position – Fiscal Year 2023 and 2024

The Statement of Net Position presents the assets, deferred outflow of resources (deferred outflows), liabilities, deferred inflow of resources (deferred inflows) and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows, Liabilities (current and

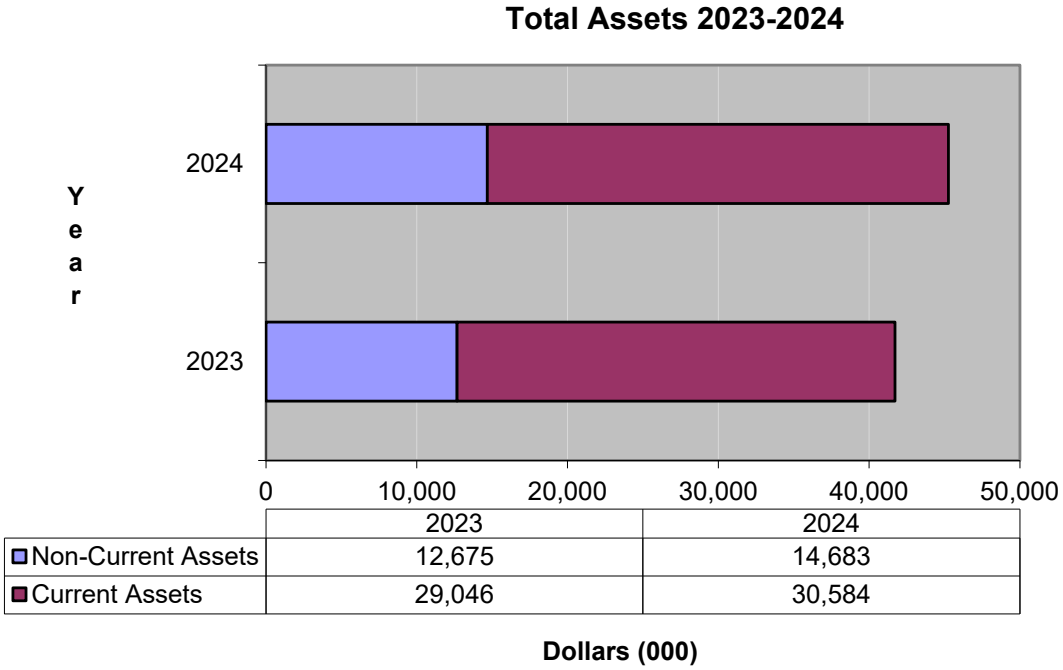
noncurrent), Deferred Inflows, and Net Position (Assets and Deferred Outflows minus Liabilities and Deferred Inflows). The difference between current and noncurrent assets is as follows: current assets are those assets that are expected to be used or consumed within one year. Noncurrent assets are those assets that are expected to provide value for greater than one year.

Net assets increased from $34,316,004 in 2023 to $36,742,872 for 2024. This is an increase of $2,426,868 from 2023 to 2024.



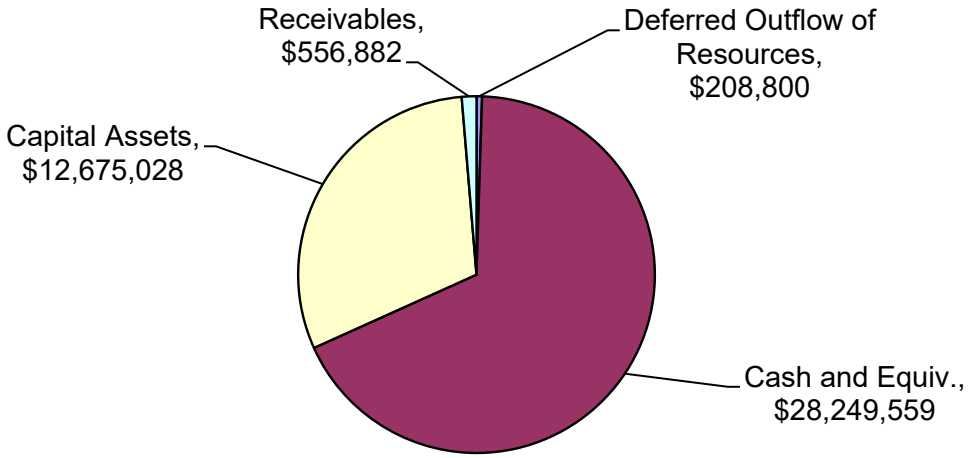
	2023	2024
Capital Assets net of Debt	7,981,831	8,577,989
Unrestricted Assets	12,639,884	15,768,721
Restricted Assets	13,694,289	12,396,162

Total breakdown of assets between current and noncurrent classification for 2023 through 2024 is as follows:



	2023	2024
Non-Current Assets	12,675	14,683
Current Assets	29,046	30,584

Total Assets and Deferred Outflows by Category 2024



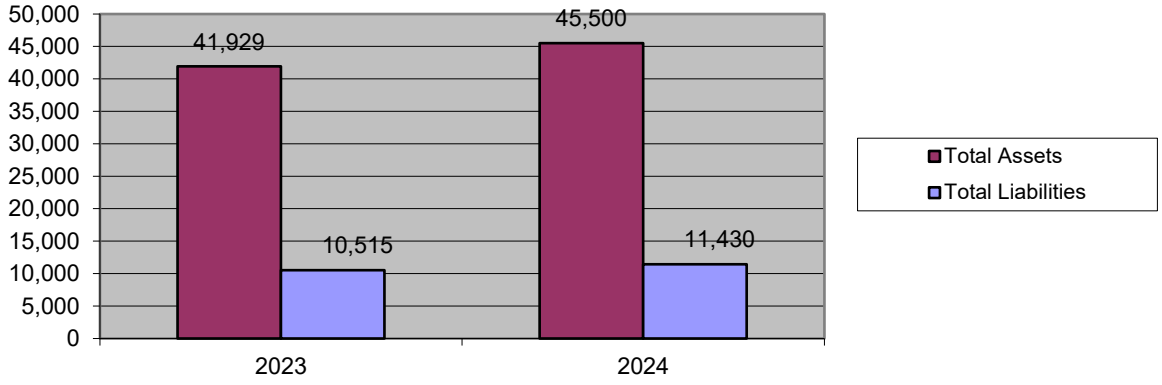
Of the $45,176,261 in total assets and deferred outflows, approximately 65.23% are in cash and cash equivalents and capital assets represent another 32.50% of total assets.

Comparison of Liabilities

	2023	% Total 2023	2024	% Total 2024
Current Liabilities	2,901,765	39%	2,672,330	31%
Noncurrent Liabilities	4,592,561	61%	5,881,031	69%
Total Liabilities	7,494,326		8,553,361	

Noncurrent liabilities in 2024 include, but are not limited to, certificates of participation related to student housing, lease payments to various financial entities for equipment. See notes to the financial statements for further information. Current liabilities consist primarily of accounts payable and accrued liabilities, deposits held in custody for others, and the current portion due for the certificates of participation and capital lease obligations.

Comparison of Assets, Deferred Outflows, Liabilities and Deferred Inflows 2023-2024 (in 000)



Total liabilities and deferred inflows increased from $6,489,057 in 2023 and to $8,757,556 in 2024. This is an increase of $2,268,499 from the previous year. The increase is due primarily to the increase in outstanding accounts payable. Assets and deferred outflows increased each year from $42,634,232 in 2023 to $45,500,428 in 2024. The asset to liability ratio (total assets/total liabilities) was 6.57 in 2023 and 5.20 in 2024.

Results of Operations Fiscal Year 2024

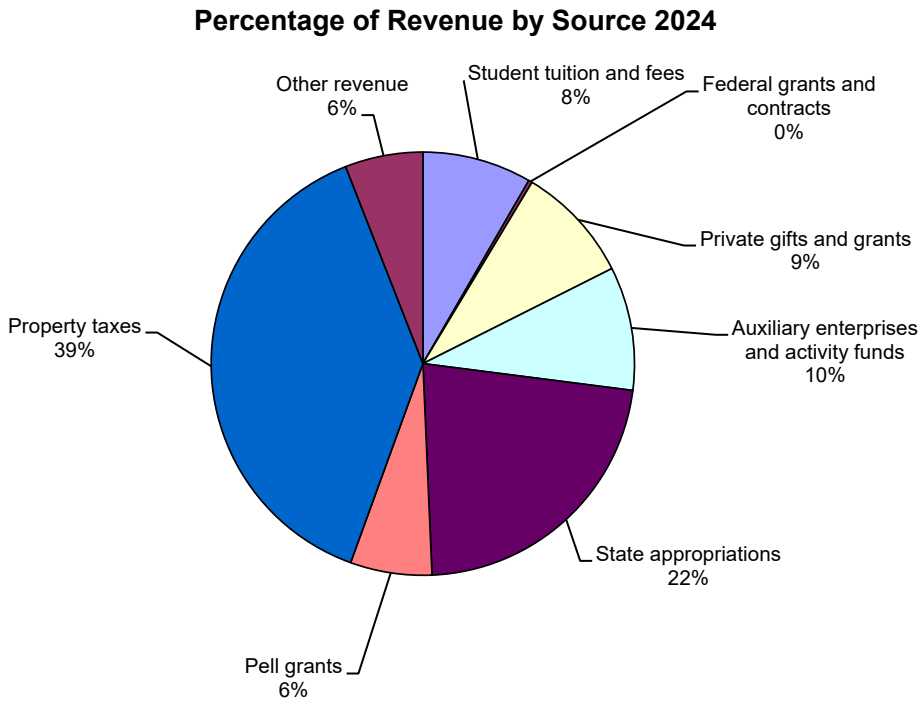
Statement of Revenues, Expenses and Changes in Net Position

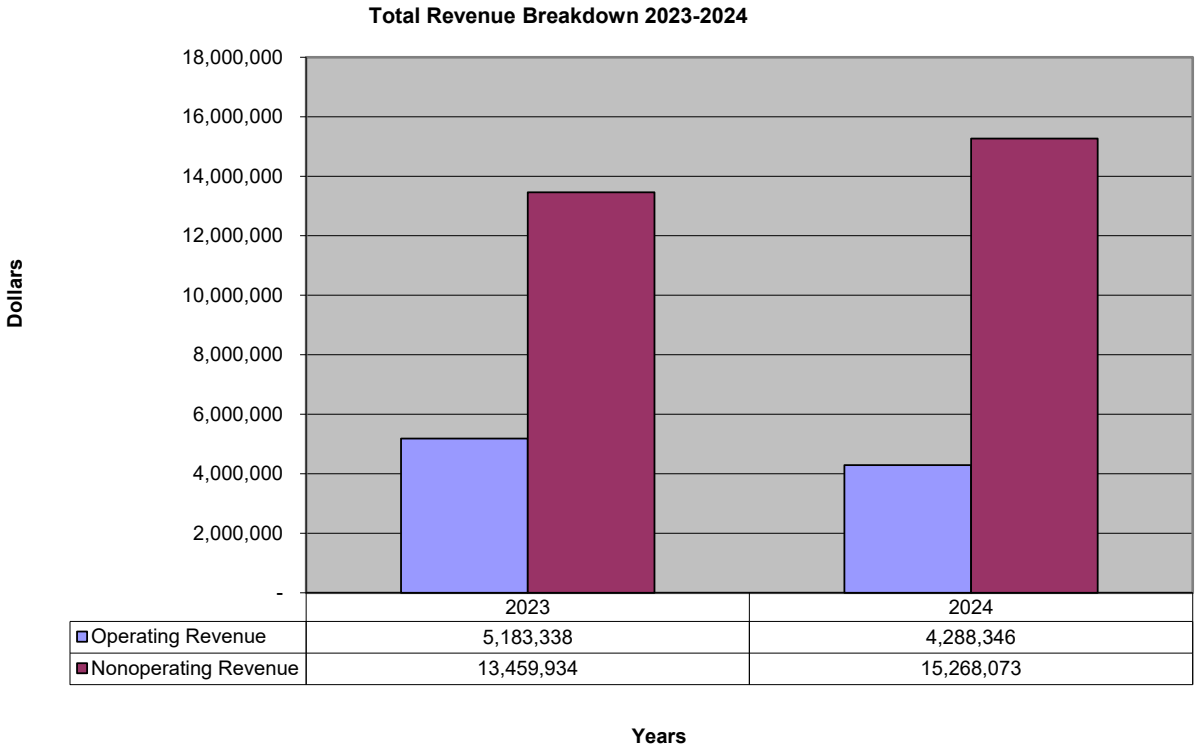
Changes in total net position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the institution.

Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the institution. Non-operating revenues are revenues received for which goods and services are not provided. For example, state appropriations are non-operating because they are provided by the legislature to the institution without the legislature directly receiving commensurate goods and services for those revenues

Revenue
The College receives revenue from a number of sources. In broad terms, they are: the State of Kansas, the Federal Government, students--in the form of tuition and fees, local taxpayers--by way of property taxes, business style auxiliary enterprises, and private gifts and grants. These sources are relatively stable from year to year as a percentage of the total.

Source:	2023	% Total 2023	2024	% Total 2024
Student tuition and fees	$ 919,632	5%	$ 1,741,563	8%
Federal grants and contracts	865,928	4%	57,771	0%
Private gifts and grants	1,713,217	9%	1,865,964	9%
Auxiliary enterprises and activity funds	2,971,348	15%	1,969,969	9%
State appropriations	4,049,783	20%	4,649,060	22%
Pell grants	1,115,039	6%	1,299,250	6%
Property taxes	7,279,727	37%	8,032,473	39%
Other revenue	843,637	4%	1,239,619	6%
Total revenue	$ 19,758,311	100%	$ 20,855,669	100%


Percentage of Revenue by Source 2024
Other revenue 6%
Student tuition and fees 8%
Federal grants and contracts 0%
Private gifts and grants 9%
Auxiliary enterprises and activity funds 10%
State appropriations 22%
Pell grants 6%
Property taxes 39%

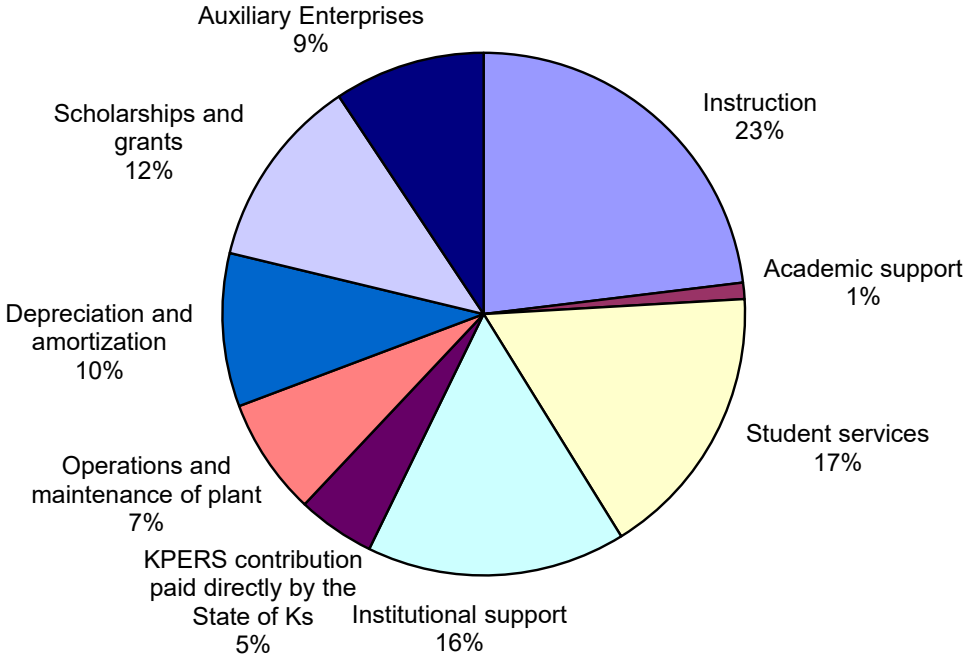

Total Revenue Breakdown 2023-2024
Dollars
18,000,000
16,000,000
14,000,000
12,000,000
10,000,000
8,000,000
6,000,000
4,000,000
2,000,000
-
2023
2024
Operating Revenue
5,183,338
4,288,346
Nonoperating Revenue
13,459,934
15,268,073
Years

Expenses

There was a significate decrease in institutional support expenditures. This was due to a significant decrease in bad debt and no remaining HEERF expenditures in the current year. Detail of the 2023 through 2024 education, general, and auxiliary enterprise operating and non-operating expenditures:

Operating Expenses	2023	% Total 2023	2024	% Total 2024
Instruction	$ 4,457,433	21%	$ 4,203,007	23%
Academic support	507,226	2%	183,218	1%
Student services	2,767,783	13%	3,115,377	17%
Institutional support	5,038,722	23%	2,922,676	16%
KPERS contribution paid directly by the State of Ks	821,443	4%	875,478	5%
Operations and maintenance of plant	1,555,567	7%	1,321,954	7%
Depreciation and amortization	1,188,118	6%	1,727,394	9%
Scholarships and grants	2,248,349	10%	2,167,728	12%
Auxiliary Enterprises	2,961,637	14%	1,701,190	9%
Subtotal	21,546,278	100%	18,218,022	99%
Nonoperating Expenses				
Interest on capital asset-related debt	41,204	0%	210,779	1%
Total Expenses	$ 21,587,482		$ 18,428,801	

2024 Percentage of Operating Expenses By Category



Statement of Cash Flows

The final statement presented by the College is the Statement of Cash Flows. The Statement of Cash Flows presents detailed information about the cash activity of the institution during the year.

The statement is divided into five sections. The first section deals with operating cash flows and shows the net cash used in the operating activities of the institution. The second section reflects cash flows from non-capital financing activities. This section includes the cash received and spent from state and local appropriations and private gifts. The third section reflects the cash flows from capital and related financing activities. This section deals with the cash used for the acquisition and construction of capital and related items. The fourth section deals with cash flows from investing activities and shows the interest received from investing activities. The fifth section reconciles the net cash used to the operating income or loss reflected on the Statement of Revenues, Expenses, and Changes in Net Position.

Summary Statement of Cash Flows information

	2023	2024
Net Cash Provided (used) by:		
Operating activities	$ (12,815,904)	$ (11,937,483)
Noncapital financing activities	13,336,323	14,971,269
Capital and related financing activities	(643,687)	(1,934,134)
Investing activities	15,219	119,379
Net change in cash	(108,049)	1,219,031
Cash beginning of year	28,357,608	28,249,559
Cash end of year	$ 28,249,559	$ 29,468,590

Capital Assets and Long Term Debt Activities:

The major capital asset activity and the related lease liability increase was from the addition of improvements to the electrical line distribution program building and related financing through the COP Series 2024. The remaining were for routine equipment and information technology equipment.

Long term debt was only for the capital lease activity described above and the payments made on capital leases and certificates of participation.

The College will continue its student centered, service oriented approach to community college education while working to increase its credit enrollment. The market driven business and industry noncredit offerings continue to grow and expand as the College serves the needs of that segment of the market. The outlook for the foreseeable future is very positive.

Kent Adams
Vice President of Finance and Operations

BASIC FINANCIAL STATEMENTS

Pratt Community College

Statements of Net Position
June 30, 2024

	Pratt Community College	Component Unit Pratt Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	$ 29,468,590	$ 1,812,325
Investments	-	5,131,859
Receivables - federal and state grants and contracts	791,718	-
Receivables - students, net	324,167	-
Receivables - contributions	-	1,889,447
Due from College	-	487,972
Due from Foundation	-	557,158
Total current assets	30,584,475	9,878,761
Noncurrent Assets		
Capital assets, net of accumulated depreciation	14,682,957	165,452
Beneficial interest in trusts	-	3,916,449
Total noncurrent assets	14,682,957	4,081,901
TOTAL ASSETS	45,267,432	13,960,662
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	115,924	-
Deferred outflows related to other postemployment benefits	117,072	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	232,996	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 45,500,428	$ 13,960,662
LIABILITIES		
Current Liabilities		
Accounts payable	$ 993,221	$ 758
Wages payable	153,102	-
Due to Foundation	487,972	-
Security Deposits	184,884	-
Accrued interest payable	12,722	-
Compensated absences payable	187,181	-
Capital lease obligations	223,248	-
Certificates of participation	430,000	-
Total current liabilities	2,672,330	758
Noncurrent Liabilities		
Other postemployment benefits obligation	204,204	-
Net pension liability	225,107	-
Capital lease obligations	2,546,720	-
Certificates of participation	2,905,000	-
Total noncurrent liabilities	5,881,031	-
TOTAL LIABILITIES	8,553,361	758
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions	23,220	-
Deferred inflows related to other postemployment benefits	180,975	-
TOTAL DEFERRED INFLOWS OF RESOURCES	204,195	-
NET POSITION		
Net investment in capital assets	8,577,989	165,452
Restricted for:		
Nonexpendable - endowments	-	4,554,098
Expendable:		
Capital outlay and construction	1,017,682	-
Restricted funds	9,865,258	3,044,801
Debt retirement	1,513,222	-
Unrestricted	15,768,721	6,195,553
TOTAL NET POSITION	36,742,872	13,959,904
TOTAL LIABILITIES AND NET POSITION	$ 45,500,428	$ 13,960,662

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

Pratt Community College

Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2024

	Pratt Community College	Component Unit Pratt Foundation
OPERATING REVENUES		
Student tuition and fees	$ 2,551,757	$ -
Less allowances for institutional scholarships	(52,273)	-
Less allowances for federal grants	(757,921)	-
Net student source revenue	1,741,563	-
Federal sources	57,771	-
Auxiliary enterprises:		
Residential life	1,929,475	-
Other auxiliary enterprises	40,494	-
Private gifts and grants	-	486,411
Other operating revenues	519,043	1,418
Total operating revenues	4,288,346	487,829
OPERATING EXPENSES		
Educational and General		
Instruction	4,203,007	908,911
Academic support	183,218	-
Student services	3,115,377	-
Institutional support	2,922,676	-
KPERS contribution paid directly by the State of Kansas	875,478	-
Operations and maintenance of plant	1,321,954	-
Depreciation and amortization	1,727,394	-
Scholarships and grants	2,167,728	328,046
Auxiliary Enterprises		
Residential life	1,243,937	-
Other auxiliary enterprises	457,253	-
Total operating expenses	18,218,022	1,236,957
Operating income (loss)	(13,929,676)	(749,128)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	3,773,582	-
KPERS contribution paid directly by the State of Kansas	875,478	-
Local sources	8,032,473	-
Pell grants	1,299,250	
Private grants and gifts	1,865,964	-
Investment income	119,379	1,093,716
Interest on capital asset-related debt	(210,779)	-
Net nonoperating revenues (expenses)	15,755,347	1,093,716
Income (loss) before other revenues	1,825,671	344,588
Capital grants and gifts	601,197	(14,518)
Net increase (decrease) in net position	2,426,868	330,070
NET POSITION		
Net position - beginning of year	34,316,004	13,629,834
Net position - end of year	$ 36,742,872	$ 13,959,904

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

Pratt Community College

Statement of Cash Flows
For the Year Ended June 30, 2024

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	1,641,526
Federal and state sources		721,302
Sales and services of auxiliary enterprises		1,969,969
Other receipts		633,285
Payments to employees for salaries and benefits		(7,405,474)
Payments to suppliers		(8,500,472)
Loans issued to students		(997,619)
Net change in cash flows from operating activities		(11,937,483)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		3,773,582
Pell grants		1,299,250
County and local appropriations		8,032,473
Private gifts and grants		1,865,964
Net change in cash flows from noncapital financing activities		14,971,269
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(3,735,323)
Proceeds from debt		1,970,000
Principal paid on capital asset-related debt		(558,229)
Interest paid on capital asset-related debt		(211,779)
Capital grants and gifts		601,197
Net change in cash flows from capital and related financing activities		(1,934,134)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income		119,379
Net change in cash flows from investing activities		119,379
Net change in cash and cash equivalents		1,219,031
Cash and cash equivalents - beginning of year		28,249,559
Cash and cash equivalents - end of year	$	29,468,590
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO CHANGE IN CASH FLOWS FROM:		
Operating loss	$	(13,929,676)
Depreciation and amortization expense		1,727,394
Changes in operating assets and liabilities:		
Receivables, net		(319,883)
Accounts payable		(416,907)
Wages payable		77,974
Deposits held in custody for others		(9,000)
Other postemployment benefits obligation		9,809
Net pension liability		(44,990)
Deferred inflows and outflows related to net pension and other post employment benefits		60,940
Employee benefits paid directly by State of Kansas		875,478
Net change in cash flows from operating activities	$	(11,937,483)

Pratt Community College

Notes to Financial Statements
June 30, 2024

1. Summary of Significant Accounting Policies

Pratt Community College (the College) is a public, two-year post-secondary educational institution, organized under the laws of the State of Kansas, and is governed by an elected Board of Trustees. 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 accounting and reporting policies of the College relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(a) Reporting Entity

For financial reporting purposes, the College is considered a special-purpose government engaged only in business type activities. It is governed by a Board of Trustees elected by the voters of Pratt County, Kansas. It is legally separate and fiscally independent of other state and local governments. The accompanying financial statements present the activities of the College (the primary government) and its discretely presented component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its financial relationship with the College. The financial data of the College's component unit is discretely presented in a separate column to emphasize that it is a legally separate entity.

Pratt College Foundation (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are 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, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. For financial reporting purposes only, the Foundation's statements of financial position and activities are included in the College's financial statements as required by generally accepted accounting principles for public colleges and universities.

For financial reporting purposes, the Foundation follows the provisions of the Financial Accounting Standards Board (FASB) which establish the financial reporting standards for all nonprofit organizations. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. With the exception of necessary presentation adjustments, no modifications have been made to the Foundation's financial information. Complete financial statements for the Foundation can be obtained from the Foundation's business office.

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

The College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the operation of the College are included on the statement of net position. Revenues are recognized when earned, and expenses are recorded when an obligation has been incurred, regardless of the timing of related cash flows. All significant interfund transactions have been eliminated.

Nonexchange transactions, in which the College receives value without directly giving equal value in return, include property taxes; federal, state, and local grants; state appropriations, and other contributions. Property taxes are recognized in the year for which they are levied. State appropriations are recognized as revenue in the year in which the appropriation is first made available for use. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

The College does not present budgetary comparison information in the basic financial statements or as required supplemental information. This is because the College reports as a business-type activity and does not have the reporting requirements related to major funds. The College does present budgetary comparison information in the supplementary information to these financial statements.

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position

Deposits and Investments

Kansas Statute (KSA) 12-1675 authorizes the College to invest monies in time deposits, certificates of deposits, repurchase agreements consisting of obligations insured by the U.S. government or any agency thereof, U.S. Treasury bills or notes with maturities not exceeding two years, and the Kansas Municipal Investment Pool. Investments are reported at fair value based on quoted market prices.

Cash resources of the individual funds (except for any proceeds of revenue bonds, which are separately invested) are combined to form a pool of cash and temporary investments that are managed by the College. Investments of the pooled accounts consist primarily of certificates of deposits and treasury securities. Interest income earned is allocated to various funds based upon statutory guidelines.

Cash maintained in escrow accounts specifically designated for bond repayments and reserves are classified as restricted cash.

For purposes of the statement of cash flows, the College considers all investments with original maturities of one year or less to be cash equivalents.

Receivables

Receivables consist of tuition and fee charges to students, amounts due from the federal, state, and local governments in connection with reimbursement of allowable expenditures made pursuant to the College's grants and contracts, and other receivables. Receivables are recorded net of estimated uncollectible amounts.

Capital Assets

Capital assets, which include property, plant, and equipment, are recorded at cost at the date of acquisition, or estimated fair market value at the date of donation, in the case of gifts. For equipment, the College's capitalization policy includes all items with a unit cost of $5,000 or more, and an estimated useful life of greater than three years. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the year in which the expense was incurred.

Depreciation is computed on assets having a value of more than $5,000 using the straight-line method over the estimated useful lives of the assets. Depreciation is not allocated to the various functions of the College but is reported separately on these financial statements.

Estimated useful lives used for calculating depreciation are as follows:

Buildings and improvements - 20 to 40 years
Equipment and furniture - 5 to 15 years

Federal Financial Assistance Programs

Federal programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards.*

Compensated Absences Payable

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, 2024.

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position (Continued)

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of certificates of participation payable, related premiums and discounts, and capital lease obligations with contractual maturities greater than one year; and (2) estimated amounts for the early retirement benefits, other postemployment benefits, and net pension liabilities not anticipated to be paid within the next fiscal year.

Pensions

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has one item that qualifies for reporting in this category. It is the deferred outflows related to other postemployment benefits and pensions as actuarially determined and explained in Note 7 and 8, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has one item that qualifies for reporting in this category. It is the deferred inflows relating to other postemployment benefits and pensions as actuarially determined and explained in Note 7 and 8, respectively.

Net Position

The College's net position is classified as follows:

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

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

Restricted net position – expendable – Restricted expendable net assets include resources in which the College is legally or contractually obligated to spend resources in accordance with restrictions imposed by external third parties.

Unrestricted net position – Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of 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.

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position (Continued)

Net position flow assumption

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

Classification of Revenues

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

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

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as grants and gifts, and other revenue sources such as state and county (local) appropriations and investment income.

Scholarship Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship allowances in the statement of revenues, expenses, and changes in net position. Scholarship allowances are the differences between the stated charge for goods and services provided by the College, and the amount that is paid by students and/or third parties making payments on the student's behalf. Certain governmental grants, such as PELL, Supplemental Educational Opportunity Grants (SEOG), and other federal, state or nongovernmental programs, are recorded as either operating or nonoperating revenues in the College's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the College has recorded a scholarship allowance.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during that reporting period. Actual results could differ from those estimates.

Property Tax Information

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until January of the current fiscal year, such procedure being in conformity with governing Kansas statutes. Current year property taxes receivable are recognized net of an allowance for delinquent taxes. A sixty-day period is used for revenue recognition.

The County Appraiser is responsible for assessment of all taxable property within Pratt County. The County Treasurer computes the annual tax and issues the tax bills to all taxpayers. Property taxes are collected by the County Treasurer, who remits to the College its respective share of the tax collections. Property taxes become a lien against all property on November 1st. Taxpayers have the option of paying in full, or in two installments. The installment dates are December 20 and May 10.

2. Stewardship, Compliance, and Accountability

(a) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the general fund, special revenue funds (unless specifically exempted by statute), debt service funds, and enterprise funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

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

Kansas statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds.

All legal annual operating budgets are prepared using the regulatory basis of accounting. Regulatory receipts are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments for future payment 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 re-appropriated in the ensuing year's budget but are carried forward until liquidated or canceled. Accordingly, the data presented in the budgetary comparison schedules differs from the data presented in the financial statements prepared in accordance with GAAP. The reconciliations are presented on the face of the budgetary comparison schedules.

A legal operating budget is not required for current restricted funds, capital project funds, trust funds, and some special revenue funds. Spending in funds which are not subject to the legal annual operating budget requirement is controlled by federal regulations, other statutes, or by the use of internal spending limits established by the governing body.

(b) Cash-Basis Law (KSA 10-1113)

Kansas municipalities are subject to the cash-basis law as stated in KSA 10-1113. Certain sub-funds of the Restricted Funds have negative unencumbered cash balances at June 30, 2024, which is allowable under KSA 12-1663. The funds will be reimbursed in the following fiscal year from federal grants, state grants and other contracts for expenditures incurred by the College. This combined receivable has been recognized for GAAP purposes on these financial statements.

3. Deposits and Investments

As of June 30, 2024, the College had cash and cash equivalents as listed below:

Deposits in financial banking institutions	$	27,468,590
Certificates of deposit		2,000,000
Total cash and cash equivalents	$	29,468,590

The College did not have any activity in investment-type assets.

3. Deposits and Investments (Cont.)

The College's policies relating to deposits and investments are governed by various Kansas Statutes (KSA). Those statutes specify the type of deposits and investments as well as the securing of those deposits and investments.

Interest rate risk – Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. In accordance with KSA 12-1675, the College manages its exposure to interest rate fluctuations by limiting all time investments to maturities of less than two years.

Credit risk – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675. The College's practice is to place idle funds in certificates of deposits and United States obligations.

Custodial credit risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. KSA 9-1402 and 9-1405 requires that governments obtain security for all deposits. The College manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks. Monies in the Kansas Municipal Investment Pool are not required to have pledged securities. As of June 30, 2024, the College was not exposed to custodial credit risk with its deposits or investments.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area.

Component unit – Investments of the Pratt College Foundation consists of mutual funds, treasury obligations, certificates of deposits, and other investments. These investments are managed by the Finance Committee of the Foundation. These types of investments are not regulated by Kansas Statutes. These investments are subject to all normal market risks.

4. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2024:

	Beginning Balance	Increases	(Decrease) Adjustments	Ending Balance
Non-depreciable capital assets				
Land	$ 458,000	$ -	$ -	$ 458,000
Depreciable capital assets				
Buildings and improvements	23,490,480	3,148,562	-	26,639,042
Equipment	7,268,513	586,761	-	7,855,274
Total depreciable capital assets	30,758,993	3,735,323	-	34,494,316
Less accumulated depreciation				
Buildings and improvements	(12,645,218)	(812,449)	-	(13,457,667)
Equipment	(5,896,747)	(914,945)	-	(6,811,692)
Total accumulated depreciation	(18,541,965)	(1,727,394)	-	(20,269,359)
Total depreciable capital assets (net)	12,217,028	2,007,929	-	14,224,957
Total capital assets, net	$ 12,675,028	$ 2,007,929	$ -	$ 14,682,957

Depreciation and amortization expense for the year ended June 30, 2024, is $1,727,394.

5. Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2024:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Current Portion
Certificate of Participation - Series 2020	$ 810,000	$ -	$ 160,000	$ 650,000	$ 160,000
Certificate of Participation - Series 2021	915,000	-	200,000	715,000	205,000
Certificate of Participation - Series 2024	-	1,970,000	-	1,970,000	65,000
Capital Lease Obligations	2,968,197	-	198,229	2,769,968	223,248
Other postemployment benefits	194,395	9,809	-	204,204	-
Net pension liability	270,097	-	44,990	225,107	-
Total long-term liabilities	$ 5,157,689	$ 1,979,809	$ 603,219	$ 6,534,279	$ 653,248

The other postemployment benefits, and the net pension liability are generally liquidated by the General Fund. The certificates of participation will be paid through revenues generated from the various auxiliary enterprise funds and the General Fund. The capital leases are generally liquidated by the General Fund and the Capital Outlay Fund.

(a) Certificates of Participation Series 2020

Certificates of Participation totaling $1,280,000 were issues 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 the Certificates of Participation, Series 2006 and Series 2009. Principal payments for the Certification of Participation, Series 2020 are due annually through 2031.

The remaining debt service requirement for the Certificates of Participation - Series 2020 is as follows:

Year Ending	Principal	Interest	Total
6/30/2025	$ 160,000	$ 12,594	$ 172,594
6/30/2026	165,000	9,394	174,394
6/30/2027	175,000	6,094	181,094
6/30/2028	65,000	2,594	67,594
6/30/2029 - 6/30/2030	85,000	1,938	86,938
Total	$ 650,000	$ 32,614	$ 682,614

(b) Certificates of Participation Series 2021

Certificates of Participation totaling $1,325,000 were issues 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 the Certificates of Participation, Series 2012. Principal payments for the Certification of Participation, Series 2021 are due annually through 2028.

Year Ending	Principal	Interest	Total
6/30/2025	$ 205,000	$ 5,718	$ 210,718
6/30/2026	205,000	4,590	209,590
6/30/2027	205,000	2,745	207,745
6/30/2028	100,000	900	100,900
6/30/2029	-	900	900
Total	$ 715,000	$ 14,853	$ 729,852

5. Long-Term Liabilities (Continued)

(c) Certificates of Participation Series 2024

Certificates of Participation totaling $1,970,000 were issues during the year ended June 30, 2024, 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 4.00%, were issued to for construction improvements to the electric line distribution program building. Principal payments for the Certification of Participation, Series 2024 are due annually through 2044.

Year Ending	Principal	Interest	Total
6/30/2025	$ 65,000	$ 77,500	$ 142,500
6/30/2026	70,000	74,800	144,800
6/30/2027	70,000	72,000	142,000
6/30/2028	75,000	69,100	144,100
6/30/2029	80,000	66,000	146,000
6/30/2030-6/30/2034	435,000	279,900	714,900
6/30/2035-6/30/2039	525,000	184,500	709,500
6/30/2040-6/30/2044	650,000	67,000	717,000
Total	$ 1,970,000	$ 890,800	$ 2,860,799

(d) Capital Lease Obligations

The College has entered into a lease agreement with The Peoples Bank for financing the acquisition of buses. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The buses totaled $184,182 and is included in the capital assets of the College. The amortization of the buses has been included in the College's depreciation expense.

The College has entered into a lease agreement with Gilmore and Bell for financing the acquisition a Track and field facility. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The facility totaled $200,106 and is included in the capital assets of the College. The amortization of this facility has been included in the College's depreciation expense.

The College has entered into a lease agreement for financing the acquisition of a van. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The van totaled $68,434 and is included in the capital assets of the College. The amortization of this van has been included in the College's depreciation expense.

The College has entered into a lease agreement with SNJ Bank of Kansas for financing the acquisition of a bus. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The bus totaled $200,000 and is included in the capital assets of the College. The amortization of the vehicles has been included in the College's depreciation expense.

The College has entered into a lease agreement with SNJ Bank of Kansas for financing the acquisition of welding equipment. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The equipment totaled $325,000 and is included in the capital assets of the College. The amortization of the equipment has been included in the College's depreciation expense.

5. Long-Term Liabilities (Continued)

(d) Capital Lease Obligations (Continued)

The annual debt service requirements for capital leases are as follows:

Year Ending	Principal	Interest	Total
6/30/2025	$ 223,248	$ 91,795	$ 315,043
6/30/2026	211,407	85,303	296,710
6/30/2027	198,617	79,514	278,131
6/30/2028	204,239	73,785	278,024
6/30/2029	211,131	67,673	278,804
6/30/2030 - 6/30/2034	796,042	266,203	1,062,245
6/30/2035 - 6/30/2039	925,000	113,775	1,038,775
Total	$ 2,769,684	$ 778,048	$ 3,547,732

6. Other Postemployment Healthcare Benefits (OPEB)

Plan Description

The College sponsors medical, dental and prescription insurance to qualifying retirees and their dependents. Coverage is provided through a fully-insured program that operates as a single-employer defined benefit plan. Retirees and their spouses may continue coverage with the College until retiree Medicare eligibility (i.e. age 65). In addition, spouses may continue coverage under Cobra provisions, not to exceed the spouse age 65, when the retiree dies or reaches age 65. The College pays up to the single premium for retirees when upon retirement the minimum of age 60 and 10 years of service is achieved. Otherwise, retirees pay group plan rates to maintain coverage. Dependents must pay group plan premiums to maintain coverage in all cases.

All retiree coverage is provided through the group insurance program of the College and delivered through a fully insured arrangement. Along with a dental plan, three medical plan options (High, Low and HDHP) are available to qualifying retirees. Coverage is available for retirees and spouses until the retiree qualifies for Medicare (i.e. age 65).

Spouses may continue coverage under Cobra, upon covered retiree death or attainment of Medicare eligibility age, for up to 36 months not to exceed the spouse's own age 65. Benefits renew annually on September 1. A retiree is not allowed future coverage after once declining coverage.

Retirees and beneficiaries receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	107
Total	110

Funding Policy

The College provides health insurance benefits to retirees and their dependents in accordance with Kansas law (KSA 12-5040). The benefits are paid from the general operating assets of the College on a pay-as-you-go basis. The contribution requirements of Plan members and the College are established and may be amended by the Board of Trustees.

Employer Contribution - An employer may make contributions through an irrevocable transfer of assets to a qualifying trust, direct payment of benefits or a combination of these. Without a trust and self-funded, the contribution equals retiree claims plus admin costs, less any retiree contribution premiums. Without a trust and not self-funded, the contribution equals age-adjusted premium costs, less any retiree contribution premiums.

6. Other Postemployment Healthcare Benefits (OPEB) (Continued)

Annual OPEB Cost and Net OPEB Obligation

The College's annual OPEB cost (expense) consists of the service cost plus interest on total OPEB liability and changes in assumptions and inputs. The service cost is the portion of the Actuarial Present Value of OPEB benefits that is allocated to the current year by the Actuarial Cost method. The following table presents the components of the College's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the College's total OPEB obligation to the Plan.

	June 30, 2024
Net OPEB liability - beginning of year	$ 194,395
Service cost	15,081
Interest cost	8,099
Changes in benefit terms	-
Differences between actual and expected experience	(81,509)
Changes in assumptions and inputs	82,138
Employer contributions (benefit payments)	(14,000)
Net changes	9,809
Net OPEB liability - end of year	$ 204,204

There were no changes to benefit terms.

Changes from the beginning to the end of year measurement for FY 2023-24 are noted below:

- The discount rate changed from 4.0% to 4.1%.
- The assumed salary scale stayed the same from 3.0% to 3.0%
- The census was updated July 1, 2021 to July 1, 2024.
- The projected per capital costs, assumed trends, fixed costs and retiree contribution premiums were updated as part of the evaluation. The July 1, 2024 renewal was taken into account
- Considering multiple years of college data, the assumed proportion of future retiring employees electing coverage was revised from 60% for those retiring at ages less than age 60 and 80% for those retiring at ages 60 to 64 to 55% and 75% respectively.

Total OPEB Liability

The College's total OPEB liability of $204,204 reported as of June 30, 2024, was measured as of June 30, 2023 (the measurement date), and was determined by an actuarial valuation as of July 1, 2023, using the following actuarial assumptions:

Salary increases; including wage increases	2.0%
Discount rate	4.1%

OPEB Expense

For the year ended June 30, 2024, the College recognized OPEB expense of $9,809, which includes the changes in the total OPEB liability, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

Valuation Procedures and Discount Rate

GASB 75 standards require a single discount rate be determined. To the extent Plan (i.e. Trust) assets are projected to be sufficient to make projected benefit payments, the discount rate will equal the expected return on such assets. To the extent a Plan is not projected to be sufficient make future benefit payments the yield or index for 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher should be factored in. Plan assets do not apply to the College's program.

6. Other Postemployment Healthcare Benefits (OPEB) (Continued)

In order to determine the municipal bond rate the actuaries took the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 3.9% and 4.0% as of the beginning and end of year measurement dates, respectively. These were used as the discount rates to determine present value costs.

Mortality rates used for the death benefits were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

In the July 1, 2021, actuarial valuation, the Entry Age Normal - Level Percent of pay Actuarial Cost method was applied. The actuarial assumptions included a 3.00% investment rate of return, which is a blended rate of the expected long-term investment returns on Plan assets and on the College's pooled funds and investments. The valuation assumed annual healthcare cost trend rate of 7.50% in the first year, decreasing by 0.25% until year 13 when it reaches an ultimate rate of 4.50%. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the accuracy of the results.

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

	1% Decrease	Current Trend Assumption	1% Increase
Total OPEB Liability	$ 180,046	$ 204,204	$ 233,024
Increase / (Decrease) from Baseline	(24,158)		28,820

Sensitivity of Total OPEB Liability to changes in the Discount Rate

	1% Decrease 3.0%	Current Single Discount Rate Assumption 4.0%	1% Increase 5.0%
Total OPEB Liability	$ 224,777	$ 204,204	$ 185,573
Increase / (Decrease) from Baseline	20,573		(18,631)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Category	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	$ 16,076	$ 118,817
Changes in assumptions	100,996	62,158
Benefit payments subsequent to the measurement date (1)	-	-
Total	$ 117,072	$ 180,975

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

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

Year Ending:	Amount
2025	$ (7,168)
2026	(7,168)
2027	(7,168)
2028	(7,168)
2029	(7,168)
Thereafter	(28,063)
Total	$ (63,903)

7. Defined Benefit Pension Plan

Plan Description

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

KPERS provides benefits to the following statewide pension groups under one plan, as provided by KSA 74 article 49:

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

Substantially all public employees in Kansas are covered by the pension plan. Participation by local political subdivisions is optional, but irrevocable once elected.

The employer contributions for non-public school district schools, as defined in K.S.A. 74-4931 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, vocational-technical schools and community junior colleges, 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 System. Since these employers do not contribute directly to the System for active employees, there is no net pension liability or deferred inflows or outflows to report in the financial statements for active employees. The notes to the College's financial statements must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the non-public school district employer. In addition, each non-public school district employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with their employer.

A number of these employers make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per KSA. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies "working after retirement" contributions and resulting net pension liability are attributable to the employer.

Benefits Provided

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 a member's combined age and years of certified 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. Members who withdraw their accumulated contributions lose all rights and privileges of membership. For all pension coverage groups, the accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by KSA 74-4922.

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc postretirement 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 age for KPERS 3 is 65 with five years of service or 60 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 account balance at retirement.

7. Defined Benefit Pension Plan (Continued)

Contributions

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund established by KSA 74-4922. Member contribution rates are established by State law, and are paid by the employee according to the provisions of Section 414(h) of the Internal revenue code. State law provides that the employer contribution rates for each of the three state wide pension groups to be determined based on the results of each annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by KSA 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

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

The State is required to contribute 100% of the College's contractually required contributions, which are actuarially determined as an amount that, when combined with employee contributions, is expected to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. However, they do make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per KSA 74-4937, "working after retirement" employees. The resulting proportional share of the "working after retirement" contributions and resulting new pension liability are attributable to the employer.

KSA 74-4919 and KSA 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2, and KPERS 3 members.

The College's contractually required contributions rate for the actuarial report dated year ended June 30, 2023, was 13.88% of the annual college payroll of which .2802% of payroll was required from the College and 99.7198% of payroll was required from the State. The College's contributions to the pension plan were $23,029 for the year ended June 30, 2023 (actuarial report date).

Legislature in the 2015 session authorized issuance of $1.0 billion in net bond proceeds to improve the funding of the State/School group. The bonds were issued in August 2015, and deposited in the trust fund on August 20, 2015.

Employer Allocations

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

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

To facilitate the separate (sub) actuarial valuations, the System maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

7. Defined Benefit Pension Plan (Continued)

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

At June 30, 2023 (actuarial report year ended June 30, 2022), the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	$ 225,107
State's proportionate share of the net pension liability associated with the College	8,196,784
	$ 8,421,891

The net pension liability was measured as of December 31, 2022, which was rolled forward to June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal year ended June 30, 2022. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At the actuarial report date of June 30, 2023, the combined College and state's proportion was 0.011%, which was a decrease of 0.001% from its proportion measured as of June 30, 2022.

For the actuarial report as of June 30, 2022, there were changes in assumptions and benefits as described in the notes to the required supplemental information.

There were no changes between the measurement date of December 31, 2022, rolled forward to June 30, 2023, and the College's reporting date of June 30, 2024.

For the year ended June 30, 2024, the College recognized pension expense of $875,478 and revenue of $875,478 for support provided by the state. For the portion related to the "working after retirement" the College recognized pension expense of $23,747, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. At June 30, 2024 (the measurement date of June 30, 2023), the College reported deferred outflows of resources and deferred inflows of resources related to pensions for the College from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,156	$ -
Changes of assumptions	24,875	-
Net difference between projected and actual earnings on pension plan investments	15,321	-
Changes in proportion and differences between College contributions and proportionate share of contributions	67,572	23,220
Total	$ 115,924	$ 23,220

7. Defined Benefit Pension Plan (Continued)

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

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expenses by the College as follows:

Year Ending:	Amount
6/30/2024	$ 37,025
6/30/2025	27,389
6/30/2026	30,129
6/30/2027	(1,703)
6/30/2028	(136)
Thereafter	-
	$ 92,704

Actuarial Assumptions

The total pension liability was determined by an actuarial valuation as of December 31, 2022, which was rolled forward to June 30, 2023, using the following actuarial assumptions, applied to all periods included in the measurement:

• Inflation	2.75 percent
• Wage Inflation	3.5 percent
• Salary increases, including wage increases	3.50 to 12.00 percent, including price inflation
• Investment rate of return	7.00 percent

Mortality rates were based on the RP 2014 Mortality Tables, 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 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. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

Asset class	Long-term target allocation	Long-term expected real rate of return
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	100.00%	

7. Defined Benefit Pension Plan (Continued)

Discount Rate

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2020 was 1.2 percent.

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

In addition, 2017 S Sub. For Sub. HB 2052 delayed $64.1 million in Fiscal Year State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of $6.4 million was received in July 2017 and appropriations for Fiscal Year 2018 are intended to fully fund the State/School group statutory contribution rate of 12.01 percent for that year. Additional legislation in the 2017 Session (S Sub for HB 2002) provided for a reduction of $194 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20 year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as long-term receivables by the Pension Plan. The 2019 Legislature passed House Sub for Sen Bill 109, which directed on behalf payments of $56 million and $82 million be made to the System. The $56 million payment was received by the System on June 30, 2018, and recorded as Fiscal Year 2018 contributions. The $82 million was received July 1, 2019, and was recorded as Fiscal Year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer of $115 million to KPERS, received in March 2020. House Sub for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School group in Fiscal Year 2020 of $51 million.

The 2021 Legislature passed House Bill 2405, which authorizes the state of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School Group's unfunded actuarial liability, assuming certain criteria are met. As a result, the State/School contribution rate was recertified for Fiscal Years 2022 and 2023, lowering them respectively to 13.86 and 13.11 percent. The bond proceeds were received on August 26, 2021, and were reflected in the projected cash flows.

Based on employer contribution history as described above, it is a reasonable estimate that the State/School group's contribution rate may not be certified at the statutory rate. It has been assumed that contribution rates will be made within the same range as have been seen in the past few years, between 11 to 12 percent. Using this assumption actuarial modeling indicates that employer contribution rates for the State/School group are sufficient to avoid a depletion date.

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

7. Defined Benefit Pension Plan (Continued)

Sensitivity of the College's proportionate share of the net pension liability to changes in the discount rate

The following presents the net pension liability of the Pension Plan as of June 30, 2022, (actuarial report date) calculated using the discount rate of 7.00 percent, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
$323,788	$225,107	$142,661

8. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There has been no significant change in insurance coverage from the previous fiscal year. Settled claims have not exceeded commercial insurance coverage in any of the past three years.

9. Related Party Transactions Between the College and its Component Unit

The Pratt College Foundation paid $328,046 in student scholarships during the current fiscal year.

The College provides administrative support, office space, and other services to the Pratt College Foundation. The Foundation does not reimburse the College for expenses incurred.

10. Contingent Liabilities

The College receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass-through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the College. However, in the opinion of management, any such disallowed claims would not have a material effect on the financial statements.

The College is a defendant in various pending litigation and administrative proceedings. Management anticipates that any potential claims, if any, against the College would be covered by insurance and would not materially affect the College's financial position.

11. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

Pratt Community College

Schedule of Changes in the Net OPEB Liability - Healthcare
For the Year Ended June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability - Beginning of year	$ 194,395	$ 158,818	$ 199,917	$ 205,777	$ 196,068	$ 199,191	$ 196,888	For 2015 to 2017, this data is not yet available.		
Service Cost	15,081	13,796	18,098	21,273	17,818	20,332	20,491	For 2015 to 2017, this data is not yet available.		
Interest Cost	8,099	6,732	4,330	5,831	6,267	7,013	7,153	For 2015 to 2017, this data is not yet available.		
Changes in Benefit Terms	-	-	-	-	(8,871)	-	-	For 2015 to 2017, this data is not yet available.		
Differences between actual and expected experience	(81,509)	17,008	(26,163)	1,868	(35,049)	(1,217)	-	For 2015 to 2017, this data is not yet available.		
Changes in assumptions and inputs	82,138	(1,959)	(34,364)	(29,232)	39,544	(15,251)	(11,341)	For 2015 to 2017, this data is not yet available.		
Employer contributions	(14,000)	-	(3,000)	(5,600)	(10,000)	(14,000)	(14,000)	For 2015 to 2017, this data is not yet available.		
Net Changes	9,809	35,577	(41,099)	(5,860)	9,709	(3,123)	2,303	For 2015 to 2017, this data is not yet available.		
Total OPEB Liability - End of year	$ 204,204	$ 194,395	$ 158,818	$ 199,917	$ 205,777	$ 196,068	$ 199,191	For 2015 to 2017, this data is not yet available.		

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2015-2017 is not available under the measurement requirements of GASB 75.

Pratt Community College

Schedule of the College's Proportionate Share of the Net OPEB Liability - Healthcare
For the Year Ended June 30, 2024

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total OPEB Liability	$ 204,204	$ 194,395	$ 158,818	$ 199,917	$ 205,777	$ 196,068	$ 199,191	For 2015 to 2017, this data is not yet available.		
Fiduciary net position	-	-	-	-	-	-	-	For 2015 to 2017, this data is not yet available.		
Net OPEB liability	$ 204,204	$ 194,395	$ 158,818	$ 199,917	$ 205,777	$ 196,068	$ 199,191	For 2015 to 2017, this data is not yet available.		
Fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	For 2015 to 2017, this data is not yet available.		
Covered-employee payroll	$5,622,752	$5,143,802	$5,143,802	$5,606,684	$5,449,595	$5,113,257	$ 4,941,380	For 2015 to 2017, this data is not yet available.		
Net OPEB liability as a percentage of covered-employee payroll	3.63%	3.80%	3.10%	4.10%	4.20%	4.50%	4.60%	For 2015 to 2017, this data is not yet available.		

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2015-2017 is not available under the measurement requirements of GASB 75.

Pratt Community College

Schedule Of The College's Proportionate Share Of The Net Pension Liability
For the Year Ended June 30, 2024

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
College's proportion of the net pension liability (asset)	0.002%	0.003%	0.002%	0.001%	0.001%	0.001%	0.001%	0.001%	0.002%	0.000%
College's proportionate share of the net pension liability (asset)	$ 225,107	$ 270,097	$ 150,766	$ 135,093	$ 104,712	$ 114,031	$ 134,335	$ 113,782	$ 160,770	$ -
State's proprotionate share of the net pension liability (asset)	0.0767%	0.077%	0.086%	0.085%	0.086%	0.084%	0.083%	0.085%	0.100%	0.085%
State's proprotionate share of the net pension liability (asset)	$ 8,196,784	$ 8,174,275	$ 6,728,416	$ 8,869,259	$ 7,663,168	$ 7,662,276	$ 7,684,833	$ 7,662,362	$ 8,276,566	$ 8,176,669
Total collective net pension liability (asset)	$ 8,421,891	$ 8,444,372	$ 6,879,182	$ 9,004,352	$ 7,767,880	$ 7,776,307	$ 7,819,168	$ 7,776,144	$ 8,437,336	$ 8,176,669
College's covered payroll	$ 6,767,356	$ 6,257,234	$ 5,686,377	$ 5,846,006	$ 6,351,312	$ 6,222,645	$ 5,245,417	$ 4,703,472	$ 5,263,690	$ 5,536,462
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	124.45%	134.95%	120.98%	154.03%	122.30%	124.97%	149.07%	165.33%	160.29%	147.69%
Plan fiduciary net position as a percentage of the total pension liability	70.70%	69.75%	76.40%	66.30%	69.88%	67.12%	65.10%	64.95%	66.60%	59.94%

* The amounts presented for each fiscal year were determined as of the calendar year end that occurred within the fiscal year.

Pratt Community College

Schedule of College Contributions
For the Year Ended June 30, 2024

Kansas Public Employees Retirement System

Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	$ 9,659	$ 23,029	$ 26,475	$ 18,873	$ 12,882	$ 10,423	$ 10,008	$ 9,912	$ 7,910	$ -
Contributions in relation to the contractually required contribution	(9,659)	(23,029)	(26,475)	(18,873)	(12,882)	(10,423)	(10,008)	(9,912)	(7,910)	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered payroll	$ 6,767,356	$ 6,257,234	$ 5,686,377	$ 5,846,006	$ 6,403,495	$ 6,351,312	$ 6,222,645	$ 5,245,417	$ 4,703,472	$ 5,536,462
Contributions as a percentage of covered payroll	0.14%	0.37%	0.47%	0.32%	0.20%	0.16%	0.16%	0.19%	0.17%	0.00%

Note: Historically, the College has not been responsible for contributions due to being a special funding situation. The State of Kansas has paid all contributions. Due to changes in the statutes, the College is now responsible for "working after retirement" employees contributions.

Pratt Community College

Notes to Required Supplementary Information
For the Year Ended June 30, 2024

Other Post Employment Benefits - Healthcare

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes from the beginning to the end of year measurement for FY 2023-24 are noted below:

- The discount rate changed from 4.0% to 4.1%.
- The assumed salary scale stayed the same from 3.0% to 3.0%.
- The census was updated July 1, 2021 to July 1, 2024.
- The projected per capital costs, assumed trends, fixed costs and retiree contribution premiums were updated as part of the evaluation. The July 1, 2024 renewal was taken into account.
- Considering multiple years of college data, the assumed proportion of future retiring employees electing coverage was revised from 60% for those retiring at ages less than age 60 and 80% for those retiring at ages 60 to 64 to 55% and 75% respectively.

Defined Benefit Pension Plan

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes from the beginning to the end of year measurement for the valuation report dated June 30, 2023, are noted below:

- Price inflation remained unchanged at 2.75 percent.
- Investment return assumption was lowered from 7.25 percent to 7.00 percent.
- General wage growth assumption remained unchanged at 3.50 percent.

SUPPLEMENTARY INFORMATION

Pratt Community College

Schedule of Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
General Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Receipts				
Student sources	$ 959,698	$ 959,698	$ 1,192,857	$ 233,159
State sources	1,689,809	1,689,809	1,677,408	(12,401)
Local sources	8,262,808	8,262,808	8,030,482	(232,326)
Other sources	1,818,690	1,818,690	523,534	(1,295,156)
Total Receipts	$ 12,731,005	$ 12,731,005	11,424,281	$ (1,306,724)
Expenditures and Transfers Subject to Budget				
Instruction	$ 1,802,768	$ 1,802,768	1,662,997	$ (139,771)
Academic support	375,376	375,376	694,247	318,871
Student services	3,105,674	3,105,674	3,115,377	9,703
Institutional support	1,666,375	1,666,375	1,709,726	43,351
Operation and maintenance	681,287	681,287	887,694	206,407
Scholarships	190,000	190,000	187,010	(2,990)
Transfers	4,711,003	4,711,003	2,657,749	(2,053,254)
Total Expenditures and Transfers Subject to Budget	$ 12,532,483	$ 12,532,483	10,914,800	$ (1,617,683)
Receipts Over (Under) Expenditures			509,481	
Unencumbered Cash, July 1			11,193,885	
Unencumbered Cash, June 30			$ 11,703,366	
Unencumbered Cash, June 30			$ 11,703,366	
Receivables			1,102,565	
Accrued net pension liability			(132,403)	
Accrued other post employment benefits			(268,107)	
GAAP fund balance			$ 12,405,421	

Pratt Community College

Schedule of Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Postsecondary Technical Education Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Receipts				
Student sources	$ 639,799	$ 639,799	$ 890,374	$ 250,575
Federal sources	-	-	373,422	373,422
State sources	2,931,345	2,931,345	2,088,600	(842,745)
Other sources	1,000,000	1,000,000	54,811	(945,189)
Transfers	1,920,286	1,920,286	1,920,286	-
Total Receipts	$ 6,491,430	$ 6,491,430	5,327,493	$ (1,163,937)
Expenditures and Transfers Subject to Budget				
Instruction	$ 2,303,189	$ 2,303,189	1,898,710	$ (404,479)
Academic support	135,945	135,945	765,262	629,317
Institutional support	1,110,917	1,110,917	1,258,898	147,981
Operation and maintenance	454,191	454,191	458,195	4,004
Transfers	2,489,935	2,489,935	-	(2,489,935)
Total Expenditures and Transfers Subject to Budget	$ 6,494,177	$ 6,494,177	4,381,065	$ (2,113,112)
Receipts Over (Under) Expenditures			946,428	
Unencumbered Cash, July 1			2,935,222	
Unencumbered Cash, June 30			$ 3,881,650	
Unencumbered Cash, June 30			$ 3,881,650	
Receivables			(748)	
GAAP fund balance			$ 3,880,902	

Pratt Community College

Schedule of Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Education Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Receipts				
Other sources	$ 5,000	$ 5,000	$ -	$ (5,000)
Expenditures Subject to Budget				
Instruction	$ 5,000	$ 5,000	-	$ (5,000)
Receipts Over (Under) Expenditures			-	
Unencumbered Cash, July 1			40,891	
Unencumbered Cash, June 30			$ 40,891	
Unencumbered Cash, June 30			$ 40,891	
Receivables			-	
GAAP fund balance			$ 40,891	

Pratt Community College

Schedule of Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Supplementary Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over
	Original	Final	Basis	(Under)
Receipts				
Other sources	$ 20,000	$ 20,000	$ -	$ (20,000)
Expenditures Subject to Budget				
Instruction	$ 20,000	$ 20,000	-	$ (20,000)
Receipts Over (Under) Expenditures			-	
Unencumbered Cash, July 1			1,107	
Unencumbered Cash, June 30			$ 1,107	
Unencumbered Cash, June 30			$ 1,107	
Receivables			-	
GAAP fund balance			$ 1,107	

Pratt Community College

Schedule of Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Auxiliary Funds
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Receipts				
Student sources	$ 2,900,000	$ 2,900,000	$ 39,494	$ (2,860,506)
Gifts and grants	1,050,000	1,050,000	1,399,751	349,751
Transfers	-	-	976,836	976,836
Other income	1,500,000	1,500,000	364,683	(1,135,317)
Total Receipts	$ 5,450,000	$ 5,450,000	2,780,764	$ (2,669,236)
Expenditures Subject to Budget				
Salaries and benefits	$ -	$ -	200	$ 200
General operating expenses	1,500,000	1,500,000	275,361	(1,224,639)
Supplies	1,050,000	1,050,000	166,652	(883,348)
Scholarships	2,900,000	2,900,000	1,437,927	(1,462,073)
Total Expenditures Subject to Budget	$ 5,450,000	$ 5,450,000	1,880,140	$ (3,569,860)
Receipts Over (Under) Expenditures			900,624	
Unencumbered Cash, July 1			468,511	
Unencumbered Cash, June 30			$ 1,369,135	
Unencumbered Cash, June 30			$ 1,369,135	
Receivables			-	
GAAP fund balance			$ 1,369,135	

Pratt Community College

Schedule of Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Housing Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary	Variance With Final Budget Over
	Original	Final	Basis	(Under)
Receipts				
Student sources	$ 2,600,000	$ 2,600,000	$ 1,929,475	$ (670,525)
Other income	849,945	849,945	19,858	(830,087)
Total Receipts	$ 3,449,945	$ 3,449,945	1,949,333	$ (1,500,612)
Expenditures Subject to Budget				
Salaries and benefits	$ 240,627	$ 240,627	84,140	$ (156,487)
General operating expenses	1,200,000	1,200,000	967,408	(232,592)
Supplies	1,800,000	1,800,000	164,333	(1,635,667)
Equipment	-	-	28,056	28,056
Transfer to other funds	-	-	1,186,153	1,186,153
Total Expenditures Subject to Budget	$ 3,240,627	$ 3,240,627	2,430,090	$ (810,537)
Receipts Over (Under) Expenditures			(480,757)	
Unencumbered Cash, July 1			8,266,173	
Unencumbered Cash, June 30			$ 7,785,416	
Unencumbered Cash, June 30			$ 7,785,416	
Receivables			-	
GAAP fund balance			$ 7,785,416	

Pratt Community College

Schedule of Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Capital Outlay Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Receipts				
Local sources	$ -	$ -	$ 1,991	$ 1,991
Other sources	2,350,000	2,350,000	-	2,350,000
Transfer from other funds	-	-	350,000	(350,000)
Total Receipts	$ 2,350,000	$ 2,350,000	351,991	$ 2,351,991
Expenditures and Transfers Subject to Budget				
Plant equipment and facility	$ 2,350,000	$ 2,350,000	965,125	$ (1,384,875)
Receipts Over (Under) Expenditures			(613,134)	
Unencumbered Cash, July 1			1,630,816	
Unencumbered Cash, June 30			$ 1,017,682	
Unencumbered Cash, June 30			$ 1,017,682	
Receivables			-	
GAAP fund balance			$ 1,017,682	

Pratt Community College

Schedule of Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Debt Service Fund
Year Ended June 30, 2024

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Receipts				
Transfer from other funds	$ 571,780	$ 571,780	$ 571,780	$ -
Expenditures and Transfers Subject to Budget				
Principal	$ 460,000	$ 460,000	460,000	$ -
Interest	111,780	111,780	111,780	-
Total Expenditures and Transfers Subject to Budget	$ 571,780	$ 571,780	571,780	$ -
Receipts Over (Under) Expenditures			-	
Unencumbered Cash, July 1			844,359	
Unencumbered Cash, June 30			$ 844,359	
Unencumbered Cash, June 30			$ 844,359	
Receivables			-	
GAAP fund balance			$ 844,359	

SINGLE AUDIT SECTION

Pratt Community College

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Number	Identifying Number	Disbursements/ Expenditures
Department of Education			
Direct Programs:			
Student Financial Aid (SFA) Cluster			
Federal Work-Study Program	84.033	P033A231544	$ 30,737
Supplemental Education Opportunity Grant	84.007	P007A231544	22,998
Federal Direct Student Loan	84.268	P268K241479	997,619
PELL Grant	84.063	P063P231479	1,300,525
Total Student Financial Aid (SFA) Cluster			2,351,879
Passed Through Kansas Board of Regents:			
Carl Perkins	84.048A		105,325
TOTAL DEPARTMENT OF EDUCATION			2,457,204
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 2,457,204

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Pratt Community College of Pratt, Kansas, under programs of the federal government for the year ended June 30, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Account Policies

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) The College has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

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

Board of Trustees
Pratt Community College
Pratt, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities, and the aggregate discretely presented component units of Pratt Community College (College) as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise Pratt Community College's basic financial statements, and have issued our report thereon dated January 24, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
January 24, 2025

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

Board of Trustees
Pratt Community College
Pratt, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Pratt Community College's (College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2024. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control Over Compliance

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

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

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

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

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
January 24, 2025

Pratt Community College

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024

Section 1 – Summary of Auditor's Results

Financial Statements

1. Type of auditor's opinion issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
2. Internal control over financial reporting:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	No
3. Noncompliance material to the financial statements noted?	No

Federal Awards

1. Internal control over major programs:	
a. Material weaknesses identified?	No
b. Significant deficiencies identified?	None Reported
2. Type of auditor's report issued on compliance for major programs:	Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)?	No
4. Identification of major programs:	
	CFDA No.
Student Financial Aid Programs:	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal PELL Grant Program	84.063
Federal Direct Student Loan Program	84.268
5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee?	Yes

Section 3 – Findings – Financial Statement Audit

There were no reportable findings for the year ended June 30, 2024.

Section 2 – Findings and Questioned Costs – Major Federal Award Programs

Student Financial Aid Programs

Federal Supplemental Education Opportunity Grant, CFDA No. 84.007. Federal Work-Study Program CFDA No. 84.033. Federal Pell Grant Program CFDA No. 84.063. Federal Direct Student Loan Program CFDA No. 84.268.

There were no reportable findings for the year ended June 30, 2024.