

# Pittsburg State University Annual Financial Report

**For fiscal year ended June 30, 2021**



# PITTSBURG STATE UNIVERSITY

## Annual Financial Report

For the Fiscal Year Ended June 30, 2021

### **Kansas Board of Regents**

Bill Feuerborn .....	Garnett
Cheryl Harrison-Lee .....	Gardner
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### **President of the University**

Steven A. Scott, B.S.Ed., M.S., Ed.S., Ed.D.

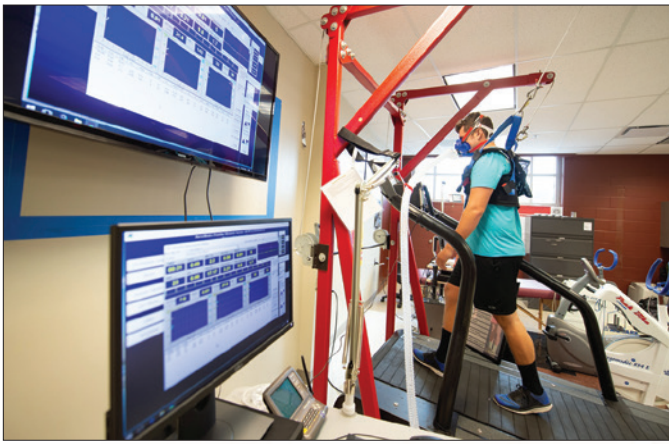
### **Chief Financial Officer and Vice President for Administration**

Douglas B. Ball, B.B.A, M.B.A, C.P.A

### **Controller's Office**

Barbara J. Winter, B.B.A., M.B.A. ....	Controller
Amberly K. Downs, B.B.A., M.B.A.....	Assistant Controller
Rachel L. Cameron, B.B.A., M.B.A.....	Assistant Controller
Kortney A. Bevins, B.B.A. ....	Assistant Controller
T. James Hughes, B.B.A., M.B.A.....	Director of Purchasing





Students majoring in exercise science in the Department of Health, Human Performance, & Recreation, conducted research on a treadmill to measure cardiovascular and pulmonary function.



PSU's faculty not only have award-winning expertise in a range of academic areas, they're also appreciated by their students, who each year nominate them for the Outstanding Faculty Award. The 2021 recipients are (l to r): Dr. Becky Brannock (Psychology & Counseling), Tracy Coltharp (former Nursing faculty member), and Dr. Phil Harries (Biology). The award is presented during the university's annual Apple Day Convocation.



Gorillas continued to give back to the community through the Big Event service project, which involved hundreds of students volunteering throughout the town.

# **Pittsburg State University**

## **Management's Discussion and Analysis**

### **For the Year Ended June 30, 2021**

The following Management's Discussion and Analysis (MD&A) provides an overview of the financial performance of Pittsburg State University (the "University") based on currently known facts, decisions and conditions and is designed to assist readers in understanding the accompanying financial statements. These financial statements are prepared in accordance with Government Accounting Standards Board (GASB) principles. This discussion – along with the financial statements and related footnote disclosures – has been prepared by management and should be read in conjunction with the statements and footnotes.

#### **USING THIS ANNUAL REPORT**

This report consists of the three financial statements; the Statement of Net Position, the Statement of Revenues, Expenses, and Changes in Net Position, and the Statement of Cash Flows. These financial statements are prepared in accordance with GASB Statement 35 – and Management's Discussion and Analysis – for Public Colleges and Universities, as amended by GASB Statements 37 and 38. These statements establish standards for external financial reporting for public colleges and universities and require that financial statements be presented on a consolidated basis to focus on the University as a whole.

#### **STATEMENT OF NET POSITION**

The Statement of Net Position presents the assets, deferred outflows, liabilities, deferred inflows, and net position of the University at a point in time (at the end of the fiscal year). Its purpose is to present a financial snapshot of the University. The Statement of Net Position includes all assets, deferred outflows, liabilities, and deferred inflows using the accrual basis of accounting, which is similar to the accounting used by most private-sector institutions. Under the accrual basis of accounting all of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

Within the Statement of Net Position, assets and liabilities are further classified as current or non-current. Current classification distinguishes those assets that are highly liquid and available for immediate and unrestricted use by the University and those liabilities likely to be settled in the next 12 months.

Net Position is divided into three categories:

1. **Net investment in capital assets** indicates the university's equity in property, plant, and equipment owned by the University.
2. **Restricted net position** is further divided into two subcategories, non-expendable and expendable. The corpus of non-expendable restricted resources is only available for investment purposes. Expendable restricted net position is available for expenditure by the University but must be spent for purposes as determined by donors and/or external entities that have placed time or purposes restrictions on the use of the assets.
3. **Unrestricted net position** is available to the University for any lawful purpose of the institution.

#### **Assets**

Total assets at June 30, 2021 were \$245.9 million, an increase of \$5.0 million (2.1%) compared to \$240.9 million at June 30, 2020. Current assets consist of cash and cash equivalents, short-term investments, and accounts receivable, all of which are used to support the operations of the University. Total current assets increased \$7.4 million (14.3%) compared to 2020.

Non-current assets decreased \$2.3 million (-1.2%) compared to 2020. Capital assets, net of depreciation, comprised 75.3%, or \$185.3 million, of the total assets, see Note 6 - Capital Assets.

## Liabilities

Total liabilities were \$71.8 million at June 30, 2021, a decrease of \$1.9 million (-2.5%,) compared to \$73.6 million at June 30, 2020. The change in current liabilities, an increase of \$0.8 million (4.9%), is driven by an increase in deferred revenues, see Note 7 - Unearned Revenue.

Non-current liabilities decreased \$2.7 million (-4.8%) compared to 2020 primarily from the principal payments on long-term debt. Non-current liabilities comprised 74.7% or \$53.6 million of the liabilities.

## Deferred Outflows and Inflows of Resources

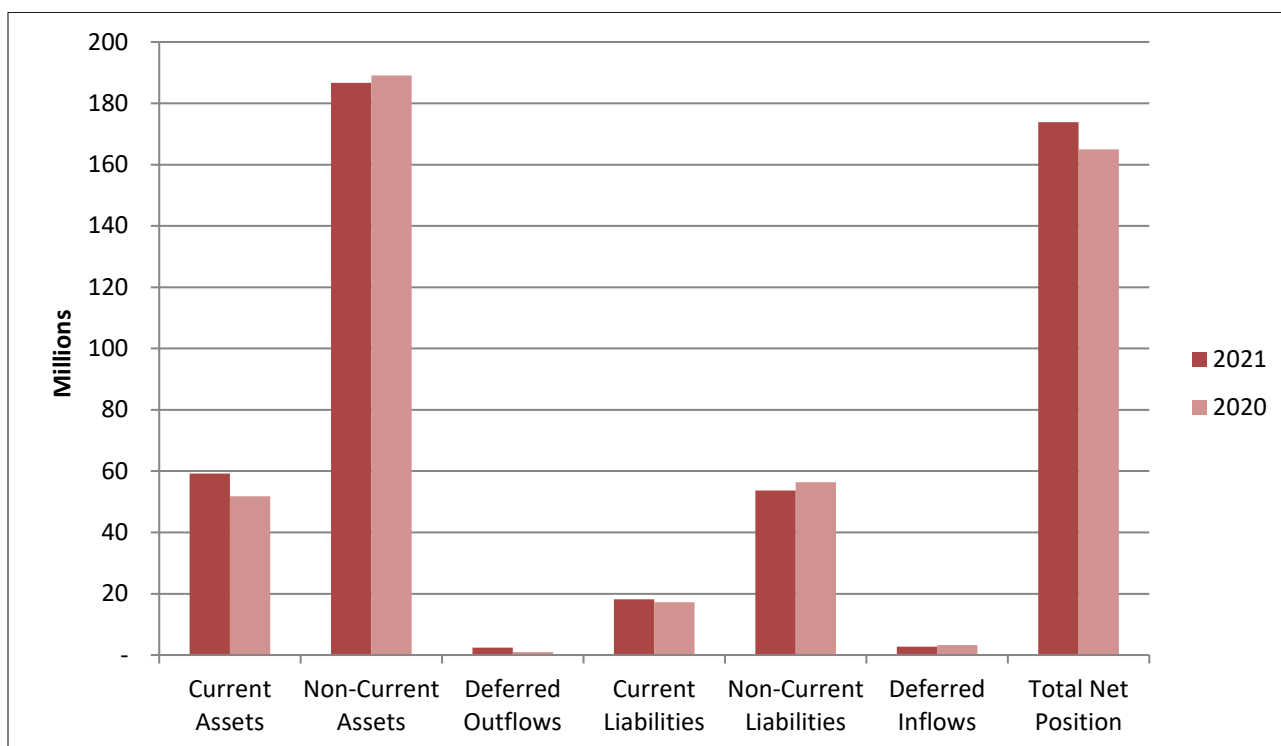
At June 30, 2021 total deferred outflows were \$2.4 million, an increase of \$1.4 million (144.4%) compared to 2020, primarily attributed to changes in the differences between actual and projected earnings of the KPERS pension plan. Total deferred inflows were \$2.7 million, a decrease of \$0.6 million (-17.2%) compared to 2020, related to the change in the University's proportion of the total State of Kansas KPERS plan actuarial determined items.

## Net Position

Total net position at June 30, 2021 was \$173.9 million, a \$8.9 million (5.4%) increase from the prior year of \$164.9 million. The breakout of net position is shown below:

	June 30, 2021	June 30, 2020
Net investment in capital assets	\$144,027,758	\$142,144,473
Restricted net position	6,601,674	6,969,511
Unrestricted net position	23,239,340	15,812,701
<b>Total net position</b>	<b>\$173,868,772</b>	<b>\$164,926,685</b>

The composition of current and non-current assets, deferred outflows, current and non-current liabilities, deferred inflows and net position is displayed below for fiscal years 2021 and 2020.



## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

The Statement of Revenues, Expenses and Changes in Net Position presents the total revenues earned and expenses incurred by the University for operating, non-operating and other related activities during a period of time. Its purpose is to assess the University's operating results.

### Revenues

Operating revenues at the University as of June 30, 2021 decreased \$2.9 million (-5.2%) over the previous fiscal year. The following is a brief summary of the significant changes:

- Revenue from tuition and fee revenues, after scholarship allowances, decreased \$2.4 million (-7.0%) driven by enrollment and mix of students, including the impact of COVID-19.
- Auxiliary enterprise revenues decreased \$1.6 million (-13.1%) as a result of COVID-19 impacts to operations, primarily lower housing occupancy and fewer athletic events. Auxiliary enterprises includes University Housing, Parking Services, Health Services, Student Center, Athletics, and Student Publications. Auxiliary enterprise revenues are 20.7% of total operating revenue.
- Grants and contracts, which includes Federal, State and local, and Nongovernmental grants and contracts, increased \$1.2 million (20.6%). This increase is a result of academic support grant revenues and public service grant revenues associated to College of Education and KRPS Radio Station departments.

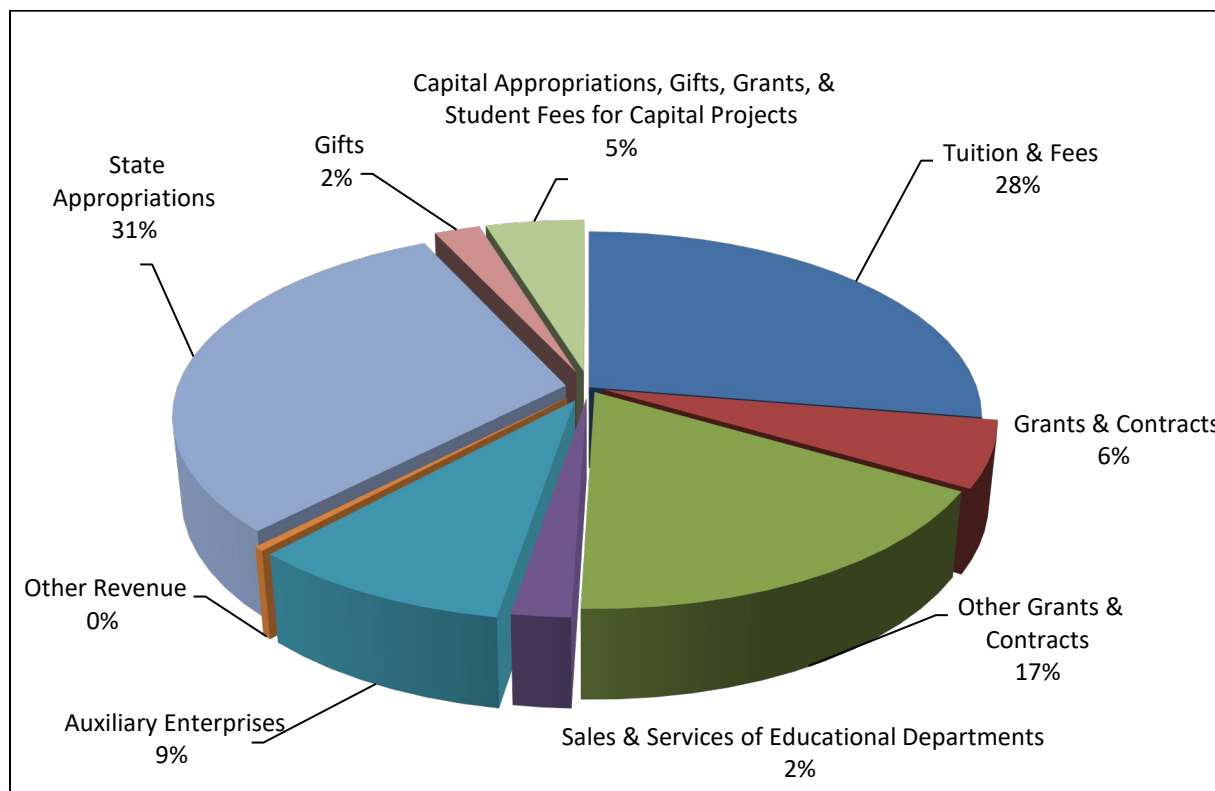
Total non-operating revenues increased \$7.8 million (14.6%) from 2020. The following is a brief summary of the significant changes:

- Other grants and contracts increased \$10.0 million (98.0%) driven by the receipt of \$6.5 million in Higher Education Emergency Relief Fund (HEERF) funds, \$2.9 million in Coronavirus Relief Fund (CRF) funds, and \$1.5 million in Governor's Emergency Education Relief Fund (GEER) funds, see Note 15 – Other Grants and Contracts.
- State appropriations decreased \$1.3 million (-3.6%) due to decreased funding from the State Legislature.
- Gift revenue decreased \$0.5 million (-14.0%) due to fluctuations in amounts received from the Pittsburg State University Foundation in 2021.

Other revenues, expenses, gains and losses, which includes capital appropriations and capital grants and gifts, decreased \$2.8 million (-42.4%). These revenues will vary year to year based upon the funding received for capital projects and Foundation contributions.

- Capital appropriations decreased \$1.0 million (-25.5%) to \$2.8 million as a result of the timing of maintenance projects.
- Capital grants and gifts decreased \$1.8 million (-66.9%) compared to 2020. This can vary year to year based on funding received from the Pittsburg State University Foundation for capital projects.

Revenues for fiscal year 2021 are displayed in the following graph:



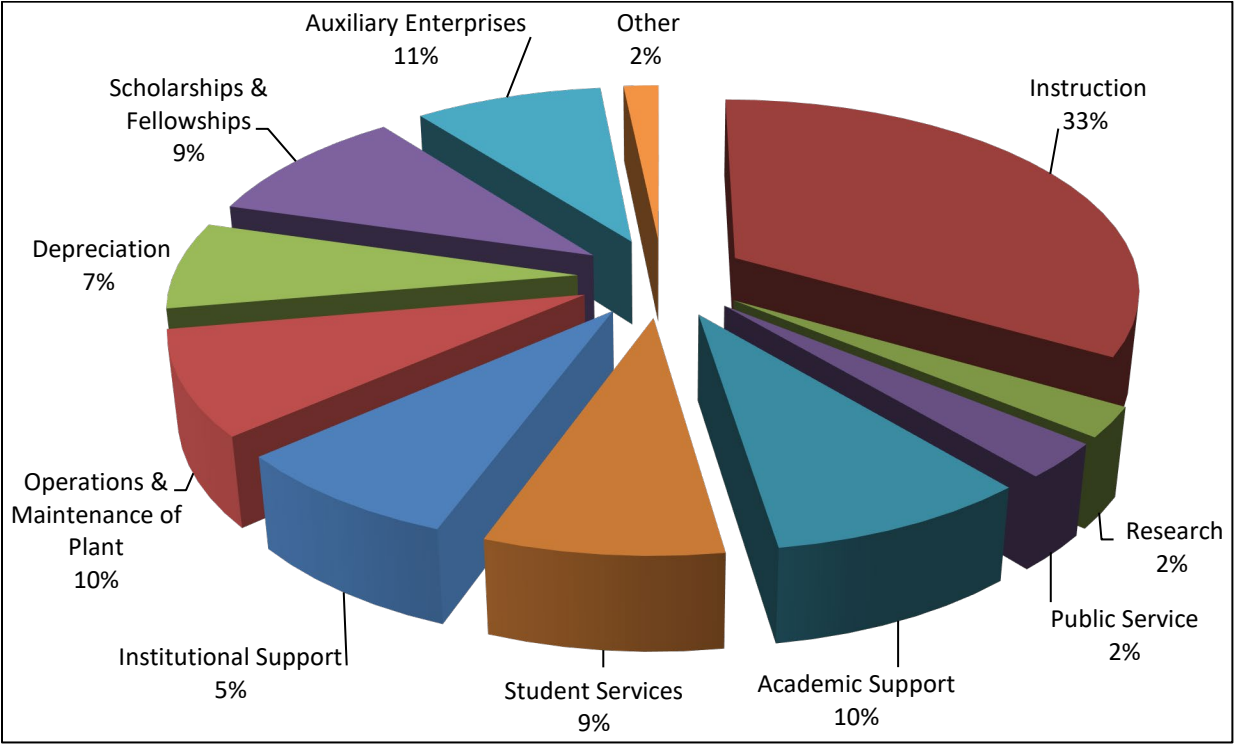
## Expenses

Operating expenses increased \$4.6 million (4.4%). The following is a brief summary of the significant changes:

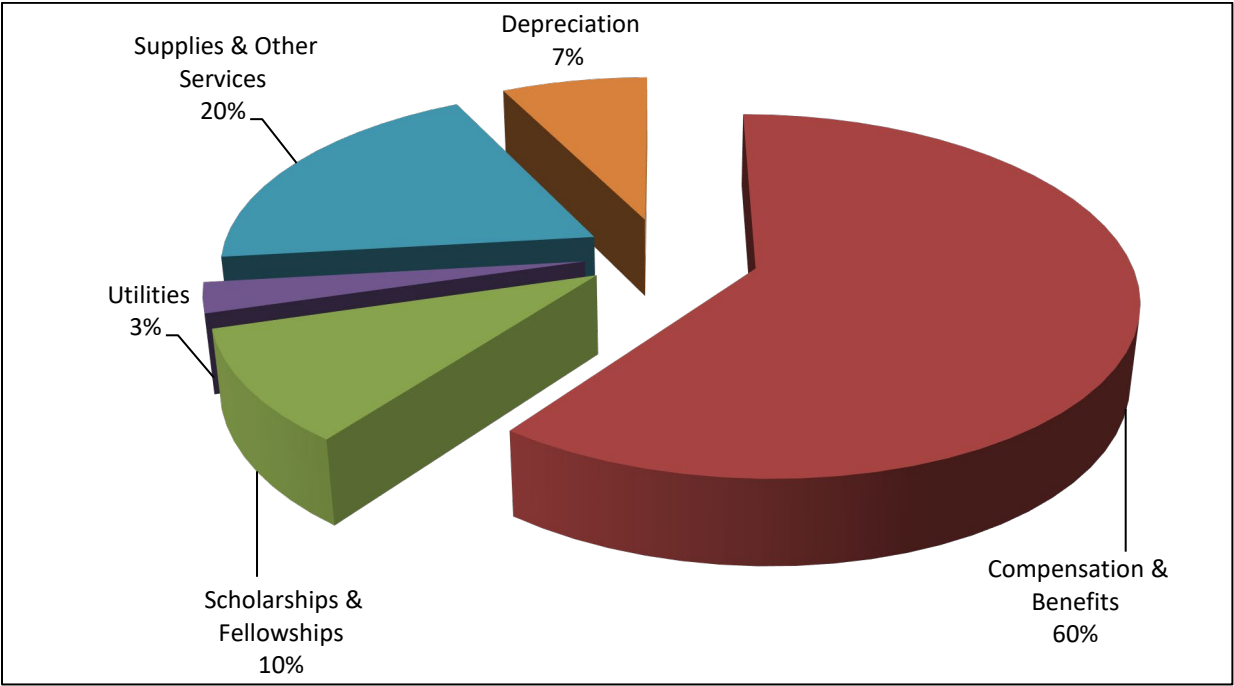
- Scholarship and fellowship expense increased \$2.2 million (26%) due to COVID-19 Higher Education Emergency Relief Fund (HEERF) student scholarships awarded.
- Public service, academic support and institutional support expenses increased \$0.5 million (18.4%), \$0.9 million (9.6%), and \$0.7 million (8.6%) respectively, primarily as a result of increased expenditures due to COVID-19.
- Research expense increased \$0.3 million (10.6%) primarily related to greater activity at the Kansas Polymer Research Center.

Total non-operating expenses, which includes interest expense and other non-operating expenses, decreased \$1.0 million (-38.7%) compared to 2020. Other non-operating expenses decreased during 2021 primarily as a result of lower interest expense resulting from refinancing revenue bonds in 2020 and lower debt levels due to ongoing debt service.

Expenses for fiscal year 2021 by functional classification are displayed in the following graph:



Expenses for fiscal year 2021 by natural classification are displayed in the following graph:



**Extraordinary Items**

The University did not have any special and extraordinary items in 2021.



## **Endowment Expenses Paid on Behalf of the University**

The Pittsburg State University Foundation, Inc. is an independent, not-for-profit organization, whose primary mission is to raise funds for the University, provide direct and indirect support to the University that is not entirely reflected in the University's Statement of Revenues, Expenses, and Changes in Net Position. Expense items paid on behalf of the University by the Foundation include expenses such as travel, supplies, equipment, books, and construction.

Total University operating support provided by the Foundation was approximately \$2.6 and \$3.1 million in 2021 and 2020, respectively. Capital gifts and grants from the Foundation was approximately \$0.9 and \$2.7 million in 2021 and 2020. The Foundation's financial statements are included following the University's financial statements in this Annual Financial Report.

## **Net Position**

Net position increased by \$8.9 million (5.4%) over the previous fiscal year.

## **STATEMENT OF CASH FLOWS**

The Statement of Cash Flows presents cash receipts and payments of the University during a period of time. Its purpose is to assess the University's ability to generate future net cash flows and meet its obligations as they come due. The statement is divided into the four sections listed below based on major activity:

### **1. Operating Activities**

Cash inflows from operating activities consist primarily of student tuition and fees, operating grants and contract revenues, sales of educational activities, and auxiliary enterprises. Cash outflows from operating activities consist of payments to employees, payments to supplies, and payments to students for scholarships and fellowships. Cash flows from operating activities will always be negative because GASB requires state appropriations to be reported as cash flows from non-capital financing activities.

### **2. Non-capital Financing Activities**

Cash inflows from non-capital financing activities consist primarily of state and local appropriations, private non-capital gifts used to fund operations, and federal Pell grants. Because the University acts as an intermediary for the U.S. Department of Education, direct student loans are shown at the gross amount received from the government and the gross amount paid to the student.

### **3. Capital and Related Financing Activities**

Cash flows from capital and related financing activities reflect the decisions made relative to the University's capital and financing plans. Cash inflows consist primarily of proceeds from the issuance of debt, capital appropriations received from the state, and private gifts to fund capital purchases. Cash outflows consist primarily of payments made to purchase capital assets, and principal and interest payments on capital debt and leases.

### **4. Investing Activities**

Cash flows from investing activities reflect uses of cash and cash equivalents to purchase investments, and all increases in cash and cash equivalents as a result of selling investments or earning income on cash and investments.

The following is a condensed statement of cash flows for the years ended June 30, 2021 and 2020:

	June 30, 2021	June 30, 2020
Net Cash provided (used) by:		
Operating activities	\$ (45,525,248)	\$ (39,544,817)
Non-capital financing activities	58,477,935	49,687,142
Capital and related financing activities	(5,390,062)	(6,266,885)
Investing activities	43,483	500,161
Net increase (decrease) in cash	7,606,108	4,375,601
Beginning cash and cash equivalent balances	47,952,345	43,576,744
Ending cash and cash equivalent balances	\$ 55,558,453	\$ 47,952,345

## CAPITAL ASSETS

The University continued to invest in capital assets during the 2021 fiscal year. Additional detailed information regarding capital asset additions, retirements and depreciation is available in Note 6 to the financial statements.

The following is a brief summary of the construction projects that were recently completed:

- Phased renovations to Axe Library completed with Phase VI in Summer 2021. Axe Phase VI focused on a complete update of the second floor, including restrooms and HVAC.
- KTC VAV Box Replacement improved the KTC HVAC system by replacing half of the original 209 fan-powered variable air volume boxes and controls in Summer 2020 and the remaining half in Summer 2021.
- Carnie Smith Stadium Maintenance Project addressed safety and maintenance needs by replacing expansion joint sealants and waterproofing along the lower levels of the stands, patching spalled concrete throughout the stands, repairing all public stairwells, and replacing chairback seating. Maintenance concluded in summer 2021.
- Willard Hot Water Project replaced the old gas water heater, heat exchanger, and pressure reducing station with a new steam to hot water heat exchanger, tank, and pressure reducing station.

Additionally, the University was involved in construction projects that were under construction or in planning and design phases at year-end:

- McPherson Hall is the home of the Irene Ransom Bradley School of Nursing. A project to expand the building, add a new simulation hospital, and remodel much of the existing space is in the construction document phase. This CMaR project will be funded with private funds and will provide opportunities for program growth, expanded simulation experiences, and improved space utilization. Construction mobilization will begin in 2022.
- The Kelce College of Business renovation and expansion project will include new construction as well as total renovation of the existing building. This project will provide appropriately sized and shaped learning labs and will centralize faculty in one location. Student collaboration spaces, small group study rooms, and student lounges will provide an academic home for the Kelce College of Business students. LEED Silver certification is an additional project goal. The project will be funded with both private and R&R funds. Construction is tentatively planned for 2022, subject to successful fundraising.

- The Weede HVAC Project includes the replacement of the failing 50-year-old gas heating system with a new system that adds much-needed dehumidification and cooling to this mission-critical facility. John Lance Arena is used for a number of academic and student events such as Commencement and Teacher Interview Day in addition to being used by Athletics for volleyball and basketball. The arena is also an emergency shelter should PSU dorms lose heating.
- Hughes Cooling Tower Replacement includes the installation of a new Evapco cooling tower with all stainless-steel construction.

## **DEBT ADMINISTRATION**

At June 30, 2021, the University had \$40.6 million in debt outstanding compared to \$44.4 million at June 30, 2020. The University paid a net of \$3.7 million in principal payments related to outstanding debt, please see Note 8 – Changes in Non-current Liabilities.

Moody's Investors Service currently rates the University "A2". Standard & Poor's Ratings Services currently rates the University "A-". More detailed information about long-term liabilities is available in Notes 8, 9 and 10 to the financial statements.

## **ECONOMIC OUTLOOK**

COVID-19 has impacted University operations in a variety of ways. The University maintained nearly 80% face-to-face and hybrid courses (which include face-to-face components) in Fall 2020 and Spring 2021 while utilizing online or other alternate formats as needed to ensure safety and match demand. The objective of this delivery approach was to balance student and staff safety with the goal of providing face-to-face instruction where possible and meet student preferences. On-campus Housing returned to full operations for Fall 2020 and Spring 2021, but waived on campus occupancy requirements for students. Occupancy requirements were reinstated for Fall 2021. Housing has made single rooms widely available to students and was able to accommodate all single room requests in Fall 2021. Many athletic and student activity events were cancelled or offered in a different format during Fall 2020 and Spring 2021. A significant portion of these have returned during Fall 2021.

Financial impacts of COVID in fiscal year 2021 included various expenses to manage the University's response to the pandemic, including PPE, technology upgrades to enable more effective remote work and remote classroom instruction, physical adaptations to classrooms, academic support services, additional cleaning supplies, COVID testing, managing quarantines for on campus students, air filtration upgrades, Student Health services, course delivery training, direct grant awards to students, and others. The University received \$11.8 million from various federal and state sources, which covered these costs. Some of these expenditures will continue into fiscal year 2022, as well as new expenditures such as vaccine incentives. The University has been awarded additional funds exceeding \$21 million which is expected to cover all known direct costs the University anticipates in fiscal year 2022, as well as covering some portion of lost revenues resulting from the pandemic.

The largest revenue sources for the University are state appropriations and tuition and fees. State appropriations for fiscal year 2021 were \$36.3 million, a decrease of \$1.3 million over the prior year. This decrease was primarily the result of an appropriations reduction that was offset with \$1.7 million of CARES Act Governor's Emergency Education Relief (GEER) funds awarded to PSU. The legislature and Governor have appropriated \$38.9 million to Pittsburg State for fiscal year 2022. In November 2021, the consensus revenue estimate for fiscal year 2022 revenues for the State of Kansas was increased by \$1.3 billion compared to the prior estimate. This adjusted estimate results in projected ending balances for the State materially higher than recent years. The resulting impact of overall state revenues on appropriations to the University will be determined during the legislative session in 2022.

The University's student tuition and fee revenue decreased to \$32.6 million in fiscal year 2021 as a result of lower enrollment and mix of students. Tuition rates increased by 2.5% for in-state undergraduate students, and a similar increase for other categories of students, for Fiscal Year 2021. There is no tuition increase for Fiscal Year 2022. Enrollment at Pittsburg State for the Fall 2021 semester decreased 6% compared to the prior fall. As a result, the University expects lower Tuition and Fee revenue in Fiscal year 2022. Pittsburg State continues to focus on, and has increased funding for, recruitment and retention initiatives. For Fall 2021, the "Gorilla Advantage" tuition program (which offers rates equal to in-state rates) was expanded from five states to 31 states. The expanded program will provide additional recruiting opportunities for Fall 2022.

The University is not aware of any additional currently known facts, decisions, or conditions that are expected to have significant effect on the financial position or results of operations during this fiscal year beyond unknown variations having a global effect on all types of business operations.





*PSU held commencement ceremonies in December 2020 and again in May 2021, although they looked a bit different: they were walking ceremonies and featured COVID-19 mitigation strategies.*



*Carnie Smith Stadium got a facelift with the installation of new turf, thanks to a partnership with Freeman Health System, and the installation of new seats.*



*Innovative events continued at Block22 in the Pitsco Education Idea Shop, including a drone competition that drew students from area schools.*

**Pittsburg State University**  
**Statement of Net Position**  
**As Of June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents	\$ 45,410,456	\$ 36,940,032
Restricted cash and cash equivalents	10,147,997	11,012,313
Accounts receivable, net	2,052,353	2,242,358
Loans to students, net	733,443	813,219
Inventories	452,403	383,240
Prepaid expenses	436,508	417,735
Total current assets	<u>59,233,160</u>	<u>51,808,897</u>
Noncurrent Assets		
Restricted investments	-	-
Loans to students, net	1,398,516	1,646,367
Capital assets, net	<u>185,316,564</u>	<u>187,390,651</u>
Total noncurrent assets	<u>186,715,080</u>	<u>189,037,018</u>
 Total Assets	 <u>245,948,240</u>	 <u>240,845,915</u>
 <b><u>DEFERRED OUTFLOWS</u></b>		
Pension Contributions	2,250,952	873,874
Other Post-Employment Benefits	<u>134,801</u>	<u>102,344</u>
Total Deferred Outflows	<u>2,385,753</u>	<u>976,218</u>
 <b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts payable and accrued liabilities	3,801,706	3,457,915
Unearned revenue	7,139,101	6,220,161
Accrued compensated absences - current portion	1,648,017	1,850,198
Block 22 notes payable - current portion	60,000	60,000
Capital leases payable - current portion	226,739	192,693
Revenue bonds payable - current portion	3,691,057	3,815,415
Deposits held in custody for others	329,542	355,312
Other current liabilities (Perkins FCC)	<u>1,233,154</u>	<u>1,328,744</u>
Total current liabilities	<u>18,129,316</u>	<u>17,280,438</u>
Noncurrent Liabilities		
Other postemployment healthcare benefits	611,648	883,520
Accrued compensated absences	1,039,563	913,532
Block 22 notes payable	180,000	240,000
Capital leases payable	109,585	258,393
Revenue bonds payable	36,925,667	40,617,207
Pension Liability	14,003,807	12,309,811
Other noncurrent liabilities (Perkins FCC)	<u>766,411</u>	<u>1,134,395</u>
Total noncurrent liabilities	<u>53,636,681</u>	<u>56,356,858</u>
 Total Liabilities	 <u>71,765,997</u>	 <u>73,637,296</u>
 <b><u>DEFERRED INFLOWS</u></b>		
Deferred Pension Inflows	2,467,807	3,222,406
Deferred Other Post-Employment Benefits Inflows	<u>231,417</u>	<u>35,746</u>
Total Deferred Inflows	<u>2,699,224</u>	<u>3,258,152</u>

**Pittsburg State University**  
**Statement of Net Position**  
**As Of June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	144,027,758	142,144,473
Restricted for		
Expendable		
Scholarships and fellowships	3,686	(2,987)
Research	524,409	292,913
Instructional department uses	(12,398)	(5,218)
Loans	1,052,736	845,866
Capital projects	2,800,749	3,272,702
Debt services	2,499,855	2,814,246
Other	(267,363)	(248,011)
Unrestricted	<u>23,239,340</u>	<u>15,812,701</u>
 Total Net Position	 <u><u>\$ 173,868,772</u></u>	 <u><u>\$ 164,926,685</u></u>

*See accompanying notes to financial statements*

**Pittsburg State University**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b><u>OPERATING REVENUES</u></b>		
Tuition and fees (net of scholarship allowances of \$7,645,846 and \$8,163,292 in 2021 and 2020 respectively)	\$ 32,576,125	\$ 35,014,573
Federal grants and contracts	4,406,245	3,690,747
State and local grants and contracts	566,411	913,455
Nongovernmental grants and contracts	1,872,445	1,072,725
Sales and services of educational departments	2,450,073	2,276,302
Auxiliary enterprises:		
Housing	5,760,088	6,220,640
Parking	555,838	621,373
Health Services	1,368,475	1,338,587
Student center	1,139,458	1,387,622
Athletics	2,058,279	2,965,581
Student Publications	105,910	110,970
Interest earned on loans to students	75,419	80,027
Other operating revenues	206,115	390,370
Total operating revenues	<u>53,140,881</u>	<u>56,082,972</u>
<b><u>OPERATING EXPENSES</u></b>		
Educational and General		
Instruction	36,461,456	35,815,849
Research	2,746,539	2,483,719
Public Service	3,193,256	2,697,247
Academic support	9,574,283	8,732,540
Student services	8,679,491	9,437,885
Institutional support	8,685,674	7,998,662
Operations and maintenance of plant	9,499,477	9,531,807
Depreciation	7,973,808	7,748,945
Scholarships and fellowships	10,940,022	8,680,875
Auxiliary enterprises:		
Housing	4,903,369	4,645,587
Parking	104,036	94,728
Health Services	1,964,638	1,308,527
Student center	1,020,560	1,246,276
Athletics	1,548,202	2,270,176
Student Publications	64,564	81,568
Other	232,801	241,942
Total operating expenses	<u>107,592,176</u>	<u>103,016,333</u>
Operating Income (Loss)	<u>(54,451,295)</u>	<u>(46,933,361)</u>



**Pittsburg State University**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
State appropriations	36,273,061	37,617,107
Gifts	2,626,644	3,054,373
Investment income	43,483	500,161
Student fees for capital projects	1,915,222	2,074,996
Other grants and contracts	20,228,972	10,172,843
Other non-operating revenues	131,538	11,387
Interest expense	(1,396,253)	(2,179,503)
Other non-operating expenses	(161,399)	(362,855)
Net non-operating revenues (expenses)	<u>59,661,268</u>	<u>50,888,509</u>
 Income before other revenues, expenses, gains, or losses	 5,209,973	 3,955,148
 Capital appropriations	 2,854,739	 3,833,860
Capital grants and gifts	<u>877,375</u>	<u>2,650,010</u>
	<u>3,732,114</u>	<u>6,483,870</u>
 Increase In Net Position	 8,942,087	 10,439,018
 Net position - beginning of year	 <u>164,926,685</u>	 <u>154,487,667</u>
 Net position - end of year	 <u><u>\$ 173,868,772</u></u>	 <u><u>\$ 164,926,685</u></u>

*See accompanying notes to financial statements*

**Pittsburg State University**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 39,598,555	\$ 40,914,066
Sales and services of educational activities	2,449,944	2,275,747
Auxiliary enterprises:		
Housing	844,464	1,385,279
Parking	421,841	534,925
Health Services	(645,118)	(88,523)
Student Center	85,026	122,509
Athletics	(888,021)	(1,024,308)
Student Publications	42,379	28,682
Grants and contracts	6,571,693	5,984,837
Payments to suppliers	(15,284,950)	(11,945,042)
Payments to utilities	(2,199,714)	(2,205,434)
Compensation & benefits	(62,276,894)	(63,175,767)
Payments for scholarships and fellowships	(15,929,873)	(12,928,957)
State Appropriations Receivable	742,337	(285,715)
Loans issued to students and employees	(218,676)	(95,703)
Collections on loans issued to students and employees	659,940	672,101
Other receipts (payments)	501,819	286,486
	<u>(45,525,248)</u>	<u>(39,544,817)</u>
Net Cash Flows from Operating Activities		
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	36,273,061	37,617,107
Noncapital debt proceeds	-	-
Noncapital debt payments	-	-
Gifts	2,626,644	3,054,373
Federal family education loan receipts	28,120,360	28,120,360
Federal family education loan disbursements	(28,120,360)	(28,120,360)
Student organization agency transactions	(25,770)	(95,484)
Non-operating grants and contracts	20,228,972	10,172,844
Other	(624,972)	(1,061,698)
	<u>58,477,935</u>	<u>49,687,142</u>
Net Cash Flows from Noncapital Financing Activities		
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from capital debt	-	-
Capital appropriations	2,854,739	3,833,860
Capital Grants and gifts	877,375	2,650,010
Student fees for capital projects	1,915,222	2,074,996
Purchases of capital assets	(5,908,965)	(6,681,175)
Principal paid on capital debt and leases	(3,965,240)	(6,051,298)
Interest paid on capital debt and leases	(1,396,253)	(2,179,503)
Disposal of asset	19,124	69,353
Other	213,936	16,872
	<u>(5,390,062)</u>	<u>(6,266,885)</u>
Net Cash Flows from Capital Financing Activities		

**Pittsburg State University**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2021 and 2020**

	<u>2021</u>	<u>2020</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	-	-
Investment income	43,483	500,161
Purchase of investments	-	-
Net Cash Flows from Investing Activities	<u>43,483</u>	<u>500,161</u>
Net change in cash and cash equivalents	7,606,108	4,375,601
Cash and cash equivalents-beginning of year	47,952,345	43,576,744
Cash and cash equivalents-end of year	<u>\$ 55,558,453</u>	<u>\$ 47,952,345</u>
 <b>RECONCILIATION</b>		
Operating income (loss)	\$ (54,451,295)	\$ (46,933,361)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	7,973,808	7,748,945
Changes in assets and liabilities:		
Accounts receivable, net	190,005	(390,072)
Loans to students, net	327,627	647,579
Inventories	(69,163)	(20,172)
Prepaid expenses	(18,773)	49,237
Accounts payable and accrued liabilities	226,092	650,235
Deferred revenue	918,940	(628,137)
Accrued compensated absences	(76,150)	131,143
Accrued other post-employment healthcare benefits	(108,658)	99,045
Accrued pension liability	<u>(437,681)</u>	<u>(899,259)</u>
Net cash used in operating activities	<u>\$ (45,525,248)</u>	<u>\$ (39,544,817)</u>

*See accompanying notes to financial statements*

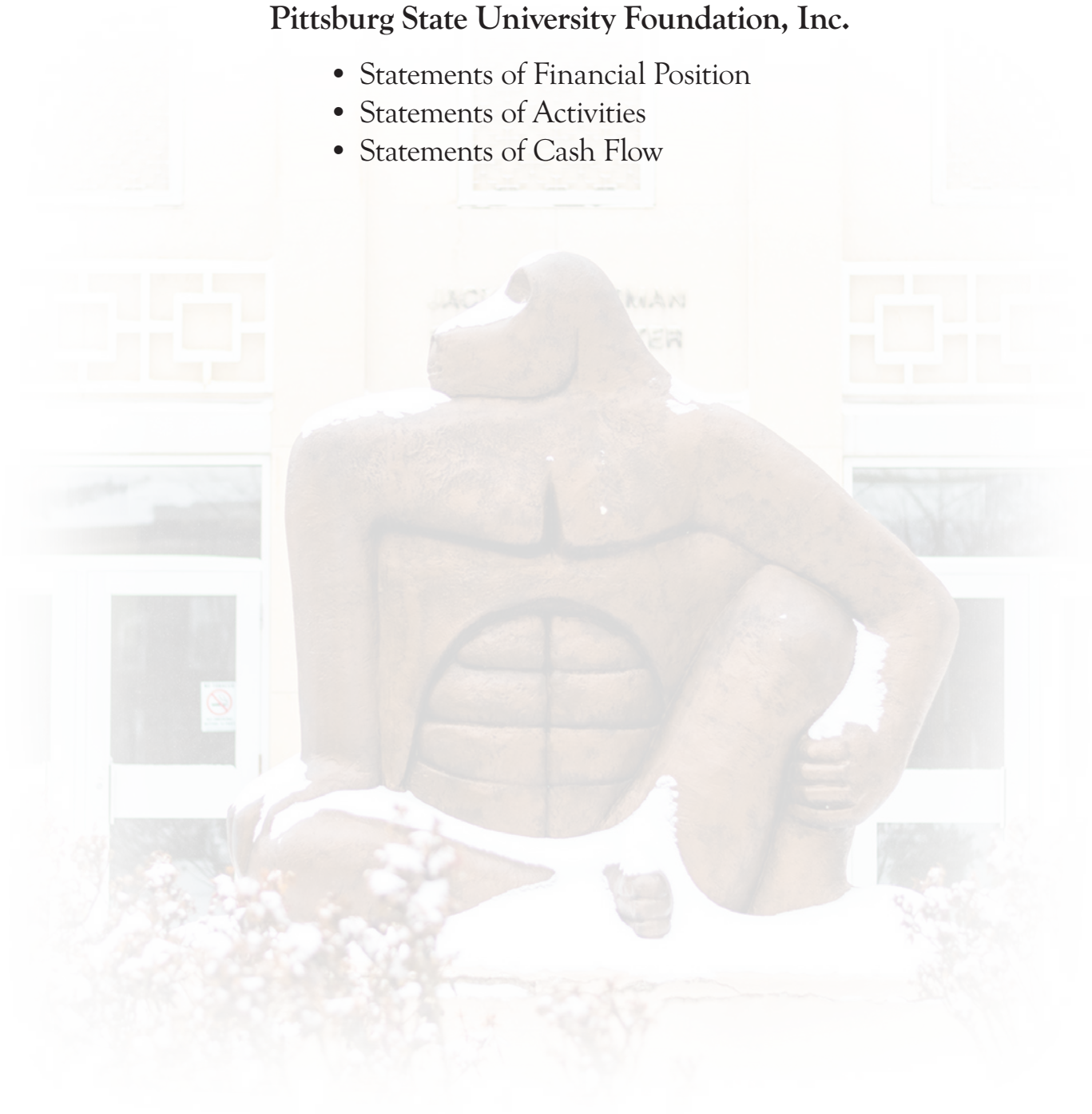
# Pittsburg State University

## Component Unit Financial Statements

For the Fiscal Year Ended June 30, 2021

### **Pittsburg State University Foundation, Inc.**

- Statements of Financial Position
- Statements of Activities
- Statements of Cash Flow





**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**JUNE 30, 2021**

**ASSETS**

**CURRENT ASSETS**

Cash and Cash Equivalents	\$ 605,964
Interest Receivable	60,039
Contributions Receivable	1,838,640
Total Current Assets	<u>2,504,643</u>

**FIXED ASSETS**

Fixed Assets, Net of Depreciation	1,048,195
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**INVESTMENTS**

Pooled Investments	104,145,326
Investments Held Separate for Capital Project	4,782,588
Beneficial Interest Trusts Held by Others	4,331,018
Total Investments	<u>113,258,932</u>

**OTHER ASSETS**

Long-Term Portion of Contributions Receivable	8,640,998
Long-Term Note Receivable	2,500,000
Total Other Assets	<u>11,140,998</u>

Total Assets	<u><u>\$ 127,952,768</u></u>
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**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts Payable	\$ 739,588
Interest Payable	16,362
Annuity Liabilities	125,511
Current Portion of Notes Payable	466,649
Total Current Liabilities	<u>1,348,110</u>

**LONG-TERM LIABILITIES**

Notes Payable	5,933,941
Total Long-Term Liabilities	<u>5,933,941</u>

Total Liabilities	7,282,051
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**NET ASSETS**

Without Donor Restrictions	20,624,701
With Donor Restrictions	100,046,016
Total Net Assets	<u>120,670,717</u>

Total Liabilities and Net Assets	<u><u>\$ 127,952,768</u></u>
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See accompanying Notes to Financial Statements.

**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2021**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Contributions	\$ 790,246	\$ 7,743,583	\$ 8,533,829
Investment Income	4,949,765	17,056,749	22,006,514
Change in Value of Beneficial Interest Trusts Held by Others	-	750,672	750,672
Other Miscellaneous Revenue	404,971	49,763	454,734
Net Assets Released from Restrictions	5,116,507	(5,116,507)	-
Total Revenue, Support, and Gains	11,261,489	20,484,260	31,745,749
<b>EXPENSES</b>			
Program Services			
Student Support	2,390,573	-	2,390,573
Other University Support	3,451,507	-	3,451,507
Total Program Services	5,842,080	-	5,842,080
Support Services			
Management and General	554,188	-	554,188
Fundraising	400,476	-	400,476
Total Support Services	954,664	-	954,664
Total Expenses	6,796,744	-	6,796,744
<b>CHANGE IN NET ASSETS</b>	4,464,745	20,484,260	24,949,005
Net Assets - Beginning of Year, as Restated	16,159,956	79,561,756	95,721,712
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 20,624,701</u>	<u>\$ 100,046,016</u>	<u>\$ 120,670,717</u>

See accompanying Notes to Financial Statements.

**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2021**

	Program Services			Support Services			
	Student Support	Other University Support	Total Program Services	Management and General	Fundraising	Total Support Services	Total Expenses
Scholarships, Grants, and Awards	\$ 2,390,573	\$ -	\$ 2,390,573	\$ -	\$ -	\$ -	\$ 2,390,573
Marketing	-	1,250	1,250	-	-	-	1,250
Classroom Instruction Aids and Other University Expenses	-	1,932,066	1,932,066	-	-	-	1,932,066
Faculty/Professional Development	-	28,178	28,178	-	-	-	28,178
Other Special University Projects	-	1,490,013	1,490,013	-	-	-	1,490,013
Salaries	-	-	-	336,184	100,994	437,178	437,178
Promotion	-	-	-	-	2,134	2,134	2,134
Auditing and Accounting	-	-	-	23,626	-	23,626	23,626
Equipment, Service Contracts, and Repairs	-	-	-	36,385	8,811	45,196	45,196
Postage	-	-	-	3,629	20,791	24,420	24,420
Insurance	-	-	-	13,874	2,823	16,697	16,697
Repairs and Maintenance for Building and Grounds	-	-	-	21,000	9,000	30,000	30,000
Publications	-	-	-	-	32,789	32,789	32,789
Planned Giving	-	-	-	-	10,372	10,372	10,372
Telephone	-	-	-	1,500	2,296	3,796	3,796
Utilities	-	-	-	6,823	2,924	9,747	9,747
Depreciation	-	-	-	39,678	20,047	59,725	59,725
General Operating	-	-	-	58,280	62,114	120,394	120,394
Alumni Activities	-	-	-	-	109,691	109,691	109,691
Travel	-	-	-	718	9,502	10,220	10,220
Miscellaneous	-	-	-	12,491	6,188	18,679	18,679
Total Expenses Included in the Expense Section on the Statement of Activities	<u>\$ 2,390,573</u>	<u>\$ 3,451,507</u>	<u>\$ 5,842,080</u>	<u>\$ 554,188</u>	<u>\$ 400,476</u>	<u>\$ 954,664</u>	<u>\$ 6,796,744</u>

See accompanying Notes to Financial Statements.

**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED JUNE 30, 2021**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Change in Net Assets	\$ 24,949,005
Adjustments to Reconcile Change in Net Assets to Net Cash	
Provided by Operating Activities:	
Depreciation	59,725
Realized Gain on Sale of Investments	(2,625,523)
Unrealized Gain on Investments	(17,682,175)
Change in Beneficial Interest Trusts Held by Others	(750,672)
Contributions Restricted for Endowments	(1,751,695)
(Increase) Decrease in Assets:	
Interest Receivable	(3,372)
Contributions Receivable	301,215
Increase (Decrease) in Liabilities:	
Accounts Payable	65,309
Interest Payable	(1,525)
Present Value of Annuities	(69,676)
Net Cash Provided by Operating Activities	<u>2,490,616</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Purchase of Fixed Assets	(17,647)
Proceeds from Sales of Investments	23,419,686
Purchase of Investments	(27,642,936)
Net Cash Used by Investing Activities	<u>(4,240,897)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES**

Proceeds from Contributions Restricted for Endowments	1,751,695
Loan Proceeds	238,170
Principal Payments on Loan	(1,096,812)
Net Cash Provided by Financing Activities	<u>893,053</u>

**CHANGE IN CASH AND CASH EQUIVALENTS**

(857,228)

Cash and Cash Equivalents - Beginning of Year

1,463,192

**CASH AND CASH EQUIVALENTS - END OF YEAR**

\$ 605,964

**SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION**

Cash Paid for Interest on Notes Payable	<u><u>\$ 310,695</u></u>
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*See accompanying Notes to Financial Statements.*



*Seniors in the School of Construction left their mark on the community with projects they planned, designed, and built — like a sandbox for children at CHOICES Early Childhood Learning Center.*



*The 2020 Homecoming King and Queen were D'Andre Phillips, a mathematics education major from Topeka, Kansas, and Camille Holman, an engineering technology and polymer chemistry major from Cassville, Missouri.*



*High school students were invited to partner with scientist at the Kansas Polymer Research Center to research sustainable products that could have a worldwide impact.*

# **Pittsburg State University**

## **Notes to Financial Statements**

### **For the Years Ended June 30, 2021 and 2020**

#### **NOTE 1 – Summary of Significant Accounting Policies**

The accompanying financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). The financial statements have not been audited.

In preparing financial statements in conformity with generally accepted accounting principles (GAAP), management is required to make estimates and assumptions that affect the reported amount of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Organization.** Pittsburg State University (PSU or University) is a regional, comprehensive, four-year state university serving the residents of Kansas and the four-state region of Kansas, Missouri, Oklahoma, and Arkansas. The University has an enrollment of approximately 6,400 students, and students may choose from more than 100 undergraduate and graduate programs within the College of Education, the College of Business, the College of Technology and the College of Arts and Sciences. The University is accredited by the Higher Learning Commission. The University is governed by the Kansas Board of Regents and is an agency of the State of Kansas. As an agency of the State of Kansas, the University is included in the financial report of the State of Kansas.

**Financial Reporting Entity.** As required by accounting principles generally accepted in the United States of America, these financial statements present the combined financial position and financial activities of the University and the Pittsburg State University Research Foundation, Inc. The financial activity and balances of the Pittsburg State University Foundation, Inc. may be found following the University's financial statements.

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

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

**Investments.** The University accounts for its investments at fair value using the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. Changes in unrealized gain (loss) on the carrying value of investments are reported as a component of investment income in the Statement of Revenues, Expenses, and Changes in Net Position.

**Accounts Receivable.** Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable also include amounts due from the Federal government, state and local governments, or private sources, in connection with reimbursement of allowable expenditures made pursuant to the University's grants and contracts. Accounts receivable are recorded net of estimated uncollectible amounts.

**Inventories.** Inventories are carried at cost.

**Prepaid Expenses.** Prepaid expense consists primarily of deferred summer school expenses.

**Capital Assets.** Capital assets are recorded at cost at the date of acquisition, or estimated acquisition value at the date of donation in the case of gifts. For equipment, the University's capitalization policy includes all items with a unit cost \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings, infrastructure, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized if the related project cost exceeds \$100,000. Routine repairs and maintenance are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings, 25 years for infrastructure and land improvements, 8 years for equipment, 5 years for vehicles, and 10 years for software.

**Unearned Revenues.** Unearned revenues include amounts received for tuition and fees and certain auxiliary activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include summer school tuition not earned during the current year, amounts received from grant and contract sponsors that have not yet been earned and certain capital appropriations which remain unspent at the end of the fiscal year.



# Pittsburg State University

## Notes to Financial Statements

### For the Years Ended June 30, 2021 and 2020

**Compensated Absences.** Employee vacation pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as accrued compensated absences in the Statement of Net Position, and as an expense in the Statement of Revenues, Expenses, and Changes in Net Position.

**Deposits Held in Custody for Others.** Deposits held in custody for others consists primarily of student organizations' moneys administered by the University.

**Non-current Liabilities.** Non-current liabilities include principal amounts and issuance premiums of revenue bonds payable, capital lease obligations with contractual maturities greater than one-year, estimated amounts for accrued compensated absences, accrued other postemployment benefits, accrued pension obligations that will not be paid within the next fiscal year, and estimated amounts to be repaid to the federal government related to the closing of the Federal Perkins Loan program.

**Deferred Inflows/Outflows.** In accordance with GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, deferred outflows and deferred inflows result from the transactions of the consumption or acquisition of net position in one period that are applicable to future periods. These items are reported separately from assets and liabilities. Deferred Inflows/Outflows on the Statement of Net Position relate to the University's Pension Liability and Other Post-Employment Benefits, as well as unamortized bond premiums/discounts.

**Pensions.** In accordance with GASB Statement 68, *Accounting and Financial Reporting for Pensions*, the University has reported its proportional share of the Kansas Public Employees Retirement System (KPERS) pension liability. For purposes of measuring the net pension liability, deferred outflows and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of KPERS and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**OPEB.** In accordance with GASB Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, the liability of the University is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plans fiduciary net position, if any. The OPEB liability is required to be determined through an actuarial valuation for the University. The Statement also requires that deferred outflows of resources and deferred inflows of resources related to OPEB are recognized by the University for changes in the components of the net OPEB liability including changes in assumptions, changes in benefit terms, and changes in actual and expected experience. In addition, employer contributions subsequent to the measurement date of the net OPEB liability are required to be reported as deferred outflows of resources.

**Net Position.** The University's net position is classified as follows:

*Net investment in capital assets:* This represents the University's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets such amounts are not included as a component of invested in capital assets, net of related debt.

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

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

*Unrestricted net position:* Unrestricted net position represents resources derived from student tuition and fees, state appropriations, and sales and services of educational departments. These resources are used for transactions relating to the educational and general operations of the University, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty, and staff.

**Tax Status.** As a state institution of higher education, the income of the University is generally exempt from federal and state income taxes under Section 115(a) of the Internal Revenue Code; however, income generated from activities unrelated to the University's exempt purpose is subject to income taxes under Internal Revenue Code Section 511(a)(2)(B).

**Classification of Revenues.** The University has classified its revenues as either operating or non-operating revenues according to the following criteria:

*Operating revenues:* Operating revenues include activities that have the characteristics of exchange transactions, such as 1) student tuition and fees, net of scholarship discounts and allowances, 2) sales and services of auxiliary enterprises, 3) most federal, state and local grants and contracts, and 4) interest on institutional student loans.

# Pittsburg State University

## Notes to Financial Statements

### For the Years Ended June 30, 2021 and 2020

**Non-operating revenues:** Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue sources that are defined as non-operating revenues by GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB Statement No. 34, such as state appropriations and investment income.

**Scholarship Discounts and Allowances.** Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the Statement of Revenues, Expenses, and Changes in Net Position. Scholarship discounts and allowances are the difference between the stated charge for goods and services provided by the University, and the amount that is paid by students and/or third parties making payments on the students' behalf. Certain governmental grants, such as Pell grants, and other federal, state, or nongovernmental programs, are recorded as either operating or non-operating revenues in the University's financial statements. To the extent that revenues from such programs are used to satisfy tuition and fees and other student charges, the University has recorded a scholarship discount and allowance.

#### NOTE 2 – Cash, Cash Equivalents, and Investments

**Cash and Cash Equivalents.** The carrying amount of the University's deposits with the State Treasurer and other financial institutions at June 30, 2021 and 2020 were \$55,558,453 and \$47,952,345 respectively. The University's deposits with the State Treasurer are pooled with the funds of other State Agencies and then, in accordance with statutory limitations, placed in short-term investments with the exception of the bond funds. All bond proceeds are invested in conjunction with specifications stated in the bond resolutions.

State law requires the University to deposit the majority of its cash balances with the State Treasurer, who holds and invests the funds. These investments are managed by the Pooled Money Investment Board (PMIB), which maintains a published Investment Policy. The exceptions to this law are any funds maintained in the University's Imprest fund, organizational safekeeping, student activity, student center, revenue bond project and reserve funds and any funds held by external entities on behalf of the University. The majority of deposit balances not maintained by the State Treasurer are covered by FDIC or collateralized.

Cash balances maintained by the State Treasurer are pooled and held in a general checking account and other special purpose bank accounts. The available cash balances beyond immediate need are pooled for short-term investment purposes by PMIB and are reported at fair value, based on quoted market prices.

**Investments.** The University's total investments at June 30, 2021 and 2020 were \$0.

#### NOTE 3 - Accounts Receivable

Accounts receivable net of estimated uncollectible amounts, consisted of the following at June 30:

	2021	2020
Tuition and Fees	\$ 790,246	\$ 828,444
Auxiliary enterprises	163,050	140,336
Grants & Contracts	1,096,071	541,446
State Appropriations	-	729,275
Other	2,986	2,857
Total	\$ 2,052,353	\$ 2,242,358

#### NOTE 4 – Loans to Students

All of the loans to students at June 30, 2021 and 2020 were made through the Federal Perkins Loan, Nursing Student Loan and the new Nurse Faculty Loan Programs. Congress did not renew the Federal Perkins Loan Program after September 30, 2017. Consequently, no new loans or disbursements were permitted after June 30, 2019. Therefore, as loans are repaid by students, the Federal Capital Contribution (FCC) portion of the repayment must be returned to the federal government. The Department of Education began collecting the FCC, effective Fiscal Year 2019. Pursuant to GASB Accounting Standards, the FCC portion of the Federal Perkins Loan Fund must now be recorded as an expense/liability rather than restricted net position, as it is now probable that these funds will be returned to the federal government. The University's total liability reduced \$463,574 in 2021, from \$2,463,138 in 2020 to \$1,999,565 in 2021, of which \$766,411 is a non-current liability.

**Pittsburg State University**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**

**NOTE 5 – Inventories**

Inventories consisted of the following at June 30:

	2021	2020
Physical Plant	\$ 225,886	\$ 170,160
Housing	143,090	147,335
Printing & Postage	83,427	65,745
Total	<u>\$ 452,403</u>	<u>\$ 383,240</u>

**NOTE 6 – Capital Assets**

Capital asset activity for the year ended June 30, 2021 follows:

	2021			
	Beginning Balance	Additions	Retirements	Ending Balance
<u>Non-depreciable capital assets</u>				
Land	\$ 6,643,416	\$ 30,000	-	\$ 6,673,416
Construction in progress	7,383,840	2,716,250	6,259,080	3,841,010
Works of art	1,018,643	45,000	-	1,063,643
Total non-depreciable capital assets	<u>15,045,899</u>	<u>2,791,250</u>	<u>6,259,080</u>	<u>11,578,069</u>
<u>Depreciable capital assets</u>				
Land improvements	7,821,782	-	-	7,821,782
Buildings & Improvements	258,018,779	6,645,193	-	264,663,972
Equipment & Furnishings	25,937,532	2,262,129	303,042	27,896,619
Vehicles	2,832,902	145,541	62,136	2,916,307
Software	3,414,345	333,812	-	3,748,157
Total depreciable capital assets	<u>298,025,340</u>	<u>9,386,675</u>	<u>365,178</u>	<u>307,046,837</u>
Total capital asset cost	<u>313,071,239</u>	<u>12,177,925</u>	<u>6,624,258</u>	<u>318,624,906</u>
<u>Accumulated depreciation</u>				
Land improvements	4,756,626	312,871	-	5,069,497
Buildings & Improvements	95,656,340	5,834,865	-	101,491,205
Equipment & Furnishings	20,313,742	1,542,463	283,918	21,572,287
Vehicles	2,526,574	117,375	62,136	2,581,813
Software	2,427,306	166,234	-	2,593,540
Total accumulated depreciation	<u>125,680,588</u>	<u>7,973,808</u>	<u>346,054</u>	<u>133,308,342</u>
Capital assets, net	<u>\$ 187,390,651</u>	<u>\$ 4,204,117</u>	<u>\$ 6,278,204</u>	<u>\$ 185,316,564</u>

**Pittsburg State University**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2021 and 2020**

Capital asset activity for the year ended June 30, 2020 follows:

	2020			
	Beginning Balance	Additions	Retirements	Ending Balance
<u>Non-depreciable capital assets</u>				
Land	\$ 6,643,416	\$ -	\$ -	\$ 6,643,416
Construction in progress	3,644,344	3,739,496	-	7,383,840
Works of art	1,018,643	-	-	1,018,643
Total non-depreciable capital assets	11,306,403	3,739,496	-	15,045,899
<u>Depreciable capital assets</u>				
Land improvements	7,821,782	-	-	7,821,782
Buildings & Improvements	257,948,227	95,151	24,599	258,018,779
Equipment & Furnishings	23,370,825	2,644,390	77,683	25,937,532
Vehicles	2,691,668	159,742	18,508	2,832,902
Software	3,400,545	13,800	-	3,414,345
Total depreciable capital assets	295,233,047	2,913,083	120,790	298,025,340
Total capital asset cost	306,539,450	6,652,579	120,790	313,071,239
<u>Accumulated depreciation</u>				
Land improvements	4,504,400	252,226	-	4,756,626
Buildings & Improvements	89,703,238	5,953,874	772	95,656,340
Equipment & Furnishings	19,072,495	1,273,404	32,157	20,313,742
Vehicles	2,434,181	110,901	18,508	2,526,574
Software	2,268,766	158,540	-	2,427,306
Total accumulated depreciation	117,983,080	7,748,945	51,437	125,680,588
Capital assets, net	\$ 188,556,370	\$ (1,096,366)	\$ 69,353	\$ 187,390,651

The University elected not to capitalize its library book collections. These collections adhere to the University's policy to (a) maintain them for public exhibition, education, or research; (b) protect, keep encumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at the time of purchase rather than be capitalized.

**NOTE 7 – Unearned Revenue**

Unearned revenues consisted of the following at June 30:

	2021	2020
Tuition and Fees	\$ 1,979,897	\$ 1,592,260
Auxiliary enterprises	110,100	100,400
Grants & Contracts	879,686	538,468
Capital Appropriations	4,169,418	3,989,033
Total	\$ 7,139,101	\$ 6,220,161

**Pittsburg State University**  
**Notes to Financial Statements**  
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**NOTE 8 - Changes in Non-current Liabilities**

Non-current liability activity for the year ended June 30, 2021 and June 30, 2020 was as follows:

<b>2021</b>						
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Other postemployment benefits	\$ 883,520	\$ -	\$ 271,872	\$ 611,648	\$ -	\$ 611,648
Accrued compensated absences	2,763,730	-	76,150	2,687,580	1,648,017	1,039,563
Block 22 notes payable	300,000	-	60,000	240,000	60,000	180,000
Capital leases payable	451,086	105,852	220,614	336,324	226,739	109,585
Revenue bonds payable	43,275,077	-	3,744,627	39,530,450	3,583,472	35,946,978
Unamortized bond premium/discount	1,157,545	-	71,271	1,086,274	107,585	978,689
Pension liability	12,309,811	1,693,996	-	14,003,807	-	14,003,807
Other non-current liabilities	2,463,139	-	463,574	1,999,565	1,233,154	766,411
<b>Total liabilities</b>	<b>\$ 63,603,908</b>	<b>\$ 1,799,848</b>	<b>\$ 4,908,108</b>	<b>\$ 60,495,648</b>	<b>\$ 6,858,967</b>	<b>\$ 53,636,681</b>

<b>2020</b>						
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Other postemployment benefits	\$ 776,230	\$ 107,290	\$ -	\$ 883,520	\$ -	\$ 883,520
Accrued compensated absences	2,632,597	131,143	-	2,763,730	1,850,198	913,532
Block 22 notes payable	-	300,000	-	300,000	60,000	240,000
Capital leases payable	711,572	-	260,486	451,086	192,693	258,393
Revenue bonds payable	49,065,888	11,220,000	17,010,811	43,275,077	3,744,627	39,530,450
Unamortized bond premium/discount	321,612	835,933	-	1,157,545	70,788	1,086,757
Pension liability	14,392,256	-	2,082,445	12,309,811	-	12,309,811
Other non-current liabilities	3,431,208	-	968,069	2,463,139	1,328,744	1,134,395
<b>Total liabilities</b>	<b>\$ 71,331,353</b>	<b>\$ 12,594,366</b>	<b>\$ 20,321,811</b>	<b>\$ 63,603,908</b>	<b>\$ 7,247,050</b>	<b>\$ 56,356,858</b>

**NOTE 9 - Revenue Bonds Outstanding**

Revenue bonds payable consist of the following:

	Principal Outstanding at 6/30/21
Kansas Development Finance Authority Revenue Bonds – Series 2014A (The Board of Regents - Pittsburg State University Projects) \$35,175,000 - Due in annual installments of \$385,000 to \$2,345,000. Issued 4/1/2014 with a final maturity on 10/1/2034. Interest ranging from 3.0% to 4.25% payable semi-annually.	\$26,390,000
Kansas Development Finance Authority Revenue Bonds – Series 2020H (The Board of Regents – Pittsburg State University Projects) \$11,220,000 - Due in annual installments of \$760,000 to \$945,000. Issued 6/8/2020 with a with a final maturity on 12/1/2034. Interest ranging from 2.0% to 5.0% payable semi-annually.	10,480,000
Kansas Development Finance Authority Revenue Bonds – Series 2011D (The Board of Regents - Pittsburg State University Refinance & New Energy Conservation) \$9,465,000 - Due in annual installments of \$435,000 to \$895,000. Issued 4/14/2011 with a final maturity on 4/1/2024. Interest ranging from 2.0% to 4.4% payable semi-annually.	1,785,000

**Pittsburg State University**  
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Revenue bonds payable (continued):

Kansas Development Finance Authority Refinance 2002 Lease – Series 2015M (The Board of Regents – Pittsburg State University Refinancing Energy Lease) \$2,135,766 - Due in annual installments from \$298,389 to \$311,978. Issued 12/03/15 with a final maturity on 10/1/2021. Interest rate at 1.04% payable semi-annually.	621,634
Kansas Development Finance Authority Revenue Bonds – Series 2015K (The Board of Regents -- Pittsburg State University – Refunding Revenue Bonds) \$1,500,000 - Due in annual installments from \$246,215 to \$253,816. Issued 9/30/15 with a final maturity on 10/1/2021. Interest rate at 1.04% payable semi-annually.	253,816
Total Revenue Bonds Payable	<u>\$39,530,450</u>

**NOTE 10 - Revenue Bonds Maturity Schedule**

Maturities of principal and interest requirements on revenue bonds payable for the year ended June 30, 2021 are as follows:

Year Ending June 30:	Principal	Interest	Total
2022	3,583,472	1,299,352	4,882,824
2023	3,331,978	1,189,103	4,521,081
2024-2028	13,460,000	4,636,524	18,096,524
2029-2033	14,255,000	2,261,581	16,516,581
2034-2035	4,900,000	170,606	5,070,606
Total	\$ 39,530,450	\$ 9,557,166	\$ 49,087,616

**NOTE 11 – Capital Lease Obligations**

Pittsburg State University is obligated for the purchase of certain equipment funded through the issuance of blanket financing agreements in the amount of \$336,324 and \$451,086 as of June 30, 2021 and 2020, respectively. Payments to liquidate these obligations as of June 30, 2021 are scheduled as follows:

Year Ending June 30:	Total
2022	\$ 226,739
2023	88,246
2024	10,597
2025	10,742
Total	\$ 336,324

Included in this balance is the Master Lease Purchase agreement between the University and the State of Kansas for University Housing Energy Performances Contract. The remaining principal balance for the master lease agreement as of June 30, 2021 and 2020 is \$175,954 and \$287,810.



# **Pittsburg State University**

## **Notes to Financial Statements**

### **For the Years Ended June 30, 2021 and 2020**

#### **NOTE 12 - Retirement Plans**

University employees participate in two separate retirement programs.

**Defined Contribution Plan.** Eligible unclassified employees participate in the Kansas Board of Regents defined contribution retirement plan, which was authorized by K.S.A. 74-4925. This defined contribution program is funded through contributions by the University and the individual employees. The Regents have selected several companies to provide investment options to participants. Benefits under these plans depend solely on the contributed amounts and the returns earned on the investment of those contributions. All contributions are fully vested with the first contribution. For the fiscal year ended June 30, 2021, active members were required by statute to contribute 5.5% and the University to contribute 8.5% of the employees' covered payroll. The University contributed \$3,159,290 and \$3,154,756 during fiscal years 2021 and 2020, respectively, and individual employees contributed \$2,029,092 and \$2,003,625.

**Defined Benefit Plan.** University support staff employees participate in the Kansas Public Employees Retirement System (KPERS). Benefit provisions are established by state statute and provide retirement, disability, and death benefits to eligible employees. This defined benefit program is funded through contributions by the University and the individual employees. The University contributed \$1,198,488 and \$1,234,788 during fiscal years 2021 and 2020, respectively, and individual employees contributed \$505,222 and \$514,120. See Note 13 for detailed information.

#### **NOTE 13 – Pension Plan**

##### **General Information about the Pension Plan**

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

**Benefits Provided.** KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever an employee's combined age and years of credited service equal 85 "points".

Monthly retirement benefits are based on a statutory formula that includes final average salary and years of service. When ending employment, member employees may withdraw their contributions from their individual accounts, including interest. Member employees who withdraw their accumulated contributions lose all rights and privileges of membership. The accumulated contributions and interest are deposited into and disbursed from the membership accumulated reserve fund as established by K.S.A. 74-4922.

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

**Contributions.** K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions rates. Effective July 1, 2009, KPERS has two benefit structures and contribution rates depend on whether the employee is a Tier 1 or Tier 2 member. Tier 1 members are active and contributing member hired before July 1, 2009. Tier 2 members were first employed in a covered position on or after July 1, 2009. Kansas law establishes the KPERS member-employee contribution rate at 5% of covered salary for Tier 1 member and 6% of covered salary for Tier 2 members through December 31, 2014. On January 1, 2015, Kansas law increased the KPERS member-employee contribution rate to 6% of covered salary for Tier 1 members; however, the Tier 2 member-employee contribution rate remained at 6% of covered salary. Member employee's contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rates be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. Kansas law sets a limitation on annual increases in the employer contribution

# Pittsburg State University

## Notes to Financial Statements

### For the Years Ended June 30, 2021 and 2020

rates. The actuarially determined employer contribution rate (not including the 0.85% contribution rate for the Death and Disability Program) was 9.62% and the statutory contribution rate was 12.01%. As mentioned in Note 12 – Pension Plan, the University contributed \$1,198,488 and \$1,234,788 to the pension plan during fiscal years 2021 and 2020, respectively, and individual employees contributed \$505,222 and \$514,120.

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

At June 30, 2021, the University reported a liability of \$14,003,807 for its proportionate share of the net pension liability. The net pension liability measurement period was July 1, 2019 to July 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. PSU's proportion of the net pension liability was based on the ratio of PSU's actual contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2020. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At the June 30, 2020 measurement date, PSU's State Employer proportion was 0.173% which was a decrease of 0.004% from its proportion measured as of June 30, 2019. At June 30, 2020 PSU's Kansas Police & Fire Group proportion was 0.086%, which was an increase of 0.005% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the University recognized pension expense of \$437,681. The following sources were used to report deferred outflows of resources and deferred inflows of resources related to pensions.

	<u><b>Deferred Outflows of Resources</b></u>	<u><b>Deferred Inflows of Resources</b></u>
Difference between expected and actual experience	\$ 211,198	\$ 142,297
Net difference between projected and actual earnings on pension plan investments	1,249,793	-
Changes in proportion	55,653	2,325,510
Changes of assumption	734,308	-
Total	<u>\$ 2,250,952</u>	<u>\$ 2,467,807</u>

The amount of \$2,250,952 reported as deferred outflows of resources related to pensions resulting from the University's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ended June 30, 2021. The following table provides the combined deferred outflows/(inflows), as of June 30, 2021, that will be recognized in pension expense in future years:

#### **Year ended June 30:**

2021	\$ (424,506)
2022	(248,645)
2023	54,959
2024	387,963
2025	13,374
Thereafter	-
Total	<u>\$ (216,855)</u>

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020, using the following actuarial assumptions, applied to all periods included in the measurement:

<u><b>Actuarial Cost Method</b></u>	<u><b>Entry age normal</b></u>
Inflation	2.75 percent
Salary Increase	3.25 to 11.75 percent, including price inflation
Investment Rate of Return	7.50 percent compounded annually, net of investment including price inflation

# Pittsburg State University

## Notes to Financial Statements

### For the Years Ended June 30, 2021 and 2020

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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, conducted for the period January 1, 2016, through December 31, 2018, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

<b>Asset class</b>	<b>Long-term target allocation</b>	<b>Long-term expected real rate of return</b>
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
	<u>100.00</u>	

**Discount rate.** The discount rate used to measure the total pension liability was 7.50 percent. 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 SB 161.

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 paid in full at the beginning of Fiscal Year 2018, 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.

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.

# Pittsburg State University

## Notes to Financial Statements

### For the Years Ended June 30, 2021 and 2020

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

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

	<b>1% Decrease (6.50%)</b>	<b>Current Discount Rate (7.50%)</b>	<b>1% Increase (8.50%)</b>
PSU's proportionate share of the net pension liability	\$ 18,613,353	\$ 14,003,807	\$ 10,120,678

#### NOTE 14 – Other Postemployment Healthcare Benefits

**Description.** PSU participates in an agent multiple-employer defined benefit other post-employment benefit (OPEB) plan which is administered by KPERS. The plan provides long-term disability benefits and life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The health insurance benefit generally provides the same coverage for non-Medicare eligible retirees and their dependents as for active employees and their dependents. Medicare eligible retirees and their dependents have other health insurance benefit options. The health insurance benefit plan is a single employer defined benefit plan administered by Kansas Health Policy Authority. The benefit is available for selection at retirement and is extended to retirees and their dependents for life.

**Funding Policy.** The University provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A. 75-6511). Kansas statute, which may be amended by the state legislature, established that participating retirees contribute to the employee group health fund benefits plan, including administrative costs.

The University does not generally share in the cost of the retiree plans. In very limited instances, PSU, under the Kansas Board of Regents policy, may offer a short-term bridge plan to an individual retiree and will share in the cost of these limited offerings.

**Annual OPEB Cost and Net OPEB Obligation.** GASB Statement 75 requires a liability for OPEB obligations to be recognized on the balance sheet. Changes in the Total OPEB Liability are immediately recognized as OPEB Expense on the Statement of Revenues, Expenses, and Changes in Net Position or reported as deferred inflows/outflows of resources depending on the nature of the change. The following table presents the University's Total OPEB Liability.

<b>Total OPEB Liability, Balance as of:</b>	<b>June 30, 2019</b>	<b>June 30, 2020</b>
Disability Income	\$ 719,633	\$ 484,327
Life Waiver	163,887	127,321
Total OPEB Liability	883,520	611,648
Covered Payroll	8,419,963	8,100,354
Total OPEB Liability as a % of covered payroll	10.49%	7.55%

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, calculated based on the discount rate and actuarial assumptions below, and was rolled forward to the measurement date as of June 30, 2020. Any significant changes during this period have been reflected as prescribed by GASB Statement 75.

**Discount rate.** The discount rate used was 3.50% and 2.21% for the June 30, 2019 and June 30, 2020 respectively, based on the Bond Buyer General Obligation 20-Bond Municipal Index.

**Actuarial Assumptions.** The long-term disability incidence and claim termination rate assumptions that determined the total OPEB liability as of June 30, 2019 and June 30, 2020 were based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2018. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the December 31, 2019 KPERS pension valuation.

# Pittsburg State University

## Notes to Financial Statements

### For the Years Ended June 30, 2021 and 2020

The following table summarizes the key actuarial assumptions:

Price inflation	2.75%
Payroll growth	3.00%
Salary increases, including inflation	3.50% to 10%, including price inflation
Discount rate	2.21%

#### Changes in Total OPEB Liability

Balance as of June 30, 2020	\$	883,520
Changes for the year:		
Service cost		37,485
Interest on total OPEB Liability		29,896
Effect of plan changes		0
Effect of economic/demographic gains or losses		(223,153)
Effect of assumption changes or inputs (Discount rate change from 3.50% to 2.21%)		18,701
Benefit payments		(134,801)
Balance as of June 30, 2021	\$	611,648

**Sensitivity Analysis.** The following represents the total OPEB liability of PSU, calculated using the discount rate of 2.21%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (1.21%) or 1 percentage point higher (3.21%) than the current rate.

	<u>1% Decrease</u> <u>(1.21%)</u>	<u>Current</u> <u>Discount</u> <u>Rate (2.21%)</u>	<u>1% Increase</u> <u>(3.21%)</u>
Total OPEB liability	\$ 624,390	\$ 611,648	\$ 597,855

The following presents the total OPEB liability of Pittsburg State University, calculated using the current healthcare cost trend rates as well as what the total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates. It should be noted that healthcare trend rates do not affect the liabilities related to the long-term disability benefits sponsored by KPERS, but this exhibit is a required disclosure under GASB Statement 75.

**Deferred Inflows/Outflows.** For the year ended June 30, 2021, the PSU recognized OPEB expense of (\$108,658). At June 30, 2020, PSU reported deferred inflows and outflows of resources related to OPEB from the following sources:

	<u>Deferred Inflows</u> <u>of Resources</u>	<u>Deferred Outflows</u> <u>of Resources</u>
Difference between expected and actual experience	\$ (215,093)	\$ 103,013
Changes of assumption	(16,324)	31,788
Total	\$ (231,417)	\$ 134,801

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to other postemployment benefits will be recognized in OPEB expense as follows:

#### Year ended June 30:

2021	\$ (11,311)
2022	(11,311)
2023	(11,311)
2024	(11,311)
2025	(11,311)
Thereafter*	(40,061)
Total	\$ (96,616)

\*Additional future deferred inflows and outflows may impact these numbers.

# Pittsburg State University

## Notes to Financial Statements

### For the Years Ended June 30, 2021 and 2020

#### NOTE 15 – Other Grants and Contracts

The June 30, 2007 edition of GASB's *Comprehensive Implementation Guide* instructed that "Because of public institutions' administrative involvement with Pell grant requirements and because Pell grants are non-exchange transactions, public institutions should record Pell grant receipts as non-operating revenues in their financial statements and any amounts applied to student receivable accounts should be recorded as scholarship discounts or allowances". Therefore, the June 30, 2021 and 2020 Statement of Revenues, Expense, and Changes in Net Position reflects Pell and similar grants in Other grants and contracts in the Non-Operating Revenues (Expenses) section of the Statement.

Components of Other grants and contracts for the year ended June 30 are as follows:

	2021	2020
Pell Grants	\$ 7,240,381	\$ 7,835,836
Regents Supplemental Grants	638,375	664,522
SEOG Grants	178,945	178,945
Teach Grants	122,583	122,809
Other Grants	271,852	211,635
	<u>8,452,136</u>	<u>9,013,747</u>
<i>Coronavirus Emergency Funds</i>		
Coronavirus Relief Fund (CRF)	53,933	9,896
Coronavirus Relief Fund (CRF) - SPARK	2,866,058	-
Coronavirus Relief Fund (CRF) - Crawford County	750,000	-
Higher Education Emergency Relief Fund (HEERF) I Institution	2,336,249	-
Higher Education Emergency Relief Fund (HEERF) I Student	1,510,185	1,149,200
Higher Education Emergency Relief Fund (HEERF) II Institution	29,554	-
Higher Education Emergency Relief Fund (HEERF) II Student	2,659,385	-
Governor's Emergency Education Relief Fund (GEER)	1,492,901	-
HRSA Nurse Education Practice Quality Retention - COVID	78,571	-
	<u>11,776,836</u>	<u>1,159,096</u>
Total	\$ <u>20,228,972</u>	\$ <u>10,172,843</u>

#### NOTE 16 - Commitments and Contingent Liabilities

At June 30, 2021 and 2020 the University had outstanding commitments under construction contracts totaling \$1,707,535 and \$230,302, respectively.

The University is not currently a defendant in a lawsuit.

The University maintains specific insurance coverage as allowed by the State of Kansas and as required by outstanding bond issues. To a large extent, the University follows a policy of self-insurance. Certain claims against the University would require legislative approval (and potential funding) prior to settlement. The University is not aware of any significant outstanding claims as of June 30, 2021.

The University does not insure State-owned automobiles for bodily injury and property damages of State employees. Buildings are insured with a policy that has a \$0.25 million deductible per occurrence and a maximum annual liability of \$500 million per occurrence.

In the normal course of operations, the University receives grants and other forms of reimbursement from various Federal and State agencies. These activities are subject to audit by agents of the funding authority, the purpose of which is to ensure compliance with conditions precedent to providing of such funds. University officials believe that the liability, if any, for any reimbursement that may arise as the result of audits, would not be material.

In March 2017, the University entered into a real estate lease agreement with Block 22 MT, LLC, for four historic buildings in downtown Pittsburg, KS. Construction of the Block 22 project, which was completed by an independent developer, first focused on student housing and was complete for the Fall 2018 semester. The remaining innovation and retail space was



# Pittsburg State University

## Notes to Financial Statements

### For the Years Ended June 30, 2021 and 2020

completed in phases in the fall of 2018 and the spring of 2019. Block 22 includes 99 beds for student housing and innovation space and resources for both students and local entrepreneurs. In addition, it also includes offices for the University's innovation and business development organization, a makerspace, business incubator, co-working area, and event, education and retail space. The lease is for 18 years with annual lease payments of \$565,000.

#### NOTE 17 – Natural Classification with Functional Classifications

The University's operating expenses by functional and natural classification as of June 30, 2021 and June 30, 2020 are as follows:

	2021					
	Compensation & Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Total
Educational and general						
Instruction	\$ 31,021,600	\$	\$ 1,225	\$ 5,438,631	\$	\$ 36,461,456
Research	2,385,243			361,296		2,746,539
Public service	1,497,815		942	1,694,499		3,193,256
Academic support	6,847,357		9,299	2,717,627		9,574,283
Student services	6,584,568			2,094,923		8,679,491
Institutional support	6,088,675		985	2,596,014		8,685,674
Operations and maintenance of plant	6,166,074		2,027,291	1,306,112		9,499,477
Depreciation					7,973,808	7,973,808
Scholarships and fellowships		10,940,022				10,940,022
Auxiliary enterprises:						
Housing	1,544,816		641,433	2,717,120		4,903,369
Parking	54,815			49,221		104,036
Health Center	1,412,395		25,662	526,581		1,964,638
Student Center	625,890		236,665	158,005		1,020,560
Athletics	569,713			978,489		1,548,202
Student Publications	26,119			38,445		64,564
Other				232,801		232,801
Total	<u>\$ 64,825,080</u>	<u>\$ 10,940,022</u>	<u>\$ 2,943,502</u>	<u>\$ 20,909,764</u>	<u>\$ 7,973,808</u>	<u>\$ 107,592,176</u>

	2020					
	Compensation & Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Total
Educational and general						
Instruction	\$ 32,329,154	\$	\$ 150	\$ 3,486,545	\$	\$ 35,815,849
Research	2,154,784		-	328,935		2,483,719
Public service	1,396,830		164	1,300,253		2,697,247
Academic support	6,249,874			2,482,666		8,732,540
Student services	6,820,087		-	2,617,798		9,437,885
Institutional support	6,330,473		(10,123)	1,678,312		7,998,662
Operations and maintenance of plant	6,281,656		2,157,235	1,092,916		9,531,807
Depreciation					7,748,945	7,748,945
Scholarships and fellowships		8,680,875				8,680,875
Auxiliary enterprises:						
Housing	1,603,114		652,147	2,390,326		4,645,587
Parking	85,534			9,194		94,728
Health Center	1,244,321		21,063	43,143		1,308,527
Student Center	706,675		241,300	298,301		1,246,276
Athletics	599,672			1,670,504		2,270,176
Student Publications	43,409			38,159		81,568
Other				241,942		241,942
Total	<u>\$ 65,845,583</u>	<u>\$ 8,680,875</u>	<u>\$ 3,061,936</u>	<u>\$ 17,678,994</u>	<u>\$ 7,748,945</u>	<u>\$ 103,016,333</u>