



Pittsburg State  
University

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# 2025

## ANNUAL FINANCIAL REPORT



PITTSBURG STATE UNIVERSITY

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# PITTSBURG STATE UNIVERSITY

## Annual Financial Report

For the Fiscal Year Ended June 30, 2025

### **Kansas Board of Regents**

Blake Benson, Chair .....	Pittsburg
Diana Mendoza, Vice Chair.....	Dodge City
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### **President of the University**

Thomas W. Newsom, B.A., M.S., Ph.D.

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

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

### **Controller's Office**

Rachel L. Johnson, B.B.A., M.B.A.....	Controller
Nicole L. Rich, B.B.A.....	Assistant Director
Justin D. Edge, B.B.A.....	Assistant Controller
Jacey K. Church, B.B.A., M.B.A.....	Assistant Controller



# MANAGEMENT'S DISCUSSION & ANALYSIS

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# **Pittsburg State University**

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

### **For the Years Ended June 30, 2025 and 2024**

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 institutions.

### **Assets**

Total assets at June 30, 2025 were \$322.9 million, an increase of \$27.7 million (9.37%) compared to \$295.2 million at June 30, 2024. 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 \$14.7 million (15.1%) compared to 2024 due to the receipt of funding for projects by the American Rescue Plan Act.

Non-current assets increased \$13 million (6.5%) compared to 2024. The change was due to an increase in capital assets. Capital assets, net of depreciation, comprised 65.2% or \$210.5 million, of the total assets, see Note 7 - Capital Assets.

## Liabilities

Total liabilities were \$82.5 million at June 30, 2025, an increase of \$4 million (5.2%) compared to \$78.5 million at June 30, 2024. The change in current liabilities, an increase of \$14 million (43.3%), was driven primarily by an increase in accounts payable and unearned revenue. See note 8 - Unearned Revenue.

Non-current liabilities decreased \$10 million (-21.7%) compared to 2024 due to a reduction in revenue bonds, capital lease payables, and pension liability. See Note 9 - Changes in Non-current Liabilities, Note 11 - Revenue Bonds Maturity Schedule, and Note 12 - Lease Obligations. Non-current liabilities comprised 43.8% or \$36.1 million of the total liabilities.

## Deferred Outflows and Inflows of Resources

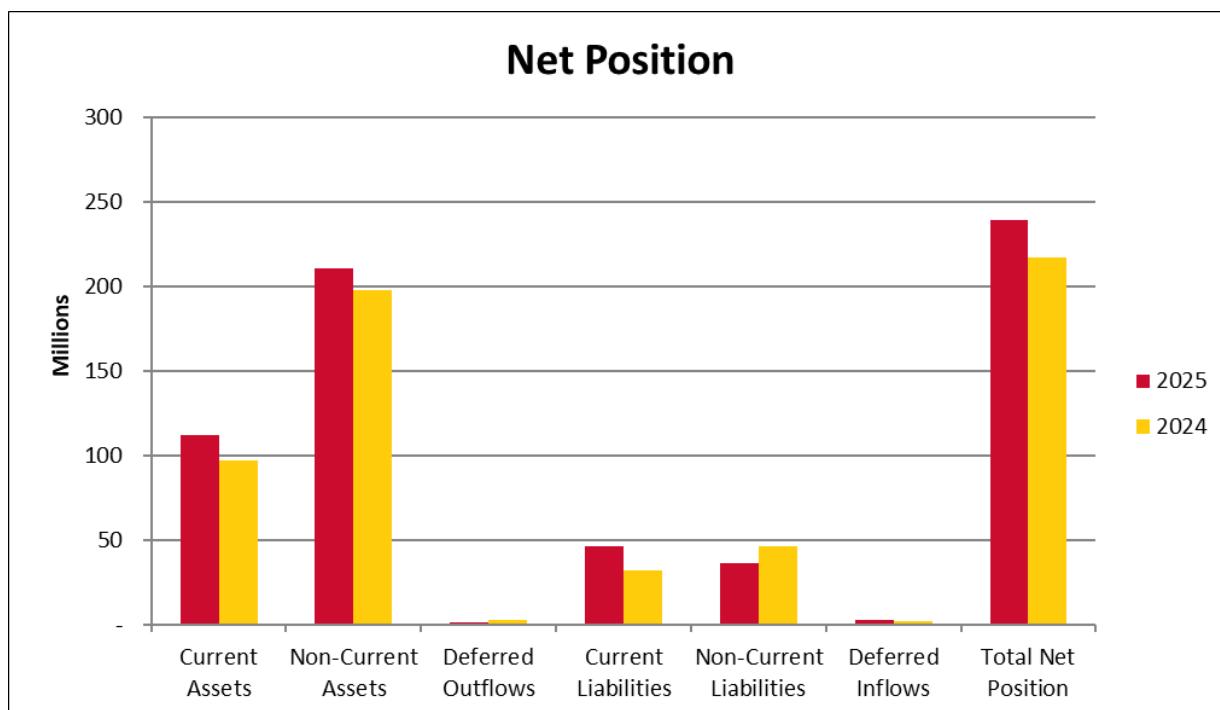
At June 30, 2025 total deferred outflows were \$1.4 million, a decrease of \$1.2 million (-45.1%) compared to 2024, primarily attributed to changes in the differences between actual and projected earnings and changes of assumptions to the KPERS pension plan. Total deferred inflows were \$2.4 million, a increase of \$0.2 million (7.3%) compared to 2024, 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, 2025 was \$239.3 million, a \$22.3 million (10.3%) increase from the prior year of \$217.1 million. The breakout of net position is shown below:

	June 30, 2025	June 30, 2024
Net investment in capital assets	\$180,529,904	\$158,218,089
Restricted net position	3,397,777	6,189,680
Unrestricted net position	55,406,543	52,651,892
<b>Total net position</b>	<b>\$239,334,224</b>	<b>\$217,059,661</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 2025 and 2024.



## 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

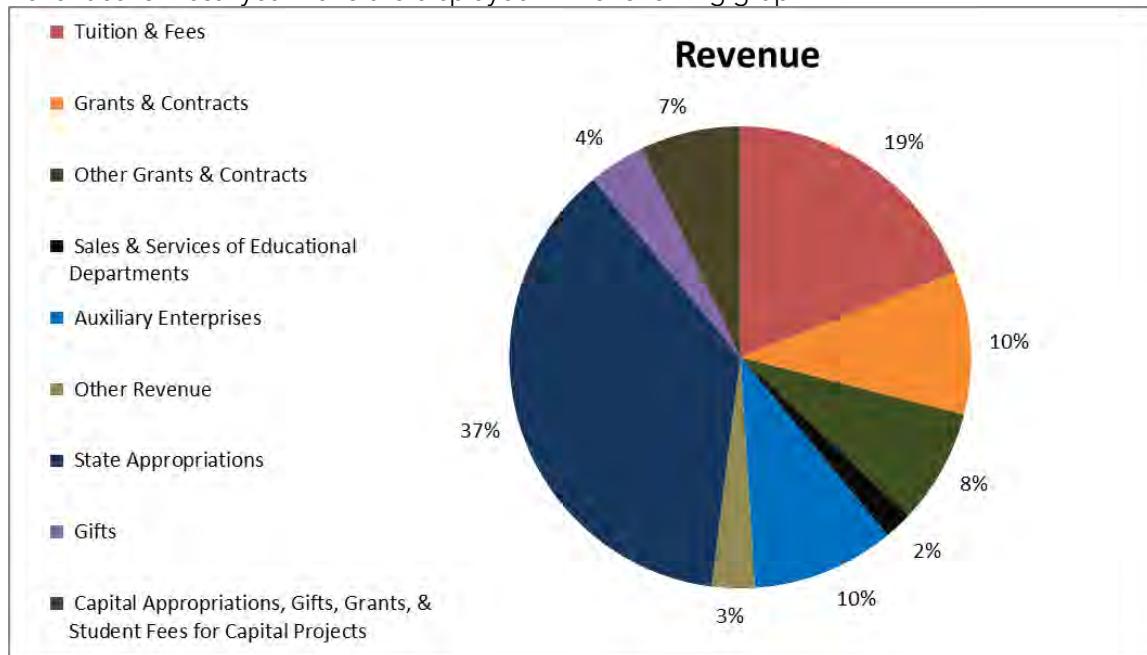
Operating revenues at the University as of June 30, 2025 decreased \$4.0 million (-6.2 %) over the fiscal year. Revenue from tuition and fees, after scholarship allowances, decreased \$3.8 million (-12.1%) due to the adoption of NACUBO Method B - Detail by Student, by Fiscal Year.

Total non-operating revenues increased \$7.5 million (10.9%) from 2024. This increase is primarily due to an increase of \$5.2 million (10.5%) in State Appropriations due to increased funding from the State Legislature. Due to an increase in Pell Grants, there was a \$1.6 million (16.7%) increase in Other Grants and Contracts.

Other revenues, expenses, gains, and losses, which includes capital appropriations and capital grants and gifts, increased \$2.5 million (37%). These revenues will vary year to year based upon the funding received for capital projects and Pittsburg State University Foundation contributions.

Capital appropriations decreased \$4.8 million (-110.6%) due to the deferral of unearned revenue related to these funds. Capital grants and gifts increased \$7.3 million (290.7%) compared to 2024 due to a substantial increase in capital project support from PSU Foundation and the American Rescue Plan Act.

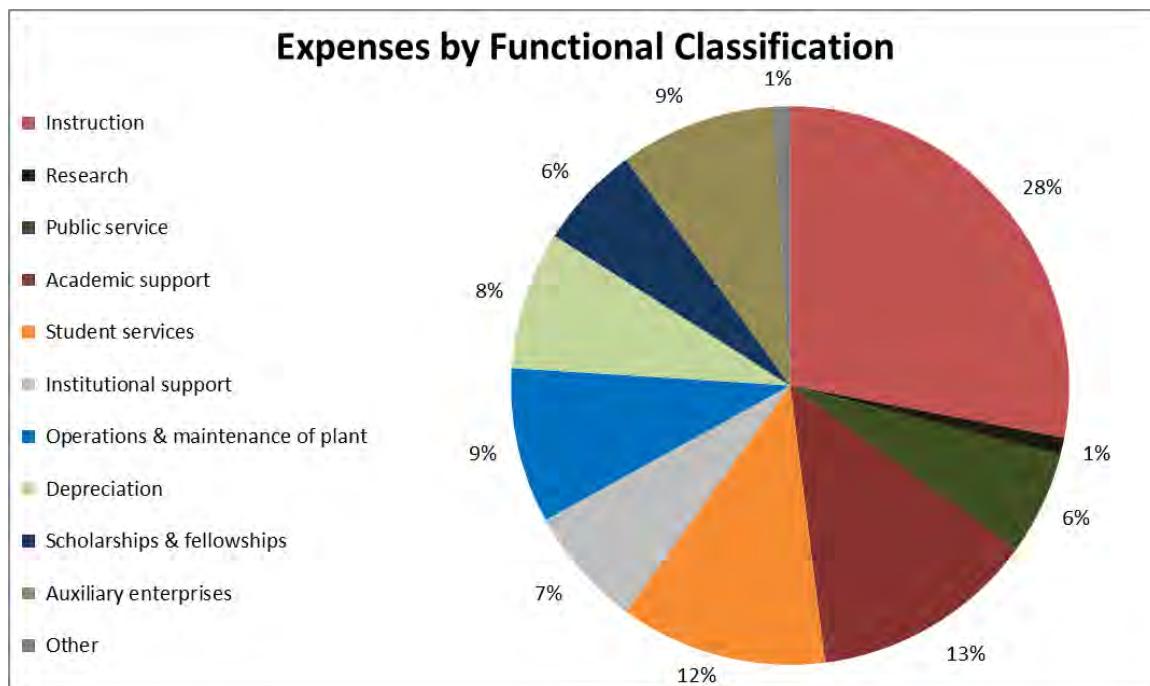
Revenues for fiscal year 2025 are displayed in the following graph:



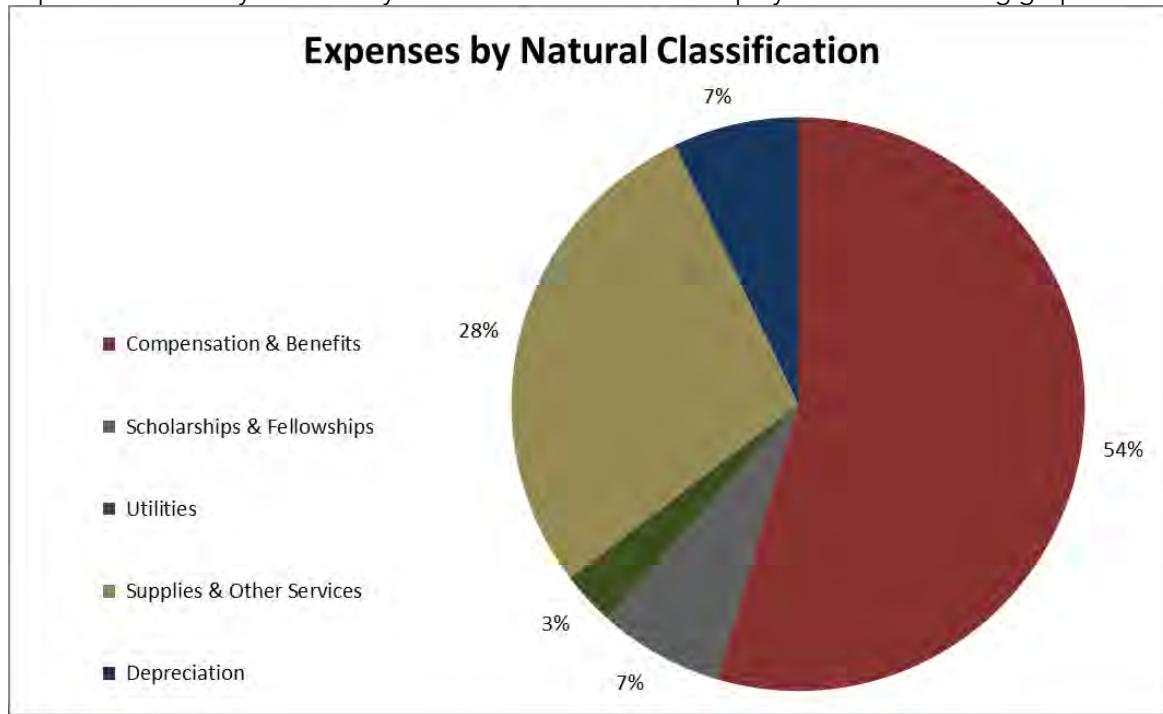
### Expenses

Operating expenses increased \$4.5 million (3.5%). Student services expense increased \$3.1 million (24.2%) driven by expenditures associated to PSU Athletics and higher expenses for services provided to students. PSU received federal funding for STEM Ecosystems leading to an increase in public service expenses of \$2.1 million (41%). Related to the adoption of the new Scholarship Allowance methodology mentioned above, there was a decrease of 14.7% or \$1.3 million in Scholarship and Fellowship expenses.

Expenses for fiscal year 2025 by functional classification are displayed in the following graph. "Other" includes other operating expenses, interest expense, and other non-operating expenses.



Expenses for fiscal year 2025 by natural classification are displayed in the following graph:



### Extraordinary Items

The University did not have any special and extraordinary items in 2025.

### 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 and 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 \$5.5 and \$4.6 million in 2025 and 2024, respectively. Capital gifts and grants from the Foundation were approximately \$3.1 and \$2.5 million in 2025 and 2024. The Foundation's financial statements are included following the University's financial statements in this Annual Financial Report.

## **Net Position**

Net position increased by \$22.3 million (10.3%) 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. Since 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 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, 2025 and 2024:

	June 30, 2025	June 30, 2024
Net Cash provided (used) by:		
Operating activities	\$ (58,576,592)	\$ (50,782,485)
Non-capital financing activities	71,697,262	64,058,109
Capital and related financing activities	(185,228)	(1,578,104)
Investing activities	<u>2,966,021</u>	<u>3,224,488</u>
Net increase (decrease) in cash	15,901,463	14,922,008
Beginning cash and cash equivalent balances	<u>92,108,159</u>	<u>77,186,152</u>
Ending cash and cash equivalent balances	<u><u>\$ 108,009,622</u></u>	<u><u>\$ 92,108,160</u></u>

## **CAPITAL ASSETS**

The University continued to invest in capital assets during the 2025 fiscal year. Additional detailed information regarding capital asset additions, retirements and depreciation is available in Note 7 to the financial statements. The following is a brief summary of the larger construction projects that were recently completed:

- Shirk Hall and Annex Demolition project is based on KBOR Space Utilization and Deferred Maintenance studies to evaluate opportunities to consolidate campus offices, reduce utilities, and minimize related maintenance. The demolition project was completed in 2025.
- Space inside the Bicknell Family Center for the Arts was updated as a new home for KRPS, the University's public radio station. This new home will provide improved facilities for radio station operations and opportunities for greater collaboration with other University operations and was completed in 2025.
- A roof recover project was completed at the Student Recreation Center to address a maintenance need for the building.

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

- Gorilla Rising includes a replacement for the Kelce College of Business building and will provide appropriately sized and shaped learning labs, student collaboration spaces, small group study rooms, and student lounges in an improved academic home for the Kelce College of Business. This project will be near the University's downtown Block22 project. Construction is underway and expected to complete in Summer 2026.
- The Prove-Out Facility will provide space for manufacturing prove-out runs to support innovation and economic development in industries associated with PSU's National Institute for Materials Advancement (NIMA). The construction phase is beginning in late 2025 and is expected to complete in late 2026.
- Utility Tunnel Repairs include design, demolition, and rebuild of the oldest sections of brick tunnel and replacement of steam lines and other utility infrastructure where needed. This project is under construction and expected to complete in Summer or Fall 2026.
- A new outdoor track and field complex is under construction and expected to be completed in Spring 2026. This donor-funded project will provide a new practice and competition complex for our track and field teams.
- The University has begun planning for improvements to Science Labs and building infrastructure at Heckert-Wells Hall and Yates Hall. The project is expected to be completed in multiple phases over a number of years.

## **DEBT ADMINISTRATION**

At June 30, 2025, the University had \$28.3 million in debt outstanding compared to \$30.9 million at June 30, 2024. The University paid \$2.6 million to reduce outstanding debt through scheduled debt service, see Note 9 - Changes in Non-current Liabilities.

At June 30, 2025, the University had \$1.3 million in capital lease obligations compared to \$7.8 million at June 30, 2024. The significant reduction is due to the early buyout of the Block 22 lease previously recognized under GASB 87. The remaining liability is related to GASB 96 Software Leases.

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 9, 10, 11, and 12 to the financial statements.

## **ECONOMIC OUTLOOK**

The largest revenue sources for the University are state appropriations and tuition and fees. State operating appropriations (does not include capital appropriations) for fiscal year 2025 were \$54.6 million, an increase of \$5.2 million over the prior year. The legislature and Governor have appropriated \$58.5 million to Pittsburg State for fiscal year 2026.

Enrollment at Pittsburg State for the Fall 2025 semester increased 0.5% compared to the prior fall which includes enrollment increases for new freshmen. Tuition rates were increased 3.5% for most students in fiscal year 2025 and just under 2.5% for most undergraduate students in fiscal year 2026. Both of these factors will have positive impacts to tuition revenue. Pittsburg State continues to focus on key recruitment and retention initiatives, including the establishment of an expanded Student Success organization and has increased funding for the revised Great Gorilla Scholarship Program.

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



# FINANCIAL STATEMENTS

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**Pittsburg State University**  
**Statement of Net Position**  
**For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents	\$ 67,426,040	\$ 68,632,186
Restricted cash and cash equivalents	40,583,583	23,475,974
Accounts receivable, net	2,402,785	3,646,507
Capital lease receivable, net	19,881	19,762
Loans to students, net	334,559	358,335
Inventories	565,470	488,649
Prepaid expenses	557,393	562,568
Total current assets	<u>111,889,711</u>	<u>97,183,981</u>
Non-current Assets		
Restricted investments	-	-
Capital lease receivable	-	19,881
Loans to students, net	505,669	691,053
Capital assets, net	210,466,940	197,295,440
Total non-current assets	<u>210,972,609</u>	<u>198,006,374</u>
Total Assets	<u>322,862,320</u>	<u>295,190,355</u>
<b><u>DEFERRED OUTFLOWS</u></b>		
Pension contributions	1,235,040	2,227,898
Other post-employment benefits	<u>210,425</u>	<u>405,672</u>
Total Deferred Outflows	<u>1,445,465</u>	<u>2,633,570</u>
<b><u>LIABILITIES</u></b>		
Current Liabilities		
Accounts payable and accrued liabilities	9,160,996	6,753,667
Unearned revenue	30,516,595	18,474,674
Accrued compensated absences - current portion	2,333,024	2,428,324
Block 22 notes payable - current portion	-	60,000
Capital leases payable - current portion	637,966	972,558
Revenue bonds payable - current portion	2,707,471	2,612,471
Deposits held in custody for others	677,237	571,817
Other current liabilities (Perkins FCC)	380,932	510,889
Total current liabilities	<u>46,414,221</u>	<u>32,384,400</u>
Non-current Liabilities		
Other postemployment healthcare benefits	205,653	66,962
Accrued compensated absences	740,144	490,487
Block 22 notes payable	-	-
Capital leases payable	656,143	6,817,519
Revenue bonds payable	25,605,114	28,312,569
Pension Liability	8,807,551	10,307,410
Other non-current liabilities (Perkins FCC)	107,512	113,589
Total non-current liabilities	<u>36,122,117</u>	<u>46,108,536</u>
Total Liabilities	<u>82,536,338</u>	<u>78,492,936</u>

**Pittsburg State University**  
**Statement of Net Position**  
**For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b><u>DEFERRED INFLOWS</u></b>		
Capital lease inflows	19,821	39,525
Deferred pension inflows	2,025,187	1,775,401
Deferred other post-employment benefits inflows	392,215	456,402
Total Deferred Inflows	<u>2,437,223</u>	<u>2,271,328</u>
<b><u>NET POSITION</u></b>		
Net investment in capital assets	180,529,904	158,218,089
Restricted for		
Expendable		
Scholarships and fellowships	-	(85,526)
Research	-	74,817
Instructional department uses	-	(252,842)
Loans	695,079	960,998
Capital projects	-	1,417,860
Debt services	2,702,698	2,817,969
Other	-	1,256,404
Unrestricted	<u>55,406,543</u>	<u>52,651,892</u>
Total Net Position	<u><u>\$ 239,334,224</u></u>	<u><u>\$ 217,059,661</u></u>

**Pittsburg State University**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b><u>OPERATING REVENUES</u></b>		
Tuition and fees (net of scholarship allowances of \$14,777,022 and \$9,912,063 in 2025 and 2024 respectively)	\$ 27,969,220	\$ 31,808,112
Federal grants and contracts	6,601,685	7,519,140
State and local grants and contracts	932,991	560,019
Nongovernmental grants and contracts	7,995,308	7,285,783
Sales and services of educational departments	2,627,819	3,492,150
Auxiliary enterprises:		
Housing	8,948,921	8,589,943
Parking	585,689	509,137
Health Services	427,467	1,097,189
Student center	1,460,804	1,214,875
Athletics	3,372,331	3,122,327
Student Publications	94,616	89,572
Interest earned on loans to students	29,271	37,594
Other operating revenues	(22,004)	(285,074)
Total operating revenues	<u>61,024,118</u>	<u>65,040,767</u>
<b><u>OPERATING EXPENSES</u></b>		
Educational and General		
Instruction	37,210,220	36,706,357
Research	1,882,700	2,194,697
Public Service	7,333,380	5,201,569
Academic support	17,961,580	17,304,007
Student services	16,121,776	12,978,056
Institutional support	9,766,454	11,106,023
Operations and maintenance of plant	11,582,986	10,940,560
Depreciation	10,121,333	9,499,337
Scholarships and fellowships	7,569,006	8,876,984
Auxiliary enterprises:		
Housing	5,753,529	5,271,784
Parking	153,216	111,174
Health Services	631,991	1,024,867
Student Center	1,549,910	1,388,402
Athletics	4,194,624	3,628,560
Student Publications	105,059	114,508
Other	408,708	1,498,961
Total operating expenses	<u>132,346,472</u>	<u>127,845,846</u>
Operating Income (Loss)	<u>(71,322,354)</u>	<u>(62,805,079)</u>

**Pittsburg State University**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
State appropriations	54,590,553	49,394,496
Gifts	5,482,852	4,600,631
Investment income	2,966,021	3,224,488
Student fees for capital projects	1,888,813	1,811,276
Other grants and contracts	11,294,845	9,680,950
Other non-operating revenues	1,074,979	1,114,321
Interest expense	(1,079,820)	(1,235,007)
Other non-operating expenses	(234,009)	(75,732)
Net non-operating revenues (expenses)	<u>75,984,234</u>	<u>68,515,423</u>
Income before other revenues, expenses, gains, or losses	4,661,880	5,710,344
Capital appropriations	7,811,046	4,312,319
Capital grants and gifts	9,801,635	2,508,954
	<u>17,612,681</u>	<u>6,821,273</u>
Increase In Net Position	22,274,561	12,531,617
Net position - beginning of year	217,059,661	204,528,044
Net position - end of year	<u>\$ 239,334,224</u>	<u>\$ 217,059,661</u>

**Pittsburg State University**  
**Statement of Cash Flows**  
**For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 27,632,109	\$ 32,354,586
Sales and services of educational activities	2,630,070	3,490,995
Auxiliary enterprises:		
Housing	3,243,870	3,503,224
Parking	430,401	323,365
Health Services	(135,283)	99,084
Student Center	(78,138)	(178,806)
Athletics	(805,673)	(527,474)
Student Publications	(9,532)	(25,377)
Grants and contracts	18,162,788	15,184,770
Payments to suppliers	(28,868,161)	(26,652,236)
Payments to utilities	(3,089,708)	(2,610,008)
Compensation & benefits	(70,259,243)	(66,636,516)
Payments for scholarships and fellowships	(7,569,006)	(8,876,984)
State Appropriations Receivable	-	(360)
Loans issued to students and employees	(113,274)	(60,504)
Collections on loans issued to students and employees	270,998	288,946
Other receipts (payments)	(18,829)	(459,190)
Net Cash Flows from Operating Activities	<hr/> (58,576,611)	<hr/> (50,782,485)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
State appropriations	54,590,553	49,394,496
Noncapital debt proceeds	-	-
Noncapital debt payments	-	-
Gifts	5,482,852	4,600,631
Federal family education loan receipts	17,997,656	18,481,251
Federal family education loan disbursements	(17,997,656)	(18,481,251)
Student organization agency transactions	105,419	28,455
Non-operating grants and contracts	11,294,845	9,680,950
Other	223,593	353,577
Net Cash Flows from Noncapital Financing Activities	<hr/> 71,697,262	<hr/> 64,058,109
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Proceeds from capital debt	-	-
Capital appropriations	7,811,046	12,579,586
Capital Grants and gifts	9,801,635	2,508,954
Student fees for capital projects	1,888,813	1,811,276
Purchases of capital assets	(26,194,823)	(10,406,550)
Principal paid on capital debt and leases	(3,120,032)	(3,554,735)
Interest paid on capital debt and leases	(1,079,820)	(1,235,007)
Disposal of asset	-	62,142
Other	<hr/> 10,707,953	<hr/> (3,343,770)
Net Cash Flows from Capital Financing Activities	<hr/> (185,228)	<hr/> (1,578,104)

**Pittsburg State University**  
**Statement of Net Position**  
**For the Years Ended June 30, 2025 and 2024**

	<b>2025</b>	<b>2024</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales of investments	-	-
Investment income	2,966,021	3,224,488
Purchase of investments	-	-
Net Cash Flows from Investing Activities	<u>2,966,021</u>	<u>3,224,488</u>
Net change in cash and cash equivalents	15,901,463	14,922,008
Cash and cash equivalents-beginning of year	<u>92,108,160</u>	<u>77,186,152</u>
Cash and cash equivalents-end of year	<u>\$ 108,009,623</u>	<u>\$ 92,108,160</u>
<b>RECONCILIATION</b>		
Operating income (loss)	\$ (71,322,354)	\$ (62,805,079)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation expense	10,121,333	9,499,337
Non-cash expense	20,177	44,160
Changes in assets and liabilities:		
Accounts receivable, net	1,223,841	(593,619)
Loans to students, net	209,159	277,898
Inventories	(76,821)	48,867
Prepaid expenses	5,175	(101,900)
Accounts payable and accrued liabilities	(19,233,201)	6,276,940
Unearned revenue	20,309,187	(2,433,104)
Accrued compensated absences	154,357	42,474
Accrued other post-employment healthcare benefits	269,751	(327,927)
Accrued pension liability	(257,215)	(710,532)
Net cash used in operating activities	<u>\$ (58,576,611)</u>	<u>\$ (50,782,485)</u>



PITTSBURG STATE UNIVERSITY FOUNDATION, INC.

# FINANCIAL STATEMENTS

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**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENTS OF FINANCIAL POSITION**  
**JUNE 30, 2025 AND 2024**

	2025	2024
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 898,954	\$ 1,287,864
Contributions Receivable	3,829,066	7,986,878
Total Current Assets	<u>4,728,020</u>	<u>9,274,742</u>
<b>FIXED ASSETS</b>		
Fixed Assets, Net of Depreciation	1,411,842	1,311,558
<b>INVESTMENTS</b>		
Pooled Investments	116,145,265	106,397,350
Investments Held Separate for Capital Project	4,939,518	358,290
Beneficial Interest Trusts Held by Others	4,110,281	3,949,206
Total Investments	<u>125,195,064</u>	<u>110,704,846</u>
<b>OTHER ASSETS</b>		
Long-Term Portion of Contributions Receivable	9,149,479	3,455,898
Long-Term Note Receivable	5,552,000	7,269,976
Interest Receivable	45,551	100,307
Total Other Assets	<u>14,747,030</u>	<u>10,826,181</u>
<b>Total Assets</b>	<b><u>\$ 146,081,956</u></b>	<b><u>\$ 132,117,327</u></b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 1,069,001	\$ 258,782
Interest Payable	22,515	30,389
Annuity Liabilities	73,957	78,173
Current Portion of Notes Payable	421,535	5,644,644
Total Current Liabilities	<u>1,587,008</u>	<u>6,011,988</u>
<b>LONG-TERM LIABILITIES</b>		
Deferred Compensation Payable	-	110,000
Notes Payable, Net of Current Portion	5,018,907	634,000
Total Long-Term Liabilities	<u>5,018,907</u>	<u>744,000</u>
<b>Total Liabilities</b>	<b>6,605,915</b>	<b>6,755,988</b>
<b>NET ASSETS</b>		
Without Donor Restrictions	22,810,152	20,774,683
With Donor Restrictions	116,665,889	104,586,656
Total Net Assets	<u>139,476,041</u>	<u>125,361,339</u>
<b>Total Liabilities and Net Assets</b>	<b><u>\$ 146,081,956</u></b>	<b><u>\$ 132,117,327</u></b>

See accompanying Notes to Financial Statements.

**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2025**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Contributions	\$ 2,240,428	\$ 14,905,323	\$ 17,145,751
Investment Income	3,363,335	7,885,986	11,249,321
Change in Value of Beneficial Interest Trusts			
Held by Others	-	161,075	161,075
Gift-In-Kind	-	2,713,644	2,713,644
Other Miscellaneous Revenue	504,971	-	504,971
Net Assets Released from Restrictions	<u>13,586,795</u>	<u>(13,586,795)</u>	<u>-</u>
<b>Total Revenue, Support, and Gains</b>	<b>19,695,529</b>	<b>12,079,233</b>	<b>31,774,762</b>
<b>EXPENSES</b>			
Program Services			
Student Support	4,247,201	-	4,247,201
Other University Support	<u>11,610,615</u>	<u>-</u>	<u>11,610,615</u>
<b>Total Program Services</b>	<b>15,857,816</b>	<b>-</b>	<b>15,857,816</b>
Support Services:			
Management and General	985,240	-	985,240
Fundraising	<u>817,004</u>	<u>-</u>	<u>817,004</u>
<b>Total Support Services</b>	<b>1,802,244</b>	<b>-</b>	<b>1,802,244</b>
<b>Total Expenses</b>	<b>17,660,060</b>	<b>-</b>	<b>17,660,060</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,035,469</b>	<b>12,079,233</b>	<b>14,114,702</b>
Net Assets - Beginning of Year	<u>20,774,683</u>	<u>104,586,656</u>	<u>125,361,339</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 22,810,152</u></b>	<b><u>\$ 116,665,889</u></b>	<b><u>\$ 139,476,041</u></b>

See accompanying Notes to Financial Statements.

**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED JUNE 30, 2024**

	Without Donor Restrictions	With Donor Restrictions	Total
<b>REVENUE, SUPPORT, AND GAINS</b>			
Contributions	\$ 764,987	\$ 11,541,605	\$ 12,306,592
Investment Income	2,965,081	7,888,646	10,853,727
Change in Value of Beneficial Interest Trusts			
Held by Others	-	265,658	265,658
Gift-In-Kind	-	2,425,087	2,425,087
Other Miscellaneous Revenue	353,445	-	353,445
Net Assets Released from Restrictions	8,572,549	(8,572,549)	-
Total Revenue, Support, and Gains	12,656,062	13,548,447	26,204,509
<b>EXPENSES</b>			
Program Services			
Student Support	3,001,581	-	3,001,581
Other University Support	6,912,625	-	6,912,625
Total Program Services	9,914,206	-	9,914,206
Support Services:			
Management and General	947,142	-	947,142
Fundraising	682,128	-	682,128
Total Support Services	1,629,270	-	1,629,270
Total Expenses	11,543,476	-	11,543,476
<b>CHANGE IN NET ASSETS</b>	1,112,586	13,548,447	14,661,033
Net Assets - Beginning of Year	19,662,097	91,038,209	110,700,306
<b>NET ASSETS - END OF YEAR</b>	<u>\$ 20,774,683</u>	<u>\$ 104,586,656</u>	<u>\$ 125,361,339</u>

See accompanying Notes to Financial Statements.

**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2025**

	Program Services			Support Services			Total Expenses
	Student Support	Other University Support	Total Program Services	Management and General	Fundraising	Total Support Services	
Scholarships, Grants, and Awards	\$ 4,247,201	\$ -	\$ 4,247,201	\$ -	\$ -	\$ -	\$ 4,247,201
Classroom Instruction Aids & Other University Expenses	-	3,670,920	3,670,920	-	-	-	3,670,920
Faculty/Professional Development	-	185,354	185,354	-	-	-	185,354
Other Special University Projects	-	7,754,341	7,754,341	-	-	-	7,754,341
Salaries	-	-	-	631,480	225,940	857,420	857,420
Promotion	-	-	-	-	2,763	2,763	2,763
Auditing and Accounting	-	-	-	34,385	-	34,385	34,385
Equipment, Service Contracts, and Repairs	-	-	-	63,125	51,667	114,792	114,792
Postage	-	-	-	4,827	24,496	29,323	29,323
Insurance	-	-	-	18,225	4,465	22,690	22,690
Repairs and Maintenance for Building and Grounds	-	-	-	25,311	10,848	36,159	36,159
Publications	-	-	-	-	65,000	65,000	65,000
Planned Giving	-	-	-	-	11,347	11,347	11,347
Telephone	-	-	-	924	3,066	3,990	3,990
Utilities	-	-	-	8,342	3,575	11,917	11,917
Depreciation	-	-	-	79,798	41,106	120,904	120,904
General Operating	-	-	-	102,122	121,692	223,814	223,814
Alumni Activities	-	-	-	-	213,051	213,051	213,051
Travel	-	-	-	11,489	29,629	41,118	41,118
Miscellaneous	-	-	-	5,212	8,359	13,571	13,571
<b>Total Expenses Included in the Expense Section on the Statement of Activities</b>	<b>\$ 4,247,201</b>	<b>\$ 11,610,615</b>	<b>\$ 15,857,816</b>	<b>\$ 985,240</b>	<b>\$ 817,004</b>	<b>\$ 1,802,244</b>	<b>\$ 17,660,060</b>

See accompanying Notes to Financial Statements.

**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**YEAR ENDED JUNE 30, 2024**

	Program Services			Support Services				
	Student Support	Other University Support	Total Program Services	Management and General	Fundraising	Total Support Services		
Scholarships, Grants and Awards	\$ 3,001,581	\$ -	\$ 3,001,581	\$ -	\$ -	\$ -	\$ 3,001,581	
Classroom Instruction Aids & Other University Expenses	-	4,666,684	4,666,684	-	-	-	4,666,684	
Faculty/Professional Development	-	135,575	135,575	-	-	-	135,575	
Other Special University Projects	-	2,110,366	2,110,366	-	-	-	2,110,366	
Salaries	-	-	-	629,316	165,495	794,811	794,811	
Promotion	-	-	-	-	9,782	9,782	9,782	
Auditing & accounting	-	-	-	32,550	-	32,550	32,550	
Equipment, Service Contracts, and Repairs	-	-	-	113,973	58,316	172,289	172,289	
Postage	-	-	-	3,485	20,524	24,009	24,009	
Insurance	-	-	-	16,560	3,730	20,290	20,290	
Repairs and Maintenance for Building and Grounds	-	-	-	16,465	7,057	23,522	23,522	
Publications	-	-	-	-	35,000	35,000	35,000	
Planned Giving	-	-	-	-	11,758	11,758	11,758	
Telephone	-	-	-	964	2,237	3,201	3,201	
Utilities	-	-	-	6,948	2,978	9,926	9,926	
Depreciation	-	-	-	55,149	28,409	83,558	83,558	
General Operating	-	-	-	61,916	122,689	184,605	184,605	
Alumni Activities	-	-	-	-	181,221	181,221	181,221	
Travel	-	-	-	3,307	21,421	24,728	24,728	
Miscellaneous	-	-	-	6,509	11,511	18,020	18,020	
Total Expenses Included in the Expense Section on the Statement of Activities	\$ 3,001,581	\$ 6,912,625	\$ 9,914,206	\$ 947,142	\$ 682,128	\$ 1,629,270	\$ 11,543,476	

See accompanying Notes to Financial Statements.

**PITTSBURG STATE UNIVERSITY FOUNDATION, INC.**  
**STATEMENTS OF CASH FLOWS**  
**YEARS ENDED JUNE 30, 2025 AND 2024**

	<u>2025</u>	<u>2024</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in Net Assets	\$ 14,114,702	\$ 14,661,033
Adjustments to Reconcile Change in Net Assets to Net Cash		
Provided (Used) by Operating Activities:		
Depreciation	120,904	83,558
Realized (Gain) Loss on Sale of Investments	877,041	(1,283,861)
Unrealized Gain on Investments	(9,076,584)	(7,802,152)
Change in Beneficial Interest Trusts Held by Others	(161,075)	(265,657)
Contributions Restricted for Endowments	(1,816,737)	(3,088,877)
(A) Increase (Decrease) in Assets:		
Interest Receivable	54,756	(26,346)
Contributions Receivable	182,207	(8,390,076)
Increase (Decrease) in Liabilities:		
Accounts Payable	810,219	84,051
Interest Payable	(7,874)	(4,511)
Deferred Compensation Payable	(110,000)	55,000
Present Value of Annuities	(4,216)	(41,384)
Net Cash Provided (Used) by Operating Activities	<u>4,983,343</u>	<u>(6,019,222)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of Fixed Assets	(221,188)	(417,556)
Proceeds from Sales of Investments	73,809,787	35,044,805
Purchase of Investments	<u>(79,939,387)</u>	<u>(30,194,648)</u>
Net Cash Provided (Used) by Investing Activities	<u>(6,350,788)</u>	<u>4,432,601</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from Contributions Restricted for Endowments	1,816,737	3,088,877
Principal Payments on Loan	<u>(838,202)</u>	<u>(999,697)</u>
Net Cash Provided by Financing Activities	<u>978,535</u>	<u>2,089,180</u>
<b>CHANGE IN CASH AND CASH EQUIVALENTS</b>	<u>(388,910)</u>	<u>502,559</u>
Cash and Cash Equivalents - Beginning of Year	<u>1,287,864</u>	<u>785,305</u>
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u><b>\$ 898,954</b></u>	<u><b>\$ 1,287,864</b></u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>		
Cash Paid for Interest on Notes Payable	<u><b>\$ 450,983</b></u>	<u><b>\$ 535,491</b></u>

See accompanying Notes to Financial Statements.



NOTES TO  
**FINANCIAL  
STATEMENTS**

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**Pittsburg State University**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2025 and 2024**

**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 over 5,700 students, and students may choose from more than 100 undergraduate and graduate programs within the College of Education, the Kelce 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 the accounting principles generally accepted in the United States of America, and as prescribed by the Governmental Accounting Standards Board (GASB), these financial statements present the consolidated financial position and financial activities of the University and the Pittsburg State University Research Foundation, Inc. Pittsburg State University Foundation is legally separate from the University and based on the nature and significance of the relationship to the University is discretely presented following the University's financial statements.

*Pittsburg State University Research Foundation (PSURF)* is a not-for-profit corporation created to aid the university in its research and educational missions by owning, managing, protecting, and maximizing the impact of intellectual property generated by faculty, staff, and students of Pittsburg State University.

*Pittsburg State University Foundation (Foundation)* is a not-for-profit corporation organized to foster, cooperate in, and assist in the growth, development, and advancement of Pittsburg State University. Scholarships, grants, and unsecured loans are extended to qualifying students of Pittsburg State University. Financial support is also provided to the University for normal operations as well as special projects. The Foundation's financial reports are prepared in accordance with Financial Accounting Standards Board (FASB) standards.

**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, and Level 3 inputs are significant unobservable inputs. Changes in unrealized gain or 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.

**Pittsburg State University**  
**Notes to Financial Statements**

**For the Years Ended June 30, 2025 and 2024**

**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 expenses consist primarily of deferred summer term 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 term 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.

**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.

**Pittsburg State University**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2025 and 2024**

**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.

*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.

**Pittsburg State University**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2025 and 2024**

**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, 2025 and 2024 were \$108,009,623 and \$92,108,160 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, 2025 and 2024 were \$0.

**NOTE 3 - Accounts Receivable**

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

	2025	2024
Tuition and Fees	\$ 1,260,290	\$ 1,342,867
Auxiliary enterprises	357,813	275,920
Grants & Contracts	784,682	2,024,652
State Appropriations	-	-
Other	-	3,068
<b>Total</b>	<b>\$ 2,402,785</b>	<b>\$ 3,646,507</b>

**NOTE 4 - Loans to Students**

Student loan receivable net of estimated uncollectible amounts, consisted of the following as of June 30:

	2025	2024
Federal Perkins Loan Program	\$ 487,591	\$ 638,342
Nursing Student Loan Program	226,598	283,796
Nurse Faculty Loan Program	444,167	393,648
	<hr/> 1,158,356	<hr/> 1,315,786
Less:		
Allowance for uncollectible amounts	(318,128)	(266,398)
	<hr/> \$ 840,228	<hr/> \$ 1,049,388

**Pittsburg State University**  
**Notes to Financial Statements**  
**For the Years Ended June 30, 2025 and 2024**

Student loans made through the Federal Perkins and Nursing Student loan programs provide for cancellation of a loan at rates of 10% to 30% per year up to a maximum of 100% if the participant complies with certain provisions. As the University determines that Perkins loans are uncollectible and not eligible for reimbursement by the federal government, the loans are written off or assigned to the U.S. Department of Education.

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. Pursuant to GASB Accounting Standards, the FCC portion of the Federal Perkins Loan Fund must be recorded as an expense/liability as those funds will be returned to the federal government. The University's total liability was respectively \$488,444 and \$624,478 in 2025 and 2024, respectively.

**NOTE 5 - Facility Operations**

Inventories consisted of the following at June 30:

	2025	2024
Physical Plant	\$ 375,588	\$ 334,200
Housing	130,075	137,145
Printing & Postage	59,807	17,304
<b>Total</b>	<b>\$ 565,470</b>	<b>\$ 488,649</b>

**NOTE 6 - Capital Leases Receivable**

For the year ended June 30, 2023, the financial statements include the adoption of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (SBITA). This comes a year after instituting GASB Statement No. 87, Leases. The primary objective of this statement is to enhance the relevance and consistency of a government's financial statements by requiring a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement. This statement helps define accounting for subscription-based services based on the principle that leases are financings of the right-to-use an underlying asset. Under this Statement, a right-to-use subscription asset, an intangible asset, should be recognized by a subscription liability at the commencement of the subscription term.

On September 8, 2020, Pittsburg State University entered into a 5-year lease as Lessor for the use of various facilities and grounds to Greene County Agricultural & Mechanical Society dba Ozark Empire Fairground for an annual farm show. An initial lease receivable was recorded in the amount of \$147,340. This lease had an amendment, changing the annual payment amount from \$30,000 to \$20,000. As of June 30, 2025, the value of the lease receivable is \$19,881. The lessee is required to make an annual fixed payment of \$20,000. The lease has an interest rate of 0.60%. The value of the deferred inflow of resources as of June 30, 2025 was \$19,821, and Pittsburg State University recognized lease revenue of \$19,881 during the fiscal year. The lessee has four extension option(s), each for one year.

Year Ending June 30:	Principal	Interest	Total
2026	19,881	119	20,000
	<b>\$ 19,881</b>	<b>\$ 119</b>	<b>\$ 20,000</b>

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**NOTE 7 - Capital Assets**

Capital asset activity for the year ended June 30, 2025 follows:

	2025			
	Beginning Balance	Additions	Retirements	Ending Balance
<b><u>Non-depreciable capital assets</u></b>				
Land	\$ 6,738,416	\$ 1,818,189	\$ -	\$ 8,556,605
Construction in progress	10,977,776	15,016,012	12,048,624	13,945,164
Works of art	1,064,110	-	10,296	1,053,814
Total non-depreciable capital assets	<u>18,780,302</u>	<u>16,834,201</u>	<u>12,058,920</u>	<u>23,555,583</u>
<b><u>Depreciable capital assets</u></b>				
Land improvements	7,937,028	847,854	117,688	8,667,194
Buildings & Improvements	280,043,116	20,088,617	191,475	299,940,258
Right-to-use leased assets	9,691,835	483,925	7,809,440	2,366,320
Equipment & Furnishings	33,779,718	3,634,849	7,221,717	30,192,850
Vehicles	3,400,287	300,590	375,620	3,325,257
Software	3,776,405	-	771,818	3,004,587
Total depreciable capital assets	<u>338,628,389</u>	<u>25,355,835</u>	<u>16,487,758</u>	<u>347,496,466</u>
Total capital asset cost	<u>357,408,691</u>	<u>42,190,036</u>	<u>28,546,678</u>	<u>371,052,049</u>
<b><u>Accumulated depreciation</u></b>				
Land improvements	5,798,951	200,489	25,186	5,974,254
Buildings & Improvements	120,076,516	7,017,397	(261,439)	127,355,352
Right-to-use leased assets	2,048,658	704,264	1,690,740	1,062,182
Equipment & Furnishings	26,092,574	1,908,817	7,059,228	20,943,163
Vehicles	2,968,620	153,154	375,619	2,746,155
Software	3,127,932	136,212	760,141	2,504,003
Total accumulated depreciation	<u>160,113,251</u>	<u>10,121,333</u>	<u>9,649,475</u>	<u>160,585,109</u>
Capital assets, net	<u>\$ 197,295,440</u>	<u>32,068,703</u>	<u>\$ 18,897,203</u>	<u>\$ 210,466,940</u>

Capital asset activity for the year ended June 30, 2024 follows:

	2024			
	Beginning Balance	Additions	Retirements	Ending Balance
<b><u>Non-depreciable capital assets</u></b>				
Land	\$ 6,738,416	\$ -	\$ -	\$ 6,738,416
Construction in progress	12,702,147	8,624,424	10,348,795	10,977,776
Works of art	1,063,643	9,500	9,033	1,064,110
Total non-depreciable capital assets	<u>20,504,206</u>	<u>8,633,924</u>	<u>10,357,828</u>	<u>18,780,302</u>
<b><u>Depreciable capital assets</u></b>				
Land improvements	8,002,933	-	65,905	7,937,028
Buildings & Improvements	269,903,234	10,272,869	132,987	280,043,116
Right-to-use leased assets	9,691,835	-	-	9,691,835
Equipment & Furnishings	31,966,806	2,061,845	248,933	33,779,718
Vehicles	3,180,969	228,434	9,116	3,400,287
Software	3,748,157	303,455	275,207	3,776,405
Total depreciable capital assets	<u>326,493,934</u>	<u>12,866,603</u>	<u>732,148</u>	<u>338,628,389</u>
Total capital asset cost	<u>346,998,140</u>	<u>21,500,527</u>	<u>11,089,976</u>	<u>357,408,691</u>
<b><u>Accumulated depreciation</u></b>				
Land improvements	5,604,644	194,307	-	5,798,951
Buildings & Improvements	113,726,153	6,350,363	-	120,076,516
Right-to-use leased assets	1,057,426	991,232	-	2,048,658
Equipment & Furnishings	24,382,837	1,709,737	-	26,092,574
Vehicles	2,802,491	166,129	-	2,968,620
Software	2,974,210	153,722	-	3,127,932
Total accumulated depreciation	<u>150,547,761</u>	<u>9,565,490</u>	<u>-</u>	<u>160,113,251</u>
Capital assets, net	<u>\$ 196,450,379</u>	<u>\$ 11,935,037</u>	<u>\$ 11,089,976</u>	<u>\$ 197,295,440</u>

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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 8 - Unearned Revenue**

Unearned revenues consisted of the following at June 30:

	2025	2024
Tuition and Fees	\$ 1,643,978	\$ 1,665,154
Auxiliary enterprises	170,297	156,302
Grants & Contracts	12,458,722	1,150,574
Capital Appropriations	16,243,598	15,502,644
<b>Total</b>	<b>\$ 30,516,595</b>	<b>\$ 18,474,674</b>

During fiscal year 2025, the PSU identified and corrected two errors related to the reporting of unearned revenue for capital appropriations. As a result, a restatement was made to 2024 to properly reflect the financial position in accordance with Governmental Accounting Standards Board (GASB) principles.

**1. Deferral of Capital Appropriation - NIMA Prove-Out Facility**

A capital appropriation related to the NIMA Prove-Out Facility was incorrectly recognized as revenue in the prior period. In accordance with GASB Statement No. 33, such appropriations should be deferred until eligibility requirements are met. The correction resulted in a deferral of \$3,728,468, which was previously reported as earned revenue.

**2. Methodology Change in Deferral Calculation**

In prior periods, the calculation of deferred revenue for capital appropriations was based on encumbrance balances. Upon review, it was determined that using cash balances provides a more accurate reflection of the availability of resources and aligns better with GASB standards. This change in methodology resulted in an additional deferral of \$4,538,799.

**Impact of Restatement**

The total impact of the restatement is a reduction of previously reported revenue and an increase in unearned revenue totaling \$8,267,267. This adjustment has been reflected in the ending net position for fiscal year 2024.

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**NOTE 9 - Changes in Non-current Liabilities**

Non-current liability activity for the year ended June 30, 2025 and June 30, 2024 was as follows:

<b>2025</b>						
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Other postemployment healthcare benefits	\$ 66,962	\$ 138,691	\$ -	\$ 205,653	\$ -	\$ 205,653
Accrued compensated absences	2,918,811	154,357	-	3,073,168	2,333,024	740,144
Block 22 notes payable	60,000	-	60,000	-	-	-
Capital leases payable	8,241,991	-	6,495,968	1,294,109	637,966	656,143
Revenue bonds payable*	27,570,000	-	2,275,000	25,295,000	2,370,000	22,925,000
Unamortized bond premiums/discounts	3,355,040	-	337,455	3,017,585	337,471	2,680,114
Pension liability	10,307,410	-	1,499,859	8,807,551	-	8,807,551
Other non-current liabilities (Perkins FCC)	624,478	-	136,034	488,444	380,932	107,512
<b>Total liabilities</b>	<b>\$ 53,144,692</b>	<b>\$ 293,048</b>	<b>\$ 10,804,316</b>	<b>\$ 42,181,510</b>	<b>\$ 6,059,393</b>	<b>\$ 36,122,117</b>

<b>2024</b>						
	Beginning Balance	Additions	Reductions	Ending Balance	Current Portion	Non-Current Portion
Other postemployment healthcare benefits	\$ 432,745	\$ -	\$ 365,783	\$ 66,962	\$ -	\$ 66,962
Accrued compensated absences	2,876,337	42,474	-	2,918,811	2,428,324	490,487
Block 22 notes payable	120,000	-	60,000	60,000	60,000	-
Capital leases payable	8,744,811	-	502,820	8,241,991	1,474,742	6,767,249
Revenue bonds payable*	30,170,000	-	2,600,000	27,570,000	2,612,471	24,957,529
Unamortized bond premiums/discounts	3,709,567	-	354,527	3,355,040	-	3,355,040
Pension liability	11,660,255	-	1,352,845	10,307,410	-	10,307,410
Other non-current liabilities (Perkins FCC)	845,719	-	221,241	624,478	510,889	113,589
<b>Total liabilities</b>	<b>\$ 58,559,434</b>	<b>\$ 42,474</b>	<b>\$ 5,457,216</b>	<b>\$ 53,144,692</b>	<b>\$ 7,086,426</b>	<b>\$ 46,058,266</b>

**NOTE 10 - Revenue Bonds Outstanding**

Revenue bonds payable consist of the following:

	Principal Outstanding at 6/30/25
Kansas Development Finance Authority Revenue Bonds - Series 2022E (The Board of Regents - Pittsburg State University Projects Refunding)	\$18,035,000
\$21,245,000 - Due in annual installments of \$1,430,000 to \$2,155,000. Issued 2/1/2022 with a final maturity on 2/1/2035. Interest ranging from 3.0% to 5.0% payable semi-annually.	
Kansas Development Finance Authority Revenue Bonds - Series 2020H (The Board of Regents - Pittsburg State University Projects)	7,260,000
\$11,220,000 - Due in annual installments of \$760,000 to \$945,000. Issued 6/8/2020 with a final maturity on 12/1/2033. Interest ranging from 2.0% to 5.0% payable semi-annually.	
<b>Total Revenue Bonds Payable</b>	<b>\$25,295,000</b>

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**NOTE 11 - Revenue Bonds Maturity Schedule**

Maturities of principal and interest requirements on revenue bonds payable for the year ended June 30, 2025 are as follows:

Year Ending June 30:	Principal	Interest	Total
2026	\$ 2,370,000	\$ 943,931	\$ 3,313,931
2027-2031	12,875,000	3,120,106	15,995,106
2032-2036	10,050,000	648,191	10,698,191
Total	\$ 25,295,000	\$ 4,712,228	\$ 30,007,228

**NOTE 12 - Capital Lease Obligations**

For the Fiscal Year ended June 30, 2025, the University recognized the following right to use assets under GASB Statement No. 87, Leases and GASB No. 96, Subscription-Based Information Technology Arrangements (SBITA):

On June 1, 2023, Pittsburg State University entered into a 4-year contract as Lessee for a subscription-based service with Oracle. An initial lease liability was recorded for the amount of \$1,882,395. Pittsburg State is required to make payments totaling \$497,847 annually. The lease has an interest rate of 2.68%.

On February 24, 2023, Pittsburg State University entered into a 4-year contract as Lessee for a subscription-based service with Oracle. An initial lease liability was recorded for the amount of \$327,777. Pittsburg State is required to make payments totaling \$169,900 annually. The lease has an interest rate of 3.23%.

On August 1, 2018, Pittsburg State University entered into a 216-month lease as Lessee for the use of Block 22 at 401 and 402 N. Broadway. An initial lease liability was recorded in the amount of \$7,809,440. In October 2024, the University elected to buy out the lease early. A capital asset was recognized at the time of purchase and the lease is no longer recorded as a liability.

The value of the right to use asset as of June 30, 2025 was \$1,304,140 with accumulated depreciation of \$1,062,180 see Note 7 - Capital Assets.

Maturities of principal and interest requirements on capital leases payable for the year ended June 30, 2025 are as follows:

Year Ending June 30:	Principal	Interest	Total
2026	\$ 637,967	\$ 29,780	\$ 667,747
2027-2031	656,142	11,604	667,746
2032-2036	-	-	-
2037-2041	-	-	-
Total	\$ 1,294,109	\$ 41,384	\$ 1,335,493

**NOTE 13 - 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 two 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, 2025, 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 \$3,602,622 and \$3,402,952 during fiscal years 2025 and 2024, respectively, and individual employees contributed \$2,295,595 and \$2,170,711.

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**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 benefits eligible employees. This defined benefit program is funded through contributions by the University and the individual employees. The University contributed \$797,997 and \$863,486 during fiscal years 2025 and 2024, respectively, and individual employees contributed \$409,702 and \$411,868. See Note 14 for detailed information.

**NOTE 14 - 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 rates. The actuarially determined employer contribution rate (not including the 1.00% contribution rate for the Death and Disability Program) was 9.38% and the statutory contribution rate was 12.57%. As mentioned in Note 13 - Retirement Plans, the University contributed \$797,997 and \$863,486 to the pension plan during fiscal years 2025 and 2024, respectively, and individual employees contributed \$409,702 and \$411,868.

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

At June 30, 2025, the University reported a liability of \$8,807,551 for its proportionate share of the net pension liability. The net pension liability was measurement period was July 1, 2023 to June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024. 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, 2024. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At the June 30, 2024 measurement date, PSU's State Employer proportion was 0.120% which was a decrease of 0.026% from its proportion measured as of June 30, 2023. At June 30, 2024 PSU's Kansas Police & Fire Group proportion was 0.059%, which was an decrease of 0.022% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the University recognized pension expense of \$257,215. The following sources were used to report deferred outflows of resources and deferred inflows of resources related to pensions.

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 580,766	\$ -
Net difference between projected and actual earnings on pension plan investments	74,722	-
Changes in proportion	1,048	1,822,472
Changes of assumption	578,504	202,715
Total	<u><u>\$ 1,235,040</u></u>	<u><u>\$ 2,025,187</u></u>

The amount of \$1,235,040 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, 2025.

The following table provides the combined deferred outflows/(inflows), as of June 30, 2025, that will be recognized in pension expense in future years:

<b>Year ended June 30:</b>		
2025	\$ (366,838)	
2026	154,940	
2027	(355,839)	
2028	(222,408)	
2029	-	
Thereafter	-	
Total	<u><u>\$ (790,145)</u></u>	

**Actuarial Assumptions.** The total pension liability was determined by an actuarial valuation as of December 31, 2023, which was rolled forward to June 30, 2024 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry age normal
Inflation	2.75 percent
Salary Increase	3.50 to 15.50 percent, including price inflation
Investment Rate of Return	7.00 percent compounded annually, net of investment including price inflation

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Mortality rates were based on the PUB 2010 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-2021.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 29, 2024, 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>
	%	%
Non-U.S. Equities	43.00	8.20
Core Fixed Income	13.00	2.20
Yield Driven	12.00	5.30
Infrastructure	3.00	6.80
Real Estate	15.00	5.70
Alternatives	11.00	12.00
Short-term investments	3.00	0.30
	<b>100.00</b>	

**Discount rate**

The discount rate used to measure the total pension liability was 7.00 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 Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate. However, the State/School groups do not necessarily do so.

Based on legislation first passed in 1993, the employer contribution rates certified by KPERS Board may not increase by more than the statutory cap. Subsequent legislation in 2012 set the statutory cap at 0.90 percent for Fiscal Year 2014, 1.00 percent for Fiscal Year 2015, 1.10 percent for Fiscal Year 2016 and 1.20 percent for Fiscal years 2017 and beyond.

In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the statutorily capped rates.

In 2015, SB 4, reduced the previously certified State/School statutory rate from 11.27 percent to 8.65 percent for the last half of Fiscal Year 2015. That same session, SB 228 recertified statutory rates to 10.91 percent for Fiscal Year 2016 and 10.81 percent for Fiscal Year 2017 in anticipation of the issuance of \$1.0 billion in pension obligation bonds.

Legislation in the 2016 session (SB 161) provided for the delay of up to \$100.0 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 H. Sub for SB 249 provided that the delayed contributions would be paid in full, with interest at 8.00 percent, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provision. In addition, 2017 S. Sub for HB 2052 delayed \$64.0 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments.

The first-year payment of \$6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01 percent for that year.

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Additional legislation in the 2017 Session (S. Sub for HB 2002) provided for a reduction of \$194.0 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 receivables by the System.

The 2018 Legislature passed H. Sub for SB 109 that provided additional contributions to the school group of \$56.0 million in Fiscal Year 2018 and \$82.0 million in Fiscal Year 2019.

The 2019 Legislature passed SB 9 that provided additional contributions to the school group of \$115.0 million in Fiscal Year 2019. H. Sub for SB 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in Fiscal Year 2020 of \$51.0 million.

The 2021 Legislature passed HB 2405, which authorizes the state of Kansas to issue bonds with net proceeds of \$500.0 million to fund a portion of the School's unfunded actuarial liability. SB 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09 percent to 13.33 percent and Fiscal Year 2023 from 13.86 percent to 13.11 percent. The bond proceeds were received by KPERS on August 26, 2021.

The 2022 Legislature passed SB 421, which authorized the state of Kansas to transfer \$1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first \$253.9 million pays off the outstanding accounts receivable for KPERS-School employer contributions withheld in Fiscal Year 2017 and Fiscal Year 2019, discussed previously, while the remaining \$871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, \$600.0 million was transferred to the System. In Fiscal Year 2023 SB 421 authorized transfers totaling \$271.0 million. These transfers are included in the cash flows.

The 2023 Legislature passed HB 2196, which expanded the Deferred Retirement Option Plan (DROP) in KP&F to include all of that System's employers as of April 27, 2023. Under that same Bill, the Kansas Department of Wildlife and Parks (KDWP) became an affiliated KP&F employer making certain law enforcement positions in the Agency eligible for KP&F future service participation as of July 1, 2023. HB 2100 was also passed, defining and establishing limits on environmental, social and governance factors when entering into contracts (including investment contracts) and when making proxy votes on behalf of the System. This latter change was not expected to materially affect the asset allocation. Neither act impacted the valuation results.

The 2024 Legislature passed HB 2711 that increased both the lump sum retiree death benefit from \$4,000 to \$6,000 and employer contribution rates for State/School for FY 2025 and FY 2026 and for Local employers for CY 2025 to fund this benefit improvement. The Bill also increased the employer contribution threshold for the 30% Working After Retirement (WAR) rate from \$25,000 to \$40,000; and the earnings limit for KP&F retirees from \$25,000 to \$40,000; while creating an exemption from employer contributions for nurses and direct support workers at Community Development Disability Organizations (CDDOs). Further, the Bill increased the alternative investment cap from 15% to 25% and requires the System to divest all publicly traded securities held in funds by countries of concern. None of the changes from this legislation had any impact on the valuation.

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

**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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) 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.

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	1% Decrease	Current Discount	1% Increase
	(6.00%)	Rate (7.00%)	(8.00%)
PSU's proportionate share of the net pension liability	\$ 12,874,682	\$ 8,807,551	\$ 5,401,258

**NOTE 15 - Other Postemployment Healthcare Benefits**

**Plan Description - Death and Disability Plan**

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, 2024</b>	<b>June 30, 2023</b>
Disability Income	\$ 57,612	\$ 34,517
Life Waiver	37,977	32,445
Total OPEB Liability	95,589	66,962
Covered Payroll	6,468,354	6,845,627
Total OPEB Liability as a % of covered payroll	1.48%	0.98%

The total OPEB liability was determined by an actuarial valuation as of December 31, 2023, calculated based on the discount rate and actuarial assumptions below, and was rolled forward to the measurement date as of June 30, 2024. Any significant changes during this period have been reflected as prescribed by GASB Statement 75.

**Discount rate.** The discount rate used was 3.65% and 3.93% for the June 30, 2023 and June 30, 2024 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, 2023 and June 30, 2024 were based on the actual KPERS experience. Other demographic assumptions are set to be consistent with the actuarial assumptions reflected in the most recent KPERS pension valuation as of the measurement date.

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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	3.93%

**Changes in Total OPEB Liability**

Balance as of June 30, 2023	\$ 66,962
Changes for the year:	
Service cost	20,672
Interest on total OPEB Liability	2,993
Effect of plan changes	-
Effect of economic/demographic gains or losses	16,570
Effect of assumption changes or inputs (Discount rate change from 3.65% to 3.93%)	(211)
Benefit payments	(11,397)
Balance as of June 30, 2024	<u>\$ 95,589</u>

**Sensitivity Analysis.** The following represents the total OPEB liability of PSU as of June 30, 2024, calculated using the discount rate of 3.93%, as well as what the total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current rate.

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>(2.93%)</b>	<b>(3.93%)</b>	<b>(4.93%)</b>
Total OPEB liability	\$ 96,050	\$ 95,589	\$ 94,619

The following presents the total OPEB liability of Pittsburg State University of June 30, 2024, 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, 2024, the PSU recognized OPEB expense of \$265,815. On June 30, 2024, PSU reported deferred outflows and inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Difference between expected and actual experience	\$ 186,187	\$ 366,826
Changes of assumption	12,841	25,389
Contributions subsequent to measurement date	11,397	-
Total	<u>\$ 210,425</u>	<u>\$ 392,215</u>

The deferred outflow of resources related to the benefit payments subsequent to the measurement date totaling \$11,397 consist of payments made to KPERS for the benefits and administrative costs and will be recognized as a reduction in the total OPEB liability during the year ended June 30, 2024.

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Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Year ended June 30:</b>	
2025	\$ (29,370)
2026	(28,714)
2027	(26,420)
2028	(28,305)
2029	(36,463)
Thereafter*	<u>(43,915)</u>
Total	<u><u>(193,187)</u></u>

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

### **Plan Description - Healthcare Benefits Plan**

As an agency of the State of Kansas, the University participates in the State's health insurance benefit plan. Kansas statutes provide that postemployment healthcare benefits be extended to retired employees who have met age and/or service eligibility requirements. The health insurance benefit generally provides the same coverage for retirees and their dependents as for active employees and their dependents. The health insurance benefit plan is a multiple employer cost-sharing OPEB plan administered by Kansas Department of Health and Environment. The benefit is available for selection at retirement and is extended to retirees and their dependents for life. Non-Medicare participants are subsidized by the State, thus resulting in a liability to the University. Accounting for the health insurance benefits for retirees is included in the State's Self-Insurance Health fund, with the subsidy provided from the Self-Insurance Health Fund. There is no stand-alone financial report for the plan.

#### **Benefits Provided**

The State provides health insurance benefits to retirees and their dependents in accordance with Kansas law (K.S.A.75-6511). Kansas statutes, 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 State does not pay retiree benefits directly. They are paid implicitly over time through employer subsidization of active premiums that would be lower if retirees were not part of the experience group.

#### **Total OPEB Liability**

The University's total OPEB liability of \$110,064 was based on an actuarial valuation as of January 1, 2024, rolled forward to a measurement date of June 30, 2024.

#### **Actuarial Assumptions and Other Inputs**

The total OPEB liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Price inflation	2.75%
Salary increases, including inflation	3.50% to 10%, including price inflation
Discount rate	3.93%
Healthcare cost trend rates	
Medical	5.47% for the first year, then 5.25% decreasing by 0.25% over 3 years to an ultimate rate of 4.50%
Prescription Drug	8.47% for the first year, then 8.25% decreasing by 0.25% over 15 years to an ultimate rate of 4.50%
Dental, administrative costs	7.12% (dental) and 2.00% (admin) for the first year, 3.00% (dental) and 2.00% (admin) thereafter

The discount rate was based upon the Bond Buyer General Obligation 20-Year Municipal Bond Index as of the measurement date.

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Mortality rates were based on the PubG-2010 (Below Median) Annuitant Mortality Table set back 1 year for males and the PubS-2010 Annuitant Mortality Table set forward 1 year for females, as appropriate, with adjustments for mortality improvement using Scale MP-2021. Per capita medical, prescription and dental claims costs were based on actual incurred claim experience for the period January 1, 2022 through December 31, 2024. Administrative expenses were based on administrative contract fees paid by the State during the period January 1, 2024 through December 31, 2024.

**Changes in the Total OPEB Liability**

<b>Total OPEB Liability, Balance as of:</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
Balance, Beginning of Year	\$ -	\$ -
Benefit Change	110,064	-
Balance, End of Year	<u><u>\$ 110,064</u></u>	<u><u>\$ -</u></u>

**Sensitivity Analysis**

The following presents the total OPEB liability of the University as of June 30, 2025, as well as what the University's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate. There was no total OPEB liability as of June 30, 2024 for this plan:

	<b>1% Decrease</b>	<b>Current Discount Rate</b>	<b>1% Increase</b>
	<b>(2.93%)</b>	<b>(3.93%)</b>	<b>(4.93%)</b>
Total OPEB liability	\$ 115,663	\$ 110,064	\$ 105,052

The following presents the total OPEB liability of the University, as well as the estimated University's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates. There was no total OPEB liability as of June 30, 2024 for this plan:

	<b>1% Decrease</b>	<b>Current Rate</b>	<b>1% Increase</b>
Total OPEB liability	\$ 104,535	\$ 110,064	\$ 116,487

**OPEB Expense Deferred Outflows of Resources, and Deferred Inflows of Resources**

For the years ended June 30, 2025 and 2024, the University recognized OPEB expense of \$110,064 and \$0, respectively. There are currently no deferred outflows or deferred inflows for this plan.

**NOTE 16 - 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, 2025 and 2024 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.

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

	2025		2024
Pell Grants	\$ 9,357,6131		\$ 7,552,481
Regents Supplemental Grants	1,727,955		1,895,015
SEOG Grants	178,945		178,945
Teach Grants	30,332		54,509
Other Grants	-		-
Total	<u>11,294,845</u>		<u>9,680,950</u>

**NOTE 17 - Commitments and Contingent Liabilities**

At June 30, 2025 and 2024 the University had outstanding commitments under construction contracts totaling \$56,300,563 and \$46,511,198, 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, 2025.

All university buildings and contents were insured up to a limit of \$1 billion per occurrence subject to various deductibles. The University does not insure State-owned automobiles for bodily injury and property damages of State employees. PSU is not aware of any significant outstanding claims as of June 30, 2025.

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.

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**NOTE 18 - Natural Classification with Functional Classifications**

The University's operating expenses in U.S. dollars by functional and natural classification as of June 30, 2025:

	Compensation & Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Total
Educational and general						
Instruction	32,460,378	-	2,016	4,747,826		37,210,220
Research	852,641	-	-	1,030,059		1,882,700
Public service	4,877,610	-	27,472	2,428,298		7,333,380
Academic support	7,871,928	-	-	10,089,652		17,961,580
Student services	10,160,819	-	286	5,960,671		16,121,776
Institutional support	7,436,401	-	5,121	2,324,932		9,766,454
Operations and maintenance of plant	6,446,705	-	2,776,154	2,360,127		11,582,986
Depreciation					10,121,333	10,121,333
Scholarships and fellowships	-	7,569,006	-	-		7,569,006
Auxiliary enterprises:						
Housing	1,671,031	-	968,814	3,113,684		5,753,529
Parking	51,214	-	-	102,002		153,216
Health Center	75,774	-	-	556,217		631,991
Student Center	643,068	-	305,555	601,287		1,549,910
Athletics	759,835	-	-	3,434,789		4,194,624
Student Publications	55,781	-	-	49,278		105,059
Other	1,485	-	-	407,223		408,708
Total	73,364,670	7,569,006	4,085,418	37,206,045	10,121,333	132,346,472

The University's operating expenses in U.S. dollars by functional and natural classification as of June 30, 2024:

	Compensation & Benefits	Scholarships & Fellowships	Utilities	Supplies & Other Services	Depreciation	Total
Educational and general						
Instruction	31,952,720	-	975	4,752,662	\$	36,706,357
Research	1,550,498	-	192	644,007		2,194,697
Public service	3,227,834	-	96,585	1,877,150		5,201,569
Academic support	7,311,022	-		9,992,985		17,304,007
Student services	4,979,203	-	-	7,998,853		12,978,056
Institutional support	6,793,765	-	(8,309)	4,320,567		11,106,023
Operations and maintenance of plant	6,398,610	-	2,787,478	1,754,472		10,940,560
Depreciation					9,499,337	9,499,337
Scholarships and fellowships	-	8,876,984	-	-		8,876,984
Auxiliary enterprises:						
Housing	1,581,393	-	836,544	2,853,847		5,271,784
Parking	48,503	-		62,671		111,174
Health Center	317,799	-	3,108	703,960		1,024,867
Student Center	644,753	-	274,972	468,677		1,388,402
Athletics	4,408,090	-		(779,530)		3,628,560
Student Publications	58,046	-		56,462		114,508
Other	-	-		1,498,961		1,498,961
Total	69,272,236	8,876,984	3,991,545	36,205,744	9,499,337	127,845,846

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**NOTE 19 - Scholarship Allowances and Tuition Discounts**

Effective for the fiscal year ended June 30, 2025, the University implemented a new methodology for calculating scholarship allowances in accordance with NACUBO Advisory Report 2023-01, Method B - Detail by Student. This approach uses detailed student-level data to allocate financial aid amounts applied to tuition and fees, housing, and other charges.

Under GASB Statements No. 34 and 35, tuition and fee revenues are reported net of scholarship allowances. Scholarship allowances represent the portion of financial aid (including institutional scholarships, federal and state grants, and other aid) that reduces the amount of tuition and fees revenue recognized by the University. Amounts applied to student accounts beyond tuition and fees are reported as student aid expense.

**Impact of Change in Methodology**

Previously, the University used an allocation-based approach (Alternative Method). The new methodology provides a more accurate calculation by leveraging detailed student-level data from the student information system. As a result, scholarship allowances and related revenues for fiscal year 2025 reflect the change as follows:

<b>Net Scholarship Allowance as of:</b>	<b>June 30, 2025</b>	<b>June 30, 2024</b>
	<u>\$14,777,022</u>	<u>\$9,912,063</u>

**NOTE 20 - Subsequent Events**

Subsequent to the fiscal year ended June 30, 2025, the University entered into a lease agreement for property located at 315 W 3rd Street, Pittsburg, Kansas. The lease term begins July 1, 2026 and requires annual payments of \$490,000 for a period of 18 years. The building will be used for student housing and is anticipated to be ready for occupancy in August 2026. An initial lease liability and related right-to-use asset will be recognized in fiscal year 2027, when the lease term commences.



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