Johnson County Community College

Financial Report
June 30, 2021

Contents

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

Independent Auditors' Report

Board of Trustees
Johnson County Community College
Overland Park, Kansas

Report On The Financial Statements

We have audited the accompanying financial statements of the business-type activities, fiduciary activities, and the discretely presented component unit of Johnson County Community College (the College) as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the discretely presented component unit, Johnson County Community College Foundation, were not audited in accordance with *Government Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities, the fiduciary activities, and the discretely presented component unit of Johnson County Community College as of June 30, 2021 and 2020, and the results of its changes in financial position and, where applicable, its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of College's Proportionate Share of the Net Pension Liability, Schedule of the College's Contributions to Defined Benefit Pension Plan, Schedule of College's Net OPEB Liability – Medical and Prescription Drug Plan, and Schedule of College's Net OPEB Liability – KPERS Long-term Disability and Life Insurance Benefit Plans, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming an opinion on the basic financial statements that collectively comprise the College's basic financial statements. The accompanying supplemental schedule of budgetary expenditures with appropriations, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required By *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021 on our consideration of Johnson County Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Johnson County Community College's internal control over financial reporting and compliance.

RubinBrown LLP

November 29, 2021

Johnson County Community College

Management's Discussion and Analysis
Years Ended June 30, 2021 and 2020

Introduction

This section of Johnson County Community College's (the College) annual financial report presents management's discussion and analysis (MD&A) of the College's financial activity for the fiscal years ended June 30, 2021 and 2020. It should be read in conjunction with the financial statements and footnote disclosures that follow. A comparative analysis to financial activity for the fiscal year ended June 30, 2019 is also presented.

The College prepared the financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements – and Management's Discussion and Analysis – for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that the financial statements be presented to focus on the College as a whole.

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the College, as well as its discretely presented component unit, the Johnson County Community College Foundation, and its fiduciary fund, the Johnson County Community College Retiree Benefit Trust.

Using This Annual Report

The financial statements focus on the College as a whole and are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The financial statements consist of four primary parts: (1) the statements of net position, (2) statements of revenues, expenses, and changes in net position, (3) statements of cash flow and (4) notes to the financial statements. The financial statements are prepared on the accrual basis of accounting and economic resources measurement focus. Under the accrual basis of accounting, expenses are recorded when incurred, and all revenues are recognized when earned in accordance with generally accepted accounting principles.

The Statement of Net Position is presented in the format where assets plus deferred outflows of resources equal liabilities plus deferred inflows of resources plus net position. Assets and liabilities are presented in order of liquidity and are classified as current (convertible into cash within one year) and non-current. This statement combines and consolidates current financial resources (short-term spendable resources) with long-term capital assets and deferred inflows and outflows of resources. The focus of this statement is to show the overall liquidity and health of the College as of the end of the fiscal year.

The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross and net costs of College activities, which are supported substantially by property taxes, state and federal grants and contracts, student tuition and fees, and auxiliary enterprises revenues. This approach is intended to summarize and simplify the user's analysis of the financial results of the various College services to students and the public.

The Statements of Cash Flows disclose net cash provided by or used for operating, non-capital financing, capital and related financing, and investing activities. This statement shows that the College's cash flows are sufficient to pay current liabilities.

The Notes to the Financial Statements are an integral part of the basic statements and describe the College's significant accounting policies. The reader is encouraged to review the notes in conjunction with management's discussion and analysis of the financial statements.

Financial Highlights

Statements of Net Position

The major components of the College's assets, deferred outflows, liabilities, deferred inflows and net position as of June 30, 2021, 2020 and 2019 are as follows (in millions of dollars):

	2021	2020	2019	Change 2021-20	Change 2020-19
ASSETS					
Current assets	$ 120.6	$ 135.0	$ 160.0	$ (14.4)	$ (25.0)
Capital assets, net	212.7	214.4	191.2	(1.7)	23.2
Other noncurrent assets	77.3	40.0	26.5	37.3	13.5
Total Assets	$ 410.6	$ 389.4	$ 377.7	$ 21.2	$ 11.7
DEFERRED OUTFLOWS OF RESOURCES	$ 1.2	$ 1.4	$ 1.0	$ (0.2)	$ 0.4
LIABILITIES					
Current liabilities	$ 15.5	$ 16.9	$ 20.6	$ (1.4)	$ (3.7)
Noncurrent liabilities	72.4	78.7	76.8	(6.3)	1.9
Total Liabilities	$ 87.9	$ 95.6	$ 97.4	$ (7.7)	$ (1.8)
DEFERRED INFLOWS OF RESOURCES	$ 1.7	$ 1.2	$ 0.8	$ 0.5	$ 0.4
NET POSITION					
Net investment in capital assets	$ 157.7	$ 157.0	$ 142.3	$ 0.7	$ 14.7
Restricted	14.8	13.8	12.0	1.0	1.8
Unrestricted	149.7	123.2	126.2	26.5	(3.0)
Total Net Position	$ 322.2	$ 294.0	$ 280.5	$ 28.2	$ 13.5

Fiscal Year 2021 Compared to Fiscal Year 2020

Assets

Total current assets decreased to $120.6 million as of June 30, 2021 from $135.0 million as of June 30, 2020, primarily due to purchases of noncurrent investments.

Capital assets, net of accumulated depreciation, decreased by $1.7 million during the fiscal year ending June 30, 2021 due to depreciation.

Other noncurrent assets increased to $77.3 million as of June 30, 2021 from $40.0 million as of June 30, 2020. This increase is the net result of purchases of noncurrent investments and the expenditure of proceeds from the Series 2017 Certificates of Participation. The net proceeds from the issuance, plus bond premium, were deposited into a Project Fund which is classified in restricted cash and cash equivalents and in restricted investments on the Statements of Net Position. The Certificates were issued to finance various capital projects on the campus.

Total deferred outflows of resources decreased by $0.2 million in the current year.

The College records deferred contributions to the Kansas Public Employees Retirement System (KPERS) pension plan associated with certain KPERS retirees employed by the College. The College makes contributions directly to KPERS for the KPERS retirees filling these positions. The balances for these deferred charges decreased by $0.1 million in the current year and will be recognized as pension expense in future years.

Deferred outflows related to OPEB were $1.0 million and $1.1 million as of June 30, 2021 and 2020, respectively. The balances for these deferred charges will be recognized as benefits expense in future years.

Liabilities
Total current liabilities decreased to $15.5 million as of June 30, 2021 from $16.9 million as of June 30, 2020 due to timing of accounts payable.

Noncurrent liabilities decreased by $6.3 million in fiscal year 2021 compared to fiscal year 2020, which was primarily the result of scheduled maturities of long-term obligations.

Net Position
Total net position increased by $28.2 million in fiscal year 2021, which is primarily due to increases in non-operating revenues from county property taxes and federal grants and contracts. Net Position includes three primary categories: Net Investment in Capital Assets, Restricted, and Unrestricted. The first category, Net Investment in Capital Assets, provides the College's equity in capital assets – the property, plant and equipment owned by the College. The next category is Restricted, which is available for expenditure by the College but must be spent for purposes as specified by donors and/or external entities that have placed purpose restrictions on the use of the assets. The final category, Unrestricted, is not subject to externally imposed stipulations and is available for use by the College for any legal purpose.

Fiscal Year 2020 Compared to Fiscal Year 2019

Assets
Total current assets decreased to $135.0 million as of June 30, 2020 from $160.0 million as of June 30, 2019, primarily due to purchases of noncurrent investments.

Capital assets, net of accumulated depreciation, increased by $23.2 million during the fiscal year ending June 30, 2020. The total cost value of capital assets increased by $32 million due to various capital improvements to the College's campus connected to the Facilities Master Plan, including renovations to the Welding, Construction, Machining Technology Building and certain athletic facilities. Accumulated depreciation increased by $8.7 million during the current year.

Other noncurrent assets increased to $40.0 million as of June 30, 2020 from $26.5 million as of June 30, 2019. This increase is the net result of purchases of noncurrent investments and the expenditure of proceeds from the Series 2017 Certificates of Participation. The net proceeds from the issuance, plus bond premium, were deposited into a Project Fund which is classified in restricted cash and cash equivalents and in restricted investments on the Statements of Net Position. The Certificates were issued to finance various capital projects on the campus.

Total deferred outflows of resources increased by $0.4 million in the current year.

The College records deferred contributions to the Kansas Public Employees Retirement System (KPERS) pension plan associated with certain KPERS retirees employed by the College. The College makes contributions directly to KPERS for the KPERS retirees filling these positions. The balances for these deferred charges decreased by $0.1 million in the current year and will be recognized as pension expense in future years.

Deferred outflows related to OPEB were $1.1 million and $0.3 million as of June 30, 2020 and 2019, respectively. The balances for these deferred charges will be recognized as benefits expense in future years.

Deferred charges on bond refunding decreased by approximately $0.3 million in the current year, largely due to the issuance of the Series 2019 Revenue Bonds, which refunded the Series 2011 Revenue Bonds on November 13, 2019.

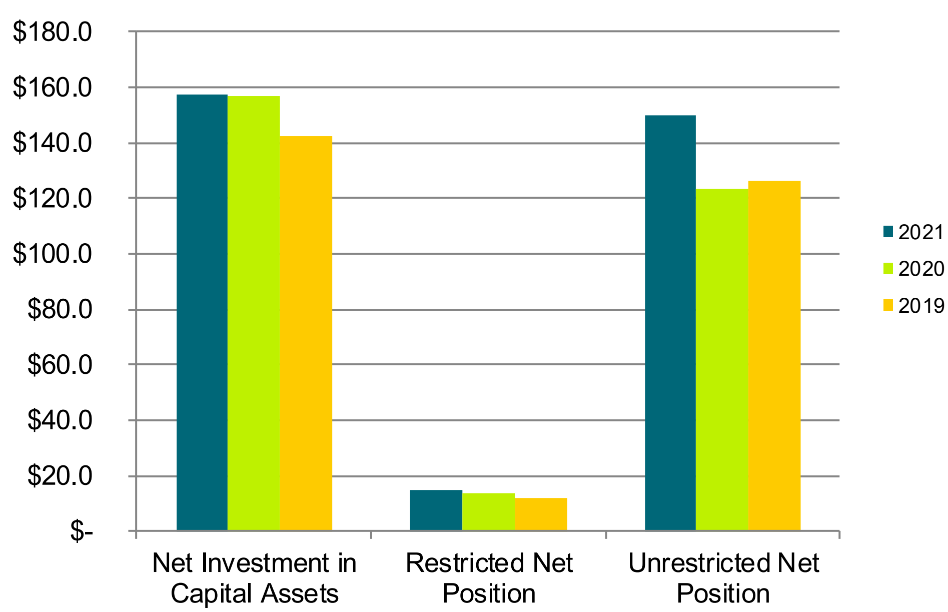
Liabilities
Total current liabilities decreased to $16.9 million as of June 30, 2020 from $20.6 million as of June 30, 2019 due to timing of accounts payable.

Noncurrent liabilities increased by $1.9 million in fiscal year 2020 compared to fiscal year 2019, which was the net result of a new retirement benefit and scheduled maturities of long-term obligations.

Net Position
Total net position increased by $13.5 million in 2020, which is primarily due to increases in non-operating revenues from county property taxes, state appropriations and federal grants and contracts. Net Position includes three primary categories: Net Investment in Capital Assets, Restricted, and Unrestricted. The first category, Net Investment in Capital Assets, provides the College's equity in capital assets – the property, plant and equipment owned by the College. The next category is Restricted, which is available for expenditure by the College but must be spent for purposes as specified by donors and/or external entities that have placed purpose restrictions on the use of the assets. The final category, Unrestricted, is not subject to externally imposed stipulations and is available for use by the College for any legal purpose.

Comparison of Net Position

The following table presents the comparisons of net investment in capital assets, restricted net position and unrestricted net position for the College for fiscal years 2021, 2020 and 2019 (in millions of dollars):



Statements of Revenues, Expenses and Changes in Net Position

The following table presents the statements of revenues, expenses and changes in net position for the College for fiscal years 2021, 2020 and 2019 (in millions of dollars):

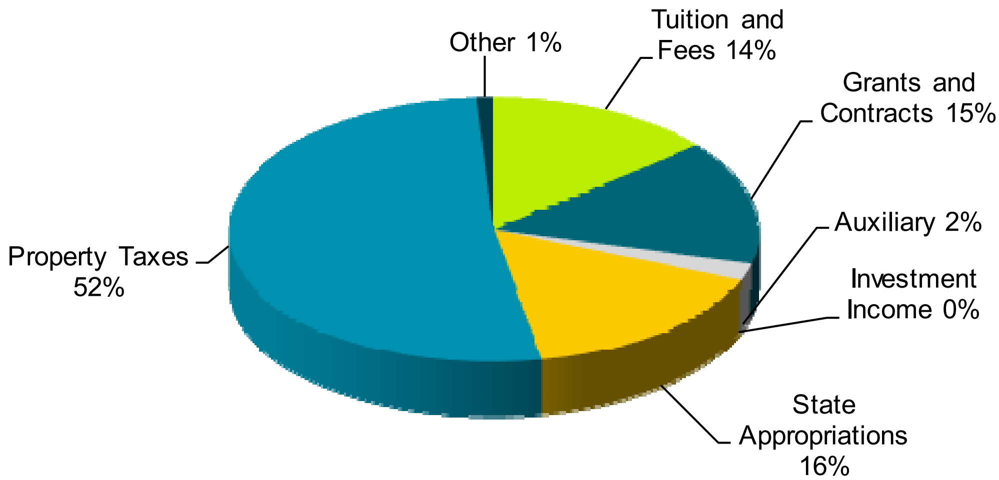
	2021	2020	2019	Change 2021-20	Change 2020-19
Operating Revenues					
Student tuition and fees, net	$ 30.4	$ 31.9	$ 33.2	$ (1.5)	$ (1.3)
Gifts, grants and contracts	0.9	1.6	1.5	(0.7)	0.1
Auxiliary enterprises	5.4	7.7	9.0	(2.3)	(1.3)
Other operating revenues	3.2	4.4	5.0	(1.2)	(0.6)
Total Operating Revenues	$ 39.9	$ 45.6	$ 48.7	$ (5.7)	$ (3.1)
Less Operating Expenses	196.0	196.8	183.4	(0.8)	13.4
Operating Income (Loss)	$(156.1)	$(151.2)	$(134.7)	$ (4.9)	$ (16.5)
Non-Operating Revenues (Expenses)					
County property taxes	$ 115.5	$ 108.7	$ 106.7	$ 6.8	$ 2.0
State appropriations	36.6	37.2	35.3	(0.6)	1.9
Federal grants and contracts	33.3	15.8	13.3	17.5	2.5
Investment & other income	0.1	2.4	3.5	(2.3)	(1.1)
Interest on capital asset debt	(1.9)	(2.2)	(2.2)	0.3	-
Total Nonoperating revenues, net	$ 183.6	$ 161.9	$ 156.6	$ 21.7	$ 5.3
Capital gifts	$ 0.7	$ 2.8	$ 8.9	$ (2.1)	$ (6.1)
Change in Net Position	$ 28.2	$ 13.5	$ 30.8	$ 14.7	$ (17.3)
Net Position, Beginning of Year	$ 294.0	$ 280.5	$ 249.7	$ 13.5	$ 30.8
Net Position, End of Year	$ 322.2	$ 294.0	$ 280.5	$ 28.2	$ 13.5

Revenues

Fiscal Year 2021 Compared to Fiscal Year 2020

The College's operating and non-operating revenues were $223.5 million for fiscal 2021, an increase of $16.0 million from fiscal 2020. The College's three primary revenue sources accounted for 83% of total revenues in fiscal 2021. County property taxes were $115.5 million, or 52%, of fiscal 2021 total revenues. State appropriations were $36.6 million, or 16%, of total revenues, and federal grants and contracts were $33.3 million and accounted for 15% of total revenues in 2021.

Operating and Non-Operating Revenues
June 30, 2021



Operating revenues from student tuition and fees decreased by $1.5 million in fiscal 2021 due to a decline in student credit hour enrollment due to the COVID-19 global pandemic. Tuition and fee rates did not change in fiscal 2021 compared to fiscal 2020.

Non-operating revenues increased by $21.7 million to $183.6 million in fiscal 2021. Revenue from county property taxes increased by $6.8 million due to the increase in assessed valuation in Johnson County for the 2020 tax year. The College's tax levy increased slightly to 9.191 mills in 2021 from 9.121 mills in 2020.

Revenue from the state of Kansas was $36.6 million in fiscal 2021 compared to $37.2 million in fiscal 2020, a decrease of approximately $0.6 million. Contributions made by the state of Kansas on behalf of the College to KPERS were $12.6 million in fiscal 2021 compared to $12.9 million in fiscal 2020, a decrease of $0.3 million. The College records a revenue and expense for the payments made by the State to KPERS. The College's credit hour state operating grant revenue increased to $22.1 million in 2021 from $22.0 million in 2020 due to increases in state budget appropriations.

Federal grants and contracts revenues were $33.3 million in fiscal 2021, an increase of $17.5 million over prior year. This increase was related to $19.3 million received through the Higher Education Emergency Relief Fund (HEERF), found in Section 18004 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided funding to institutions of higher education in response to the COVID-19 global pandemic.

Non-operating revenues are presented net of non-operating expenses (interest on capital asset debt), which decreased slightly to $1.9 million in 2021 from $2.2 million in 2020.

Capital gifts from the Johnson County Community College Foundation were $0.7 million in fiscal 2021 compared to $2.8 million in fiscal 2020, representing contributions for construction of new facilities on the campus.

Fiscal Year 2020 Compared to Fiscal Year 2019

The College's operating and non-operating revenues were $207.5 million for fiscal 2020, an increase of $2.2 million from fiscal 2019. The College's three primary revenue sources accounted for 85% of total revenues in fiscal 2020. County property taxes were $108.7 million, or 52%, of fiscal 2020 total revenues. State appropriations were $37.2 million, or 18%, of total revenues, and student tuition and fees were $31.9 million and accounted for 15% of total revenues in 2020.

Operating revenues from student tuition and fees decreased by $1.3 million in fiscal 2020 due to a decline in student credit hour enrollment. Tuition and fee rates increased in fiscal 2020 by $1 per credit hour for Johnson County residents, $2 per credit hour for Kansas residents and $3 per credit hour for out of state and international students.

Non-operating revenues increased by $5.3 million to $161.9 million. Revenue from county property taxes increased by 2%, or approximately $2 million due to the increase in assessed valuation in Johnson County for the 2019 tax year. The College's tax levy was reduced by the Board of Trustees from 9.253 mills in 2019 to 9.121 mills in 2020.

Revenue from the state of Kansas was $37.2 million in fiscal 2020 compared to $35.3 million in fiscal 2019, an increase of approximately $1.9 million. Contributions made by the state of Kansas on behalf of the College to KPERS were $12.9 million in fiscal 2020 compared to $11.8 million in fiscal 2019, an increase of $1.1 million. The College records a revenue and expense for the payments made by the State to KPERS. The College's credit hour state operating grant revenue increased from $21.3 million in 2019 to $22.0 million in 2020 due to restoration of the remainder of the 4% reduction in funding implemented in 2017 and the allocation of new funding for higher education in the State's fiscal 2020 budget.

Federal grants and contracts revenue were $15.8 million in fiscal 2020, an increase of $2.5 million over prior year. This increase was primarily related to revenues of $1.8 million received through the Higher Education Emergency Relief Fund (HEERF), found in Section 18004 of the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which provided funding to institutions of higher education in response to the COVID-19 global pandemic.

Non-operating revenues are presented net of non-operating expenses (interest on capital asset debt), which was flat at $2.2 million in fiscal 2020 and 2019, respectively.

Capital gifts from the Johnson County Community College Foundation were $2.8 million in fiscal 2020 compared to $8.9 million in fiscal 2019, representing contributions for construction of new facilities on the campus.

Expenses

The following table presents the College's operating expenses by function for fiscal years 2021, 2020 and 2019 (in millions of dollars):

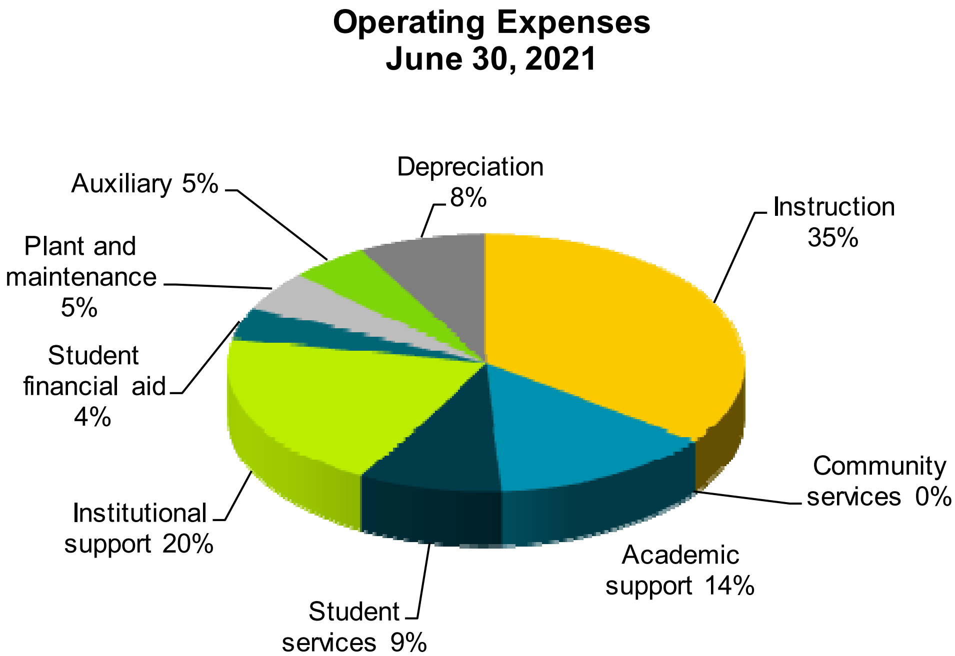
	2021	2020	2019	Change 2021-20	Change 2020-19
Operating Expenses					
Instruction	$ 69.3	$ 67.4	$ 67.0	$ 1.9	$ 0.4
Community services	0.8	1.1	1.1	(0.3)	-
Academic support	27.2	25.9	26.8	1.3	(0.9)
Student services	17.4	16.9	16.0	0.5	0.9
Institutional support	38.5	39.8	30.6	(1.3)	9.2
Student financial aid	7.6	8.9	8.2	(1.3)	0.7
Plant and maintenance	10.2	12.9	12.1	(2.7)	0.8
Auxiliary	10.4	11.6	11.7	(1.2)	(0.1)
Depreciation	14.6	12.3	9.9	2.3	2.4
Total Operating Expenses	$ 196.0	$ 196.8	$ 183.4	$ (0.8)	$ 13.4

Fiscal Year 2021 Compared to Fiscal Year 2020

Total operating expenses for fiscal 2021 were $196.0 million, a decrease of 1%, or approximately $0.8 million compared to fiscal 2020.

As previously discussed, the State's KPERS pension contributions, which are included in operating expenses, decreased by $0.3 million in the current year. The state of Kansas makes these contributions on behalf of the College. The College records an expense and revenue for the payments made by the State to KPERS. The decrease in plant and maintenance costs in fiscal 2021 was due to the impact of COVID-19 on campus operations.

The increase in depreciation expense is consistent with the increase in cost of depreciable capital assets in fiscal 2021 as compared to fiscal 2020.



Fiscal Year 2020 Compared to Fiscal Year 2019

Total operating expenses for fiscal 2020 were $196.8 million, an increase of 7%, or approximately $13.4 million compared to fiscal 2019.

As previously discussed, the State's KPERS pension contributions, which are included in operating expenses, increased by $1.1 million in the current year. The state of Kansas makes these contributions on behalf of the College. The College records an expense and revenue for the payments made by the State to KPERS.

The $9.4 million increase in institutional support expenses in fiscal 2020 was primarily due to the accrual of a new retirement benefit for employees meeting certain criteria and who are eligible to retire under the Kansas Public Employees Retirement System.

The increase in depreciation expense is consistent with the increase in cost of depreciable capital assets in fiscal 2020 as compared to fiscal 2019.

Statement of Capital Assets and Long-Term Debt

The College's Capital Assets and Long-Term Debt as of June 30, 2021, 2020 and 2019 were as follows (in millions of dollars):

	2021	2020	2019	Change 2021-20	Change 2020-19
Capital Assets					
Land	$ 1.0	$ 1.0	$ 1.0	$ -	$ -
Construction in progress	2.1	6.4	14.2	(4.3)	(7.8)
Works of art	3.8	3.8	3.8	-	-
Land improvements	53.0	52.4	39.6	0.6	12.8
Buildings and improvements	298.8	285.7	257.3	13.1	28.4
Equipment	30.3	29.2	30.6	1.1	(1.4)
Total Capital Assets	389.0	378.5	346.5	10.5	32.0
Less accumulated depreciation	176.3	164.1	155.4	12.2	8.7
Net Capital Assets	$ 212.7	$ 214.4	$ 191.1	$ (1.7)	$ 23.3

	2021	2020	2019	Change 2021-20	Change 2020-19
Long-Term Debt					
Revenue bonds	$ 11.5	$ 12.8	$ 14.2	$ (1.3)	$ (1.4)
Certificates of participation	50.7	52.8	53.0	(2.1)	(0.2)
General obligation capital outlay bonds	-	1.9	4.0	(1.9)	(2.1)
Total Long-Term Debt	$ 62.2	$ 67.5	$ 71.2	$ (5.3)	$ (3.7)

Fiscal Year 2021 Compared to Fiscal Year 2020

As of June 30, 2021, the College had $389.0 million invested in capital assets and $176.3 million in accumulated depreciation, for total net capital assets of $212.7 million. The increase in buildings and improvements is a result of projects in construction in progress being completed and transferred to this depreciable asset category during fiscal 2021. In total, net capital assets decreased by $1.7 million in fiscal 2021 due to depreciation.

Detailed information about the College's capital assets is presented in Note 3 to the financial statements.

The College's long-term debt decreased by $5.3 million in fiscal 2021 due to scheduled maturities on long-term obligations. No new bonds were issued during fiscal 2021.

As of June 30, 2021, the College's outstanding Series 2017 Certificates of Participation were rated Aa1 by Moody's Investors Services with a 'stable' outlook. The College's outstanding revenue bonds were rated AA+ by Standard and Poor's Global Ratings with a 'stable' outlook.

Detailed information about the College's long-term debt obligations is presented in Note 4 to the financial statements.

Fiscal Year 2020 Compared to Fiscal Year 2019

As of June 30, 2020, the College had $378.5 million invested in capital assets and $164.1 million in accumulated depreciation, for total net capital assets of $214.4 million. Total net capital assets increased by $23.3 million in fiscal 2020 due to various new construction and capital improvement projects.

The College's long-term debt decreased by $3.7 million in fiscal 2020 due to scheduled maturities on long-term obligations.

Current Issues

The College's Board of Trustees passed a $188.3 million general fund operating budget for fiscal year 2022. The College's largest source of revenue, county property taxes, is expected to increase due to continued growth in assessed valuation in Johnson County.

The College's fiscal 2022 budget did not change the existing per credit hour student tuition rates.

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified and recognized as a global pandemic by the World Health Organization. From March to June 2020, the College campus was closed, and students, faculty and staff were moved to remote operations. Since July 2020, the College has operated in a modified hybrid environment, offering both face-to-face and virtual instruction and operations.

COVID-19 continues to impact enrollment and operations. College leadership continues to monitor the coronavirus threat and adjust the institutional response as circumstances dictate.

In September 2021, the College received a ratings downgrade from Moody's Investors Service on the outstanding Series 2017 Certificates of Participation from Aa1 to Aa2 in accordance with the release of Moody's Higher Education Methodology. The outlook remained 'stable'.

Management is not aware of any other currently known facts, decisions, or conditions that would have a significant impact on the College's financial position (net position) or results of operations (revenues, expenses, and other changes in net position).

Economic Factors That Will Affect the Future

The College administration continues to monitor the State of Kansas budget, specifically the impact of COVID-19 on State revenues, to consider the future impact of State funding on the College's budget.

The unemployment rate of Johnson County, Kansas generally impacts the College's student credit hour enrollment. The College administration continues to monitor the local economy and employment trends, specifically the impact of COVID-19 on the unemployment rate, to consider the future impact on the College budget.

Revenues from county property taxes represent 52% of the College's operating and non-operating revenues. The College administration continues to monitor residential and commercial property values and economic activity in Johnson County, specifically the impact of COVID-19 on assessed valuations and delinquent payment rates, to attempt to forecast the future funding impact on the College.

Contacting Financial Management

This financial report is designed to provide bondholders, students, community members, and other interested parties with a general overview of Johnson County Community College's finances and to demonstrate the College's accountability for the funds it receives. Questions concerning any information provided in this report should be addressed to the Financial Services Department, 12345 College Blvd., Overland Park, Kansas 66210, (913) 469-8500.

Johnson County Community College

Statements of Net Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Current Assets		
Cash and cash equivalents	**$ 19,124,809**	$ 103,319,155
Investments	**88,511,814**	24,003,394
Accounts receivable, net of uncollectible accounts 2021 $2,968,391; 2020 $3,184,282	**11,466,668**	6,066,497
Inventories	**1,208,350**	1,374,301
Other assets	**337,683**	213,250
Total Current Assets	**120,649,324**	134,976,597
Noncurrent Assets		
Investments	**66,392,860**	24,997,663
Restricted cash and cash equivalents	**832,347**	5,050,418
Restricted investments	**10,000,000**	9,993,850
Capital assets not being depreciated	**6,911,946**	11,223,498
Capital assets being depreciated	**382,128,159**	367,265,370
Less accumulated depreciation	**(176,322,034)**	(164,078,709)
Total Noncurrent Assets	**289,943,278**	254,452,090
Total Assets	**410,592,602**	389,428,687
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on refunding	**13,203**	26,406
Deferred outflows - pension plan	**159,038**	257,075
Deferred outflows - postemployment benefit plan	**996,755**	1,146,532
Total Deferred Outflows of Resources	**1,168,996**	1,430,013
LIABILITIES		
Current Liabilities		
Accounts payable	**2,134,932**	3,914,204
Accrued salaries	**4,204,244**	3,987,707
Accrued compensated absences	**2,068,322**	519,608
Other accrued liabilities	**577,209**	669,464
Unearned student tuition and fee revenue	**2,954,565**	2,577,319
Deposits held in custody for others	**329,920**	255,508
Current portion of revenue bonds payable	**1,270,000**	1,240,000
Current portion of certificates of participation	**1,970,000**	1,875,000
Current portion of general obligation capital outlay bonds	**-**	1,930,000
Total Current Liabilities	**15,509,192**	16,968,810
Noncurrent Liabilities		
Accrued compensated absences	**8,237,526**	10,174,654
Net pension liability	**318,080**	703,558
Revenue bonds payable	**10,183,749**	11,595,552
Certificates of participation	**48,731,752**	50,876,549
OPEB liability	**4,886,566**	5,352,757
Total Noncurrent Liabilities	**72,357,673**	78,703,070
Total Liabilities	**87,866,865**	95,671,880
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension plan	**641,455**	451,749
Deferred inflows - OPEB related	**1,050,463**	753,711
Total Deferred Inflows of Resources	**1,691,918**	1,205,460
NET POSITION		
Net investment in capital assets	**157,696,790**	156,963,731
Restricted, expendable for:		
Capital projects	**10,043,672**	9,373,565
Loan funds and other	**4,783,680**	4,475,547
Unrestricted	**149,678,673**	123,168,517
Total Net Position	**$ 322,202,815**	$ 293,981,360

See Notes to Financial Statements.

Johnson County Community College

Johnson County Community College Foundation - Component Unit

Statements of Financial Position
June 30, 2021 and 2020

ASSETS	2021	2020
Cash and cash equivalents	$ 2,335,132	$ 1,735,133
Promises to give, net	1,028,214	1,083,400
Other receivable	13,505	-
Investments	38,076,721	30,145,589
Accrued interest receivable	66,280	67,601
Inventory	4,305	5,202
Campus artwork	5,857,676	5,491,417
Other assets	89,256	104,557
Cash surrender value of life insurance	10,751	10,924
Intangible assets	30,556	34,376
Total Assets	47,512,396	38,678,199
LIABILITIES		
Accounts payable	907,358	75,214
Total Liabilities	907,358	75,214
NET ASSETS		
Without donor restrictions	6,798,239	5,201,737
With donor restrictions	39,806,799	33,401,248
Total Net Assets	46,605,038	38,602,985
Total Liabilities and Net Assets	$ 47,512,396	$ 38,678,199

See Notes to Financial Statements.

Johnson County Community College

Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

	2021	2020
REVENUES		
Operating Revenues		
Student tuition and fees, net of scholarship allowances and uncollectible accounts 2021 $3,775,867; 2020 $4,811,429	**$ 30,410,857**	$ 31,849,560
State grants and contracts	**388,507**	367,615
Private gifts, grants and contracts	**452,038**	1,156,242
Local grants and contracts	**51,245**	62,925
Auxiliary enterprises	**5,357,617**	7,664,462
Other operating revenue	**3,269,272**	4,457,189
Total Operating Revenues	**39,929,536**	45,557,993
EXPENSES		
Operating Expenses		
Salaries	**90,709,989**	90,911,437
Benefits	**42,671,974**	49,450,822
Contractual services	**8,128,249**	8,515,114
Supplies and other operating expenses	**17,218,293**	15,816,725
Auxiliary enterprises	**4,173,799**	4,457,663
Utilities	**2,814,895**	2,919,143
Repairs and maintenance to plant	**1,475,166**	2,120,313
Scholarships and financial aid	**14,274,307**	10,285,612
Depreciation	**14,568,730**	12,313,788
Total Operating Expenses	**196,035,402**	196,790,617
Operating Loss	**(156,105,866)**	(151,232,624)
NON-OPERATING REVENUES (EXPENSES)		
County property taxes	**115,456,137**	108,752,523
State appropriations	**36,601,366**	37,169,270
Federal grants and contracts	**33,319,131**	15,774,946
Investment income	**63,572**	2,353,203
Interest on capital asset debt	**(1,862,885)**	(2,162,467)
Total Nonoperating Revenues, Net	**183,577,321**	161,887,475
Income Before Capital Appropriations and Gifts	**27,471,455**	10,654,851
CAPITAL APPROPRIATIONS AND GIFTS		
Capital gifts	**750,000**	2,801,770
Total Capital Appropriations and Gifts	**750,000**	2,801,770
Increase in Net Position	**28,221,455**	13,456,621
Net Position at Beginning of Year	**293,981,360**	280,524,739
Net Position at End of Year	**$ 322,202,815**	$ 293,981,360

See Notes to Financial Statements.

Johnson County Community College

Johnson County Community College Foundation - Component Unit
Statement of Activities
Year Ended June 30, 2021

	2021		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Gifts and contributions	$ 91,677	$ 3,176,690	$ 3,268,367
Contributed services	755,208	-	755,208
Dividend and interest income	171,984	541,711	713,695
Net realized and unrealized gains on investments	1,145,440	6,106,740	7,252,180
Net assets released from restrictions	3,419,590	(3,419,590)	-
Total Support and Revenue	5,583,899	6,405,551	11,989,450
EXPENSES			
Program expenses			
Scholarship programs	1,746,612	-	1,746,612
Foundation programming	-	-	-
Performing arts programs	274,722	-	274,722
Visual arts programs	14,798	-	14,798
Capital projects	750,000	-	750,000
Educational program support	181,570	-	181,570
Project support	10,487	-	10,487
Total Program Expenses	2,978,189	-	2,978,189
Supporting Services			
Fundraising	591,312	-	591,312
Management and general	417,896	-	417,896
Total Supporting Services	1,009,208	-	1,009,208
Total Expenses	3,987,397	-	3,987,397
Change in Net Assets	1,596,502	6,405,551	8,002,053
Net Assets - Beginning of Year	5,201,737	33,401,248	38,602,985
Net Assets - End of Year	$ 6,798,239	$ 39,806,799	$ 46,605,038

See Notes to Financial Statements.

Johnson County Community College

Johnson County Community College Foundation - Component Unit
Statement of Activities
Year Ended June 30, 2020

	2020		
	Without Donor Restrictions	With Donor Restrictions	Total
SUPPORT AND REVENUE			
Gifts and contributions	$ 175,561	$ 3,002,725	$ 3,178,286
Contributed services	706,213	-	706,213
Dividend and interest income	183,557	583,496	767,053
Net realized and unrealized gains on investments	76,817	311,338	388,155
Net assets released from restrictions	5,420,742	(5,420,742)	-
Total Support and Revenue	6,562,890	(1,523,183)	5,039,707
EXPENSES			
Program expenses			
Scholarship programs	1,388,081	-	1,388,081
Foundation programming	43,302	-	43,302
Performing arts programs	386,049	-	386,049
Visual arts programs	104,010	-	104,010
Capital projects	2,801,770	-	2,801,770
Educational program support	438,993	-	438,993
Project support	15,177	-	15,177
Total Program Expenses	5,177,382	-	5,177,382
Supporting Services			
Fundraising	760,538	-	760,538
Management and general	388,246	-	388,246
Total Supporting Services	1,148,784	-	1,148,784
Total Expenses	6,326,166	-	6,326,166
Change in Net Assets	236,724	(1,523,183)	(1,286,459)
Net Assets - Beginning of Year	4,965,013	34,924,431	39,889,444
Net Assets - End of Year	$ 5,201,737	$ 33,401,248	$ 38,602,985

See Notes to Financial Statements.

Johnson County Community College

Statements of Cash Flows
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS (USED IN) OPERATING ACTIVITIES		
Student tuition and fees	$ 31,070,322	$ 31,618,082
Payments to suppliers	(27,249,572)	(28,027,962)
Payments to employees	(90,493,452)	(90,934,929)
Payments for scholarships and financial aid	(14,274,307)	(10,285,612)
Payments for employee benefits	(43,327,562)	(41,436,216)
Payments for utilities	(2,811,077)	(2,926,147)
Auxiliary enterprises	1,114,854	3,383,086
Grants and contracts	797,076	1,644,514
Other receipts, net	2,849,985	4,447,716
Net Cash (Used in) Operating Activities	(142,323,733)	(132,517,468)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
County property taxes	115,035,709	108,680,467
State appropriations	36,601,366	37,169,270
Grants and contracts	27,579,330	14,852,762
Funds held for (returned to) others	74,412	(156,093)
Net Cash From Non-Capital Financing Activities	179,290,817	160,546,406
CASH FLOWS (USED IN) CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets	(13,124,181)	(39,575,911)
Proceeds from the sale of capital assets	132,866	-
Proceeds from capital gifts	750,000	2,801,770
Proceeds from revenue bonds	-	8,565,000
Principal paid on bonds payable	(3,170,000)	(12,495,000)
Principal paid on certificates of participation	(1,875,000)	(115,000)
Interest paid on bonds payable	(252,653)	(716,647)
Interest paid on certificates of participation	(1,986,397)	(2,035,547)
Issuance costs, fees and premiums	-	910,087
Net Cash (Used in) Capital and Related Financing Activities	(19,525,365)	(42,661,248)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		
Proceeds from sale (purchase) of investments	(105,909,767)	(58,994,907)
Interest on investments	55,631	2,611,682
Net Cash From (Used In) Investing Activities	(105,854,136)	(56,383,225)
Decrease in Cash and Cash Equivalents	(88,412,417)	(71,015,535)
Cash and Cash Equivalents - Beginning of Year	108,369,573	179,385,108
Cash and Cash Equivalents - Ending of Year	$ 19,957,156	$ 108,369,573

(Continued)

Johnson County Community College

Statements of Cash Flows (Continued)
Years Ended June 30, 2021 and 2020

	2021	2020
RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED IN) OPERATING ACTIVITIES		
Operating (loss)	**$ (156,105,866)**	**$ (151,232,624)**
Adjustments to reconcile operating (loss) to net cash (used in) operating activities:		
Depreciation expense	**14,568,730**	12,313,788
Changes in assets and liabilities:		
Accounts receivable, net	**768,000**	(94,689)
Other assets	**(124,433)**	143,283
Inventories	**165,951**	166,200
Accounts payable	**(1,664,600)**	(722,006)
Accrued salaries	**216,537**	(23,492)
Accrued compensated absences	**(388,414)**	7,128,896
Other accrued liabilities	**(32,690)**	(187,814)
Net pension liability	**(385,478)**	(259,700)
Unearned student tuition and fee revenue	**377,246**	(356,979)
OPEB liability	**(466,191)**	601,277
Deferred outflows of resources:	**261,017**	(411,484)
Deferred inflows of resources:	**486,458**	417,876
Net Cash (Used in) Operating Activities	**$ (142,323,733)**	$ (132,517,468)
Schedule of Noncash Capital and Related Items, accounts payable and other liabilities related to capital asset acquisitions	**$ 1,113,617**	**$ 1,228,290**

See Notes to Financial Statements.

Johnson County Community College
Retiree Benefit Trust
Statements of Fiduciary Net Position
June 30, 2021 and 2020

	2021	2020
ASSETS		
Cash restricted for employee health benefits	**$ 1,548,787**	$ 1,384,272
Total Assets	**1,548,787**	1,384,272
NET POSITION		
Held in trust for employee health benefits	**$ 1,548,787**	$ 1,384,272

See Notes to Financial Statements.

Johnson County Community College
Retiree Benefit Trust
Statements of Changes in Fiduciary Net Position
June 30, 2021 and 2020

	2021	2020
ADDITIONS		
Contributions		
Employer	**$ 508,096**	$ 418,632
Total contributions	**508,096**	418,632
DEDUCTIONS:		
Benefit payments	**343,581**	271,006
Total deductions	**343,581**	271,006
Change in net position	**164,515**	147,626
Net Position, Beginning of Year	**1,384,272**	1,236,646
Net Position, End of Year	**$ 1,548,787**	$ 1,384,272

See Notes to Financial Statements.

Note 1. Organization and Summary of Significant Accounting Policies

The Johnson County Community College (the College) taxing district includes all of Johnson County, Kansas, which is located immediately west of Kansas City, Missouri, and immediately south of Kansas City, Kansas. The College was organized and established in 1967 under the provisions of then Section 72-6901 et seq. of Kansas Statutes Annotated (now K.S.A. 71-201 et seq.). The College is governed by a Board of Trustees of seven members, all being elected at large. The College is a public two-year community college offering a comprehensive curriculum with liberal arts and sciences, as well as vocational and technical programs for credit and noncredit students from Johnson County and surrounding communities.

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to public colleges and universities. The following is a summary of the more significant policies.

Reporting entity:

As defined by accounting principles generally accepted in the United States of America established by GASB, the financial reporting entity consists of the College, as well as its discretely presented component unit, the Johnson County Community College Foundation (the Foundation) and its fiduciary fund, the Johnson County Community College Retiree Benefit Trust.

Discretely presented component unit:

The Foundation is considered to be a related organization to the College. The Foundation is a legally separate, tax-exempt organization that acts primarily as a fundraising organization to supplement the resources that are available to the College in support of its programs. Two members of the College's Board of Trustees and the President of the College serve on the 35-member Board of Directors of the Foundation. The other five members of the College's Board of Trustees serve as members of the Foundation. In addition, the directors of the Foundation approve the election of the additional Foundation members, not to exceed 250 members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of resources, or income thereon that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the College has determined it would be misleading to exclude the Foundation which is considered a component unit of the College and is discretely presented in the College's financial statements. During the years ended June 30, 2021 and 2020, the College received direct contributions from the Foundation of $2,967,702 and $5,118,903, respectively. Contributions are included in the statement of revenues, expenses and changes in net position in the private gifts, grants and contracts line, in the other operating revenue line in the operating revenues section, and in the capital gifts line in the capital appropriations and gifts section.

The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below:

The Foundation is a private not-for-profit organization that reports its financial results under FASB standards. Most significant to the Foundation's operations and reporting model are FASB Accounting Standards Update (ASU) 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities*, FASB Codification ASC 958, *Not-for-Profit Entities*, and FASB Codification ASC 958-605, *Revenue Recognition -Contributions Received.* As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences; however, significant note disclosures (see Note 10) to the Foundation's financial statements have been incorporated into the College's notes to the financial statements.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Financial statements for the Foundation can be obtained by calling the Foundation at 913-469-3835.

Measurement focus, basis of accounting and financial statement presentation:

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

The College has classified revenues as either operating or nonoperating 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, net of cost of goods sold, and (3) federal, state and local grants and contracts. Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as state appropriations, federal grants and contracts, investment income and county property taxes.

The College maintains an encumbrance system for tracking outstanding purchase orders and other commitments for material or services not received during the year. Encumbrances at June 30, 2021 and 2020 were $11,501,601 and $14,571,122, respectively, which represent the estimated amount of expenses ultimately to result if unperformed contracts in process at fiscal year-end are completed. Encumbrances outstanding at June 30, 2021 and 2020 do not constitute expenses or liabilities and are not reflected in these basic financial statements.

The financial statements of the College are prepared in accordance with generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards, which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes GAAP for governmental units.

Property taxes:

The County Treasurer is the tax collection agent for all taxing entities within the county. Valuations are established and taxes are assessed on a calendar year basis. Taxes are levied and become a lien on the property on November 1st in the year of assessment and are revenue for the fiscal year ending on the following June 30.

Taxes levied on November 1 become due and payable, generally on the following December 20 and May 10, followed by major distributions to the taxing units on January 20 and June 5. Smaller distributions are made to taxing units in March, September and October each year. Substantially all tax revenues applicable to the preceding calendar year are received by the College by each June 30. Property taxes are recognized as revenue in the period for which the taxes are levied. The College received approximately 52% its financial support (exclusive of investment income) from property taxes during the years ended June 30, 2021 and 2020, respectively.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

The tax rates for the fiscal years ended June 30, 2021 and 2020, expressed in mills er $1,000 of assessed valuation, are reflected in the following table:

	2021	2020
Fund		
General	8.652	8.586
Capital outlay	0.505	0.501
Special assessment	0.034	0.034
Total Mill Levy	9.191	9.121

Federal grants and state appropriations:

Funds from federal grants are recognized as revenue when eligibility requirements are met. Funds from state appropriations consist primarily of state grants and payments made by the state to the Kansas Public Employees Retirement System (KPERS) on behalf of the College. For state grants, the funds are recognized when eligibility requirements are met. The College recognizes the contributions made to KPERS by the state on behalf of the College as revenues and expenses in the Statements of Revenue, Expenses and Changes in Net Position (See Notes 5 and 6).

Student tuition and fees, net of scholarship allowances:

Student tuition and fee revenue is earned over the length of the course. Unearned revenue represents student tuition and fees received before year-end which relate to subsequent periods. Student tuition and fees revenues are reported net of certain scholarship allowances in the Statements of Revenues, Expenses and Changes in Net Position.

Scholarship allowances and student aid:

Certain federal financial aid grants to students are reported as federal grants and contracts in non-operating revenue in the financial statements as prescribed by the National Association of College and University Business Officers (NACUBO). Since certain of these grants, including Pell and Supplement Educational Opportunity Grants (SEOG), are for the payment of students' tuition and fees, a like amount is reported as scholarship allowance or if the grant exceeds tuition, excess aid is distributed to students as student aid expense which is reported as an operating expense in the financial statements. Federal Work-Study grant expenses are reported as operating expenses as students work for compensation. Certain other student aid sources (loans, funds provided to students as awarded by third parties and Federal Direct Lending) are paid directly to the students or credited to the students' account and do not impact revenues or expenses reported in the financial statements.

Operating and nonoperating activities:

Operating activities, as reported in the statement of revenues, expenses and changes in net position, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include certain Federal grants consisting primarily of Pell grants and SEOG grants, state appropriations, property taxes and interest earnings.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Cash and cash equivalents:

Cash and cash equivalents include deposits held at banks and all highly liquid instruments purchased with an original maturity of three months or less, plus small amounts of cash maintained for change funds.

Investments:

It is the College's policy to invest in obligations of the U.S. Treasury, repurchase agreements, bank certificates of deposit, the Kansas Municipal Investment Pool and other instruments authorized by Kansas statutes. Investments in bank certificates of deposit are carried at cost and investments in the Kansas Municipal Investment Pool are carried at net asset value, which approximates fair value. Investments other than bank certificates of deposit, repurchase agreements, and the Kansas Municipal Investment Pool are reported at fair value. Fair value is determined using quoted market prices or other observable inputs. The College's investments are limited to an original maturity of two years or less.

Accounts receivable:

Accounts receivable consists primarily of property taxes receivable and enrollment receivables. Accounts receivable are carried at the unpaid balance of the original amount billed to students. Both property tax and enrollment receivables are net of an allowance for doubtful accounts. Management determines the allowance for doubtful accounts by calculating a specific percent reserve on accounts based on historical experience. Property tax and enrollment receivable are written off when deemed uncollectible. Recoveries of property tax and enrollment previously written off are recorded as revenue when received.

Inventories:

Inventories consist primarily of items held for resale by the bookstore and supply inventories which are stated at the lower of cost (determined on a first-in, first-out basis) or market. The costs are recorded as expenses as the inventories are consumed.

Capital assets:

Capital assets include property, plant, equipment, land improvements such as roads and sidewalks, and works of art. Capital assets are defined by the College as assets with an initial unit cost of $5,000 or more with an estimated useful life of two years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The College has elected not to capitalize its collection of library books. This collection adheres to the College's policy to (a) maintain them for public exhibition, education or research; (b) protect, keep unencumbered, care for, and preserve them; and (c) require proceeds from their sale to be used to acquire other collection items.

Works of art are stated at cost, or if donated, at acquisition value at the date of the donation. The College does not depreciate artwork, as management believes the value of such has not diminished.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Capital assets of the College are depreciated using the straight-line method over the following useful lives (see Note 3 for further detail).

	Years
Buildings	40
Building improvements	15
Land improvements	10
Furniture	10
Equipment	5
Computer technology	4

Deferred inflows and outflows of resources:

In addition to assets, the Statements of Net Position include a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and will not be recognized as an expense until the future period. The College's deferred outflows include deferred charges on advanced refunding which represents the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

The College reports deferred outflows of resources related to pensions as described in Note 5.

The College reports deferred outflows of resources related to postemployment benefits as described in Note 6.

In addition to liabilities, the Statements of Net Position include a separate section for deferred inflows of resources. This separate financial element represents an acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources until then. The College's deferred inflows of resources include deferred inflows of resources related to pensions and OPEB as described in Notes 5 and 6, respectively.

Compensated absences:

The College records a liability for employees' vacation leave earned but not taken. Employees are allowed to carry over a limited number of vacation days from year to year. At June 30, 2021 and 2020, the College had recorded a vacation liability of $4,649,712 and $4,281,958, respectively.

Sick leave benefits expected to be realized as paid time off are recognized as expense when the time off occurs, and no liability is accrued for such benefits that employees have earned but not yet realized as these benefits do not vest.

On July 1, 2019, the College implemented a new benefit for employees meeting certain criteria and who are eligible to retire under the Kansas Public Employees Retirement System. Payments are based on accrued sick leave and years of service. At June 30, 2021 and 2020, the College had recorded a retirement benefit liability of $5,656,136 and $6,412,304, respectively.

Note 1. Organization and Summary of Significant Accounting Policies (Continued)

Net position:

Net position is presented in three major categories. The first is net investment in capital assets, which represents the College's investment in its capital assets, net of debt used to acquire or construct the capital assets. The second is restricted, and the third is unrestricted.

Restricted net position represents funds that are subject to externally imposed stipulations in terms of the purpose and time for which the funds can be spent. Restricted net position is further categorized between expendable and nonexpendable.

Restricted expendable net position is available to be spent by the College after externally imposed stipulations have been fulfilled or after the passage of time. Restricted nonexpendable net position is endowments for which only the earnings can be spent. The College had no restricted nonexpendable net position at June 30, 2021 and 2020.

Unrestricted net position is available to the College for any lawful purpose that is not subject to externally imposed stipulations. The College first applies restricted sources when an expense or outlay is incurred for purposes for which both restricted and unrestricted sources are available.

Use of estimates:

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

Recent accounting pronouncements:

Effective July 1, 2019, the College implemented the provisions of GASB Statement No. 84, *Fiduciary Activities*. This statement changes the definition of fiduciary activities, providing more refined guidance on how to determine if an activity is fiduciary in nature and therefore should be reported as such. Under this guidance, all fiduciary funds will now report a statement of net position and a statement of changes in net position. Implementation of this guidance resulted in the reporting of the Johnson County Community College Retiree Benefit Trust as a fiduciary fund which was not previously required to be reported. The Johnson County Community College Retiree Benefit Trust was established to hold funds on behalf of former employees to fund benefits provided through a health reimbursement arrangement.

Reclassification:

Certain amounts in the June 30, 2020 Statements of Net Position, Statements of Revenues, Expenses and Changes in Net Position and Statements of Cash Flows have been reclassified with no effect on net position in order to conform to June 30, 2021 classifications.

Note 2. Deposits, Investments and Risk

Deposits:

Deposits, depending on the source of receipts, are pooled, except when legal requirements dictate the use of separate accounts. The carrying amount of the College's deposits at June 30, 2021 and 2020 are reflected in the following table at cost. Actual bank statement balances for total deposits at June 30, 2021 and 2020 were $20,373,552 and $103,283,426, respectively. The difference between carrying amounts and bank balances primarily represents checks which had not cleared the bank and deposits in transit. The deposit balances and cash float from outstanding checks are deposited in interest-bearing accounts.

	2021	2020
Deposits with financial institutions:		
Cash and cash equivalents	$ 19,953,917	$ 17,868,145
Certificates of Deposit:		
Bank of Kansas City	-	7,000,000
Capitol Federal Savings	-	30,000,000
Commerce Bank	104,774,000	69,003,391
Total deposits with financial institutions	124,727,917	123,871,536
Amounts that are not deposits but are classified as cash and cash equivalents:		
U.S. Treasury Bills	-	3,999,264
Kansas Municipal Investment Pool	3,239	2,502,164
Less deposits classified as investments:		
Certificates of Deposit	(104,774,000)	(22,003,391)
Total cash and cash equivalents	$ 19,957,156	$ 108,369,573

Custodial credit risk:

Custodial credit risk is the risk that, in the event of a bank failure, an entity's deposits may not be returned to it. The College's deposit policy for custodial credit risk exceeds the provisions of state law by requiring depository banks to pledge qualified securities with a market value equal to 105% of deposits in excess of FDIC coverage.

The College had no bank balances exposed to custodial credit risk at June 30, 2021 and 2020. State law requires collateralization of all deposits with federal depository insurance; bonds and other obligations of the U.S. Treasury, U.S. agencies or instrumentalities of the state of Kansas; bonds of any city, county, school district or special road district of the state of Kansas; bonds of any state; or a surety bond having an aggregate value at least equal to the amount of the deposits.

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction the College will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Of the investments subject to custodial credit risk, all are sufficiently collateralized. The College had no investments exposed to custodial credit risk at June 30, 2021 and 2020.

Note 2. Deposits, Investments and Risk (Continued)

Investments:

Funds available for investment are pooled to maximize return and minimize administrative cost, except for funds authorized by the College administration to be separately invested or which are separately invested to meet legal requirements. It is the practice of the College that investments ordinarily be held to maturity at which time the par value of the investments will be realized. Current investments are securities with an original maturity of one year or less.

Kansas statute K.S.A. 12-1675 authorizes the College to invest in temporary notes, time deposits, open accounts, certificates of deposit, repurchase agreements, United States Treasury bills or notes, and the Kansas Municipal Investment Pool (MIP).

The State of Kansas Pooled Money Investment Board operates the MIP, which is invested in accordance with state statutes. The MIP is available for investment of funds administered by any Kansas municipality. All funds deposited in the MIP are classified as investments even though some could be withdrawn on a day's notice.

Interest rate risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. At June 30, 2021 and 2020, all investments classified as noncurrent on the College's Statement of Net Position had a maturity of between one and two years from the respective fiscal year end.

At June 30, 2021 and 2020, the College had investments in the Kansas Municipal Investment Pool – Overnight Pool, which mature in less than one year, of $3,239 and $2,502,164, respectively. Included in the Kansas Municipal Investment Pool investment balance at June 30, 2021 and 2020 were unspent bond funds of $0 and $1,252,830, respectively.

A summary of deposits and investments at June 30, 2021 and 2020 is as follows:

	2021	2020
Deposits:		
Cash and cash equivalents	$ 19,953,917	$ 17,868,145
Certificates of Deposit	-	84,000,000
Investments:		
Certificates of Deposit	104,774,000	22,003,391
Repurchase Agreements	16,000,000	-
Kansas Municipal Investment Pool	3,239	2,502,164
U.S. Treasury Bills	-	13,993,114
U.S. Treasury Notes	30,168,273	-
Federal Farm Credit Bank	11,721,610	24,444,975
Federal Home Loan Mortgage Corporation	-	2,552,691
Tennessee Valley Authority	2,240,791	-
Total Deposits and Investments	$ 184,861,830	$ 167,364,480

Note 2. Deposits, Investments and Risk (Continued)

Credit risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The College's investments in the Kansas Municipal Investment Pool were rated AAAf/S1+ by Standard & Poor's at June 30, 2021 and 2020. The Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation and Tennessee Valley Authority investments were rated AAA by Moody's at June 30, 2021 and 2020.

Concentration of credit risk:

At June 30, 2021 and 2020, there were no investments that exceed 5% of total investments that are not explicitly guaranteed by the United States Government other than the investments with Federal Farm Credit Bank and certificates of deposit. At June 30, 2021, repurchase agreements also exceeded 5% of total investments.

Fair Value Measurements:

The College categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The investments in the Kansas Municipal Investment Pool, certificates of deposit, and repurchase agreements are not required to be included in the fair value leveling table. Level 2 investments noted below are valued at the closing price reported for similar assets on active markets.

Fair values of investments at June 30, 2021 are as follows:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasury Bills	$ -	$ 30,168,273	$ -	$ 30,168,273
Federal Farm Credit Bank	-	11,721,610	-	11,721,610
Tennessee Valley Authority	-	2,240,791	-	2,240,791
Total	$ -	$ 44,130,674	$ -	$ 44,130,674

Fair values of investments at June 30, 2020 are as follows:

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments:				
U.S. Treasury Notes	$ -	$ 13,993,114	$ -	$ 13,993,114
Federal Farm Credit Bank	-	24,444,975	-	24,444,975
Federal Home Loan Mortgage Corporation	-	2,552,691	-	2,552,691
Total	$ -	$ 40,990,780	$ -	$ 40,990,780

Note 3. Capital Assets

The following tables present the changes in the various capital asset categories at June 30, 2021 and 2020:

	June 30, 2020 Ending Balance	Additions/ Transfers	Retirements	June 30, 2021 Ending Balance
Capital assets not being depreciated:				
Land	$ 1,028,265	$ -	$ -	$ 1,028,265
Construction in progress	6,408,481	2,003,035	(6,317,587)	2,093,929
Works of art	3,786,752	3,000	-	3,789,752
Total Assets not Being Depreciated	11,223,498	2,006,035	(6,317,587)	6,911,946
Capital assets being depreciated:				
Land improvements	52,366,965	672,237	-	53,039,202
Buildings and improvements	285,746,805	13,072,715	-	298,819,520
Equipment, furniture and computer technology	29,151,600	3,517,599	(2,399,762)	30,269,437
Total Assets Being Depreciated	367,265,370	17,262,551	(2,399,762)	382,128,159
Less accumulated depreciation:				
Land improvements	26,790,960	2,192,484	-	28,983,444
Buildings and improvements	115,415,344	9,654,452	-	125,069,796
Equipment, furniture and computer technology	21,872,405	2,775,088	(2,378,699)	22,268,794
Total Accumulated Depreciation	164,078,709	14,622,024	(2,378,699)	176,322,034
Capital Assets, Net	$ 214,410,159	$ 4,646,562	$ (6,338,650)	$ 212,718,071

Note 3. Capital Assets (Continued)

	June 30, 2019 Ending Balance	Additions/ Transfers	Retirements	June 30, 2020 Ending Balance
Capital assets not being depreciated:				
Land	$ 1,028,265	$ -	$ -	$ 1,028,265
Construction in progress	14,238,970	4,927,608	(12,758,097)	6,408,481
Works of art	3,784,752	2,000	-	3,786,752
Total Assets not Being Depreciated	19,051,987	4,929,608	(12,758,097)	11,223,498
Capital assets being depreciated:				
Land improvements	39,598,831	12,768,134	-	52,366,965
Buildings and improvements	257,291,819	28,454,986	-	285,746,805
Equipment, furniture and computer technology	30,596,739	2,035,202	(3,480,341)	29,151,600
Total Assets Being Depreciated	327,487,389	43,258,322	(3,480,341)	367,265,370
Less accumulated depreciation:				
Land improvements	25,675,538	1,115,422	-	26,790,960
Buildings and improvements	107,017,379	8,397,965	-	115,415,344
Equipment, furniture and computer technology	22,672,984	2,678,542	(3,479,121)	21,872,405
Total Accumulated Depreciation	155,365,901	12,191,929	(3,479,121)	164,078,709
Capital Assets, Net	$ 191,173,475	$ 35,996,001	$ (12,759,317)	$ 214,410,159

The College had no capitalized interest related to construction projects for the years ended June 30, 2021 and 2020, respectively.

Note 4. Long-Term Obligations

Long-term obligations consist of the following categories at June 30, 2021 and 2020:

Long-Term Obligations	July 1, 2020 Beginning Balance	Additions	Reductions	June 30, 2021 Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 2012	$ 1,795,000	$ -	$ (300,000)	$ 1,495,000	$ 310,000
Series 2015	1,485,000	-	(735,000)	750,000	750,000
Series 2019	8,565,000	-	(205,000)	8,360,000	210,000
Premium on Series 2012 Bonds	108,347	-	(13,544)	94,803	-
Premium on Series 2015 Bonds	28,998	-	(14,499)	14,499	-
Premium on Series 2019 Bonds	853,207	-	(113,760)	739,447	-
Total Revenue Bonds	12,835,552	-	(1,381,803)	11,453,749	1,270,000
Certificates of Participation:					
Series 2017 COP	49,780,000	-	(1,875,000)	47,905,000	1,970,000
Premium on Series 2017 COP	2,971,549	-	(174,797)	2,796,752	-
Total Certificates of Participation	52,751,549	-	(2,049,797)	50,701,752	1,970,000
General Obligation Bonds:					
Series 2016 Capital Outlay	1,930,000	-	(1,930,000)	-	-
Premium on Series 2016 Capital Outlay	-	-	-	-	-
Total General Obligation Bonds	1,930,000	-	(1,930,000)	-	-
Other Accrued Liabilities:					
Compensated Absences	10,694,262	2,101,571	(2,489,985)	10,305,848	2,068,322
Net Pension Liability	703,558	-	(385,478)	318,080	-
Net OPEB Obligation	5,352,757	416,091	(882,282)	4,886,566	-
Total Other Accrued Liabilities	16,750,577	2,517,662	(3,757,745)	15,510,494	2,068,322
Total Long-Term Obligations	$ 84,267,678	$ 2,517,662	$ (9,119,345)	$ 77,665,995	$ 5,308,322

Note 4. Long-Term Obligations (Continued)

Long-Term Obligations	July 1, 2019 Beginning Balance	Additions	Reductions	June 30, 2020 Ending Balance	Amounts Due Within One Year
Revenue Bonds:					
Series 2011	$ 9,425,000	$ -	$ (9,425,000)	$ -	$ -
Series 2012	2,300,000	-	(505,000)	1,795,000	300,000
Series 2015	2,210,000	-	(725,000)	1,485,000	735,000
Series 2019	-	8,565,000	-	8,565,000	205,000
Premium on Series 2011 Bonds	104,079	-	(104,079)	-	-
Premium on Series 2012 Bonds	121,891	-	(13,544)	108,347	-
Premium on Series 2015 Bonds	43,500	-	(14,502)	28,998	-
Premium on Series 2019 Bonds	-	910,087	(56,880)	853,207	-
Total Revenue Bonds	14,204,470	9,475,087	(10,844,005)	12,835,552	1,240,000
Certificates of Participation:					
Series 2017 COP	49,895,000	-	(115,000)	49,780,000	1,875,000
Premium on Series 2017 COP	3,146,346	-	(174,797)	2,971,549	-
Total Certificates of Participation	53,041,346	-	(289,797)	52,751,549	1,875,000
General Obligation Bonds:					
Series 2016 Capital Outlay	3,770,000	-	(1,840,000)	1,930,000	1,930,000
Premium on Series 2016 Capital Outlay	184,512	-	(184,512)	-	-
Total General Obligation Bonds	3,954,512	-	(2,024,512)	1,930,000	1,930,000
Other Accrued Liabilities:					
Compensated Absences	3,565,366	9,195,169	(2,066,273)	10,694,262	519,608
Net Pension Liability	963,258	-	(259,700)	703,558	-
Net OPEB Obligation	4,751,480	997,222	(395,945)	5,352,757	-
Total Other Accrued Liabilities	9,280,104	10,192,391	(2,721,918)	16,750,577	519,608
Total Long-Term Obligations	$ 80,480,432	$ 19,667,478	$ (15,880,232)	$ 84,267,678	$ 5,564,608

Note 4. Long-Term Obligations (Continued)

Revenue Bonds:

Revenue bonds payable as of June 30, 2021 and 2020, consist of the following:

	2021	2020
Student Commons and Parking System Refunding Revenue Bonds, Series 2012, $5,135,000, interest is paid semiannually on May 15 and November 15 at interest rates of 2%	$ 1,495,000	$ 1,795,000
Premium on Series 2012 Revenue Bonds	94,803	108,347
Student Commons and Parking System Refunding Revenue Bonds, Series 2015, $4,250,000, interest is paid semiannually on May 15 and November 15 at interest rates of 2%	750,000	1,485,000
Premium on Series 2015 Revenue Bonds	14,499	28,998
Student Commons and Parking System Refunding Revenue Bonds, Series 2019, $8,565,000, interest is paid semiannually on May 15 and November 15 at interest rates of 2% to 4%	8,360,000	8,565,000
Premium on Series 2019 Revenue Bonds	739,447	853,207
Total Revenue Bonds Payable	11,453,749	12,835,552
Less current portion of revenue bonds payable	1,270,000	1,240,000
Noncurrent Revenue Bonds Payable	$ 10,183,749	$ 11,595,552

Revenue bonds are secured by the net revenues derived from the operation and ownership of the Student Commons and Parking System. Revenue bond rate covenants require the College to operate and maintain the Student Commons and Parking System in a manner which will generate net revenues in an amount not less than 110% of the amount required to meet both principal and interest on all outstanding revenue bonds (see Note 11). The College was in compliance with this covenant at June 30, 2021 but was not in compliance with this covenant at June 30, 2020. In October 2020, the College adopted a revenue bond parity resolution that amended previously issued revenue bond resolutions to provide additional funds, if necessary, for the administration and operation of the system for the benefit of the owners of the parity bonds.

In an event of default, the owners of 25% of the principal amount of the outstanding bonds may provide written notice to the College declaring the principal of all outstanding bonds to be due and payable immediately. Events of default for the revenue bonds include default by the College in payment of principal or interest on the bonds, default in the performance or observance of certain covenants, or if the College becomes insolvent. Non-compliance with the rate covenant as of June 30, 2020 did not create an event of default.

On November 13, 2019, the College issued the Student Commons and Parking System Refunding Revenue Bonds, Series 2019, in the amount of $8,565,000 with premium of $910,087 at interest rates of 2% to 4%. Interest is payable semiannually. The Series 2019 Bonds were issued to refund the Series 2011 Student Commons and Parking System Refunding Revenue Bonds. The College completed the refunding to reduce its total debt service payments by $1,146,964 over the next eight years to obtain a $1,077,699 economic gain (difference between present values of the old and new debt service payments).

Note 4. Long-Term Obligations (Continued)

Future annual maturities of revenue bonds payable are as follows:

	Principal	Interest	Total Revenue Bonds
Fiscal Year:			
2022	$ 1,270,000	$ 334,400	$ 1,604,400
2023	1,410,000	293,300	1,703,300
2024	1,465,000	239,650	1,704,650
2025	1,530,000	183,700	1,713,700
2026	1,580,000	125,500	1,705,500
2025-2028	3,350,000	82,150	3,432,150
Total Revenue Bonds	$ 10,605,000	$ 1,258,700	$ 11,863,700

General Obligation Capital Outlay Bonds:

General obligation capital outlay bonds payable as of June 30, 2021 and 2020, consist of the following:

	2021	2020
General Obligation Capital Outlay Bonds, Series 2016, $8,970,000, interest is paid semiannually on March 1 and September 1 at interest rates of 4% to 5%	$ -	$ 1,930,000
Total General Obligation Capital Outlay Bonds Payable	-	1,930,000
Less current portion of general obligation capital outlay bonds payable	-	1,930,000
Noncurrent General Obligation Capital Outlay Bonds Payable	$ -	$ -

Principal and interest on the general obligation bonds are paid from ad valorem taxes levied by the College. The full faith, credit and resources of the College are pledged for the payment of principal and interest on the general obligation bonds as they become due.

In an event of default, the owners of 10% of the principal amount of the outstanding bonds may by suit, action or other proceedings, enforce their rights against the College. Events of default for the general obligation bonds include default by the College in payment of principal or interest on the bonds or default in the performance or observance of certain covenants.

Note 4. Long-Term Obligations (Continued)

Certificates of Participation:

Certificates of participation payable at June 30, 2021 and 2020, consist of the following:

	2021	2020
Facilities Master Plan Projects Certificates of Participation, Series 2017, $50,000,000 in obligations for facilities (capital cost of $43,288,446 and $41,525,914 before accumulated depreciation of $3,100,190 and $1,279,921 as of June 30, 2021 and 2020, respectively, 3.00% to 5.00%, aggregate payments of $68,341,844,including interest of $18,446,844)	$ 47,905,000	$ 49,780,000
Premium on Series 2017 Certificates of Participation	2,796,752	2,971,549
Total Certificates of Participation	50,701,752	52,751,549
Less current portion of certificates of participation	1,970,000	1,875,000
Noncurrent Certificates of Participation	$ 48,731,752	$ 50,876,549

The College has recorded the cost of the equipment and facilities as assets and the corresponding obligations as liabilities.

In an event of default, the Trustee may declare all rent payable by the College under the lease to the end of the lease term to be due by providing written notice to the College and may take possession of the related capital assets constructed with such funding. Events of default for the certificates of participation include default by the College in payment of either the principal or interest portion of the rent payments when due, default in the performance or observance of certain covenants, or if the College becomes insolvent.

The minimum lease commitments for certificates of participation at June 30, 2021 are as follows:

	Principal	Interest	Total Certificates of Participation
Fiscal Year:			
2022	$ 1,970,000	$ 1,715,488	$ 3,685,488
2023	2,070,000	1,614,488	3,684,488
2024	2,180,000	1,508,238	3,688,238
2025	2,290,000	1,396,488	3,686,488
2026	2,410,000	1,278,988	3,688,988
2027-2031	13,730,000	4,705,363	18,435,363
2032-2036	16,105,000	2,331,863	18,436,863
2037-2038	7,150,000	222,956	7,372,956
Total Certificates of Participation	$ 47,905,000	$ 14,773,872	$ 62,678,872

Note 4. Long-Term Obligations (Continued)

The College leases office space under operating lease agreements that expire through fiscal year 2026. Rental expense totaled $397,278 and $391,514 for the years ended June 30, 2021 and 2020, respectively. Minimum rental commitments under these noncancelable operating leases with initial terms of one year or longer at June 30, 2021 are $713,351.

Arbitrage rebate liability:

The Tax Reform Act of 1986 placed restrictions on the non-purpose investment earnings from the proceeds of qualified tax-exempt bonds issued after August 15, 1986. Specifically, the non-purpose investment earnings on these bonds are limited to the yield on each individual bond issue (based on the initial offering price to the public). Non-purpose investments earnings in excess of the bond yield limitations are subject to rebate to the federal government. The total arbitrage rebate liability was $0 as of June 30, 2021 and 2020.

Note 5. Defined Benefit Pension Plan

Plan description:

The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et seq. KPERS provides benefit provisions to statewide pension groups for State/School employees, Local employees, Police and Firemen, and Judges under one plan. Those employees participating in the pension plan for the College are included in the State/School employee group.

KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the state 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.

Note 5. Defined Benefit Pension Plan (Continued)

Funding policy:

K.S.A. 74-4919, as amended, establishes a three-tier benefit structure. Tier 1 members include active members hired before July 1, 2009. Tier 2 members include active members hired between July 1, 2009 and December 31, 2014. Tier 3 members include those first employed in a KPERS covered position after January 1, 2015. The member-employee contribution rate is 6%. Member-employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

The State of Kansas is required to contribute the statutorily required employer's share. For fiscal year 2021, the State of Kansas contributed 14.23% for the period July 1, 2020 to March 31, 2021 and 14.09% for the period April 1, 2021 to June 30, 2021 of covered payroll. For fiscal year 2020, the State of Kansas contributed 14.41% for the period July 1, 2019 to March 31, 2020 and 14.23% for the period April 1, 2020 to June 30, 2020 of covered payroll.

Although KPERS administers one cost-sharing multiple-employer defined benefit pension plan, separate actuarial valuations are prepared to determine the actuarial determined contribution rate by group. To facilitate the separate actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and non-employer allocations are applied to amounts presented in the schedules of pension amounts by employer and non-employer.

The individual employer allocation percentages for the pension amounts were based on the ratio of the employer and non-employer contributions for the individual employer in relation to the total of all employer and non-employer contributions of the group.

At June 30, 2020, the College's proportion of the net pension liability was 1.762%, which was a decrease of .026% from the proportion measured of 1.788% at June 30, 2019. The proportion recognized by the State of Kansas on behalf of the College was 1.757% (special funding situation). The proportion recognized by the College for KPERS retirees was 0.005%.

Special Funding Situation:

The employer contributions for the College, as defined in K.S.A. 74-4931 (2) and (3), are funded by the State of Kansas on behalf of the College. Therefore, the College is considered to be in a special funding situation as defined by GASB Statement No. 68.

The State of Kansas is treated as a non-employer contributing entity to KPERS and is required to recognize its proportionate share of the net pension liability, deferred outflows of resources, deferred inflows of resources, and expenses for the pension plan attributable to the College. At June 30, 2021 and 2020, the proportionate share of the net pension liability recognized by the State of Kansas that was attributable to the College was $131,671,144 and $115,665,208, respectively.

The State of Kansas contributed $12,315,887 and $12,552,599 directly to KPERS on behalf of the College for the years ended June 30, 2021 and 2020, respectively. The payments made by the State of Kansas on behalf of the College have been recorded as both revenues (in state appropriations) and expenses (in benefits) in the Statements of Revenues, Expenses and Changes in Net Position.

Note 5. Defined Benefit Pension Plan (Continued)

Net Pension Liability:

The College makes contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937. During the years ended June 30, 2021 and June 30, 2020, the contribution made to KPERS for these employees was $31,910 and $38,164, respectively. The College reported a liability for its proportionate share of the net pension liability related to these employees of $318,080 and $703,558 at June 30, 2021 and 2020, respectively.

The June 30, 2021 net pension liability was measured as of June 30, 2020, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020. The June 30, 2020 net pension liability was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018, which was rolled forward to June 30, 2019.

The College's proportion of the net pension liability was based on the ratio of the College's actual contribution to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal years ended June 30, 2021 and 2020. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. The College's proportion was 0.005% and 0.012% at June 30, 2021 and 2020, respectively.

The College recognized pension income of $97,735 and income of $45,724 for the years ended June 30, 2021 and 2020, respectively, related to the College's net pension liability.

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 4,430	$ (3,496)	$ 6,113	$ (18,197)
Net difference between projected and actual earnings on pension plan investments	28,181	-	11,694	-
Change in proportion	110,184	(637,959)	220,373	(433,293)
Change in assumptions	16,243	-	18,895	(259)
Total	$ 159,038	$ (641,455)	$ 257,075	$ (451,749)

Note 5. Defined Benefit Pension Plan (Continued)

The net $482,417 of amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in the Statement of Revenues, Expenses and Changes in Net Position as follows:

Fiscal Year:		
2022	$	(102,623)
2023		(161,254)
2024		(133,413)
2025		(75,773)
2026		(9,354)
Total	$	(482,417)

Discount Rate:

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the contractually required rate. The State, School and Local employers do not necessarily contribute the full actuarially determined rate. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Actuarial Assumptions:

The total pension liability for the June 30, 2020 measurement date was determined by an actuarial valuation as of December 31, 2019 which was rolled forward to June 30, 2020. The total pension liability for the June 30, 2019 measurement date was determined by an actuarial valuation as of December 31, 2018 which was rolled forward to June 30, 2019. These actuarial valuations used the following actuarial assumptions, applied to all periods included in the measurement:

Price inflation	2.75 percent
Wage inflation	3.25 percent
Salary increase	3.25 to 11.75 percent, including price inflation
Investment rate of return	7.5 percent compounded annually, net of investment expense, including price inflation

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016. The actuarial cost method is entry age normal. The amortization method is level percentage of payroll, closed.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted for the period January 1, 2016, through December 31, 2018 and resulted in a reduction of the wage inflation from 3.5% to 3.25% and a reduction in the long-term rate of return (net of investment expenses and including price inflation) from 7.75 to 7.5%.

Note 5. Defined Benefit Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
U.S. Equities	23.5%	5.20%
Non-U.S. Equities	23.5%	6.40%
Private Equity	8.0%	9.50%
Private Real Estate	11.0%	4.45%
Yield Driven	8.0%	4.70%
Real Return	11.0%	3.25%
Fixed Income	11.0%	1.55%
Short-term investments	4.0%	0.25%
Total	100%	

Sensitivity to changes in the discount rate:

The following presents the College's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the College's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage-point higher (8.5%) than the current rate:

	1% Decrease (6.5%)	Current Discount Rate (7.5%)	1% Increase (8.5%)
College's proportionate share of the net pension liability allocated to the State of Kansas	$ 175,009,379	$ 131,671,144	$ 95,719,989
College's proportionate share of the net pension liability allocated to the College	$ 421,754	$ 318,080	$ 230,675
Total	$ 175,431,133	$ 131,989,224	$ 95,950,664

Note 5. Defined Benefit Pension Plan (Continued)

KPERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERS (611 S. Kansas Ave., Suite 100, Topeka, Kansas 66603-3803) or by calling (888) 275-5737. The report is also available online at www.kpers.org.

Note 6. Other Postemployment Benefit Plans

The College follows GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions,* for the accounting related to other postemployment benefit plans. The plan does not issue a separate standalone financial report. This Statement establishes the following measurement and recognition disclosures:

Medical and Prescription Drug Plan

Plan description:

The College sponsors a single-employer other postemployment benefit plan (OPEB) that provides medical and prescription drug benefits to qualifying retirees and their dependents. Employees who qualify for pension benefits under the Kansas Public Employee Retirement System (KPERS) and are enrolled in the College's insurance benefits during the benefit plan year prior to retirement and retired prior to June 1, 2013 are eligible for benefits. Under KPERS, a participant must be at least age 55 with at least 10 years of service or meet Rule of 85 (age + service >= 85) at any age to be eligible. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits provided:

All benefits are provided through fully insured arrangements. Three medical plan options (PPO, HMO and HSA) are available to qualifying retirees. Benefits are the same as those available to active employees. Coverage is available until the retiree qualifies for Medicare. Spouses may continue coverage upon retiree death or attainment of Medicare eligibility age (i.e. age 65) under COBRA for up to 36 months not to exceed the spouse's own age 65. All benefits renew annually starting June 1.

Funding policy:

Retirees who retired prior to June 1, 2013 and either met the Rule of 85 or were age 59 with 15 years of service upon retirement pay no premiums for medical coverage including dependent coverage for up to 10 years or until the retiree attains age 65. Otherwise, retirees and dependents must pay COBRA rates to maintain medical coverage with the College. For dental and vision benefits, retirees and dependents must pay COBRA rates to maintain coverage with the College.

Employees covered by benefit terms:

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

Retirees currently receiving benefit payments	28
Retirees' spouses receiving benefit payments	9
Active employees	1,019
Total	1,056

Note 6. Other Postemployment Benefit Plan (Continued)

Total OPEB liability:

The College's total OPEB liability of $4,886,566 and $5,352,757 was measured as of June 30, 2021 and 2020, respectively, and was determined by an actuarial valuation as of July 1, 2019 rolled forward to June 30, 2021 and as of July 1, 2019 rolled forward to June 30, 2020. There are no assets accumulated in a trust that meets the criteria of paragraph 4 of GASB 75.

Actuarial assumptions and other inputs:

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

Inflation	2.5 percent
Salary increases	2.5 percent, average, including inflation
Discount rate	2.0 percent
Healthcare cost trend rates	6.75 percent for 2021-22, decreasing 0.25 percent per year to an ultimate rate of 5.0 percent for 2028-29 and later years
Retirees' share of benefit-related costs	52 percent of projected health insurance premiums for retirees
Actuarial cost method	Entry age normal

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

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-weighted Mortality Tables using Scale MP-2020 Full Generational Improvement for the June 30, 2021 valuation and MP-2019 Full Generational Improvement for the June 30, 2020 valuation.

Note 6. Other Postemployment Benefit Plan (Continued)

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balances at 7/1/2019	$ 4,751,480
Changes for the year:	
Service cost	216,560
Interest	143,836
Changes of benefit terms	-
Differences between expected and actual experience	(430,989)
Changes in assumptions or other inputs	1,018,870
Benefit payments	(347,000)
Net changes	601,277
Balances at 6/30/2020	5,352,757
Changes for the year:	
Service cost	275,414
Interest	140,677
Changes of benefit terms	-
Differences between expected and actual experience	(313,451)
Changes in assumptions or other inputs	(133,831)
Benefit payments	(435,000)
Net changes	(466,191)
Balances at 6/30/2021	$ 4,886,566

Changes of assumptions and other inputs reflect a change in the discount rate from 2.6% in fiscal year 2020 to 2.0% in 2021.

Sensitivity of the total OPEB liability to changes in the discount rate:

The following presents the total OPEB liability of the College, calculated using the discount rate of 2.0%, as well as what the College's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (1.0%) or 1-percentage-point higher (3.0%) than the current discount rate:

	1% Decrease (1.0%)	Current Discount Rate (2.0%)	1% Increase (3.0%)
Total OPEB Liability	$ 5,242,779	$ 4,886,566	$ 4,549,747

Note 6. Other Postemployment Benefit Plan (Continued)

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates:

The following presents the total OPEB liability of the College, as well as what the College's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75% decreasing to 4%) or 1-percentage point higher (7.75% decreasing to 6%) than the current healthcare cost trend rates:

	1% Decrease (5.75% decreasing to 4%)	Healthcare Cost Trend Rates (6.75% decreasing to 5%)	1% Increase (7.75% decreasing to 6%)
Total OPEB Liability	$ 4,337,058	$ 4,886,566	$ 5,529,802

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

For the year ended June 30, 2021 and 2020, the College recognized OPEB expense of $415,338 and $409,341, respectively.

At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2021		2020	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ (931,502)	$ -	$ (753,711)
Changes of assumptions or other inputs	996,755	(118,961)	1,146,532	-
Total	$ 996,755	$ (1,050,463)	$ 1,146,532	$ (753,711)

The net $53,708 of amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in the Statement of Revenues, Expenses and Changes in Net Position as:

2022	$ (753)
2023	(753)
2024	(753)
2025	(753)
2026	(753)
Thereafter	(49,943)
Total	$ (53,708)

Note 6. Other Postemployment Benefit Plan (Continued)

KPERS long-term disability and life insurance benefit plans

Plan description:

The College participates in a multiple-employer defined benefit OPEB plan which is administered by KPERS. This plan provides long-term disability benefits and a life insurance benefit for disabled members of KPERS, as provided by K.S.A. 74-04927. This plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. However, because the trust's assets are used to pay employee benefits other than OPEB, the trust does not meet the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.* Accordingly, this plan is considered to be administered on a pay-as-you-go basis.

Contributions:

Employer contributions are established and may be amended by state statute. Members are not required to contribute. There were no employer contributions paid for benefits during the fiscal years ended June 30, 2021 and 2020.

Special Funding Situation:

The employer contributions for the College, as defined by K.S.A. 74-4931 (2) and (3), are made by the State of Kansas on behalf of the College. Therefore, the College is considered to be in a special funding situation. Accordingly, the State of Kansas is required to recognize the total OPEB liability, deferred outflows of resources, deferred inflows of resources and expense for the OPEB plan attributable to the College. The College records revenue and OPEB expense in an amount equal to the expense recognized by the State on behalf of the College.

Benefits provided:

Benefits are established by statute and may be amended by the KPERS Board of Trustees. The KPERS Plan provides long-term disability benefits equal to 60 percent of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60 percent of the member's monthly compensation, with a minimum of $100 and a maximum of $5,000. The monthly benefit is subject to reduction by deductible sources of income, which include Social Security primary disability or retirement benefits, workers compensation benefits, other disability benefits from any other sources by reason of employment, and earnings from any form of employment. If the disability begins before age 60, benefits are payable while the disability continues until the member's 65th birthday or retirement date, whichever occurs first. If the disability begins after age 60, benefits are payable while the disability continues, for a period of five years or until the member retires, whichever occurs first. Benefit payments for disabilities caused or contributed to by substance abuse or non-biologically based mental illnesses are limited to the shorter of the term of the disability or 24 months per lifetime.

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the member's previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one

Note 6. Other Postemployment Benefit Plan (Continued)

percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

Covered employees:

The College has the following employees covered by the Plan as of June 30, 2020 (Measurement Date):

Inactive employees or beneficiaries currently receiving benefit payments	16
Active Employees	1,191
Total	1,207

Total OPEB Liability

At June 30, 2021 and 2020, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $2,853,698 and $2,961,948, respectively.

Actuarial Assumptions:

The total OPEB liability was determined by an actuarial valuation as of December 31, 2019, which was rolled forward to June 30, 2020 (the measurement date) for the year ended June 30, 2021, using the following actuarial assumptions:

Price inflation	2.75 percent
Payroll Growth	3.00 percent
Wage Inflation	3.5 percent, average, including inflation
Discount rate (based on the Bond Buyer General Obligation 20-Bond Municipal Index)	3.5 percent

Mortality rates used for the death benefits were based on historical experience of the KPERS Death and Disability Plan for all participants.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study conducted during 2016-2018.

Revenue and OPEB Expense Recorded by the College

For the years ended June 30, 2021 and 2020, the College recognized revenue and OPEB expense in equal amounts of $282,942 and $311,747, respectively.

Note 7. Risk Management

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; business interruption; errors and omissions; employee injuries and illnesses; natural disasters; and employee health and accidental benefits. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in the years ended June 30, 2021 and 2020.

Note 8. Contingencies

The College is named as a defendant in various legal actions arising in the normal course of operations. The College's management believes the resolution of those actions will not have a material effect on the College's basic financial statements.

Note 9. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued Statements not yet implemented by the College. The Statements which might impact the College are as follows:

In June 2017, the GASB issued Statement No. 87 *Leases*, which will require reporting of certain lease liabilities that currently are classified as operating leases. This statement will be effective for the College's fiscal year ending June 30, 2022. The College has not yet determined the effect that the adoption of this Statement will have on its financial statements.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement has requirements related to the effective date of Statement 87, intra-entity transfers of assets, the application of Statement 84, and the measurement of liabilities and assets associated with asset retirement obligations. This statement is effective for the College's fiscal year ending June 30, 2022. Portions of the omnibus will affect the College, but the impact has not yet been determined.

In May 2020, the GASB issued Statement No. 96, *Subscription-Based Information Technology Arrangements*. This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements. These arrangements would be recorded as an intangible asset and a corresponding subscription liability. This Statement is effective for the fiscal year ending June 30, 2023, and the College has not yet evaluated its effect on the financial statements.

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures

Basis of presentation:

The financial statements of the Foundation have been prepared on the accrual basis of accounting in accordance with the provisions of the FASB ASC. The FASB ASC requires the Foundation to distinguish between contributions that increase net assets with donor restrictions and net assets without donor restrictions. It also requires recognition of contributions, including contributed services meeting certain criteria, at fair values. The FASB ASC establishes standards for external financial statements of not-for-profit organizations and requires a statement of financial position, a statement of activities, and a statement of cash flows.

Tax status:

The Foundation is recognized as exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Foundation may be subject to federal and state income taxes on any net income from unrelated business activities. The Foundation files a Form 990 (Return of Organization Exempt from Income Tax) annually and unrelated business income (UBI) is reported on Form 990-T, as appropriate. Management has evaluated their material tax positions, which include such matters as the tax-exempt status of the Foundation and various positions relative to potential sources of UBI. As of June 30, 2021 and 2020, there were no income tax effects with respect to the financial statements. Forms 990 and 990-T filed by the

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

Foundation are no longer subject to examination by the Internal Revenue Service for fiscal years ended June 30, 2017 and prior.

Promises to give:

Unconditional promises to give are recognized as revenue at the present value of expected future payments when unconditional promises to give are received. As of June 30, 2021 and 2020, management believed that no allowance for doubtful collection was necessary based on the evaluation of the receivables and the related donors. Promises to give are scheduled to be received as follows:

	2021	2020
Due in less than one year	$ 536,083	$ 592,000
Due after one year to five years	500,000	500,000
Total Promises to Give	1,036,083	1,092,000
Less discount of present value (interest rates from 1.75% to 2.36%)	7,869	8,600
Promises to Give, net	$ 1,028,214	$ 1,083,400

Promises to give of $1,000,000 and $1,009,950 as of June 30, 2021 and 2020 respectively, were due from certain members of the Foundation's Board of Directors or affiliated organizations of these Directors. At June 30, 2021 and 2020, 97% and 92% of gross promises to give were due from two and one donors, respectively. There were no conditional promises to give as of June 30, 2021 and 2020.

During the years ended June 30, 2021 and 2020, the Foundation received 31% of its total gifts and contributions from one board member and one donor, respectively.

Investments:

The Foundation's investment portfolio as of June 30, 2021 and 2020 consisted of the following:

	2021	2020
U.S. government obligations	$ 2,923,170	$ 1,904,032
Equity funds	16,282,541	12,396,929
Corporate bonds	3,544,489	3,728,693
Common stock	14,067,575	10,763,355
Preferred stock	1,206,346	1,051,000
Certificates of deposit	-	254,720
Exchange traded funds	52,600	46,860
	$ 38,076,721	$ 30,145,589

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

The investments of the Foundation are exposed to various risks, such as interest rate, market and credit risk. Due to the level of risk associated with such investments and the level of uncertainty related to changes in the value of such investments, it is at least reasonably possible that changes in risks in the near term would affect investment balances and the amounts reported in the financial statements.

Contributed services and related party transactions:

The College provides the Foundation with office space, furniture and equipment without charge. Certain College employees perform duties for the Foundation without compensation from the Foundation. Management of the Foundation has estimated the fair market value of these services, which are recorded as management and general and fundraising expenses and contributed services revenue, to be $755,208 and $706,213 for the years ended June 30, 2021 and 2020, respectively. No amounts have been reflected in the financial statements for donated services, which do not create or enhance nonfinancial assets; however, time and resources have been contributed by volunteers in furtherance of the Foundation's objectives.

During the years ended June 30, 2021 and 2020, the Foundation gifted $750,000 and $2,801,770, respectively, to the College for the purpose of constructing new facilities on the campus. This is included in capital appropriations and gifts in the Statements of Revenues, Expenses and Changes in Net Position.

At June 30, 2021 and 2020, the Foundation owed the College $878,906 and $36,379, respectively, which was included in accounts payable.

Net assets with donor restrictions:

At June 30, 2021 and 2020, net assets with donor restrictions are available for the following purposes:

	2021	2020
Scholarships to students	$ 9,127,761	$ 5,973,432
Support of College programs, including visual and performing arts programs and capital projects	9,065,132	6,294,330
Support of capital projects	55,867	739,964
Amounts with perpetual restrictions		
Scholarships to students	10,686,413	10,539,033
Support of College programs, including visual and performing arts programs	10,871,626	9,854,489
	$ 39,806,799	$ 33,401,248

Net assets that have perpetual restrictions are restricted for investment in perpetuity, the income from which is generally expendable for student scholarships and programs support. Net assets with perpetual restrictions also include significant portions of the campus art, which can only be sold under specific restrictions, including that the proceeds be reinvested in new campus art. The total of campus art included in net assets with perpetual restrictions was $973,851 for both years ended June 30, 2021 and 2020 and is included in visual and performing art programs. Additionally, the Foundation has campus art that is restricted but not restricted in perpetuity. The total of campus art included in net assets with donor restrictions was $664,676 and $662,831 as of June 30, 2021 and 2020, respectively, and is included in support of college programs, including visual and performing arts programs and capital projects.

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

Assets released from restriction:

Net assets with donor restrictions were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors for the years ended June 30, 2021 and 2020 as follows:

	2021	2020
Scholarships to students	$ 1,595,657	$ 1,257,487
Support of College programs, including visual and performing arts programs and capital projects	1,823,933	4,163,255
	$ 3,419,590	$ 5,420,742

ements:

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification defines fair value, establishes a framework for measuring fair value, and requires disclosure of fair value measurements. The fair value hierarchy set forth in the Topic is as follows:

Level 1: Quoted prices (unadjusted) for identical assets or liabilities in active markets that the entity has the ability to access as of the measurement date.

Level 2: Significant other observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.

Level 3: Significant unobservable inputs that reflect a reporting entity's own assumptions about the assumptions that market participants would use in pricing an asset or liability.

A description of the valuation methodologies used for assets measured at fair value, on a recurring basis, as well as the general classification of such instruments pursuant to the valuation hierarchy, is set forth below:

Investments: Where quoted prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. Level 1 securities would include equity funds and exchange traded equities. If quoted market prices are not available, then fair values are estimated by using pricing models, quoted prices of securities with similar characteristics, or discounted cash flow. Level 2 securities include U.S. government obligations of states and political subdivisions and certain corporate, asset backed and other securities. In certain cases where there is limited activity or less transparency around inputs to the valuation, securities are classified within Level 3 of the hierarchy.

There have been no changes in valuation techniques used for any assets measured at fair value during the years ended June 30, 2021 and 2020.

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

The following tables summarize, by level, the assets measured at fair value on a recurring basis, as of June 30, 2021 and 2020, segregated by the general classification of such instruments pursuant to the valuation hierarchy:

	June 30, 2021			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 2,923,170	$ -	$ 2,923,170
Equity funds:				
Fixed income mutual funds	5,058,504	-	-	5,058,504
International mutual funds	3,598,135	-	-	3,598,135
Domestic mutual funds	5,676,740	-	-	5,676,740
Alternative mutual funds	1,949,162	-	-	1,949,162
Corporate bonds	-	3,544,489	-	3,544,489
Common stock				
Energy	467,586	-	-	467,586
Materials	518,197	-	-	518,197
Industrials	1,414,315	-	-	1,414,315
Consumer discretionary	1,746,279	-	-	1,746,279
Consumer staples	950,331	-	-	950,331
Health care	1,581,982	-	-	1,581,982
Financials	1,514,586	-	-	1,514,586
Information technology	3,851,384	-	-	3,851,384
Real estate	278,365	-	-	278,365
Telecommunication services	1,623,361	-	-	1,623,361
Utilities	121,189	-	-	121,189
Preferred stock	1,206,346	-	-	1,206,346
Exchange traded funds	52,600	-	-	52,600
Total	$ 31,609,062	$ 6,467,659	$ -	$ 38,076,721

Note 10. Johnson County Community College Foundation – Accounting Policies and Other Disclosures (Continued)

	June 30, 2020			
	Level 1	Level 2	Level 3	Total
Investments				
U.S. government obligations	$ -	$ 1,904,032	$ -	$ 1,904,032
Equity funds:				
Fixed income mutual funds	3,086,515	-	-	3,086,515
International mutual funds	3,038,158	-	-	3,038,158
Domestic mutual funds	4,569,183	-	-	4,569,183
Alternative mutual funds	1,703,073	-	-	1,703,073
Corporate bonds	-	3,728,693	-	3,728,693
Common stock				
Energy	382,681	-	-	382,681
Materials	260,403	-	-	260,403
Industrials	959,111	-	-	959,111
Consumer discretionary	1,414,411	-	-	1,414,411
Consumer staples	798,720	-	-	798,720
Health care	1,356,130	-	-	1,356,130
Financials	1,020,951	-	-	1,020,951
Information technology	2,960,363	-	-	2,960,363
Real estate	291,452	-	-	291,452
Telecommunication services	1,145,401	-	-	1,145,401
Utilities	160,565	-	-	160,565
Reorgs, Expired, Mat or Call	13,167	-	-	13,167
Preferred stock	1,051,000	-	-	1,051,000
Exchange traded funds	46,860	-	-	46,860
	$ 24,258,144	$ 5,632,725	$ -	$ 29,890,869
Investments not subject to the fair value hierarchy:				
Certificates of deposit				254,720
Total	$ 24,258,144	$ 5,632,725	$ -	$ 30,145,589

There were no transfers between Level 1, 2 or 3 for the fair value hierarchy for the fiscal years ended June 30, 2021 and 2020.

Note 11. Information on Activities with Revenue-Backed Debt

The College has issued revenue bonds to construct a student center and parking garages for its students as described in Note 4 which are revenue backed debt instruments. Information related to the associated activities is as follows:

	2021	2020
Total Capital Assets, Net	$ 15,710,014	$ 16,436,769
Total Debt	$ 11,453,749	$ 12,835,552
Operating revenues, sales and service	$ 13,894,727	$ 11,656,283
Less operating expenses, salaries, utilities, depreciation and other expenses	8,678,903	10,126,823
Operating Income	$ 5,215,824	$ 1,529,460

Note 12. Tax Abatement Disclosures

Property tax abatements are authorized under Kansas statutes KSA 12-1740 et. Seq. and KSA 79-201a. Abatements may not exceed a term of ten years by statute. Among other eligibility criteria, the developer must demonstrate a positive cost/benefit to the various taxing jurisdictions under Kansas law. Johnson County cities have used tax abatements for many years to spur industrial and office development. Kansas statues provide a process for cities to abate property tax on qualifying property.

GASB 77 requires disclosure information about tax abatements entered into by other governments affecting revenues of the College. The following cities within Johnson County, Kansas have entered into tax abatement agreements that reduce property tax revenues for the College: De Soto, Gardner, Lenexa, Merriam, Mission, Olathe, Overland Park, Prairie Village, Roeland Park, Shawnee and Westwood. The gross dollar amount by which the College's property tax revenues were reduced as a result of these tax abatement agreements was approximately $2,669,000 and $2,178,000 during the years ending June 30, 2021 and June 30, 2020, respectively. There were no tax abatement agreements entered into by the College.

Note 13. Uncertainties

In January 2020, an outbreak of a new strain of coronavirus, COVID-19, was identified and recognized as a global pandemic by the World Health Organization. From March to June 2020, the College campus was closed, and students, faculty and staff were moved to remote operations. Since July 2020, the College has operated in a modified hybrid environment, offering both face-to-face and virtual instruction and operations.

COVID-19 had an adverse effect on the College's enrollment and operations during the years ending June 30, 2021 and 2020. Given the uncertainty of the extent and duration of the pandemic, management cannot reasonably estimate the impact to the College's future results of operations, cash flows or financial condition. College leadership continues to monitor the coronavirus threat and adjust the institutional response as circumstances dictate.

Note 13. Uncertainties (Continued)

The Higher Education Emergency Relief Fund (HEERF), found in Section 18004 of the CARES Act, provided funding to institutions of higher education. The College recorded HEERF grant revenue of $19,257,088 and $1,825,164 for the fiscal years ended June 30, 2021 and 2020, respectively. In keeping with the terms of the HEERF grants, the College has allocated grant funds to provide direct emergency aid to students and to cover institutional costs associated with significant changes to the delivery of instruction due to the coronavirus and to reimburse lost revenues.

Johnson County Community College

Required Supplementary Information
Schedules of College's Proportionate Share
Year Ended June 30, 2021

KPERS Defined Benefit Pension Plan
Schedule of College's Proportionate Share of the Net Pension Liability

	As of Measurement Date: June 30, 2020	2019	2018	2017	2016	2015*
Total proportion of the state/school group net pension liability allocated to the College	1.76221%	1.78835%	1.81410%	1.88268%	1.96949%	1.92353%
Less: proportion of the state/school group net pension liability allocated to the State of Kansas (special funding)	1.75746%	1.77618%	1.79760%	1.86020%	1.95760%	1.91227%
College's proportion of the state/school group net pension liability	0.00475%	0.01217%	0.01650%	0.02248%	0.01189%	0.01126%
Total proportionate share of the state/school group net pension liability allocated to the College	$ 131,989,224	$ 116,368,766	$ 119,305,580	$ 127,846,444	$ 133,398,205	$ 133,194,199
Less: proportionate share of the state/school group net pension liability allocated to the State of Kansas (special funding)	$ 131,671,144	$ 115,665,208	$ 118,342,322	$ 126,496,805	$ 132,370,340	$ 132,414,195
College's proportionate share of the state/school group net pension liability	$ 318,080	$ 703,558	$ 963,258	$ 1,349,639	$ 1,027,865	$ 780,004
College's state/school group covered payroll	$ 183,627	$ 311,055	$ 525,582	$ 710,293	$ 323,900	$ 242,814
College's state/school group proportionate share of net pension liability as a percentage of its covered payroll	173.22%	226.18%	183.27%	190.01%	317.34%	321.24%
Plan fiduciary net position as a percentage of the total pension liability	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%

* GASB 68 requires presentation of ten years. The College's proportionate share of the net pension liability allocated to employer prior to the plan year ended 2015 is not available.

Changes of assumptions for 2020: A reduction in the long-term rate of return (net of investment expenses including price inflation) from 7.75% to 7.5% and an increase in wage inflation from 3.25% to 11.75%. Price inflation remained the same at 2.75%.

Changes of assumptions for 2017: Price inflation dropped from 3.00% to 2.75%, a reduction of the wage inflation from 4.00% to 3.50% and a reduction in the long-term rate of return (net of investment expenses including price inflation) from 8.00% to 7.75%.

Johnson County Community College

Required Supplementary Information
Schedules of College's Contributions to Defined Benefit Pension Plan
Year Ended June 30, 2021

KPERS Defined Benefit Pension Plan
Schedule of College's Contributions

	As of the College's Fiscal Year Ended					
	2021	**2020**	**2019**	**2018**	**2017**	**2016***
Required state/school group contribution	$ 38,164	$ 84,459	$ 82,321	$ 100,759	$ 72,003	$ 49,477
Contributions made in relation to the required contribution	38,164	84,459	82,321	100,759	72,003	49,477
Contribution deficiency	-	-	-	-	-	-
College's state/school group covered payroll	$ 183,627	$ 311,055	$ 525,582	$ 710,293	$ 323,900	$ 242,814
Contributions as a percentage of state/school group covered payroll	20.78%	27.15%	15.66%	14.19%	22.23%	20.38%

* GASB 68 requires presentation of ten years. The College's proportionate share of the net pension liability allocated to employer prior to the year ended 2016 is not available.

Johnson County Community College

Required Supplementary Information
Other Postemployment Benefit Plan – Medical and Prescription Drug Plan
Schedule of College's Net OPEB Liability
Year Ended June 30, 2021

Total OPEB Liability for fiscal year:	**2021**	**2020**	**2019**	**2018***
Service cost	$ 275,414	$ 216,560	$ 219,211	$ 199,797
Interest	140,677	143,836	172,831	175,654
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(313,451)	(430,989)	(476,498)	-
Changes in assumptions or other inputs	(133,831)	1,018,870	86,333	254,651
Benefit payments	(435,000)	(347,000)	(537,000)	(620,000)
Net change in total OPEB liability	(466,191)	601,277	(535,123)	10,102
Total OPEB liability-beginning	5,352,757	4,751,480	5,286,603	5,276,501
Total OPEB liability-ending	$ 4,886,566	$ 5,352,757	$ 4,751,480	$ 5,286,603
Covered payroll	$ 63,713,791	$ 63,713,791	$ 60,651,205	$ 60,651,205
Total OPEB liability as a percentage of covered payroll	7.7%	8.4%	7.8%	8.7%

* GASB 75 requires presentation of ten years. The College's OPEB liability detail prior to the plan year ended 2018 is not available.

Notes to Schedule:

The measurement date is the same date as the College's fiscal year end.

Changes of assumptions

Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The discount rate was 2.0% for 2021.

Johnson County Community College

Required Supplementary Information
Other Postemployment Benefit Plan – KPERS long-term disability and life insurance benefit plans
Schedule of College's Net OPEB Liability
Year Ended June 30, 2021

Total OPEB Liability for fiscal year:	**2021**	**2020**	**2019**	**2018***
Service cost	$ 229,657	$ 223,630	$ 220,557	$ 234,775
Interest	105,510	131,616	127,988	114,376
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience	(194,025)	(416,577)	102,156	-
Changes in assumptions or other inputs	107,722	39,354	(38,057)	(109,824)
Benefit payments	(357,114)	(383,153)	(793,183)	(536,459)
Net change in total OPEB liability	(108,250)	(405,130)	(380,539)	(297,132)
Total OPEB liability-beginning	2,961,948	3,367,078	3,747,617	4,044,749
Total OPEB liability-ending	2,853,698	2,961,948	3,367,078	3,747,617
Nonemployer contributing entity total proportionate share of the total OPEB liability:	100%	100%	100%	100%
Nonemployer contributing entity total proportionate share (amount) of the total OPEB liability:	$ 2,853,698	$ 2,961,948	$ 3,367,078	$ 3,747,617
College's proportionate share of the total OPEB liability:	0%	0%	0%	0%
College's proportionate share (amount) of the total OPEB liability:	$ -	$ -	$ -	$ -

* GASB 75 requires presentation of ten years. The College's OPEB liability detail prior to the fiscal year ended 2018 is not available.

Notes to Schedule:

The measurement date of the liability is 12 months earlier than the fiscal year end of the College in each year.

Changes of assumptions

There are no assets accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefits.

There have been no factors that significantly affect the trends in the amounts reported.

Budgetary Expenditures with Appropriations (Unaudited)
Year Ended June 30, 2021

	Budgetary Expenditures	Legal Appropriations Budget	Under Budget
Current Unrestricted Funds:			
General	$ 115,862,638	$ 153,868,407	$ 38,005,769
Postsecondary technical education (PTE)	39,941,712	45,213,615	5,271,903
Subtotal General and PTE	155,804,351	199,082,022	43,277,671
Adult supplementary education	4,067,727	8,332,621	4,264,894
Truck driver training	219,573	797,183	577,610
Motorcycle driver	86,044	109,489	23,445
Auxiliary enterprises	9,670,435	14,706,990	5,036,555
Total Current Unrestricted Funds	169,848,131	$ 223,028,305	$ 53,180,174
Current Restricted Funds:			
Special assessments	220,066	$ 1,005,000	$ 784,934
Other restricted	26,409,129		
Total Current Restricted Funds	26,629,195		
Total Current Funds	196,477,326		
Plant Funds:			
Unexpended, capital outlay	406,878	$ 6,584,900	$ 6,178,022
Repair and replacement reserve	225,526		
Bond proceeds, construction	3,257,499		
Debt retirement, revenue bonds	3,546,621		
Total Plant Funds	7,436,523		
Total Current and Plant Funds	$ 203,913,849		