

OFFICIAL STATEMENT

NEW ISSUE – BOOK-ENTRY ONLY

BANK QUALIFIED

RATING: S&P “A+”

See “Bond Ratings” herein

In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the “Code”): (1) the Interest Portion of Basic Rent Payments paid by Garden City Community College, Finney County, Kansas and distributed to the registered owners of the Certificates is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; (2) the Interest Portion of Basic Rent Payments paid and distributed to the registered owners of the Certificates is exempt from income taxation by the State of Kansas; and (3) the College’s obligation to pay the Basic Rent Payments under the Lease that is distributable to owners of the Certificates is a “qualified tax-exempt obligation” within the meaning of Section 265(b)(3) of the Code. See “TAX MATTERS” herein.

\$5,100,000

GARDEN CITY COMMUNITY COLLEGE

FINNEY COUNTY, KANSAS

LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2022

Evidencing Proportionate Interests In and Rights to Receive Payment Under the

Lease Purchase Agreement Between the College and Security Bank of Kansas City, Kansas City, Kansas, As Trustee

Dated: June 1, 2022

Due: May 1, as shown on inside front cover.

The Lease Purchase Agreement Certificates of Participation, Series 2022 (the “Certificates”) will be executed and delivered in fully registered form in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company (“DTC”), New York, New York. DTC will act as securities depository for the Certificates. Purchases of the Certificates will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof as described above. Purchasers will not receive certificates representing their interests in Certificate purchases. So long as Cede & Co. is the registered owner of the Certificates, as nominee of DTC, references herein to the Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Certificates. Principal portions of Basic Rent represented by the Certificates are payable on May 1 in each year, beginning May 1, 2023. Interest portions of Basic Rent represented by the Certificates are payable semi-annually on May 1 and November 1 in each year, beginning November 1, 2022, by check or draft to the registered owners of the Certificates by Security Bank of Kansas City, Kansas City, Kansas (the “Trustee”). The Principal Portion of Basic Rent represented by the Certificates is payable upon presentation and surrender of the Certificates at the principal corporate office of the Trustee. The Certificates mature, bear interest, and are priced according to the schedule on the inside cover page.

The Certificates evidence the ownership of proportionate interests in, and right to receive rental payments under, that certain Lease Purchase Agreement, dated as of June 1, 2022 (the “Lease” or “Lease Purchase Agreement”), entered into between the Trustee, as lessor acting as fiduciary for the owners of the Certificates, and Garden City Community College, Finney County, Kansas (the “College” and the “Lessee”). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of June 1, 2022 (the “Declaration of Trust”), by the Trustee. The net proceeds from the sale of the Series 2022 Certificates will be used to pay the costs of certain STEM building additions and improvements, turf replacement and track upgrade, a new digital scoreboard for stadium, print shop production copiers and cosmetology building improvements on or near the College campus in Garden City, Kansas (the “Improvements”) all as more fully described under the caption “THE IMPROVEMENTS”.

The Certificates are payable (except to the extent payable from the proceeds of the Certificates and income from the investment thereof) solely from Basic Rent Payments to be paid by the College under the Lease for use of the Improvements and the Real Property on which a portion thereof is located (jointly defined as the “Project”) and to the extent received by the Trustee, net proceeds of certain insurance policies or proceeds from the liquidation of interest or enforcement of claims in connection with the Project. The Basic Rent Payments constitute a special obligation of the College payable from revenues of the College, including, if necessary, ad valorem taxation. NEITHER THE CERTIFICATES NOR THE LEASE GIVE RISE TO A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COLLEGE, THE STATE OF KANSAS, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR PROVISION NOR A MANDATORY PAYMENT OBLIGATION BEYOND THE TERMS OF THE LEASE. PURSUANT TO K.S.A. 71-201, THE TERM OF THE LEASE EXTENDS TO JUNE 30, 2031, WITH ANNUAL RENEWALS EXTENDING THE MAXIMUM LEASE TERM TO MAY 1, 2035 (THE “LEASE TERM”). THE LEASE IS SUBJECT TO CHANGE OR TERMINATION BY REASON OF AN ACT OF THE KANSAS LEGISLATURE AS PROVIDED THEREIN AND PURSUANT TO K.S.A. 71-201, AND IS NOT SUBJECT TO ANNUAL APPROPRIATION (SEE “RISK FACTORS AND INVESTMENT CONSIDERATIONS”). Upon termination of the Lease prior to the end of its term, the Certificates will be payable solely from the proceeds of the liquidation by the Trustee of the Improvements, together with certain monies, if any, held by the Trustee under the Declaration of Trust, and any monies available therefor may be less than the principal amount of the Certificates outstanding and interest thereon. A prospective purchaser of the Certificates described herein should be aware that any such investment is subject to certain risks associated with the Certificates which must be recognized. Reference is made to the discussion herein under the heading “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”

MATURITY SCHEDULE

(See inside cover page.)

The Certificates maturing on May 1, 2030 and thereafter are subject to optional prepayment on May 1, 2029 or thereafter in whole or in part at any time, at a price equal to 100% of the principal amount, plus accrued interest to the prepayment date. (see “THE CERTIFICATES - Prepayment of the Certificates” herein).

The Certificates are offered when, as and if issued, subject to prior sale, to withdrawal or to modification of the offer without notice and to the delivery of an unqualified approving opinion by Gilmore & Bell, P.C., Wichita, Kansas, as Special Tax Counsel, and other conditions. Certain matters will be subject to approval by Paul Kitzke, Esq., Hugoton, Kansas as counsel for the College. It is expected that the Certificates will be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about June 1, 2022.

Stephens Inc.

THE COVER PAGE CONTAINS CERTAIN INFORMATION FOR QUICK REFERENCE ONLY. THE COVER PAGE IS NOT A SUMMARY OF THIS ISSUE. INVESTORS MUST READ THE ENTIRE OFFICIAL STATEMENT, INCLUDING ALL APPENDICES ATTACHED HERETO TO OBTAIN INFORMATION ESSENTIAL TO THE MAKING OF AN INFORMED INVESTMENT DECISION. “APPENDIX C - SUMMARY OF FINANCING DOCUMENTS” CONTAINS DEFINITIONS USED IN THIS OFFICIAL STATEMENT.

The date of this Official Statement is May 10, 2022

\$5,100,000
GARDEN CITY COMMUNITY COLLEGE
FINNEY COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2022
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Security Bank of Kansas City, Kansas City, Kansas, As Trustee

MATURITY SCHEDULE

SERIAL CERTIFICATES

Stated Maturity <u>May 1</u>	Principal <u>Amount</u>	Annual Rate of <u>Interest</u>	<u>Yield</u>	CUSIP ⁽¹⁾ <u>Base: 365040</u>
2023	\$325,000	4.000%	2.200%	JP 0
2024	320,000	4.000%	2.500%	JQ 8
2025	335,000	4.000%	2.750%	JR 6
2026	345,000	4.000%	2.850%	JS 4
2027	360,000	4.000%	3.000%	JT 2
2028	375,000	4.000%	3.100%	JU 9
2029	390,000	4.000%	3.200%	JV 7
2030	405,000	3.250%	3.250%	JW 5
2031	420,000	3.300%	3.300%	JX 3
2032	435,000	3.350%	3.350%	JY 1
2033	445,000	3.400%	3.400%	JZ 8
2034	465,000	3.450%	3.450%	KA 1
2035	480,000	3.500%	3.500%	KB 9

(all plus accrued interest, if any)

⁽¹⁾ CUSIP data is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by S&P Capital IQ, a subsidiary of The McGraw-Hill Companies, Inc, and is included solely for the convenience of the Owners of the Certificates. Neither the College nor the Underwriter shall be responsible for the selection or correctness of the CUSIP numbers set forth above.

\$5,100,000
GARDEN CITY COMMUNITY COLLEGE
FINNEY COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2022
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

BOARD OF TRUSTEES

Dr. Marilyn Douglass, Chairperson
Leonard Hitz, Vice Chairperson
Bob Larsen, Board Member
Beth Tedros, Board Member
David Rupp, Board Member
Shanda Smith, Board Member
Dr. Ryan J. Ruda, Board Secretary

COLLEGE STAFF

Dr. Ryan J. Ruda, College President
Karla Armstrong, Vice President for Administrative Services/CFO
Colin Lamb, Vice President for Student Services
Marc Malone, Vice President for Instruction

SPECIAL TAX COUNSEL

Gilmore & Bell, P.C.
Wichita, Kansas

TRUSTEE

Security Bank of Kansas City
Kansas City, Kansas

FINANCIAL ADVISOR

Ranson Financial Group, LLC
Wichita, Kansas

UNDERWRITER

Stephens Inc.
Little Rock, Arkansas

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVERALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICES OF THE CERTIFICATES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

THE CERTIFICATES HAVE NOT BEEN REGISTERED WITH THE SECURITIES AND EXCHANGE COMMISSION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR UNDER ANY STATE SECURITIES OF "BLUE SKY" LAWS. THE CERTIFICATES ARE OFFERED PURSUANT TO AN EXEMPTION FROM REGISTRATION WITH THE SECURITIES AND EXCHANGE COMMISSION. THE REGISTRATION, QUALIFICATION OR EXEMPTION OF THE CERTIFICATES IN ACCORDANCE WITH THE APPLICABLE SECURITIES LAW PROVISIONS OF THE JURISDICTIONS IN WHICH THESE SECURITIES HAVE BEEN REGISTERED, QUALIFIED OR EXEMPTED SHOULD NOT BE REGARDED AS A RECOMMENDATION THEREOF. NEITHER THESE JURISDICTIONS NOR ANY OF THEIR AGENCIES HAVE GUARANTEED OR PASSED UPON THE SAFETY OF THE CERTIFICATES AS AN INVESTMENT, UPON THE PROBABILITY OF ANY EARNINGS THEREON OR UPON THE ACCURACY OR ADEQUACY OF THIS OFFICIAL STATEMENT. ANY REPRESENTATION TO THE CONTRARY MAY BE A CRIMINAL OFFENSE.

THIS OFFICIAL STATEMENT CONTAINS STATEMENTS THAT ARE "FORWARD-LOOKING STATEMENTS" AS DEFINED IN THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995. WHEN USED IN THIS OFFICIAL STATEMENT, THE WORDS "ESTIMATE," "INTEND," "EXPECT" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. SUCH STATEMENTS ARE SUBJECT TO RISKS AND UNCERTAINTIES THAT COULD CAUSE ACTUAL RESULTS TO DIFFER MATERIALLY FROM THOSE CONTEMPLATED IN SUCH FORWARD-LOOKING STATEMENTS. READERS ARE CAUTIONED NOT TO PLACE UNDUE RELIANCE ON THESE FORWARD-LOOKING STATEMENTS, WHICH SPEAK ONLY AS OF THE DATE HEREOF.

IN MAKING AN INVESTMENT DECISION INVESTORS MUST RELY ON THEIR OWN EXAMINATION OF THE COLLEGE AND THE TERMS OF THE OFFERING, INCLUDING THE MERITS AND RISKS INVOLVED.

No dealer, salesman or other person has been authorized to give any information or to make any representation, other than the information contained in this Official Statement, in connection with the offering of the Certificates, and, if given or made, such information or representations must not be relied upon as having been authorized by the College, or the Underwriter. The information in the Official Statement, and no sale hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the College or others since the date thereof. This Official Statement does not constitute an offer or solicitation in any jurisdiction in which such offer or solicitation is not authorized, or in which any person making such offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make such offer or solicitation. The information set forth herein has been obtained from the College and other sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. The delivery of the Official Statement at any time does not imply that information herein is correct as of any time subsequent to its date.

TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTION.....	1
THE CERTIFICATES	1
THE DEPOSITORY TRUST COMPANY	4
CONTINUING DISCLOSURE	6
SOURCES AND USES OF FUNDS	6
RISK FACTORS AND INVESTMENT CONSIDERATIONS	7
THE IMPROVEMENTS.....	10
ABSENCE OF LITIGATION.....	10
LEGAL MATTERS	10
TAX MATTERS	10
RATINGS	11
FINANCIAL ADVISOR.....	12
UNDERWRITING.....	12
TRUSTEE	12
MISCELLANEOUS.....	12
AUTHORIZATION OF OFFICIAL STATEMENT	13
 Appendix A: INFORMATION CONCERNING THE COLLEGE	 A-1
Appendix B: AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021	B-1
Appendix C: DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS.....	C-1
Appendix D: FORM OF DISCLOSURE UNDERTAKING	D-1

\$5,100,000
GARDEN CITY COMMUNITY COLLEGE
FINNEY COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2022
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

INTRODUCTION

This Official Statement, including its cover page and Appendices, is furnished in connection with the offering and sale of \$5,100,000 aggregate principal amount of Lease Purchase Agreement Certificates of Participation, Series 2022 (the “Certificates”) evidencing ownership of proportionate interests in, and rights to receive certain payments under that certain Lease Purchase Agreement, dated as of June 1, 2022 the “Lease” or “Lease Purchase Agreement”), entered into between Security Bank of Kansas City, Kansas City, Kansas (the “Trustee” and “Lessor”), acting as fiduciary for the owners of the Certificates, and Garden City Community College, Finney County, Kansas (the “College” and the “Lessee”). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of June 1, 2022 (the “Declaration of Trust”), made by the Trustee. The net proceeds from the sale of the Series 2022 Certificates will be used to pay the costs of certain STEM building additions and improvements, turf replacement and track upgrade, a new digital scoreboard for stadium, print shop production copiers and cosmetology building improvements on or near the College campus in Garden City, Kansas (the “Improvements”) all as more fully described under the caption “THE IMPROVEMENTS”.

Certain of the Improvements are located on a site owned by the College (the “Real Property”). The Real Property is being leased to the Trustee pursuant to a Site Lease, dated June 1, 2022 (the “Site Lease”). The Site Lease term extends to May 1, 2035, subject to earlier termination as specified therein. The Real Property and Improvements (jointly, the “Project,”), are leased to the College by the Trustee under the Lease.

The Certificates are payable (except to the extent payable from the proceeds of the Certificates and income from the investment thereof) solely from Basic Rent Payments to be paid by the College under the Lease for use of the Project. and, to the extent received by the Trustee, Net Proceeds of certain insurance policies or proceeds from the liquidation of interest or enforcement of claims in connection with the Project. The Basic Rent Payments constitute a special obligation of the College payable from revenues of the College, including, if necessary, ad valorem taxation. Neither the Certificates nor the Lease give rise to a general obligation or other indebtedness of the College, the State of Kansas, or any other political subdivision thereof within the meaning of any constitutional or statutory debt limitation or provision. The College will have the option to purchase the Trustee’s title and interest in the Project at the end of the Lease Term. PURSUANT TO K.S.A. 71-201, THE TERM OF THE LEASE IS FOR NOT MORE THAN TEN (10) YEARS, AND IS SUBJECT TO ANNUAL EXTENSION BY THE BOARD OF TRUSTEES OF THE COLLEGE ADDITIONAL TERMS AS MORE FULLY DESCRIBED HEREIN. THE OBLIGATION OF THE COLLEGE TO PAY BASIC RENT PAYMENTS IS NOT SUBJECT TO ANNUAL APPROPRIATION. THE LEASE IS SUBJECT TO CHANGE OR TERMINATION AT ANY TIME BY ACT OF THE KANSAS LEGISLATURE (see “RISK FACTORS AND INVESTMENT CONSIDERATIONS”). Upon termination of the Lease prior to the end of its term, the Certificates will be payable from the proceeds of the liquidation by the Trustee of the Project together with certain monies, if any, held by the Trustee under the Declaration of Trust, and any monies available therefor may be less than the principal amount of the Certificates outstanding and interest thereon. A prospective purchaser of the Certificates described herein should be aware that any such investment is subject to certain risks associated with the Certificates which must be recognized. Reference is made to the discussion herein under the heading “RISK FACTORS AND INVESTMENT CONSIDERATIONS.”

The Trustee does not have any obligation to make, and will not make, any payment from the Trustee’s own funds on the Certificates or pursuant to the Lease.

This Official Statement contains a description of the Certificates, the Lease and the Declaration of Trust. Reference is made to the discussion herein under the heading “DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS” for the definitions of certain terms used in such documents and in this Official Statement. These descriptions do not purport to be definitive or comprehensive, and all references to those documents are qualified in their entirety by reference to the approved form of such documents, which documents are available at the principal offices of the College or Trustee.

THE CERTIFICATES

General

The Certificates are executed and delivered in the total aggregate principal amount of \$5,100,000, bear a Dated Date of June 1, 2022, and mature on May 1 (the “Principal Payment Dates”), commencing May 1, 2023, in the years and principal amounts as shown on the inside cover of this Official Statement. The Interest Portions of Basic Rent Payments represented by the Certificates accrue from the Dated Date and shall be payable semiannually on May 1 and November 1 (the “Interest Payment Dates”) of each year commencing November 1, 2022, until the Certificates are paid in full. The Certificates are issued in fully registered form without coupons in

denominations of \$5,000 or integral multiples thereof not exceeding the principal amount of the certificates maturing on any Principal Payment Date.

The principal of the Certificates will be payable in lawful money in the United States of America at maturity upon presentation of the Certificates to the Trustee. The Interest Portions of Basic Rent Payments represented by the Certificates will be payable in lawful money in the United States of America by check or draft of the Trustee mailed to the registered owners thereof whose names appear on the registration books as of the 15th day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the "Record Date").

While the Certificates remain in book-entry form, payments to Beneficial Owners (as defined herein) are governed by the rules of DTC as described in the section "BOOK-ENTRY ONLY SYSTEM" herein. In the event that DTC ceases to act as securities depository for the Certificates, payment may be made as described below. Under the Declaration of Trust, the Trustee is designated as the initial paying agent for the Certificates.

Source and Security for Payment

Each Certificate evidences ownership of a proportionate interest in, and rights to receive certain payments under, the Lease. The Trustee is acting in a fiduciary capacity as both Lessor (under the Lease) and Trustee (under the Declaration of Trust). The Trustee agrees to hold and exercise its rights to receive Basic Rent Payments and other monies under the Lease in trust solely for the benefit of the Certificate Owners.

The payments due on the Certificates are to be made by the Trustee from the Basic Rent Payments paid to it by the College pursuant to the Lease, from the proceeds of the sale of the Certificates (including that amount collected as accrued interest), and from certain investment proceeds earned from the investment of monies being held in the various trust funds, as hereinafter described.

The Basic Rent Payments constitute a special obligation of the College payable from revenues of the College, including ad valorem taxes. Neither the Certificates nor the Lease give rise to a general obligation or other indebtedness of the College, the State of Kansas, or any other political subdivision thereof within the meaning of any constitutional or statutory debt limitation or provision. The College intends to make the Basic Rent Payments from revenues generated by the College and other monies otherwise lawfully available therefore, including ad valorem taxes. The College has represented in the Lease that it will to the extent permitted by state law, and subject to other terms and conditions of the Lease, budget a sufficient amount annually to permit the College to discharge all of its obligations under the Lease.

The College is obligated for the term of the Lease to maintain insurance as more fully described under "DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS- THE LEASE-- Insurance."

NEITHER THE CERTIFICATES NOR THE LEASE GIVE RISE TO A GENERAL OBLIGATION OR OTHER INDEBTEDNESS OF THE COLLEGE, THE STATE OF KANSAS, OR ANY OTHER POLITICAL SUBDIVISION THEREOF WITHIN THE MEANING OF ANY CONSTITUTIONAL OR STATUTORY DEBT LIMITATION OR PROVISION. THE OBLIGATION OF THE COLLEGE TO PAY BASIC RENT PAYMENTS CONSTITUTES AN OBLIGATION FOR WHICH THE COLLEGE HAS OBLIGATED ITSELF TO LEVY TAXATION, IF NECESSARY, AND IS NOT SUBJECT TO ANNUAL APPROPRIATION

Transfer and Exchange

While the Certificates remain in book-entry form, transfers of ownership by Beneficial Owners may be made as described under the section "BOOK-ENTRY ONLY SYSTEM" herein. In the event that DTC ceases to act as securities depository for the Certificates, transfers may be effected as described below.

Books for the registration and transfer of the Certificates are to be kept by the Trustee, as registrar. Upon surrender for transfer of any Certificate at the principal corporate trust office of the Trustee and satisfaction of the conditions and restrictions of such transfer, the Trustee is to execute and deliver in the name of the transferee a new Certificate of the same maturity or maturities, interest rate and tenor as the Certificates surrendered. Certificates may be exchanged at the principal corporate trust office of the Trustee for an equal aggregate principal amount of Certificates of the same maturity or maturities, interest rate and tenor as the Certificate surrendered. All Certificates presented for transfer or exchange must be accompanied by a written instrument of transfer or authorization for exchange, in form satisfactory to the Trustee, duly executed by the Owner or by his attorney duly authorized in writing.

The Trustee shall not be obliged to make any such exchange or transfer of Certificates between any Record Date and any succeeding Interest Payment Date, nor during the period from the 15 days next preceding the giving of notice of redemption through the subject redemption date.

SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE CERTIFICATES, THE TRUSTEE SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN

ACCORDANCE WITH ITS NORMAL PROCEDURES. See “THE CERTIFICATES – Book-Entry Certificates; Securities Depository.”

Book-Entry Certificates: Securities Depository

The Certificates shall initially be registered to Cede & Co., the nominee for the Securities Depository, and no Beneficial Owner will receive certificates representing their respective interests in the Certificates, except in the event the Trustee issues Replacement Certificates. It is anticipated that during the term of the Certificates, the Securities Depository will make book-entry transfers among its Participants and receive and transmit payment of principal of, premium, if any, and interest on, the Certificates to the Participants until and unless the Trustee authenticates and delivers Replacement Certificates to the Beneficial Owners as described in the following paragraphs.

(a) If the College determines (1) that the Securities Depository is unable to properly discharge its responsibilities, or (2) that the Securities Depository is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, or (3) that the continuation of a book-entry system to the exclusion of any Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Certificates; or

(b) If the Trustee receives written notice from Participants having interest in not less than 50% of the Certificates Outstanding, as shown on the records of the Securities Depository (and certified to such effect by the Securities Depository), that the continuation of a book-entry system to the exclusion of any Certificates being issued to any Owner other than Cede & Co. is no longer in the best interests of the Beneficial Owners of the Certificates, then the Trustee shall notify the Owners of such determination or such notice and of the availability of certificates to owners requesting the same, and the Trustee shall register in the name of and authenticate and deliver Replacement Certificates to the Beneficial Owners or their nominees in principal amounts representing the interest of each, making such adjustments as it may find necessary or appropriate as to accrued interest and previous calls for redemption; provided, that in the case of a determination under (a)(1) or (a)(2) of this paragraph, the College, with the consent of the Trustee, may select a successor securities depository in accordance with the following paragraph to effect book-entry transfers.

In such event, all references to the Securities Depository herein shall relate to the period of time when the Securities Depository has possession of at least one Certificate. Upon the issuance of Replacement Certificates, all references herein to obligations imposed upon or to be performed by the Securities Depository shall be deemed to be imposed upon and performed by the Trustee, to the extent applicable with respect to such Replacement Certificates. If the Securities Depository resigns and the College, the Trustee or Owners are unable to locate a qualified successor of the Securities Depository, then the Trustee shall authenticate and cause delivery of Replacement Certificates to Owners, as provided herein. The Trustee may rely on information from the Securities Depository and its Participants as to the names of the Beneficial Owners of the Certificates. The cost of printing, registration, authentication, and delivery of Replacement Certificates shall be paid for by the College.

In the event the Securities Depository resigns, is unable to properly discharge its responsibilities, or is no longer qualified to act as a securities depository and registered clearing agency under the Securities and Exchange Act of 1934, as amended, the College may appoint a successor Securities Depository provided the Trustee receives written evidence satisfactory to the Trustee with respect to the ability of the successor Securities Depository to discharge its responsibilities. Any such successor Securities Depository shall be a securities depository which is a registered clearing agency under the Securities and Exchange Act of 1934, as amended, or other applicable statute or regulation that operates a securities depository upon reasonable and customary terms. The Trustee upon its receipt of a Certificate or Certificates for cancellation shall cause the delivery of the Certificates to the successor Securities Depository in appropriate denominations and form as provided in the Declaration of Trust.

Prepayment Provisions

The Certificates shall be subject to prepayment and redemption prior to the stated maturity thereof, as follows:

(a) *Prepayment in the Event of Damage, Destruction, Condemnation, and Certain Other Events.* The Certificates are callable for prepayment and redemption prior to maturity in whole or in part, at a prepayment price of 100% of the Principal Portion of Basic Rent represented thereby, plus the Interest Portion of Basic Rent accrued to the prepayment date, in the event that (A) any of the Improvements are substantially damaged or destroyed, or taken in a condemnation proceeding (other than condemnation by the College), or title to or the use of substantially all of the Project shall be lost by reason of a defect in title thereto, or if, as a result of changes in the Constitution of Kansas or legislative or administrative action by the State or the United States, the Lease terminates or becomes unenforceable, and (B) the College exercises its option to prepay Rent Payments under the Lease (See “DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS – THE LEASE –Damage, Destruction, and Condemnation”).

(b) *Optional Prepayment.* At the option of the College, the Certificates maturing on May 1, 2030, and thereafter, may be prepaid prior to maturity on May 1, 2029 and thereafter, as a whole or in part at any time, at the prepayment price of 100% of the Principal Portion of Basic Rent Payments being prepaid, plus Interest Portions of Basic Rent Payments to the prepayment date.

Selection of Certificates for Partial Prepayment

Whenever provision is made in the Declaration of Trust for partial prepayment of Certificates, those not previously paid or called for prepayment shall be selected for prepayment upon instructions from the College in such equitable manner as the Trustee determines. In selecting portions of Certificates for prepayment, the Trustee shall treat each Outstanding Certificate as representing the number of Certificates which is obtained by dividing the Principal Portion of such Certificate by the authorized denomination.

Partial Prepayment of a Certificate

Upon surrender of any Certificate prepaid in part only, the Trustee shall execute and deliver to the Owner thereof, at the expense of the College, a new Certificate or Certificates of authorized denomination equal in aggregate principal amount to the unprepaid portion of the Certificate surrendered and of the same interest rate and the same maturity. Such partial prepayment shall be valid upon payment of the amount thereby required to be paid to such Owner, and the College and the Trustee shall be released and discharged from all liability to the extent of such payment.

Notice of Prepayment

When prepayment is authorized or required, the Trustee shall give notice, at the expense of the College, of the prepayment of the Certificates. Such notice shall specify (i) that the Certificates or a designated portion thereof are to be prepaid, (ii) the date of prepayment, (iii) the place or places where the prepayment will be made, and (iv) the prepayment price. Such notice shall further state that the prepayment price shall become due and payable, together with accrued interest, and that from and after the prepayment date interest shall cease to accrue.

Notice of such prepayment shall be given by mailing prepayment notices to the Owners of the Certificates designated for prepayment at their addresses appearing on the Certificate Register at least thirty (30) days but not more than sixty (60) days prior to the prepayment date.

So long as the book-entry only system is used for the Certificates, the Trustee will give any notice of prepayment or any other notices required to be given to owners only to DTC. Any failure of DTC to advise any DTC Participant or of any DTC Participant to notify the Beneficial Owner, of any such notice and its content or effect will not affect the validity of the prepayment of the Certificates so called for prepayment. Beneficial Owners may desire to make arrangements with a DTC Participant so that all notices of prepayment or other communications to DTC which affect such Beneficial Owners, including notification of all interest payments, will be forwarded in writing by such DTC Participant. See “BOOK-ENTRY ONLY SYSTEM” herein.

Effect of Notice of Prepayment

If, on said date of prepayment, moneys for the prepayment of all the Certificates to be prepaid, shall be held by the Trustee and, if notice of prepayment thereof shall have been given as aforesaid, then, from and after said date of prepayment, Interest Portions of Basic Rent Payments represented by the Certificates shall cease to accrue and become payable. All moneys held by or on behalf of the Trustee for the prepayment of the Certificates shall be held in trust for the benefit of the Owners of the Certificates to be so prepaid.

THE DEPOSITORY TRUST COMPANY

1. The Depository Trust Company (“DTC”, New York, New York, will act as securities depository for the Certificates. The Certificates will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Certificate will be issued for each scheduled maturity of the Certificates, and will be deposited with DTC.

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC,

National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

3. Purchases of Certificates under the DTC system must be made by or through Direct Participants, which will receive a credit for the Certificates on DTC’s records. The ownership interest of each actual purchaser of each Certificate (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Certificates are to be accomplished by entries made on the books of Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Certificates, except in the event that use of the book-entry system for the Certificates is discontinued.

4. To facilitate subsequent transfers, all Certificates deposited by Direct Participants with DTC are registered in the name of DTC’s partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Certificates with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Certificates; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Certificates are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

5. Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Certificates may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Certificates, such as redemptions, tenders, defaults, and proposed amendments to the Certificate documents. For example, Beneficial Owners of Certificates may wish to ascertain that the nominee holding the Certificates for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

6. Redemption notices shall be sent to DTC. If less than all of the Certificates within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the College as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

8. Redemption proceeds, distributions, and dividend payments on the Certificates will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the College or Agent, on the payment date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC nor its nominee, Agent, or the College, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the College or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

9. DTC may discontinue providing its services as depository with respect to the Certificates at any time by giving reasonable notice to the College or Agent. Under such circumstances, in the event that a successor securities depository is not obtained, Certificates are required to be printed and delivered.

10. The College may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Certificate certificates will be printed and delivered to DTC.

11. The information in this section concerning DTC and DTC’s book-entry system has been obtained from sources that College believes to be reliable, but the College takes no responsibility for the accuracy thereof.

CONTINUING DISCLOSURE

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. In connection with the issuance of the Certificates, the College will enter into a continuing disclosure undertaking (the “Disclosure Undertaking”) wherein the College covenants to annually provide certain financial information and operating data (collectively the “Annual Report”) and other information necessary to comply with the Rule, and to transmit the same to the MSRB. Pursuant to the Disclosure Undertaking, the College has agreed to file its Annual Report with the national repository (“EMMA”) not later than the end of the eighth month after the end of the College’s Fiscal Year, commencing with the year ending June 30, 2022. In the Lease, the College covenants with the Underwriter and the Beneficial Owners of the Certificates to apply the provisions of the Disclosure Undertaking to the Certificates. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Certificates.

The College has previously entered into disclosure undertakings pursuant to the Rule (the “Prior Undertakings”). In certain prior years, the College has failed to file its Annual Report within the time period prescribed by the Prior Undertakings. The College’s filings for such years are set forth on the table below.

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Filing Time</u> <u>Period (Days/Date)</u>	<u>Financial Information</u> <u>Filing Date</u>	<u>Operating Data</u> <u>Filing Date</u>
	180 - 12/27/2017 ⁽¹⁾		
2017	12/31/2017 ⁽²⁾	12/13/2017	02/05/2018 ⁽⁴⁾
	180 - 12/27/2018 ⁽¹⁾		
2018	12/31/2018 ⁽²⁾	01/11/2019 ⁽⁵⁾	06/04/2019 ⁽⁵⁾
	180 - 12/27/2019 ⁽¹⁾		
2019	12/31/2019 ⁽²⁾	01/16/2020 ⁽⁶⁾	01/24/2020 ⁽⁶⁾
2020	12/31/2020	02/16/2021 ⁽⁷⁾	12/30/2020 ⁽⁸⁾
2021	02/28/2022 ⁽³⁾	03/09/2022 ⁽⁹⁾	02/28/2022

⁽¹⁾ Filing requirements for the College’s Refunding Certificates of Participation, Series 2008B and Refunding Certificates of Participation, Series 2012, of which neither were outstanding as of May 1, 2020.

⁽²⁾ Filing requirements for the College’s Student Union, Bookstore and Dormitory System Revenue Bonds, Series 2014, which were refunded by the College’s Certificates of Participation, Series 2021A and are no longer outstanding.

⁽³⁾ Filing requirements for the College’s Refunding Certificates of Participation, Series 2021A, Certificates of Participation, Series 2021B, and the Certificates.

⁽⁴⁾ A notice of failure to file on time was submitted December 27, 2017.

⁽⁵⁾ A notice of failure to file on time was submitted December 26, 2018.

⁽⁶⁾ A notice of failure to file on time was submitted December 27, 2019.

⁽⁷⁾ A notice of failure to file on time was submitted December 30, 2020.

⁽⁸⁾ The operating data filing for 2020 was modified on March 18, 2021 to correct an error in calculating total overlapping debt.

⁽⁹⁾ A notice of failure to file on time was submitted February 28, 2022.

In 2014, the College entered into a service agreement providing assistance on the College’s future submissions.

For more information regarding the College’s continuing disclosure undertaking, see “APPENDIX D--FORM OF DISCLOSURE UNDERTAKING.”

SOURCES AND USES OF FUNDS

It is contemplated that funds used in the transaction financed with the proceeds of the Certificates will be derived and applied approximately as follows:

<i>Sources of Funds:</i>	
Certificate Proceeds	\$5,100,000.00
Original Issue Premium	94,097.95
<i>Total Sources of Funds</i>	<i>\$5,194,097.95</i>
 <i>Uses of Funds:</i>	
Deposit to Redemption Fund	\$5,065,555.41
Cost of Issuance	110,437.54
Underwriter’s Discount	18,105.00
<i>Total Uses of Funds</i>	<i>\$5,194,097.95</i>

RISK FACTORS AND INVESTMENT CONSIDERATIONS

A PROSPECTIVE PURCHASER OF THE CERTIFICATES DESCRIBED HEREIN SHOULD BE AWARE THAT THERE ARE CERTAIN RISKS ASSOCIATED WITH THE CERTIFICATES WHICH MUST BE RECOGNIZED. THE FOREGOING STATEMENTS REGARDING CERTAIN RISKS ASSOCIATED WITH THE OFFERING SHOULD NOT BE CONSIDERED AS A COMPLETE DESCRIPTION OF ALL RISKS TO BE CONSIDERED IN THE DECISION TO PURCHASE THE CERTIFICATES. PROSPECTIVE PURCHASERS OF THE CERTIFICATES SHOULD ANALYZE CAREFULLY THE INFORMATION CONTAINED IN THIS OFFICIAL STATEMENT AND ADDITIONAL INFORMATION IN THE FORM OF THE COMPLETE DOCUMENTS SUMMARIZED HEREIN, COPIES OF WHICH ARE AVAILABLE AND MAY BE OBTAINED FROM THE COLLEGE OR THE FINANCIAL ADVISOR.

Security for the Certificates

Neither the Certificates nor the interest thereon constitutes a general obligation or indebtedness of, nor is the payment thereof guaranteed by the State of Kansas or any governmental subdivision, agency or instrumentality. The Certificates and the interest thereon are payable solely and only from the Trust Estate and sources identified pursuant to the Declaration of Trust, including the revenues received by the Trustee from the Basic Rent Payments paid during the term of the Lease together with monies attributable to Certificate proceeds and the investment thereof and, under circumstances, the proceeds of subletting, sale of property, insurance or condemnation awards received pursuant to the Declaration of Trust and not from any other fund or source. The obligations of the College under the Lease, however, are not subject to annual appropriation under the Kansas Cash Basis Law and K.S.A. 71-201. As such, the obligation of the College to make Basic Rent Payments under the Lease is a special, limited obligation for which the College can, if necessary, levy ad valorem taxation

The College is required under the Lease to pay Basic Rent Payments to the Trustee from any source of legally available funds, including ad valorem taxes, and has covenanted in the Lease to make the necessary appropriations within the parameters of the Lease for such purpose. The Kansas Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State, including changes related specifically to community college taxing districts. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes or successful challenges to the appraiser's determination of fair market value could affect the College's property tax collections. If a taxpayer valuation challenge is successful, the liability of the College to refund property taxes previously paid under protest may have a material impact on the College's financial situation. See "*APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections.*"

Lease Extensions

Under K.S.A. 71-201, as amended, the College cannot be the lessee under a lease that has a term that exceeds 10 years. The Lease has a current term extending to June 30, 2031, a term of not more than 10 years, and provides for an annual extension of that term for one additional year after the expiration of the current term and in a similar fashion each year until May 1, 2035, so that the Lease, as so extended, will remain in effect for a period that will extend to the final maturity date of the Certificates. The College has the right to not make any of the extensions of the term of the Lease, and in such event the Basic Rent Payments in the final year of the term of the Lease shall be sufficient to pay all of the principal and interest on the Certificates.

Termination of Lease

The Lease is subject to change or termination at any time by action of the Kansas Legislature. The Lease may also be terminated by reason of the occurrence of an Event of Default as defined in the Lease. See "*APPENDIX C--DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS- THE LEASE - Events of Default.*"

Results of a Termination of the Lease

The termination of the Lease caused by action of the Kansas Legislature or default by the College will relieve the College from any further obligation under the Lease. In the Event of Default, the College may remain liable for certain deficiencies in the payment of amounts due under the Lease. Upon termination the College is required to surrender possession of the Project to the Trustee, subject to the Site Lease. Thereafter, the Trustee may enforce its interest in the Project subject to the Lease by either reletting or disposing of its interest. See "*APPENDIX C--DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS –THE LEASE – Events of Default*" for a discussion of the results of a default. The Proceeds therefrom along with other monies then held by the Trustee under its Declaration of Trust (with certain exceptions as provided in the Lease and the Declaration of Trust) are required to be used to redeem the Certificates. See "*THE CERTIFICATES-Redemption Provisions.*" **THERE ARE NO ASSURANCES THAT THE TRUSTEE'S INTEREST IN THE PROJECT WOULD HAVE ANY VALUE IF THE LEASE IS TERMINATED.**

A potential purchaser of the Certificates should not assume that it will be possible to liquidate the Trustee's interest in the Project after a termination of the Lease or enforce a monetary judgment against the College for an amount equal to the aggregate principal amount of the Certificates then outstanding plus accrued interest thereon. If the Certificates are redeemed subsequent to a termination of the Lease Term for an amount less than the aggregate principal amount thereof and accrued interest thereon, such partial redemption may have the effect of constituting a redemption in full of the Certificates; and upon such a partial redemption, no Certificate Owner shall have any further claim for payment upon the Trustee or the College.

Special Tax Counsel has rendered no opinion with respect to the applicability or inapplicability of the registration requirements of the Securities Act of 1933, as amended, to any Certificate subsequent to a termination of the Lease Term. If the Lease Term is terminated, there is no assurance that the Certificates may be transferred by an Owner thereof without compliance with the registration provisions of the Securities Act of 1933, as amended, or the availability of an exemption therefrom.

In addition, Special Tax Counsel has rendered no opinion as the treatment for federal income tax purpose of any monies received by an Owner of the Certificates subsequent to a termination of the Lease Term. There is no assurance that any monies received by the holders of the Certificates subsequent to such event will be excludable from federal income taxation.

Taxation of Interest

An opinion of Special Tax Counsel will be obtained to the effect that Interest Portion of Basic Rent Payments represented by the Certificates is excludable from gross income for federal income tax purposes under current provisions of the Internal Revenue Code of 1986, as amended (the "Code"), and applicable rulings and regulations under the Code; however, an application for a ruling has not been made and an opinion of counsel is not binding upon the Internal Revenue Service. There can be no assurance that the present provisions of the Code, or the rules and regulations thereunder, will not be adversely amended or modified, thereby rendering the Interest Portion of Basic Rent Payments represented by the Certificates includable in gross income for federal income tax purposes.

The College has covenanted in the Lease, and in other documents and certificates to be delivered in connection with the issuance of the Certificates to comply with the provisions of the Code, including those which require the College to take or omit to take certain actions after the issuance of the Certificates. Because the existence and continuation of the excludability of the Interest Portion of Basic Rent Payments represented by the Certificates depends upon events occurring after the date of issuance of the Certificates, the opinion of Special Tax Counsel described under "TAX MATTERS" assumes the compliance by the College with the provisions of the Code described above and the regulations relating thereto. No opinion is expressed by Special Tax Counsel with respect to the excludability of the Interest Portion of Basic Rent Payments represented by the Certificates in the event of noncompliance with such provisions. The failure of the College to comply with the provisions described above may cause the Interest Portion of Basic Rent Payments represented by the Certificates to become includable in gross income as of the date of issuance of the Certificates.

Limited Value of the Project

Because the Project consists of facilities designed for use by the College, and the Project is subject to the Site Lease, the value of the Project to anyone other than the College may be limited in the event of default or the termination of the Lease. The Project has been designed and constructed for special use purposes and therefore the number of entities that could be expected to use the Project is limited. A PROSPECTIVE PURCHASER OF THE CERTIFICATES SHOULD NOT ASSUME THAT IT WILL BE POSSIBLE TO RELET THE PROJECT OR SELL THE TRUSTEE'S INTEREST IN THE PROJECT, AFTER A TERMINATION OF THE LEASE.

Premium on Certificates

The initial offering price of the Certificates that are subject to optional redemption are in excess of the respective principal amounts thereof. Any person who purchases a Certificate in excess of its principal amount, whether during the initial offering or in a secondary market transaction, should consider that the Certificates are subject to redemption at par under the various circumstances described herein.

No Additional Interest or Mandatory Redemption upon Taxability

The Declaration of Trust, Lease and Equipment Lease do not provide for the payment of additional interest or penalty on the Certificates or the mandatory redemption thereof if the Interest Portion of Basic Rent Payments represented by the Certificates becomes includable in gross income for federal income tax purposes. Likewise, the Declaration of Trust, Lease and Equipment Lease do not provide for the payment of any additional interest or penalty on the Certificates if the Interest Portion of Basic Rent Payments represented by the Certificates becomes includable in gross income for Kansas income tax purposes.

Kansas Public Employees Retirement System

As described in "FINANCIAL INFORMATION CONCERNING THE COLLEGE--Defined Benefit Pension Plan," the College participates in the Kansas Public Employees Retirement System ("KPERs"), as an instrumentality of the State to provide retirement and

related benefits to public employees in Kansas. KPERS administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The College participates in the Public Employees Retirement System – State/School Group (the “Plan”). Under existing law, employees make contributions and the State makes all employer contributions to the Plan; the College is not responsible for supplemental contributions or any unfunded accrued actuarial liability (“UAAL”). According to KPERS’ Valuation Report, the State/School Group had an UAAL of approximately \$5.257 billion in calendar year 2020. No assurance can be given by the College that future legislative action may require College contributions to the Plan or mandated College responsibility for a portion of the UAAL.

Suitability of Investment

The tax-exempt feature of the Certificates is more valuable to high tax bracket investors than to investors who are in low tax brackets, and so the value of the interest compensation to any particular investor will vary with individual tax rates. Each prospective investor should carefully examine this Official Statement, including the Appendices hereto, and its own financial condition to make a judgment as to its ability to bear the economic risk of such an investment, and whether or not the Certificates are an appropriate investment.

Bond Rating

The Bonds have been assigned the financial rating set forth in the section hereof entitled “BOND RATING.” There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Bonds.

Secondary Market

There is no assurance that a secondary market will develop for the purchase and sale of the Certificates. The absence of continuing disclosure of financial or other information pertaining to the College may impair the development of a secondary market for the Certificates and could impair the ability of an owner to sell the Certificates in the secondary market. Prices of bonds traded in the secondary market, though, are subject to adjustment upward and downward in response to changes in the credit markets. From time to time it may be necessary to suspend indefinitely secondary market trading in the Certificates as a result of financial condition or market position of broker-dealers, prevailing market conditions, lack of adequate current financial information about the College, or a material adverse change in the financial condition of the College, whether or not the Certificates are in default as to principal and interest payments, and other factors which may give rise to uncertainty concerning prudent secondary market practices.

Possible Insufficiency of Casualty Insurance Proceeds

The Project are to be insured by policies of casualty and property damage. In the event of damage to or destruction of the Project or Equipment, the Net Proceeds from such insurance policies or certain other sources may not be sufficient to repair or replace the Improvements or Equipment.

Cybersecurity Risks

Security breaches, including electronic break-ins, computer viruses, attacks by hackers and similar breaches could create disruptions or shutdowns of the College and the services it provides, or the unauthorized disclosure of confidential personal, health-related, credit and other information. If a security breach occurs, the College may incur significant costs to remediate possible injury to the affected persons, and the College may be subject to sanctions and civil penalties. Any failure to maintain proper functionality and security of information systems could interrupt the College’s operations, delay receipt of revenues, damage its reputation, subject it to liability claims or regulatory penalties and could have a material adverse effect on its operations, financial condition and results of operations.

Natural Disasters or Terrorist Attacks

The occurrence of a terrorist attack in the College, or natural disasters, such as fires, tornados, earthquakes, floods or droughts, could damage the College and its systems and infrastructure, and interrupt services or otherwise impair operations of the College.

Global Health Emergency

On March 11, 2020, the World Health Organization proclaimed the Coronavirus (COVID-19) to be a pandemic. In an effort to lessen the risk of transmission of COVID-19, the United States government, state and local governments and private industries have taken measures to limit social interactions in an effort to limit the spread of COVID-19, affecting business activities and impacting global, state and local commerce and financial markets. The Governor of the State has issued various Executive Orders in response to the COVID-19 pandemic, including Executive Orders temporarily preventing foreclosures and evictions, deferring certain tax deadlines and payments, instituting a temporary State-wide stay-at-home (expired as of May 2020), and instituting a mask mandate which granted

each county the right to opt out of such order. The College is currently providing in-person instruction at all facilities while also offering online classes.

The COVID-19 pandemic could result in increased costs to the College and/or negative impacts on the collection of property taxes (a primary source of revenue for the College, including for repayment of the Certificates) within the College due to increased payment delinquencies or disruption of the collection or distribution of property taxes. All such factors could have a material adverse effect on the College's operations and financial condition. As of the date hereof, the College has not experienced material adverse changes relative to its adopted budget with regard to expenditures or receipt of revenues. To date, the College has been awarded approximately \$8,498,711 (\$5,038,306 for College Use; \$3,460,405 as pass through to students) of funds through the Coronavirus Aid, Relief, and Economic Security Act.

State and local governmental authorities continue efforts to contain and limit the spread of COVID-19. Future revenue collections, including property tax collections that are essential to repayment of the Certificates, may deviate from historical or anticipated levels.

The emergence of COVID-19 and the spread thereof is an emerging and evolving issue. The College is not able to predict and makes no representations as to the economic impact of the COVID-19 pandemic on the College.

THE IMPROVEMENTS

The proceeds of the Certificates will be used (1) for certain STEM building additions and improvements, turf replacement and track upgrade, a new digital scoreboard for stadium, print shop production copiers and cosmetology building improvements on or near the College campus in Garden City, Kansas (the "Improvements") and (2) to pay the associated costs of issuance for the Certificates.

ABSENCE OF LITIGATION

At the present time there is no controversy, suit or other proceedings of any kind pending or threatened whereby any question is raised or may be raised questioning or affecting in any way the legal organization of the College or the legality of any official act shown to have been done in the Transcript of Proceedings leading up to the issuance of the Certificates, or the constitutionality or validity of the indebtedness represented by the Certificates shown to be authorized in said Transcript, or the validity of the Certificates or any of the proceedings in relation to the issuance or sale thereof, or the levying and collection of taxes to pay the principal and interest thereof.

LEGAL MATTERS

Approval of Certificates

All matters incident to the authorization and issuance of the Certificates are subject to the approval of Gilmore & Bell, P.C., Wichita, Kansas ("Special Tax Counsel"). The factual and financial information appearing herein has been supplied or reviewed by certain officials of the College and its certified public accountants, as referred to herein. Special Tax Counsel has participated in the preparation of the Official Statement but expresses no opinion as to the accuracy or sufficiency thereof, except for the matters appearing in the sections of this Official Statement captioned "THE CERTIFICATES," "LEGAL MATTERS," "TAX MATTERS" and "APPENDIX C – DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS." Payment of the legal fee of Special Tax Counsel is contingent upon the delivery of the Certificates. Certain legal matters have been passed on for the College by Paul Kitzke, Esq., Hugoton, Kansas.

TAX MATTERS

The following is a summary of the material federal and State income tax consequences of holding and disposing of the Certificates. This summary is based upon laws, regulations, rulings and judicial decisions now in effect, all of which are subject to change (possibly on a retroactive basis). This summary does not discuss all aspects of federal income taxation that may be relevant to investors in light of their personal investment circumstances or describe the tax consequences to certain types of holders subject to special treatment under the federal income tax laws (for example, dealers in securities or other persons who do not hold the Certificates as a capital asset, tax-exempt organizations, individual retirement accounts and other tax deferred accounts, and foreign taxpayers), and, except for the income tax laws of the State of Kansas, does not discuss the consequences to an owner under state, local or foreign tax laws. The summary does not deal with the tax treatment of persons who purchase the Certificates in the secondary market at a premium or a discount. Prospective investors are advised to consult their own tax advisors regarding federal, state, local and other tax considerations of holding and disposing of the Certificates.

Opinion of Special Tax Counsel

In the opinion of Special Tax Counsel, under the law existing as of the issue date of the Certificates:

Federal Tax Exemption. The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates is excludable from gross income for federal income tax purposes.

Alternative Minimum Tax. The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates is not an item of tax preference for purposes of computing the federal alternative minimum tax.

Bank Qualification. The College's obligation to pay the Basic Rent Payments under the Lease that is distributable to owners of the Certificates is a "qualified tax-exempt obligation" within the meaning of Code § 265(b)(3).

Kansas Tax Exemption. The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates is exempt from income taxation by the State of Kansas.

No Other Opinions. Special Tax Counsel's opinions are provided as of the date of the original issue of the Certificates, subject to the condition that the College comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Certificates in order that said Interest Portion of Basic Rent Payments be, or continue to be, excluded from gross income for federal income tax purposes. The College has covenanted to comply with all such requirements. Failure to comply with certain of such requirements may cause the inclusion of the Interest Portion of Basic Rent Payments represented by the Certificates in gross income for federal income tax purposes retroactive to the date of issuance of the Certificates. Special Tax Counsel is expressing no opinion regarding other federal, state or local tax consequences arising with respect to the Lease and Certificates.

Other Tax Consequences

Original Issue Premium. For federal income tax purposes, premium is the excess of the issue price of a Certificate over its stated redemption price at maturity. The stated redemption price at maturity of a Certificate is the sum of all payments on the Certificate other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Certificate is generally the first price at which a substantial amount of the Certificates of that maturity have been sold to the public. Under Code § 171, premium on tax-exempt obligations amortizes over the term of the Certificate using constant yield principles, based on the purchaser's yield to maturity. As premium is amortized, the owner's basis in the Certificate and the amount of tax-exempt interest received will be reduced by the amount of amortizable premium properly allocable to the owner, which will result in an increase in the gain (or decrease in the loss) to be recognized for federal income tax purposes on sale or disposition of the Certificate prior to its maturity. Even though the owner's basis is reduced, no federal income tax deduction is allowed. Prospective investors should consult their own tax advisors concerning the calculation and accrual of premium.

Sale, Exchange or Retirement of Certificates. Upon the sale, exchange or retirement (including redemption) of a Certificate, an owner of the Certificate generally will recognize gain or loss in an amount equal to the difference between the amount of cash and the fair market value of any property received on the sale, exchange or retirement of the Certificate (other than in respect of accrued and unpaid interest) and such owner's adjusted tax basis in the Certificate. To the extent the Certificates are held as a capital asset, such gain or loss will be capital gain or loss and will be long-term capital gain or loss if the Certificate has been held for more than 12 months at the time of sale, exchange or retirement.

Reporting Requirements. In general, information reporting requirements will apply to certain payments of principal, interest and premium paid on Certificates, and to the proceeds paid on the sale of Certificates, other than certain exempt recipients (such as corporations and foreign entities). A backup withholding tax will apply to such payments if the owner fails to provide a taxpayer identification number or certification of foreign or other exempt status or fails to report in full dividend and interest income. The amount of any backup withholding from a payment to an owner will be allowed as a credit against the owner's federal income tax liability.

Collateral Federal Income Tax Consequences. Prospective purchasers of the Certificates should be aware that ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Certificates. Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Certificates, including the possible application of state, local, foreign and other tax laws.

RATINGS

S&P Global Ratings, a division of S&P Global Inc. has assigned an independent rating of "A+" on the Certificates. Such rating, reflects only the view of such rating agency, and an explanation of the significance of such rating may be obtained therefrom. No such rating constitutes a recommendation to buy, sell, or hold any Certificates, including the Certificates, or as to the market price or suitability thereof for a particular investor. The Issuer furnished such rating agency with certain information and materials relating to the Certificates that have not been included in this Official Statement. Generally, rating agencies base their ratings on the information and

materials so furnished and on investigations, studies and assumptions by the rating agencies. There is no assurance that a particular rating will remain in effect for any given period of time or that it will not be revised, either downward or upward, or withdrawn entirely, if in the judgment of the agency originally establishing such rating, circumstances so warrant. Any downward revision or withdrawal of any rating may have an adverse affect on the market price of the Certificates.

FINANCIAL ADVISOR

Ranson Financial Group, LLC, Wichita, Kansas, has acted as Financial Advisor to the College in connection with the sale of the Certificates. The Financial Advisor is a “municipal advisor” as defined in the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010. The Financial Advisor has participated in the preparation of this Official Statement, but has not verified all of the factual information contained herein, nor has it conducted a detailed investigation of the affairs of the College for the purpose of passing upon the accuracy or completeness of this Official Statement. The Financial Advisor’s fee is contingent upon the actual issuance and delivery of the Certificates.

UNDERWRITING

The Certificates have been sold at public sale by the Issuer to Stephens Inc., Little Rock, Arkansas (the “Underwriter”) on the basis of lowest net interest cost. Three (3) bids were received by the Issuer. The Underwriter has agreed, subject to certain conditions, to purchase the Certificates at a price equal to the principal amount of the Certificates, plus accrued interest from the Dated Date to the Issue Date, plus an original issue premium of \$94,097.95, less an underwriting discount of \$18,105.00.

The Certificates will be offered to the public initially at the prices determined to produce the yield set forth on the inside cover page of this Official Statement. The Underwriter may offer and sell the Certificates to certain dealers (including dealers depositing the Certificates into investment trusts) at prices other than the price stated on the inside cover page hereof and may change the initial offering price from time to time subsequent to the date hereof. In connection with the offering, the Underwriters may over allot or effect transactions which stabilize or maintain the market price of the Certificates at a level above that which might otherwise prevail in the open market. Such stabilizing, if commenced, may be discontinued at any time.

TRUSTEE

Security Bank of Kansas City has been appointed Trustee under the Declaration of Trust. Its principal corporate trust office for this transaction is located in Kansas City, Kansas. The Trustee has accepted the duties and responsibilities imposed upon it by the Declaration of Trust, which duties and responsibilities are limited to those expressly set forth therein and in the Lease. The Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith and, if appropriate, upon advice of counsel (which may be counsel for the Trustee or the College). Trustee may resign by an instrument in writing delivered to the College to take effect not earlier than 45 days after its delivery. If the College is not in default under the Lease, the College may remove the Trustee. The successor Trustee shall be a state or national trust company or bank having the powers of a trust company and being duly authorized to execute trust powers having a corporate trust office in the State, in good standing in the State, having a combined capital and surplus of at least ten million dollars (\$10,000,000), and subject to supervision and examination by federal or state authority. Such successor Trustee shall be subject to the same duties and obligations and shall have the same rights, privileges and immunities as are specified in the Declaration of Trust for the Trustee. The Trustee shall be entitled to payment or reimbursement for reasonable fees for reasonable fees, charges, advances and expenses.

The Trustee is not liable for the payment of Basic Rent Payments, and the Owners have no right to look to the Trustee for any payments of the Certificates or for any other payments other than from funds held under the Declaration of Trust.

MISCELLANEOUS

The reference herein to the Declaration of Trust, Lease and other documents referred to in this Official Statement are brief summaries of certain provisions thereof and do not purport to be complete. For full and complete statements of such provisions, reference is made to such documents.

The agreement of the Trustee and the College with the owners of the Certificates is fully set forth in the Declaration of Trust and the Lease, and neither any advertisement of the Certificates nor this Official Statement is to be construed as constituting an agreement with the purchasers of the Certificates. So far as any statements are made in this Official Statement involving matters of opinion, estimates, projections or forecasts, whether or not expressly stated as such, they are not to be construed as representations of fact. Copies of the documents mentioned under this caption are on file at the office of the Financial Advisor and, following delivery of the Certificates, will be on file with the Trustee, the College and the Underwriter.

The Appendices attached hereto are an integral part of this Official Statement and must be read together with all of the foregoing statements.

AUTHORIZATION OF OFFICIAL STATEMENT

The preparation of this Official Statement and its distribution has been authorized by the College. This Official Statement is approved by the governing body of the College as of the date on the cover page hereof.

**GARDEN CITY COMMUNITY COLLEGE
FINNEY COUNTY, KANSAS**

Dr. Marilyn Douglass, Chairperson

\$5,100,000
GARDEN CITY COMMUNITY COLLEGE
FINNEY COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2022
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

Appendix A

INFORMATION CONCERNING THE COLLEGE

Exhibit A

GENERAL INFORMATION CONCERNING THE COLLEGE

History and General Information

Garden City Community College (the “Issuer” or the “College”) is one of four community colleges established in Kansas in 1919, and one of two from that group which still exist. It was created by county-wide election on April 1, 1919, passing by a 2-1 margin, and opened in September of the same year as part of the Garden City public school system, with one vocational and five academic departments.

The College initially shared facilities in Sabine Hall, built in 1910, and Calkins Hall, built in 1912, in the 100 block of Buffalo Jones Avenue, with Garden City High School, and opened with a first class of 22 freshmen and one sophomore. The College and high school shared faculty too.

The first graduate, the late Mildred Hope of Garden City, earned her degree in the spring of 1920. Ms. Hope could be considered the first non-traditional student, as she transferred credits into the College from another institution when she initially enrolled. Sabine Hall, one of the two buildings first used by the College, still stands today as the Sabine House Apartments.

The College moved to the then-new Garden City High School building in 1954, with Garden City High School, and first occupied a campus of its own in 1958 on property where Buffalo Jones Elementary School is located today. The pink stucco structure used on that site was affectionately called “LPU,” for ‘Little Pink University.’

The first effort to establish the College as an entity separate from the Garden City public school system was launched in 1958. It was killed in a Kansas legislative committee, and a second attempt was also rejected in 1962.

In 1963 the College moved back to Sabine and Calkins Halls, which had been vacated by the high school a few years earlier, and also made use of nearby Ben Grimsley Gym, as well as a group of adjacent World War II-era barracks buildings.

The Kansas Legislature passed the Community College Act in 1965, authorizing establishment of 22 independent colleges, including the College. This authorized the institution to levy taxes, conduct its own programs, and function independently of the K-12 school system. County voters elected the first College Board of Trustees in July 1965. Today the College is one of 19 Kansas community colleges.

Locations

The College encompasses a seven-county service area and nine off-campus sites. The primary campus for the College is located in Garden City, Kansas, the county seat of Finney County, Kansas (the “County”) at 801 Campus Drive. The primary facility consists of a 63-acre campus in Garden City and more than 70 acres east of Campus Drive. The Garden City Community College District (the “District”) is contiguous with the boundaries of the County and includes all of Finney County, the cities of Garden City, Holcomb and other townships located within the County.

College Facilities

The present 14-building, 63-acre campus was designed between July 1965 and January 1966. On January 18, 1966, County voters approved a \$2.5 million bond issue, supplemented by a \$538,000 federal grant, for construction, and ground was broken in September 1967. Also, in 1967, revenue bonds were issued for construction of the original residence halls, Academic Building, Saffell Library, Administration Building, Fouse Science-Math Building, Pauline Joyce Fine Arts Building and Physical Education Building.

The Collins Technical Building was added in 1974, after a March vote in which a \$300,000 bond issue passed by a 6-1 ratio. The total cost for the structure was \$675,000.

A residential life addition, now known as the East Units, was built in 1978, with \$875,000 in revenue bonds.

The Penka Building of Practical Arts and Sciences was added in 1986, when additions were completed to the Joyce, Collins and PE Buildings. The project was authorized by the College’s Board of Trustees in December 1984 at a total cost of \$5,100,000 in certificates of participation, financed through a lease-purchase arrangement. Williams Stadium, a baseball facility was also added, with funds donated by Garry and Janet Williams of Kokomo, Indiana.

In January of 1996 a 15,000 square foot, \$1.4 million technical teaching laboratory was completed so that the College could provide more training for workers in area and national industries, including Industrial Ammonia Refrigeration and Industrial Production Technology. In 2019 this building was remodeled and currently houses our John Deere training facility. This program has been awarded Platinum level; the highest training level recognized by the John Deere Corporation.

In 2003, construction began on a 12,900-square Student Center addition, which opened in January 2004. Attached to the original student center structure, the facility is named the Beth Tedrow Student Center and includes the campus book store, a portico-style meeting area, a walk-through student art display area, the campus health center, offices for the student government and the student activities director, space for informal gatherings, and a student theater.

The Beth Tedrow Student Center was coupled with construction of the College's Residential Apartments, which increased on-campus housing capacity from 234 to 306. The three-building housing addition opened in the fall of 2002.

In July of 2005, ground was broken on a 19,260 square foot "Front Door" project. The addition is just south of the original Administration Building. The three-level, two-story structure was designed as a student and community service center consolidating public and student services, streamlining the enrollment process and providing single location for most assistance provided by the College. Completion occurred in 2006.

In coordination with the City of Garden City, a live burning training tower was constructed on the college campus in 2008. This is the only Live Burn facility in Western Kansas. In 2009, the Erdene Corley Simulation Lab was completed adding 7,000 sq. ft. to the Penka building and providing state-of-the-art technology including nine simulators for the nursing and allied health programs. In 2011, the College acquired a 3,280 square foot building located at 724 Campus Drive which has become the Access and Opportunity Center. The center currently houses the offices for the Migrant Family Literacy and adult education programs for the College's Adult Learning Center.

The College was able to purchase six acres and an in-door arena from Finney County Commissioners. The land and building are currently being utilized by the College's Rodeo Team.

The College owns more than 70 acres east of Campus Drive, which have been developed in a cooperative effort with the City of Garden City. The property was named Tangeman Fields in honor of Dr. James Tangeman, former college president. The property includes softball and baseball fields as well as the College's indoor baseball practice building and practice fields for football and soccer. In 2013, the College entered into a lease purchase agreement to fund a \$2,600,000 turf football and soccer field with a running track and field events. The complex includes press boxes, bleachers and restroom facilities.

In 2013, the College purchased a 14,487 square foot pre-engineered steel building on approximately 1.3 acres directly south of the main campus. A portion of the building was converted into a welding lab, classroom and instructor offices. Partial funding for the remodel was provided through the Kansas Technical Retraining Among Industry-targeted Networks (KanTRAIN) grant project awarded by the U. S. Department of Labor's Trade Adjustment Assistance Community College and Career Training program. The Kansas Army National Guard Training Center is located in the front of the building. The center consists of numerous offices and a classroom. Later that year, the College purchased an additional 2.1 acres adjacent to that property. Eight student housing units were constructed as well as a manager apartment and laundry facility/tornado shelter. The housing complex opened January 2015.

During 2015, the College purchased a 4,800 square foot building directly south of the athletic complex. The building is currently being used for storage. A few months later, the College was able to purchase 2.5 acres adjacent to this property. In 2019 this building was remodeled to add additional athletic training facilities. This project was funded by the Sunderland Foundation,

In 2016, the College purchased four apartment buildings south of campus. The complex provided housing for an additional 80 students. In 2017, the College purchased four additional buildings which provides housing for 82 additional students.

In an effort to protect the College's current assets in transportation from sun, wind, rain, vandalism and other hazards, the College's administration would like to construct a 10,000 sq. ft. building to house their campus buses. This building would include (4) bays with an alternate to add another and (1) wash bay that would allow for protection from the elements and would permit minor maintenance to be done indoors. The College currently has (3) 56 passenger MCI buses, (1) 52 passenger Freightliner M2 Bus, and (1) 32 passenger Ford F550 Conversion Bus. If an additional bay is added, it will allow us to house these buses and the wash bay would be used to house the new transit vans recently purchased. These assets are valued at over \$2 million.

The Fouse Science Building is receiving an addition and remodel in 2022. This 10,000 square foot addition and remodel is partially funded with a Title V, Hispanic Serving Institution 5 year, \$5,000,000 grant. This renovation/expansion will add three STEM programs: Cybersecurity, Robotics, and Crop Production Technology.

Other Attendance Locations

In addition to the main campus in Garden City, the College offers classes in 9 surrounding communities and has sites in all of its 7-county service area.

Board of Trustees and Administration

The College is governed by the Board of Trustees of six members, all being elected at large. Responsibilities of the Trustees include the selection of a president, the establishment of a basic policy of the College district, and the overall welfare of the College. Members of the Board of Trustees as of the date of this report are as follows:

<u>Board Members</u>	<u>Name</u>	<u>Term Expires</u>
Chairperson	Dr. Marilyn Douglass	2022
Vice Chairperson	Leonard Hitz	2022
Board Member	Beth Tedrow	2024
Board Member	David Rupp	2024
Board Member	Shanda Smith	2024
Board Member	Dr. Blake Wasinger	2022
Clerk	Beth Tedrow	2024
Secretary	Dr. Ryan J. Ruda	N/A

The Board of Trustees appoints the President, who is the chief executive officer of the College. The current President is Ryan Ruda. Other principal staff members and their current position are as follows:

Dr. Ryan Ruda	President
Karla Armstrong	Vice-President for Administrative Services/CFO
Colin Lamb	Vice-President for Student Services
Marc Malone	Vice-President for Instruction

Faculty/Employees

The College has 59 full-time and approximately 57 part-time faculty members. The College faculty has outstanding academic credentials and their years of teaching and industry experience contribute to top quality instruction. At the College, the student-teacher ratio is 17:1, which ensures small classes and close contact with faculty.

Accreditation of the College

The College is officially accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools and the Kansas State Department of Education. The College's Nursing Program is accredited by the National League for Nursing Accrediting Commissions and the Kansas State Board of Nursing. Certain College programs have also obtained other specific individual accreditations.

Ten-Year Enrollment

Equivalent full-time enrollment at the College since 2012 is shown below:

<u>Academic Year</u>	<u>FTE</u>	<u>Academic Year</u>	<u>FTE</u>
2021-2022 ⁽¹⁾	2,661	2016-2017	2,034
2020-2021	2,898	2015-2016	2,081
2019-2020	2,920	2014-2015	2,086
2018-2019	2,938	2013-2014	1,997
2017-2018	3,253	2012-2013	2,059

⁽¹⁾ Figure does not include summer enrollment figures.

Tuition

For school year 2021/2022, tuition and fees per credit hour are as follows:

<u>Residency</u>	<u>Tuition</u>	<u>Student Fees</u>	<u>Total</u>
Finney County	\$61	\$53	\$114
In – State	62	53	115
Regional ⁽¹⁾	76	53	129
Out-of-State	81	53	134
International	99	53	152
On-line	150	0	150

⁽¹⁾ Includes residents from Colorado, Missouri, New Mexico, Nebraska, Oklahoma, and Texas.

Curriculum Description

The College has over 60 academic and vocational programs from which to choose. Vocational programs feature two years of intensive training preparing students for employment immediately upon graduation with an Associate in Applied Science degree. Academic programs focus on fulfilling general education requirements with classes in major fields of study preparing the student for successful transfer to a four-year institution, or entry into the job market. The College has an average class size of 25 students and has an average student/faculty ratio of 14 to 1.

(Remainder of this page intentionally left blank)

Following is a summary of the programs offered at the College:

Nursing and Allied Health

Registered Nursing
Emergency Medical Services
Paramedic/EMT/EMR Program
Technology
LPN Program

Humanities and Fine Arts

General Studies
English
Theater Arts
Public Speaking
Visual Arts
Art Education
Mass Communications
Music
Music Education
History
Literature
Philosophy
Graphic Design
Journalism

Technical

Automotive Technology
Cosmetology
Engineering Technology
Industrial Production Technology
Welding Technology
Production Agriculture
Animal Science
Ag. Equipment Technology
Fire Science
Management Marketing
Carpentry
Industrial Machine Mechanic

Math and Science

Mathematics
Biology
Chemistry
Engineering
Physics
Physical Science
Pre-Chiropractic
Pre-Dentistry
Pre-Pharmacy
Forestry
Geology/Earth Science
Medical Technology
Pre-Medicine
Respiratory Therapy
Wildlife Biology
Pre-Nursing
Pre-Physical Therapy

Business

Accounting
Business Administration
Management/Marketing
Computer Science
Economics
Business Education
Pre-Law
Business Systems, Networking &
Telecommunications

Social Science

Psychology
Sociology/Social Welfare
Living Arts & Sciences/
Home Economics
Elementary Education
Secondary Education
Geography
Special Education
Political Science

Men's Athletics

Baseball
Basketball
Cross-Country
Football
Golf
Soccer
Track
Rodeo

Co-Curricular Activities

Instrumental Music
Vocal Music
Drama
Cheerleading
Livestock Judging
Academic Challenge Team
Marching Band
Dance Team
Criminal Justice
Science & Math Club
Phi Theta Kappa
Student Government Association
E-Sports

Other Educational Facilities

Unified School District No. 363 is headquartered in Holcomb and has a full-time equivalent enrollment of 923 and operates two elementary schools, one middle school and one high school.

Unified School District No. 457 is headquartered in Garden City and has a full-time equivalent enrollment of 7,239 and operates eleven elementary schools, two intermediate schools, two middle schools, and one senior high school. The District also operates a therapeutic educational center.

The following universities or colleges offering bachelor's or advanced degrees are also located in the region:

<u>Name</u>	<u>Location</u>	<u>Estimated Distance from the College (in Miles)</u>	<u>Estimated Enrollment (FTE)</u>
Dodge City Community College	Dodge City, KS	52	965
Seward County Community College	Liberal, KS	66	1,095
Fort Hays State University	Hays, KS	104	8,728
Barton County Community College	Great Bend, KS	120	4,108
Hutchinson Community College	Hutchinson, KS	161	4,174
Newman University	Wichita, KS	192	2,066
Wichita Technical Institute	Wichita, KS	193	2,015

Student Health Facilities

Health and wellness services are offered to all students and employees of the College. These include routine nursing assessment with any indicated referrals to community health providers; minor first aid, minor illness and emergency care; strep, pregnancy and other minor testing; immunization and influenza vaccinations; blood pressure screening; health education/prevention; and blood borne pathogens training. The College employs two full-time and one part-time registered nurses and has weekly on-site doctors available for students.

Recreational, Cultural and Religious Facilities Available to Students

At the College, many opportunities are offered to participate in extracurricular activities. Student activities include campus picnics, dances, movie nights, pool and volleyball tournaments and intramural sports. Students are encouraged to get involved in a variety of clubs and organizations such as Student Senate, President's Ambassadors, Phi Theta Kappa, Fine Arts Club, Student Nursing Organization, and activities such as drama, music, art, and spirit squad.

A wide variety of cultural and entertainment options are available to residents at Finney County Historical Museum, Garden City Arts, All Veterans Museum Complex, Finney County Fairgrounds, and Finney County Public Library. There are 11 sites registered with the Kansas Historical Society located within the County, of which 10 are located in or around the City of Garden City.

The County has recreational activities available through sporting events, dog parks, escape rooms, a country club, two golf courses, family water park, a public swimming pool, zoos, public parks that feature playground equipment, picnic facilities, including shelter houses, summer recreational programs, and many different clubs and other organizations. Wildlife tours and other nature activities are available at Finney County Game Refuge by Friends of the Sandage Bison

The County has 11 churches that serve the local communities.

FINANCIAL INFORMATION CONCERNING THE COLLEGE

Community colleges in the State of Kansas finance their operations through student tuition, auxiliary operations, student fees, and a property tax levy, as well as State aid.

Under K.S.A. 71-601 *et seq.* and K.S.A. 71-1801 *et seq.*, the community college state funding is on the basis of an annual operating grant and state aid from the State general fund, in an amount determined by the State Board of Education. The operating grant relates to students who are Kansas residents and to "non-tiered" course credit hours, with non-tiered describing courses that are not technical in nature, and are instead generally designed to contribute to academic knowledge or skills across multiple disciplines, such as mathematics, writing, humanities and sciences. The state aid relates to students who are Kansas residents and to "tiered technical" course credit hours, and is determined by considering (1) costs of high-demand, high-tech training, (2) target industries critical to Kansas, (3) program growth, (4) local taxing authority for credit-hours generated by students from the college taxing district and (5) other factors deemed necessary or advisable by the State Board of Education. The operating grant is distributed by method established by the State Board of Education, while the state aid is distributed on each August 1 and January 1, with one half of the aid being distributed on each of such dates.

The College maintains eight basic fund groups. All funds (the "Funds") are segregated for accounting purposes. In the current fiscal year, property taxes are levied for the general fund and capital outlay funds.

Property tax revenues for each tax-supported Fund are set and a budget is adopted by the Board, after a public hearing. The Board then certifies the property tax revenues to the County Clerk not later than August 25 (or October 1 if the College must conduct a public

hearing to levy taxes in excess of its revenue neutral rate). The County Clerk receives assessments of real and personal property from the County Assessor and certifies such assessments and the total levy for all purposes (state, county, city, school and other taxing jurisdictions) to the County Treasurer, who is charged with the levying and collection to taxes. See “**Property Tax Levies and Collections--Tax Collections**” for information regarding the property tax imposition and payment process.

Accounting, Budgeting and Auditing Procedures

The College follows an accrual basis of accounting for all funds of the College.

The Kansas statutes require the adoption of budgets for all funds on an 18-month basis unless exempted by a specific statute. Under state law, budgetary control is exercised at the fund level. Upon publishing appropriate notice, the Board conducts a public hearing to approve the budget. The College uses program-based budgeting for all governmental funds, except the Capital Projects Fund, in order to measure more accurately the results of educational programs. Budgets are prepared under the modified accrual basis of accounting, further modified by the encumbrance method of accounting in which purchase orders, contracts and commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation. Open encumbrances that do not lapse are reported as reservations of funds balances because the commitment will be honored through subsequent years; budget appropriations.

The College’s fiscal year is mandated to run from July 1 to June 30. An annual budget for the coming eighteen months is required to be prepared by the College, for all funds not exempt from the budget requirement. A computation of estimated receipts and disbursements is prepared and presented to the governing body of the College prior to August 1, with a public hearing required to be held prior to August 15, with the final budget to be adopted by a majority vote of the governing body of the College prior to August 25 of each year.

The College may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the College and the assessed valuations provided by the County appraiser. In 2021, the Kansas Legislature passed legislation (the “Revenue Neutral Tax Act”) that repeals the “tax lid” (formerly K.S.A. 79-2925c) and provides that, beginning January 1, 2021, a taxing subdivision (which includes any political subdivision of the State that levies an ad valorem property tax, including the College) is not authorized to levy a property tax rate in excess of its revenue neutral rate without first providing notice, holding a public hearing, and authorizing such property tax rate by majority vote of its governing body (the “Revenue Neutral Tax Act”). The revenue neutral rate means the tax rate for the current tax year that would generate the same property tax revenue as levied the previous tax year using the current tax year’s total assessed valuation.

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must first publish notice of a public hearing and notify, by July 20, the county clerk of the taxing subdivision’s intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer’s property from the previous year’s tax statement, (5) the appraised value and assessed value of the taxpayer’s property, (6) estimates of the tax for the current tax year on the taxpayer’s property based on the revenue neutral rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision’s budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by a majority vote of its governing body, and the amount of tax to be levied must be certified to the county clerk by October 1. The taxing subdivision’s adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.

The College cannot predict the impact of the Revenue Neutral Tax Act on the ratings on the Certificates, or the general rating of the College. A change in the rating on the Certificates or a change in the general rating of the College may adversely impact the market price of the Certificates in the secondary market.

Kansas law prohibits governmental units from creating indebtedness unless there are funds on hand in the proper accounts and unencumbered by previous action with which to pay such indebtedness. An exception to this cash-basis operation is made where provision has been made for payment of obligations by bonds or other specific debt obligations authorized by law.

The financial records of the College are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards. In recent years, the annual audit has been performed by Lewis, Hooper & Dick, LLC, Certified

Public Accountants, Garden City, Kansas. Copies of the audit reports for the past five (5) years are on file with the College and are available for review. The audit for the Fiscal Year ended June 30, 2021 is attached hereto as **APPENDIX B**.

The financial information contained in the Appendices to this Official Statement are an integral part of this document and are intended to be read in conjunction herewith.

Property Valuations

The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties under the direction of state statutes. The County Appraiser's office determines the assessed valuation that is to be used as a basis for the mill levy on property located in the County.

Property subject to ad valorem taxation is divided into two classes, real property and personal property. Real property is divided into seven subclasses; there are six subclasses of personal property. The real property (Class 1) subclasses are: (i) real property used for residential purposes including multi-family mobile or manufactured homes and the real property on which such homes are located, assessed at 11.5%, (ii) agricultural land, valued on the basis of agricultural income or productivity, assessed at 30%, (iii) vacant lots, assessed at 12%, (iv) real property, owned and operated by a not-for-profit organization not subject to federal income taxation, pursuant to Code §501, assessed at 12%, (v) public utility real property, except railroad real property, assessed at the average rate that all other commercial and industrial property is assessed, assessed at 33%, (vi) real property used for commercial and industrial purposes and buildings and other improvements located on land devoted to agricultural use, assessed at 25%, and (vii) all other urban and real property not otherwise specifically classified, assessed at 30%. Tangible personal property (Class 2) subclasses are: (i) mobile homes used for residential purposes, assessed at 11.5%, (ii) mineral leasehold interests, except oil leasehold interests, the average daily production from which is 5 barrels or less, and natural gas leasehold interests, the average daily production from which is 100 mcf or less, which shall be assessed at 25%, assessed at 30%, (iii) public utility tangible personal property, including inventories thereof, except railroad personal property, including inventories thereof, which shall be assessed at the average rate all other commercial and industrial property is assessed, assessed at 33%, (iv) all categories of motor vehicles not defined and specifically valued and taxed pursuant to law enacted prior to January 1, 1985, assessed at 30%, (v) commercial and industrial machinery and equipment which if its economic life is 7 years or more, shall be valued at its retail cost, when new, less seven-year straight-line depreciation, or which, if its economic life is less than 7 years, shall be valued at its retail cost when new, less straight-line depreciation over its economic life, except that, the value so obtained for such property, notwithstanding its economic life and as long as such property is being used, shall not be less than 20% of the retail cost when new of such property, assessed at 25%, and (vi) all other tangible personal property not otherwise specifically classified, assessed at 30%. All property used exclusively for state, county, municipal, literary, educational, scientific, religious, benevolent and charitable purposes, farm machinery and equipment, merchants' and manufacturers' inventories, other than public utility inventories included in subclass (3) of class 2, livestock, and all household goods and personal effects not used for the production of income, shall be exempted from property taxation.

The Kansas Legislature (the "Legislature") reduced the applicable assessment rates on motor vehicles from 30% of market value to 20% of market value as of January 1, 2000.

The 2006 Legislature exempted from all property or ad valorem property taxes levied under the laws of the State all commercial, industrial, telecommunications and railroad machinery and equipment acquired by qualified purchase or lease after June 30, 2006 or transported into the State after June 30, 2006 for the purpose of expanding an existing business or creation of a new business.

The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the College's property tax collections. If a taxpayer valuation challenge is successful, the liability of the College to refund property taxes previously paid under protest may have a material impact on the College's financial situation.

Assessed Valuation

The following table shows the assessed valuation of the taxable tangible property within the College taxing district for each of the last five years.

<u>Levy Year</u>	<u>Budget Year</u>	<u>Real Property⁽¹⁾</u>	<u>Personal Property⁽¹⁾</u>	<u>Utilities⁽¹⁾</u>	<u>Motor Vehicle Valuation</u>	<u>Total Valuation</u>
2021	2022	\$405,191,760	\$29,807,839	\$68,732,793	\$47,798,795	\$551,531,187
2020	2021	396,686,067	26,383,742	76,064,629	46,213,115	545,347,553
2019	2020	383,730,995	47,981,273	66,215,457	45,509,493	543,437,218
2018	2019	372,722,527	46,391,003	78,925,343	44,069,194	542,108,067
2017	2018	359,707,246	43,282,288	85,701,345	42,754,848	531,445,727

⁽¹⁾ Includes Tax Increment Financing Districts valuation.

Source: County Clerk

Property Tax Levies and Collections

Tax Collections. Tax statements are mailed November 1 each year and may be paid in full or one-half on or before December 20 with the remaining one-half due on or before May 10 of the following year. Taxes that are unpaid on the due dates are considered delinquent and accrue interest at a per annum rate established by State law until paid or until the property is sold for taxes. Real estate bearing unpaid taxes is advertised for sale on or before August 1 of each year and is sold by the County for taxes and all legal charges on the first Tuesday in September. Properties that are sold and not redeemed within two years after the tax sale are subject to foreclosure sale, except homestead properties which are subject to foreclosure sale after three years.

Personal taxes are due and may be paid in the same manner as real estate taxes, with the same interest applying to delinquencies. If personal taxes are not paid when due, and after written notice, warrants are issued and placed in the hands of the Sheriff for collection. If not paid on or before October 1, legal judgment is entered and the delinquent tax becomes a lien on the property. Unless renewed, a non-enforced lien expires five years after it is entered.

A strain of coronavirus commonly known as SARS-CoV-2 has spread globally, causing a disease known as COVID-19, negatively affecting global, state, and local economies and possibly sparking a recession. Federal, State, and local officials are taking steps to curb the spread of the virus, including providing both discretionary and mandatory guidelines and orders regarding public gatherings, and imposing mandatory closings of some businesses. The State may suffer material adverse consequences from the continued spread of COVID-19, which could affect the amount of State-shared revenues appropriated to local government entities, including the College. The spread of the virus could also reduce sales tax and other collections dependent on local business activity, which is likely to be slower, although the College does not currently anticipate a material effect on the extension and collection of property taxes. At this time, however, it is not possible to predict the full impact on the College and its finances.

Motor vehicle taxes are collected periodically throughout the year concurrently with the renewal of motor vehicle tags based upon the value of such vehicles. Such tax receipts are distributed to all taxing subdivisions, including the State of Kansas, in proportion to the number of mills levied within each taxpayer's tax levy unit.

Tax Rates. The College may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the College and the assessed valuations provided by the County appraiser.

The tax levies per \$1,000 of the assessed valuation of tangible taxable property were as follows:

<u>Levy Year</u>	<u>Budget Year</u>	<u>General Fund</u>	<u>Employee Benefits</u>	<u>Capital Outlay</u>	<u>Total</u>
2021	2022	24.418	0.000	1.037	25.455
2020	2021	23.558	0.000	1.039	24.597
2019	2020	21.150	0.000	1.037	22.188
2018	2019	20.386	0.000	1.030	21.416
2017	2018	19.987	0.000	1.010	20.997

Source: County Clerk

Sources of Revenue

The College finances its general operations through the local property tax levy, tuition, fees and other miscellaneous sources as indicated below for the current Fiscal Year:

<u>Source</u>	<u>Percent</u>
Property taxes	41%
Federal grants and contracts	26%
Student tuition and fees, net discounts	10%
State appropriations	17%
Auxiliary enterprises	3%
Other	2%
State & local grants & contracts	<u>1%</u>
Total	100%

Source: College's 2021 Audited Financial Statements

Tax Collection Record. The following table sets forth tax collection information (not including special assessments) for the College for the years indicated:

<u>Levy Year</u>	<u>Collection Year</u>	<u>Total Taxes Levied (\$)</u>	<u>Current Taxes Collected (\$)</u>	<u>Current Taxes Collected (%)</u>	<u>Delinquent Taxes Collected (\$)</u>	<u>Delinquent & Current Taxes Collected (%)</u>
2021	2022	\$12,822,625	In Process	N/A	N/A	N/A
2020	2021	12,323,180	\$11,857,772	96.22%	\$ 48,079	96.61%
2019	2020	11,048,118	10,698,014	96.83%	46,817	97.25%
2018	2019	10,702,865	9,417,082	87.99%	1,015,679	97.48%
2017	2018	10,299,239	10,003,755	97.13%	38,527	97.51%

Source: County Clerk/Treasurer

Major Taxpayers. The following table sets forth the ten largest taxpayers in the District based on total assessed valuation in the most recent tax collection period (2021/22):

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxpayer</u>	<u>Taxes Levied</u>
1. Sunflower Electric Co.	\$42,538,961	1. Sunflower Electric Co.	\$5,584,176
2. Garden City CO-OP Inc.	6,209,890	2. Bonanza Bioenergy LLC	960,566
3. Wheatland Electric Cooperative Inc.	6,050,839	3. Garden City CO-OP Inc.	843,607
4. Bonanza Bioenergy LLC	5,846,156	4. Wheatland Electric Cooperative Inc.	787,483
5. Iowa Beef Processors Inc.	5,592,865	5. Iowa Beef Processors Inc.	744,806
6. Black Hills Corp. (Kansas Division)	3,881,383	6. Black Hills Corp.	581,503
7. Wheatland Electric Water	3,606,900	7. GC Schulman LLC	561,407
8. GC Schulman LLC	3,356,978	8. Wheatland Electric Water	466,974
9. BNSF	2,876,598	9. BNSF	386,458
10. Garden City Company, The	2,806,785	10. Garden City Company, The	369,454

Source: County Clerk

Risk Management

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

Defined Benefit Pension Plan

The College participates in the Kansas Public Employees Retirement System ("KPERS") established in 1962, as an instrumentality of the State, pursuant to K.S.A. 74-4901 *et seq.*, to provide retirement and related benefits to public employees in Kansas. KPERS is governed by a board of trustees consisting of nine members each of whom serve four-year terms. The board of trustees appoints an executive director to serve as the managing officer of KPERS and manage a staff to carry out daily operations of the system.

As of December 31, 2020, KPERS serves approximately 326,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERS administers the following three statewide, defined benefit retirement plans for public employees:

- (a) Kansas Public Employees Retirement System;
- (b) Kansas Police and Firemen's Retirement System; and
- (c) Kansas Retirement System for Judges.

These three plans are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The Kansas Public Employees Retirement System is the largest of the three plans, accounting for more than 95% of the members. The Kansas Public Employees Retirement System is further divided into two separate groups, as follows:

(a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, 85% of which comes from the State General Fund. State legislation enacted in 2003 made certain pre-1962 Board employees (which are part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the State/School Group.

(b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate. State legislation enacted in 2003 made certain pre-1962 employees of the University of Kansas Hospital Authority (which are a part of a small group of pre-1962 Board and University of Kansas Hospital Authority employees known as the "TIAA Group"), special members of the Local Group.

KPERS is currently a qualified, governmental, § 401(a) defined benefit pension plan, and has received IRS determination letters attesting to the plan's qualified status dated October 14, 1999 and March 5, 2001. KPERS is also a "contributory" defined benefit plan, meaning that employees make contributions to the plan. This contrasts it from noncontributory pension plans, which are funded solely by employer contributions. The College's employees currently annually contribute 6% of their gross salary to the plan if such employees are KPERS Tier 1 members (covered employment prior to July 1, 2009) or KPERS Tier 2 members (covered employment on or after July 1, 2009) or KPERS Tier 3 members (covered employment on or after January 1, 2015).

In 2021, the Legislature authorized the issuance of revenue bonds to provide net proceeds of up to \$500 million (the "Revenue Bonds") the proceeds of which must be applied to the unfunded actuarial pension liability as directed by KPERS. The Revenue Bonds in the principal amount of \$504,535,000 were issued August 26, 2021. The repayment of the Revenue Bonds shall be subject to legislative annual appropriation, shall not be an obligation of the KPERS system, and the full faith and credit or taxing power of the State shall not be pledged to the repayment of the Revenue Bonds. Due to the authorization of the Revenue Bonds, the Legislature changed the State/School employer contribution rate from 14.09% to 13.33% for fiscal year 2022 and from 13.86% to 13.11% for fiscal year 2023.

The State's contribution for school employees varies from year to year based upon the annual actuarial valuation and appraisal made by KPERS, subject to legislative caps on percentage increases. The State's contribution is 13.33% of the employee's gross salary for the period beginning July 1, 2021, through June 30, 2022, and is projected to change to 13.11% for the period beginning July 1, 2022, through June 30, 2023. In addition, the College contributes 1% of the employee's gross salary for Death and Disability Insurance for covered employees

According to the Valuation Report as of December 31, 2020 (the "2020 Valuation Report") the KPERS School Group, of which the College is a member, carried an unfunded accrued actuarial liability ("UAAL") of approximately \$5.257 billion at the end of 2020. The amount of the UAAL in 2020 changed from the previous year's amount due to the factors discussed in the 2020 Valuation Report; such report also includes additional information relating to the funded status of the KPERS School Group, including recent trends in the funded status of the KPERS School Group. A copy of the 2020 Valuation Report is available on the KPERS website at kpers.org/about/reports.html. The College has no means to independently verify any of the information set forth on the KPERS website or in the 2020 Valuation Report, which is the most recent financial and actuarial information available on the KPERS website relating to the funded status of the KPERS School Group. The 2020 Valuation Report sets the employer contribution rate for the period beginning July 1, 2023, for the KPERS School Group, and KPERS' actuaries identified that an employer contribution rate of 13.38% of covered payroll would be necessary, in addition to additional employer contributions of 0.60% for the period beginning July 1, 2023 (related to contribution reductions for the KPERS School Group approved by the Legislature), and statutory contributions by covered employees to eliminate the UAAL by the end of the actuarial periods set forth in the 2020 Valuation Report. Because the annual growth in employer contribution rates is limited by State law, the actual contribution rate permitted at the time of calculation was only 12.57%. As a result, members of the School Group are underfunding their projected actuarial liabilities and the UAAL can be expected to grow over time. KPERS' actuaries project the required employer contribution rate to increase by an amount not exceeding the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter, until such time as the permitted rate equals the actuarial rate.

The College is required to implement GASB 68 – Accounting and Financial Reporting for Pensions. KPERS produces a Schedule of Employer and Nonemployer Allocations and Schedules of Pension Amounts by Employer and Nonemployer (the “GASB 68 Report”) which provides the net pension liability allocated to each KPERS participant, including the College. The GASB 68 Report is available on the KPERS website at kpers.org/about/reports.html. The College has no means to independently verify any of the information set forth on the KPERS website or in the GASB 68 Report. It is important to note that under existing State law, the College has no legal obligation for the UAAL or the net pension liability calculated by KPERS, and such figures are for informational purposes only.

COLLEGE’S AUTHORITY TO INCUR DEBT

Estimated Actual Valuation ⁽¹⁾	\$3,319,200,244
Equalized Assessed Valuation of Tangible Valuation for Computation on Bonded Debt Limitations ⁽²⁾	\$531,072,039
Legal limitation of Bonded Debt ⁽³⁾	\$15,932,161
Outstanding general obligation debt as of June 1, 2022	\$0
Population (2020 estimated)	38,470
Direct general obligation debt per capita	\$0
Ratio of direct general obligation debt to equalized assessed valuation	0.00%
Underlying and overlapping debt	\$167,597,289
Direct and overlapping debt	\$167,597,289
Direct and overlapping debt per capita	\$4,356
Direct & overlapping debt as a percentage of equalized assessed valuation	31.56%
Direct & overlapping debt as a percentage of estimated actual valuation	5.05%

⁽¹⁾ Estimated based upon an average assessment ratio of 16%.

⁽²⁾ Includes motor vehicle valuation.

⁽³⁾ Pursuant to K.S.A. 71-201.

Overlapping/Underlying General Obligation Indebtedness

The following table sets forth overlapping and underlying general obligation indebtedness and the percent attributable (on the basis of assessed valuation) to the College taxing district as of June 1, 2022:

<u>Jurisdiction</u>	<u>2021 Assessed Valuation</u>	<u>General Obligation Debt Outstanding</u>	<u>Percent Applicable To the College</u>	<u>Amount Applicable To the College</u>
Finney County	\$503,732,392 ⁽¹⁾	\$ 2,720,000	100.00%	\$ 2,720,000
City of Garden City	245,205,670 ⁽¹⁾	77,650,000	100.00%	77,650,000
City of Holcomb	15,084,609	980,000	100.00%	980,000
U.S.D. No. 102	60,589,591	3,565,000	8.76%	312,289
U.S.D. No. 363	102,078,485	3,510,000	100.00%	3,510,000
U.S.D. No. 457	396,346,352 ⁽¹⁾	82,425,000	100.00%	82,425,000
TOTAL				\$167,597,289

⁽¹⁾ Excludes Tax Increment Financing Districts valuation.

Several cities and water districts have issued utility revenue bonds which are paid from receipt of the utility service being sold. Several cities have also issued industrial revenue bonds which are paid by the industry for which the bonds are issued. Revenue bonds are not considered a general obligation indebtedness under Kansas law and are not included in the total stated herein for underlying indebtedness.

Source: County Clerk

DEBT STRUCTURE OF THE COLLEGE

GENERAL OBLIGATION BONDS

As of June 1, 2022, the College had no outstanding General Obligation Bonds.

**CERTIFICATES OF PARTICIPATION
(As of June 1, 2022)**

Description of Indebtedness	Series	Maturity Date	Original Amount	Amount Outstanding
Lease Agreement Refunding Certificates of Participation	2021A	05/01/2027	\$4,440,000	\$3,905,000
Lease Purchase Agreement Certificates of Participation	2021B	05/01/2036	4,150,000	3,755,000
Lease Purchase Agreement Certificates of Participation ⁽¹⁾	2022	05/01/2036	5,100,000	<u>5,100,000</u>
TOTAL				\$12,760,000

⁽¹⁾ This issue.

REVENUE BOND OBLIGATIONS

As of June 1, 2022, the College had no revenue bond obligations outstanding.

**CAPITAL LEASE OBLIGATIONS
(As of June 1, 2022)**

Purpose	Series	Maturity Date	Original Amount	Amount Outstanding
Lease Purchase Agreement	2013	06/01/2023	\$2,600,000	\$ 291,949
Lease Purchase Agreement	2016	10/01/2026	1,500,000	681,818
Lease Purchase Agreement	2021	08/17/2026	441,480	<u>441,481</u>
Total				\$1,415,248

LOAN OBLIGATIONS

As of June 1, 2022, the College had no loans outstanding.

Debt Payment Record

The Issuer has never been delinquent in any payments of its debt agreements.

Future Indebtedness

Periodically, the College will complete issues to: 1) lease small equipment and such leases may or may not have a purchase option in accordance with the terms of said lease; and 2) will refinance or refund outstanding debt as needed when sufficient savings can be achieved. Other than the potential projects listed above, the College does not have any plans to issue additional debt at this time.

REGIONAL, ECONOMIC, AND DEMOGRAPHIC INFORMATION REGARDING THE COLLEGE DISTRICT

General

Finney County occupies approximately 1,303 square miles in southeast Kansas. The county seat is the City of Garden City.

The economy of the County is diversified among agricultural, manufacturing, wholesale, retail and service industries.

Transportation

The County is served by U.S. Highways 50 and 83.

Regularly scheduled air service is available at Garden City Regional Airport, Garden City, Kansas and at Kansas City International Airport, Kansas City, Missouri. Rail service is provided at an Amtrak station located at 100 N. 7th St. in the City of Garden City, Kansas.

Population Trends

The following table shows the approximate population of the County and the City of Garden City in the years indicated:

<u>Year</u>	<u>County Population</u>	<u>City Population</u>
2020	38,470	28,151
2019	36,467	26,408
2018	36,611	26,546
2017	37,084	26,895
2016	36,772	26,747
2010	36,776	26,665

Source: State of Kansas – Division of Budget (2016-2019); U.S. Census Bureau (2010, 2020)

Labor Force

The following table sets forth labor force figures for the County and the State of Kansas in the years indicated:

FINNEY COUNTY

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2020	20,168	19,906	712	3.5%
2019	20,602	20,121	481	2.3%
2018	20,404	19,890	514	2.5%
2017	20,373	19,829	544	2.7%
2016	20,285	19,637	648	3.2%

STATE OF KANSAS

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2020	1,497,003	1,408,995	88,008	5.9%
2019	1,486,620	1,439,563	47,057	3.2%
2018	1,482,220	1,432,387	49,833	3.4%
2017	1,478,783	1,425,216	53,567	3.6%
2016	1,484,001	1,422,122	61,879	4.2%

Currently, the Kansas Department of Labor estimates an unemployment rate of 1.5% for the County and 2.2% for the State of Kansas for the month of December 2021.

Source: Kansas Statistical Abstract (2016 – 2020 data); Kansas Department of Labor (December 2021 estimate)

Retail Sales and Use Tax Collections

The following table lists the State of Kansas sales and use tax collections (excluding local sales tax) for the years indicated for the County:

<u>Year</u>	<u>Sales and Use Tax Collections</u>	<u>Per Capita Sales and Use Tax</u>
2020	\$57,474,262	\$1,621.59
2019	58,840,683	1,506.60
2018	53,293,064	1,287.67 ⁽¹⁾
2017	47,116,010 ⁽¹⁾	1,271.65 ⁽¹⁾
2016	46,731,094 ⁽¹⁾	1,273.97 ⁽¹⁾

⁽¹⁾ Use tax collections not included.

Source: Kansas Statistical Abstract

Effective July 1, 2015, the statewide sales and use tax was increased from 6.15% to 6.50%.

Oil Production

The oil production (in number of barrels) for the County for the years listed is indicated in the following table:

<u>Year</u>	<u>Oil Production</u>
2021 ⁽¹⁾	1,032,108
2020	1,473,945
2019	1,818,653
2018	1,805,020
2017	1,634,413

Source: Kansas Geological Survey

Financial and Banking Institutions

There are currently nine banks located in the County with 14 different branch locations. During a five-year period, bank deposits of the County's banks were as follows:

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2021	\$835,978
2020	802,377
2019	666,000
2018	695,000
2017	698,000

Source: Kansas Statistical Abstract (2016 -2019 data); FDIC (2020-2021 data)

Personal Income Trends

The County's per capita income and the State of Kansas per capita income are listed for the years indicated in the following table.

<u>Year</u>	<u>Finney County</u> <u>Personal Income (\$000)</u>	<u>Finney County</u> <u>Per Capita Income</u>	<u>State of Kansas</u> <u>Per Capita Income</u>
2020	\$1,684,480	\$46,899	\$56,099
2019	1,707,489	46,823	53,426
2018	1,585,588	43,473	51,139
2017	1,517,913	41,377	49,033
2016	1,509,913	41,000	47,557

Source: U.S. Bureau of Economic Analysis

\$5,100,000
GARDEN CITY COMMUNITY COLLEGE
FINNEY COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2022
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

Appendix B

AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

GARDEN CITY COMMUNITY COLLEGE

OPEID No.: 00191900

EIN: 48-0698107

June 30, 2021

GARDEN CITY COMMUNITY COLLEGE
Basic Financial Statements
For the Year Ended June 30, 2021

TABLE OF CONTENTS

	<u>Statement</u>
Independent Auditor's Report	
Management's Discussion and Analysis	
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	1
Statement of Revenues, Expenses and Changes in Net Position	2
Statement of Cash Flows	3
Statement of Fiduciary Net Position	4
Statement of Changes in Fiduciary Net Position	5
Notes to Financial Statements	
REQUIRED SUPPLEMENTARY INFORMATION	<u>Schedule</u>
Schedules of Net Pension Liability and Contributions Attributable to the College	RSI-1
Schedule of Changes in the College's Share of OPEB Liability and Related Ratios – Healthcare	RSI-2
Schedule of Changes in the College's Share of OPEB Liability and Related Ratios – KPERs Death and Disability	RSI-3
SUPPLEMENTARY INFORMATION	<u>Schedule</u>
Combining Schedule of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash - Actual and Budget - Current Funds - Unrestricted (Legal Basis)	1
Schedule of Revenue - Actual and Budget - General Fund - Unrestricted (Legal Basis)	1-A
Schedule of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash - Actual and Budget - Adult Basic Education Fund (Legal Basis)	2
Schedule of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash - Actual and Budget - Postsecondary Technical Education Fund (Legal Basis)	3
Schedule of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash - Actual and Budget - Plant Funds - Unexpended (Legal Basis)	4

GARDEN CITY COMMUNITY COLLEGE
Basic Financial Statements
For the Year Ended June 30, 2021

TABLE OF CONTENTS

(continued)

Schedule

SUPPLEMENTARY INFORMATION (continued)

Schedule of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash - Actual and Budget - Revenue Bonds Fund (Legal Basis)	5
---	---

Notes to Supplementary Information

**ADDITIONAL INFORMATION -
Schedules of Management Information**

Combining Statement of Revenue, Expenditures and Other Changes - Current Funds	6
Combining Statement of Net Position - All Current Funds - Unrestricted	7
Combining Statement of Revenue and Expenditures - All Current Funds - Unrestricted	8
Combining Statement of Changes in Net Position - All Current Funds - Unrestricted	9
Combining Statement of Changes in Net Position - Various Funds	10
Combining Statement of Changes in Fiduciary Net Position - All Custodial Funds	11

GRAPHS

Comparison of Revenues - All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises but including Restricted - Postsecondary Technical Education Fund	12
Comparison of Expenditures, Encumbrances and Net Transfers - All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises but including Restricted - Postsecondary Technical Education Fund	13
Comparison of Revenues, and Expenditures, Encumbrances and Net Transfers - All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises but including Restricted - Postsecondary Technical Education Fund	14

FEDERAL AWARD PROGRAMS



INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Garden City Community College
801 Campus Drive
Garden City, Kansas 67846

Report on the Audit of the Financial Statements

We have audited the accompanying financial statements of the business-type activities and discretely presented component units of Garden City Community College, Garden City, Kansas, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the discretely presented component units of Garden City Community College, as of June 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and *the Kansas Municipal Audit and Accounting Guide*, issued by the State of Kansas. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. The financial statements of the Garden City Community College Endowment Association and the Broncbuster Athletic Association were not audited in accordance with *Government Auditing Standards*, or the *Kansas Municipal Audit and Accounting Guide*.

We are required to be independent of Garden City Community College and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Garden City Community College's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages vii through xv, the schedules of net pension liability and contributions attributable to the College on pages 50 and 51, the schedule of changes in the College's share of OPEB liability and related ratios – healthcare on page 52, and the schedule of changes in the College's share of OPEB liability and related ratios – KPERS death and disability on page 53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial

statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with evidence sufficient to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Garden City Community College's basic financial statements. The supplementary information and additional information as listed in the table of contents (pages 55 through 76); and the Schedule of Expenditures of Federal Awards (pages 91 and 92), required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information, additional information, and Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the financial statements. The other information comprises the graphs presented in Schedules 12, 13 and 14 (pages 77 through 80), and on page 97. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 2, 2022, on our consideration of Garden City Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is 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 Garden City Community College's internal control over financial reporting and compliance.


LEWIS, HOOPER & DICK, LLC

March 2, 2022

This page intentionally left blank.

Management's Discussion and Analysis

As management of Garden City Community College, Garden City, Kansas, we offer readers of Garden City Community College's financial statements this narrative overview and analysis of the financial activity of Garden City Community College for the fiscal year ended June 30, 2021.

Financial Highlights

- The assets and deferred outflows of resources of Garden City Community College exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$28,859,135 (net position). The unrestricted net position, which represents the amounts available to meet the College's ongoing obligations to citizens and creditors, was \$7,294,474.
- The College's total net position increased by \$1,859,412. This increase was attributable to increases in federal grants.
- Capital assets decreased a total of \$714,594 from 2020, as a result of depreciation. Major projects during fiscal year 2021 include the DPAC training room, the maintenance building remodel, HVAC cooling tower, three anatomage tables and four welding trainers.
- Garden City Community College's total long-term liabilities increased by \$2,830,307 (40.31%) during the current fiscal year. The key factor in this increase was issuance of a lease obligation for building improvements and equipment for \$4,000,000 on June 30, 2021; however, this was offset by payments on numerous lease obligations during the year.
- Operating revenues increased by \$2,949,329, or 44.33% from 2020. This was due to an increase in student tuition and fees and federal grants.
- Operating expenses increased by \$1,873,343, or 7.15% from 2020. This was primarily due to overall increases in instruction costs, academic support and student services.
- Actual expenditures, including transfers out, for the General Fund were under budget \$976,834 or 5.56%. The comparison of actual to published budget reflects that the College operated within its legal budget authority as required by the State of Kansas.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Garden City Community College's basic financial statements. Garden City Community College's basic financial statements are comprised of two components: 1) government-wide financial statements, and 2) the notes to the financial statements. This report also contains supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of Garden City Community College's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all of the College's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position of Garden City Community College is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Position presents information showing how the College's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

The government-wide financial statements include not only Garden City Community College itself (known as the primary government), but also a legally separate endowment association and a legally separate athletic association for which the College is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. See Note 1, item B, in the notes to the financial statements for more details regarding the relationship between these entities and the College.

Notes to the Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 9 through 48 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information concerning Garden City Community College's net pension liability and contributions attributable to the College and the College's progress in funding its obligation to provide other postemployment benefits (OPEB) to its employees. Required supplementary information can be found on pages 49 through 53 of this report.

Supplementary information comparing actual and budget results is presented immediately following the required supplementary information on OPEB. Additional information containing schedules of management information are also presented. The supplementary and additional information can be found on pages 55 through 80 of this report.

The balance of this page intentionally left blank.

Government-wide Financial Analysis

As noted earlier, net position over time may serve as a useful indicator of a government's financial position. In the case of Garden City Community College, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$28,859,135 at the close of the most recent fiscal year.

Statement of Net position June 30, 2021 and 2020

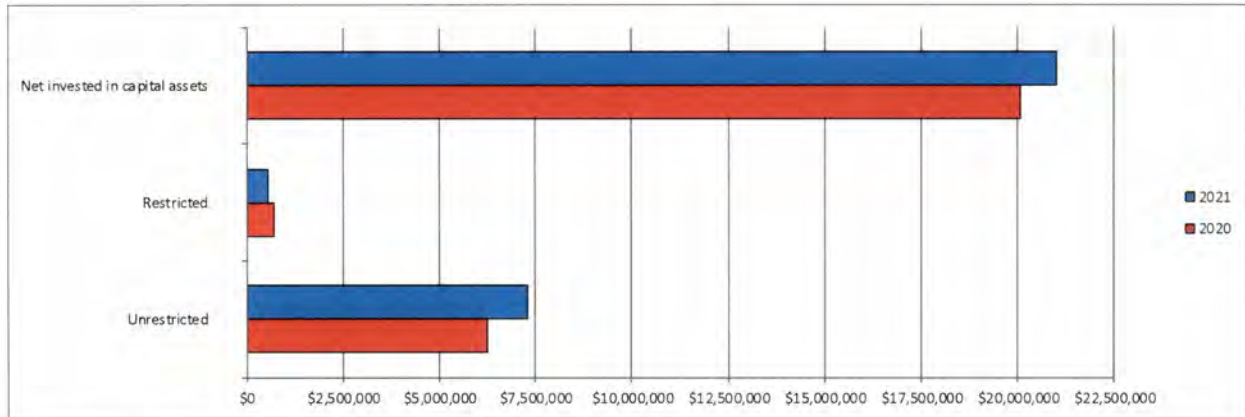
	2021	2020	Increase (Decrease)
Assets			
Current assets	\$ 19,499,682	\$ 13,232,029	\$ 6,267,653
Non-current assets	26,895,431	27,610,025	(714,594)
Total assets	\$ 46,395,113	\$ 40,842,054	\$ 5,553,059
Total deferred outflows of resources	\$ 161,443	\$ 83,887	\$ 77,556
Liabilities			
Current liabilities	\$ 2,837,705	\$ 2,449,489	\$ 388,216
Non-current liabilities	9,851,808	7,021,501	2,830,307
Total liabilities	\$ 12,689,513	\$ 9,470,990	\$ 3,218,523
Total deferred inflows of resources	\$ 5,007,908	\$ 4,455,228	\$ 552,680
Net position			
Investment in capital assets	\$ 20,994,065	\$ 20,052,367	\$ 941,698
Restricted	570,596	719,711	(149,115)
Unrestricted	7,294,474	6,227,645	1,066,829
Total net position	\$ 28,859,135	\$ 26,999,723	\$ 1,859,412

By far the largest portion of Garden City Community College's net position (72.75%) reflects its investment in capital assets (e.g., land, property, plant and equipment); less any related debt used to acquire those assets that is still outstanding. The College uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the College's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of Garden City Community College's net position (1.98%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position (25.27%) may be used to meet the College's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Garden City Community College is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

Net Position
June 30, 2021 and 2020



The College's net position increased by \$1,859,412 during the current fiscal year. This increase was attributable to increases in federal grants.

Statement of Revenues, Expenses and Changes in Net Position
As of June 30, 2021 and 2020

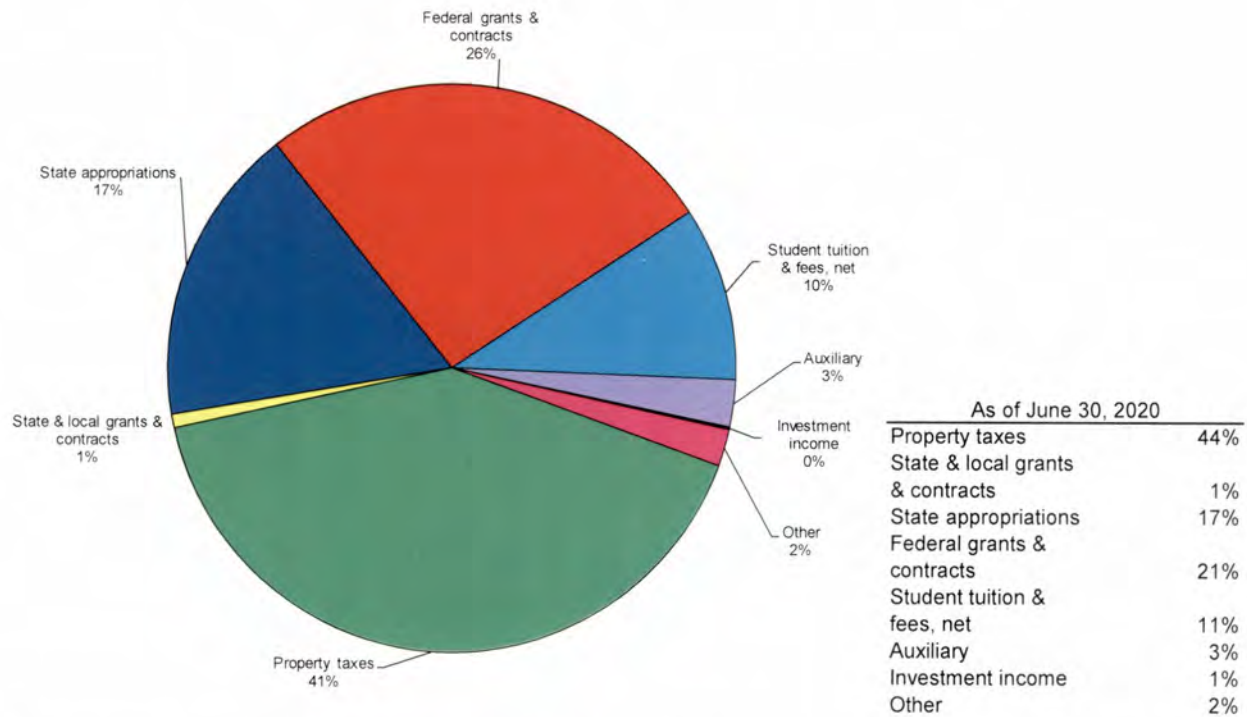
	2021	2020	Increase (Decrease)
Operating revenues:			
Student tuition and fees (net of scholarship allowances)	\$ 2,982,888	\$ 2,906,041	\$ 76,847
Federal grants and contracts	4,937,280	2,145,434	2,791,846
Auxiliary enterprises	812,137	904,083	(91,946)
Other	869,643	697,061	172,582
Total operating revenues	9,601,948	6,652,619	2,949,329
Operating expenses	28,065,936	26,192,593	1,873,343
Operating loss	(18,463,988)	(19,539,974)	1,075,986
Nonoperating revenues (expenses)			
Property taxes	12,361,731	11,420,258	941,473
State appropriations	5,141,317	4,494,348	646,969
Pell and SEOG grants	3,002,234	3,157,243	(155,009)
Other	(181,882)	(81,643)	(100,239)
Net nonoperating revenues (expenses)	20,323,400	18,990,206	1,333,194
Increase (decrease) in net position	1,859,412	(549,768)	2,409,180
Net position, beginning of year	26,999,723	27,549,491	(549,768)
Net position, end of year	\$ 28,859,135	\$ 26,999,723	\$ 1,859,412

Operating revenues increased by \$2,949,329. This reflects an increase in student tuition and fees of \$76,847 after the allowance for scholarships. Federal grants and contracts increased \$2,491,846 primarily as a result of Higher Education Emergency Relief grants (HEERF) received during the year.

Total non-operating revenues (expenses) increased by \$1,333,194. This was primarily due to increases in property taxes and in appropriations from the state offset by decreases in Pell and SEOG grants.

The following is a graphic illustration of revenues by source as of June 30, 2021.

Revenues by Source



As shown in the revenues by source graph, the three primary sources of revenue for the College are property taxes at 41%, Federal grants and contracts at 26% and State appropriations at 17%.

The balance of this page intentionally left blank.

Local funding consists primarily of property tax allocations. Here is an analysis of the College's mill levy for the past 10 years.

Mill Analysis

Year Taxes Levied	Abstract Assessed Valuation	Total Mills Assessed	Total Taxes Levied	% Taxes Increase/ Decrease
2012	\$ 497,204,462	21.196	\$ 10,538,746	7.16%
2013	498,479,163	21.130	10,532,865	-0.06%
2014	532,306,790	20.985	11,170,132	6.05%
2015	466,634,740	21.003	10,030,594	-10.20%
2016	455,924,303	20.996	9,570,596	-4.59%
2017	488,690,879	20.997	10,261,042	7.21%
2018	498,038,873	21.416	10,666,001	3.95%
2019	481,016,786	22.188	10,672,800	0.06%
2020	479,790,065	24.598	11,801,711	10.58%
2021	501,487,325	24.394	12,301,115	4.23%

The average increase over the 10 year period is 2.92%. Since 41% of the College's funding comes from local sources, the local tax levy has a significant impact on the College's finances.

State funding consists primarily of State operating grants. An analysis of the grants received for the past ten years under the new State funding formula are as follows:

State Operating Grant Analysis

Year	Grant Amount	% Increase/ Decrease	CPI % Changes	2003 Base w/ CPI \$ Change
2012	\$ 2,530,535	-1.14%	1.80%	\$ 3,274,987
2013	2,669,553	5.49%	2.30%	3,350,312
2014	2,704,307	1.30%	1.40%	3,397,216
2015	2,650,220	-2.00%	-0.60%	3,376,833
2016	2,704,307	2.04%	1.10%	3,413,978
2017	2,596,135	-4.00%	0.40%	3,427,634
2018	2,596,135	0.00%	2.20%	3,503,042
2019	2,667,725	2.76%	1.30%	3,548,582
2020	2,767,767	3.75%	0.20%	3,555,679
2021	2,815,675	1.73%	6.10%	3,772,575

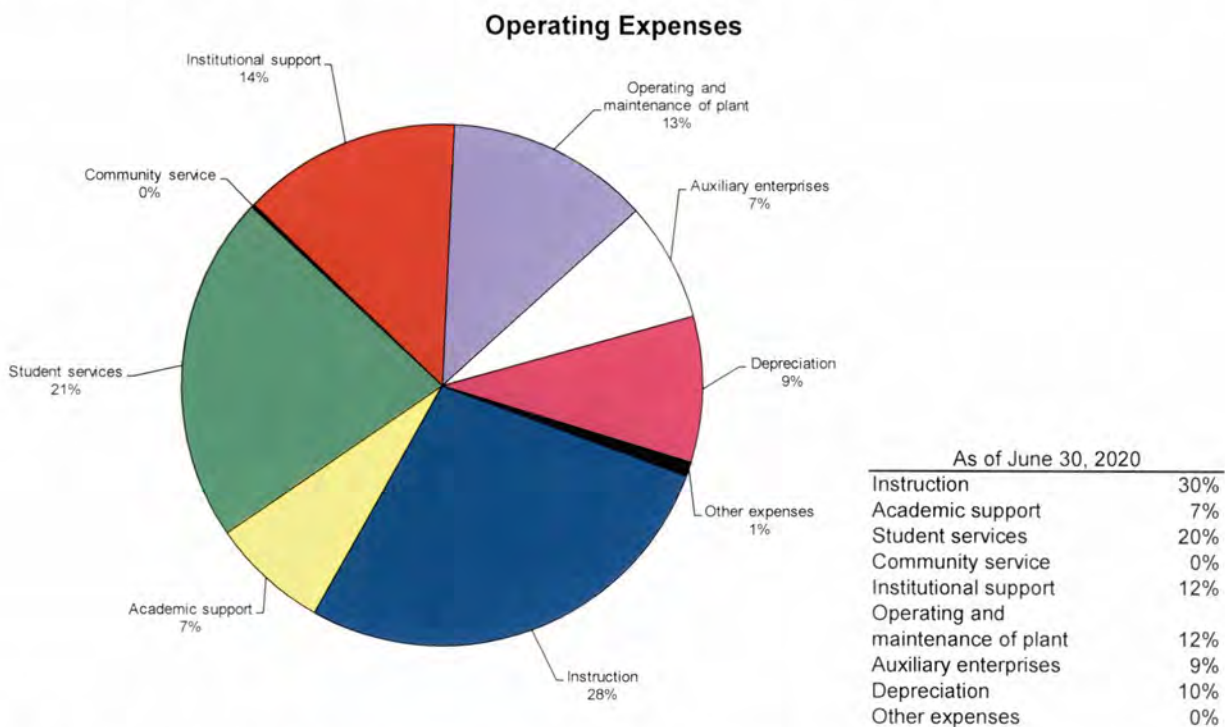
As shown, the State operating grant increased in the current year. The reason for this change is due to the State funding formula based on State budget appropriations.

Student tuition is determined by the number of credit hours and the tuition rate. The following is an analysis of credit hours and tuition rates over the past 10 years.

Credit Hour Analysis					Cost Per Credit Hour		
Year	In State	Out of State	Total	% Increase/ Decrease	Year	In State	Out of State
2012	36,201	5,176	41,377	-8.42%	2012	\$ 45	\$ 65
2013	36,715	7,365	44,080	6.53%	2013	50	\$70 and \$65
2014	37,825	7,785	45,610	3.47%	2014	53	\$73 and \$68
2015	39,210	9,256	48,466	6.26%	2015	55	\$74 and \$69
2016	38,060	10,140	48,200	-0.55%	2016	57	\$76 and \$71
2017	37,392	11,301	48,693	1.02%	2017	57	\$76 and \$71
2018	43,442	9,875	53,317	9.50%	2018	61	\$80 and \$75
2019	38,093	8,180	46,273	-13.21%	2019	61	\$80 and \$75
2020	36,397	8,084	44,481	-3.87%	2020	61	\$80 and \$75
2021	34,600	7,840	42,440	-4.59%	2021	61	\$80 and \$75

The number of credit hours fluctuates based on course offerings and resulting student enrollment.

The following is a graphic illustration of operating expenses as of June 30, 2021.



As shown, the four largest areas of operating expenses are instruction at 28%, student services at 21%, institutional support at 14%, and operating and maintenance of plant at 13%. Total operating expenses increased \$1,873,343, or 7.15% from 2020. This was primarily due to increases in academic support, student services costs and institutional support.

Capital Asset and Debt Administration

Capital Assets

Garden City Community College's investment in capital assets as of June 30, 2021, amounts to \$26,895,431 (net of accumulated depreciation). This investment in capital assets includes land, improvements, buildings and equipment. The total decrease in capital assets for the current fiscal year was approximately 1.11% compared to the 2020 total.

The following chart summarizes the changes in net capital assets by the various categories of assets.

Changes in Capital Assets

	Beginning Balance	Additions	Retirements	Ending Balance
Cost:				
Land	\$ 1,580,064	\$ -	\$ -	\$ 1,580,064
Construction in progress	431,139	621,248	604,426	447,961
Improvements other than buildings	11,663,936	-	-	11,663,936
Buildings	43,216,085	762,366	-	43,978,451
Equipment	9,464,897	1,451,093	28,346	10,887,644
Total cost	66,356,121	2,834,707	632,772	68,558,056
Less accumulated depreciation:				
Improvements other than buildings	5,714,295	615,152	-	6,329,447
Buildings	24,952,774	1,489,473	-	26,442,247
Equipment	8,492,027	427,250	28,346	8,890,931
Total accumulated depreciation	39,159,096	2,531,875	28,346	41,662,625
Property, plant and equipment, net	<u>\$ 27,197,025</u>	<u>\$ 302,832</u>	<u>\$ 604,426</u>	<u>\$ 26,895,431</u>

Major capital asset events during the current fiscal year included the following:

MAJOR CAPITAL ASSET EVENTS

DPAC Training Room	\$ 446,222
Maintenance building remodel	233,065
HVAC Cooling Tower	226,125
Three anatomage tables	141,928
Four welding trainers	207,529

Additional information on Garden City Community College's capital assets can be found in Note 3, item C on page 22, and Note 3, item G on page 37 of this report.

Long-term Debt

At the end of the current fiscal year, Garden City Community College had total debt outstanding of \$10,032,656, which was backed by the full faith and credit of the College.

The College's total debt increased by \$2,887,998 (40.42%) during the current fiscal year. The key factor in this increase was issuance of a lease obligation for building improvements and equipment for \$4,000,000 on June 30, 2021; however, this was offset by payments on numerous lease obligations during the year.

State statutes limit the amount of general obligation debt the College may issue to 3% of its total assessed valuation. The current debt limitation for Garden City Community College is \$14,393,702. The College had no outstanding debt subject to the debt limit.

Additional information about the College's long-term debt can be found in Note 3, item I on pages 38 through 42; and Note 3, item J on page 43 through 44 of this report.

Budgetary Highlights

The legally adopted budget for the College was not amended by the Board of Trustees during fiscal year 2021. However, departments within the College are allowed to transfer budget authority between line items and between cost centers within a department. As a result of these budget transfers, the original budget and the final budget may not be the same in some cost centers.

The comparison of actual to published budget, as shown on pages 56 through 63 of this report, reflects that the College operated within its legal budget authority as required by the State of Kansas.

Other Economic Factors

The economics in the State of Kansas and Garden City continue to be a challenge. A large portion of the College's resources come from state and local sources. The College continues to monitor the State of Kansas budget, specifically the impact of COVID-19 on State revenues, to consider the future impact of the State's funding on the College's budget. The State's budget impacts the amount of State operating grant received.

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.

Valuation at the local level impacts local tax funds available. The College administration continues to monitor residential and commercial property values and economic activity in Finney 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.

Requests for Information

This financial report is designed to provide a general overview of Garden City Community College's finances for all those with an interest in the College's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Karla Armstrong
Vice President of Administrative Services / Chief Financial Officer
Garden City Community College
801 Campus Drive
Garden City, KS 67846
karla.armstrong@gcccks.edu

This page intentionally left blank.

BASIC FINANCIAL STATEMENTS

GARDEN CITY COMMUNITY COLLEGE
Statement of Net Position
June 30, 2021

	Community College	Endowment Association	Broncbuster Athletic Association
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>			
Current assets:			
Cash and cash equivalents	\$ 10,117,508	\$ -	\$ 58,207
Short-term investments	6,188,608	-	-
Receivables (net of allowance for uncollectibles):			
Taxes	12,054	-	-
Miscellaneous	3,181,512	-	7,259
Total current assets	19,499,682	-	65,466
Noncurrent assets:			
Restricted cash and cash equivalents	-	298,409	-
Endowment investments	-	7,427,701	-
Capital assets, net of accumulated depreciation:			
Land and construction in process	2,028,025	-	-
Other capital assets, net of accumulated depreciation	24,867,406	66,578	1,916
Total noncurrent assets	26,895,431	7,792,688	1,916
Total assets	46,395,113	7,792,688	67,382
Deferred outflows of resources:			
Deferred outflows of resources related to pensions	82,393	-	-
Deferred outflows of resources related to OPEB - healthcare	72,280	-	-
Deferred outflows of resources related to OPEB - KPERS death and disability	6,770	-	-
Total deferred outflows of resources	161,443	-	-
Total assets and deferred outflows of resources	\$ 46,556,556	\$ 7,792,688	\$ 67,382

(continued)

GARDEN CITY COMMUNITY COLLEGE
Statement of Net Position
June 30, 2021

	Community College	Endowment Association	Broncbuster Athletic Association
(continued)			
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 979,406	\$ 31,796	\$ -
Accrued interest	34,511	-	-
Deposits held in custody for others	550,497	-	-
Unearned revenue - dues / fees	25,400	-	-
Long-term liabilities, current portion	1,247,891	-	-
Total current liabilities	2,837,705	31,796	-
Noncurrent liabilities:			
Long-term liabilities	9,851,808	-	-
Total liabilities	12,689,513	31,796	-
Deferred inflows of resources:			
Deferred inflows of resources related to debt refunding	336,429	-	-
Deferred inflows of resources related to pensions	44,350	-	-
Deferred inflows of resources related to OPEB - healthcare	219,339	-	-
Deferred inflows of resources related to OPEB - KPERs death and disability	62,343	-	-
Deferred revenue - current property taxes	4,345,447	-	-
Total deferred inflows of resources	5,007,908	-	-
Net position:			
Investment in capital assets, net of related debt	20,994,065	-	-
Restricted, expendable for:			
Scholarships	-	270,110	-
Loans	-	12,844	-
Capital projects, net of related debt	-	115,683	-
Other	570,596	260,500	-
Unrestricted	7,294,474	7,101,755	67,382
Total net position	28,859,135	7,760,892	67,382
Total liabilities, deferred inflows of resources and net position	\$ 46,556,556	\$ 7,792,688	\$ 67,382

The accompanying Notes to Financial Statements are an integral part of this statement.

This page intentionally left blank.

GARDEN CITY COMMUNITY COLLEGE
Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2021

	Community College	Endowment Association	Broncbuster Athletic Association
REVENUES			
Operating revenues:			
Student tuition and fees (net of scholarship allowances of \$1,582,494)	\$ 2,982,888	\$ -	\$ -
Federal grants and contracts	4,937,280	-	-
State and local grants and contracts	234,797	-	-
Nongovernmental grants and contracts	319,713	1,320,244	23,201
Auxiliary enterprises (net of scholarship allowances of \$1,582,495)	812,137	-	-
Other operating revenues	315,133	37,194	52,425
Total operating revenues	9,601,948	1,357,438	75,626
EXPENSES			
Operating expenses:			
Instruction	7,733,474	-	-
Academic support	2,049,921	-	-
Student services	6,032,456	-	-
Community service	52,953	-	60,234
Operating and maintenance of plant	3,543,388	-	7,325
Institutional support	3,820,639	798,404	-
Auxiliary enterprises	2,056,693	-	-
Depreciation	2,531,875	834	383
Other expenses	244,537	28,658	-
Total operating expenses	28,065,936	827,896	67,942
Operating income (loss)	(18,463,988)	529,542	7,684
NONOPERATING REVENUES (EXPENSES)			
Property taxes	12,361,731	-	-
State appropriations	5,141,317	-	-
Pell and SEOG grants	3,002,234	-	-
Investment income	45,271	1,257,995	-
Payments to GCCC	-	(420,273)	(49,785)
Interest on capital asset related debt	(227,153)	-	-
Net nonoperating revenues (expenses)	20,323,400	837,722	(49,785)
Increase (decrease) in net position	1,859,412	1,367,264	(42,101)
NET POSITION			
Net position, beginning of year	26,999,723	6,393,628	109,483
Net position, end of year	\$ 28,859,135	\$ 7,760,892	\$ 67,382

The accompanying Notes to Financial Statements are an integral part of this statement.

GARDEN CITY COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2021

	Community College
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	\$ 2,656,044
Federal grants and contracts	4,937,280
State and local grants and contracts	234,797
Nongovernmental grants and contracts	319,713
Payment to suppliers	(12,177,711)
Payment to employees	(11,279,891)
Auxiliary enterprise charges	812,137
Other	315,133
Net cash used by operating activities	<u>(14,182,498)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Property taxes	12,945,202
State appropriations	3,565,938
Pell and SEOG grants	3,002,234
Net cash provided by noncapital financing activities	<u>19,513,374</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital grants and gifts	(64,293)
Proceeds from capital debt and leases	8,570,797
Purchases of capital assets	(2,165,988)
Principal paid on capital debt and leases	(5,682,799)
Interest paid on capital debt and leases	(220,098)
Net cash provided by capital and related financing activities	<u>437,619</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Proceeds from sales and maturities of investments	1,060,882
Interest on investments	45,271
Purchase of investments	(6,188,608)
Net cash used by investing activities	<u>(5,082,455)</u>
Net increase in cash	686,040
Cash, beginning of year	<u>9,431,468</u>
Cash, end of year	<u>\$ 10,117,508</u>

(continued)

GARDEN CITY COMMUNITY COLLEGE
Statement of Cash Flows
For the Year Ended June 30, 2021

	<u>Community College</u>
(continued)	
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH USED BY OPERATING ACTIVITIES	
Operating loss	\$ (18,463,988)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	2,531,875
KPERS pension expense	1,575,379
Changes in net assets:	
Miscellaneous receivables	(452,146)
Deferred inflows of resources related to debt refunding	336,429
Deferred outflows related to pensions	(31,403)
Deferred outflows related to OPEB - healthcare	(41,184)
Deferred outflows related to OPEB - KPERS death and disability	(4,969)
Accounts payable and accrued liabilities	148,018
Deposits held in custody for others	123,302
Unearned revenues	2,000
Deferred inflows related to pensions	(34,785)
Deferred inflows related to OPEB - healthcare	59,907
Deferred inflows related to OPEB - KPERS death and disability	18,917
Accrued compensated absences	(13,794)
Net pension liability	65,226
Net OPEB liability - healthcare	12,517
Net OPEB liability - KPERS death and disability	(13,799)
Net cash used by operating activities	<u>\$ (14,182,498)</u>
Schedule of non-cash operating activities:	
Contribution of State aid for KPERS pension expense	\$ 1,575,379
Contribution of capital assets received	64,293

The accompanying Notes to Financial Statements are an integral part of this statement.

STATEMENT 4

GARDEN CITY COMMUNITY COLLEGE
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2021

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash and investments	\$ 550,497
Total assets	<u>\$ 550,497</u>
<u>NET POSITION</u>	
Net position restricted for organizations	\$ 550,497
Total net position	<u>\$ 550,497</u>

STATEMENT 5

Statement of
Changes in Fiduciary Net Position
Fiduciary Funds
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
Additions:	
Student activities	\$ 1,679,673
Total additions	<u>1,679,673</u>
Deductions:	
Student activities	<u>1,556,371</u>
Total deductions	<u>1,556,371</u>
Net increase in fiduciary net position	123,302
Net position, beginning of year	<u>427,195</u>
Net position, end of year	<u>\$ 550,497</u>

The accompanying Notes to Financial Statements are an integral part of these statements.

NOTES TO FINANCIAL STATEMENTS

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

1. Summary of significant accounting policies

The Garden City Community College, Garden City, Kansas, was incorporated under the provisions of the State of Kansas.

The financial statements of the College have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the College's accounting policies are described below.

A. Description of government-wide financial statement

The government-wide financial statement (i.e., the statement of net position) reports information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable. The College has no *governmental activities*.

B. Financial reporting entity

The College is governed by an elected six-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Garden City Community College (the primary government) and its component units. Component units are included in the College's reporting entity because of the significance of their operational or financial relationships with the College.

The following organizations, functions or activities are discretely presented component units of the College and are included in the component units' columns in the College's basic financial statements. They are reported in a separate column to emphasize that they are not-for-profit entities legally separate from the College. Each discretely presented component unit has a June 30th year end.

The Garden City Community College Endowment Association is a not-for-profit corporation organized to raise funds to support educational undertakings at Garden City Community College, and to receive and hold in trust any property transferred to the Association for the benefit of the College, or any student or employee of the College, managing all property received according to the uses specified by the donors or, in case the gift is a general one, to such uses as may be agreed upon by the Board of Directors. Scholarships totaling \$420,273 were provided to the College during the year.

The Broncbuster Athletic Association is a not-for-profit organization created to promote activities and events to raise funds to provide scholarships, education, equipment and opportunities for student athletes at Garden City Community College. Scholarships totaling \$49,785 were provided to the College during the year.

The individual component units did not issue separate financial reports. Other financial information for the individual component units can be obtained from their respective administrative offices.

Garden City Community College
Endowment Association
801 Campus Drive
Garden City, Kansas 67846

Broncbuster Athletic Association

801 Campus Drive
Garden City, Kansas 67846

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

1. Summary of significant accounting policies (continued)

C. Basis of presentation – government-wide financial statements

For financial statement reporting purposes, the College is considered a special-purpose government engaged only in a business-type activity. Separate financial statements are provided for fiduciary funds, even though they are excluded from the government-wide financial statements.

As discussed earlier, the government has two discretely presented component units. While neither the Endowment Association nor the Broncbuster Athletic Association is considered to be a major component unit, they are nevertheless shown in separate columns in the government-wide financial statements.

D. Basis of presentation – fund financial statements

The College reports all operating activity under one major enterprise fund.

Additionally, the College reports the following fund type:

The custodial funds account for monies held for the student organizations to which the Garden City Community College provides accounting and investing services; none of which are held in trust.

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and fiduciary fund 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

1. Summary of significant accounting policies (continued)

F. Budgetary information

Although the College's financial statements consist of only one enterprise-type activity, budgets are adopted for the departments classified as Current Unrestricted Funds (including Auxiliary Enterprises), Adult Basic Education Fund, Postsecondary Technical Education Fund, Unexpended Plant Funds – Capital Outlay, and Revenue Bonds Fund. All budgets are prepared using the modified accrual basis further modified by the encumbrance method of accounting – that is, commitments such as purchase orders and contracts, in addition to disbursements and accounts payable, are recorded as expenditures. Unused appropriations for all of the above annually budgeted funds lapse at the end of the year. The Schedules of Revenue, Expenditures, Encumbrances and Changes in Unencumbered Cash – Actual and Budget; Schedules 1, 1-A, 2, 3, 4 and 5 in the SUPPLEMENTARY INFORMATION section; present the comparisons by funds of the legally adopted budget with actual data on the budgetary basis.

Although directory rather than mandatory, Kansas statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than ad valorem property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments to the adopted annual operating budget for fiscal year 2021.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. Budget comparison statements are presented for each fund showing actual receipts and expenditures compared to legally budgeted receipts and expenditures.

Spending in funds which are not subject to the legal annual operating budget requirements are controlled by federal regulations, other statutes or by the use of internal spending limits established by the governing body.

Excess of expenditures over appropriations

Under Kansas statutes, expenditures are mandated to be controlled, so that no indebtedness is created in excess of budgeted limits. Management is not aware of any statutory violations.

Budgetary compliance – non-GAAP financial statements

By statute, the College prepares its annual budget on a non-GAAP basis of accounting as described above. A reconciliation of these budgetary basis statements to the GAAP statements is presented in the Notes to Supplementary Information.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

1. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources and net position

Cash and cash equivalents

The College's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Deposits and investments

Cash resources of the individual funds are combined to form a pool of cash and investments which is managed by the Vice President of Administrative Services/Chief Financial Officer. Cash includes amounts in demand deposits. Investments of the pooled accounts consist of certificates of deposit and money market investments backed by U.S. government securities. Interest income earned is allocated among funds based on average monthly cash balances and in accordance with the adopted budget.

State statutes authorize the College to invest idle funds in U.S. government securities, temporary notes, no-fund warrants, repurchase agreements and the Kansas Municipal Investment Pool. The Kansas Municipal Investment Pool operates in accordance with appropriate State laws and regulations. The reported value of the investment in the Kansas Municipal Investment Pool is the same as the fair value of its pool shares. Other investments of the College and its component units are stated at fair value. Fair value is the price that would be received to sell an investment in an orderly transaction at year end. The aggregate value of the investments at June 30, 2021, is \$57,172.

Allowance for uncollectible accounts

All trade receivables are considered to be fully collectible; accordingly, no allowance for uncollectible accounts is required. If amounts become uncollectible, an allowance will be established.

Inventories and prepaid items

The College deems inventory as immaterial to the financial statements. No capitalization or amortization has been recorded in the financial statements of the primary government.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expense when consumed rather than when purchased.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

1. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources and net position (continued)

Capital assets

Capital assets include property, plant and equipment, and infrastructure assets, such as roads and sidewalks. Capital assets are defined by the College as assets with an initial unit cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value or the price that would be paid to acquire an asset with equivalent service potential in an orderly market transaction at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest incurred during the construction phase of capital assets of enterprise funds is included as part of the capitalized value of the assets constructed. The amount of interest capitalized depends on the specific circumstances.

Land and construction in progress are not depreciated. Property, plant and equipment of the College are depreciated using the straight-line method over the following useful lives:

Buildings	20 to 40 years
Improvements other than buildings	20 years
Equipment	5 to 22 years
Computer technology	3 years

The College's library collection adheres to the College's policy to (a) maintain the library collection for education or research; (b) protect, keep unencumbered, care for, and preserve the library collection; and (c) require proceeds from the sale of the library collection to be used to acquire other collection items. Generally accepted accounting principles permit collections maintained in this manner to be charged to operations at time of purchase rather than capitalized.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

1. Summary of significant accounting policies (continued)

G. Assets, liabilities, deferred outflows/inflows of resources and net position (continued)

Deferred outflows/inflows of resources

In addition to assets, the statement of net position includes a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The College reports a collective deferred outflow of resources related to pensions, which is described in more detail in Note 3, item D – Defined benefit pension plan, and a collective deferred outflow of resources related to other postemployment benefits, which is described in more detail in Note 3, items E and F – Other postemployment benefit plan. The deferred amounts related to pensions and other postemployment benefits relate to differences between estimated and actual investment earnings, changes in actuarial assumptions, and other pension and postemployment benefit related changes.

In addition to liabilities, the statement of net position includes a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Under a modified accrual basis of accounting, the College reports unearned revenues from property taxes as deferred and recognized as an inflow of resources in the period that the amounts become available and earned. The College reports amounts related to pensions and other postemployment benefits on the statement of net position as a deferred inflow of resources. In addition, the College reports deferred charges on refunding on the statement of net position. The deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Net position flow assumption

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

Net position

Net position of the College is classified in four components. *Net position invested in capital assets net of related debt* consists of property and equipment net of accumulated depreciation and reduced by the current balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted expendable net position* is noncapital net position that must be used for a particular purpose, as specified by creditors, grantors or contributors external to the College. *Restricted nonexpendable net position* equals the principal portion of permanent endowments. *Unrestricted net position* is remaining net position that does not meet the definition of *invested in capital assets net of related debt* or *restricted in expendable or nonexpendable net position*.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

1. Summary of significant accounting policies (continued)

H. Revenues and expenses

Proprietary funds operating and nonoperating revenues and expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the College are sales and services of educational departments and auxiliary enterprises. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Tuition and fee revenues collected during the fiscal year which relate to the period after June 30, 2021, have been deferred.

Property taxes

Property taxes are levied each calendar year on all taxable real property located in the taxing district. Property taxes are recorded on an accrual basis of accounting. Pursuant to the Board of Trustees, property tax levies approved in August 2020 were allocated thirty-seven percent to fiscal year 2022.

The College's property taxes are assessed on a calendar year basis, are levied and become a lien on the property on November 1st of each year. The determination of assessed valuation and the collection of property taxes for all political subdivisions in the State of Kansas is the responsibility of the various counties. The County Appraiser's Office annually determines assessed valuation and the County Clerk spreads the annual assessment to the taxing units. One-half of the property taxes are due December 20th and distributed to the College by January 20th to finance a portion of the current year's budget. The second half is due May 10th and distributed to the College by June 5th. This distribution to the College is for its next budget year and is reflected as deferred revenues. The College draws available funds from the County Treasurer's office at designated times throughout the year.

The College has a concentration of credit risk in the form of taxes receivable from the County Treasurer for property taxes collected in Finney County, Kansas.

Grants and contributions

The College receives grants from federal agencies and the State of Kansas, as well as contributions from individuals and private organizations. Revenues from grants and contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Grants and contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenues. Amounts restricted to capital acquisitions are reported after nonoperating revenues and expenses.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

1. Summary of significant accounting policies (continued)

H. Revenues and expenses (continued)

Compensated absences

The College's policy regarding sick leave pay permits employees to accumulate leave days at a maximum rate of 12 days per year up to 90 days. Leave may be used for sick leave and personal leave. Retiring faculty, in good standing, with at least 50 days of accumulated sick leave, shall be paid for 10 days of accumulated sick leave at \$100 per day.

The College's policy regarding vacation leave permits employees to accumulate vacation leave to a maximum of up to 20 days. Personnel leaving the employment of the College will be paid for unused vacation days at the daily rate of the employee's last contract. The estimated dollar amount of accumulated vacation leave pay at June 30, 2021, totals \$306,401. The current portion of accrued vacation leave, which would be liquidated with expendable available resources, is not material.

I. Pensions

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

J. New pronouncements

The GASB has issued the following statements which will have an impact on the College's future financial reporting, although they are not yet required to be implemented by the College:

- GASB Statement No. 87, *Leases*, issued June 2017 will be effective for the College beginning with its year ending June 30, 2022. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments.
- GASB Statement No. 89, *Accounting for Interest Cost Incurred before the end of a Construction Period*, issued June 2018 will be effective for the College beginning with its year ending June 30, 2022. The objectives of this Statement are to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and to simplify accounting for interest cost incurred before the end of a construction period.
- GASB Statement No. 91, *Conduit Debt Obligations*, issued May 2019 will be effective for the College beginning with its year ending June 30, 2023. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with commitments extended by issuers, arrangements associated with conduit debt obligations and related note disclosures.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

1. Summary of significant accounting policies (continued)

J. New pronouncements (continued)

- GASB Statement No. 92, *Omnibus 2020*, issued January 2020 will be effective for the College beginning with its year ending June 30, 2022. The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
- GASB Statement No. 93, *Replacement of interbank offered rates*, issued March 2020 will be effective for the College beginning with its year ending June 30, 2022. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of an interbank offered rate.
- GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, issued March 2020 will be effective for the College beginning with its year ending June 30, 2023. The objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs).
- GASB Statement No. 96, *Subscription-Based Information Technology Arrangements*, issued May 2020 will be effective for the College beginning with its year ending June 30, 2023. The objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments).
- GASB Statement No. 98, *The Annual Comprehensive Financial Report*, issued October 2021 will be effective for the College beginning with its year ending June 30, 2022. The Statement establishes the term annual comprehensive financial report and its acronym ACFR. That new term and acronym replace instances of comprehensive annual financial report and its acronym in generally accepted accounting principles for state and local governments.

The College's management has not yet determined the effect these Statements will have on the College's financial statements.

2. Stewardship, compliance and accountability

A. Compliance with Kansas statutes

References made herein to the statutes are not intended as interpretation of law, but are offered for consideration of the Kansas Department of Administration's Chief Financial Officer and interpretation by the County Attorney and the legal representative of the College. There were no material violations noted for the year ended June 30, 2021.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds

A. Cash and investments

A reconciliation of cash and investments as shown on the government-wide statement of net position for the primary government follows:

Cash and cash equivalents	\$ 10,117,508
Short-term investments	<u>6,188,608</u>
Total cash and investments	<u>\$ 16,306,116</u>
Carrying amount of deposits	\$ 12,363,889
Carrying amount of investments	3,938,462
Cash on hand	<u>3,765</u>
Total cash and investments	<u>\$ 16,306,116</u>

Cash deposits with financial institutions

Custodial credit risk – deposits

In the case of deposits, custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institutions to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City or the Federal Home Loan Bank of Topeka and held by a third party bank that is independent of the pledging bank. The pledged securities are held under a tri-party custodial agreement signed by all three parties: the College, the pledging bank and the independent third-party bank holding the pledged securities. All deposits were secured at June 30, 2021.

At June 30, 2021, the College's carrying amount of deposits was \$12,363,889 and the bank balance was \$13,182,448. Of the bank balance, 98.10% was held by three banks resulting in a concentration of credit risk. Of the bank balance, \$1,000,146 was covered by federal depository insurance and \$12,182,302 was collateralized with securities held by the pledging financial institutions' agents in the College's name. The College's cash deposits by financial institution at year end are as follows:

	Bank balance covered by			Total bank balance
	FDIC Coverage	Pledged securities at market value	Unsecured	
Commerce Bank	\$ 250,000	\$ 1,012,690	\$ -	\$ 1,262,690
Landmark National Bank	250,000	9,419,612	-	9,669,612
First National Bank	146	-	-	146
Western State Bank	250,000	1,750,000	-	2,000,000
Security Savings Bank of Kansas City	250,000	-	-	250,000
Total	<u>\$ 1,000,146</u>	<u>\$ 12,182,302</u>	<u>\$ -</u>	<u>\$ 13,182,448</u>

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

A. Cash and investments (continued)

Investments

Credit and interest rate risks

K.S.A. 9-1401 establishes the depositories which may be used by the College. The statute requires banks eligible to hold the College's funds have a main or branch bank in the county in which the College is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The College has no other policies that would further limit interest rate risk or limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. State statute limits the College's investment maturities to two years or less.

K.S.A. 12-1675 limits the College's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions; U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the Kansas Municipal Investment Pool. All investments must be insured, registered, or held by the College or its agent in the College's name. The College has no investment policy that would further limit its investment choices. The rating of the Government's investments is noted below.

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; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

As of June 30, 2021, the College had the following investments and maturities:

Investment type	Fair Value	Investment Maturities (in Years)	Rating
		Less Than 1	
Municipal Investment Pool	\$ 57,172	\$ 57,172	S&P AAAf/S1+
Treasury obligations	3,881,290	3,881,290	N/A
Total fair value	<u>\$ 3,938,462</u>	<u>\$ 3,938,462</u>	

Concentration of credit risk

State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The College's allocation of investments as of June 30, 2021, is as follows:

Investment Type	Percentage of Investments
Municipal Investment Pool	1.45%
Treasury obligations	98.55%

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

A. Cash and investments (continued)

Investments (continued)

Custodial credit risk – investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The College has no custodial credit risk exposure for its investments.

B. Receivables

Receivables as of year-end for the College, including the applicable allowances for uncollectible accounts, are as follows:

Taxes	\$ 12,054
Miscellaneous	<u>3,181,512</u>
Total net receivables	<u><u>\$ 3,193,566</u></u>

Revenues of the enterprise funds are reduced by uncollectible amounts when written off.

Proprietary funds report unearned revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unearned revenue attributable to receivables reported in the proprietary funds were as follows:

Current property taxes receivable:	
General	<u>\$ 12,054</u>
Total	<u><u>\$ 12,054</u></u>

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

C. Capital assets

The following is a summary of changes in the various capital asset categories for the year ended June 30, 2021:

	Beginning Balance	Additions	Retirements	Ending Balance
Cost:				
Land	\$ 1,580,064	\$ -	\$ -	\$ 1,580,064
Construction in progress	431,139	621,248	604,426	447,961
Improvements other than buildings	11,663,936	-	-	11,663,936
Buildings	43,216,085	762,366	-	43,978,451
Equipment	9,464,897	1,451,093	28,346	10,887,644
Total cost	66,356,121	2,834,707	632,772	68,558,056
Less accumulated depreciation:				
Improvements other than buildings	5,714,295	615,152	-	6,329,447
Buildings	24,952,774	1,489,473	-	26,442,247
Equipment	8,492,027	427,250	28,346	8,890,931
Total accumulated depreciation	39,159,096	2,531,875	28,346	41,662,625
Property, plant and equipment, net	\$ 27,197,025	\$ 302,832	\$ 604,426	\$ 26,895,431

Depreciation expense for the year ended June 30, 2021, was \$2,531,875.

D. Defined benefit pension plan – Kansas Public Employees Retirement System

General information about the pension plan

Plan description

The Garden City Community College participates in a cost-sharing multiple-employer pension plan, as defined in Governmental Accounting Standards Board Statement No. 67, *Financial Reporting or Pension Plans*. The pension plan is administered by the Kansas Public Employees Retirement System (KPERS), a body corporate and an instrumentality of the State of Kansas. KPERS provides benefit provisions to the following statewide pension groups under one plan, as provided by K.S.A. 74, article 49:

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

Substantially all public employees in Kansas are covered by the Pension Plan. The State of Kansas and Kansas schools are required to participate, while participation by local political subdivisions is optional but irrevocable once elected.

Those employees participating in the Pension Plan for the College are included in the State/School employee group.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

General information about the pension plan (continued)

Pension description (continued)

KPERS issues a stand-alone comprehensive annual financial report, which is available on the KPERS website at www.kpers.org.

Benefits provided

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

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump-sum payment of up to 50% of the actuarial present value of the member's lifetime benefit. 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 State Legislature and the Governor of the State of Kansas.

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

For all pension coverage groups, the retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

Contributions

Member contributions are established by state law, and are paid by the employee according to the provisions of Section 414(h) of the Internal Revenue Code. State law provides that the employer contribution rates are determined based on the results of an annual actuarial valuation. The contributions and assets of all groups are deposited in the Kansas Public Employees Retirement Fund established by K.S.A. 74-4921. All of the retirement systems are funded on an actuarial reserve basis.

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.2% of total payroll for the fiscal year ended June 30, 2020.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

General information about the pension plan (continued)

Contributions (continued)

The actuarially determined employer contribution rate and the statutory contribution rate for College employees are 14.74% and 14.41%, respectively. Member contribution rates as a percentage of eligible compensation for the fiscal year ended June 30, 2020, are 6.00% for state/school employees.

Special funding situation

The employer contributions for non-retired employees of community colleges, as defined in K.S.A. 74-4931 (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the KPERS System. Since these employers do not contribute directly to KPERS for active employees, there is no net pension liability or deferred inflows or outflows to report in their financial statements associated with the non-retired employees. The College recognizes pension expense associated with the College as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with the College.

The community colleges make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, "working after retirement" employees. The resulting proportional share of these agencies "working after retirement" contributions and resulting net pension liability are attributable to the employer. These amounts are reflected separately in the schedules.

Employer allocations

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

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

To facilitate the separate (sub) 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 nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

The allocation percentages for the College's share of the collective pension amounts as of June 30, 2020 and 2019, were based on the ratio of its contributions to the total of the employer and nonemployer contributions of the group for the fiscal years ended June 30, 2020 and 2019, respectively. The contributions used exclude contributions made for prior service, excess benefits and irregular payments. At June 30, 2020, the College's proportion was 0.221%, which was a decrease of 0.004% from its proportion measured at June 30, 2019.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

General information about the pension plan (continued)

Employer allocations (continued)

The contributions used for determining allocation percentages for the state/school group exclude the \$51 million transfer made in July 2019 from the state general fund to KPERS for the school group.

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions

Net pension liability

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

College's proportionate share of the net pension liability	\$ 110,435
State's proportionate share of the net pension liability associated with the College	<u>16,517,828</u>
Total	<u><u>\$ 16,628,263</u></u>

Actuarial assumptions

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

Actuarial cost method	Entry age normal
Price inflation	2.75%
Salary increase	3.25% to 11.75%, including price inflation
Investment rate of return	7.50% 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.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Actuarial assumptions (continued)

The long-term expected rate of return of pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 7, 2020, as provided by KPERS' investment consultant, are summarized in the following table:

Asset Class	Long-Term Target Allocation	Long-Term Expected Real Rate of Return
U.S. equities	23.50%	5.20%
Non-U.S. equities	23.50%	6.40%
Private equity	8.00%	9.50%
Private real estate	11.00%	4.45%
Yield driven	8.00%	4.70%
Real return	11.00%	3.25%
Fixed income	11.00%	1.55%
Short-term investments	4.00%	0.25%
Total	100.00%	

Discount rate

The discount rate used to measure the total pension liability at the measurement date of June 30, 2020, was 7.50%. The discount rate used to measure total pension liability at the prior measurement date of June 30, 2019, was 7.75%. The actuarial assumptions used in the calculation of the total pension liability were based on the results of the most recent actuarial experience study. It covered the three year period of January 1, 2016 through December 31, 2018, and was dated January 7, 2020.

The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below:

- In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for fiscal year 2020 was 1.20%.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Discount rate (continued)

- In recent years, the Legislature has made several changes to statutory rates that deviate from the scheduled contribution increases set under the caps established in 2012 for the State/School group. Under 2015 SB 4, the previously certified State/School statutory rate for fiscal year 2015 of 11.27% was reduced to 8.65% for the last half of the fiscal year as part of the Governor's allotment. That same session, SB 228 recertified statutory rates for the State/School group to 10.91% for fiscal year 2016 and 10.81% for fiscal year 2017 in anticipation of the issuance of \$1 billion in pension obligation bonds. Legislation in the 2016 session (SB 161) provided for the delay of up to \$100 million in State and School contributions to the pension plan. Legislation passed by the 2017 Legislature removed the repayment provisions included in SB 161.
- In addition, 2017 Senate Sub for Sub HB 2052 delayed \$64.1 million in fiscal year 2017 State/School contributions, to be repaid over 20 years in level dollar installments. The first year payment of \$6.4 was paid in full at the beginning of fiscal year 2019, and appropriations for fiscal year 2019 were made at the statutory contribution rate of 12.01% for the State/School group. Additional legislation in the 2017 Session (Senate Sub for HB 2002) provided for a reduction of \$194 million from the previously certified contribution rate of 13.21% in the State/School contributions for fiscal year 2019. Like the fiscal year 2017 reduction, it is to be paid back over a 20 year period, beginning in fiscal year 2020. Therefore, both reductions will be accounted for as long term receivables by the pension plan. The 2019 Legislature passed House Sub for Sen Bill 109, which directed on-behalf payments of \$56 million and \$82 million be made to the System. The \$56 million payment was received by the System on June 30, 2018, and recorded as fiscal year 2018 contributions. The \$82 million was received July 1, 2019, and was recorded as fiscal year 2019 contributions. The 2019 Legislative session passed Senate Bill 9 which authorized a transfer of \$115 million to KPERS received in March 2020. House Sub for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School group in fiscal year 2020 of \$1 million.

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

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

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

1% Decrease (6.50%)	Discount rate (7.50%)	1% Increase (8.50%)
\$ 146,430	\$ 110,435	\$ 80,089

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

D. Defined benefit pension plan – Kansas Public Employees Retirement System (continued)

Pension liabilities, pension expense, and deferred outflows of resources and deferred inflows of resources related to pensions (continued)

Deferred outflows of resources and deferred inflows of resources

At June 30, 2021, the College reported deferred outflows of resources and deferred inflows of resources related to pensions as shown in the following tables. Experience gains/losses and the impact of changes in actuarial assumptions or other inputs, if any, are recognized over the average expected remaining service life of the active and inactive plan members at the beginning of the measurement period. Investment gains and losses are recognized over a fixed five year period.

	College's Proportionate Share of Deferred Outflows of Resources	College's Proportionate Share of Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,538	\$ 1,214
Net differences between projected and actual earnings on Pension Plan investments	9,784	-
Changes of assumptions	5,639	-
Changes in proportion	59,782	43,136
Contributions subsequent to measurement date	5,650	-
Total	<u>\$ 82,393</u>	<u>\$ 44,350</u>

The net deferred outflows of resources and (deferred inflows) of resources as of June 30, 2020, that will be recognized in pension expense in future years are as follows:

Fiscal Year	Deferred Outflows (Inflows) of Resources
2021	\$ 3,200
2022	9,667
2023	5,723
2024	12,505
2025	1,299
Thereafter	-

Pension expense

For the year ended June 30, 2021, the College recognized pension expense of \$1,984,203, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

E. Other postemployment benefit plan - healthcare

General information about the OPEB plan

Plan description

Kansas statute provides that postemployment healthcare benefits be extended to retired employees who have met the age and/or service eligibility requirements. The other postemployment benefit (OPEB) for health insurance generally provides the same coverage for retirees and their dependents as for active employees and their dependents. The health insurance benefit plan is a single employer defined benefit plan administered by the College.

Benefits provided

The benefit is available for selection at retirement and is extended to retirees and their dependents until the age of 65. Grandfathered retirees may continue coverage until death. The accounting for the health insurance for retirees is included in the College's general operating fund, with the subsidy provided from the general operating fund.

Funding policy

The College provides for medical, dental and prescription drug insurance coverage through its group insurance program to qualifying retirees and their dependents to retiree Medicare eligibility age. Two medical plans (major medical and a high deductible plan) and one dental plan are available. Eligible retirees receive a direct contribution from the College for the premium cost equal to the sum of the high deductible plan and dental single premium rates, capped at \$400 per month. Spouses of retirees do not receive a direct contribution from the College and must contribute group rates to maintain coverage. Coverage is provided through fully insured arrangements that operate as a single employer defined benefit plan.

Covered employees

The College has the following employees covered by the OPEB plan as of June 30, 2021:

Inactive employees or beneficiaries currently receiving benefits	6
Active employees	199
	<u>205</u>

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – healthcare

Net OPEB liability - healthcare

The College's total OPEB liability – healthcare of \$521,417 was measured as of June 30, 2021, and was determined by an actuarial valuation as of that date.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

E. Other postemployment benefit plan - healthcare (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – healthcare (continued)

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2021, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount rate	2.00% (measurement date)
	2.60% (year preceding measurement date)
Medical/Rx trend rate	Actual for the first year, decreasing 0.50% per year for the next two years and 0.25% per year after that to an ultimate rate of 4.50% for 2030 and later years.
Dental costs	Actual for the first two years, 3.50% per year thereafter.
Age-based costs	Industry age-based cost relativities were applied to expected per member costs.
Participation in coverage for future retirees	One hundred percent (100%) of future employees are assumed to elect coverage upon retirement.
Enrollment duration	Coverage with the College is assumed to continue until the retiree reaches Medicare eligibility. When the spouse is > age 65 and the retiree is < age 65, the plan is assumed to be primary for both retiree and spouse
Retirement age	Assumed retirement rates are based on those utilized for the KPERS-School pension valuations.
Disability	None
Withdrawal	Assumed rates are based on those utilized for the KPERS-School pension valuations.
Spousal participation	Ten percent (10%) of future eligible retirees are assumed to have a covered spouse for Medical. Twenty percent (20%) is assumed for Dental. This is based on an analysis of covered spouse experience of retirees. Actual spousal elections were valued for spouses of current retirees.
Age difference for covered spouses	Male employees are assumed to be 3 years older than their female spouse for future retirees. Actual spousal age was valued for spouses of current retirees.
Medical plan	Future plan elections are assumed to remain unchanged relative to current elections. Actives currently waiving coverage were valued based upon the plan distribution of the total covered group. However, no benefit is assumed for an employee currently waiving coverage that can't meet the group health plan participation minimum prior to reaching age 65.
Dental benefits	All future new retirees are assumed to elect Dental. Actual Dental elections were valued for current retirees.
Medicare eligibility age	Age 65
Timing of premium payments	Mid-Year
Salary scale per employee	2.0% per year
CPI inflation	2.5% per year (not explicit in the valuation)

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

E. Other postemployment benefit plan - healthcare (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – healthcare (continued)

Actuarial assumptions and other inputs (continued)

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

Healthy life mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

Changes to the net OPEB liability - healthcare

Net OPEB liability - healthcare - beginning of year	\$ 508,900
Service cost	27,883
Interest cost	13,163
Differences between actual and expected experience	(19,116)
Changes in assumptions and inputs	51,587
Employer contributions (benefit payments)	(61,000)
Net changes	12,517
Net OPEB liability - healthcare - end of year	\$ 521,417

Changes of assumptions and other inputs reflect a change in the discount rate from the beginning to end of year, less one year of amortization.

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

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

	1% Decrease (1.00%)	Discount Rate (2.00%)	1% Increase (3.00%)
Total OPEB Liability - healthcare	\$ 557,553	\$ 521,417	\$ 488,010

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% lower or 1% higher than the current healthcare cost trend rates:

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability - healthcare	\$ 485,755	\$ 521,417	\$ 563,789

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

E. Other postemployment benefit plan - healthcare (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – healthcare (continued)

Deferred outflows of resources and deferred inflows of resources

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

Category	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual	\$ -	\$ 200,928
Changes in assumptions	72,280	18,411
Total	<u>\$ 72,280</u>	<u>\$ 219,339</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB – healthcare will be recognized in OPEB expense as follows:

	Amount
2022	\$ 13,644
2023	13,644
2024	13,644
2025	13,644
2026	13,644
2027 & thereafter	78,839
	<u>\$ 147,059</u>

OPEB expense – healthcare

For the year ended June 30, 2021, the College recognized OPEB expense for healthcare of \$27,833.

F. Other postemployment benefit plan - KPERS death and disability

General information about the OPEB plan

Plan description

The College participates in a multiple-employer defined benefit other postemployment benefit (OPEB) plan (the Plan) which is administered by the Kansas Public Employees Retirement System (KPERS). The Plan provides long-term disability benefits and a life insurance benefit for disabled members to KPERS members, as provided by K.S.A. 74-04927. The Plan is administered through a trust held by KPERS that is funded to pay annual benefit payments. 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, the Plan is considered to be administered on a pay as you go basis.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

F. Other postemployment benefit plan - KPERS death and disability (continued)

General information about the OPEB plan (continued)

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 year ending June 30, 2021.

Special funding situation

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

Benefits

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

The monthly long-term disability benefit is 60% 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 members 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 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.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

F. Other postemployment benefit plan - KPERS death and disability (continued)

General information about the OPEB plan (continued)

Covered employees

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

Inactive employees or beneficiaries currently receiving benefits	1
Active employees	224
	<u>225</u>

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – KPERS death and disability

Net OPEB liability – KPERS death and disability

At June 30, 2020, the total net OPEB liability recognized by the State of Kansas that was attributable to the College was \$128,790.

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), using the following actuarial assumptions:

Price inflation	2.75 percent
Payroll growth	3.00 percent
Wage inflation	3.50 percent, average, including inflation
Discount rate (based on the Bond Buyer General Obligation 20-Bond Municipal Index)	2.21 percent

Mortality rates used for the death benefits were based on the RP-2000 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using Scale AA. Mortality rates used for the disability benefits were based on the RP-2000 Disabled Life Table with generational mortality improvement using Scale AA.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2018. Changes in assumptions and benefits are described in the notes to the required supplemental information. There were no changes between the measurement date of December 31, 2019, rolled forward to June 30, 2020, and the College's reporting date of June 30, 2021.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

F. Other postemployment benefit plan - KPERS death and disability (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – KPERS death and disability (continued)

Changes to the net OPEB liability – KPERS death and disability

Net OPEB liability - KPERS death and disability - beginning of year	\$ 142,589
Service cost	22,637
Interest cost	5,426
Effect of economic/demographic gains or losses	(27,040)
Effect of assumptions changes or inputs	5,757
Benefit payments	(20,579)
Net changes	(13,799)
Net OPEB liability - KPERS death and disability - end of year	\$ 128,790

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

The following presents the total OPEB liability of the College as of June 30, 2021, calculated using the discount rate of 2.21%, 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 (1.21%) or 1 percentage point higher (3.21%) than the current rate.

	1% Decrease (1.21%)	Discount Rate (2.21%)	1% Increase (3.21%)
Total OPEB Liability - KPERS death and disability	\$ 132,512	\$ 128,790	\$ 124,284

Sensitivity of the total OPEB liability to changes in the current trend rate

The following presents the total OPEB liability of the College as of June 30, 2021, calculated using the current healthcare cost trend rates as well as what the College's total OPEB liability would be if it were calculated using trend rates that are 1 percentage point lower or 1 percentage point higher than the current trend rates.

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability - KPERS death and disability	\$ 128,790	\$ 128,790	\$ 128,790

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

F. Other postemployment benefit plan - KPERS death and disability (continued)

OPEB liabilities, OPEB expense, and deferred outflows of resources and deferred inflows of resources related to OPEB – KPERS death and disability (continued)

Deferred outflows of resources and deferred inflows of resources

At June 30, 2021, the deferred inflows and outflows of resources are as follows:

Category	Deferred outflows of resources	Deferred inflows of resources
Differences between expected and actual experience	\$ -	\$ 58,964
Changes in assumptions	6,770	3,379
Total	<u>\$ 6,770</u>	<u>\$ 62,343</u>

Amounts currently reported as deferred outflows of resources and deferred inflows of resources related to OPEB – KPERS death and disability will be recognized in OPEB expense as follows:

	Amount
2021	\$ (7,335)
2022	(7,335)
2023	(7,335)
2024	(7,335)
2025	(7,335)
2026 & thereafter	(18,898)
	<u>\$ (55,573)</u>

OPEB revenue and expense – KPERS death and disability

For the year ended June 30, 2021, the College recognized revenue and OPEB expense for KPERS death and disability in an equal amount of \$20,728.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

G. Construction and other significant commitments

Construction commitments

Capital projects in process at June 30, 2021, are as follows:

Project	Authorization	Expended	Committed
Tunnel project	\$ 332,184	\$ 52,879	\$ 279,305
Hydronic pipe	145,861	78,898	66,963
Suite roof replacement	187,080	86,830	100,250
DPAC roof replacement	102,724	48,798	53,926
Fine Arts auditorium seating	74,631	2,125	72,506
West Hall dorm shower replacement	50,328	-	50,328
West Hall HVAC upgrade	537,900	107,317	430,583
Access control phase II	126,923	71,115	55,808

Operating leases

During the year ended June 30, 2005, the College entered into an agreement to purchase an additional facility to be used for another Adult Learning Center. The agreement contains a lease for the facility site for a period of five years, renewable on a year to year basis thereafter. As consideration for the purchase, the College has been granted the leasehold interest without obligation for payment of any basic cash rent for the facility site during the original, or any renewal term, of the agreement.

H. Risk management

The College is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

I. Lease obligations

Capital leases

The College has entered into various capital lease agreements outstanding at June 30, 2021, as follows:

1. First Security Finance, Inc.

The College entered into a lease purchase agreement for improvements and equipment with First Security Finance, Inc. dated June 20, 2013.

The lease purchase agreement commenced June 20, 2013, and expires June 1, 2023. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to First Security Finance, Inc. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the equipment. The lease agreement also requires certain insurance requirements which the College has met.

2. Clayton Holdings, LLC

The College entered into a lease purchase agreement for student housing with Clayton Holdings, LLC dated April 28, 2016.

The lease purchase agreement commenced April 28, 2016, and expires October 1, 2026. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the facilities granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Clayton Holdings, LLC. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the housing. The lease agreement also requires certain insurance requirements which the College has met.

3. Clayton Holdings, LLC

The College entered into a lease purchase agreement for student housing and parking lot with Clayton Holdings, LLC dated April 26, 2017.

The lease purchase agreement commenced April 26, 2017, and was terminated May 4, 2021, as a result of the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

I. Lease obligations (continued)

Capital leases (continued)

4. Government Capital Corporation

The College entered into a lease purchase agreement for a digital scoreboard with Government Capital Corporation dated January 14, 2020.

The lease purchase agreement commenced January 14, 2020, and expires April 23, 2025. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Government Capital Corporation. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the housing. The lease agreement also requires certain insurance requirements which the College has met.

5. Kansas State Bank

The College entered into a lease purchase agreement for super circuit equipment with Kansas State Bank dated October 20, 2020.

The lease purchase agreement commenced October 20, 2020, and expires October 20, 2024. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Kansas State Bank. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the housing. The lease agreement also requires certain insurance requirements which the College has met.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

I. Lease obligations (continued)

Capital leases (continued)

6. Security Bank of Kansas City

The College entered into a lease purchase agreement for student housing and parking lot with Security Bank of Kansas City dated May 4, 2021, under a refinancing arrangement involving the issuance of lease purchase agreement certificates of participation in the amount of \$4,440,000. Proceeds from the lease purchase agreement were used to terminate the 2017 lease purchase agreement with Clayton Holdings, LLC and the revenue bonds series 2014 for a net savings of \$441,727 in total minimum commitments.

The lease purchase agreement commenced May 4, 2021, and expires May 1, 2027. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Security Bank of Kansas City. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the housing. The lease agreement also requires certain insurance requirements which the College has met.

7. Security Bank of Kansas City

The College entered into a lease purchase agreement for building improvements and equipment with Security Bank of Kansas City dated June 30, 2021, involving the issuance of lease purchase agreement certificates of participation in the amount of \$4,400,000.

The lease purchase agreement commenced June 30, 2021, and expires May 1, 2036. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the equipment granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Security Bank of Kansas City. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the housing. The lease agreement also requires certain insurance requirements which the College has met.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

I. Lease obligations (continued)

Capital leases (continued)

The total amount of the capital assets and construction in progress included on the College's fixed asset records under these lease agreements are as follows for the fiscal year ended June 30, 2021:

Cost:	
Construction in progress	\$ 211,691
Improvements other than buildings	2,972,701
Buildings	<u>3,195,699</u>
Total cost	<u>6,380,091</u>
Less accumulated depreciation:	
Improvements other than buildings	1,083,275
Buildings	<u>750,850</u>
Total accumulated depreciation	<u>1,834,125</u>
Total fixed assets and construction in progress under lease agreements, net	<u><u>\$ 4,545,966</u></u>

In addition, \$3,788,309 remains from the June 30, 2021, lease purchase agreement proceeds for additional improvement projects authorized in the agreement.

The College's future minimum lease obligations and the net present value of those minimum lease payments are as follows for the fiscal years ended June 30:

Fiscal Year	
2022	\$ 1,441,478
2023	1,643,769
2024	1,335,399
2025	1,325,839
2026	1,253,499
2027-2031	2,472,109
2032-2036	<u>1,517,163</u>
Total minimum lease payments	10,989,256
Amount representing interest	<u>(956,600)</u>
Present value of minimum lease payments	<u><u>\$ 10,032,656</u></u>

The above payments are reduced by interest earnings on any reserve funds held by the trustee banks.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

I. Lease obligations (continued)

Capital leases (continued)

Subsequent to June 30, 2021, the College entered into a lease purchase agreement for sports field lighting with Clayton Holdings, LLC dated August 17, 2021.

The lease purchase agreement commenced August 17, 2021, and expires August 27, 2026. The lease may be terminated upon any of the following events: (1) expiration of the original term including any renewals; (2) the exercise by the College of the option to purchase the facilities granted under the lease; (3) a default by the College and Lessor's election to terminate this lease; (4) the payment by the College of all base rental payments and additional rental payments due or to become due and the payment of the purchase price balance set forth in the lease; or (5) the effective date of cancellation of this lease by an act of the Kansas Legislature.

The College pays base rental payments to Clayton Holdings, LLC. Such payments are required to be budgeted by the College and are subject to any such limitations. The College is responsible for maintaining and operating the lighting. The lease agreement also requires certain insurance requirements which the College has met.

The College's future minimum lease obligations and the net present value of those minimum lease payments for this subsequent lease purchase agreement are as follows for the fiscal years ended June 30:

Fiscal Year	
2022	\$ 92,147
2023	92,147
2024	92,147
2025	92,147
2026	<u>92,147</u>
Total minimum lease payments	460,735
Amount representing interest	<u>(19,254)</u>
Present value of minimum lease payments	<u><u>\$ 441,481</u></u>

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

J. Long-term liabilities

Revenue bonds

The College issues revenue bonds where the College pledges income derived from the fees and charges to users of the related assets to pay the debt service. The original principal amount of revenue bonds issued in prior years was \$4,130,000. Revenue bonds were paid off May 4, 2021, with the issuance of lease purchase agreement certificates of participation in the amount of \$4,440,000 with Security Bank of Kansas City.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

J. Long-term liabilities (continued)

Changes in long-term liabilities

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

	Beginning Balance	Additions	Retirements	Ending Balance	Current Portion	Interest Paid
Revenue bonds payable:						
Series 2014 - student housing	\$ 3,120,000	\$ -	\$ 3,120,000	\$ -	\$ -	\$ 86,362
Leases payable:						
Lease obligation - improvements and equipment	852,957	-	276,757	576,200	284,251	20,471
Lease obligation - student housing	954,503	-	136,363	818,140	136,364	19,432
Lease obligation - student housing and parking lot	2,100,000	-	2,100,000	-	-	69,898
Lease obligation - digital scoreboard	117,198	-	21,930	95,268	22,660	2,805
Lease obligation - super circuit equipment	-	130,797	27,749	103,048	24,616	2,088
Lease obligation - student housing and parking lot	-	4,440,000	-	4,440,000	535,000	16,172
Lease obligation - building improvements and equipment	-	4,000,000	-	4,000,000	245,000	9,925
Total leases payable	4,024,658	8,570,797	2,562,799	10,032,656	1,247,891	140,791
Other liabilities:						
Compensated absences, net	320,195	-	13,794	306,401	-	-
COP Discount Premium	-	336,429	-	336,429	33,080	-
Net pension liability	45,209	65,226	-	110,435	-	-
Net OPEB liability - healthcare	508,900	92,633	80,116	521,417	-	-
Net OPEB liability - KPERs death and disability	142,589	33,820	47,619	128,790	-	-
Total other liabilities	1,016,893	528,108	141,529	1,403,472	33,080	-
Total long-term liabilities	\$ 8,161,551	\$ 9,098,905	\$ 5,824,328	\$ 11,436,128	\$ 1,280,971	\$ 227,153

In addition to the \$5,682,799 in principal retired during the year, the College paid \$227,153 in interest on the bonds and leases payable during the year ended June 30, 2021.

Legal debt margin

The College is subject to a debt limit that is 3% of the assessed valuation of taxable real property. For the year ended June 30, 2021, that amount was \$14,393,702. As of June 30, 2021, the College has no outstanding debt subject to the debt limit.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

K. Related party transactions

The College purchases goods and services from businesses owned and operated by a board member. The College paid this business \$82,260 during the year ended June 30, 2021.

L. Discretely presented component units

1. Garden City Community College Endowment Association

At June 30, 2021, the Endowment Association's investment balances consisted of \$5,903,599 in marketable securities with a fair value of \$6,831,554, and \$596,147 of certificates of deposit.

The carrying amount of deposits for the Endowment Association was \$771,129 and the bank balance was \$772,619. All of the bank balance was covered by a combination of federal depository insurance, national credit union share insurance and securities investor protection insurance.

Property and equipment at June 30, 2021, for the Endowment Association consisted of the following:

Land	\$ 56,000
Buildings and improvements	9,500
Equipment	<u>26,184</u>
Total, cost	91,684
Less accumulated depreciation	<u>(25,106)</u>
Property and equipment, net	<u><u>\$ 66,578</u></u>

2. Broncbuster Athletic Association

At June 30, 2021, the carrying amount of deposits for the Broncbuster Athletic Association was \$58,207 and the bank balance was \$58,535. All of the bank balance was covered by federal depository insurance.

Property and equipment at June 30, 2021, for the Broncbuster Athletic Association consisted of the following:

Property and equipment	\$ 3,174
Less accumulated depreciation	<u>(1,258)</u>
Property and equipment, net	<u><u>\$ 1,916</u></u>

The Association purchases services from businesses owned and operated by an employee. The Association paid this business \$1,249 during the year ended June 30, 2021.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

M. Contingencies

Grant audits

The College receives significant financial assistance from numerous federal and state governmental agencies in the form of grants and state pass through aid. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit. Any disallowed claims resulting from such audits could become a liability of the applicable funds. The amount of expenditures that may be disallowed by the grantor cannot be determined at this time, although the College expects such amounts, if any, to be immaterial.

Student financial aid programs

The College participates in federally funded Pell Grants, SEOG Grants, Federal Work-Study, and Federal Family Education Loans programs. Federal programs are audited in accordance with Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the *Compliance Supplement*.

Litigation

The College is named as a party in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of management, the ultimate outcome of these lawsuits will not have a material adverse effect on the financial condition of the College.

The balance of this page intentionally left blank

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

N. Tax abatements

The City of Garden City entered into property tax abatement agreements with local developers under Kansas statutes 12-5241 et seq., which authorizes a city to designate rural housing incentive districts. Under the statutes, the City is authorized to reimburse the developer for all or a portion of the costs of implementing the development through the use of property tax increments allocated to the City under the provisions of the statute. The City then entered into an interlocal agreement to allocate these abatements among the local taxing entities.

For the year ended June 30, 2021, the College's share of abated property taxes totaled \$155,560 under the rural housing incentive districts program.

The City of Garden City entered into property tax abatement agreements with local developers under Kansas statutes 12-1770 and 12-1771(a), which govern the creation of redevelopment districts and tax increment financing. Kansas statutes governing the tax increment financing allows the financing to be used for property acquisition, site preparation, utilities, drainage, street improvements, landscape amenities, public outdoor spaces, streetscape amenities, and parking facilities in a redevelopment district. The City uses tax increment revenues to reimburse redevelopment in the district. The City then entered into an interlocal agreement to allocate these abatements among the local taxing entities.

For the year ended June 30, 2021, the College's share of abated property taxes totaled \$320,273 under the tax increment financing project.

Finney County entered into property tax settlement agreements with various local entities to refund property tax payments paid by the entities. The County then entered into an interlocal agreement to allocate these abatements among the local taxing entities.

For the year ended June 30, 2021, the College's share of property taxes abated totaled \$112,136 under the property tax settlement agreements.

O. COVID-19

On January 30, 2020, the World Health Organization ("WHO") announced a global health emergency because of a new strain of coronavirus in Wuhan, China (the "COVID-19 outbreak") and the risks to the international community as the virus spreads beyond its point of origin. In March 2020 the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the College's financial condition, liquidity and future results of operations. Management is actively monitoring the global and local situation on its financial condition, liquidity, operations, suppliers, industry and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the College is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition or liquidity.

As a result of the COVID-19 outbreak, numerous Federal and State grants have been made available to the College to assist with the risks and help offset incurred costs of the College.

GARDEN CITY COMMUNITY COLLEGE
Notes to Financial Statements
June 30, 2021

3. Detailed notes on all activities and funds (continued)

P. CRF and CARES Act Funding

As a result of COVID-19, the State of Kansas has received Coronavirus Relief Funds (CRF) under the Coronavirus Aid, Relief and Economic Security (CARES) Act. The CRF were passed through to the counties of Kansas through the Strengthening People and Revitalizing Kansas (SPARK). SPARK's first round distribution was to local governments in the amount of \$400 million. The College received CRF in the amount of \$995,953 during fiscal year 2021 passed through from the Kansas Board of Regents and Finney County. The CRF are to be used to strengthen health, to allow the economy to reopen safely and to remain open. The goals are to be fair, impactful and timely. The Kansas Department of Commerce also passed through \$100,000 of CRF through to the College in a Food Systems grant and \$235,000 in a Higher Education Advanced Manufacturing and Information Technology Equipment grant during fiscal year 2021. Additional information and updates on SPARK, the CARES Act and CRF, which includes audit requirements, can be found at <https://covid.ks.gov/>.

Q. Subsequent events

Subsequent to year end, the Board of Trustees approved the purchase of a 52 passenger bus at a purchase price of \$229,500 and accepted the bid for construction of a transportation building for a total cost of \$2,200,846. Both commitments are to be funded through the capital lease purchase agreement certificates of participation issued by Security Bank of Kansas City dated June 30, 2021.

Subsequent to year end, the Board of Trustees approved a three year agreement for membership in the Blue Cross and Blue Shield and Grow Well healthcare program for employees enrolled in the health insurance program through the College. The cost of the membership will be \$160,000 per year for a total cost of \$480,000 for the three year agreement.

Subsequent to year end, the Board of Trustees authorized entering into a capital lease purchase agreement to provide certificates of participation financing for certain STEM building additions and improvements, turf replacement and track upgrade, a new digital scoreboard for the stadium, print shop production copiers and cosmetology building improvements. Total payments under the agreement are not to exceed \$6,329,163. Included in this agreement will be the financing of the contract for turf replacement and track respray totaling \$845,618 and the production printer for the print shop totaling \$121,670, both of which the Board of Trustees approved subsequent to year end.

Subsequent to year end, the Board of Trustees approved campus wide equipment updates through a vendor lease agreement with payments totaling \$325,773 payable over 63 months at \$5,171 per month.

REQUIRED SUPPLEMENTARY INFORMATION

GARDEN CITY COMMUNITY COLLEGE
Schedules of Net Pension Liability and
Contributions Attributable to the College
June 30, 2021

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

	As of measurement date June 30,		
	2014	2015	2016
College's proportion of the net pension liability (asset)	0.000000%	0.951969%	0.138473%
College's proportionate share of the net pension liability (asset)	\$ -	\$ 150,122	\$ 20,997
State's proportionate share of the net pension liability (asset) associated with the College	14,184,047	15,769,626	15,163,292
Total	<u>\$ 14,184,047</u>	<u>\$ 15,919,748</u>	<u>\$ 15,184,289</u>
College's covered-employee payroll	\$ 9,709,725	\$ 10,047,263	\$ 9,741,859
College's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.00%	1.49%	0.22%
Plan fiduciary net position as a percentage of the total pension liability	66.60%	64.95%	65.10%

Schedule of College Contributions
Kansas Public Employees Retirement System (KPERS)
Last Eight Fiscal Years *

	As of College's fiscal year ended June 30,		
	2014	2015	2016
Contractually required contribution	\$ -	\$ 9,418	\$ 1,460
Contributions in relation to the contractually required contribution	-	(9,418)	(1,460)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
College's covered-employee payroll	\$ 9,709,725	\$ 10,047,263	\$ 9,741,859
Contributions as a percentage of covered-employee payroll	0.000000%	0.093737%	0.014987%

* Until a full 10-year trend is compiled, the College will present information for those years for which information is available.

Note 1 – Changes of assumptions

The actuarially determined contribution rates in the Schedule of the State Contributions Attributable to the College are calculated as of June 30, two years prior to the end of the fiscal year in which contributions are reported.

As of measurement date June 30,			
2017	2018	2019	2020
0.663741%	0.308945%	0.792706%	0.668581%
\$ 101,725	\$ 45,209	\$ 110,435	\$ 110,435
15,326,000	14,633,372	13,931,401	16,517,828
<u>\$ 15,427,725</u>	<u>\$ 14,678,581</u>	<u>\$ 14,041,836</u>	<u>\$ 16,628,263</u>
\$ 10,153,047	\$ 10,416,480	\$ 10,230,556	\$ 11,000,083
1.00%	0.43%	1.08%	1.00%
67.12%	68.88%	69.88%	66.30%

As of College's fiscal year ended June 30,				
2017	2018	2019	2020	2021
\$ 7,505	\$ 7,452	\$ 6,491	\$ 10,534	\$ 5,650
(7,505)	(7,452)	(6,491)	(10,534)	(5,650)
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 10,153,047	\$ 10,416,480	\$ 10,230,556	\$ 11,000,083	\$ 11,336,345
0.073919%	0.071540%	0.063447%	0.095763%	0.049840%

GARDEN CITY COMMUNITY COLLEGE
Schedule of Changes in the College's Share of
OPEB Liability and Related Ratios - Healthcare
June 30, 2021
Last Four Fiscal Years *

	2018	2019	2020	2021
Total net OPEB liability - healthcare - beginning of year	\$ 873,954	\$ 733,832	\$ 600,679	\$ 508,900
Service cost	26,777	25,925	27,586	27,883
Interest cost	28,619	23,273	17,138	13,163
Differences between actual and expected experience	(81,077)	(111,812)	-	(19,116)
Changes in assumptions and inputs	3,559	38,461	(22,503)	51,587
Employer contributions (benefit payments)	(118,000)	(109,000)	(114,000)	(61,000)
Net changes	(140,122)	(133,153)	(91,779)	12,517
Total net OPEB liability - healthcare - end of year	\$ 733,832	\$ 600,679	\$ 508,900	\$ 521,417
Covered employee payroll	\$ 8,591,100	\$ 8,680,643	\$ 8,680,643	\$ 9,632,983
Total net OPEB liability as a percentage of covered employee payroll	8.50%	6.90%	5.90%	5.40%

* Data became available with the inception of GASB 75 during fiscal year 2018; therefore, 10 years of data is unavailable.

Note 1 – Changes of benefit terms

There are no changes of benefit terms.

Note 2 – Changes of assumptions

The actuarial assumptions changes per the June 30, 2021, valuation relative to the June 30, 2020, valuation are shown below.

- The discount rate changed from 2.6% to 2.0%.
- The mortality assumption was changed from Society of Actuaries Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.
- The per capita costs, retiree contribution premiums and trend assumptions were updated as part of the actuarial evaluation.

GARDEN CITY COMMUNITY COLLEGE
Schedule of Changes in the College's Share of
OPEB Liability and Related Ratios – KPERS Death and Disability
June 30, 2021
Last Four Fiscal Years *

	2017	2018	2019	2020
Total net OPEB liability - KPERS death and disability - beginning of year	\$ 167,669	\$ 172,284	\$ 154,687	\$ 142,589
Service cost	23,972	22,278	22,471	22,637
Interest cost	5,170	6,601	6,462	5,426
Effect of economic/demographic gains or losses	-	(24,357)	(22,459)	(27,040)
Effect of assumptions changes or inputs	(3,948)	(1,540)	2,007	5,757
Benefit payments	(20,579)	(20,579)	(20,579)	(20,579)
Net changes	4,615	(17,597)	(12,098)	(13,799)
Total net OPEB liability - KPERS death and disability - end of year	\$ 172,284	\$ 154,687	\$ 142,589	\$ 128,790
Nonemployer contributing entity total proportionate share of the total OPEB liability:	100%	100%	100%	100%
College's total proportionate share of the total OPEB liability	0%	0%	0%	0%
Covered-employee payroll	\$ 10,175,579	\$ 10,193,219	\$ 9,937,304	\$ 10,772,828
Total net OPEB liability as a percentage of covered payroll	1.69%	1.52%	1.43%	1.20%

* Data became available with the inception of GASB 75 during fiscal year 2018; therefore, 10 years of data is unavailable.

Note 1 – Changes of benefit terms

There are no changes of benefit terms.

Note 2 – Changes of assumptions

The demographic assumptions have been updated based upon the most recent KPERS experience study. The discount rate was updated in accordance with the requirements of GASB 75. The mortality projection scale was updated to the most recent table published by the Society of Actuaries. The overall impact of the new assumptions is an increase in the benefit obligations.

This page intentionally left blank.

SUPPLEMENTARY INFORMATION

GARDEN CITY COMMUNITY COLLEGE
Combining Schedule of Revenue, Expenditures,
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
Current Funds - Unrestricted (Legal Basis)
For the Year Ended June 30, 2021

	General		Variance Over Under
	Actual	Budget	(Under)
REVENUE			
Local	\$ 12,389,317	\$ 12,895,451	\$ (506,134)
State	1,790,242	1,611,218	179,024
Federal	204,439	-	204,439
Student tuition and fees	3,735,028	2,981,987	753,041
Other:			
Private gifts and grants	-	-	-
Miscellaneous	195,532	500,000	(304,468)
Interest	12,626	195,248	(182,622)
Total revenue	<u>18,327,184</u>	<u>18,183,904</u>	<u>143,280</u>
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	3,239,257	2,961,500	277,757
Academic support	1,461,694	1,200,000	261,694
Student services	3,563,971	3,717,000	(153,029)
Community service	-	-	-
Operation and maintenance	3,388,340	3,000,000	388,340
Institutional support	3,020,088	3,500,000	(479,912)
Scholarships	126,954	200,000	(73,046)
Total expenditures and encumbrances	<u>14,800,304</u>	<u>14,578,500</u>	<u>221,804</u>
Revenue over expenditures and encumbrances	3,526,880	3,605,404	(78,524)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(1,801,362)</u>	<u>(3,000,000)</u>	<u>(1,198,638)</u>
REVENUE OVER EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	1,725,518	605,404	1,120,114
Unencumbered cash, beginning of year	<u>6,328,880</u>	<u>5,284,314</u>	<u>1,044,566</u>
Unencumbered cash, end of year	<u>\$ 8,054,398</u>	<u>\$ 5,889,718</u>	<u>\$ 2,164,680</u>
From fiscal year 2022 budget Adjustment	<u>\$ 8,492,911</u> <u>(438,513)</u>		
Total	<u>\$ 8,054,398</u>		

Adult Supplementary Education			Auxiliary Enterprise Funds		
Actual	Budget	Variance Over (Under)	Actual	Budget	Variance Over (Under)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,850	-	3,850	-	-	-
-	-	-	362,373	-	362,373
470,997	-	470,997	2,589,053	6,500,000	(3,910,947)
-	-	-	94,276	-	94,276
97,357	-	97,357	5,331	-	5,331
-	-	-	-	-	-
572,204	-	572,204	3,051,033	6,500,000	(3,448,967)
355,428	-	355,428	-	-	-
-	-	-	-	-	-
39,214	-	39,214	2,101,677	4,750,000	(2,648,323)
16,165	-	16,165	17,011	-	17,011
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
410,807	-	410,807	2,118,688	4,750,000	(2,631,312)
161,397	-	161,397	932,345	1,750,000	(817,655)
(27,749)	-	27,749	(563,738)	(1,325,000)	(761,262)
133,648	-	133,648	368,607	425,000	(56,393)
271,354	-	271,354	633,674	633,674	-
\$ 405,002	\$ -	\$ 405,002	\$ 1,002,281	\$ 1,058,674	\$ (56,393)
\$ 364,990			\$ 808,019		
40,012			194,262		
\$ 405,002			\$ 1,002,281		

(continued)

GARDEN CITY COMMUNITY COLLEGE
Combining Schedule of Revenue, Expenditures,
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
Current Funds - Unrestricted (Legal Basis)
For the Year Ended June 30, 2021

(continued)	Total (Memorandum Only)		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local	\$ 12,389,317	\$ 12,895,451	\$ (506,134)
State	1,794,092	1,611,218	182,874
Student tuition and fees	6,795,078	9,481,987	(2,686,909)
Other:			
Private gifts and grants	94,276	-	94,276
Miscellaneous	298,220	500,000	(201,780)
Interest	12,626	195,248	(182,622)
Total revenue	<u>21,950,421</u>	<u>24,683,904</u>	<u>(2,733,483)</u>
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	3,594,685	2,961,500	633,185
Academic support	1,461,694	1,200,000	261,694
Student services	5,704,862	8,467,000	(2,762,138)
Community service	33,176	-	33,176
Operation and maintenance	3,388,340	3,000,000	388,340
Institutional support	3,020,088	3,500,000	(479,912)
Scholarships	126,954	200,000	(73,046)
Total expenditures and encumbrances	<u>17,329,799</u>	<u>19,328,500</u>	<u>(1,998,701)</u>
Revenue over expenditures and encumbrances	4,620,622	5,355,404	(734,782)
OTHER FINANCING SOURCES (USES)			
Transfers out	<u>(2,392,849)</u>	<u>(4,325,000)</u>	<u>(1,932,151)</u>
REVENUE OVER EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	2,227,773	1,030,404	1,197,369
Unencumbered cash, beginning of year	<u>7,233,908</u>	<u>5,917,988</u>	<u>1,315,920</u>
Unencumbered cash, end of year	<u>\$ 9,461,681</u>	<u>\$ 6,948,392</u>	<u>\$ 2,513,289</u>

GARDEN CITY COMMUNITY COLLEGE
Schedule of Revenue - Actual and Budget -
General Fund - Unrestricted (Legal Basis)
For the Year Ended June 30, 2021

	General		Variance Over (Under)
	Actual	Budget	
Local:			
Prior year ad valorem property tax	\$ -	\$ 403,529	\$ (403,529)
Current year ad valorem property tax	10,987,465	11,303,123	(315,658)
Motor vehicle tax	935,372	869,207	66,165
Recreational vehicle tax	12,557	11,316	1,241
Delinquent tax	276,740	152,587	124,153
In lieu of tax	177,183	155,689	21,494
Total local	12,389,317	12,895,451	(506,134)
Federal	204,439	-	204,439
State:			
State operating grant	1,790,242	1,611,218	179,024
Student tuition and fees:			
Tuition	2,656,889	2,144,862	512,027
Fees	1,078,139	837,125	241,014
Total student tuition and fees	3,735,028	2,981,987	753,041
Other:			
Miscellaneous	195,532	500,000	(304,468)
Interest	12,626	195,248	(182,622)
Total other	208,158	695,248	(487,090)
Total revenue	<u>\$ 18,327,184</u>	<u>\$ 18,183,904</u>	<u>\$ 143,280</u>

GARDEN CITY COMMUNITY COLLEGE
Schedule of Revenue, Expenditures,
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
Adult Basic Education Fund (Legal Basis)
For the Year Ended June 30, 2021

	Adult Basic Education		Variance Over Over (Under)
	Actual	Budget	
REVENUE			
Local	\$ -	\$ 728	\$ (728)
State	114,179	100,000	14,179
Federal	260,717	300,000	(39,283)
Other:			
Private gifts and grants	10,000	-	10,000
Total revenue	384,896	400,728	(15,832)
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	456,462	400,500	55,962
Revenue over (under) expenditures and encumbrances	(71,566)	228	(71,794)
OTHER FINANCING SOURCES (USES)			
Mandatory transfers in	81,566	-	81,566
REVENUE OVER EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	10,000	228	9,772
Unencumbered cash, beginning of year	-	-	-
Unencumbered cash, end of year	\$ 10,000	\$ 228	\$ 9,772
From fiscal year 2022 budget Adjustment	\$ - 10,000		
Total	\$ 10,000		

GARDEN CITY COMMUNITY COLLEGE
Schedule of Revenue, Expenditures,
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
Postsecondary Technical Education Fund (Legal Basis)
For the Year Ended June 30, 2021

	Postsecondary Technical Education		
	Actual	Budget	Variance Over (Under)
REVENUE			
State	\$ 1,371,560	\$ 922,890	\$ 448,670
Student tuition and fees:			
Fees	164,936	94,038	70,898
Other:			
Miscellaneous	74,293	-	74,293
Total revenue	<u>1,610,789</u>	<u>1,016,928</u>	<u>593,861</u>
EXPENDITURES AND ENCUMBRANCES			
Education and general:			
Instruction	2,655,832	3,000,000	(344,168)
Academic support	181,172	400,000	(218,828)
Student services	-	500,000	(500,000)
Public service	-	400	(400)
Operation and maintenance	-	1,300,000	(1,300,000)
Institutional support	-	1,500,000	(1,500,000)
Scholarships	-	125,000	(125,000)
Total expenditures and encumbrances	<u>2,837,004</u>	<u>6,825,400</u>	<u>(3,988,396)</u>
Revenue under expenditures and encumbrances	(1,226,215)	(5,808,472)	4,582,257
OTHER FINANCING SOURCES (USES)			
Transfers in	<u>1,226,215</u>	<u>-</u>	<u>1,226,215</u>
REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	-	(5,808,472)	5,808,472
Unencumbered cash, beginning of year	-	-	-
Unencumbered cash, end of year	<u>\$ -</u>	<u>\$ (5,808,472)</u>	<u>\$ 5,808,472</u>
From fiscal year 2022 budget Adjustment	<u>\$ -</u>	<u>-</u>	
Total	<u>\$ -</u>		

GARDEN CITY COMMUNITY COLLEGE
Schedule of Revenue, Expenditures,
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
Plant Funds - Unexpended (Legal Basis)
For the Year Ended June 30, 2021

	Capital Outlay		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local:			
Prior year ad valorem property tax	\$ -	\$ 19,784	\$ (19,784)
Current year ad valorem property tax	486,838	498,383	(11,545)
Motor vehicle tax	46,871	42,618	4,253
Recreational vehicle tax	630	555	75
Delinquent tax	13,705	7,481	6,224
In lieu of tax	7,841	7,634	207
Total local	555,885	576,455	(20,570)
Other:			
Miscellaneous	-	500,000	(500,000)
Total revenue	555,885	1,076,455	(520,570)
EXPENDITURES AND ENCUMBRANCES			
Plant facilities and equipment	492,055	1,237,500	(745,445)
REVENUE OVER (UNDER) EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING USES	63,830	(161,045)	224,875
Unencumbered cash, beginning of year	884,070	515,604	368,466
Unencumbered cash, end of year	\$ 947,900	\$ 354,559	\$ 593,341
From fiscal year 2022 budget	\$ 883,023		
Adjustment	64,877		
Total	\$ 947,900		

GARDEN CITY COMMUNITY COLLEGE
Schedule of Revenue, Expenditures,
Encumbrances and Changes in Unencumbered Cash - Actual and Budget -
Revenue Bonds Fund (Legal Basis)
For the Year Ended June 30, 2021

	Revenue Bonds		Variance Over (Under)
	Actual	Budget	
REVENUE			
Local:			
Other	\$ -	\$ -	\$ -
Total revenue	-	-	-
EXPENDITURES AND ENCUMBRANCES			
Principal on bonds	3,120,000	405,000	2,715,000
Interest and fees	76,705	94,213	(17,508)
Total expenditures and encumbrances	3,196,705	499,213	2,697,492
Revenue under expenditures and encumbrances	(3,196,705)	(499,213)	(2,697,492)
OTHER FINANCING SOURCES (USES)			
Transfers in	3,196,705	499,213	2,697,492
REVENUE OVER EXPENDITURES AND ENCUMBRANCES AND OTHER FINANCING SOURCES (USES)	-	-	-
Unencumbered cash, beginning of year	-	-	-
Unencumbered cash, end of year	\$ -	\$ -	\$ -
From fiscal year 2022 budget Adjustment	\$ -	-	-
Total	\$ -	-	-

GARDEN CITY COMMUNITY COLLEGE
Notes to Supplementary Information
For the Year Ended June 30, 2021

Reconciliation of Revenue, Expenditures, and Other Financing Sources (Uses) for budgetary funds on a budgetary basis to GAAP basis.

	Current Funds - Unrestricted		
	General	Adult Supplementary Education	Auxiliary Enterprise Funds
REVENUE			
Actual amounts (budgetary basis) revenues			
from combining schedules (Schedules 1, 2, 3 and 4)	\$ 18,327,184	\$ 572,204	\$ 3,051,033
Adjustments:			
Ad valorem property tax receipts from May, but not available revenue until following fiscal year for GAAP reporting -			
Plus prior year tax receipts	3,574,445	-	-
Less current year tax receipts	(4,149,084)	-	-
State appropriations for KPERS reported for GAAP reporting purposes only	1,979,515	-	-
Total revenue as reported under the GAAP basis	<u>\$ 19,732,060</u>	<u>\$ 572,204</u>	<u>\$ 3,051,033</u>
EXPENDITURES			
Actual amounts (budgetary basis) expenditures			
from combining schedules (Schedules 1, 2, 3 and 4)	\$ 14,800,304	\$ 410,807	\$ 2,118,688
Adjustments:			
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the items are received for GAAP reporting -			
Less current year encumbrances	(370,107)	(34,021)	(178,725)
Plus prior year encumbrances	69,097	35,988	116,730
KPERS pension expense reported for GAAP reporting purposes only	1,978,553	-	-
Reclassifications:			
Budgetary expenditures for plant facilities are reclassified to other financing sources (uses) for GAAP reporting	-	-	-
Total expenditures as reported under the GAAP basis	<u>\$ 16,477,847</u>	<u>\$ 412,774</u>	<u>\$ 2,056,693</u>
OTHER FINANCING SOURCES (USES)			
Actual amounts (budgetary basis) other financing sources (uses) from combining schedules (Schedules 1, 2, 3 and 4)	\$ (1,801,362)	\$ (27,749)	\$ (563,738)
Reclassifications:			
Budgetary expenditures for plant facilities are reclassified to other financing sources (uses) for GAAP reporting	-	-	-
Total other financing sources (uses) as reported under the GAAP basis	<u>\$ (1,801,362)</u>	<u>\$ (27,749)</u>	<u>\$ (563,738)</u>

	Current Funds - Restricted			Plant Funds - Unexpended	Revenue Bonds Fund
	Adult Basic Education	Postsecondary Technical Education	Total	Capital Outlay	Revenue Bonds
<u>Total</u>					
\$ 21,950,421	\$ 384,896	\$ 1,610,789	\$ 1,995,685	\$ 555,885	\$ -
3,574,445	-	-	-	175,477	-
(4,149,084)	-	-	-	(184,309)	-
<u>1,979,515</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 23,355,297</u>	<u>\$ 384,896</u>	<u>\$ 1,610,789</u>	<u>\$ 1,995,685</u>	<u>\$ 547,053</u>	<u>\$ -</u>
\$ 17,329,799	\$ 456,462	\$ 2,837,004	\$ 3,293,466	\$ 492,055	\$ 3,196,705
(582,853)	(26,627)	(42,712)	(69,339)	(64,780)	-
221,815	19,216	50,235	69,451	172,244	-
1,978,553	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(599,519)</u>	<u>-</u>
<u>\$ 18,947,314</u>	<u>\$ 449,051</u>	<u>\$ 2,844,527</u>	<u>\$ 3,293,578</u>	<u>\$ -</u>	<u>\$ 3,196,705</u>
\$ (2,392,849)	\$ 81,566	\$ 1,226,215	\$ 1,307,781	\$ -	\$ 3,196,705
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(599,519)</u>	<u>-</u>
<u>\$ (2,392,849)</u>	<u>\$ 81,566</u>	<u>\$ 1,226,215</u>	<u>\$ 1,307,781</u>	<u>\$ (599,519)</u>	<u>\$ 3,196,705</u>

This page intentionally left blank.

ADDITIONAL INFORMATION –
Schedules of Management Information

GARDEN CITY COMMUNITY COLLEGE
Additional Information –
Schedules of Management Information
June 30, 2021

The following schedules are additional financial information maintained for management purposes only.

GARDEN CITY COMMUNITY COLLEGE
Schedule of Management Information
Combining Statement of Revenue, Expenditures and Other Changes - Current Funds
For the Year Ended June 30, 2021

	Current Funds		Total (Memorandum Only)
	Unrestricted	Restricted	
REVENUE			
Local	\$ 11,814,678	\$ -	\$ 11,814,678
State	3,773,607	1,602,507	5,376,114
Federal	566,812	8,433,930	9,000,742
Student tuition and fees	4,400,446	164,936	4,565,382
Other:			
Private gifts and grants	94,276	190,437	284,713
Miscellaneous	298,220	13,528	311,748
Interest	12,626	-	12,626
Sales and services of auxiliary's enterprises	2,394,632	-	2,394,632
Institutional support	-	3,385	3,385
Total revenue	23,355,297	10,408,723	33,764,020
EXPENDITURES			
Education and general:			
Instruction	5,520,811	3,712,628	9,233,439
Academic support	1,471,135	578,786	2,049,921
Student services	3,551,516	6,580,203	10,131,719
Community service	52,153	800	52,953
Operating and maintenance of plant	3,186,984	231,544	3,418,528
Institutional support	2,981,068	839,571	3,820,639
Scholarships	126,954	-	126,954
Total education and general	16,890,621	11,943,532	28,834,153
Auxiliary enterprise expenditures	2,056,693	-	2,056,693
Total expenditures	18,947,314	11,943,532	30,890,846
OTHER FINANCING SOURCES (USES)			
Transfers in	3,086,958	4,472,652	7,559,610
Transfers out	(5,479,807)	(3,086,958)	(8,566,765)
Total other financing sources (uses)	(2,392,849)	1,385,694	(1,007,155)
NET INCREASE (DECREASE) IN NET POSITION	\$ 2,015,134	\$ (149,115)	\$ 1,866,019

GARDEN CITY COMMUNITY COLLEGE
Schedule of Management Information
Combining Statement of Net Position -
All Current Funds - Unrestricted
June 30, 2021

	<u>General</u>	<u>Adult Supple- mental Education</u>	<u>Auxiliary Enterprise Funds</u>	<u>Total (Memorandum Only)</u>
<u>ASSETS AND DEFERRED OUTFLOWS OF RESOURCES</u>				
Cash and investments	\$ 7,178,836	\$ 445,039	\$ 1,199,081	\$ 8,822,956
Receivables (net of allowance for uncollectibles):				
Taxes	12,054	-	-	12,054
Miscellaneous	3,181,512	-	-	3,181,512
Total assets	<u>10,372,402</u>	<u>445,039</u>	<u>1,199,081</u>	<u>12,016,522</u>
Deferred outflows of resources:				
Deferred outflows of resources related to OPEB	72,280	-	-	72,280
Deferred outflows of resources related to OPEB - KPERS Death and Disability	6,770	-	-	6,770
Deferred outflows of resources related to pensions	82,393	-	-	82,393
Total deferred outflows of resources	<u>161,443</u>	<u>-</u>	<u>-</u>	<u>161,443</u>
Total assets and deferred outflows of resources	<u>\$ 10,533,845</u>	<u>\$ 445,039</u>	<u>\$ 1,199,081</u>	<u>\$ 12,177,965</u>

(continued)

GARDEN CITY COMMUNITY COLLEGE
Schedule of Management Information
Combining Statement of Net Position -
All Current Funds - Unrestricted
June 30, 2021

	General	Adult Supple- mental Education	Auxiliary Enterprise Funds	Total (Memorandum Only)
(continued)				
<u>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</u>				
Liabilities:				
Accounts payable	\$ 751,203	\$ 6,016	\$ 18,075	\$ 775,294
Compensated absences	306,401	-	-	306,401
Deferred revenue - general	25,400	-	-	25,400
Net pension liability	110,435	-	-	110,435
Net OPEB liability	521,417	-	-	521,417
Net OPEB - KPERS Death and Disability liability	128,790	-	-	128,790
Total liabilities	<u>1,843,646</u>	<u>6,016</u>	<u>18,075</u>	<u>1,867,737</u>
Deferred inflows of resources:				
Deferred inflows of resources related to OPEB	219,339	-	-	219,339
Deferred inflows of resources related to OPEB - KPERS Death and Disability	62,343	-	-	62,343
Deferred inflows of resources related to pensions	44,350	-	-	44,350
Deferred revenue - current property taxes	4,161,138	-	-	4,161,138
Total deferred inflows of resources	<u>4,487,170</u>	<u>-</u>	<u>-</u>	<u>4,487,170</u>
Net position:				
Reserved for encumbrances	370,107	34,021	178,725	582,853
Unreserved:				
Designated for subsequent year's expenditures	3,832,922	364,990	808,019	5,005,931
Undesignated	-	40,012	194,262	234,274
Total net position	<u>4,203,029</u>	<u>439,023</u>	<u>1,181,006</u>	<u>5,823,058</u>
Total liabilities, deferred inflows of resources and net position	<u>\$ 10,533,845</u>	<u>\$ 445,039</u>	<u>\$ 1,199,081</u>	<u>\$ 12,177,965</u>

GARDEN CITY COMMUNITY COLLEGE
Schedule of Management Information
Combining Statement of Revenue and Expenditures -
All Current Funds - Unrestricted
For the Year Ended June 30, 2021

	General	Adult Supple- mental Education	Auxiliary Enterprise Funds	Total (Memorandum Only)
REVENUE				
Local	\$ 11,814,678	\$ -	\$ -	\$ 11,814,678
State	3,769,757	3,850	-	3,773,607
Federal	204,439	-	362,373	566,812
Student tuition and fees, net of scholarship allowances	3,735,028	470,997	194,421	4,400,446
Other:				
Private gifts and grants	-	-	94,276	94,276
Miscellaneous	195,532	97,357	5,331	298,220
Interest	12,626	-	-	12,626
Sales and services of auxiliary enterprises, net of scholarship allowances	-	-	2,394,632	2,394,632
Total revenue	19,732,060	572,204	3,051,033	23,355,297
EXPENDITURES				
Education and general:				
Instruction	5,198,304	322,507	-	5,520,811
Academic support	1,471,135	-	-	1,471,135
Student services	3,513,402	38,114	-	3,551,516
Community service	-	52,153	-	52,153
Operation and maintenance of plant	3,186,984	-	-	3,186,984
Institutional support	2,981,068	-	-	2,981,068
Scholarships	126,954	-	-	126,954
Total education and general expenditures	16,477,847	412,774	-	16,890,621
Auxiliary enterprise expenditures	-	-	2,056,693	2,056,693
Total expenditures	16,477,847	412,774	2,056,693	18,947,314
Revenue over expenditures	3,254,213	159,430	994,340	4,407,983
OTHER FINANCING SOURCES (USES)				
Transfers in	3,086,958	-	-	3,086,958
Transfers out	(4,888,320)	(27,749)	(563,738)	(5,479,807)
REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	\$ 1,452,851	\$ 131,681	\$ 430,602	\$ 2,015,134

GARDEN CITY COMMUNITY COLLEGE
Schedule of Management Information
Combining Statement of Changes in Net Position -
All Current Funds - Unrestricted
For the Year Ended June 30, 2021

	General	Adult Supple- mental Education	Other Auxiliary Enterprise Funds	Total (Memorandum Only)
NET POSITION, beginning of year				
Unencumbered cash	\$ 6,328,880	\$ 271,354	\$ 633,674	\$ 7,233,908
Add:				
Reserve for encumbrances	69,097	35,988	116,730	221,815
Subtract:				
Deferred resources related to pensions, 7/1/20	(73,354)	-	-	(73,354)
Deferred property tax receipts, 7/1/20	(3,574,445)	-	-	(3,574,445)
NET POSITION, beginning of year,	2,750,178	307,342	750,404	3,807,924
REVENUE OVER EXPENDITURES AND OTHER FINANCING SOURCES (USES)	1,452,851	131,681	430,602	2,015,134
NET POSITION, end of year	<u>\$ 4,203,029</u>	<u>\$ 439,023</u>	<u>\$ 1,181,006</u>	<u>\$ 5,823,058</u>
NET POSITION, end of year				
Reserve for encumbrances	\$ 370,107	\$ 34,021	\$ 178,725	\$ 582,853
Unreserved:				
Designated for subsequent year's expenditures	3,832,922	364,990	808,019	5,005,931
Undesignated	-	40,012	194,262	234,274
NET POSITION, end of year	<u>\$ 4,203,029</u>	<u>\$ 439,023</u>	<u>\$ 1,181,006</u>	<u>\$ 5,823,058</u>

GARDEN CITY COMMUNITY COLLEGE
Schedule of Management Information
Combining Statement of Changes in Net Position -
Various Funds
For the Year Ended June 30, 2021

	Balance (Deficit) July 1, 2020	Additions	Deletions	Balance (Deficit) June 30, 2021
AUXILIARY ENTERPRISE FUNDS:				
Adult Ed Orientation	\$ 20,222	\$ 11,237	\$ 18,750	\$ 12,709
Student Union	329,865	2,641,405	2,146,704	824,566
Cosmetology	88,331	114,689	109,011	94,009
Bookstore	312,856	283,701	345,966	250,591
Arena	(870)	1	-	(869)
Total auxiliary enterprise funds	<u>\$ 750,404</u>	<u>\$ 3,051,033</u>	<u>\$ 2,620,431</u>	<u>\$ 1,181,006</u>
FEDERAL STUDENT AID:				
College Work Study	\$ -	\$ 45,935	\$ 45,935	\$ -
Guaranteed Student Loans	-	1,061,228	1,061,228	-
SEOG Grants	-	143,203	143,203	-
PELL Grants	-	2,894,832	2,894,832	-
Total federal student aid	<u>\$ -</u>	<u>\$ 4,145,198</u>	<u>\$ 4,145,198</u>	<u>\$ -</u>
RESTRICTED GRANTS:				
Adult Education Professional Development	\$ 1,302	\$ 2,740	\$ 2,740	\$ 1,302
AO-K Accelerated Opportunity Grant	231	-	231	-
Carl Perkins Program Improvement Grant	-	100,322	100,322	-
Drug Prevention Program Income	11,286	-	1,214	10,072
Federal Funds Administration	26,701	3,385	10,203	19,883
IABE / CTE	-	7,995	7,995	-
IME Becas Grant	2,994	-	2,236	758
Innovative Technology Grant	-	149,081	97,794	51,287
Kansas Bridges Grant	-	27,928	27,928	-
Kansas Meth Prevention Grant	10,446	-	-	10,446
Kansas Technology Instruction Grant	16,824	16,824	33,648	-
KEDI - Workforce Aid Grant	29,257	-	-	29,257
Noyce Grant	3,491	4,000	3,761	3,730
Pathways to STEM	-	22,935	22,935	-
Perkins Non-Traditional Grant	-	13,450	13,450	-
Perkins Reserve Fund Grant	-	15,297	15,297	-
Perkins V	-	5,000	5,000	-
Project KANCO Grant	-	74,666	74,666	-
TRIO - Student Support Services	-	355,152	344,689	10,463
USDA Carpentry	-	33,469	33,469	-
Total restricted grants	<u>\$ 102,532</u>	<u>\$ 832,244</u>	<u>\$ 797,578</u>	<u>\$ 137,198</u>
OTHER RESTRICTED FUNDS:				
CARES Act Student	\$ -	\$ 35,968	\$ 35,968	\$ -
CARES Act Institution	-	248,215	248,215	-
CARES Act Minority Serving Institution	-	31,071	31,071	-
Cox Communications Grant	18,663	-	12,862	5,801
FEMA	4,171	-	4,171	-
GED Testing Fund	1,670	-	800	870
HEERF II Student	-	641,003	641,003	-
HEERF II Institution	-	1,060,193	1,060,193	-
HEERF II Minority Serving Institution	-	137,400	137,400	-
HEERF III Student	-	130,866	130,866	-
HEERF III Institution	-	141,412	141,412	-
Pepsi Campus Support	10,000	10,000	-	20,000
Other Donations	318,276	5,677	863	323,090
Shriver Trust	4,298	-	-	4,298
SPARKS - Advance Manufacturing	-	235,000	235,000	-
SPARKS - Department of Commerce	-	100,000	100,000	-
SPARKS - State	56,000	289,584	345,584	-
SPARKS - County	134,650	447,120	581,770	-
Total other restricted funds	<u>\$ 547,728</u>	<u>\$ 3,513,509</u>	<u>\$ 3,707,178</u>	<u>\$ 354,059</u>

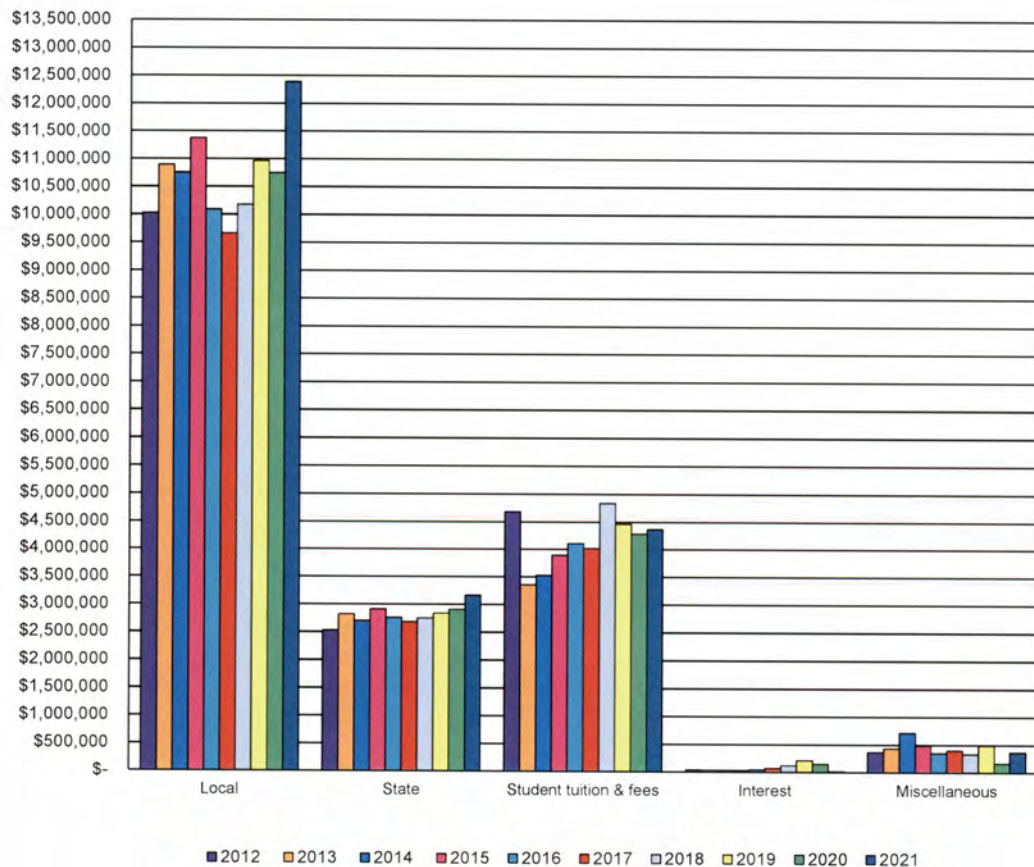
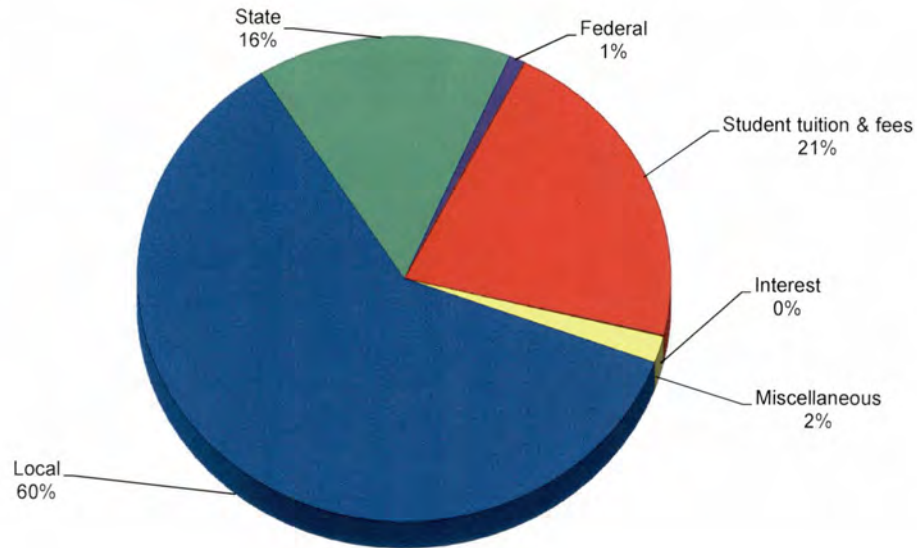
GARDEN CITY COMMUNITY COLLEGE
Schedule of Management Information
Combining Statement of Changes in Fiduciary Net Position
All Custodial Funds
For the Year Ended June 30, 2021

	Balance July 1, 2020	Additions	Deletions	Balance June 30, 2021
STUDENT ORGANIZATION ACCOUNTS				
Clubs and organizations:				
Academic Challenge	\$ 1,444	\$ 1,000	\$ 621	\$ 1,823
ADN Students Club	15,511	7,579	5,207	17,883
Ag Tech Club	8,931	-	-	8,931
All Pro Auto Club	2,713	1,799	100	4,412
Art Club	4,521	285	1,181	3,625
Black Student Union	984	-	-	984
Block & Bridle Club	104	315,203	314,768	539
Bloodmobile	104	-	-	104
BSNT Voucher Program	540	-	-	540
Business Contest	669	-	-	669
Busternation	38	-	-	38
Christian Athletes	257	-	-	257
Collegiate Farm Bureau	2,002	799	390	2,411
College Players	645	-	280	365
DECA Club	1,330	-	-	1,330
Dormitory Club	89,292	22,313	6,083	105,522
Fine Arts Travel	3,311	2,200	194	5,317
Flag Team	1,391	-	-	1,391
PRISM	553	1,033	595	991
GCCC Education Support Professionals	63	-	-	63
GC3 Media	370	-	-	370
HALO (Mecha Club)	23,717	6,657	4,123	26,251
International Club	473	299	-	772
Intramurals	76	-	-	76
Karate Club	905	-	-	905
Lecture Series	11,431	-	-	11,431
Math Club	7,158	-	1,816	5,342
National Student Travel	10,386	-	-	10,386
Newman Club	101	-	-	101
Phi Rho Pi Organization	46	-	-	46
Phi Theta Kappa	5,777	4,413	959	9,231
Potter's Guild	1,868	-	1,418	450
River & Gulf Coast Ecology	1,482	-	1	1,481
Rodeo Club	2,182	71,247	66,664	6,765
Science Club	4,202	-	1	4,201
SNEA	6,252	5,642	572	11,322
Sold Out	1,140	-	-	1,140
Student Athletic Training	3,177	-	3,177	-
Student Government Association	193,613	199,163	135,936	256,840
Student Government Association Scholarships	-	1,029,112	1,004,812	24,300
Student Newspaper	12,477	3,228	3,715	11,990
Tau Epsilon Lambda	3,968	6,387	2,800	7,555
Trap Shooting Club	317	-	-	317
Vocal Music Council	579	-	-	579
Welding	1,095	1,314	958	1,451
Total - all custodial funds	<u>\$ 427,195</u>	<u>\$ 1,679,673</u>	<u>\$ 1,556,371</u>	<u>\$ 550,497</u>

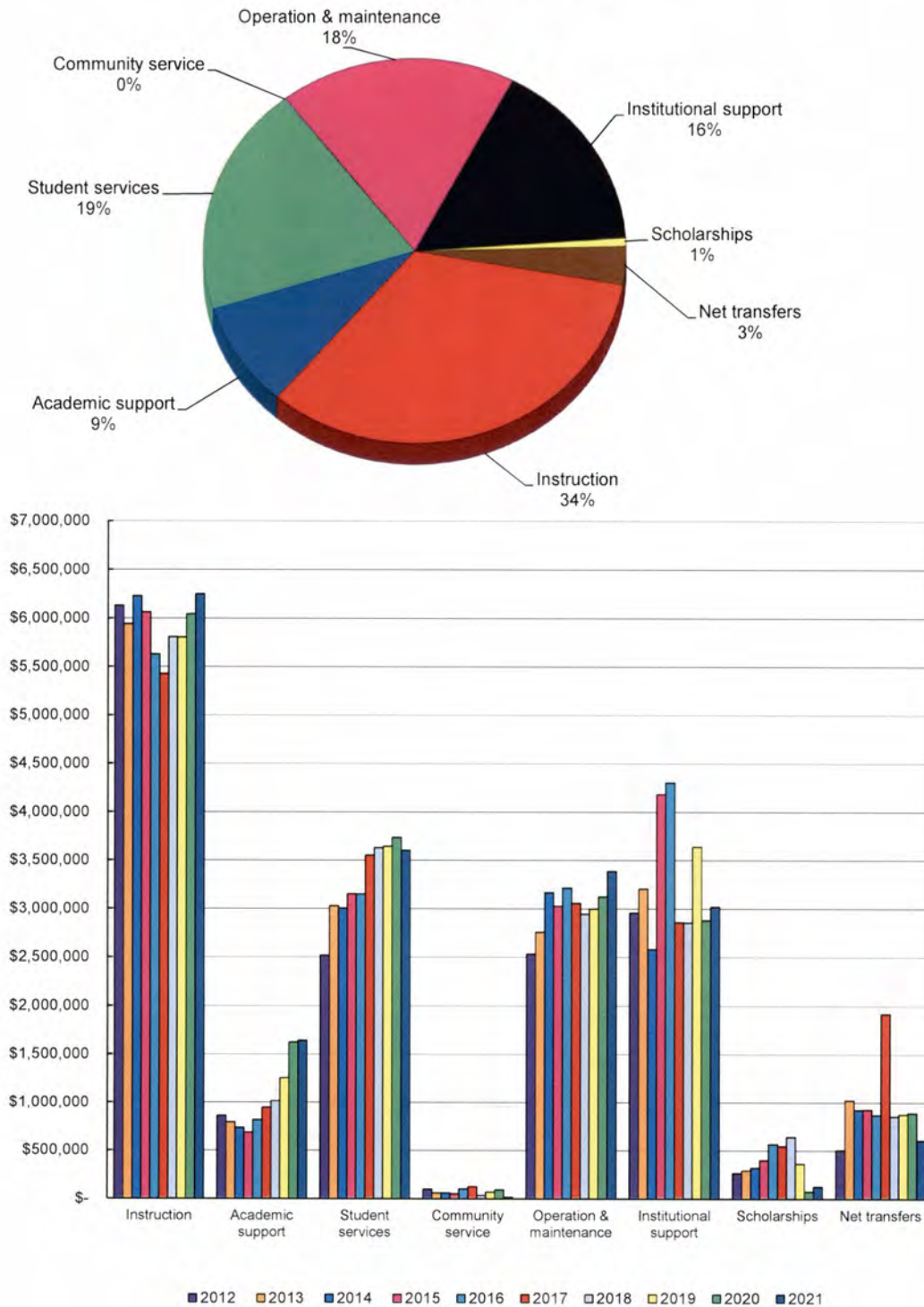
This page intentionally left blank.

GRAPHS

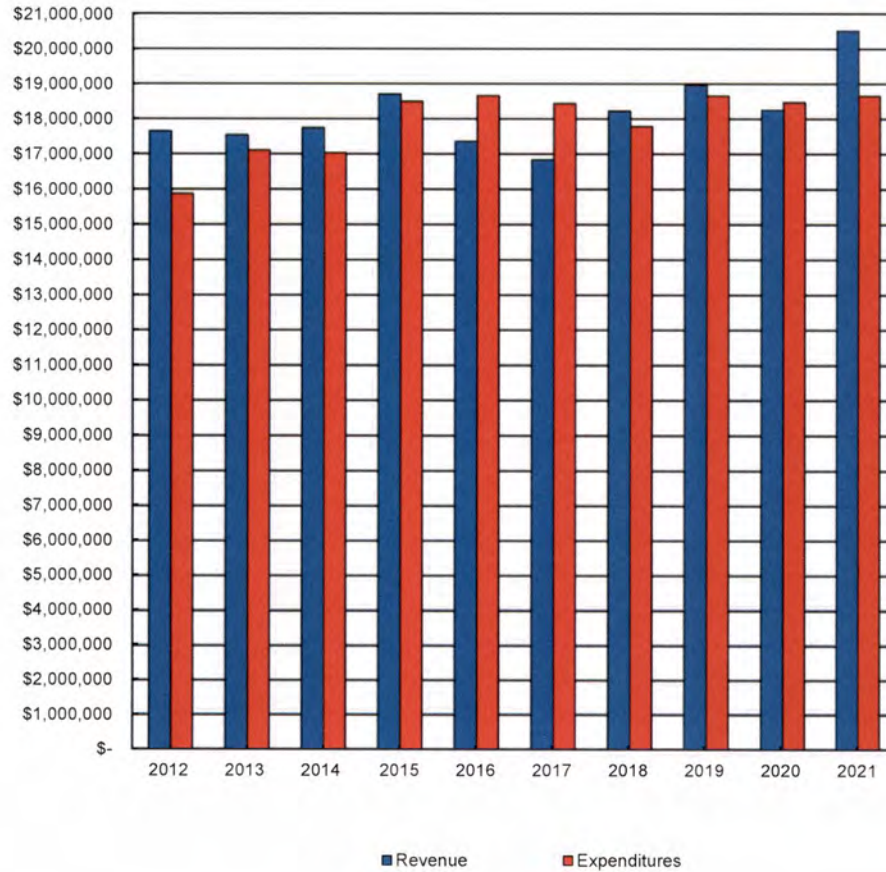
GARDEN CITY COMMUNITY COLLEGE
 Graphs
 Comparison of Revenues -
 All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises
 but including Restricted - Postsecondary Technical Education Fund
 For the Years Ended June 30



GARDEN CITY COMMUNITY COLLEGE
 Graphs
 Comparison of Expenditures, Encumbrances and Net Transfers -
 All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises
 but including Restricted - Postsecondary Technical Education Fund
 For the Years Ended June 30



GARDEN CITY COMMUNITY COLLEGE
 Graphs
 Comparison of Revenues, and Expenditures, Encumbrances and Net Transfers -
 All Current Funds - Unrestricted (Legal Basis) excluding Auxiliary Enterprises
 but including Restricted - Postsecondary Technical Education Fund
 For the Years Ended June 30



GARDEN CITY COMMUNITY COLLEGE

OPEID No.: 00191900
EIN: 48-0698107

FEDERAL AWARD PROGRAMS

June 30, 2021



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

Board of Trustees
Garden City Community College
801 Campus Drive
Garden City, Kansas 67846

We have audited in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Kansas Municipal Audit and Accounting Guide*, issued by the State of Kansas, the financial statements of the business-type activities and the discretely presented component units of Garden City Community College as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Garden City Community College's basic financial statements, and have issued our report thereon dated March 2, 2022. The financial statements of the Garden City Community College Endowment Association and the Broncbuster Athletic Association were not audited in accordance with *Government Auditing Standards* or the *Kansas Municipal Audit and Accounting Guide*.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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



LEWIS, HOOPER & DICK, LLC

March 2, 2022



INDEPENDENT AUDITOR'S REPORT
ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE

Board of Trustees
Garden City Community College
801 Campus Drive
Garden City, Kansas 67846

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Garden City Community College's compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2021. Garden City Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Garden City Community College's financial statements include the operations of the Garden City Community College Endowment Association and the Broncbuster Athletic Association, which received no federal awards during the year ended June 30, 2021. Our compliance audit, described below, did not include the operations of the Garden City Community College Endowment Association and the Broncbuster Athletic Association because they expended no federal awards.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibility for the Audit of Compliance

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

In performing an audit in accordance with GAAS, the *Kansas Municipal Audit and Accounting Guide*, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Report on Internal Control over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a

federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed. *Government Auditing Standards* requires the auditor to perform limited procedures on Garden City Community College's response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Garden City Community College's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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


LEWIS, HOOPER & DICK, LLC

March 2, 2022

Garden City Community College
Schedule of Findings and Questioned Costs
Primary Government only
For the Year Ended June 30, 2021

I. SUMMARY OF AUDIT RESULTS

A. Financial Statements

- Type of auditor's report issued: Unmodified
- Internal control over financial reporting as reported in the INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS:
 - Are any material weaknesses identified? No
 - Are any significant deficiencies identified? None reported
 - Is any noncompliance material to financial statements noted? No

B. Federal Awards

- Internal control over major programs as reported in the INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE:
 - Are any material weaknesses identified? No
 - Are any significant deficiencies identified? None reported
- Type of auditor's report issued on compliance for major programs: Unmodified
- Are there any audit findings that are required to be reported in accordance with 2 CFR 20.516(a)? None

The balance of this page intentionally left blank

(continued)

Garden City Community College
Schedule of Findings and Questioned Costs
Primary Government only
For the Year Ended June 30, 2021

(continued)

I. SUMMARY OF AUDIT RESULTS (continued)

B. Federal Awards (continued)

- The programs tested as major programs include:

Federal Assistance Listing Number	Name of Federal Program and Cluster	Grant Number	Expenditures
Student Financial Assistance Cluster:			
84.007	Federal Supplemental Educational Opportunity Grants	P007A201513	\$ 101,087
84.007	Federal Supplemental Educational Opportunity Grants	P007A191513	6,315
84.033	Federal Work-Study Program	P033A201513	28,159
84.033	Federal Work-Study Program	P033A191513	6,292
84.063	Federal PELL Grant Program	P063P201468	2,894,832
Federal Direct Student Loans:			
84.268	Stafford Student Loan Program		533,706
84.268	Unsubsidized Stafford Student Loan Program		498,598
84.268	Parent Plus Loan Program		28,924
Higher Education Emergency Relief Fund:			
84.425E	COVID-19 Student Aid Portion - HEERF I	P425E201554	35,968
84.425E	COVID-19 Student Aid Portion - HEERF II	P425E201554	641,003
84.425E	COVID-19 Student Aid Portion - HEERF III	P425E201554	130,866
84.425F	COVID-19 Institutional Portion - HEERF I	P425F200751	248,215
84.425F	COVID-19 Institutional Portion - HEERF III	P425F200751	1,060,193
84.425F	COVID-19 Institutional Portion - HEERF III	P425F200751	738,388
84.425L	COVID-19 Minority Serving Institutions Strengthening Institutions Program - HEERF I	P425L200132	31,071
84.425L	COVID-19 Minority Serving Institutions Strengthening Institutions Program - HEERF II	P425L200132	137,400
Coronavirus Relief Fund:			
21.019	COVID-19 Strengthen People and Revitalizing Kansas (SPARK)		376,309
21.019	COVID-19 Strengthen People and Revitalizing Kansas (SPARK)		619,644
21.019	COVID-19 Food Systems		100,000
21.019	COVID-19 Higher Education Advanced Manufacturing and Information Technology Equipment		235,000

- Dollar threshold used to distinguish between type A and B programs: \$750,000
- Auditee qualified as low-risk auditee: Yes

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

Corrective Action Plan
and Comments on Audit Resolution Matters Relating
to the Student Financial Assistance and Federal Award Programs
June 30, 2021

March 2, 2022

Department of Education:

Garden City Community College, Garden City, Kansas, respectfully submits the following corrective action plan for the year ended June 30, 2021.

Name and address of independent accounting firm: Lewis, Hooper & Dick, LLC
PO Box 699
Garden City, KS 67846

Audit period: July 1, 2020 through June 30, 2021

The findings from the June 30, 2021, Schedule of Findings and Questioned Costs related to the federal award programs are discussed below. The findings are numbered consistently with the number assigned in the Schedule. Section I of the Schedule, Summary of Audit Results, does not include findings and is not addressed.

II. FINANCIAL STATEMENT FINDINGS

None

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

None

IV. STATUS OF CORRECTIVE ACTIONS ON PRIOR FINDINGS

None

If the Department of Education, the oversight agency, has questions regarding this plan, please call Karla Armstrong at (620)276-9575.

Sincerely,



Karla Armstrong
Vice President of Administrative Services / CFO

This page intentionally left blank.

GARDEN CITY COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Federal Agency / Program</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Agency or Pass-Through Grant Number</u>	<u>Disbursements/Expenditures</u>	
U.S. DEPARTMENT OF EDUCATION				
Direct Programs:				
Federal Supplemental Educational Opportunity Grants	84.007	P007A201513	\$ 101,087	
Federal Supplemental Educational Opportunity Grants	84.007	P007A191513	6,315	
Federal Work-Study Program	84.033	P033A201513	28,159	
Federal Work-Study Program	84.033	P033A191513	6,292	
Federal Pell Grant Program	84.063	P063P201468	2,894,832	
Federal Direct Student Loans:				
Stafford Student Loan Program	84.268		\$ 533,706	
Unsubsidized Stafford Student Loan Program	84.268		498,598	
Parent Plus Loan Program	84.268		28,924	1,061,228
Total Student Financial Assistance Cluster				<u>4,097,913</u>
TRIO - Student Support Services:				
Student Support Services - 2021	84.042	P042A200124	230,284	
Student Support Services - 2020	84.042	P042A150428-19	111,643	341,927
Higher Education Emergency Relief Fund (HEERF):				
COVID-19 Student Aid Portion - HEERF I	84.425E	P425E201554	35,968	
COVID-19 Student Aid Portion - HEERF II	84.425E	P425E201554	641,003	
COVID-19 Student Aid Portion - HEERF III	84.425E	P425E201554	130,866	
COVID-19 Institutional Portion - HEERF I	84.425F	P425F200751	248,215	
COVID-19 Institutional Portion - HEERF II	84.425F	P425F200751	1,060,193	
COVID-19 Institutional Portion - HEERF III	84.425F	P425F200751	738,388	
COVID-19 Minority Serving Institutions Strengthening Institutions Program - HEERF I	84.425L	P425L200132	31,071	
COVID-19 Minority Serving Institutions Strengthening Institutions Program - HEERF II	84.425L	P425L200132	137,400	3,023,104
Passed through the Kansas Board of Regents:				
Adult Education - Basic Grants to States:				
2021 Special Projects IELCE	84.002	V002A200016	4,000	
Adult Education - 2021	84.002		211,069	
Adult Education - 2020	84.002		577	
EL Civics - 2021	84.002		44,854	
EL Civics - 2020	84.002		18,489	278,989
Career and Technical Education - Basic Grants to States:				
Perkins Core Indicators Award	84.048	V048A200016	5,000	
2021 Perkins Reserve Fund	84.048	V048A190016	15,297	
2020 Perkins Reserve Fund	84.048	V048A190016	13,450	
2021 Carl D Perkins Program Improvement	84.048	V048A200016	100,322	134,069
Passed through Kansas State University:				
Migrant Education College Assistance Migrant Program:				
Project KANCO - 2021	84.149A	S149A190019		74,201
Total U.S. Department of Education				<u>7,950,203</u>

(continued)

GARDEN CITY COMMUNITY COLLEGE
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

<u>Federal Agency / Program</u>	<u>Federal Assistance Listing Number</u>	<u>Federal Agency or Pass-Through Grant Number</u>	<u>Disbursements/Expenditures</u>
(continued)			
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Direct Program:			
Rural Business Development Grant	10.351	18-28-480698107	\$ 16,065
Total U.S. Department of Agriculture			<u>16,065</u>
<u>U.S. DEPARTMENT OF TREASURY</u>			
Passed through the Kansas Board of Regents:			
Coronavirus Relief Fund:			
COVID-19 Strengthen People and Revitalizing Kansas (SPARK)	21.019		\$ 376,309
Passed through the Finney County:			
Coronavirus Relief Fund:			
COVID-19 Strengthen People and Revitalizing Kansas (SPARK)	21.019		619,644
Passed through the Kansas Department of Commerce:			
Coronavirus Relief Fund:			
COVID-19 Food Systems	21.019		100,000
COVID-19 Higher Education Advanced Manufacturing and Information Technology Equipment	21.019		235,000
Total U.S. Department of Treasury			<u>1,330,953</u>
<u>NATIONAL SCIENCE FOUNDATION</u>			
Passed through Kansas State University:			
Education and Human Resources	47.076	HRD-1817537	22,935
Passed through Fort Hays State University:			
Education and Human Resources	47.076	1758501	3,761
Total National Science Foundation			<u>26,696</u>
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>			
Direct Program:			
COVID-19 Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		20,037
Total U.S. Department of Homeland Security			<u>20,037</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Passed through Kansas State University:			
Biomedical Research and Research Training	93.859	5R25GM119968	27,928
Total U.S. Department of Health and Human Services			<u>27,928</u>
Total Expenditures of Federal Awards			<u>\$ 9,371,882</u>

The accompanying Notes to Schedule of Federal Financial Awards are an integral part of this schedule.

Garden City Community College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

1. General

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity programs of Garden City Community College under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the College.

2. Basis of accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

The Coronavirus Relief Fund program and the Disaster Grants – Public Assistance program allow for costs incurred in the period both before and after the awards existed to be charged to the awards. The College was awarded grants during the current fiscal year but charged costs that were incurred during the previous fiscal year to these grants. Costs incurred in the prior fiscal year totaling \$84,466 were applied to the Coronavirus Relief Fund program and \$20,037 were applied to the Disaster Grants – Public Assistance program that are included in the total expenditures listed on the Schedule of Expenditures of Federal Awards in the current fiscal year.

3. De minimis cost rate

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

4. Summary of programs from sponsoring agencies

A. U.S. Department of Education

1. Supplemental Educational Opportunity Grant Program

The Supplemental Educational Opportunity Grant (SEOG) Program was established by the Garden City Community College in 1973, pursuant to Title IV, Part A, of the Higher Education Act of 1965, as amended. During the academic year ended June 30, 2021, 389 students participated in the program, receiving awards that aggregated \$143,203. Of these awards, \$107,402 were paid from federal funds and \$35,801 were paid from institutional contributions.

2. Federal Work Study Program

The Federal Work Study (FWS) Program was established by the Garden City Community College in 1967, pursuant to Title IV, Part C of the Higher Education Act of 1965, as amended. During the year ended June 30, 2021, 30 students participated in the program, earning \$45,935 in wages. Of these wages, \$34,451 were paid from federal funds and \$11,484 were paid from institutional contributions.

3. Federal PELL Grant Program

The College entered into an agreement with the Department of Education to participate in the Federal PELL Grant Program. This program provides eligible students with a foundation of financial aid to help defray the costs of post-secondary education. During the 2021 academic year, \$2,894,832 was expended for PELL awards to 699 full-time and part-time students.

Garden City Community College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

4. Summary of programs from sponsoring agencies (continued)

A. U.S. Department of Education (continued)

4. Federal Direct Student Loans

The Stafford Student Loan (SSL) Program, formerly the Guaranteed Student Loan Program, was established to make low interest loans available to students to pay for their costs of attending post-secondary educational institutions. The SSL Program in Kansas is administered by the Higher Education Assistance Foundation (HEAF), a private, nonprofit corporation chartered to guarantee student loans. The loans are made through lending institutions, but post-secondary institutions, such as Garden City Community College, are responsible for completing portions of the loan applications, verifying student eligibility, filing student confirmation reports, refunding money to lenders, when appropriate, and handling loan checks when they are sent to the education institution rather than to the borrower. The College handled 205 approved Stafford Student Loans for college students during the 2021 academic year. In addition, the College processed 189 approved loans under the related Unsubsidized Stafford Student Loan Program and six approved loans under the Parent Plus Loan Program.

5. TRIO – Student Support Services Program

The Title IV TRIO – Student Support Services Program objective at Garden City Community College is to provide supportive services to disadvantaged college students to enhance their potential for successfully completing the postsecondary education program in which they are enrolled and increase their transfer rates from 2-year to 4-year institutions.

6. Higher Education Emergency Relief Fund

The objective of the Higher Education Emergency Relief Fund (HEERF) program is to use HEERF grant funds to "prevent, prepare for, and respond to coronavirus" through grants to eligible institutions.

7. Adult Education Program – Basic Grants to States

The objective of the Adult Education Program is to provide, improve and expand post-secondary vocational services and activities to train and retrain adults. Funds are awarded annually based upon submission of an application and program plan.

8. Career and Technical Education - Basic Grants to States

Enacted as the Carl D. Perkins Career and Technical Education Act of 2006, the objective of the Career and Technical Education program is to develop more fully the academic, career, and technical skills of secondary and postsecondary students who elect to enroll in career and technical education programs.

9. College Assistance Migrant Program

Kansas State University entered into a subaward agreement with the College to deliver quality educational services to eligible migrant students.

Garden City Community College
Notes to Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2021

4. Summary of programs from sponsoring agencies (continued)

B. U.S. Department of Agriculture

1. Rural Business Development Grant

The objective of the grant is to promote sustainable economic development and facilitate the development of small and emerging private business, industry and related employment for improving the economy in rural communities.

C. U.S. Department of Treasury

1. Coronavirus Relief Fund

The Kansas Board of Regents, Finney County and Kansas Department of Commerce are providing funds to the College pursuant to the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), and as further administered by the Strengthening People and Revitalizing Kansas (SPARK) Taskforce for the purpose of providing institutions of higher education with funding to recover costs associated with the Novel Coronavirus Disease 2019 (COVID-2019) incurred by the institutions as they prepare and open their campuses to in person instruction.

D. National Science Foundation

1. Education and Human Resources

Kansas State University and Fort Hays State University are providing funds to the College to provide leadership and ensure the vitality of the Nation's science, technology, engineering and mathematics (STEM) education enterprise.

E. U.S. Department of Homeland Security

1. Disaster Grants – Public Assistance

The U.S. Department of Homeland Security is providing funds to the College in response to minimizing the risk of contracting of COVID-19 among staff and students.

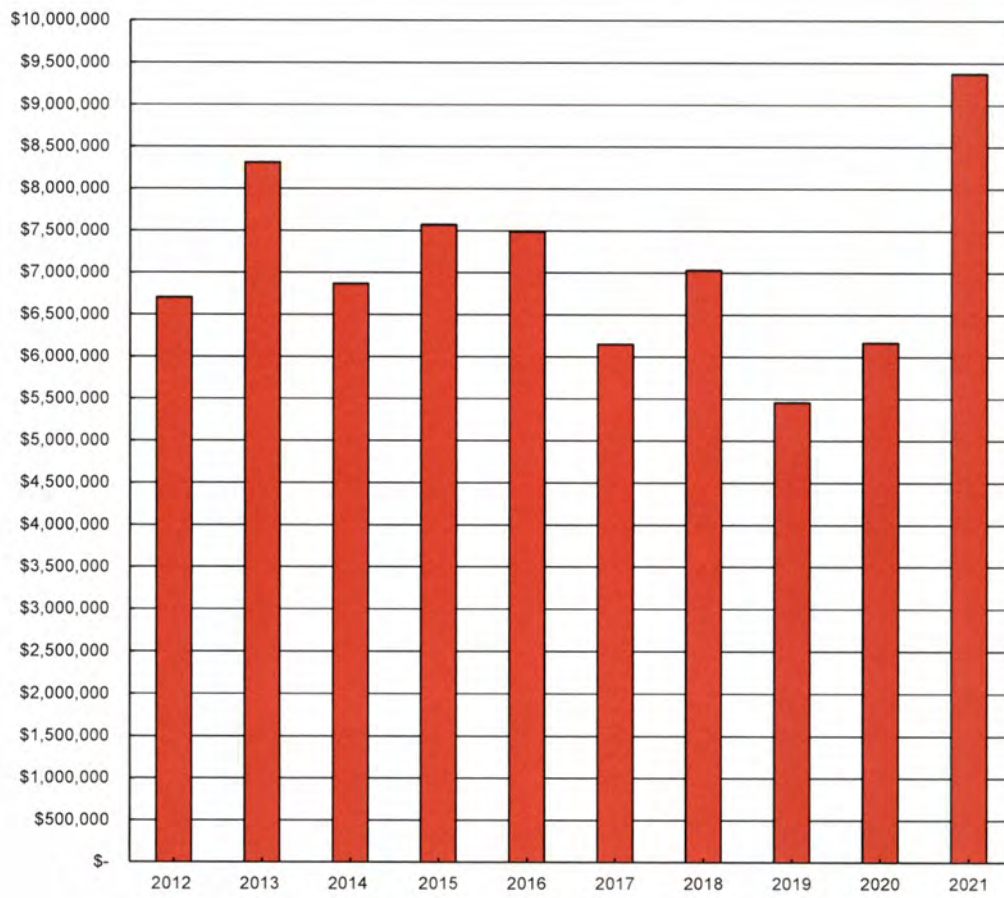
F. U.S. Department of Health and Human Services

1. Biomedical Research and Research Training Program

The College is a subrecipient of the Biomedical Research and Research Training program through a Kansas State University project, Kansas Bridges to the Future.

ADDITIONAL INFORMATION

GARDEN CITY COMMUNITY COLLEGE
Comparison of Expenditures of Federal Awards
For the Years Ended June 30



\$5,100,000
GARDEN CITY COMMUNITY COLLEGE
FINNEY COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2022
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

Appendix C

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

APPENDIX C

DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

The summaries of the Declaration of Trust, the Lease and the Site Lease contained in this Appendix B do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the principal corporate office of the Trustee, or will be provided by the Trustee to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.

Definitions

The definitions of certain words and terms used in this Official Statement are set forth below:

“Additional Certificates” means any Certificates executed and delivered pursuant to *Section 3.09* of the Declaration of Trust.

“Authorized Representative” means the Chairperson of the Garden City Community College Board of Trustees, President of the College, the Vice President for Administrative Services/CFO of the College, or any other person designated as an Authorized Representative by the Chairperson, such designation being approved by the governing body of the Community College as set forth in a certificate or letter signed by the Chairperson and filed with the Trustee.

“Available Revenues” means, for any Fiscal Year, any balances of the College from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the College for such Fiscal Year plus any unencumbered balances of the College from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

“Site Lease” means the Site Lease dated as of June 1, 2022 between the College, as lessor, and the Trustee, as lessee.

“Basic Rent” means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion.

“Basic Rent Payment” means a payment of Basic Rent.

“Basic Rent Payment Date” means each May 1 and November 1 during the Lease Term, commencing on November 1, 2022.

“Business Day” means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Trustee is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

“Certificate Payment” means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

“Certificates” means the Series 2022 Certificates and any Additional Certificates.

“Code” means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

“College” means Garden City Community College, Finney County, Kansas.

“Completion Certificate” means the certificate of the College given in accordance with the Lease.

“Completion Date” means the date of completion of the Improvements as that date shall be certified as provided in the Lease.

“Construction Agreement” means one of any agreements between the College and various parties, if any, providing for the acquisition, construction and installation of various portions of the Improvements.

“Costs of Improvements” means all reasonable or necessary expenses related or incidental to the acquisition and construction of the Improvements, including amounts payable pursuant to any Construction Agreement, the expenses of studies, surveys, title policies, architectural and engineering services, legal and other special services and all other necessary and incidental expenses, including the Interest Portion of Basic Rent accruing up to the Completion Date. Costs of Improvements shall include Costs of Issuance.

“Costs of Issuance” means all items of expense directly or indirectly payable by or reimbursable to the College or the Trustee and related to the authorization, execution, sale and delivery of the Site Lease, the Lease, the Declaration of Trust or the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

“Declaration of Trust” means the Declaration of Trust dated as of June 1, 2022, made by the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

“Directive” means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Trustee, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

“Disclosure Undertaking” means the College’s Continuing Disclosure Undertaking relating to certain obligations contained in the SEC Rule with respect to the Series 2022 Certificates.

“Event of Default” with respect to the Lease has the meaning specified under the caption “SUMMARY OF THE LEASE - Events of Default” and with respect to the Declaration of Trust has the meaning specified under the caption “SUMMARY OF THE DECLARATION OF TRUST - Events of Default.”

“Event of Lease Default” means an Event of Default under the Lease.

“Extended Term” means the extended term of the Lease, each extension adding one year to the Term as provided in the Lease, except that the last possible Extended Term shall end on May 1, 2035.

“Fiscal Year” means the twelve-month period ending on June 30.

“Funds” means, collectively, the Project Fund, the Lease Revenue Fund, the Prepayment Fund, and all accounts therein.

“Government Obligations” means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, and (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such

trust receipts or certificates and (c) obligations which are noncallable or for which the call date has been irrevocably determined having an investment rating in the highest rating category of either Moody's or S&P as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of such obligations and which mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

“Improvements” means the building improvements described in the Lease Purchase Agreement, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

“Interest Portion” means the portion of each Basic Rent Payment that represents the payment of interest.

“Lease” or **“Lease Purchase Agreement”** means the Lease Purchase Agreement dated as of June 1, 2022, between the Trustee, as lessor, and the College, as lessee, as amended and supplemented from time to time in accordance with its terms.

“Lease Revenue Fund” means the fund by that name established pursuant to the Declaration of Trust.

“Lease Revenues” means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund or account established pursuant to the Declaration of Trust.

“Moody's” means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer, with notice to the Trustee.

“Net Proceeds” means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys' fees, incurred in the collection thereof.

“Notice by Mail” or **“Notice”** of any action or condition “by Mail” means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates at the addresses shown on the registration books maintained by the Registrar.

“Original Term” means the period from June 1, 2022 until June 30, 2031.

“Outstanding” means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (i) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (ii) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (iii) Certificates whose payment or prepayment has been provided for in accordance with the Declaration of Trust, and (iv) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

“Owner” of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

“Permitted Investments” means and includes any of the following securities, if and to the extent the same are permitted by law:

- (a) Government Obligations;
- (b) other obligations issued by or on behalf of agencies or instrumentalities of the United States of America except for the Federal Farm Credit Bank;
- (c) negotiable certificates of deposit issued by banks or trust companies rated investment grade or better, repurchase agreements, and investment agreements (in each case, with banks or trust companies rated investment grade or better) continuously secured (to the extent not fully insured by the Federal Deposit Insurance Corporation), for the benefit of the Trustee by lodging with a bank or trust company (which may or may not be the bank or trust company issuing such negotiable certificates of deposit, repurchase agreement or investment agreement), as collateral security, Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit; and
- (d) money market funds rated in the highest rating category by a nationally recognized rating service consisting of Government Obligations.

“Prepayment Date” means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates which will be a Basic Rent Payment Date.

“Prepayment Fund” means the fund by that name created pursuant to the Declaration of Trust.

“Prepayment Price” means with respect to any Certificate (or portion thereof) the amount specified in the Declaration of Trust.

“Principal Portion” means the principal portion of the Basic Rent Payments.

“Proceeds” means the aggregate moneys initially paid to the Trustee for the Certificates.

“Project” means the Real Property and the Improvements.

“Project Fund” means the Project Fund as defined in the Declaration of Trust.

“Purchase Price” means the amount designated as such in the Lease that the College must pay to the Trustee to purchase the Trustee's interest in the Project.

“Real Property” means the real property described in the Lease.

“Record Date” means the fifteenth day of the month prior to the applicable Basic Rent Payment Date.

“Registrar” means the Trustee when acting in that capacity, or its successor as Registrar.

“Rent” means, collectively, Basic Rent and Supplemental Rent.

“Series 2022 Certificates” means the \$5,100,000 aggregate principal amount of Certificates of Participation, Series 2022, evidencing a proportionate interest in Basic Rent Payments to be made by Garden City Community College, Finney County, Kansas, pursuant to a Lease Purchase Agreement, executed and delivered pursuant to the Declaration of Trust.

“Special Tax Counsel” means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions.

“State” means the State of Kansas.

“Supplemental Declaration of Trust” means any amendment or supplement to the Declaration of Trust entered pursuant to the Declaration of Trust.

“Supplemental Lease” means any amendment or supplement to the Lease entered pursuant to the Lease.

“Supplemental Rent” means all amounts due under the Lease other than Basic Rent.

“Supplemental Rent Payment” means a payment of Supplemental Rent.

“Tax Compliance Agreement” with respect to any series of Certificates means the tax compliance agreement or some other form of federal tax certificate delivered by the College concurrently with the execution and delivery of such series of Certificates or any replacement thereof made in accordance with the provisions thereof.

“Term” means, the Original Term, as extended by any Extended Terms.

“Trust Estate” means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

“Trustee” means Security Bank of Kansas City, Kansas City, Kansas, and its successor or successors and their respective assigns.

“Trustee's Expenses” means, collectively, all out-of-pocket expenses, disbursements and advances (including reasonable attorneys' fees) incurred by the Trustee under the Declaration of Trust in connection with the Certificates, the Site Lease and the Lease.

SUMMARY OF THE DECLARATION OF TRUST

General Provisions

The Declaration of Trust is made by the Trustee. The Declaration of Trust authorizes the Trustee to execute and deliver the Series 2022 Certificates, provides the terms of the Series 2022 Certificates and provides for various Funds related to the Project and the Lease.

Trust Estate

The Trustee has executed and delivered the Declaration of Trust in order to provide for the issuance of, security for, and payment of the Series 2022 Certificates and other Certificates. It further declares that it will hold in trust for the Owners of the Certificates as a part of the Trust Estate all of the assets, property and interests received by it under the terms of the Declaration of Trust, the Site Lease and the Lease and all agreements and instruments contemplated thereby (except the any compensation, indemnification or other amounts which may be due directly to the Trustee under the Declaration of Trust).

Additional Certificates

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in *Section 3.09* of the Declaration of Trust, for the purpose of providing funds to pay all or any part of the cost of (a) repairing, replacing or restoring the Improvements, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Real Property or the acquisition of additional real property to be included as a part of the Real Property or the acquisition, purchase, construction or equipping of additions to or expansions of or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates theretofore Outstanding under the Declaration of Trust.

Establishment of Funds

There is established with the Trustee the following funds and accounts:

- (a) Project Fund, including a Costs of Issuance Account;
- (b) Lease Revenue Fund, including the Principal Account and the Interest Account; and
- (c) Prepayment Fund

All funds and accounts established pursuant to the Declaration of Trust are held by the Trustee as a part of the Trust Estate for the benefit of the Certificate Owners. The money in all of the funds and the accounts will be held in trust and applied as provided in the Declaration of Trust.

Application of Proceeds of Series 2022 Certificates and Other Moneys

The Proceeds of the Series 2022 Certificates and certain other moneys of the College will be deposited in the Project Fund as set forth in the Declaration of Trust. Moneys deposited in the Project Fund will be applied to pay Costs of Improvements and Costs of Issuance as provided in the Lease.

Application of Lease Revenues

Lease Revenues will be deposited, as received, pursuant to the Lease, as follows:

- (a) The Basic Rent shall be deposited to the Lease Revenue Fund, as provided in the Declaration of Trust.
- (b) Optional prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Prepayment Fund.
- (c) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.

Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

Disbursements from the Project Fund

Moneys in the Project Fund shall be used to pay Costs of Improvements, including Costs of Issuance. Payment shall be made from moneys in the Project Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative of the College and in most instances, by an independent architect, engineer or contractor. The Completion Date of the Improvements and the payment of all Costs of Improvements (other than Costs of Improvements for which sufficient amounts are retained in the Project Fund) shall be evidenced by the filing with the Trustee of a Completion Certificate pursuant to the Lease. As soon as practicable thereafter, any balance remaining in the Project Fund shall be transferred and deposited to the credit of the Lease Revenue Fund without further authorization as provided in the Lease. In the event of the acceleration of all the Certificates pursuant to the Lease, any moneys then remaining in the Project Fund shall be transferred to the credit of the Lease Revenue Fund and shall be used to pay the Interest Portion and Principal Portion of Basic Rent.

Application of Moneys in the Lease Revenue Fund

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to distribute Basic Rent as received from the College to those entitled thereto, as represented by the Certificates, when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity) pursuant to the Declaration of Trust.

Application of Moneys in the Prepayment Fund

All amounts deposited in the Prepayment Fund shall be used and withdrawn by the Trustee solely to prepay Principal Portions of Basic Rent represented by prepaid Certificates.

Investment of Moneys in Various Funds

Moneys held in the Project Fund, the Lease Revenue Fund, and the Prepayment Fund, shall, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the College, signed by an Authorized Representative of the College, in Permitted Investments that mature or are subject to prepayment by the holder prior to the date such funds will be needed.

The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments held by the Trustee in any fund held under the Declaration of Trust whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Permitted Investments will be held by or under the control of the Trustee and will be deemed at all times a part of the Fund or Account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Permitted Investments will be credited to such Fund or Account, and any loss resulting from such Permitted Investments shall be charged to such Fund or Account.

For purposes of determining the amount in any Fund or account, the value of any investments shall be computed at the market value thereof (excluding accrued interest), the purchase price thereof (excluding accrued interest) or principal amount, whichever is lower.

The Trustee may make any and all investments through its own bond department or short-term investment department.

Amendments to the Declaration of Trust, the Lease or the Site Lease

The Declaration of Trust, the Lease and the Site Lease and the rights and obligations of the College and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time by an

amendment or supplement thereto which the parties thereto may enter into when the written consent of the Trustee and the College, if not a party thereto, and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (i) extend the nominal maturity of any Certificate, or reduce the Principal Portion of Basic Rent represented thereby, or extend the time of payment or reduce the amount of any prepayment price provided in the Declaration of Trust for the payment of any Certificate, or reduce the Interest Portion of Basic Rent payable with respect thereto, or extend the time of payment of the Interest Portion of Basic Rent payable with respect thereto without the consent of the Owner of each Certificate so affected, (ii) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Project Fund, the Lease Revenue Fund, and the Prepayment Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Project Fund, the Lease Revenue Fund and the Prepayment Fund, or (iii) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the preceding paragraph, the Declaration of Trust, the Lease or the Site Lease and the rights and obligations of the College, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time by an agreement which the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes: (i) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Payment of Rent pursuant to the Lease (or any portion thereof), or to surrender any right or power in the Declaration of Trust reserved to or conferred upon the College; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (ii) to add to the covenants and agreements of the College in the Site Lease or the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the College; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (iii) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust, the Site Lease or the Lease, or in regard to matters or questions arising under the Declaration of Trust, the Site Lease or the Lease as the Trustee and the College may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the College, the Trustee or the Trustee and which shall not, in any such case adversely affect the interests in the Trust Estate of the Owners of the Certificates; (iv) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification of the Declaration of Trust under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (v) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation; (vi) to provide for the execution and delivery of Additional Certificates in accordance with the provisions of *Section 3.09* of the Declaration of Trust; or (vii) to make any other change which does not have a materially adverse effect on the rights of the Certificate Owners in the Lease, Basic Rent payable pursuant to the Lease, or any other property rights constituting a part of the Trust Estate.

Opinion of Counsel

In executing or accepting any Supplemental Declaration of Trust or Supplemental Lease permitted by the Declaration of Trust or modification thereby of the Declaration of Trust or the Lease, the Trustee shall be entitled to receive, and, subject to the Declaration of Trust shall be fully protected in relying upon, an opinion of Special Tax Counsel addressed and delivered to the Trustee stating that the execution of such Supplemental Declaration of Trust or Lease is authorized and permitted by and in compliance with the terms of the

Declaration of Trust or Lease. The Trustee may, but shall not be obligated to enter into any such Supplemental Declaration of Trust or Supplemental Lease which affects the Trustee's own rights, duties or immunities under the Declaration of Trust or Lease or otherwise.

Defaults

The occurrence of any of the following events, subject to the provisions permitting waivers of defaults, is defined as an "Event of Default" under the Declaration of Trust:

- (a) Default in the due and punctual payment to the Certificate Owner of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment to the Certificate Owner of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the prepayment date set therefor in accordance with the terms of the Declaration of Trust; or
- (c) Any Event of Lease Default.

Acceleration

Upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the College, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Fiscal Year immediately due and payable.

Other Remedies Upon an Event of Default

Upon the occurrence of an Event of Lease Default, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Project or the Trustee's interest in the Project and apply the net proceeds thereof to make Certificate Payments and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy is cumulative and in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or now or hereafter existing at law or in equity or by statute.

Rights of Certificate Owners

If an Event of Default under the Declaration of Trust shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred by the Declaration of Trust as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by a Directive executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings under the Declaration of Trust; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

No Owner of any Certificate shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Site Lease, the Lease or the Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder, unless (a) an Event of Default under the Declaration of Trust has occurred; (b) the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding shall have issued a directive to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee shall thereafter fail or shall refuse to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceedings. Such notification, request and indemnity are at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Declaration of Trust and to any action or cause of action for the enforcement of the Declaration of Trust or for the appointment of a receiver or for any other right or remedy thereunder.

Application of Moneys

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of *Article IX* of the Declaration of Trust shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including the Trustee's fees and expenses), be deposited into the Lease Revenue Fund and all moneys in the Lease Revenue Fund together with all moneys in the Prepayment Fund shall be applied as follows:

(a) unless the Principal Portions of Basic Rent represented by all the Certificates shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of the Interest Portions of Basic Rent represented by the Certificates in the order of the maturity of the installments of such interest and, to the payment ratably, according to the amount due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid Principal Portions of Basic Rent represented by any Certificates that shall have become due (other than Principal Portions of Basic Rent represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of this Declaration of Trust) in the order of such due dates, with interest from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the Principal Portions of Basic Rent represented by Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the Certificates.

(b) If the Principal Portions of Basic Rent represented by all Certificates shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Principal Portions and the Interest Portions of the Basic Rent then due and unpaid upon the Certificates without preference or priority of principal over the interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without

any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the certificates.

(c) If the Principal Portions of the Basic Rent represented by all Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of *Article IX* of the Declaration of Trust, then subject to the provisions of subparagraph (b) above in the event that the Principal Portions of Basic Rent represented by all the Certificates shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subparagraph (a) above.

Whenever moneys are to be applied as above set forth, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for the application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be a Basic Rent Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever the Principal Portion and the Interest Portion of all Certificates have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Lease Revenue Fund shall be paid to the College.

Defeasance

When (i) all or a portion of the obligations of the College under the Lease shall have been satisfied in connection with the prepayment of Rent in accordance with the Lease by the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and (ii) the College shall have delivered to the Trustee an opinion of counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and if the Certificates to be defeased cannot be prepaid until more than 90 days after irrevocable deposit in escrow described above, an accountant's certificate verifying the sufficiency of cash or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates, and (iii) the College shall have deposited sufficient moneys to pay the fees, compensation and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply the moneys and Government Obligations referred to below to the payment of the Certificates as set forth in the Declaration of Trust.

Payment of Certificates After Discharge of Declaration of Trust

Notwithstanding any provisions of the Declaration of Trust, any moneys held by the Trustee in trust for the payment of the Principal Portions or Interest Portions of Basic Rent represented by any Certificates and remaining unclaimed for four years after the Principal Portion of Basic Rent represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment or by acceleration as provided in the Declaration of Trust), if such moneys were so held at such date, or four years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the College free from the trusts created by the Declaration of Trust, and all liability of the Trustee with respect to such moneys shall thereupon cease. In the event of the repayment of any such moneys

to the College as aforesaid, the Owners of the Certificates with respect to which such moneys were deposited shall thereafter be deemed to be general unsecured creditors of the College as lessors under the Lease for amounts equivalent to the respective amounts deposited for the payment of amounts represented by such Certificates and so repaid to the College (without interest thereon), subject to any applicable statute of limitations.

The Trustee

The Trustee shall, prior to an Event of Default under the Declaration of Trust and after the curing of all Events of Default which may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee shall, during the existence of any Event of Default under the Declaration of Trust, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may be removed at any time by a Directive or shall resign at any time the Trustee shall cease to be eligible or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the property or affairs for the purpose of rehabilitation, conservation or liquidation and thereupon a successor Trustee shall be appointed by a Directive. Written notice of any removal or resignation pursuant to this Section shall be given by the Trustee to the College.

The Trustee may at any time resign by giving written notice of such resignation to the College and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee. Upon receiving such notice of resignation, a successor Trustee shall be appointed by a Directive.

SUMMARY OF THE LEASE

General

The Lease has been entered into between the Trustee and the College and contains the terms and conditions under which the Project will be leased to and used by the College.

Lease Term

The Original Term of the Lease terminates on June 30, 2031. The Lease Term may be extended, solely at the option of the College, at the end each Fiscal Year for an additional one year, provided that the final Extended Term shall not extend beyond May 1, 2035. At the end of each Fiscal Year, unless the Lease has terminated and for no other reason, the College shall be deemed to have exercised its option to extend the Lease for an additional one year. The terms and conditions during an Extended Term shall be the same as the terms and conditions during the Original Term, except for any difference in the Rent as provided in the Lease.

Continuation of Lease Term by the College

The College reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Original Term and the Extended Terms can be obtained. The College covenants in the Lease that its responsible financial officer will do all things lawfully within his power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law.

Change or Termination by Act of the Kansas Legislature

The College is authorized to enter into the Lease pursuant to K.S.A. 71-201, provided the Lease and any assignment is subject to change or termination at any time by act of the Kansas legislature. If the Lease is terminated pursuant to this provision, the College agrees peaceably to deliver possession of the Project to the Trustee.

Payment for Construction of the Improvements

Costs and expenses of every nature incurred in the construction of the Improvements that qualify as Costs of Improvements shall be paid by the Trustee from the Project Fund upon receipt by the Trustee of a completed requisition certificate of the College signed by the Authorized Representative of the College and containing the statements, representations and certifications set forth in the form of such requisition certificate attached to the Declaration of Trust.

Completion Date; Excess Funds

The Completion Date shall be evidenced to Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the College (the "Completion Certificate") stating (a) the date on which the Improvements were substantially completed, (b) that all other facilities necessary in connection with the Improvements have been purchased, constructed and installed, (c) that the Improvements and such other facilities have been purchased, constructed, made and installed in accordance with the plans and specifications and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for Costs of Improvements described in accordance with clause (e), all Costs of Improvements have been paid, and (e) the amounts, if any, to be retained in the Project Fund for the payment of Costs of Improvements, if any, not yet due or Costs of Improvements whose liability the College is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the College that then exist or may subsequently come into being against third parties. Any amounts remaining in the Project Fund that are not needed to pay any remaining Costs of Improvements shall be transferred to the Lease Revenue Fund.

Enjoyment of Project

The Trustee shall provide the College during the Lease Term with quiet use and enjoyment of the Project, and the College shall during the Lease Term peaceably and quietly have, hold and enjoy the Project, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The College shall have the right to use the Project for any essential governmental or proprietary purpose of the College, subject to the limitations contained in the Lease. Notwithstanding any other provision in the Lease, the Trustee shall have no responsibility to cause the Improvements to be constructed or to maintain or repair the Project.

The College shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Project, as to the manner and use or the condition of the Improvements. The College shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. The College shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the College to comply with the foregoing provisions. Notwithstanding any provision contained in this paragraph, however, the College shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the College may refrain from complying therewith, if the College furnishes, on request, to the Trustee, at the College's expense, indemnity satisfactory to the Trustee.

Basic Rent

The College will promptly pay all Basic Rent, subject to change or termination of the Lease by action of the Kansas Legislature, on each Basic Rent Payment Date. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the College shall pay to the Trustee for deposit in the Lease Revenue Fund not less than five business days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The College will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Basic Rent Payments scheduled to come due during the Lease Term, and to meet its other obligations for the Lease Term and such funds will not be expended for other purposes.

Supplemental Rent

The College will pay, subject to change or termination of the Lease by action of the Kansas Legislature, as Supplemental Rent (a) all Impositions (as defined in the Lease); (b) all amounts required and all other payments which the College has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease or the Site Lease by the Trustee; (d) all fees and charges of the Trustee as provided in the Lease; and (e) any payments required to be made pursuant to the Arbitrage Instructions.

Rent Payments to Constitute a Current Expense and Special Obligation of the College

The obligation of the College to pay Rent under the Lease is limited to payment from Available Revenues and constitutes a current expense of the College and not in any way be construed to be a debt of the College in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the College, nor shall anything contained therein constitute a pledge of the general tax revenues, funds or moneys of the College.

Net Lease; Rent Payments to be Unconditional

The Lease is intended to be net, net, net to the Trustee. Subject to change or termination of the Lease by action of the Kansas Legislature, the obligations of the College to make payment of Rent and to perform and observe the other covenants and agreements contained therein will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, for any reason, including any failure of the Project to be constructed or installed, any defects, malfunctions, breakdowns or infirmities in the Project or any accident, condemnation or unforeseen circumstances.

Nothing in the Lease will be construed as a waiver by the College of any rights or claims the College may have against the Trustee, but any recovery upon such rights and claims shall be from the Trustee separately.

Increased Basic Rent

Notwithstanding any other provision of the Lease, the Trustee and the College may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the College on any Basic Rent Payment Date to provide funds to pay the costs of (a) repairing, replacing or restoring the Improvements, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Project or the acquisition of additional real property to be included in the Project or the acquisition, purchase construction or equipping of additions to or expansions or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates Outstanding from time to time. Each such Supplemental Lease

shall include an amended Exhibit A reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date.

The College may not enter into a Supplemental Lease for any of the purposes specified in clauses (a), (b) or (c) of the preceding paragraph unless all of the following conditions are met:

- (a) No Event of Lease Default has occurred and is continuing;
- (b) The delivery by the College of the proposed Supplemental Lease is permitted by the laws of the State;
- (c) The terms, conditions, covenants and provisions of the Supplemental Lease are substantially the same as those set forth in the Lease.

Disclaimer of Warranties

The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition or fitness for particular purpose or fitness for use of the Improvements or any part thereof, or warranty with respect thereto. In no event will the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease or the existence, furnishing, functioning or the College's use of the Improvements or any part thereof.

Deficiency of Project Fund

If the Project Fund shall be insufficient to pay fully all Costs of Improvements and to complete fully the Improvements lien free, the College shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same shall become due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the College shall save the Trustee whole and harmless from any obligation to pay such deficiency.

Impositions

The College shall bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, which may be lawfully imposed upon or against or be payable for or in respect of the Project, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Project (all of the foregoing being herein referred to as "Impositions").

Contest of Impositions

The College shall have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition which the College is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least ten days before the Imposition complained of becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the College that, in the opinion of counsel, by nonpayment of any such items the interest of the Trustee in the Project will be endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the College shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

Insurance

The College will, during the Lease Term, cause the Improvements to be kept continuously insured against such risks customarily insured against for facilities such as the Improvements and will pay (except as otherwise provided in the Lease) as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) Insurance insuring the Improvements against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the greater of the Principal Portion of the Certificates then Outstanding or the replacement value of the Improvements and issued by such insurance company or companies authorized to do business in the State as may be selected by the College. The replacement value of the Improvements may be determined from time to time at the request of the Trustee or the College (but not less frequently than every five years) by an architect, contractor, appraiser, appraisal company or one of the insurers, to be selected, subject to the insurer's approval, and paid by the College. The policy or policies of such insurance shall name the College and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance shall be applied as provided in the Lease. During acquisition, construction and installation of the Improvements, the College shall cause to be provided, insofar as the Improvements are concerned, the insurance required by subparagraph (b) below in lieu of the insurance required by this subparagraph (a) to the extent appropriate;

(b) To the extent appropriate, during the acquisition, construction and installation of the Improvements and in lieu of the insurance required in subparagraph (a) of this Section, builder's risk-completed value insurance insuring the Improvements against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Improvements (subject to reasonable loss deductible clauses) issued by such insurance company or companies authorized to do business in the State as may be selected by the College. Such policy or policies of insurance shall name the College and the Trustee as insureds, as their respective interests may appear, and all payments received under such policy or policies by the College shall be paid over to the Trustee;

(c) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the College and the Trustee are named as insureds, in an amount not less than \$500,000 combined single limit for bodily injuries and property damage;

(d) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State;

(e) A leasehold owners policy of title insurance, subject to any permitted encumbrances identified in the Lease, insuring the Trustee's interest in the Real Property under the Site Lease, in an amount not less than \$1,390,000 on the standard ALTA form, subject only to such exceptions as shall be acceptable to the Trustee, with such endorsements and affirmative coverages as may be reasonably required by the Trustee, and issued by a company acceptable to the Trustee and authorized to issue such insurance in the State; and

(f) Performance, labor and material payment and statutory bonds with respect to the Construction Agreements in the full amount of the Construction Agreements (to the extent bondable) from surety companies qualified to do business in the State.

Enforcement of Contract and Surety Bonds

In the event of material default of any contractor or subcontractor under a Construction Agreement or any other contract made in connection with the acquisition, construction and installation of the Improvements, or in the event of a material breach of warranty with respect to any materials, workmanship or performance, the College will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the College against the contractor or subcontractor in default and against each surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the College of any amounts theretofore paid by the College not previously reimbursed to the College for correction or remedying of the default which gave rise to the proceedings against the contractor or subcontractor or surety, shall be paid to the Trustee for deposit in the Project Fund if received before the Completion Date and, if such funds are received after the Completion Date, for deposit in the Lease Revenue Fund to be used solely for the purpose of paying Basic Rent under the Lease.

Maintenance and Modification of Improvements by the College

The College will at its own expense (a) keep the Improvements in a safe condition, (b) with respect to the Improvements, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Improvements in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the College will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Improvements the maintenance, repair, replacement or renewal of which becomes uneconomical to the College because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The College shall not permit or suffer others to commit a nuisance in or about the Improvements or itself commit a nuisance in connection with its use or occupancy of the Improvements. The College will pay all costs and expenses of operation of the Improvements.

The College may, also at its own expense, make from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Improvements. All such additions, modifications or improvements made by the College shall (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Project.

During the Lease Term, the Improvements will be used by the College only for the purpose of performing essential governmental or proprietary functions of the College consistent with the permissible scope of the College's authority.

Financial Statements

The College will annually provide the Trustee with current financial statements, budgets, proofs of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of the College to continue and satisfy the Lease as may be requested by the Trustee.

Continuing Disclosure

The College covenants and agrees that it will comply and carry out all of the provisions of the Disclosure Undertaking. Notwithstanding any other provision of the Lease, failure of the College to comply with the Disclosure Undertaking shall not be considered a default or an Event of Default under the Lease; provided, however, that the Trustee, pursuant to the Declaration of Trust may (and, at the request of the

Owners of Certificates of a majority of the aggregate principal amount in Outstanding Certificates, shall) or any Owners of Certificates may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the College to comply with its obligations under this Section.

Damage, Destruction and Condemnation

The College will bear the risk of loss with respect to the Improvements during Lease Term. If (a) the Improvements or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Project or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the College and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Improvements, unless the College shall have exercised its option to purchase the Trustee's interest in the Project by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the College and shall be held and appropriated by the College for the exclusive purpose of paying Rent under the Lease.

If the College determines that the repair, restoration, modification or improvement of the Improvements is not economically feasible or in the best interest of the College, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the College shall promptly purchase the Trustee's interest in the Project pursuant to the Lease by paying the Purchase Price and such Net Proceeds shall be applied by the College to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the College.

In the Lease, the College acknowledges the provisions pertaining to eminent domain in the Site Lease. The Trustee and College have agreed that the terms of the Site Lease are incorporated in and made a part of the Lease to the same extent as if set forth in full in the Lease. Incorporation of provisions of the Site Lease survives the termination of the Lease for any reason.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to above, and the College has not elected to purchase the Trustee's interest in the Project, the College shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the College shall make any payments as provided in this paragraph, the College will not be entitled to any reimbursement therefor from the Trustee nor will the College be entitled to any diminution of Rent.

Purchase Option

The College shall have the option to purchase the Trustee's interest in the Project, upon giving written notice to the Trustee at least 60 days before the date of purchase, at the following times and on the following terms :

(a) On or after May 1, 2029 upon payment in full of Rent then due hereunder, plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

(b) On any date, upon deposit of moneys or Government Obligations or both with the Trustee in accordance with the Declaration of Trust in the amount necessary to provide for the Basic Rent Payments until and on, and the Purchase Price calculated as described in (a) above on the Certificates, to the prepayment date, which will be on or after May 1, 2029.

(c) In the event of substantial damage to or destruction or condemnation of substantially all of the Project, or if, as a result of changes in the Constitution of Kansas or legislative or administrative action by the State or the United States, the Site Lease or the Lease becomes unenforceable, on the Basic Rent Payment Date the Lessee specifies as the purchase date in the Lessee's notice to the Lessor of its exercise of the purchase option, upon payment in full of the Rent then due hereunder plus then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the prepayment date.

Partial Prepayment

The College shall have the option to prepay the Basic Rent Payments in whole or in part, upon giving written notice to the Trustee at least 60 days before the date of such prepayment, on any Basic Rent Payment Date occurring on or after May 1, 2029, at the Prepayment Price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Basic Rent Payment Date.

The Principal Portion of Basic Rent prepaid pursuant to the provisions of the Lease shall be in integral multiples of \$5,000. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter shall be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion.

Assignment and Subleasing by the College

Except as provided in the Lease, none of the College's right, title and interest in, to and under the Site Lease, the Lease and in the Project may be assigned or encumbered by the College for any reason; except that the College may sublease any one or more parts of the Project if the College obtains an opinion of Special Tax Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Project shall be subject to the Site Lease, the Lease and the rights of the Trustee in, to and under the Site Lease, the Lease and the Project.

Events of Default

Any of the following shall constitute an "Event of Default" under the Lease:

(a) Failure by the College to make any deposits into the Lease Revenue Fund required by the Lease to pay Basic Rent at the time specified in the Lease;

(b) Failure by the College to make any Supplemental Rent Payment when due and the continuance of such failure for ten days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee;

(c) Failure by the College to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee unless such party shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, such party will not unreasonably withhold its consent to an extension of such time if corrective action is instituted by the College within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the College in or pursuant to the Site Lease or the Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect or misleading or breached in any material respect on the date when made;

(e) Any provision of the Lease or the Site Lease at any time for any reason cease to be valid and binding on the College, or is declared to be null and void, or the validity or enforceability thereof is contested by the College or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The College becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the College or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the College, is consented to or acquiesced in by the College or is not dismissed within 60 days.

In the event the College fails to comply with the Disclosure Undertaking, such failure shall not be an Event of Default under the Lease.

Remedies on Default

Whenever any Event of Default under the Lease exists, the Trustee will have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the College, the Trustee may declare all Rent payable by the College under the Lease to the end of the Lease Term to be due;

(b) With or without terminating the Lease, the Trustee may take possession of the Project (in which event the College shall take all actions necessary to authorize, execute and deliver to the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all of the College's interest in the Project), and sell the Trustee's interest in the Project or lease the Project or, for the account of the College, sublease the Project continuing to hold the College liable for the difference between (a) the Rent payable by the College under the Lease for the Lease Term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Project and all brokerage, auctioneers and attorney's fees);

(c) The Trustee may terminate any rights the College may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Project and under the Lease.

SUMMARY OF THE SITE LEASE

Generally

The College and the Trustee have entered into the Site Lease under which the College leases the site for the Improvements constituting the Real Property to the Trustee on the terms and conditions set forth therein.

Term

The term of the Site Lease commences from June 1, 2022, and ends on May 1, 2035, unless extended or terminated as provided therein.

Rental

As and for rental under the Site Lease and in consideration for the leasing of the Real Property to the Trustee, the Trustee enters into the Lease simultaneously with the delivery of the Site Lease, and directs the Trustee to make deposits from the proceeds of the sale of the Certificates into the funds and accounts established and as set forth in the Declaration of Trust.

Assignments and Subleases

The Trustee will hold the Site Lease and its rights thereunder for the benefit of owners of the Certificates. The Trustee and its assigns may assign the Site Lease and its rights thereunder or lease or sublease the Project without the written consent of the College (i) if the Lease is terminated for any reason, or (ii) if any Event of Default under the Lease has occurred.

Termination

The Site Lease will terminate at the end of its stated term, provided, however, in the event the College makes or prepays all of the Rent Payments pursuant to the Lease, then the Site Lease is considered assigned to the College and terminated through merger of the leasehold interest under the Site Lease with the fee interest of the College, if the College is the owner of the fee interest.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

\$5,100,000
GARDEN CITY COMMUNITY COLLEGE
FINNEY COUNTY, KANSAS
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2022
Evidencing Proportionate Interests In and Rights to Receive Payment Under the
Lease Purchase Agreement Between the College and Trustee

Appendix D

FORM OF DISCLOSURE UNDERTAKING

APPENDIX D

FORM OF DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of June 1, 2022 (the “Continuing Disclosure Undertaking”), is executed and delivered by **GARDEN CITY COMMUNITY COLLEGE, FINNEY COUNTY, KANSAS** (the “College”).

RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the College in connection with the College entering into a Lease Agreement between the College and Security Bank of Kansas City, Kansas City, Kansas (the “Trustee”), dated as of June 1, 2022, and issuance of Lease Purchase Agreement Certificates of Participation, Series 2022 (the “Certificates”) by the Trustee, pursuant to the Declaration of Trust, dated as of June 1, 2022, and a Resolution adopted by the governing body of the College.

2. The College is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). The College is the only “obligated person” with responsibility for continuing disclosure hereunder.

The College covenants and agrees as follows:

Section 1. Definitions. In addition to the definitions set forth in the Declaration of Trust, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**ACFR**” means the College's Annual Comprehensive Financial Report, if any.

“**Annual Report**” means any Annual Report provided by the College pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking, which may include the College's ACFR, so long as the ACFR contains the Financial Information and Operating Data.

“**Beneficial Owner**” means any registered owner of any Certificates and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the trustee, the paying agent or the Dissemination Agent, as applicable, is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**College**” means Garden City Community College, Finney County, Kansas, and any successors or assigns.

“**Designated Agent**” means Gilmore & Bell, P.C. or one or more other entities designated in writing by the College to serve as a designated agent of the College for purposes of this Disclosure Undertaking.

“Declaration of Trust” means the Declaration of Trust made by Security Bank of Kansas City, Kansas City, Kansas, dated as of June 1, 2022.

“Dissemination Agent” means any entity designated in writing by the College to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the College a written acceptance of such designation.

“EMMA” means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at www.emma.msrb.org.

“Financial Obligation” means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

“Fiscal Year” means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the College as the Fiscal Year of the College for financial reporting purposes.

“GAAP” means generally accepted accounting principles, as applied to governmental units, as in effect at the time of the preparation of the financial information described in **Section 2(a)(1)**.

“Lease” means the Lease Agreement between the College and Security Bank of Kansas City, Kansas City, Kansas, dated as of June 1, 2022.

“Material Events” means any of the events listed in **Section 3** of this Continuing Disclosure Undertaking.

“MSRB” means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

“Participating Underwriter” means any of the original underwriter(s) of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

Section 2. Provision of Annual Reports.

(a) The College shall, not later than the last day of the eighth month after the end of the College’s Fiscal Year, commencing with the Fiscal Year ending June 30, 2022, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

(1) The audited financial statements of the College for the prior Fiscal Year, prepared in accordance with GAAP. A more detailed explanation of the accounting basis is contained in the Official Statement relating to the Certificates. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Certificates, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Certificates, as described in

Exhibit A, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the College.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the College is an “obligated person” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The College shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the College may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the College’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**, and the Annual Report deadline provided above shall automatically become the last day of the eighth month after the end of the College’s new Fiscal Year.

(b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

Section 3. Reporting of Material Events. Not later than 10 Business Days after the occurrence of any of the following events, the College shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Certificates (“Material Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) modifications to rights of certificate holders, if material;
- (8) certificate calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and

- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

If the College has not submitted the Annual Report to the MSRB by the date required in **Section 2(a)**, the College shall send a notice to the MSRB of the failure of the College to file on a timely basis the Annual Report, which notice shall be given by the College in accordance with this **Section 3**.

Section 4. Termination of Reporting Obligation. The College's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If the College's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the College, and the College shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Certificates, the College shall give notice of such termination or substitution in the same manner as for a Material Event under **Section 3**.

Section 5. Dissemination Agents. The College may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the College. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the College pursuant to this Continuing Disclosure Undertaking.

Section 6. Amendment; Waiver. Notwithstanding any other provision of this Continuing Disclosure Undertaking, the College may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Special Tax Counsel or other counsel experienced in federal securities law matters provides the College with its written opinion that the undertaking of the College contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the College shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the College. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under **Section 3**, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Section 7. Additional Information. Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the College from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Undertaking. If the College chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the College shall have no obligation under this

Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

Section 8. Default. If the College fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the College to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Declaration of Trust or the Certificates, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the College to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

Section 9. Beneficiaries. This Continuing Disclosure Undertaking shall inure solely to the benefit of the College, the Participating Underwriter, and the Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

Section 10. Severability. If any provision in this Continuing Disclosure Undertaking, the Declaration of Trust or the Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 11. Electronic Transactions. The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

Section 12. Governing Law. This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

[BALANCE OF THIS PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the College has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

**GARDEN CITY COMMUNITY COLLEGE,
FINNEY COUNTY, KANSAS**

(SEAL)

Chairperson

Secretary

EXHIBIT A

FINANCIAL INFORMATION AND OPERATING DATA TO BE INCLUDED IN ANNUAL REPORT

The financial information and operating data contained in tables in the following sections contained in the final Official Statement relating to the Certificates:

FINANCIAL INFORMATION CONCERNING THE COLLEGE

- Assessed Valuation
- Property Tax Levies and Collections
 - Tax Rates
 - Tax Collection Record
 - Major Taxpayers

DEBT STRUCTURE OF THE COLLEGE*

- General Obligation Bonds
- Certificates of Participation
- Revenue Bond Obligations
- Capital Lease Obligations
- Loan Obligations

COLLEGE'S AUTHORITY TO INCUR DEBT

- Overlapping/Underlying General Obligation Indebtedness

* This Operating Data is also available in the College's financial information portion of its Annual Report.