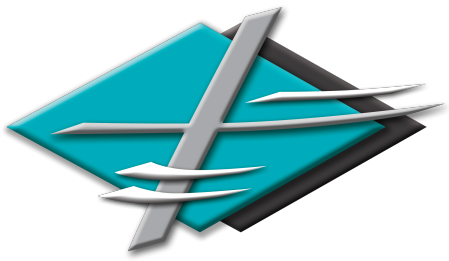
HUTCHINSON COMMUNITY COLLEGE

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2023



LOYD GROUP, LLC

Certified Public Accountants

Hutchinson Community College

June 30, 2023

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LOYD GROUP, LLC

520 S. Main Street
P.O. Box 7
Galva, KS 67443
620-654-7565
www.loyd-group.com

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Hutchinson Community College
Hutchinson, Kansas

Report on the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Hutchinson Community College (the College), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Hutchinson Community College as of June 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other post-employment benefits and pension information on pages 4-11 and 41-47, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 1, 2023 on our consideration of Hutchinson Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Loyd Group, LLC

Loyd Group, LLC
Galva, Kansas

December 1, 2023

Management's Discussion and Analysis

Introduction:

Hutchinson Community College is proud to present its financial statements for the fiscal year 2023. The following discussion and analysis of the financial performance and activity of Hutchinson Community College (The College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2023, with selected comparative information for the years ended June 30, 2021, and June 30, 2022. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness and accuracy of this information.

Using the Annual Report:

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

Basic financial statements are comprised of two parts:

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

Required Supplementary Information:

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

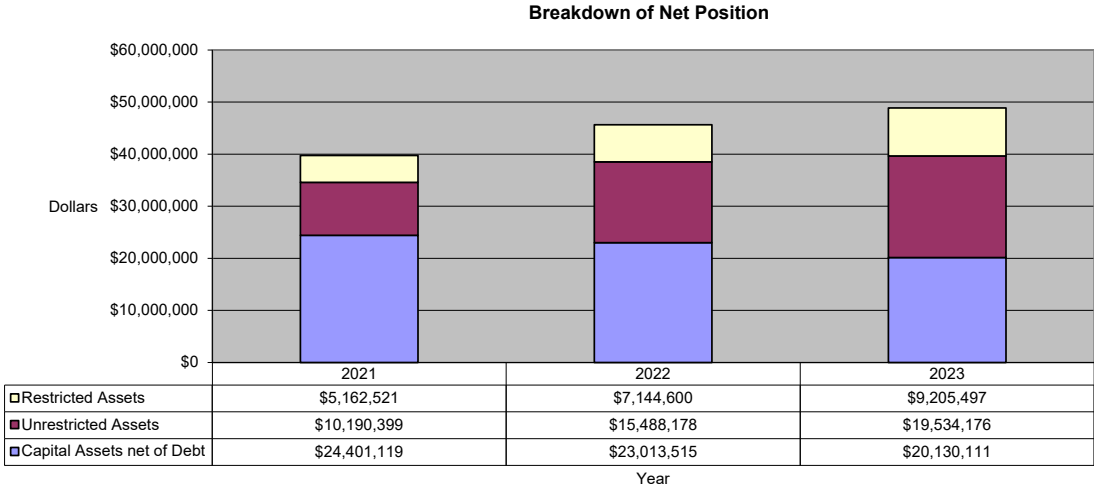
Highlights to the Financial Statements:

Statement of Net Position

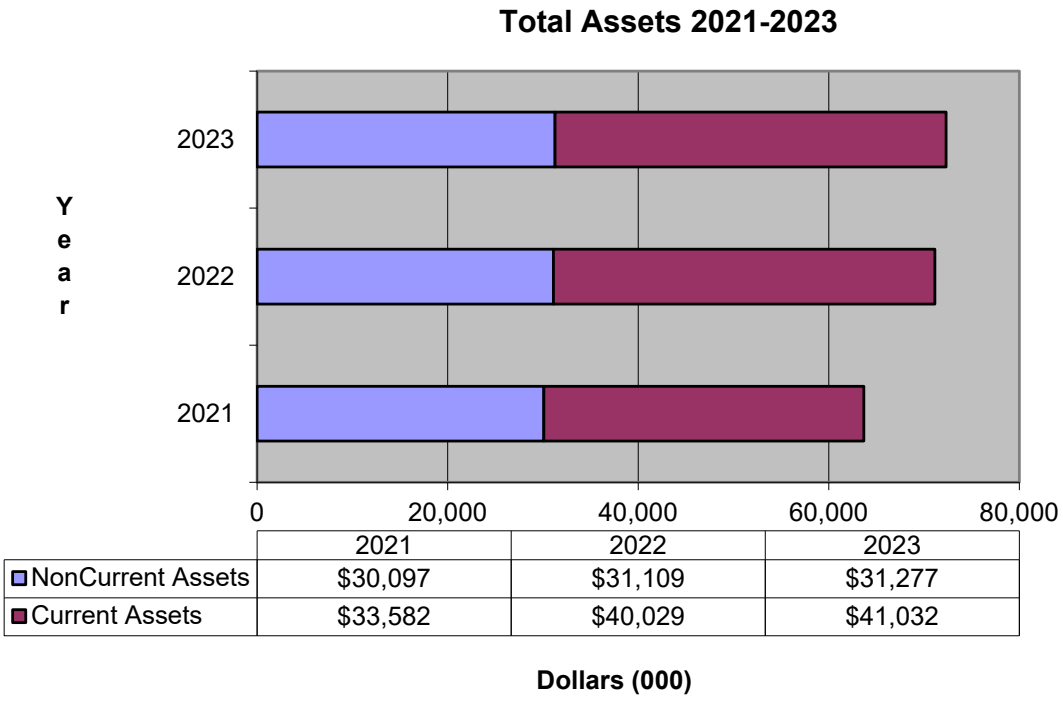
Comparison Net Position – Fiscal Year 2021, 2022, and 2023

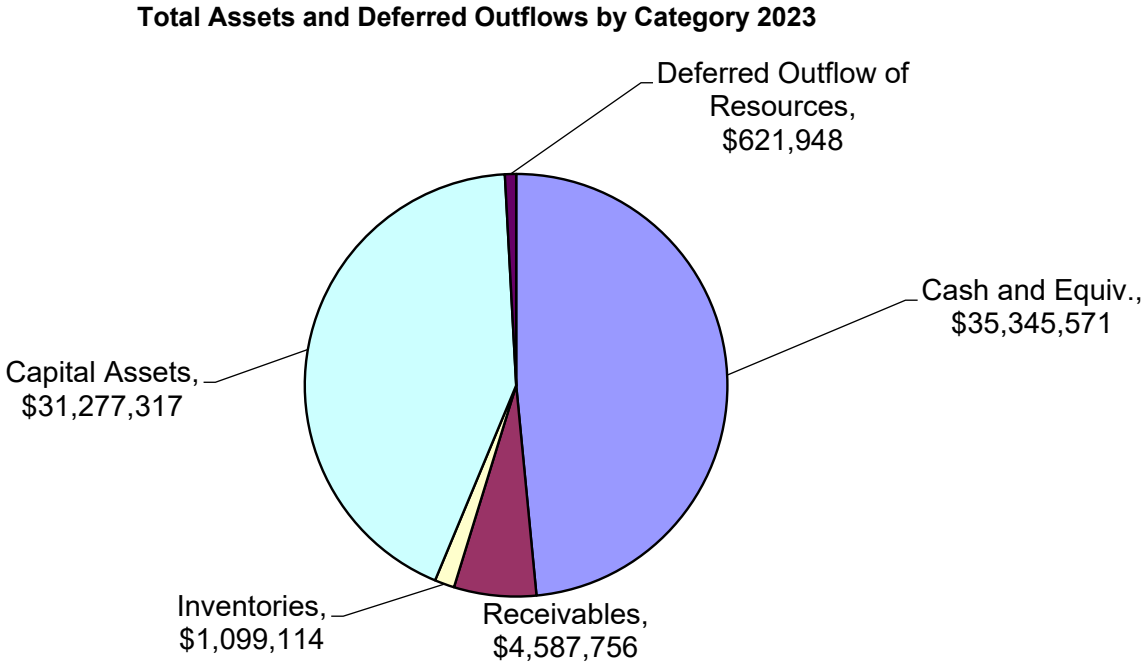
The Statement of Net Position presents the assets, deferred outflow of resources (deferred outflows), liabilities, deferred inflow of resources (deferred inflows) and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The purpose of the Statement of Net Position is to present to the readers of the financial statements a fiscal snapshot of the College. The Statement of Net Position presents end-of-year data concerning Assets (current and noncurrent), Deferred Outflows, Liabilities (current and noncurrent), Deferred Inflows, and Net Position (Assets and Deferred Outflows minus Liabilities and Deferred Inflows). The difference between current and noncurrent assets is as follows: current assets are those assets that are expected to be used or consumed within one year. Noncurrent assets are those assets that are expected to provide value for greater than one year.

Net assets increased from $39,754,039 in 2021 to $45,646,293 in 2022 and increased again to $48,869,784 for 2023. This is an increase of $3,223,491 from 2022 to 2023.



Total breakdown of assets between current and noncurrent classification for 2021 through 2023 is as follows:



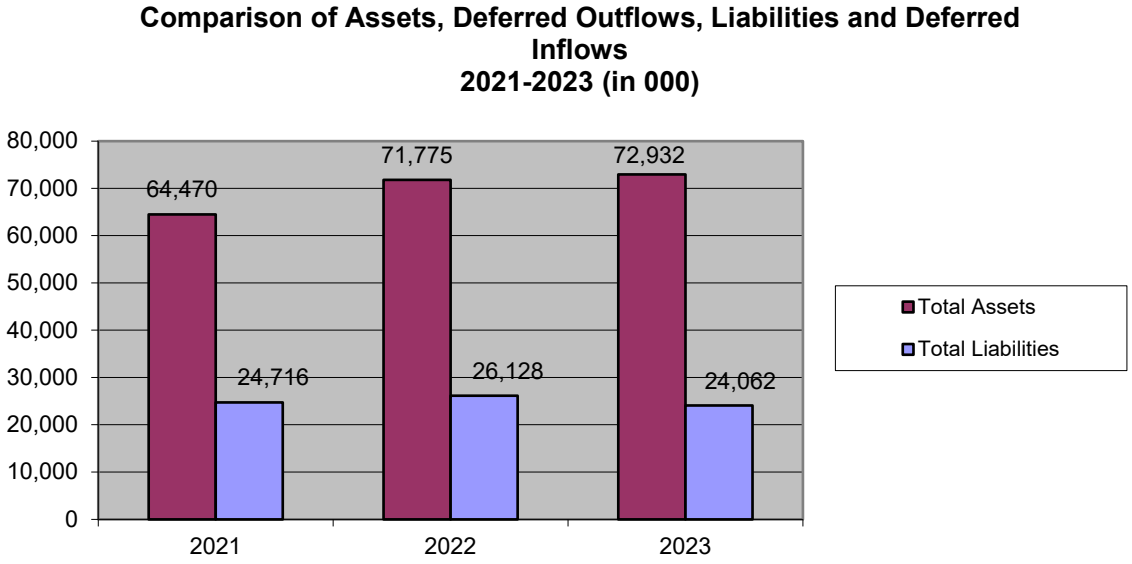


Of the $72,931,706 in total assets and deferred outflows, approximately 48% are in cash and cash equivalents and capital assets represent another 43% of total assets.

Comparison of Liabilities

	2021	% Total 2021	2022	% Total 2022	2023	% Total 2023
Current Liabilities	$ 6,535,316	27.23%	$ 6,917,622	27.56%	$ 6,982,699	30.25%
Noncurrent Liabilities	17,467,180	72.77%	18,183,673	72.44%	16,098,503	69.75%
Total Liabilities	$ 24,002,496	100.00%	$ 25,101,295	100.00%	$ 23,081,202	100.00%

Noncurrent liabilities in 2023 include, but are not limited to, revenue bonds for improvements to the College's Student Union, certificates of participation related to student housing, lease payments to Signature Funding for the refinancing of the College's energy conservation measures lease and payments due to the City of Hutchinson for the renovation of the Hutchinson Sports Arena, a facility which the College occupies for use in its athletic programs. Current liabilities consist primarily of accounts payable and accrued liabilities, deposits held in custody for others, and the current portion due for the certificates of participation, the revenue bonds, capital lease obligations, and to the City of Hutchinson.



Total liabilities and deferred inflows increased from $24,716,150 in 2021 to $26,128,361 in 2022 and decreased to $24,061,922 in 2023. This is a decrease of $2,066,439 from the previous year. Assets and deferred outflows increased each year from $64,470,189 in 2021 to $71,774,654 in 2022 and to $72,931,706 in 2023. The asset to liability ratio (total assets/total liabilities) was 2.61 in 2021, 2.75 in 2022 and 3.03 in 2023.

Results of Operations Fiscal Year 2023

Statement of Revenues, Expenses and Changes in Net Position

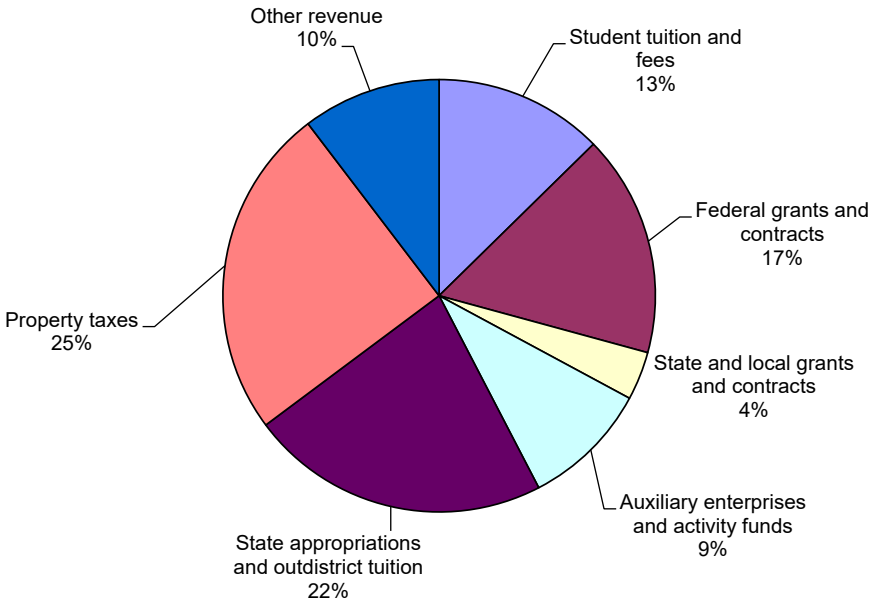
Changes in total net position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating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

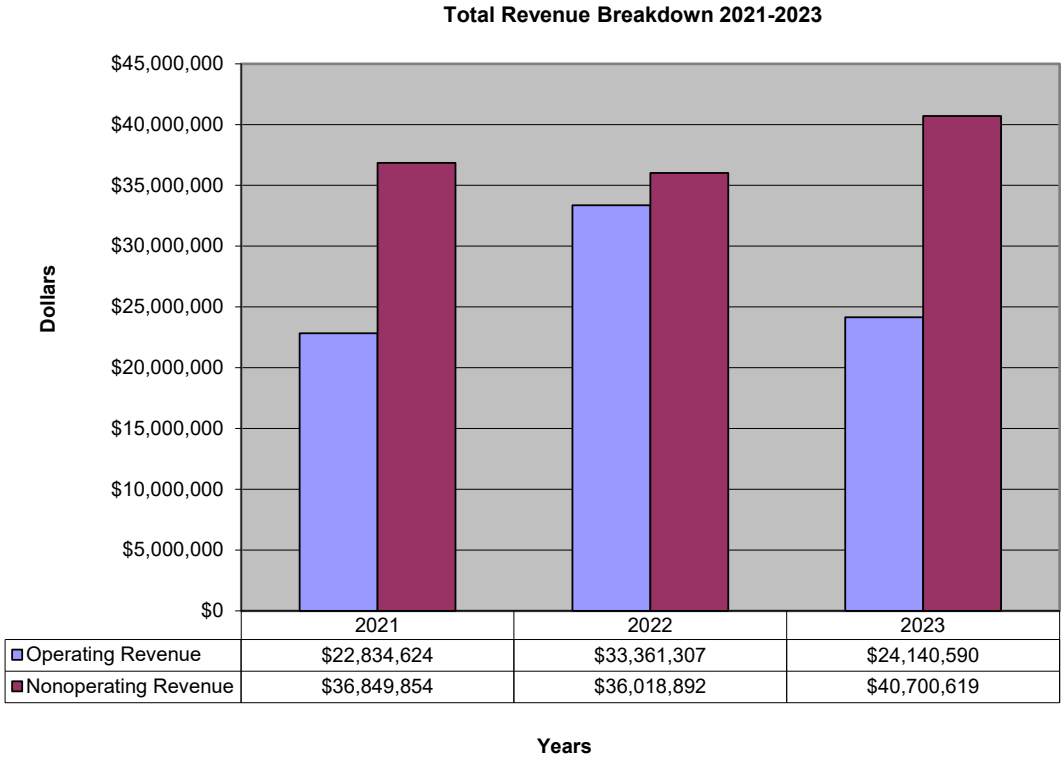
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out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

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

Source	2021	% Total 2021	2022	% Total 2022	2023	% Total 2023
Student tuition and fees	$ 7,930,954	13.29%	$ 7,763,448	11.19%	$ 8,199,621	12.65%
Federal grants and contracts	9,806,488	16.43%	17,309,607	24.95%	10,762,185	16.60%
State and local grants and contracts	329,068	0.55%	2,050,435	2.96%	2,349,142	3.62%
Auxiliary enterprises and activity funds	6,204,779	10.40%	6,120,234	8.82%	6,172,481	9.52%
State appropriations and outdistrict tuition	13,577,226	22.75%	13,415,927	19.34%	14,531,473	22.41%
Property taxes	15,307,217	25.65%	15,340,582	22.11%	16,106,569	24.84%
Other revenue	6,528,746	10.94%	7,379,966	10.64%	6,719,738	10.36%
Total revenue	$ 59,684,478	100.00%	$ 69,380,199	100.00%	$ 64,841,209	100.00%

Percentage of Revenue by Source 2023

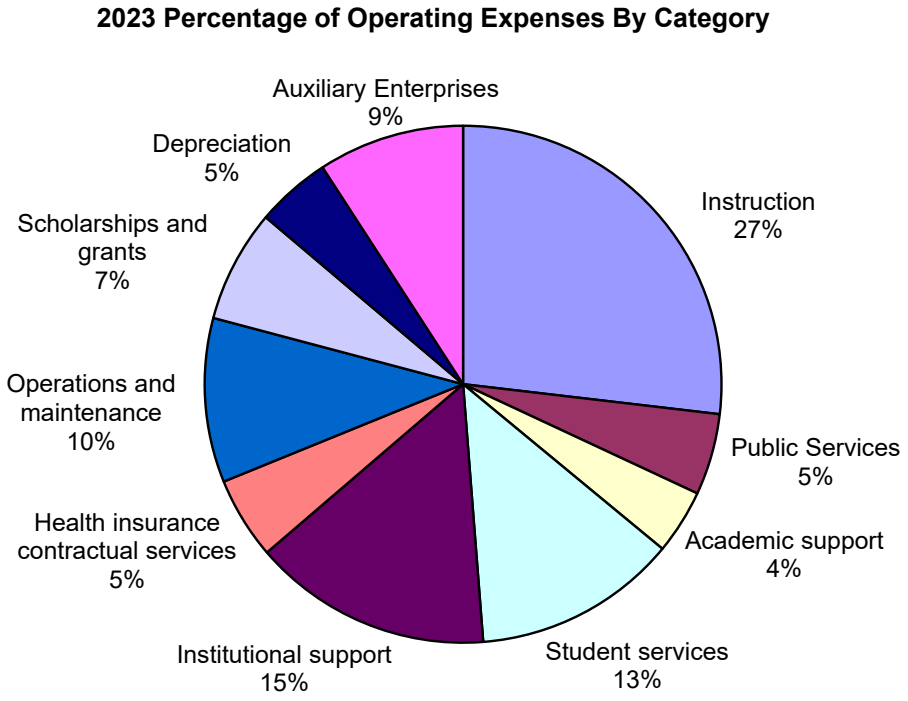




Expenses

Detail of the 2021 through 2023 education, general, and auxiliary enterprise operating and non- operating expenditures:

	2021	% Total 2021	2022	% Total 2022	2023	% Total 2022
Operating Expenses						
Instruction	$ 14,813,101	26.71%	$ 15,533,596	24.47%	$ 16,429,715	26.66%
Public Services	3,814,744	6.88%	2,835,131	4.47%	3,113,714	5.05%
Academic support	2,700,051	4.87%	2,265,148	3.57%	2,475,259	4.02%
Student services	7,028,606	12.67%	10,307,925	16.24%	7,818,066	12.69%
Institutional support	7,569,945	13.65%	9,672,443	15.24%	9,150,753	14.85%
Health insurance contractual services	2,928,677	5.28%	3,168,876	4.99%	3,143,657	5.10%
Operations and maintenance	3,770,072	6.80%	4,702,257	7.41%	6,287,480	10.20%
Scholarships and grants	5,073,974	9.15%	5,329,713	8.39%	4,316,693	7.01%
Depreciation	2,367,156	4.27%	2,842,465	4.48%	2,856,132	4.64%
Auxiliary Enterprises	4,948,870	8.92%	5,207,327	8.20%	5,598,791	9.09%
Subtotal	55,015,196	99.20%	61,864,881	97.44%	61,190,260	99.31%
Nonoperating Expenses						
Interest on Capital asset-related debt	365,544	0.66%	477,239	0.75%	427,284	0.69%
Loss on Disposal of Capital Assets	-	0.00%	1,145,825	1.80%	174	0.00%
Debt issuance costs	79,786					0.00%
Subtotal	445,330	0.80%	1,623,064	2.56%	427,458	0.69%
Total Expenses	$ 55,460,526	100.00%	$ 63,487,945	100.00%	$ 61,617,718	100.00%



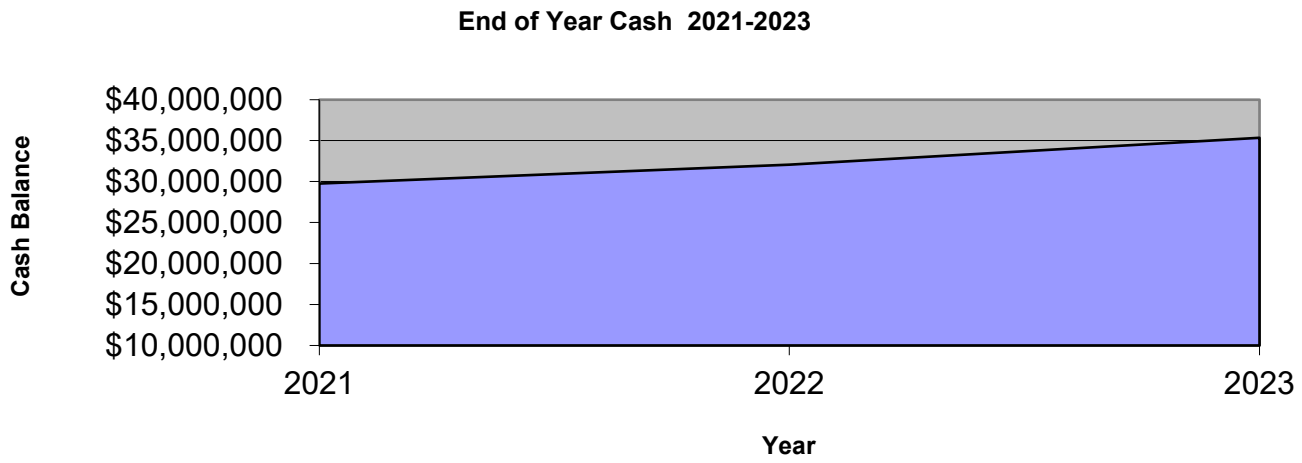
Statement of Cash Flows

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

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

Summary Statement of Cash Flows information

	2021	2022	2023
Net Cash Provided (used) by:			
Operating Activities	(28,226,625)	(27,335,679)	(29,087,866)
Noncapital financing activities	33,221,467	32,565,148	35,721,888
Capital and related financing activities	(4,302,392)	(2,960,495)	(3,840,434)
Investing activities	145,223	47,029	491,190
Net Change in Cash	837,673	2,316,003	3,284,778
Cash Beginning of year	28,907,117	29,744,790	32,060,793
Cash end of year	29,744,790	32,060,793	35,345,571



Summary of Overall Performance

During the fiscal year ended June 30,2023, the College received the final reimbursements from COVID-19 relief funding, thus beginning a new era post- COVID 19. Despite the challenges, the College's financial performance was solid, and its financial condition remains sound. Cash balances ended higher than fiscal year 2022. Combined operating and non-operating revenue for 2023 decreased by $4.5 million over fiscal year 2022 but increased by $5.4 million over 2021. As stated in last year's analysis, the 16% increase in revenue for fiscal year 2022 was primarily attributable to federal COVID-19 relief funding. Considering the effect of federal COVID-19 funding, this year's revenue proves the financial strength of the institution to continue strong post- COVID-19.

Total operating and non-operating expenditures for the year ended June 30,2023 decreased approximately $2 million from 2022 despite the economic impact on rising prices. The decrease in expenditures is due to the absence of COVID-19 expenditures and very few capital assets were disposed.

Capital Assets and Long-Term Debt Activities:

For the fiscal year ended June 30,2023, the College began again to invest in capital projects to support the growth of the programs across the institution. At the close of this fiscal year capital improvements were nearly completed in the courtyard of Parker Student Union and greenspace areas on Campus. These improvements include the addition of an outdoor classroom and open areas for recreation. Second, the expansion of the Cosmetology building began which will house the new Barbering program to begin in the coming year. Third, the College was awarded grant funding through the American Rescue Plan Act and through Health Resources and Services Administration for implementing major improvements on the facilities and purchases of new equipment for Allied Health Programs. These projects also include the purchase of equipment for simulation labs at Hutchinson Regional Hospital.

The College will continue its student centered, service-oriented approach to community college education while working to increase its credit enrollment. The market driven business and industry noncredit offerings continue to grow and expand as the College serves the needs of that segment of the market. Hutchinson Community College is truly striving to be the premier, two-year educational institution in Kansas and continues to expand its tradition of excellence in higher education through learning and collaboration.

Julie A. Blanton
Vice President of Finance and Operations

BASIC FINANCIAL STATEMENTS

Hutchinson Community College
Statements of Net Position
June 30, 2023

	Hutchinson Community College	Component Unit HCC Endowment	Component Unit Start Up Hutch
ASSETS			
Current Assets			
Cash and cash equivalents	$ 35,345,571	$ 529,328	$ 213,924
Investments	-	10,367,760	-
Receivables - federal and state grants and contracts	3,196,059	-	-
Receivables - students (net of allowance of $336,425)	1,147,586	-	-
Receivables - other	244,111	174,130	206
Inventories	1,099,114	-	-
Total current assets	41,032,441	11,071,218	214,130
Noncurrent Assets			
Investments	-	10,271,478	-
Receivables - other	-	365,800	-
Capital assets, net of accumulated depreciation	31,277,317	-	-
Beneficial interest in trusts	-	1,703,344	-
Other	-	-	272,977
Total noncurrent assets	31,277,317	12,340,622	272,977
TOTAL ASSETS	72,309,758	23,411,840	487,107
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	236,244	-	-
Deferred outflows related to pensions	158,645	-	-
Deferred outflows related to other postemployment benefits	227,059	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	621,948	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 72,931,706	$ 23,411,840	$ 487,107
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	$ 702,744	$ 15,873	$ 505
Medical claims payable	241,879	-	-
Deposits held in custody for others	3,201,052	-	-
Unearned revenue	138,791	-	-
Accrued interest payable	96,726	-	-
Compensated absences payable	464,776	-	-
Early retirement benefits payable	118,550	-	-
Capital lease obligations	931,256	-	-
Revenue bond	300,000	-	-
Certificates of Participation	286,925	-	-
Sports Arena payable	500,000	-	-
Total current liabilities	6,982,699	15,873	505
Noncurrent Liabilities			
Compensated absences payable	23,404	-	-
Early retirement benefits payable	68,681	-	-
Capital lease obligations	4,972,655	-	-
Revenue bond	3,845,000	-	-
Certificates of Participation	4,396,180	-	-
Sports Arena payable	1,250,000	-	-
Other postemployment benefits liability	946,942	-	-
Net pension liabilities	595,641	-	-
Total noncurrent liabilities	16,098,503	-	-
TOTAL LIABILITIES	23,081,202	15,873	505
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	88,265	-	-
Deferred inflows related to other postemployment benefits	892,455	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	980,720	-	-
NET POSITION			
Net investment in capital assets	20,130,111	-	-
Restricted for:			
Nonexpendable - endowments	-	11,015,482	-
Expendable:			
Endowment activity	-	12,380,485	-
Capital outlay	5,467,824	-	-
Restricted funds	1,666,089	-	-
Health insurance	2,071,584	-	-
Unrestricted	19,534,176	-	486,602
Total net position	48,869,784	23,395,967	486,602
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 72,931,706	$ 23,411,840	$ 487,107

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

Hutchinson Community College
Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

	Hutchinson Community College	Component Unit HCC Endowment	Component Unit Start Up Hutch
OPERATING REVENUES			
Student tuition and fees	$ 11,101,922	$ -	$ -
Less allowances for institutional scholarships	(98,061)	-	-
Less allowances for federal grants	(2,804,240)	-	-
Net student source revenue	8,199,621	-	-
Federal sources	4,858,766	-	-
State sources	1,018,959	-	-
County sources	20,417	-	75,000
Local sources	41,383	-	65,000
Auxiliary enterprises:			
Residential life	1,644,915	-	-
Campus store	1,028,843	-	-
Union	1,538,180	-	-
Other auxiliary enterprises	1,960,543	-	-
Private gifts and grants	-	-	90,000
Endowment foundation	250,000		
Health insurance charges for services	3,402,548	-	-
Other operating revenues	176,415	261,749	23,900
Total operating revenues	24,140,590	261,749	253,900
OPERATING EXPENSES			
Educational and General:			
Instruction	16,429,715	-	571
Public service	3,113,714	-	-
Academic support	2,475,259	-	-
Student services	7,818,066	-	-
Institutional support	5,824,247	1,736,180	188,794
KPERS contribution paid directly by the State of Kansas	3,326,506	-	-
Health insurance contractual services	3,143,657	-	-
Operations and maintenance of plant	6,287,480	-	-
Depreciation and amortization	2,856,132	-	-
Scholarships and grants	4,316,693	-	-
Auxiliary Enterprises:			
Residential life	901,253	-	-
Campus store	970,505	-	-
Union	1,227,836	-	-
Other auxiliary enterprises	2,499,197	-	55,065
Total operating expenses	61,190,260	1,736,180	244,430
Operating income (loss)	(37,049,670)	(1,474,431)	9,470
NONOPERATING REVENUES (EXPENSES)			
State appropriations	12,473,350	-	-
State contribution directly to the KPERS retirement system	3,326,506	-	-
Local sources	16,106,569	-	-
Federal Pell Grants	5,903,419		
Private grants and gifts	1,238,550	1,623,386	-
Loss on disposal of capital assets	(174)	-	
Investment income	491,190	1,963,507	-
Interest on capital asset-related debt	(427,284)	-	-
Net nonoperating revenues (expenses)	39,112,126	3,586,893	-
Income(loss) before other revenues	2,062,456	2,112,462	9,470
Capital grants and gifts	1,161,035	-	-
Net increase (decrease) in net position	3,223,491	2,112,462	9,470
NET POSITION			
Net position - beginning of year	45,646,293	21,283,505	477,132
Net position - end of year	$ 48,869,784	$ 23,395,967	$ 486,602

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

Hutchinson Community College
Statement of Cash Flows
For the Year Ended June 30, 2023

	2023
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 7,975,796
Federal and state sources	14,648,790
Sales and services of auxiliary enterprises	6,172,481
Private gifts and grants	250,000
Health insurance charges for services	3,402,548
Other operating receipts	226,705
Payments to employees for salaries and benefits	(26,535,773)
Payments to suppliers	(29,326,696)
Loans issued to students	(5,901,717)
Net change in cash flows from operating activities	(29,087,866)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations received	12,473,350
County and local appropriations received	16,106,569
Pell grants received	5,903,419
Private gifts and grants received	1,238,550
Net change in cash flows from noncapital financing activities	35,721,888
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(3,112,807)
Principal paid on debt and capital lease obligations	(1,471,431)
Interest paid on debt and capital lease obligations	(417,231)
Capital gifts and grants received	1,161,035
Net change in cash flows from capital and related financing activities	(3,840,434)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	491,190
Net change in cash flows from investing activities	491,190
Net change in cash and cash equivalents	3,284,778
Cash and cash equivalents - beginning of year	32,060,793
Cash and cash equivalents - end of year	$ 35,345,571
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	$ (37,049,670)
Depreciation and amortization expense	2,856,132
Changes in operating assets and liabilities:	
Receivables, net	2,675,807
Inventories	(287,648)
Accounts payable and accrued expenses	(493,940)
Unearned revenue	6,147
Deferred charge on refunding and related amortization	(19,688)
Compensated absences payable	(3,088)
Early retirement benefits payable	(25,674)
Other postemployment benefits liability	(103,419)
Net pension liabilities	60,523
Deferred inflows and outflows related to pensions and other post employment benefits	(52,204)
Deposits held in custody for others	22,350
Employee benefits paid directly by State of Kansas	3,326,506
Net change in cash flows from operating activities	$ (29,087,866)

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

Hutchinson Community College
Notes to Financial Statements
June 30, 2023

1. Summary of Significant Accounting Policies

Hutchinson Community College (the College) is a public, two-year post-secondary educational institution, organized under the laws of the State of Kansas, and is governed by an elected Board of Trustees. It was established in 1928 to meet the diverse educational needs and interests of the citizens of Reno, Harvey, McPherson, Rice Counties, and adjacent areas, as well as residents from other localities who choose to attend.

The accounting and reporting policies of the College relating to the accompanying financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to public institutions engaged only in business-type activities adopted by the Governmental Accounting Standards Board (GASB). The GASB is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

(a) Reporting Entity

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

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

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

Start Up Hutch is a legally separate, tax-exempt component unit of the College. Start Up Hutch acts primarily as a not-for-profit organization that houses loans for small business entrepreneurship venture activities. They also provide consulting, planning, and patent services. The College has access to the Start Up Hutch's resources for educational services to provide to its students. The College processes the Start Up Hutch's daily operating expenditures. The activity on the books for Start Up Hutch is for loan servicing activities. The Start Up Hutch directly services certain loans and acts as the third party servicer for loans provided through the Kansas Center for Entrepreneurs.

1. Summary of Significant Accounting Policies (Cont.)

(a) Reporting Entity (Cont.)

Because of the financial benefit that Start Up Hutch provides the College through its educational resources, and the financial burden that is generated through the College's processing of the Start Up Hutch's operational expenses, the Start Up Hutch is considered a component unit of the College and is discretely presented in the College's financial statements. For financial reporting purposes only, the Start Up Hutch's statements of financial position and activities are included in the College's financial statements as required by generally accepted accounting principles for public colleges and universities.

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

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

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

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

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

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

Cash and Cash Equivalents and Investments

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

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

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

1. Summary of Significant Accounting Policies (Cont.)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Receivables

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

Inventories

Inventories of the campus store are stated at the lower of cost or net realizable value, cost being determined principally on the basis of average cost. Campus store inventories consist of books, clothing, and supplies. Inventories have been adjusted for obsolete merchandise. Inventories are recorded as an expense when consumed rather than when purchased.

Inventory of educational activities are valued at the estimated sales price less selling costs which is in accordance with established industry practices. Inventory of educational activities relates to crops, livestock, and ag diesel mechanics.

Capital Assets

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

Depreciation is computed on assets having a value of more than $5,000 using the straight-line method over the estimated useful lives of the assets. Depreciation is not allocated to the various functions of the College but is reported separately on these financial statements. The amortization expense of equipment under capital leases is included in depreciation expense.

Estimated useful lives used for calculating depreciation are as follows:

Land improvements – 10 to 15 years
Buildings – 15 to 40 years
Furniture – 10 years
Equipment – 5 to 7 years

Unearned Revenue

Unearned revenue includes amounts received for tuition, fees, and certain auxiliary activities prior to the end of the fiscal year, but related to the subsequent accounting periods. Unearned revenue may also include amounts received from grant and contract sponsors that have not yet been earned.

Federal Financial Assistance Programs

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

1. Summary of Significant Accounting Policies (Cont.)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Compensated Absences Payable

Employee vacation and sick leave pay is accrued at year end for financial statement purposes. The liability is recorded in the statement of net position and a related expense is recorded in the statement of revenues, expenses, and changes in net position.

The amount for vacation payable is based on leave earned, but not taken. Employees are allowed to carry over a limited number of vacation days from year to year.

Unused sick leave is accumulated up to a specified maximum number of days. Upon separation from the College, the compensation is based upon a pre-determined daily dollar amount multiplied by the number of accumulated sick days.

Medical Claims Payable

The medical claims payable relates to the College's self-insured health care program and includes reported, as well as estimated incurred but not reported, medical claims. These are expected to be fully paid within one year of the financial statement date.

Noncurrent Liabilities

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

Pensions

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has two items that qualify for reporting in this category. The first is the deferred charge on refunding resulting from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or original debt. The second is deferred outflows related to other post employment benefits and pensions as actuarially determined and explained in Note 6, 7 and 8, respectively.

1. Summary of Significant Accounting Policies (Cont.)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Deferred Outflows/Inflows of Resources (Cont.)

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The College has one item that qualifies for reporting in this category. It is the deferred inflows relating to other postemployment benefits and pensions as actuarially determined and explained in Note 6, 7 and 8, respectively.

Net Position

The College's net positions are classified as follows:

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

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

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

Unrestricted net position – Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose.

Net Position Flow Assumption

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

Classification of Revenues

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

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

1. Summary of Significant Accounting Policies (Cont.)

(c) Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position (Cont.)

Classification of Revenues (Cont.)

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

Property Tax Information

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

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

Scholarship Allowances

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

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

(a) Budgetary Information

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

2. Stewardship, Compliance, and Accountability (Cont.)

(a) Budgetary Information (Cont.)

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

If the municipality is holding a revnue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or before September 20th. The municipality did hold a revenue neutral rate hearing for this year.

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

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

All legal annual operating budgets are prepared using the regulatory basis of accounting. Regulatory receipts are recognized when cash is received. Expenditures include disbursements, accounts payable, and encumbrances. Encumbrances are commitments for future payment and are supported by a document evidencing the commitment, such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year end. Encumbered appropriations are not re-appropriated in the ensuing year’s budget but are carried forward until liquidated or canceled. Accordingly, the data presented in the budgetary comparison schedules differs from the data presented in the financial statements prepared in accordance with GAAP. The reconciliations are presented on the face of the budgetary comparison schedules.

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

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

Kansas municipalities are subject to the cash-basis law as stated in KSA 10-1113. Some sub-funds of the Restricted Funds have a negative unencumbered cash balance at June 30, 2023, which is allowable under KSA 12-1663. This fund will be reimbursed from federal grants, state grants, and other contracts for expenditures already incurred by the College in the following fiscal year. This combined receivable has been recognized for GAAP purposes on these financial statements.

3. Cash and Cash Equivalents and Investments

As of June 30, 2023, the College had cash and cash equivalents as listed below:

Deposits in financial banking institutions	$ 8,925,428
Treasury bills	26,420,143
Total cash and cash equivalents	$ 35,345,571

3. Cash and Cash Equivalents and Investments (Cont.)

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

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

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

Credit risk – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675. The College's practice is to place idle funds in certificates of deposits, United States obligations, and the Kansas Municipal Investment Pool (KMIP). The KMIP was rated AAAf/S1+ by Standard & Poor's as of March, 2023. The KMIP is permitted to invest in fully collateralized certificates of deposit, certain obligations of the United States, certain repurchase/reverse repurchase agreements, and other types of investments.The fair value of the investments in the pool are the same as the value of the pool shares. The KMIP is managed by the Pool Investment Board of which four members are appointed by the Governor of the State of Kansas.

Custodial credit risk – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. KSA 9-1402 and 9-1405 requires that governments obtain security for all deposits. The College manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks. Monies in the KMIP are not required to have pledged securities. As of June 30, 2023, the College was not exposed to custodial credit risk with its deposits or investments.

Concentration of credit risk – This is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The College manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area and by the fact that the monies in the KMIP are diverse according to the policies of the investment pool.

Component unit – Investments of the Hutchinson Community College Endowment Association consist of mutual funds, treasury obligations, certificates of deposit, and other investments. These investments are managed by the Finance Committee of the Endowment Association. These types of investments are not regulated by Kansas statutes. These investments are subject to all normal market risks.

At June 30, 2023, the College had invested in funds in the State's Municipal Investment Pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. Capital Assets

Capital asset activity for the year ended June 30, 2023, was as follows:

	Beginning Balance	Increases	(Decreases) Adjustments	Ending Balance
Non-depreciable capital assets:				
Land	$ 175,688	$ -	$ -	$ 175,688
Construction in progress	189,284	2,239,850	-	2,429,134
Total non-depreciable capital assets	364,972	2,239,850	-	2,604,822
Depreciable capital assets:				
Improvements	2,976,840	-	-	2,976,840
Buildings	57,985,487	130,266	-	58,115,753
Equipment	14,221,922	742,692	(79,914)	14,884,700
Leased assets	3,604,769	-	-	3,604,769
Total depreciable capital assets	78,789,018	872,958	(79,914)	79,582,062
Less accumulated depreciation:				
Improvements	(2,699,337)	(116,903)	-	(2,816,240)
Buildings	(33,504,085)	(1,652,370)	-	(35,156,455)
Equipment	(11,439,899)	(543,599)	79,740	(11,903,758)
Leased assets	(507,615)	(525,499)	-	(1,033,114)
Total accumulated depreciation	(48,150,936)	(2,838,371)	79,740	(50,909,567)
Total capital assets, net	$ 31,003,054	$ 274,437	$ (174)	$ 31,277,317

Depreciation and amortization expense for the year ended June 30, 2023 is $2,838,371

5. Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2023:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Current Portion
Certificates of Participation	$ 4,940,000	$ -	$ (280,000)	$ 4,660,000	$ 285,000
Premium on Certificates	25,031	-	(1,926)	23,105	1,925
Sports Arena payable	2,250,000	-	(500,000)	1,750,000	500,000
Capital lease obligations	6,805,343	-	(901,432)	5,903,911	931,256
Revenue Bond	4,435,000	-	(290,000)	4,145,000	300,000
Compensated absences	491,268	-	(3,088)	488,180	464,776
Early retirement benefits	212,905	89,533	(115,207)	187,231	118,550
Other post employment benefits	1,050,361	-	(103,419)	946,942	-
Net pension liability	535,118	60,523	-	595,641	-
Total long-term liabilities	$ 20,745,026	$ 150,056	$ (2,195,072)	$ 18,700,010	$ 2,601,507

5. Long-Term Liabilities (Cont.)

The Certificates of Participation and the Sports Arena payable will be liquidated by the General Fund and the Postsecondary Technical Education Fund. The capital lease obligations are liquidated through the Central Administrative Funds and the General Fund. The revenue bond will be paid out of the Capital Project - Series 2019 Cafeteria Project Fund. The compensated absences, early retirement benefits, other post employment benefits, and the pension benefits are generally liquidated by the General Fund and the Postsecondary Technical Education Fund.

(a) Certificates of Participation

The College issued Certificates of Participation Series 2012. The original issue amount was $6,650,000, due in annual principal installments ranging from $210,000 to $375,000 through year 2036. Interest rates vary from 2.00% to 4.00%.

The College issued Certificates of Participation Series 2020. The original issue amount was $3,405,000, due in annual principal installments ranging from $40,000 to $425,000 through year 2036. Interest rate is 2.75%.

The annual debt service requirements for the certificates of participation are as follows:

Year Ending	Principal	Interest	Total
6/30/2024	$ 285,000	$ 123,802	$ 408,802
6/30/2025	290,000	116,325	406,325
6/30/2026	300,000	108,213	408,213
6/30/2027	310,000	99,825	409,825
6/30/2028	320,000	91,163	411,163
6/30/29 - 6/30/33	1,910,000	304,150	2,214,150
6/30/34 - 6/30/36	1,245,000	51,906	1,296,906
Total	$ 4,660,000	$ 895,384	$ 5,555,384

(b) Sports Arena Payable

The College entered into an Interlocal Agreement with the City of Hutchinson to help finance the cost of construction and funding improvements to the Hutchinson Sports Arena. The original agreement amount was $4,500,000, due in annual installments ranging from $250,000 to $500,000 through year 2027. Interest rate is 0%. The College has elected to not impute interest based on guidance in the GASB Comprehensive Implementation Guide.

The annual debt service requirements for the sports arena payable are as follows:

Year Ending	Principal	Interest	Total
6/30/2024	$ 500,000	$ -	$ 500,000
6/30/2025	500,000	-	500,000
6/30/2026	500,000	-	500,000
6/30/2027	250,000	-	250,000
Total	$ 1,750,000	$ -	$ 1,750,000

5. Long-Term Liabilities (Cont.)

(c) Capital Lease Obligations

The College has entered into a lease agreement with Signature Public Funding Corp. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The construction and future equipment totaled $5,055,000 and is included as an asset in the capital assets of the College. The amortization of this equipment has been included in the College's depreciation expense.

The College has entered into a lease agreement with Ricoh. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The copier equipment totaled $36,484 and is included as an asset in the capital assets of the College. The amortization of this equipment has been included in the College's depreciation expense.

The College has entered into a lease agreement with Cedar Hills McPherson. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The building totaled $898,007 and is included as an asset in the capital assets of the College. The amortization of this building has been included in the College's depreciation expense.

The College has entered into a lease agreement with Axtell Education Building. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The building rent totaled $2,253,523 and is included as an asset in the capital assets of the College. The amortization of this building has been included in the College's depreciation expense.

The College has entered into a lease agreement with First National Bank. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The John Deere lawn mowers totaled $21,200 and is included as an asset in the capital assets of the College. The amortization of thislawn mower has been included in the College's depreciation expense.

The College has entered into a lease agreement with First National Bank. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The 2018 Ford Transit totaled $45,299 and is included as an asset in the capital assets of the College. The amortization of this transit has been included in the College's depreciation expense.

The College has entered into a lease agreement with Ideatek. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The fiber totaled $386,740 and is included as an asset in the capital assets of the College. The amortization of the fiber has been included in the College's depreciation expense.

5. Long-Term Liabilities (Cont.)

(c) Capital Lease Obligations

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

Year Ending	Principal	Interest	Total
6/30/2024	$ 931,256	$ 184,497	$ 1,115,753
6/30/2025	902,021	153,271	1,055,292
6/30/2026	722,874	127,518	850,392
6/30/2027	668,364	105,042	773,406
6/30/2028	701,425	83,196	784,621
6/30/29 - 6/30/33	816,877	248,079	1,064,956
6/30/34 - 6/30/38	600,959	149,042	750,001
6/30/39 - 6/30/42	560,135	39,864	599,999
Total	$ 5,903,911	$ 1,090,509	$ 6,994,420

(d) Student Union and Dormitory System Revenue Bond

The College issued Student Union and Dormitory System Revenue Bonds. The original issue amount was $5,000,000, due in annual principal installments ranging from $280,000 to $395,000 through year 2035. Interest rate is 2.56%.

The annual debt service requirements for the revenue bonds are as follows:

Year Ending	Principal	Interest	Total
6/30/2024	$ 300,000	102,272	$ 402,272
6/30/2025	305,000	94,528	399,528
6/30/2026	315,000	86,592	401,592
6/30/2027	325,000	78,400	403,400
6/30/2028	330,000	70,016	400,016
6/30/29 - 6/30/33	1,790,000	216,576	2,006,576
6/30/34 - 6/30/35	780,000	20,096	800,096
Total	$ 4,145,000	$ 668,480	$ 4,813,480

(e) Early Retirement Benefit Plan

At the discretion of the Board of Trustees, the College offers a voluntary early retirement plan to eligible employees. Employees must have completed at least 15 years of full-time and continuous service with the College and must be eligible to receive unreduced KPERS retirement benefits. Benefits apply for a maximum of 38 months, or until the employee is eligible for full social security benefits, whichever occurs first. This benefit program is unfunded and current costs are paid by the General Fund and the Postsecondary Technical Education Fund. For the year ended June 30, 2023, the College paid $140,346 in benefits. The liability for the early retirement benefit plan includes the expected cash outflows discounted at a range of 1.625% to 2.125%. At year end, there were 18 retirees receiving benefits.

5. Long-Term Liabilities (Cont.)

(f) Revenue Bond Covenants

The College is required to maintain certain covenants related to the revenue bond. Specifics of these covenants are as follows:

a. The 2019 Revenue Bond covenants request the number of users served by the Student Union and Dormitory System (System). The number of users totaled 6,903.

b. The 2019 Revenue Bond covenants request information on insurance coverage for the System. Insurance is as follows:

Character	Amount	Expiration Date	Annual Premium
Building & Personal Property	$ 37,039,272	7/1/2023	$ 31,106

In addition to the above listing of insurance, the System is included in the College's general liability insurance coverage of $1,000,000 (single occurrence) and the College's business income insurance coverage.

c. The 2004 Revenue Bond covenants request specific financial information as follows:

	Student Union	Student Housing	Project Fund
Cash	$ 1,957,550	$ 6,074,466	$ 1,860,601
Accounts payable	$ 188	$ 897	$ -
Net Position:			
Unrestricted	1,657,362	6,100,280	1,860,601
Total liabilities and net position	$ 1,657,550	$ 6,101,177	$ 1,860,601

(g) Revenue Bond Covenants (Cont.)

	Student Union	Student Housing	Total
Gross revenue	$ 1,538,180	$ 1,644,915	$ 3,183,095
Gross expenditures	(1,802,836)	(1,549,124)	(3,351,960)
Adjustment			
Capital Purchases	-	369,406	369,406
Transfers to debt service in (out)	300,000	300,000	600,000
Net revenues	$ 35,344	$ 765,197	$ 800,541

d. The 2019 Revenue Bond covenants request information regarding the calculation of the Debt Service Ratio as follows:

Net Revenues	$ 800,541
Debt Service Requirements for Fiscal Year June 30, 2023	402,184
Ratio of Net Revenues to Debt Service Requirements	199%

The College is to maintain a Debt Service Ratio of 125% per the 2019 Revenue Bond convenant. Per above, the College is in compliance with this requirement for the year ended June 30, 2023.

e. The College is in compliance with the arbitrage rebate covenants per the 2019 Revenue Bond covenants.

6. Other Postemployment Benefits Payable (OPEB)

Plan Description

Through its group program the College sponsors Medical / Rx and Dental insurance to qualifying retirees and their dependents. Coverage is provided through a self-funded arrangement with stop-loss coverage. Two Medical plans are available. Qualifying retirees are those employees who are eligible for immediate retirement benefits under the Kansas Public Employees Retirement System and retire prior to Social Security Normal Retirement Age. Retirees may continue coverage with the College by paying the carrier premium rate. Coverage is available until Social Security Normal Retirement Age for retirees and their spouses. Retirees receive a benefit since they aren't charged the full age-based cost. Re-enrollment is not allowed once a participant discontinues enrollment in the College's insurance program.

Effective January 1, 2015 the group insurance of the College is delivered through a self-insured program with stop-loss coverage. Eligible employees may continue coverage upon retirement through the group program. Two medical plan options are available.

Coverage is available until Social Security Normal Retirement Age ("SSNRA"). Spouses may continue coverage upon retiree death or retiree attainment of SSNRA, until the spouse reaches SSNRA. All benefits renew annually each January 1. The College has the following employees covered by the Plan:

Retirees and beneficiaries receiving benefits	12
Active plan members	390
Total	402

Funding Policy

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

Employer Contributions

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

Annual OPEB Cost and Net OPEB Obligation

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

	June 30, 2023
Total OPEB liability - beginning of year	$ 1,050,361
Service cost	56,029
Interest cost	42,447
Changes in benefit terms	-
Differences between actual and expected experience	(102,438)
Changes in assumptions and inputs	(63,457)
Employer contributions (benefit payments)	36,000
Net changes	(103,419)
Net OPEB liability - end of year	$ 946,942

6. Other Postemployment Benefits Payable (OPEB) (Cont.)

The College saw no benefit changes to the disabilitant's percentage of replacement income due to the changes from FY22 to FY23.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.9% in 2022 to 4.0% in 2023 in accordance with GASB 75.

Changes from the beginning to the end of year measurement for FY 2022-2023 are noted below:

- The discount rate changed from 3.9% to 4.0%.
- The assumed salary scale was updated from 2.5% to 3.0%
- The census was updated January 1, 2021 to January 1, 2023.
- The projected per capital costs, assumed trends, fixed costs and retiree contribution premiums were updated as part of the evaluation. The January 1, 2023 renewal was taken into account.
- Considering multiple years of college data, the assumed proportion of future retiring employees electing coverage was revised from 60% for those retiring at ages less than age 60 and 80% for those retiring at ages 60 to 64 to 55% and 75% respectively.

Total OPEB Liability

The College's total OPEB liability of $946,942 reported as of June 30, 2023 was measured as of June 30, 2022 (the measurement date), and was determined by an actuarial valuation as of January 1, 2022, using the following actuarial assumptions:

Salary increases; including wage increases	3.00%
Discount rate	4.00%

Valuation Procedures and Discount Rate

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

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

Mortality rates used for the dealth benefits were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement.

The financial information for fiscal year 2022-23 is based upon a GASB 75 actuarial valuation performed as of January 1, 2022 using the participant census as of January 1, 2022.

The measurement date as selected by the College under GASB 75 Standards is June 30th. The results of the valuation were projected to the beginning of year and end of year measurement dates using standard actuarial techniques.

6. Other Postemployment Benefits Payable (OPEB) (Cont.)

Valuation Procedures and Discount Rate (Cont.)

In the January 1, 2019, actuarial valuation, the Entry Age Normal - Level Percent of pay Actuarial Cost method was applied. The actuarial assumptions included a 3.00% investment rate of return, which is a blended rate of the expected long-term investment returns on Plan assets and on the College's pooled funds and investments. The valuation assumed annual healthcare cost trend rate of 5.75% in the first year and then 5.50% in year two, decreasing by 0.25% until year seven when it reaches an ultimate rate of 4.50%. The valuation followed generally accepted actuarial methods and included tests as considered necessary to assure the accuracy of the results.

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

	1% Decrease	Current Trend Assumption	1% Increase
Net OPEB Liability	$ 841,156	$ 946,942	$ 1,072,414
Increase / (Decrease) from Baseline	83,512	-	125,472

Sensitivity of Net OPEB Liability to changes in the Discount Rate

	1% Decrease 2.9%	Current Single Discount Rate Assumption 3.9%	1% Increase 4.9%
Net OPEB Liability	$ 1,030,454	$ 946,942	$ 870,027
Increase / (Decrease) from Baseline	83,512	-	(76,915)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2023, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Category	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	$ 105,407	$ 625,240
Changes in assumptions	121,652	267,215
Benefit payments subsequent to the measurement date (1)	-	-
Total	$ 227,059	$ 892,455

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

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

Year ended June 30:	Amount
2024	$ (68,875)
2025	(68,875)
2026	(68,875)
2027	(68,875)
2028	(68,875)
Thereafter	(321,021)
	$ (665,396)

7. Other Postemployment Benefit Plan - KPERS Death and Disabilities

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.

Contributions

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended June 30, 2023, totaled ($86,030).

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.

7. Other Postemployment Benefit Plan - KPERS Death and Disabilities (Cont.)

Covered Employees

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

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	407
Total	409

Total OPEB Liability

At June 30, 2022, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $292,025.

Actuarial Assumptions

The financial information for fiscal year 2022-23 is based upon actuarial valuation performed as of December 31, 2021 rolled forward to June 30, 2022, using the participant census as of July 1, 2021.

The measurement date as selected by the College under GASB 75 Standards is June 30th. The results of the valuation were projected to the end of year measurement date using standard actuarial techniques.

Price inflation	2.75%
Salary increases, including wage increases	3.50-10.00%
Discount rate (based on the 20 year municipal bond rate with an average rating of AA/Aa or better, obtained from the index.)	3.54%

Mortality rates used for the death benefits were based on the RP-2014 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using MP-2021. Mortality rates used for the disability benefits were based on the RP-2014 Disabled Life Table with generational mortality improvement using MP-2021.

The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study conducted for three years ending December 31, 2019.

Revenue and OPEB Expense Recorded by the College

For the year ended June 30, 2023, the College recognized revenue and OPEB expense in an equal amount of ($86,030).

8. Defined Benefit Pension Plan

Plan Description

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

8. Defined Benefit Pension Plan (Cont.)

Plan Description (Cont.)

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

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

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

The employer contributions for non-public school district schools, as defined in KSA 74-4931 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, are vocational-technical schools and community junior colleges, are considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the System. Since these employers do not contribute directly to the System for active employees, there is no net pension liability or deferred inflows or outflows to report in the financial statements for active employees. The notes to the College's financial statements must disclose the portion of the nonemployer contributing entities' total proportionate share of the collective net pension liability that is associated with the non-public school district employer. In addition, each non-public school district employer must recognize the pension expense associated with their employer as well as revenue in an amount equal to the nonemployer contributing entities' total proportionate share of the collective pension expense associated with their employer.

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

Benefits Provided

Benefits are established by statute and may only be changed by the Legislature. Members with ten or more years of credited service, may retire as early as age 55, with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member’s combined age and years of credited service equal 85 “points”.

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

Members choose one of seven payment options for their monthly retirement benefits. At retirement a member may receive a lump sum payment of up to 50% of the actuarial present value of the member’s lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc post retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

8. Defined Benefit Pension Plan (Cont.)

Benefits Provided (Cont.)

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.

Contributions

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

For fiscal years beginning in 1995, Kansas legislation established statutory limits on increases in contribution rates for KPERS employers. Annual increases in the employer contribution rates related to subsequent benefit enhancements are not subject to these limitations. The statutory cap increase over the prior year contribution rate is 1.20% of total payroll for the fiscal year ended June 30, 2022.

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

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

The College's contractually required contributions rate for the actuarial report date year ended June 30, 2022, was 14.20% of the annual college payroll of which .01% of payroll was required from the College and 99.99% of payroll was required from the State. The College's contributions to the pension plan were $58,388 for the year ended June 30, 2022 (actuarial report date).

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

8. Defined Benefit Pension Plan (Cont.)

Employer Allocations

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

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

To facilitate the separate (sub) actuarial valuations, 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.

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

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

College's proportionate share of the net pension liability	$ 595,641
State's proportionate share of the net pension liability associated with the College	3,236,640
	$ 3,832,281

The net pension liability was measured as of December 31, 2021, which was rolled forward to June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of the that date. The College's proportion of the net pension liability was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal year ended June 30, 2022. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2022, the combined College and State's proportion was 0.4843%, which was a decrease of .01% from its proportion measured as of the year ended June 30, 2021.

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

There were no changes between the measurement date of December 31, 2021, rolled forward to June 30, 2022, and the College's reporting date of June 30, 2023.

8. Defined Benefit Pension Plan (Cont.)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Cont.)

For the year ended June 30, 2023, the College recognized pension expense of $3,412,536 and revenue of $3,412,536 for support provided by the state. For the portion related to the "working after retirement" the College recognized pension expense of $19,210, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. At the measurement date of June 30, 2022, the College reported deferred outflows of resources and deferred inflows of resources related to pensions for the College from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 13,202	$ 259
Changes of assumptions	91,561	-
Net difference between projected and actual earnings on pension plan investments	50,164	-
Changes in proportion and differences between College contributions and proportionate share of contributions	3,718	88,006
Total	$ 158,645	$ 88,265

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

Year ended June 30:	Amount
2024	$ 16,196
2025	15,365
2026	3,138
2027	35,874
2028	(193)
Thereafter	-
	$ 70,380

The total pension liability recognized by the State and the portion recognized by the College, were determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022, using the following actuarial assumptions, applied to all periods included in the measurement:

• Price Inflation	2.75 percent
• Wage inflation	3.50 percent
• Salary increases, including wage increases	3.50 to 12.00 percent, including inflation
• Long-term rate of return, net of investment expense, and including price inflation	7.00 percent

Mortality rates were based on the RP 2014 Mortality Tables, with age setbacks and age set forwards as well as other adjustments based on different membership groups. Future mortality improvements are anticipated using Scale MP-2016.

8. Defined Benefit Pension Plan (Cont.)

Actuarial Assumptions

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%	

The discount rate used to measure the total pension liability at the measurement date of June 30, 2022 was 7.00 percent. The discount rate used to measure total pension liability at the prior measurement date of June 30, 2021 was 7.25 percent. 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. In KPERS, the State/School and Local groups do not necessarily contribute the full actuarial determined rate. Based on legislation first passed in 1993 and subsequent legislation, the employer contribution rates certified by the Board may not increase by more than the statutory cap. The statutory cap for Fiscal Year 2022 was 1.2 percent.

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

8. Defined Benefit Pension Plan (Cont.)

Actuarial Assumptions (Cont.)

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

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

The table below presents the net pension liability of the Pension Plan as of June 30, 2022, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
$842,057	$595,641	$389,709

9. Risk Management

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

The College has established a self-insured health care program for eligible College employees and covered dependents. The activity is reported in an internal service fund on these financial statements. The College limits its exposure through specific and aggregate stop-loss coverage. All claims handling procedures are performed by a third-party claims administrator. Reported unpaid claims, as well as incurred but not reported claims, have been accrued as a liability based upon the claims administrator's estimate. These claims are expected to be fully paid within one year of the financial statement date.

Changes in claims liabilities during the past year is summarized below:

Unpaid claims, June 30, 2022	$ 231,905
Claims incurred (including incurred but not reported)	2,232,887
Claim payments	(2,222,913)
Unpaid claims, June 30, 2023	$ 241,879

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

The Hutchinson Community College Endowment Association paid $478,770 in student scholarships during the current fiscal year.

The College provides administrative support, office space, and other services to the Hutchinson Community College Endowment Association. The Endowment Association does not reimburse the College for expenses incurred.

11. Contingent Liabilities

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

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

12. Segment Information

The College issued revenue bonds to finance activities of its auxiliary enterprise funds. Investors in those bonds rely on the revenue generated by the individual activities for repayment. Descriptive information for the College's segment is listed below.

Student Union and Dormitory System Revenue Bonds Series 2019

The revenues pledged to this Series 2019 bonds consist of net revenues generated from the Dormitory system and the Union system of the College. The condensed financial information for this segment is as follows:

Condensed Statement of Net Assets

Assets:	
Current assets	$ 8,032,017
Capital asset, net	-
Total assets	$ 8,032,017
Liabilities:	
Current liabilities	$ 1,085
Net Position:	
Invested in capital assets, net of related debt	-
Unrestricted	8,030,932
Total net position	8,030,932
Total liabilities and net position	$ 8,032,017

12. Segment Information (Cont.)

Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating Revenue	$ 3,183,095
Depreciation and amortization expense	-
Other operating expense	(3,078,670)
Operating income	104,425
Beginning net position	7,926,507
Ending net position	$ 8,030,932
Condensed Statement of Cash Flows	
Net change in cash for:	
Operating activities	$ 104,404
Beginning cash and cash equivalents	7,927,613
Ending cash and cash equivalents	$ 8,032,017

13. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

Hutchinson Community College

Schedule of Changes in the Net OPEB Liability - Healthcare
For the Year Ended June 30, 2023

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability - Beginning of year	$ 1,050,361	$ 1,283,107	$ 1,114,475	$ 1,047,512	$ 1,501,478	$ 1,306,130	For 2014 to 2017, this data is not yet available.			
Service Cost	56,029	82,481	85,776	82,656	106,096	95,133	For 2014 to 2017, this data is not yet available.			
Interest Cost	42,447	26,902	30,921	33,455	52,604	46,521	For 2014 to 2017, this data is not yet available.			
Changes in Benefit Terms	-	-	-	-	-	-	For 2014 to 2017, this data is not yet available.			
Differences between actual and expected experience	(102,438)	-	158,147	(92,815)	(177,219)	-	For 2014 to 2017, this data is not yet available.			
Changes in assumptions and inputs	(63,457)	(301,129)	(84,212)	73,667	(408,447)	119,694	For 2014 to 2017, this data is not yet available.			
Employer contributions	(36,000)	(41,000)	(22,000)	(30,000)	(27,000)	(66,000)	For 2014 to 2017, this data is not yet available.			
Net Changes	(103,419)	(232,746)	168,632	66,963	(453,966)	195,348	For 2014 to 2017, this data is not yet available.			
Total OPEB Liability - End of year	$ 946,942	$ 1,050,361	$ 1,283,107	$ 1,114,475	$ 1,047,512	$ 1,501,478	For 2014 to 2017, this data is not yet available.			

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2014-2017 is not available under the measurement requirements of GASB 75.

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

Hutchinson Community College

Schedule of the College's Proportionate Share of the Net OPEB Liability - Healthcare
For the Year Ended June 30, 2023

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability	$ 946,942	$ 1,050,361	$ 1,283,107	$ 1,114,475	$ 1,047,512	$ 1,501,478	For 2014 to 2017, this data is not yet available.			
Fiduciary net position	-	-	-	-	-	-	For 2014 to 2017, this data is not yet available.			
Net OPEB liability	$ 946,942	$ 1,050,361	$ 1,283,107	$ 1,114,475	$ 1,047,512	$ 1,501,478	For 2014 to 2017, this data is not yet available.			
Fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	For 2014 to 2017, this data is not yet available.			
Covered-employee payroll	$ 19,545,549	$ 17,385,330	$ 17,385,330	$ 17,718,513	$ 17,718,513	$ 16,380,554	For 2014 to 2017, this data is not yet available.			
Net OPEB liability as a percentage of covered-employee payroll	4.80%	7.40%	7.40%	6.30%	5.90%	9.20%	For 2014 to 2017, this data is not yet available.			

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2014-2017 is not available under the measurement requirements of GASB 75.

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

Hutchinson Community College

Schedule of the College's Proportionate Share of the Net OPEB Liability - KPERS Death and Disability
For the Year Ended June 30, 2023

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total OPEB Liability	$ 292,025	$ 205,995	$ 367,422	$ 196,262	$ 232,922	$ 236,547	For 2014 to 2017, this data is not yet available.			
Fiduciary net position	-	-	-	-	-	-	For 2014 to 2017, this data is not yet available.			
Net OPEB liability	$ 292,025	$ 205,995	$ 367,422	$ 196,262	$ 232,922	$ 236,547	For 2014 to 2017, this data is not yet available.			
Nonemployer contributing entities' total proportionate share of collective net OPEB liability	$ 292,025	$ 205,995	$ 367,422	$ 196,262	$ 232,922	$ 236,547	For 2014 to 2017, this data is not yet available.			
Employer's proportionate share of the collective net OPEB liability	-	-	-	-	-	-	For 2014 to 2017, this data is not yet available.			
Covered-employee payroll	$ 23,729,451	$ 22,165,262	$ 22,702,375	$ 22,321,396	$ 21,688,860	$ 20,900,301				
Nonemployer's proportionate share of collective net OPEB liability as a percentage of covered-employee payroll	1.23%	0.93%	1.62%	0.88%	1.07%	1.13%				
Plan fiduciary net position as a percentage of the total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	For 2014 to 2017, this data is not yet available.			

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2014-2017 is not available under the measurement requirements of GASB 75.

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

Hutchinson Community College

Schedule of the College's OPEB Contributions - KPERS Death & Disability
For the Year Ended June 30, 2023

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

	2022	2022	2021	2020	2019	2018	2017	2016	2015	2014
Statutorily required OPEB contributions	$ 86,030	$ 94,914	$ 14,982	$ 193,861	$ 15,750	$ 17,715	For 2014 to 2017, this data is not yet available.			
OPEB contributions in relation to statutorily required contributions**	86,030	94,914	14,982	193,861	15,750	17,715	For 2014 to 2017, this data is not yet available.			
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -				
College's covered-employee payroll	$ 23,729,451	$ 22,165,262	$ 22,702,375	$ 22,321,396	$ 21,688,860	$ 20,900,301	For 2014 to 2017, this data is not yet available.			
OPEB contributions as a percentage of covered payroll	0.36%	0.43%	0.07%	0.87%	0.07%	0.08%	For 2014 to 2017, this data is not yet available.			

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

** Contributions in relation to statutorily required OPEB contributions are the contributions an employer actually made to the OPEB Plan, as distinct from statutorily required contributions.

Hutchinson Community College

Schedule of the College's Proportionate Share of the Net Pension Liability
For the Year Ended June 30, 2023

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
College's proportion share of the net pension liability (asset)	0.007%	0.006%	0.008%	0.003%	0.007%	0.009%	0.004%	0.002%	0.000%	0.00%
College's proportionate share of the net pension liability (asset)	$ 595,641	$ 535,118	$ 718,426	$ 670,120	$ 658,481	$ 824,216	$ 393,733	$ 391,006	$ -	0.00%
State's proprotionate share of the net pension liability (asset)	0.371%	0.287%	0.385%	0.122%	0.354%	0.357%	0.352%	0.125%	0.348%	$ 0
State's proprotionate share of the net pension liability (asset)	$ 33,017,142	$ 26,216,792	$ 35,497,134	$ 31,182,658	$ 31,533,420	$ 32,588,272	$ 32,468,359	$ 32,053,273	$ 28,836,666	$ 32,815,043
Total collective net pension liability (asset)	$ 33,612,783	$ 26,751,910	$ 36,215,560	$ 31,852,778	$ 32,191,901	$ 33,412,488	$ 32,862,092	$ 32,444,279	$ 28,836,666	$ 32,815,043
College's covered-employee payroll	$ 26,030,026	$ 24,725,907	$ 23,825,127	$ 23,905,910	$ 22,117,866	$ 22,028,170	$ 21,157,899	$ 20,515,939	$ 20,209,665	$ 19,614,418
Toal collective net pension liability (asset) as a percentage of its covered-employee payroll	129.131%	108.194%	152.006%	133.242%	145.547%	151.681%	155.318%	158.142%	142.688%	167.30%
Plan fiduciary net position as a percentage of the total pension liability	69.752%	68.876%	67.119%	65.097%	68.876%	67.119%	65.097%	64.946%	66.602%	59.94%

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

Hutchinson Community College

Schedule of College Contributions
For the Year Ended June 30, 2023

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 58,388	$ 66,995	$ 68,518	$ 66,702	$ 57,805	$ 60,813	$ 27,378	$ 24,530	$ -	$ -
Contributions in relation to the contractually required contribution	(58,388)	(66,995)	(68,518)	(66,702)	(57,805)	(60,813)	(27,378)	(24,530)	-	-
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 26,030,026	$ 24,725,907	$ 23,825,127	$ 23,905,910	$ 22,117,866	$ 22,028,170	$ 21,157,899	$ 20,515,939	$ -	$ -
Contributions as a percentage of covered-employee payroll	0.22%	0.27%	0.29%	0.28%	0.26%	0.28%	0.13%	0.12%	0.00%	0.00%

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

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

Hutchinson Community College

Notes to Required Supplementary Information
For the Year Ended June 30, 2023

Other Postemployment Benefits - Healthcare

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes from the beginning to the end of year measurement for FY 2022-23 are noted below:

- The discount rate changed from 3.9% to 4.0%
- The assumed salary scale was revised from 2.0% to 2.5%
- The per capita costs, retiree contribution premiums and trend assumptions were updated were updated taking into account the September 1, 2023 renewal.

Other Postemployment Benefits - KPERS Death and Disabilities

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

- Changes of assumptions and other inputs reflect a change in the discount rate from 2.16% in June 30, 2021 actuarial report to 3.54% at June 30, 2022, actuarial report.
- Mortality rates used for the death benefits were based on the RP-2014 Healthy Annuitant Mortality Table for Males and Females, adjusted for generational mortality improvement using MP-2018. Mortality rates used for the disability benefits were based on the RP-2014 Disabled Life Table with generational mortality improvement using MP-2021.

Defined Benefit Pension Plan

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

Changes from the beginning to the end of year measurement for the valuation report dated June 30, 2022, are noted below:

- Price inflation remained unchanged at 2.75 percent
- Investment return assumption was lowered from 7.25 percent to 7.00 percent componded annually, net of investment expense, and including price inflation
- General wage growth assumption was raised from 3.5 percent to 12.00 percent, including price inflation

SUPPLEMENTARY INFORMATION

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
General Fund
Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 6,202,760	$ 6,202,760	$ 6,468,079	$ 265,319
State sources	6,666,660	6,666,660	6,666,660	-
Local sources	16,578,625	16,578,625	16,087,307	(491,318)
Other sources	2,363,025	2,363,025	239,975	(2,123,050)
Total Cash Receipts	$ 31,811,070	$ 31,811,070	29,462,021	$ (2,349,049)
Expenditures and Transfers Subject to Budget				
Instruction	7,009,389	7,009,389	6,056,044	(953,345)
Public service	573,174	573,174	18,544	(554,630)
Academic support	2,566,385	2,566,385	1,638,264	(928,121)
Student services	6,819,685	6,819,685	5,958,895	(860,790)
Institutional support	5,717,359	5,717,359	4,083,904	(1,633,455)
Operation and maintenance	5,041,880	5,041,880	3,492,380	(1,549,500)
Scholarships	1,283,528	1,283,528	212,339	(1,071,189)
Transfer to Postsecondary Technical Education Fund	6,500,000	6,500,000	6,500,000	-
Nonmandatory transfers out	4,544,000	4,544,000	3,337,820	(1,206,180)
Total Expenditures and Transfers Subject to Budget	$ 40,055,400	$ 40,055,400	31,298,190	$ (8,757,210)
Receipts Over (Under) Expenditures			(1,836,169)	
Unencumbered Cash, July 1			17,798,455	
Unencumbered Cash, June 30			$ 15,962,286	
Unencumbered Cash, June 30			$ 15,962,286	
Receivables			46,687	
GAAP fund balance (internal books)			$ 16,008,973	

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Postsecondary Technical Education Fund
Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 2,701,946	$ 2,701,946	$ 4,026,698	$ 1,324,752
Federal sources	311,199	311,199	378,302	67,103
State sources	5,306,131	5,306,131	6,360,483	1,054,352
Local sources	(800,000)	(800,000)	-	800,000
Other sources	185,119	185,119	(56,757)	(241,876)
Transfer from General Fund	6,500,000	6,500,000	6,500,000	-
Total Cash Receipts	$ 14,204,395	$ 14,204,395	17,208,726	$ 3,004,331
Expenditures Subject to Budget				
Instruction	$ 8,666,512	$ 8,666,512	8,657,255	$ (9,257)
Public service	343,957	343,957	390,308	46,351
Academic support	1,170,043	1,170,043	1,108,391	(61,652)
Student services	861,995	861,995	1,171,771	309,776
Institutional support	2,051,906	2,051,906	2,646,764	594,858
Operation and maintenance	1,688,255	1,688,255	2,256,398	568,143
Total Expenditures Subject to Budget	$ 14,782,668	$ 14,782,668	16,230,887	$ 1,448,219
Receipts Over (Under) Expenditures			977,839	
Unencumbered Cash, July 1			3,806,152	
Unencumbered Cash, June 30			$ 4,783,991	
Detail of unencumbered cash balance:				
Vocational Education Fund			$ 4,783,991	
Unencumbered Cash, June 30			$ 4,783,991	
Receivables			-	
Unearned revenue			-	
GAAP fund balance (internal books)			$ 4,783,991	

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Education Fund
Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Federal sources	$ 319,406	$ 319,406	$ 120,217	$ (199,189)
State sources	68,760	68,760	59,735	(9,025)
Local sources	24,490	24,490	19,250	(5,240)
Other sources	159,986	159,986	168,406	8,420
Total Cash Receipts	$ 572,642	$ 572,642	367,608	$ (205,034)
Expenditures Subject to Budget				
Instruction	$ 257,161	$ 257,161	234,282	$ (22,879)
Academic support	221,834	221,834	133,326	(88,508)
Total Expenditures Subject to Budget	$ 478,995	$ 478,995	367,608	$ (111,387)
Receipts Over (Under) Expenditures			-	
Unencumbered Cash, July 1			13,582	
Unencumbered Cash, June 30			$ 13,582	
Unencumbered Cash, June 30			$ 13,582	
Receivables			-	
GAAP fund balance (internal books)			$ 13,582	

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Supplementary Fund
Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 327,007	$ 327,007	$ 531,428	$ 204,421
State sources	30,000	30,000	-	(30,000)
Private gifts and grants	142,258	142,258	-	(142,258)
Other sources	138,641	138,641	161,189	22,548
Total Cash Receipts	$ 637,906	$ 637,906	692,617	$ 54,711
Expenditures Subject to Budget				
Instruction	$ 626,817	$ 626,817	$ 826,470	$ 199,653
Total expenditures	$ 626,817	$ 626,817	826,470	$ 199,653
Receipts Over (Under) Expenditures			(133,853)	
Unencumbered Cash, July 1			846,175	
Unencumbered Cash, June 30			$ 712,322	
Unencumbered Cash, June 30			$ 712,322	
Receivables			26,453	
GAAP fund balance (internal books)			$ 738,775	

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Motorcycle Driver Safety Fund
Year Ended June 30, 2023

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 72,102	$ 72,102	$ 45,110	$ (26,992)
State sources	57,970	57,970	12,136	(45,834)
Other sources	30,000	30,000	1,450	(28,550)
Total Cash Receipts	$ 160,072	$ 160,072	58,696	$ (101,376)
Expenditures Subject to Budget				
Instruction	$ 207,565	$ 207,565	28,112	$ (179,453)
Total Expenditures Subject to Budget	$ 207,565	$ 207,565	28,112	$ (179,453)
Receipts Over (Under) Expenditures			30,584	
Unencumbered Cash, July 1			242,224	
Unencumbered Cash, June 30			$ 272,808	
Unencumbered Cash, June 30			$ 272,808	
Receivables			-	
GAAP fund balance (internal books)			$ 272,808	

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Auxiliary Enterprise Funds - Combined
Year Ended June 30, 2023

	Budgeted Amounts		Actual				Variance With Final
	Original	Final	Student Service Enterprises	Academic Enterprises	Central Administration	Total Budgetary Basis	Budget Over (Under)
Cash Receipts							
Student sources	$ 1,102,373	$ 1,102,373	$ 1,057,693	$ 4,200	$ -	$ 1,061,893	$ (40,480)
State sources	-	-	-	102,800	-	102,800	102,800
Federal sources	6,540	6,540	-	8,683	-	8,683	2,143
Private gifts and grants	325,600	325,600	74,215	-	-	74,215	(251,385)
Sales	5,660,387	5,660,387	3,976,837	294,700	592,482	4,864,019	(796,368)
Other	1,580,526	1,580,526	64,501	334,838	52,385	451,724	(1,128,802)
Total Cash Receipts	$ 8,675,426	$ 8,675,426	5,173,246	745,221	644,867	6,563,334	$ (2,112,092)
Expenditures and Transfers Subject to Budget							
Salaries and benefits	$ 609,345	$ 609,345	197,545	256,539	65,913	519,997	$ (89,348)
General operating	2,964,310	2,964,310	1,013,298	166,490	810,955	1,990,743	(973,567)
Supplies	572,452	572,452	193,638	85,211	122,210	401,059	(171,393)
Scholarships	1,566,554	1,566,554	1,196,877	9,600	-	1,206,477	(360,077)
Cost of sales	2,300,416	2,300,416	1,827,650	171,286	-	1,998,936	(301,479)
Capital expenses	1,076,419	1,076,419	369,406	219	246,346	615,971	(460,448)
Mandatory transfers out (in)	-	-	326,710	-	-	326,710	326,710
Nonmandatory transfers out (in)	156,000	156,000	175,366	(26,087)	(416,500)	(267,221)	(423,221)
Total Expenditures and Transfers Subject to Budget	$ 9,245,496	$ 9,245,496	5,300,490	663,258	828,924	6,792,672	$ (2,452,823)
Receipts Over (Under) Expenditures			(127,244)	81,963	(184,057)	(229,338)	
Unencumbered Cash, July 1			11,798,820	49,521	(3,815,846)	8,032,495	
Unencumbered Cash, June 30			$ 11,671,576	$ 131,484	$ (3,999,903)	$ 7,803,157	*
Unencumbered Cash, June 30			$ 11,671,576	$ 131,484	$ (3,999,903)	$ 7,803,157	
Receivables			1,272	53,286	-	54,558	
Inventory			845,449	253,665	-	1,099,114	
GAAP fund balance (internal books)			$ 12,518,297	$ 438,435	$ (3,999,903)	$ 8,956,829	

* Exempt from Cash-Basis Law (KSA 10-1116).

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Student Service Enterprise Funds
Year Ended June 30, 2023

	Budgeted Amounts		Actual					Variance With Final
	Original	Final	Athletics	Campus Store	Student Union	Student Housing	Total Budgetary Basis	Budget Over (Under)
Cash Receipts								
Student sources	$ 1,102,373	$ 1,102,373	$ 914,953	$ -	$ 71,370	$ 71,370	$ 1,057,693	$ (44,680)
Private gifts and grants	325,600	325,600	74,215	-	-	-	74,215	(251,385)
Sales	4,557,663	4,557,663	74,918	968,617	1,458,333	1,474,969	3,976,837	(580,826)
Other	899,900	899,900	(44,941)	2,389	8,477	98,576	64,501	(835,399)
Total Cash Receipts	$ 6,885,536	$ 6,885,536	1,019,145	971,006	1,538,180	1,644,915	5,173,246	$ (1,712,290)
Expenditures and Transfers Subject to Budget								
Salaries and benefits	$ 240,083	$ 240,083	$ -	$ 197,545	$ -	$ -	$ 197,545	$ (42,538)
General operating	1,438,481	1,438,481	-	93,960	205,992	713,346	1,013,298	(425,183)
Supplies	225,656	225,656	-	7,203	20,062	166,373	193,638	(32,018)
Scholarships	1,533,854	1,533,854	1,196,877	-	-	-	1,196,877	(336,977)
Cost of sales	2,080,492	2,080,492	-	825,868	1,001,782	-	1,827,650	(252,842)
Capital expenses	791,490	791,490	-	-	-	369,406	369,406	(422,084)
Mandatory transfers out (in)	-	-	-	-	-	326,710	326,710	326,710
Nonmandatory transfers out (in)	600,000	600,000	(210,000)	110,366	275,000	-	175,366	(424,634)
Total Expenditures and Transfers Subject to Budget	$ 6,910,056	$ 6,910,056	986,877	1,234,942	1,502,836	1,575,835	5,300,490	$ (1,609,566)
Receipts Over (Under) Expenditures			32,268	(263,936)	35,344	69,080	(127,244)	
Unencumbered Cash, July 1			6,577	3,865,736	1,922,018	6,004,489	11,798,820	
Unencumbered Cash, June 30			$ 38,845	$ 3,601,800	$ 1,957,362	$ 6,073,569	$11,671,576	*
Unencumbered Cash, June 30			$ 38,845	$ 3,601,800	$ 1,957,362	$ 6,073,569	$11,671,576	
Receivables			-	1,272	-	-	1,272	
Inventory			-	845,449	-	-	845,449	
GAAP fund balance (internal books)			$ 38,845	$ 4,448,521	$ 1,957,362	$ 6,073,569	$12,518,297	

* Exempt from Cash-Basis Law (KSA 10-1116).

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Academic Enterprise Funds
Year Ended June 30, 2023

	Budgeted Amounts		Actual											Variance With Final
	Original	Final	Child Care	Ag Mechanics	Crops	Bldg Construct	Livestock	South Campus Motor	RCIC	OSHA	Mine Safety	Wildland Fire Science	Total Budgetary Basis	Budget Over (Under)
Cash Receipts														
Federal sources	$ 6,540	$ 6,540	$ 8,683	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,683	$ 2,143
State sources	-	-	102,800	-	-	-	-	-	-	-	-	-	102,800	102,800
Student sources							4,200						4,200	
Private gifts and grants	100,000	100,000	-	-	-	-	-	-	-	-	-	-	-	(100,000)
Sales	400,728	400,728	83,685	55,151	6,229	-	76,672	72,963	-	-	-	-	294,700	(106,028)
Other	445,308	445,308	-	-	25,571	-	-	(50)	37,395	45,099	226,823	-	334,838	(110,470)
Total Cash Receipts	$ 952,576	$ 952,576	195,168	55,151	31,800	-	80,872	72,913	37,395	45,099	226,823	-	745,221	$ (211,555)
Expenditures and Transfers Subject to Budget														
Salaries and benefits	$ 289,124	$ 289,124	$ 112,341	$ -	$ -	$ -	$ 5,978	$ -	$ -	$ -	$ 138,220	$ -	256,539	$ (32,585)
General operating	286,148	286,148	11,977	1,553	695	-	22,497	4,187	-	2,783	112,309	10,489	166,490	(119,658)
Supplies	149,460	149,460	1,404	1,280	-	-	-	56,018	-	2,366	24,143	-	85,211	(64,249)
Scholarships	32,700	32,700	-	-	2,000	-	7,600	-	-	-	-	-	9,600	(23,100)
Cost of sales	219,924	219,924	-	67,535	30,450	-	62,935	3,856	5,937	-	573	-	171,286	(48,638)
Capital expenses	37,306	37,306	219	-	-	-	-	-	-	-	-	-	219	(37,087)
Nonmandatory transfers out (in)	(27,500)	(27,500)	(30,475)	-	-	-	-	-	-	1,485	2,903	-	(26,087)	1,413
Total Expenditures and Transfers Subject to Budget	$ 987,162	$ 987,162	95,466	70,368	33,145	-	99,010	64,061	5,937	6,634	278,148	10,489	663,258	$ (323,904)
Receipts Over (Under) Expenditures			99,702	(15,217)	(1,345)	-	(18,138)	8,852	31,458	38,465	(51,325)	(10,489)	81,963	
Unencumbered Cash, July 1			(38,425)	(135,880)	4,141	914	(173,706)	112,231	(3,401)	64,475	174,255	44,917	49,521	
Unencumbered Cash, June 30			$ 61,277	$ (151,097)	$ 2,796	$ 914	$ (191,844)	$ 121,083	$ 28,057	$ 102,940	$ 122,930	$ 34,428	$ 131,484	*
Unencumbered Cash, June 30			$ 61,277	$ (151,097)	$ 2,796	$ 914	$ (191,844)	$ 121,083	$ 28,057	$ 102,940	$ 122,930	$ 34,428	$ 131,484	
Receivables			1,743	21,068	-	-	-	-	-	2,561	27,914	-	53,286	
Inventory			-	35,638	10,877	-	207,150	-	-	-	-	-	253,665	
GAAP fund balance (internal books)			$ 63,020	$ (94,391)	$ 13,673	$ 914	$ 15,306	$ 121,083	$ 28,057	$ 105,501	$ 150,844	$ 34,428	$ 438,435	

* Exempt from Cash-Basis Law (KSA 10-1116).

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Central Administrative Service Funds
Year Ended June 30, 2023

	Budgeted Amounts		Actual							Variance With Final
	Original	Final	Postage	Motor Pool	Telephone	Copier	Parking	Tuition Advance	Total Budgetary Basis	Budget Over (Under)
Cash Receipts										
Sales	$ 701,996	$ 701,996	$ 82,824	$ 103,656	$ 193,804	$ 130,248	$ 17,032	$ 64,918	$ 592,482	$ (109,514)
Other	235,318	235,318	453	2,631	-	-	-	49,301	52,385	(182,933)
Total Cash Receipts	$ 937,314	$ 937,314	83,277	106,287	193,804	130,248	17,032	114,219	644,867	$ (292,447)
Expenditures and Transfers Subject to Budget										
Salaries and benefits	$ 80,138	$ 80,138	$ -	$ 65,913	$ -	$ -	$ -	$ -	65,913	$ (14,225)
General operating	1,239,681	1,239,681	107,163	213,399	282,839	127,550	9,713	70,291	810,955	(428,726)
Supplies	197,336	197,336	-	99,197	-	23,013	-	-	122,210	(75,126)
Capital expenses	247,623	247,623	-	-	246,346	-	-	-	246,346	(1,277)
Nonmandatory transfers out (in)	(416,500)	(416,500)	(46,500)	(150,000)	(100,000)	(60,000)	(60,000)	-	(416,500)	-
Total Expenditures and Transfers Subject to Budget	$ 1,348,278	$ 1,348,278	60,663	228,509	429,185	90,563	(50,287)	70,291	828,924	$ (519,354)
Receipts Over (Under) Expenditures			22,614	(122,222)	(235,381)	39,685	67,319	43,928	(184,057)	
Unencumbered Cash, July 1			142,245	203,808	249,513	99,522	316,757	(4,827,691)	(3,815,846)	
Unencumbered Cash, June 30			$ 164,859	$ 81,586	$ 14,132	$ 139,207	$ 384,076	$ (4,783,763)	$ (3,999,903)	*
Unencumbered Cash, June 30			$ 164,859	$ 81,586	$ 14,132	$ 139,207	$ 384,076	$ (4,783,763)	$ (3,999,903)	
Receivables			-	-	-	-	-	-	-	
GAAP fund balance (internal books)			$ 164,859	$ 81,586	$ 14,132	$ 139,207	$ 384,076	$ (4,783,763)	$ (3,999,903)	

* Exempt from Cash-Basis Law (KSA 10-1116).

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Capital Outlay Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Local sources	$ 425,072	$ 425,072	$ 12	$ (425,060)
Private gifts	-	-	87,000	87,000
Other sources	110,198	110,198	90,999	(19,199)
Transfers (in)	4,000,000	4,000,000	4,000,000	-
Total Cash Receipts	$ 4,535,270	$ 4,535,270	4,178,011	$ (357,259)
Expenditures and Transfers Subject to Budget				
Institutional support	$ -	$ -	$ 3,795	$ 3,795
Capital expense	6,265,347	6,265,347	3,462,909	(2,802,438)
Other	-	-	59,900	59,900
Total Expenditures and Transfers Subject to Budget	$ 6,265,347	$ 6,265,347	3,526,604	$ (2,738,743)
Receipts Over (Under) Expenditures			651,407	
Unencumbered Cash, July 1			4,816,417	
Unencumbered Cash, June 30			$ 5,467,824	
Unencumbered Cash, June 30			$ 5,467,824	
Receivables			-	
GAAP fund balance (internal books)			$ 5,467,824	

Hutchinson Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Revenue Bond Fund
Year Ended June 30, 2023

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Transfers (in)	$ 600,000	$ 600,000	$ 600,000	$ -
Expenditures and Transfers Subject to Budget				
Principal	$ 483,000	$ 483,000	290,000	$ (193,000)
Interest and fees	173,684	173,684	109,824	(63,860)
Total Expenditures and Transfers Subject to Budget	$ 656,684	$ 656,684	399,824	$ (256,860)
Receipts Over (Under) Expenditures			200,176	
Unencumbered Cash, July 1			393,400	
Unencumbered Cash, June 30			$ 593,576	
Unencumbered Cash, June 30			$ 593,576	
Receivables			-	
GAAP fund balance (internal books)			$ 593,576	

SINGLE AUDIT SECTION

Hutchinson Community College
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Number	Identifying Number	Disbursements/ Expenditures
Department of Education			
Direct Programs:			
Student Financial Aid (SFA) Cluster			
Supplemental Education Opportunity Grant	84.007	P007A181519	$ 150,000
Federal Work Study Program	84.033	P033A181519	115,000
PELL Grant	84.063	P063P180142	5,903,441
Federal Direct Student Loan	84.268	P268K190142	4,030,281
Total Student Financial Aid (SFA) Cluster			10,198,722
Cares Act Cluster (COVID-19)			
Higher Education Emergency Relief Fund Student Aid Portion	84.425E	P425E205064	445,613
Higher Education Emergency Relief Fund Institutional Portion	84.425F	P425F204025	2,279,956
Governor's Emergency Education Relief	84.425C		80,000
Total Cares Act Cluster			2,805,569
Passed Through Kansas Board of Regents:			
Adult Education State Grant	84.002		120,217
Vocational Education - Basic	84.048		423,634
Total passed through Kansas Board of Regents			543,851
TOTAL DEPARTMENT OF EDUCATION			13,548,142
Department of Labor			
Direct Programs:			
Mine Health and Safety	17.600	MS-35385-20-55-R-20	33,502
Safe Mine Safety Grant	17.600	BS-02001-19-60-20	126,049
Brookwood-Sago	17.603	BS-39199-B-22	8,154
Apprenticeships USA Grants	17.285	AP-33025-19-75-A-11	108,962
TOTAL DEPARTMENT OF LABOR			276,667
Department of Agriculture			
Passed Through State Department of Education:			
Child and Adult Care Food Program	10.558		8,683
Rural Business Development	10.351		25,393
TOTAL DEPARTMENT OF AGRICULTURE			34,076
Corporation for National and Community Service			
Retired Senior Volunteer Program	94.002	16SRWKS008	57,794
Retired Senior Volunteer Program	94.002	19SRWKS001	19,288
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			77,082

-Continued-

Hutchinson Community College
Schedule of Expenditures of Federal Awards (Cont.)
For the Year Ended June 30, 2023

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Number	Identifying Number	Disbursements/ Expenditures
Department of the Treasury			
Volunteer Income Tax Assistance	21.009	19VITA0007	$ 24,993
ARPA Peel	21.027		233,284
ARPA City Hutch	21.027		40,763
ARPA City Apprenticeship	21.027		6,279
TOTAL DEPARTMENT OF THE TREASURY			305,319
Department of Commerce			
Passed Through Kansas Manufacturing Extension Partnership			
Mid-America Manufacturing Technology Center	11.611	70NANB17H009	283,566
TOTAL DEPARTMENT OF COMMERCE			283,566
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 14,524,852

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Hutchinson Community College of Hutchinson, Kansas, under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

Note 2 - Summary of Significant Account Policies

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

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

LOYD GROUP, LLC

520 S. Main Street
P.O. Box 7
Galva, KS 67443
620-654-7565
www.loyd-group.com

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
Hutchinson Community College
Hutchinson, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the business-type activities, and the aggregate discretely presented component units of Hutchinson Community College as of and for the year ended June 30, 2023, and the related notes to the financial statements which collectively comprise Hutchinson Community College's basic financial statements, and have issued our report thereon dated December 1, 2023.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Hutchinson 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 Hutchinson Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Hutchinson 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Purpose of this Report

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

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
December 1, 2023

LOYD GROUP, LLC

520 S. Main Street
P.O. Box 7
Galva, KS 67443
620-654-7565
www.loyd-group.com

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

Board of Trustees
Hutchinson Community College
Hutchinson, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hutchinson Community College's (College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2023. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
December 1, 2023

Hutchinson Community College

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

Section 1 – Summary of Auditor's Results

Financial Statements

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

Federal Awards

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

Section 2 – Findings – Financial Statement Audit

There were no significant deficiencies noted for the current year.

Section 3 – Findings and Questioned Costs – Major Federal Award Programs

Student Financial Aid Programs

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

There were no reportable findings for the year ended June 30, 2023.