INDEPENDENCE COMMUNITY COLLEGE

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2025



LOYD GROUP, LLC

Certified Public Accountants

Independence Community College

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Independence Community College
Independence, 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 Independence Community College (the College), as of and for the year ended June 30, 2025, 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 Independence Community College as of June 30, 2025, 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 4-10 and 31-35, 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 March 27, 2026 on our consideration of Independence 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

March 27, 2026

INDEPENDENCE COMMUNITY COLLEGE

Management's Discussion and Analysis

Introduction:

The following discussion and analysis of the financial performance and activity of Independence Community College (The College) is to introduce an understanding of the basic financial statements of the College for the year ended June 30, 2025, with selected comparative information for the year ended June 30, 2024. 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 of this information. A separate audit is issued for the Independence Community College Foundation and is available for review at the Independence Community College Business Office.

Overview of the Financial Statements and Financial Analysis

The discussion and analysis of Independence Community College's (ICC) financial statements focuses on the college as a whole and provides an overview of the college's financial activities for the year ended June 30, 2025, with selected comparative information of the prior year ended June 30, 2024. The emphasis of discussion about these statements is on audit year data and based on the known facts. It is easier to understand this discussion when read along with the college's basic financial statements, the footnotes to those statements and the Schedules provided by the auditors.

ICC is required to present annual financial statements in accordance with pronouncements issued by the Governmental Accounting Standards Board (GASB) the authoritative body for establishing generally accepted accounting principles for state and local governments, including public institutions of higher education in the United States. These pronouncements permit public colleges like ICC to use the guidance for special purpose governments engaged only in business-type activities in their separately issued financial statements. As a result, the presentation format was shifted from a columnar fund group format to a consolidated, single-column, entity-wide format. This format is like the type of financial statements issued by a typical business enterprise or a not-for-profit organization.

Statement of Net Position

The Statement of Net Position presents the assets, liabilities and net position of the college as of the end of the fiscal year. Net Position is an accounting concept defined as the residual of all other elements presented in a statement of financial position. It is the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources.

From the data presented, readers of the Statement of Net Position may determine the assets available to operate the college. They also may determine how much the institution owes vendors and lending institutions. Finally, the Statement of Net Position provides a picture of the financial resources and their availability for expenditure by the institution.

Total Assets have two main categories: "Current" and "Noncurrent Assets." Current Assets provide a view of the how much is owed to the college (receivables), cash and bookstore inventory (items for sale). Noncurrent Assets is made up primarily of the college's other physical assets – buildings, land, etc.

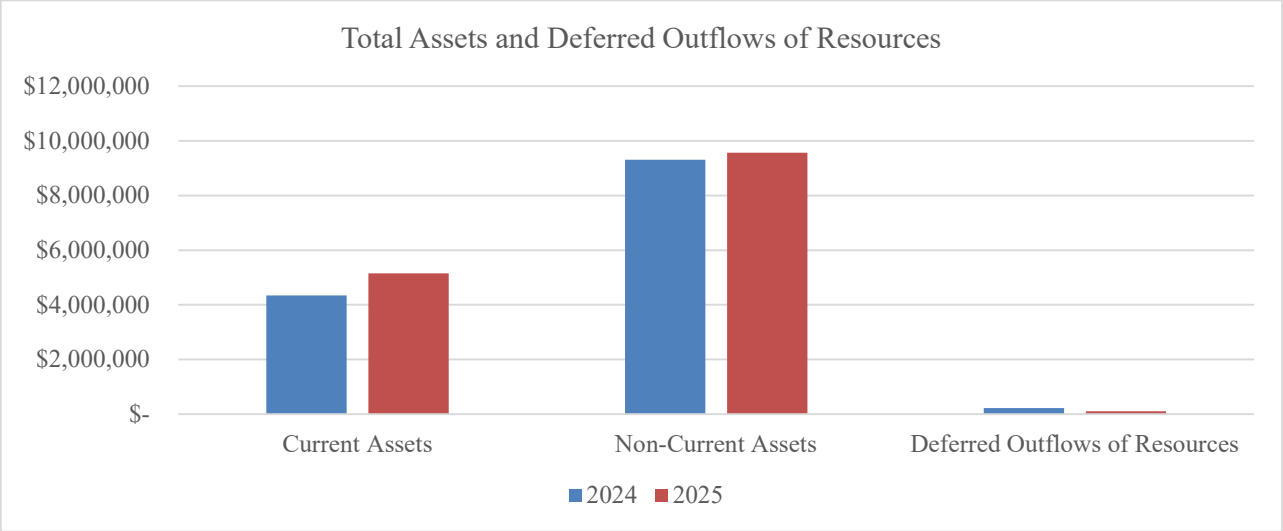
Total Liabilities have two main categories: "Current" and "Noncurrent Liabilities." Current Liabilities provide a view of how much the college owes (payables), interest, vacation, deferred revenue and deposits held in custody for others. Noncurrent Liabilities provide a view of notes and capital leases payable.

Analysis of Total Assets, Total Liabilities and Net Position

Comparison of Assets – Fiscal Year 2024 to 2025

	2024	% Total 2024	2025	% Total 2025
Current Assets	$ 4,347,332	31%	$ 5,157,439	35%
Non-Current Assets	9,313,925	67%	9,568,846	65%
Deferred Outflows of Resources	221,729	2%	92,351	1%
Total Assets and Deferred Outflows of Resources	$ 13,882,986	100%	$ 14,818,636	100%

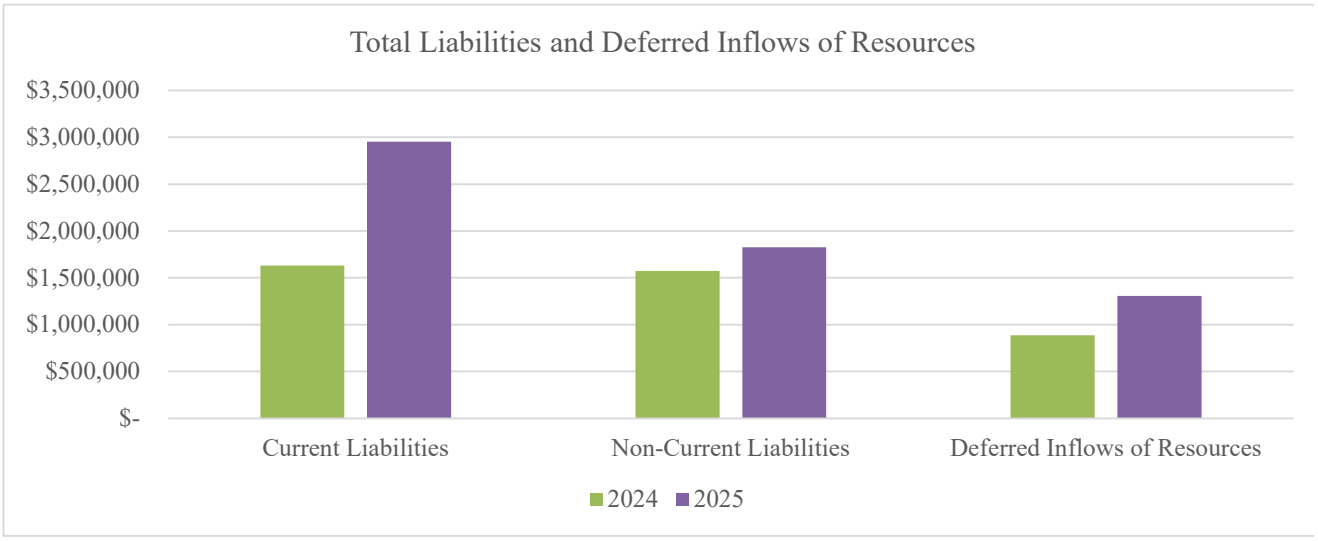
The College's current assets consist primarily of cash, short-term investments and accounts receivables, while noncurrent assets consist mainly of capital assets. The total breakdown of assets between current and noncurrent classification is as follows:



For the year ended June 30, 2025, total assets (excluding deferred outflows of resources) increased by $1,065,028 (7.23%) from the previous fiscal year. Additionally, other deferred outflows of resources came from changes in proportions of the share of contributions for KPERS as it relates to the pensions reviewed by an actuarial.

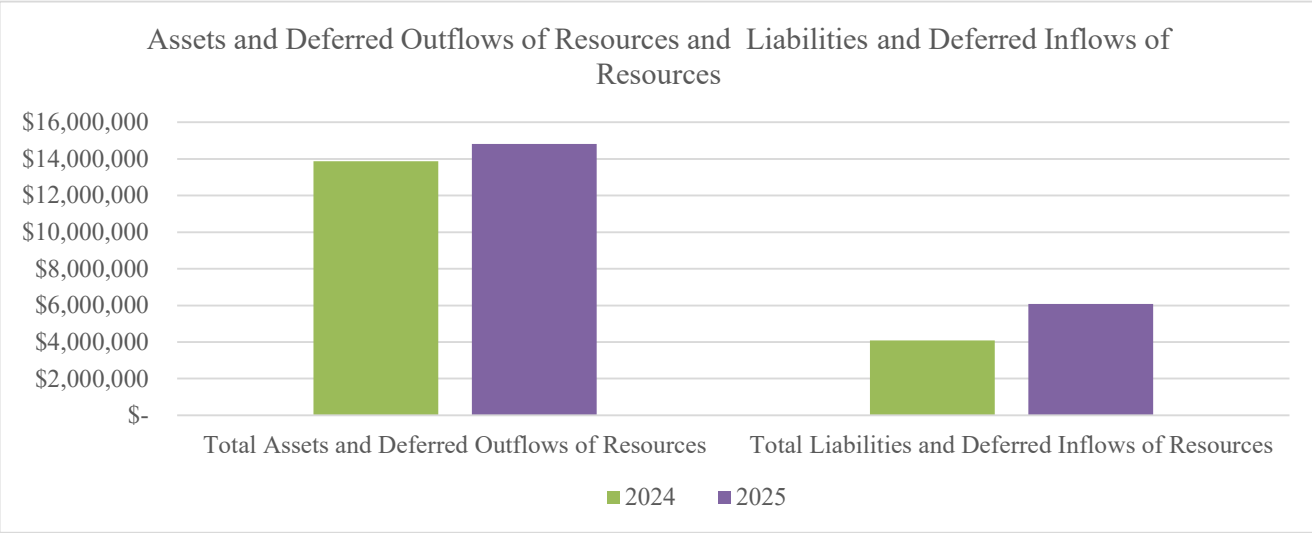
	2024	% Total 2024	2025	% Total 2025
Current Liabilities	$ 1,631,257	40%	$ 2,951,657	49%
Non-Current Liabilities	1,572,334	38%	1,825,784	30%
Deferred Inflows of Resources	885,932	22%	1,305,167	21%
Total Liabilities and Deferred Inflows of Resources	$ 4,089,523	78%	$ 6,082,608	100%

Liabilities are categorized between current and noncurrent. For example, the College's current liabilities consist primarily of accounts payable, accrued liabilities, deferred revenue and deposits held in custody for others. The noncurrent liabilities portion is comprised of the College's Capital Leases and Other Post-Employment Benefits.



Comparison of Assets and deferred outflows of resources to Liabilities and deferred inflows of resources

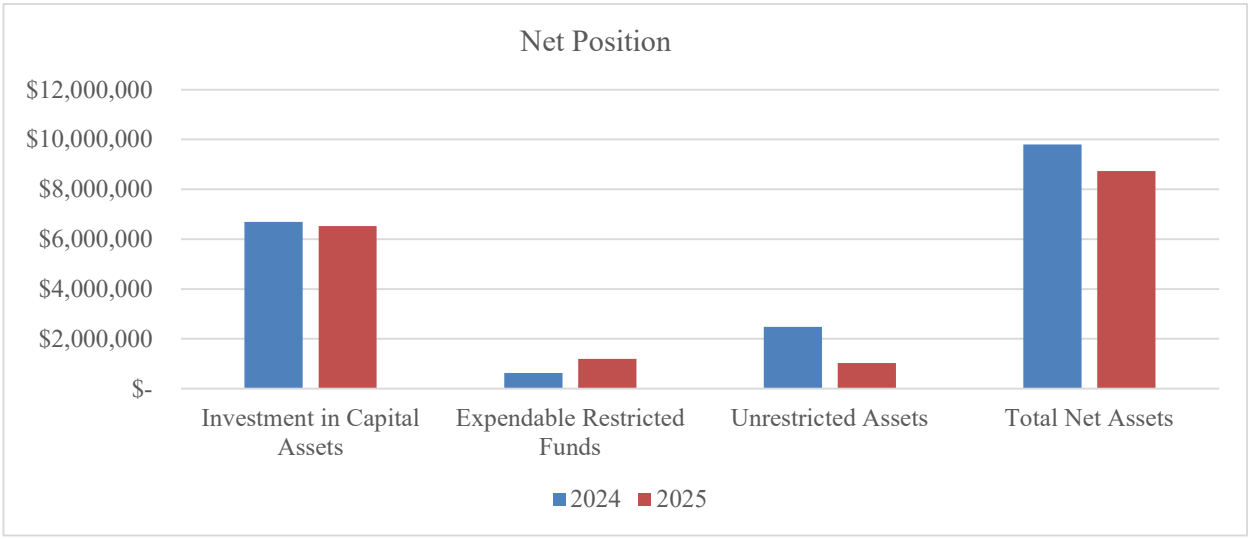
Total liabilities and deferred inflows of resources increased by $1,993,085 from $4,089,523 in 2024 to $6,082,608 in 2025, while total assets and deferred outflows of resources increased $935,650 from $13,882,986 in 2024 to $14,818,636 in 2025. As a result, the asset to liability ratio increased from 3.39 ($13,882,986/4,089,523) in 2024 to 2.44 (14,818,636/6,082,608) in 2025. Assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $8,736,028.



Net Position

Comparison of Net Position – Fiscal Year 2024 to 2025

Net position is presented in three major categories. The first is investment in capital assets, net of related debt, which represents the College's equity in its property, plant, and equipment. The second is restricted and the third is unrestricted. Net position decreased during the current fiscal year from $9,793,463 to $8,736,028 for a total decrease of $1,057,435.



Statement of Revenues, Expenses and Changes is Net Position

The Statement of Revenues, Expenses and Changes in Net Position reflects the results of operations and other changes for the fiscal year. The purpose of the statement is to present the revenues received by the institution, both operating and nonoperating, and the expenses paid by the institution, operating and nonoperating, and any other revenues, expenses, gains or losses received or spent by the institution. Changes in total net assets, as presented on the Statement of Net Assets, are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Position.

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. Nonoperating revenues are revenues received for which goods and services are not provided. For example, state appropriations are nonoperating because they are provided by the Legislature to the institution without the Legislature directly receiving commensurate goods or services for those revenues.

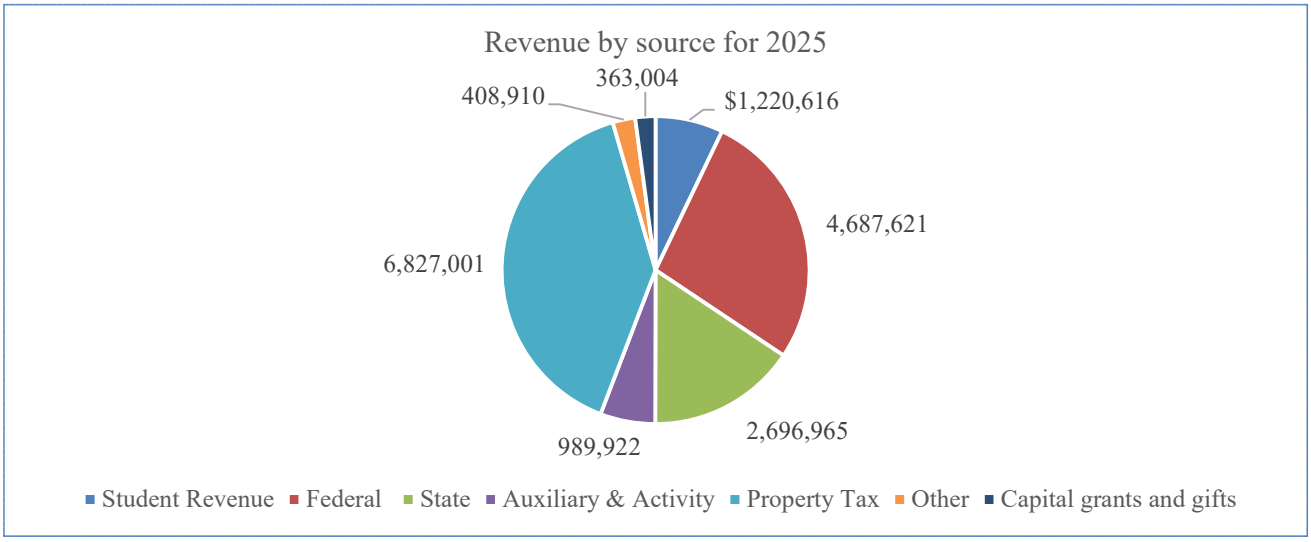
Analysis of Revenues and Expenses

Results of Operations Fiscal Year 2024

Components and sources of revenue:

Independence Community College receives revenue from five major sources. They are: The State of Kansas; Federal Government (including Pell Grants); students, in the form of tuition and fees; local taxpayers, by way of property taxes; and through business style auxiliary enterprises. These sources are relatively stable each year as a percentage of the total.

	2024	% Total 2024	2025	% Total 2025
Student Revenue	$ 1,698,627	9.40%	$ 1,220,616	7.10%
Federal	4,073,915	22.54%	4,687,621	27.26%
State	2,788,037	15.43%	2,696,965	15.69%
Auxiliary & Activity	1,171,191	6.48%	989,922	5.76%
Property Tax	7,223,948	39.97%	6,827,001	39.71%
Other	740,930	4.10%	408,910	2.38%
Capital grants and gifts	376,421	2.08%	363,004	2.11%
Total Revenue	$ 18,073,069	100.00%	$ 17,194,039	100.00%

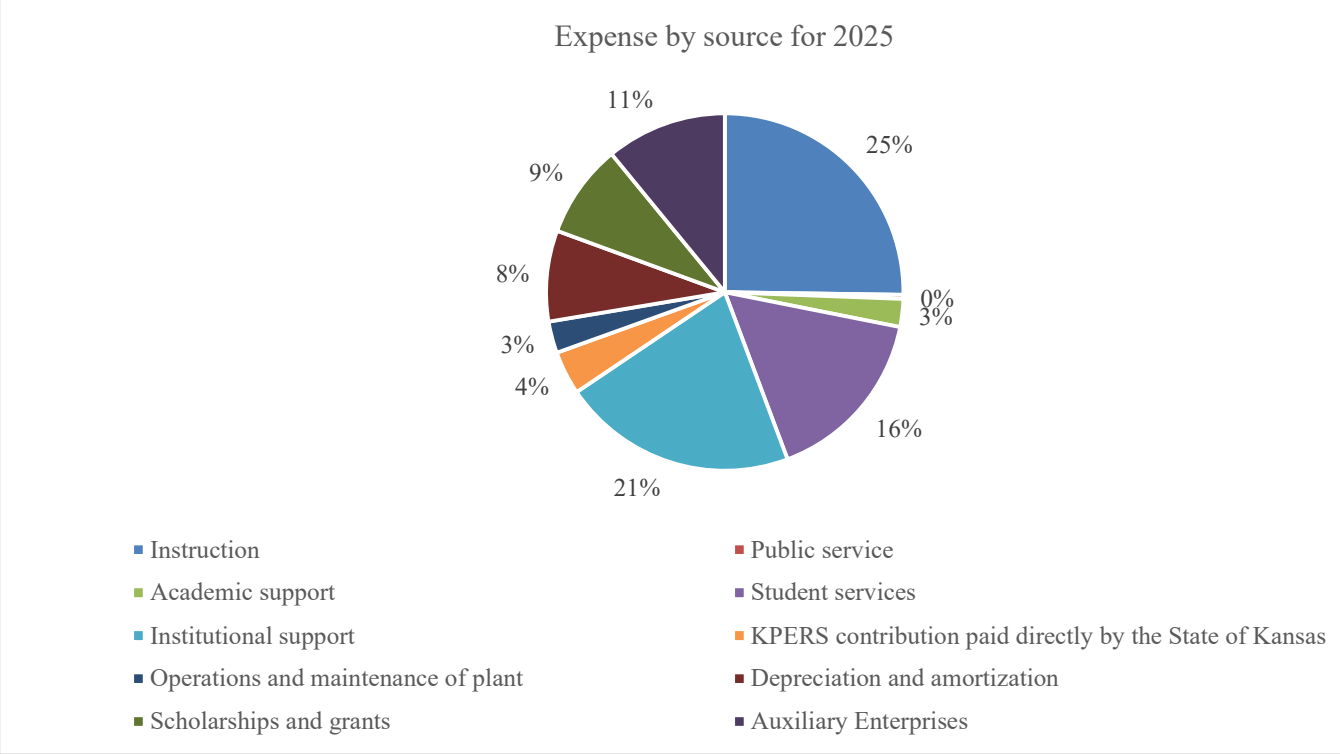


During fiscal year 2025, revenue sources were relatively stable from the prior year. The largest decrease coming from property taxes due to lowering of the mill levy.

Expenses

Details of the 2024 and 2025 Education and General expenses:

	2024	% Total 2024	2025	% Total 2025
Instruction	$ 4,643,158	26.50%	$ 4,582,394	25.24%
Public service	130,107	0.74%	68,598	0.38%
Academic support	474,897	2.71%	456,622	2.52%
Student services	2,657,556	15.17%	2,931,527	16.15%
Institutional support	3,416,495	19.50%	3,861,852	21.27%
KPERS contribution paid directly by the State of Kansas	798,857	4.56%	713,655	3.93%
Operations and maintenance of plant	798,475	4.56%	521,501	2.87%
Depreciation and amortization	1,264,660	7.22%	1,492,442	8.22%
Scholarships and grants	1,559,943	8.90%	1,538,928	8.48%
Auxiliary Enterprises	1,767,574	10.09%	1,986,186	10.94%
Loss on sales of capital assets	-	0.00%	-	0.00%
Debt service	8,770	0.05%	-	0.00%
Total	$ 17,520,492	100.00%	$ 18,153,705	100.00%



Expenditures stayed very stable with very little fluctuations.

Statement of Cash Flows

The Statement of Cash Flows presents detailed information about the cash activity of the institution during the fiscal year for the general fund. The statement is divided into five parts:

1) Operating Activities-This section deals with operating cash flows and shows the net cash used by the operating activities of the institution.

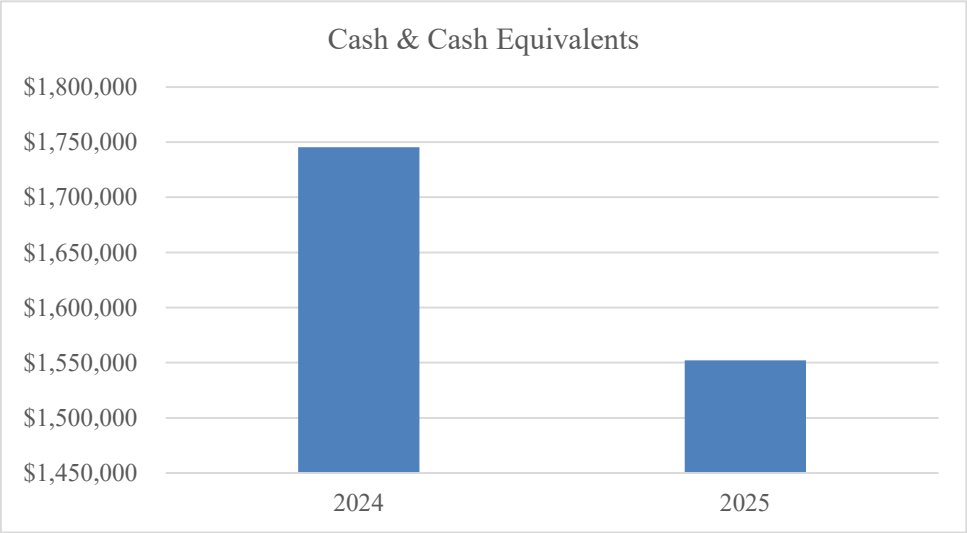
2) Non-capital Investing Activities-This section shows the cash received and spent for nonoperating, non-investing and noncapital financing purposes.

3) Capital Investing Activities-This section deals with the cash used for the acquisition and construction of capital assets and related items.

4) Financing Activities-This section shows the interest paid on debts and leases.

5) Reconciliation of income/loss to net cash used by operating activities-The final section reconciles the net cash used in relation to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

The Statement of Cash Flows indicates that, when balancing cash received against cash used in operations of the college, its cash and cash equivalents decreased $193,359.



Economic Outlook

Independence Community College looks forward to the future and its continued investment in students. The College benefits students, the regional economy, stakeholders, and taxpayers in many significant ways, including increased job and investment opportunities and higher business revenues. In the future, the College will continue its vital role in growing and training the region's workforce, ensuring the area can compete in today's global marketplace.

As with previous strategic plans, the College will continue to advance the mission and vision in supporting students attaining academic and life skills and looking at global learning outcomes for all degree and certificate-seeking students. The College will continue to obtain 2+2 partnerships with Kansas' four-year public and private higher education institutions to ensure the cost of attendance is affordable. All Independence Community College courses are transferable to the state's four-year institutions.

ICC is currently implementing a 5-year strategic plan, is in the process of establishing a new 3-year strategic plan, and has engaged with external counsel for a long-term capital campaign that will help enhance the institution and offerings to be better positioned in the market for subsequent fiscal years.

Contacting the College's Financial Management

This management's discussion and analysis was designed to provide citizens, taxpayers, students, investors, and creditors with a general review of the College's finances and demonstrate the accountability of funds the College receives. If you have questions about this management's discussion and analysis, financial statements, or need additional financial information, please contact Dottie Good at dgood@indycc.edu.

Respectfully submitted,

Dottie Good
Chief Financial Officer
Independence Community College
March 27, 2026

BASIC FINANCIAL STATEMENTS

Independence Community College

Statements of Net Position
June 30, 2025

	Independence Community College	Component Unit Ind. Foundation
ASSETS		
Current Assets		
Cash and cash equivalents	$ 1,552,096	$ 416,255
Investments	-	3,423,938
Receivables - federal and state grants and contracts	796,228	-
Receivables - students, net	1,177,945	-
Receivables - property tax	651,522	-
Receivables - other	598,052	299,295
Prepaid expenses	1,627	-
Inventories	379,969	-
Due from college	-	550,000
Total current assets	5,157,439	4,689,488
Noncurrent Assets		
Investments	-	806,063
Receivables - students, net	846,230	-
Capital assets, net of accumulated depreciation	8,722,616	-
Total noncurrent assets	9,568,846	806,063
TOTAL ASSETS	14,726,285	5,495,551
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	92,351	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	92,351	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 14,818,636	$ 5,495,551
LIABILITIES		
Current Liabilities		
Accounts payable	$ 699,712	$ 588
Line of credit payable	-	592,564
Wages payable	41,413	-
Due to Foundation	550,000	-
Compensated absences payable	98,116	-
Capital lease obligations	35,026	
Right to use lease obligations	464,620	-
Deposits held in custody for others	1,062,770	-
Total current liabilities	2,951,657	593,152
Noncurrent Liabilities		
Compensated absences payable	125,745	-
Net pension liability	524	-
Capital lease obligations	18,140	-
Right to use lease obligations	1,681,375	-
Total noncurrent liabilities	1,825,784	-
TOTAL LIABILITIES	4,777,441	593,152
DEFERRED INFLOWS OF RESOURCES		
Deferred tuition	$ 1,025,381	
Deferred inflows related to pensions	279,786	-
TOTAL DEFERRED INFLOWS OF RESOURCES	1,305,167	-
NET POSITION		
Net investment in capital assets	6,523,454	-
Restricted for:		
Nonexpendable - endowments	-	806,063
Expendable:		
Restricted funds	1,190,258	1,594,266
Unrestricted	1,022,316	2,502,070
TOTAL NET POSITION	8,736,028	4,902,399
TOTAL LIABILITIES AND NET POSITION	$ 14,818,636	$ 5,495,551

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

Independence Community College

Statements of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2025

	Independence Community College	Component Unit Ind. Foundation
OPERATING REVENUES		
Student tuition and fees	$ 2,256,683	$ -
Less allowances for institutional scholarships	(486,951)	-
Less allowances for federal grants	(549,116)	-
Net student source revenue	1,220,616	-
Federal sources	2,634,828	-
State sources	460,169	-
Auxiliary enterprises (net of scholarship discount of ($783,640)	989,922	-
Private gifts and grants	-	75,000
Sales and services	7,725	-
Other operating revenues	329,588	8,806
Total operating revenues	5,642,848	83,806
OPERATING EXPENSES		
Educational and General		
Instruction	4,582,394	-
Public service	68,598	-
Academic support	456,622	-
Student services	2,931,527	-
Institutional support	3,861,852	322,964
KPERS contribution paid directly by the State of Kansas	713,655	-
Operations and maintenance of plant	521,501	-
Depreciation and amortization	1,492,442	-
Scholarships and grants	1,538,928	-
Auxiliary Enterprises		
Residential life	670,716	-
Campus store	329,054	-
Other auxiliary enterprises	986,416	-
Total operating expenses	18,153,705	322,964
Operating income (loss)	(12,510,857)	(239,158)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	1,523,141	-
KPERS contribution paid directly by the State of Kansas	713,655	-
Federal Pell Grants	2,052,793	
Local sources	6,827,001	-
Private grants and gifts	67,222	380,606
Loss on disposal of capital assets	-	-
Investment income	4,375	376,212
Net nonoperating revenues (expenses)	11,188,187	756,818
Income (loss) before other revenues	(1,322,670)	517,660
Capital grants and gifts	363,004	-
Net increase (decrease) in net position	(959,666)	517,660
NET POSITION		
Net position - beginning of year	9,793,463	4,384,739
Change in accounting principle and error corrections	(97,769)	-
Net position - beginning of year - restated	9,695,694	4,384,739
Net position - end of year	$ 8,736,028	$ 4,902,399

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

Independence Community College

Statement of Cash Flows
For the Year Ended June 30, 2025

CASH FLOWS FROM OPERATING ACTIVITIES		
Student tuition and fees	$	499,890
Federal and state sources		1,826,724
Sales and services of auxiliary enterprises		989,922
Other receipts		337,313
Payments to employees for salaries and benefits		(8,608,724)
Payments to suppliers		(5,789,193)
Loans issued to students		1,043,002
Net change in cash flows from operating activities		(9,701,066)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations		1,523,141
County and local appropriations		6,827,001
Pell grant		2,052,793
Private gifts and grants		67,222
Net change in cash flows from noncapital financing activities		10,470,157
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of capital assets		(1,621,799)
Proceeds from leases		1,147,905
Principal paid on capital asset-related debt		(855,935)
Capital grants and gifts		363,004
Net change in cash flows from capital and related financing activities		(966,825)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment income		4,375
Net change in cash flows from investing activities		4,375
Net change in cash and cash equivalents		(193,359)
Cash and cash equivalents - beginning of year		1,745,455
Cash and cash equivalents - end of year	$	1,552,096
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO CHANGE IN CASH FLOWS FROM:		
Operating loss	$	(12,510,857)
Depreciation and amortization expense		1,492,442
Changes in operating assets and liabilities:		
Receivables, net		(1,105,402)
Prepaid expenses		(1,559)
Inventories		(22,066)
Accounts payable		1,155,056
Compensated absences payable		(11,875)
Deposits held in custody for others		40,403
Net pension liability		524
Deferred inflows and outflows related to net pension and other post employment benefits		548,613
Employee benefits paid directly by State of Kansas		713,655
Net change in cash flows from operating activities	$	(9,701,066)

Independence Community College

Notes to Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies

Independence 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. With more than 40 majors, degree and certificate possibilities, the College prepares students to transfer to a four-year program or to enter the workforce with a two-year job-ready degree.

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

The 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 by Montgomery 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 unit. The component unit discussed below is included in the College's reporting entity because of the significance of its financial relationship with the College. The financial data of the College's component unit is discretely presented in a separate column to emphasize that it is a legally separate entity.

Independence Community College Foundation (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation 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 Foundation, the majority of resources, or income thereon, that the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements. For financial reporting purposes only, the Foundation'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 Foundation 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 Foundation's financial information. Complete financial statements for the Foundation can be obtained from the Foundation'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.

1. Summary of Significant Accounting Policies (Continued)

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

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, and Net Position

Deposits 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 and treasury securities. Interest income earned is allocated to various funds based upon statutory guidelines.

Cash maintained in escrow accounts specifically designated for bond repayments and reserves are classified as restricted cash.

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.

Receivables

Receivables consist of tuition and fee charges to students, amounts due from the 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 conist of books and supplies held for resale and rental in the bookstore and are valued at lower of cost or fair value, using the first-in, first-out method (FIFO).

Capital Assets

Capital assets, which include property, plant, and equipment, are recorded at cost at the date of acquisition, or 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 one year. 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.

Estimated useful lives used for calculating depreciation are as follows:

Buildings and Additions - 15 to 35 years
Machinery and Equipment - 3 to 7 years

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position (Continued)

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.*

Compensated Absences Payable

The College provides vacation days to all full-time administrators, full-time non-faculty staff, and continuing part-time employees based upon the length of continuous employment. Paid vacation days/hours earned can be accrued up to the maximum number of days/hours earned during a fiscal year. This maximum accrual is limited to the total maximum accrued amount of one year. Upon resignation or retirement, employees will receive pay for unused vacation days/hours. The estimated liability for accrued vacation at June 30, 2025 was $118,961 and is reflected in the financial statements.

The College provides sick leave to all employees. Employees receive fifteen annual sick leave days, accumulated to ninety days, and compensates retiring employees for unused sick leave up to ninety days. The estimated liabiltiy for sick leave at Juen 30, 2025 was $104,900 and is reflected in the financial statements. The estimate includes accumulated sick leave more likely than not to be used and remaining estimated amounts to be paid out.

Noncurrent Liabilities

Noncurrent liabilities include (1) principal amounts of revenue bonds payable, notes payable, and capital lease obligations with contractual maturities greater than one year; and (2) estimated amounts for accrued compensated absences and other liablities that will not be paid within the next fiscal year; or (3) other liablitlies that although payable within one year, are to be paid from funds that are classified as noncurrent assets.

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's 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 net 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 one item that qualify for reporting in this category. Deferred outflows related to other postemployment benefits and pensions as actuarially determined and explained in Note 6 and 7, respectively.

In addition to liabilities, the statement of net 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 two items that qualifies for reporting in this category. The first isdeferred tuition. The second is the deferred inflows relating to other postemployment benefits and pensions as actuarially determined and explained in Note 6 and 7, respectively.

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position (Continued)

Net Position

The College's net position is 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 assets consist 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 educational departments and 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 discounts and allowances, (2) sales of services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and local grants and contracts, and Federal appropriations.

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

1. Summary of Significant Accounting Policies (Continued)

(c) Assets, Liabilities, and Net Position (Continued)

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.

Property Tax Information

Collection of current year property tax by the County Treasurer is not completed, apportioned or distributed to the various subdivisions until 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 Montgomery County. The County Treasurer 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.

2. Stewardship, Compliance, and Accountability

(a) Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for the current funds - unrestricted and pland funds (unless specifically exempted by statute). Although directory rather than mandatory, the statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

1. Preparation of the budget for the succeeding 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 College is holding a revenue neutral rate hearing, the budget timeline for adoption of the final budget has been adjusted to on or befgore September 20th. The College did hold a revenue neutral hearing 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 and agency 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. Certain sub-funds of the Restricted Funds have negative unencumbered cash balances at June 30, 2025, which is allowable under KSA 12-1663. The funds will be reimbursed in the following fiscal year from federal grants, state grants and other contracts for expenditures incurred by the College. This combined receivable has been recognized for GAAP purposes on these financial statements.

3. Deposits and Investments

As of June 30, 2025, the College had cash and cash equivalents as listed below:

Deposits in financial banking institutions	$	1,745,455
Certificates of deposit		-
Total cash and cash equivalents	$	1,745,455

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 and United States obligations.

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 Kansas Municipal Investment Pool are not required to have pledged securities. As of June 30, 2025, 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.

Component unit – Investments of the Independence College Foundation consists of mutual funds, treasury obligations, certificates of deposits, and other investments. These investments are managed by the Finance Committee of the Foundation. These types of investments are not regulated by Kansas Statutes. These investments are subject to all normal market risks.

4. Capital Assets

Following are the changes in capital assets for the year ended June 30, 2025:

	Beginning Balance	Increases	(Decrease) Adjustments	Ending Balance
Non-depreciable capital assets				
Land	$ 54,729	$ -	$ -	$ 54,729
Total non-depreciable capital assets	54,729	-	-	54,729
Depreciable capital assets				
Buildings and improvements	12,912,131	226,705	-	13,138,836
Buildings and improvements - Lease	6,156,449	-	-	6,156,449
Equipment	1,157,604	60,644	-	1,218,248
Leased equipment	1,100,439	-	-	1,100,439
Vehicles	112,688	73,830	-	186,518
Software	641,841	112,716	-	754,557
Right to use leased assets	2,278,233	1,147,905	-	3,426,138
Total depreciable capital assets	24,359,385	1,621,800	-	25,981,185
Less accumulated depreciation				
Buildings and improvements	(9,303,011)	(582,184)	-	(9,885,195)
Buildings and improvements - Lease	(3,500,706)	(164,516)	-	(3,665,222)
Equipment	(1,010,920)	(50,071)	-	(1,060,991)
Leased equipment	(1,066,413)	(29,165)	-	(1,095,578)
Vehicles	(30,573)	(20,413)	-	(50,986)
Software	(79,069)	(143,397)	-	(222,466)
Right to use leased assets	(830,165)	(502,695)	-	(1,332,860)
Total accumulated depreciation	(15,820,857)	(1,492,441)	-	(17,313,298)
Total depreciable capital assets (net)	8,538,528	129,359	-	8,667,887
Total capital assets, net	$ 8,593,257	$ 129,359	$ -	$ 8,722,616

Depreciation and amortization expense for the year ended June 30, 2024, is $1,492,441.

5. Long-Term Liabilities

The following is a summary of long-term liability transactions for the year ended June 30, 2025:

	Beginning Balance	Additions	Payments/ Reductions	Ending Balance	Current Portion
Capital lease - Financing	$ 86,346	$ -	$ 33,180	$ 53,166	$ 35,026
Capital lease - Right to Use	1,820,845	1,147,905	822,755	2,145,995	464,620
Compensated absences	235,732	-	11,871	223,861	98,116
Net pension liability	-	523	-	523	-
Total long-term liabilities	$ 2,142,923	$ 1,148,428	$ 867,806	$ 2,423,545	$ 597,762

The compensated absences (reported as net decrease) and net pension liability are generally liquidated by the General Fund. The capital leases are generally liquidated by the General Fund and the Capital Outlay Fund.

5. Long-Term Liabilities (Continued)

The College has entered into a lease agreement with FirstOak Bank for a practice field. The total cost was $239,033. The lease calls for semi-annual payments including interest of 5.96% per anum, maturing April 5, 2027.

The College has entered into a lease agreement with FirstOak Bank for thirty-five copiers with all accessories and attachments. The total cost was $146,975. The lease calls for annual payments including interest of 5.391% per annum, maturing August 31, 2023.

The College has entered into a lease agreement for a postage machine. The total cost was $19,730. The lease calls for quarterly payments including interest of 2.84% per annum, maturing March 29, 2026.

The College has entered into a lease agreement for various vehicles. The lease agreements were signed on various dates during the fiscal years 2021 thru 2024, for terms ranging from 16 to 36 months with monthly payments including interest ranging from 2.84% to 3.75%.

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

Year Ending	Principal	Interest	Total
6/30/2026	$ 499,646	$ 95,965	$ 595,611
6/30/2027	536,930	79,035	615,965
6/30/2028	528,148	54,983	583,131
6/30/2029	554,576	31,039	585,615
6/30/2030	38,580	5,590	44,170
6/30/2031	41,281	2,890	44,171
Total	$ 2,199,161	$ 269,502	$ 2,468,663

6. Other Post Employment 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, 2025, totaled ($1,928).

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.

6. Other Post Employment Benefit Plan - KPERS Death and Disabilities (Continued)

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 percent) of annual compensation, offset by other benefits. Members receiving long-term disability benefits also receive credit towards their KPERS retirement benefits and have their group life insurance coverage continued under the waiver of premium provision.

The monthly long-term disability benefit is 60% 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.

Covered Employees

The College has the following employees covered by the Plan as of the actuarial valuation report date June 30, 2023:

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	103
Total	103

Total OPEB Liability

At the College's reporting date of June 30, 2025, the total OPEB liability recognized by the State of Kansas that was attributable to the College was $60,542.

Actuarial Assumptions

The financial information for fiscal year 2024-25 is based upon actuarial valuation performed as of December 31, 2023, rolled forward to June 30, 2024 using the participant census as of July 1, 2023.

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.)	3.93%

6. Other Post Employment Benefit Plan - KPERS Death and Disabilities (Continued)

Actuarial Assumptions (Continued)

Generational mortality improvements were projected for future years using Projection Scale MP-2021.

The actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study conducted for three years during 2019-2022.

Revenue and OPEB Expense Recorded by the College

For the year ended June 30, 2025, the College recognized revenue and OPEB expense in an equal amount of ($1,928).

7. 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.

KPERS provides 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. Participation by local political subdivisions is optional, but irrevocable once elected.

The employer contributions for non-public school district schools, as defined in K.S.A. 74-4931 (2) and (3), are funded by the State of Kansas on behalf of these employers. Therefore, these employers, 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.

7. Defined Benefit Pension Plan (Continued)

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 certified 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. The monthly retirement benefit is then permanently reduced based on the amount of the lump sum. Benefit increases, including ad hoc postretirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas.

The 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 1.2% of total payroll.

The State is required to contribute 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 proportional 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.

7. Defined Benefit Pension Plan (Continued)

Contributions (Continued)

The College's contractually required contributions rate for the actuarial report dated year ended June 30, 2024, was 0% of the annual college payroll of which 0% of payroll was required from the College and 100% of payroll was required from the State. The College's contributions to the pension plan were $60 for the year ended June 30, 2024 (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.

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, the System 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, 2025 (actuarial report year ended June 30, 2024), 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	$	523
State's proportionate share of the net pension liability associated with the College		747,262
	$	747,785

The net pension liability was measured as of December 31, 2023, which was rolled forward to June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of 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, 2024. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At the actuarial report date of June 30, 2024, the combined College and state's proportion was 0.00%, which was a decrease of 0.00% from its proportion measured as of June 30, 2024.

7. Defined Benefit Pension Plan (Continued)

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

For the actuarial report as of June 30, 2024, 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, 2023, rolled forward to June 30, 2024, and the College's reporting date of June 30, 2025.

For the year ended June 30, 2024, the College recognized pension expense of $715,583 and revenue of $715,583 for support provided by the state. For the portion related to the "working after retirement" the College recognized pension expense of $523, 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 June 30, 2025 (the measurement date of June 30, 2024), 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	$ 33	$ -
Changes of assumptions	35	13
Net difference between projected and actual earnings on pension plan investments	5	-
Changes in proportion and differences between College contributions and proportionate share of contributions	92,278	279,773
Total	$ 92,351	$ 279,786

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

Year Ending:	Amount
6/30/2025	$ (44,455)
6/30/2026	(110,422)
6/30/2027	(32,152)
6/30/2028	(407)
6/30/2029	-
Thereafter	-
	$ (187,436)

Actuarial Assumptions

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

- Inflation — 2.75 percent
- Wage Inflation — 3.5 percent
- Salary increases, including wage increases — 3.50 to 15.50 percent, including price inflation
- Investment rate of return — 7.00 percent

7. Defined Benefit Pension Plan (Continued)

Mortality rates were based on the PUB 2010 Mortality Tables, with age setbacks and age set forwards based on different membership groups. Future mortality improvements are anticipated using Scale MP-2021.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage. Best estimates of arithmetic real rates of return for each major asset class as of the most recent experience study, dated January 29, 2024, as provided by KPERS' investment consultant, are summarized in the following table:

Asset class	Long-term target allocation	Long-term expected real rate of return
Non-U.S. Equities	43.00%	8.20%
Core Fixed Income	13.00%	2.20%
Yield Driven	12.00%	5.30%
Infrastructure	3.00%	6.80%
Real Estate	15.00%	5.70%
Alternatives	11.00%	12.00%
Short-Term Investments	3.00%	0.30%
Total	100.00%	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate was based on member and employer contributions as outlined below.

In KPERS, the Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate. However, the State/School groups do not necessarily do so.

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

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

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

Legislation in the 2016 session (SB 161) provided for the delay of up to $100.0 million in State and School contributions to the Retirement System for Fiscal Year 2016. Concurrently, 2016 H. Sub for SB 249 provided that the delayed contributions would be paid in full, with interest at 8.00 percent, by June 30, 2018. However, legislation passed by the 2017 Legislature removed the repayment provision. In addition, 2017 S. Sub for HB 2052 delayed $64.0 million in Fiscal Year 2017 contributions, to be paid over 20 years in level dollar installments. The first-year payment of $6.4 million was paid in full at the beginning of Fiscal Year 2018, and appropriations for Fiscal Year 2018 were made for the State/School group at the statutory contribution rate of 12.01 percent for that year.

7. Defined Benefit Pension Plan (Continued)

Discount Rate (Continued)

Additional legislation in the 2017 Session (S. Sub for HB 2002) provided for a reduction of $194.0 million from the previously certified contribution rate of 13.21 percent in the State/School contributions for Fiscal Year 2019. Like the Fiscal Year 2017 reduction, it is to be paid back over a 20-year period, beginning in Fiscal Year 2020. Therefore, both reductions will be accounted for as receivables by the System.

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

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

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

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

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

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

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

The Local, Kansas Police and Firemen, and Judges groups are contributing at the full actuarial contribution rate.

7. Defined Benefit Pension Plan (Continued)

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

The following presents the net pension liability of the Pension Plan as of June 30, 2024, (actuarial report date) calculated using the discount rate of 7.00 percent, as well as what the Pension Plan's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00 percent) or 1 percentage point higher (8.00 percent) than the current rate:

1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
$770	$523	$316

8. 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.

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

The Independence Community College Foundation paid $46,652 in student scholarships during the current fiscal year.

The College provides administrative support and other services to the Independence Community College Foundation. The Foundation does not reimburse the College for expenses incurred.

10. 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.

11. Change in Accounting Principle

The College implemented GASB 101, Compensated Ablesnes for the year ended June 30, 2025. The standard requires it to be retroactively applied. As a result of implementation, there was an adjustment to net position of ($97,769).

12. Subsequent Events

The College evaluated events and transactions occurring subsequent to year end. During this period, there were no subsequent events requiring recognition in the financial statements. Additionally, there were no nonrecognized subsequent events requiring disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

Independence Community College

Schedule of Changes in the Total OPEB Liability and Related Ratios - KPERS Death and Disability
For the Year Ended June 30, 2025

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability - Beginning of year	$ 62,470	$ 57,473	$ 43,642	For 2016 to 2022, this data is not yet available.						
Service Cost	15,282	16,616	13,184	For 2016 to 2022, this data is not yet available.						
Interest Cost	2,838	2,623	1,228	For 2016 to 2022, this data is not yet available.						
Changes in Benefit Terms	-	-	-	For 2016 to 2022, this data is not yet available.						
Differences between actual and expected experience	(19,691)	(13,852)	(4,173)	For 2016 to 2022, this data is not yet available.						
Changes in assumptions and inputs	(357)	(390)	3,592	For 2016 to 2022, this data is not yet available.						
Benefit Payments	-	-	-	For 2016 to 2022, this data is not yet available.						
Net Changes	(1,928)	4,997	13,831	For 2016 to 2022, this data is not yet available.						
Total OPEB Liability - End of year	$ 60,542	$ 62,470	$ 57,473	For 2016 to 2022, this data is not yet available.						
Covered-employee payroll	$ 5,658,460	$ 5,658,460	$ 5,944,655	For 2016 to 2022, this data is not yet available.						
Total OPEB Liability as a percentage of covered-employee payroll	1.07%	1.10%	0.97%							

Note: For June 30, 2019, GASB 75 was implemented. The information for years 2016-2022 is not available under the measurement requirements of GASB 75.

Independence Community College

Schedule Of The College's Proportionate Share Of The Net Pension Liability
For the Year Ended June 30, 2025

Kansas Public Employees Retirement System

Last 10 Fiscal Years*

Fiscal year end June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	For 2016 to 2022, this data is not yet available.						
College's proportion of the net pension liability (asset)	0.000%	0.000%	0.001%	For 2016 to 2022, this data is not yet available.						
College's proportionate share of the net pension liability (asset)	$ 523	$ -	$ 109,611	For 2016 to 2022, this data is not yet available.						
State's proportionate share of the net pension liability (asset)	0.066%	0.070%	0.081%	For 2016 to 2022, this data is not yet available.						
State's proportionate share of the net pension liability (asset)	$ 6,841,863	$ 7,470,504	$ 8,559,627	For 2016 to 2022, this data is not yet available.						
Total collective net pension liability (asset)	$ 6,842,386	$ 7,470,504	$ 8,669,238	For 2016 to 2022, this data is not yet available.						
College's covered payroll	$ 6,025,908	$ 6,093,135	$ 6,060,432	For 2016 to 2022, this data is not yet available.						
College's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	113.55%	122.61%	143.05%	For 2016 to 2022, this data is not yet available.						
Plan fiduciary net position as a percentage of the total pension liability	72.75%	70.70%	69.75%	For 2016 to 2022, 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.

Independence Community College

Schedule of College Contributions
For the Year Ended June 30, 2025

Kansas Public Employees Retirement System

Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ -	$ -	$ -	For 2016 to 2022, this data is not yet available.						
Contributions in relation to the contractually required contribution	-	-	-	For 2016 to 2022, this data is not yet available.						
Contribution deficiency (excess)	$ -	$ -	$ -	For 2016 to 2022, this data is not yet available.						
College's covered payroll	$ 6,025,908	$ 6,093,135	$ 6,060,432	For 2016 to 2022, this data is not yet available.						
Contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	For 2016 to 2022, this data is not yet available.						

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.

Independence Community College

Notes to Required Supplementary Information
For the Year Ended June 30, 2025

Other Post Employment Benefits - KPERS Death and Disabilities

Changes in benefit terms:

There are no changes in benefits.

Changes in assumptions:

- Changes in assumptions and other inputs reflect a change in the discount rate from 2.85% in 2016, 3.58% in 2017, 3.87% in 2018, 3.5% in 2019, 2.21% in 2020, 2.16% in 2021, 3.54% in 2022, 3.65 % in 2023, and 3.93 % in 2024.
- Generational mortality improvements were projected for future years using Projection Scale MP-2018 then to MP-2021.

Defined Benefit Pension Plan

The major items of impact in the actuarial valuation dated December 31, 2014 relative to the prior valuation are as follows:

- Reduce disability rates by 20% for all three KPERS groups.
- Increase the termination of employment rates for State-Males and Local-Males and Females.
- Modify the election of a deferred benefit by Local vested members who terminate employment in future years.
- Modify the retirement rates for the C60 group.
- Increase the load for the impact of final average salary provisions for Local, C55 and C60 members hired before July 1, 199
- Establish an interest crediting rate of 6.50% for KPERS 3 members.

As a result of the experience study completed in November 2016, there were several changes made to the actuarial assumptions and methods since the prior valuation are as follows:

- The price inflation assumption was lowered from 3.00% to 2.75%.
- The investment return assumption was lowered from 8.00% to 7.75%.
- The general wage growth assumption was lowered from 4.00% to 3.50%.
- The payroll growth assumption was lowered from 4.00% to 3.00%.
- The post-retirement health mortality assumption was changed to the RP-2014 Mortality Table, with adjustments to better fit the observed experience for the various KPERS groups. The most recent mortality improvement scale, MP-2016, is used to anticipate future mortality improvements in the valuation process through the next experience study.
- The active member mortality assumption was modified to also be based on the RP-2014 Employee Mortality Table with adjustments.
- The retirement rates for the select period (when first eligible for unreduced benefits under Rule of 85) were increased, but all other retirement rates were decreased.
- Disability rates were decreased for all three groups.
- The termination of employment assumption was increased for all three groups.
- The interest crediting rate assumption for KPERS 3 members was lowered from 6.50% to 6.25%.

As a result of the experience study completed in January 2020, there were several changes made to the actuarial assumptions and methods since the prior valuation. The changes that impact all groups were effective December 31, 2019 and include:

- The investment return assumption was lowered from 7.75% to 7.50%.
- The general wage growth assumption was lowered from 3.50% to 3.25%.
- The payroll growth assumption was lowered from 3.00% to 2.5%.

Changes from the January 2020 experience study that impacted State/School groups are listed below:

- Retirement rates were adjusted to partially reflect observed experience.
- Termination rates were increased for most KPERS groups.
- Disability rates were reduced.
- Factors for the State group that are used to anticipate higher liabilities due to higher final average salary at retirement for pre-1993 hires were modified to better reflect actual experience.
- The administrative expense load for contributions rates was increased from 0.16% to 0.18%.

Changes from the January 2024 experience study that impacted State/School groups are listed below:

- The investment return assumption was lowered from 7.50% to 7.00%.
- The administrative expense load for contributions rates was increased from 0.18% to 0.23%.
- The rate of mortality used the Pub-2010 Tables adjusted by an age setback or set forward. Rates are projected into the future using Scale MP-2021.

SUPPLEMENTARY INFORMATION

Independence Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
General Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Student sources	$ 1,620,000	$ 1,620,000	$ 1,815,126	$ 195,126
Federal sources	3,500,000	3,500,000	195,200	(3,304,800)
State sources	3,108,230	3,108,230	1,692,964	(1,415,266)
County sources	6,984,176	6,984,176	6,826,917	(157,259)
Other sources	75,500	75,500	34,202	(41,298)
Transfers	-	-	839,552	839,552
Total Cash Receipts	$ 15,287,906	$ 15,287,906	11,403,961	$ (3,883,945)
Expenditures and Transfers Subject to Budget				
Instruction	$ 2,500,000	$ 2,500,000	$ 2,222,563	$ (277,437)
Academic support	750,000	750,000	459,265	(290,735)
Student services	3,500,000	3,500,000	2,728,875	(771,125)
Institutional support	7,534,050	7,534,050	4,812,670	(2,721,380)
Operation and maintenance	1,100,000	1,100,000	1,188,122	88,122
Scholarships	1,150,000	1,150,000	1,017,673	(132,327)
Transfer to other funds	-	-	4,299	4,299
Total Expenditures and Transfers Subject to Budget	$ 16,534,050	$ 16,534,050	12,433,467	$ (4,100,583)
Receipts Over (Under) Expenditures			(1,029,506)	
Unencumbered Cash, July 1			1,144,011	
Change in accounting principle			(97,769)	
Unencumbered Cash, July 1, restated			1,046,242	
Unencumbered Cash, June 30			$ 16,736	
Unencumbered Cash, June 30			$ 16,736	
Receivables			2,024,175	
Property tax receivable			651,522	
Deferred			(786,226)	
Accrued vacation			(218,551)	
Accrued other post employment benefits			-	
GAAP fund balance			$ 1,499,698	

Independence 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, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Student sources	$ 260,000	$ 260,000	$ 198,800	$ (61,200)
State sources	396,473	396,473	460,169	63,696
Other sources	-	-	7,117	7,117
Total Cash Receipts	$ 656,473	$ 656,473	666,085	$ 9,612
Expenditures and Transfers Subject to Budget				
Instruction	$ 650,000	$ 650,000	$ 603,285	$ (46,715)
Institutional support	1,000	1,000	32	(968)
Total Expenditures and Transfers Subject to Budget	$ 651,000	$ 651,000	603,317	$ (47,683)
Receipts Over (Under) Expenditures			62,768	
Unencumbered Cash, July 1			326,684	
Unencumbered Cash, June 30			$ 389,452	
Unencumbered Cash, June 30			$ 389,452	
Receivables			-	
GAAP fund balance			$ 389,452	

Independence Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Adult Education Fund
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis		Variance With Final Budget Over (Under)	
	Original	Final				
Cash Receipts						
State sources	$ 5,000	$ 5,000	$ -		$ (5,000)	
Expenditures Subject to Budget						
Instruction	$ 52,288	$ 52,288	5,000		$ (47,288)	
Receipts Over (Under) Expenditures			(5,000)			
Unencumbered Cash, July 1			(104,576)			
Unencumbered Cash, June 30			$ (109,576)	*		
			$ (109,576)			
Receivables			-			
Deferred revenue			-			
GAAP fund balance			$ (109,576)			

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

Independence Community College

Schedule of Cash Receipts, Expenditures, and Changes in Unencumbered Cash
Budget and Actual - Budgetary Basis
Auxilliary Funds
Year Ended June 30, 2025

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)	
	Original	Final			
Cash Receipts					
Bookstore sales	$ 600,000	$ 600,000	$ 162,212	$ (437,788)	
Dormitory sales	2,310,000	2,310,000	1,446,127	(863,873)	
Total Cash Receipts	$ 2,910,000	$ 2,910,000	1,608,339	$ (1,301,661)	
Expenditures Subject to Budget					
Salaries and benefits	$ 110,000	$ 110,000	263,360	$ 153,360	
General operating expenses	855,000	855,000	1,168,656	313,656	
Supplies	220,000	220,000	6,504	(213,496)	
Cost of goods sold	-	-	254,329	254,329	
Utilities	-	-	254,809	254,809	
Equipment	625,000	625,000	3,961	(621,039)	
Total Expenditures Subject to Budget	$ 1,810,000	$ 1,810,000	1,951,619	$ 141,619	
Receipts Over (Under) Expenditures			(343,280)		
Unencumbered Cash, July 1			(692,094)		
Unencumbered Cash, June 30			$ (1,035,374)	*	
Unencumbered Cash, June 30			$ (1,035,374)		
Receivables			600,041		
Accrued payables			(71,003)		
Inventory			379,969		
GAAP fund balance			$ (126,367)		

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

SINGLE AUDIT SECTION

Independence Community College

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Number	Identifying Number	Disbursements/ Expenditures
Department of Education			
Direct Programs:			
Student Financial Aid (SFA) Cluster			
Federal Work-Study Program	84.033	P033A241520	$ 50,328
Supplemental Education Opportunity Grant	84.007	P007A241520	75,549
Federal Direct Student Loan	84.268	P268K251470	1,043,002
PELL Grant	84.063	P063P241470	2,052,793
Total Student Financial Aid (SFA) Cluster			3,221,672
TRIO Cluster			
TRIO Student Support Services	84.042A	P042A200717	284,828
TRIO Upper Bound Program	84.047A	P047A220797	347,628
Total TRIO Cluster			632,456
Rural Postsecondary & Economic Development	84.116W	P116W210035	250,830
Rural Postsecondary & Economic Development	84.116W	P116W240059	469,843
Title III	84.031A	P031A220034	423,930
Passed Through Kansas Board of Regents:			
Carl Perkins	84.048A		30,718
TOTAL DEPARTMENT OF EDUCATION			5,029,449
National Science Foundation			
Direct Programs:			
Advanced Technoligical Education	24.584		4,122
Enabling Partnershps to Increase Innovation Capacity	47.084		10,613
TOTAL NATIONAL SCIENCE FOUNDATION			14,735
Department of the Agriculture			
Passed Through Rural Housing Service:			
Communitiy Facilities	10.766	YSKLFUTFSEV4	29,786
Department of the Interior			
Passed Through Institute of Museum and Library Services:			
Save America's Treasures	15.929	ST-254997-OMS-23	63,215
TOTAL DEPARTMENT OF THE INTERIOR			63,215
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 5,137,185

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 Independence Community College of Independence, Kansas, under programs of the federal government for the year ended June 30, 2025. 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 principals 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

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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
Independence Community College
Independence, 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 Independence Community College as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise Independence Community College's basic financial statements, and have issued our report thereon dated March 27, 2026.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Independence 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 Independence Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of Independence 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 Independence 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
March 27, 2026

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

Board of Trustees
Independence Community College
Independence, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Independence 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, 2025. 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, 2025.

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
March 27, 2026

Independence Community College

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2025

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:	
	Asst Listing 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 3 – Findings – Financial Statement Audit

There were no reportable findings for the year ended June 30, 2025.

Section 2 – Findings and Questioned Costs – Major Federal Award Programs

Student Financial Aid Programs

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

There were no reportable findings for the year ended June 30, 2025.