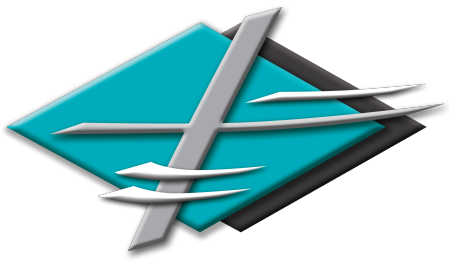
HUTCHINSON COMMUNITY COLLEGE

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT

JUNE 30, 2025



LOYD GROUP, LLC

Certified Public Accountants

Hutchinson Community College

June 30, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Hutchinson Community College
Hutchinson, Kansas

Report on the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Hutchinson Community College (the College), as of and for the year ended June 30, 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 Hutchinson 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 4-11 and 41-46, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2025 on our consideration of Hutchinson Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Loyd Group, LLC

Loyd Group, LLC
Galva, Kansas

December 10, 2025

Management's Discussion and Analysis

Introduction:

Hutchinson Community College is proud to present its financial statements for the fiscal year 2025. The following discussion and analysis of the financial performance and activity of Hutchinson Community College (The College) is to provide an introduction to and an understanding of the basic financial statements of the College for the year ended June 30, 2025, with selected comparative information for the years ended June 30, 2023, and 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 and accuracy of this information.

Using the Annual Report:

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

Basic financial statements are comprised of two parts:

1. Basic Financial Statements – These include Statement of Net Position; Statement of Revenues, Expenses, and Changes in Net Position; and Statement of Cash Flows. These statements present the results of a single measurement focus and basis of accounting.

    a. The Statement of Net Position is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term expendable resources) with capital assets.

    b. The Statement of Revenues, Expenses, and Changes in Net Position focuses on both the gross costs and the net costs of the College activities which are supported mainly by property taxes, state revenues and tuition.

    c. The Statement of Cash Flows provides information about the cash receipts and cash disbursements of the College during the fiscal period.

2. The Notes to the Basic Financial Statements are an integral and essential portion of the financial statements.

Required Supplementary Information:

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

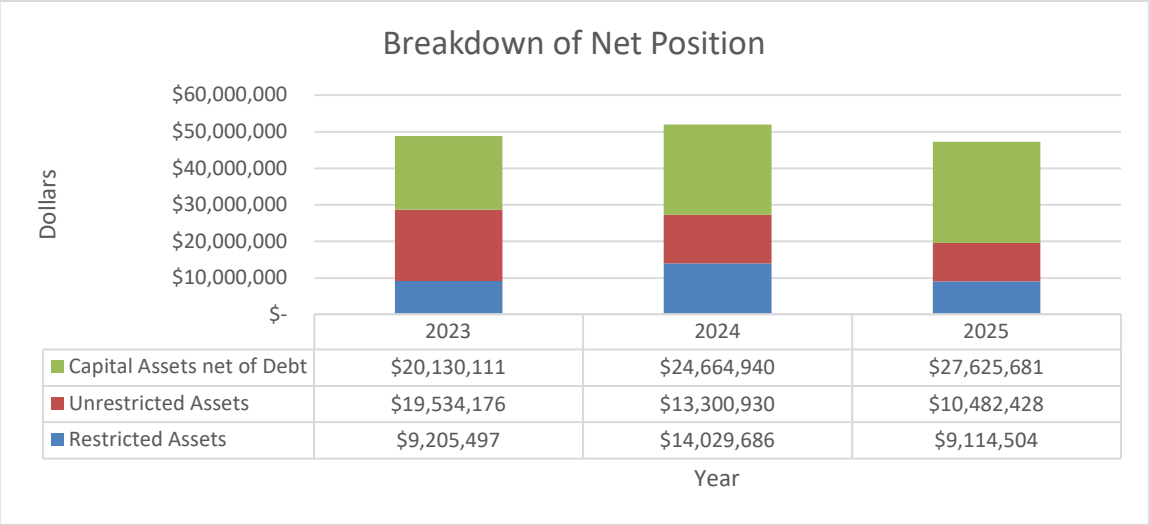
Highlights to the Financial Statements:

Statement of Net Position

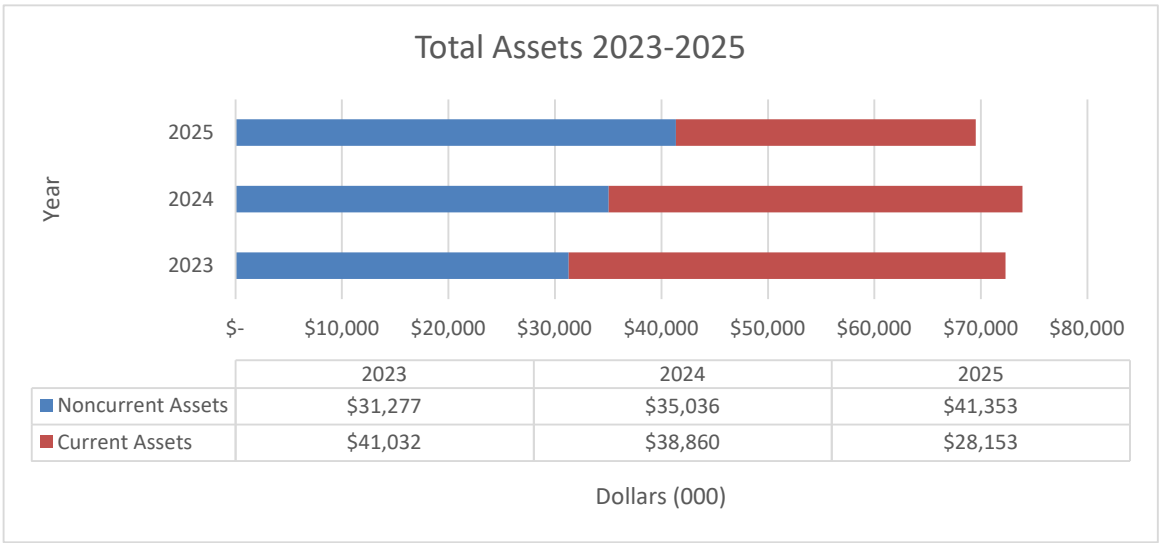
Comparison Net Position – Fiscal Year 2023, 2024, and 2025

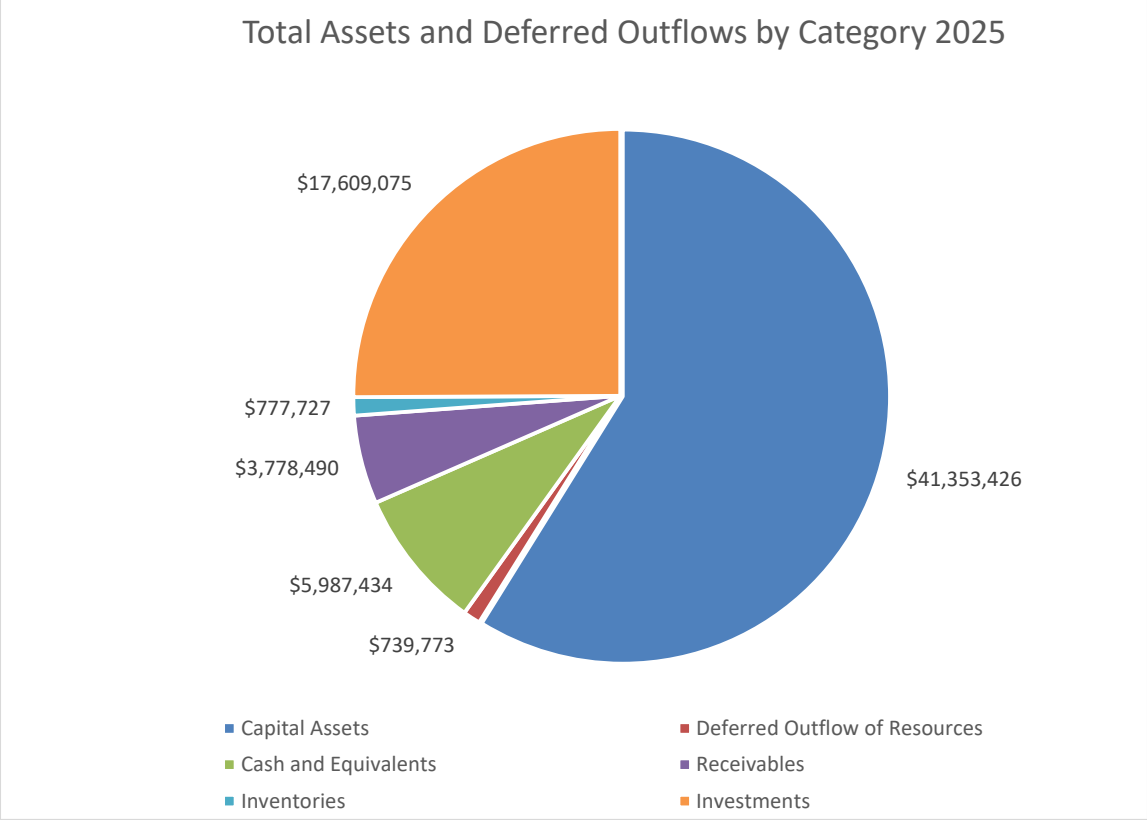
The Statement of Net Position presents the assets, deferred outflow of resources (deferred outflows), liabilities, deferred inflow of resources (deferred inflows) and net position of the College as of the end of the fiscal year. The Statement of Net Position is a point of time financial statement. The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

Net assets increased from $48,869,784 in 2023 to $51,995,556 in 2024 and decreased to $47,222,613 for 2025. This is a decrease of $4,772,943 from 2024 to 2025.



Total breakdown of assets between current and noncurrent classification for 2023 through 2025 is as follows:



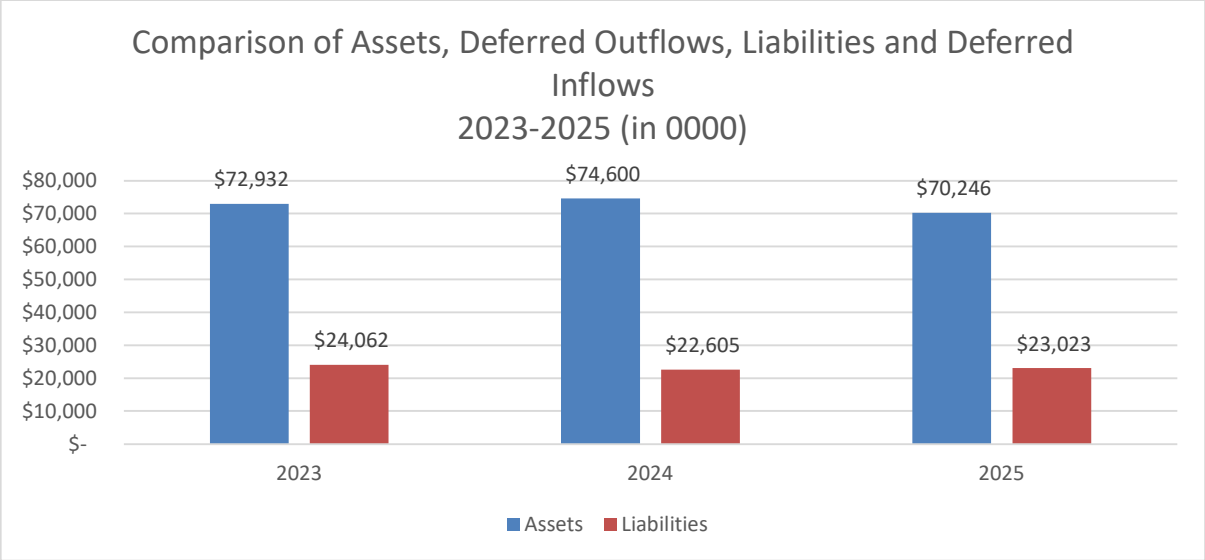


Of the $70,245,925 in total assets and deferred outflows, approximately 34% are in cash and cash equivalents and capital assets represent another 59% of total assets.

Comparison of Liabilities

	2023	% Total 2023	2024	% Total 2024	2025	% Total 2025
Current Liabilities	$ 6,982,699	30.25%	$ 7,290,250	33.61%	$ 7,083,444	32.11%
Noncurrent Liabilities	16,098,503	69.75%	14,398,252	66.39%	14,979,014	67.89%
Total Liabilities	$ 23,081,202	100.00%	$ 21,688,502	100.00%	$ 22,062,458	100.00%

Noncurrent liabilities in 2025 include, but are not limited to, revenue bonds for improvements to the College's Student Union, certificates of participation related to student housing, and capital lease obligations. Payments to Signature Public Funding Corp. for the refinancing of the College's energy conservation measures lease and the present value of future lease payments for the College's Newton and McPherson sites make up most of the capital lease obligations. Current liabilities consist primarily of accounts payable and accrued liabilities, deposits held in custody for others, and the current portion due for the certificates of participation, the revenue bonds, and capital lease obligations.



Total liabilities and deferred inflows decreased from $24,061,922 in 2023 to $22,604,665 in 2024 and increased to $23,023,312 in 2025. This is a increase of $418,647 from the previous year. Assets and deferred outflows increased from $72,931,706 in 2023 to $74,600,221 in 2024 and decreased to $70,245,925 in 2025. The asset to liability ratio (total assets/total liabilities) was 3.03 in 2023, 3.30 in 2024 and 3.05 in 2025.

Results of Operations Fiscal Year 2025

Statement of Revenues, Expenses and Changes in Net Position

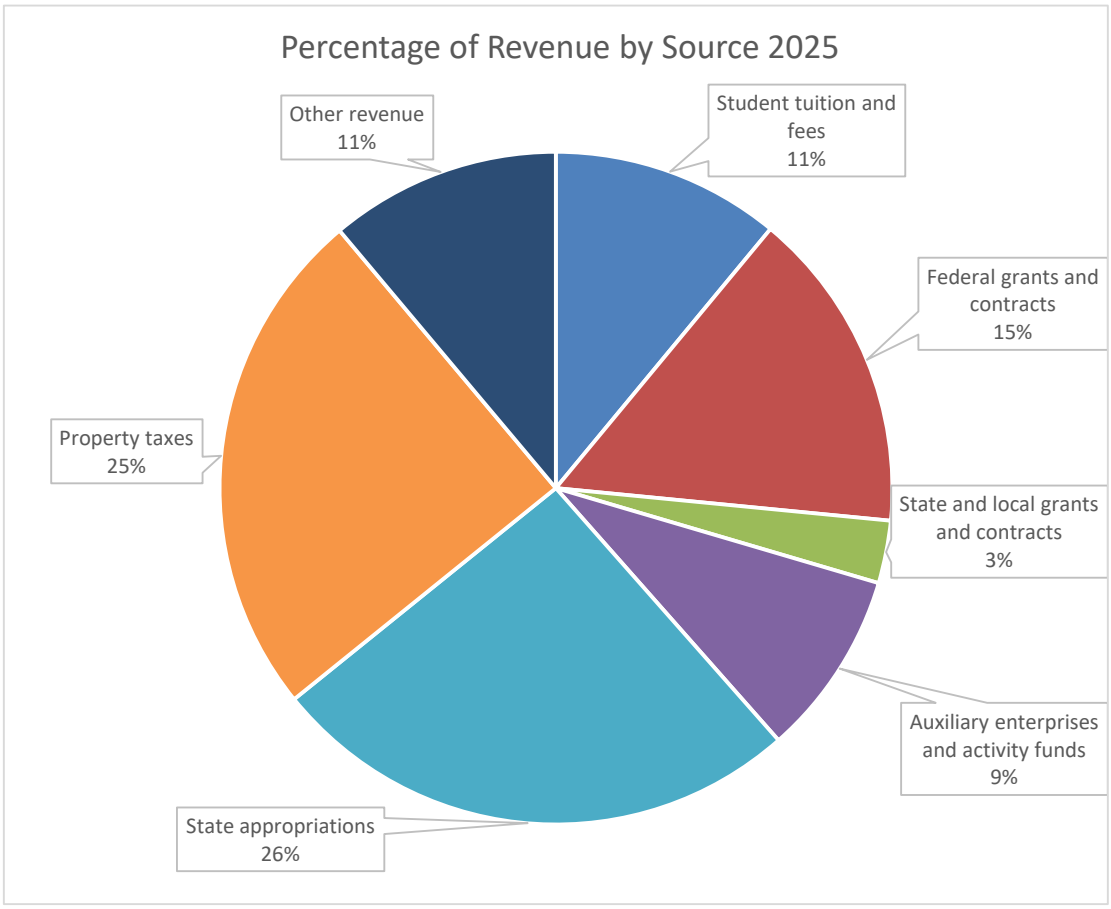
Changes in total net position are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Position. The purpose of this statement is to present the revenues received by the institution, both operating and non-operating, and the expenses paid by the institution, operating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

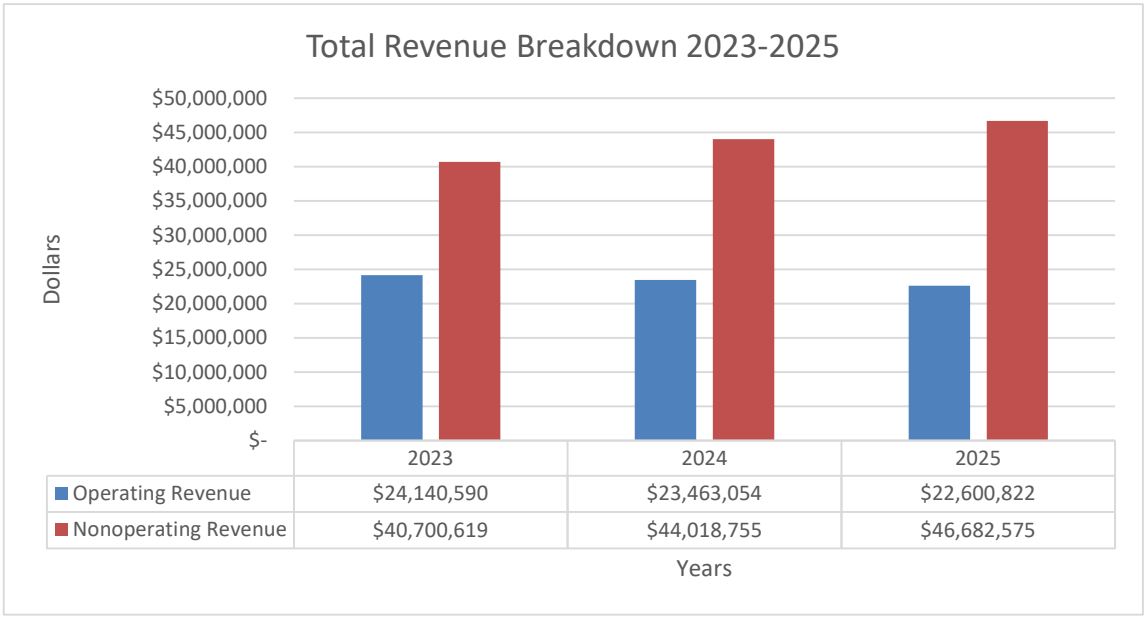
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the institution. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out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

Revenue

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

Source	2023	% Total 2023	2024	% Total 2024	2025	% Total 2025
Student tuition and fees	$ 8,199,621	12.65%	$ 7,586,143	11.24%	$ 7,627,271	11.01%
Federal grants and contracts	10,762,185	16.60%	9,580,318	14.20%	10,767,578	15.54%
State and local grants and contracts	1,080,759	1.67%	2,905,552	4.31%	2,084,238	3.01%
Auxiliary enterprises and activity funds	6,172,481	9.52%	6,070,851	9.00%	6,185,012	8.93%
State appropriations	15,799,856	24.37%	15,475,120	22.93%	17,812,059	25.71%
Property taxes	16,106,569	24.84%	17,093,616	25.33%	17,096,616	24.68%
Other revenue	6,719,738	10.36%	8,770,209	13.00%	7,710,623	11.13%
Total revenue	$ 64,841,209	100.00%	$ 67,481,809	100.00%	$ 69,283,397	100.00%

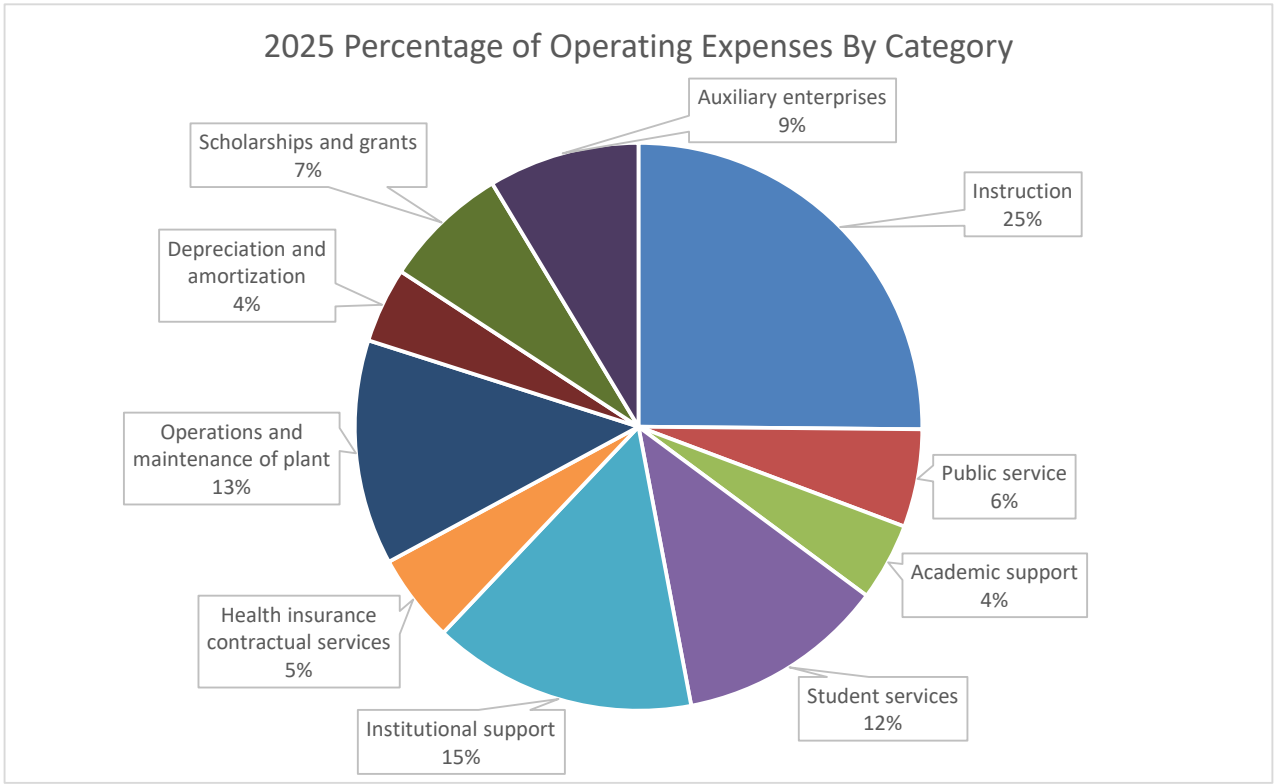

Percentage of Revenue by Source 2025
Other revenue 11%
Student tuition and fees 11%
Federal grants and contracts 15%
Property taxes 25%
State and local grants and contracts 3%
Auxiliary enterprises and activity funds 9%
State appropriations 26%


Total Revenue Breakdown 2023-2025
$50,000,000
$45,000,000
$40,000,000
$35,000,000
$30,000,000
$25,000,000
$20,000,000
$15,000,000
$10,000,000
$5,000,000
$-
Dollars
2023
2024
2025
Operating Revenue
$24,140,590
$23,463,054
$22,600,822
Nonoperating Revenue
$40,700,619
$44,018,755
$46,682,575
Years

Expenses

Detail of the 2023 through 2025 education, general, and auxiliary enterprise operating and non- operating expenditures:

Operating Expenses	2023	% Total 2023	2024	% Total 2024	2025	% Total 2025
Instruction	$ 16,429,715	26.66%	$ 18,137,093	28.18%	$ 17,553,055	25.06%
Public service	3,113,714	5.05%	4,239,436	6.59%	3,901,972	5.57%
Academic support	2,475,259	4.02%	2,744,578	4.26%	3,083,895	4.40%
Student services	7,818,066	12.69%	7,712,278	11.98%	8,307,844	11.86%
Institutional support	9,150,753	14.85%	8,351,076	12.98%	10,501,714	14.99%
Health insurance contractual services	3,143,657	5.10%	3,284,301	5.10%	3,518,607	5.02%
Operations and maintenance of plant	6,287,480	10.20%	6,371,612	9.90%	8,944,677	12.77%
Depreciation and amortization	2,856,132	4.64%	2,814,155	4.37%	2,996,119	4.28%
Scholarships and grants	4,316,693	7.01%	3,838,618	5.96%	5,001,622	7.14%
Auxiliary enterprises	5,598,791	9.09%	6,459,768	10.04%	6,023,671	8.60%
Subtotal	61,190,260	99.31%	63,952,915	99.37%	69,833,176	99.71%
Nonoperating Expenses						
Interest on Capital asset-related debt	427,284	0.69%	403,122	0.63%	201,807	0.29%
Loss on disposal of Capital Assets	174	0.00%	-	0.00%	-	0.00%
Debt issuance costs	-	0.00%	-	0.00%	-	0.00%
Subtotal	427,458	0.69%	403,122	0.63%	201,807	0.29%
Total Expenses	$ 61,617,718	100.00%	$ 64,356,037	100.00%	$ 70,034,983	100.00%



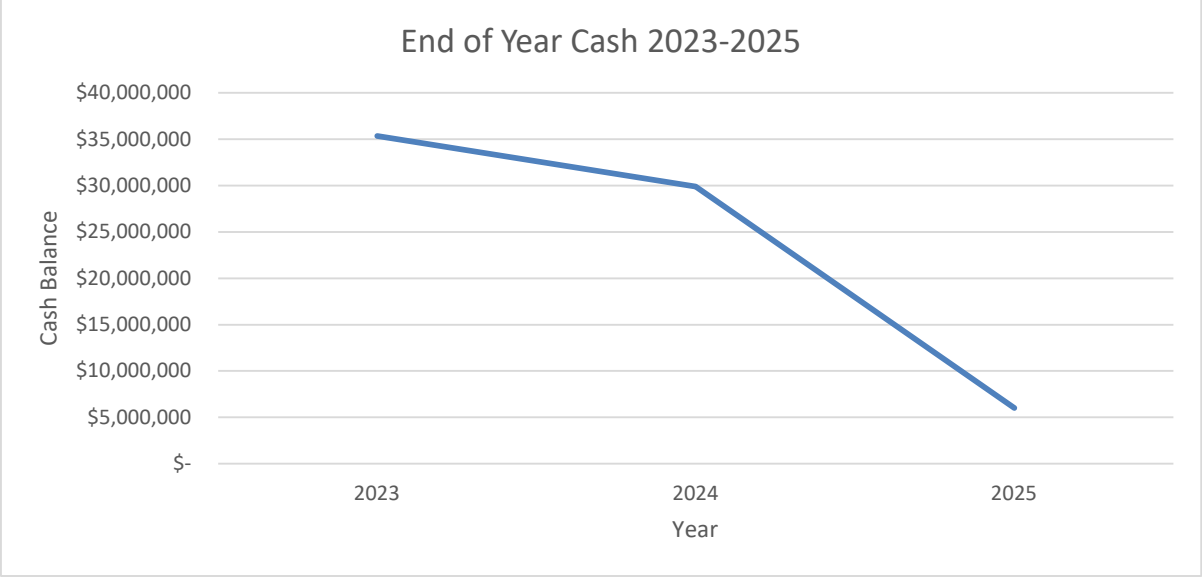
Statement of Cash Flows

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

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

In previous years, the College counted certificates of deposit and treasury bills in the total cash balance at the end of the year. For the fiscal year ending June 30, 2025, the presentation of cash at the end of the year includes only cash. The College also had $17.6 million in certificates of deposit. For comparison purposes, the College's total cash and investments decreased from $29.8 million in 2024 to $23.6 million in 2025.

	2023	2024	2025
Net Cash Provided (used) by			
Operating Activities	$ (27,819,483)	$ (36,941,301)	$ (39,557,692)
Noncapital financing activities	35,721,888	36,356,393	39,954,619
Capital and related financing a	(3,840,434)	(6,778,529)	(7,931,905)
Investing activities	491,190	1,899,493	(16,359,215)
Net Change in Cash	3,284,778	(5,463,944)	(23,894,193)
Cash Beginning of year	32,060,793	35,345,571	29,881,627
Cash End of year	$ 35,345,571	$ 29,881,627	$ 5,987,434



Financial Performance Summary for Fiscal Year 2025

Revenue: Total revenue for the year increased by $1,801,588, reaching $69.3 million, compared to $67.4 million in the previous year. This increase was attributed to an increase in state funding.

Expenses: Operating expenses for the year increased by $5,880,261, totaling $69.8 million compared to $63.9 million in the previous fiscal year. This increase in expenses is due primarily to two things. In spring 2024, The College entered into an agreement with a higher education software provider to replace the College's 40+ year old student information system. Implementation costs, project management costs and additional software products are projected to cost $1.7 million over a two year period. The College also completed a number of capital improvement projects this year. All restrooms and a conference room were renovated in Lockman Hall, the Media Production building was renovated, and two classroom buildings and one maintenance building had a new roof installed.

Balance Sheet: Correction in Net Asset Distribution: In January, 2025, College management conducted a detailed review of unrestricted cash balances in all college funds. The review revealed two errors. First, in 2018, the College entered into an Interlocal Agreement with the City of Hutchinson (City) to help finance the cost of improvements to the Hutchinson Sports Arena. The annual payments to the City were incorrectly recorded in the college's Capital Asset fund from 2018 to 2024. The payments were reclassified to the College's Capital Outlay fund in the 2024-2025 fiscal year.

The second error was the capitalization of the College's dining hall renovation in 2021. Approximately one half of the cost of construction was incorrectly charged to the College's Capital Asset fund. In 2024-2025, the construction costs were reclassified to the College's revenue bond and student union funds.

The correction of these two errors resulted in a reduction of $3.2 million in net assets restricted for capital outlay, a reduction of $2.9 million from unrestricted net assets and an increase of $6.1 million to net investment in capital assets for a net dollar difference of zero.

Going forward, all debt payments and the recording of capital projects will be reviewed by the VP of Finance and Operations prior to posting.

Correction of Error: The College receives reimbursement from the state for technical education classes provided to high school students. During the year, College management discovered that the payments received in years 2021-2024 had been recorded but the receivable had not been cleared. The correction for this error resulted in a decrease in net assets of of $3.5 million. Going forward, the amount credited to high school student statements will be recorded as a contra amount to the revenue in the same account.

The remaining adjustments consist of a reduction to the bookstore's accounts receivable in the amount of $185,348 and an increase to accrued vacation payable in the amount of $260,591. Going forward, a checklist for monthly and annual adjusting and closing entries has been developed and will be reviewed by the VP of Finance and Operations at the end of every month.

Outlook: Looking ahead, Hutchinson Community College will continue to offer quality education and prepare the future workforce for top employment fields. The College is focused on increasing enrollment, managing expenses, and improving cash flow in the coming fiscal year. The College will continue to expand its tradition of excellence through learning and collaboration.

Julie A. Blanton
Vice President of Finance and Operations

BASIC FINANCIAL STATEMENTS

Hutchinson Community College
Statements of Net Position
June 30, 2025

	Hutchinson Community College	Component Unit HCC Endowment	Component Unit Start Up Hutch
ASSETS			
Current Assets			
Cash and cash equivalents	$ 5,987,434	$ 645,623	$ 343,170
Investments	17,609,075	14,430,945	-
Receivables - federal and state grants and contracts	2,075,333	-	-
Receivables - students (net of allowance of $601,833)	1,183,970	-	-
Receivables - other	519,187	178,592	-
Inventories	777,727	-	-
Total current assets	28,152,726	15,255,160	343,170
Noncurrent Assets			
Investments	-	12,200,731	-
Receivables - other	-	261,100	-
Capital assets, net of accumulated depreciation	41,353,426	-	-
Beneficial interest in trusts	-	1,447,600	-
Other	-	-	256,395
Total noncurrent assets	41,353,426	13,909,431	256,395
TOTAL ASSETS	69,506,152	29,164,591	599,565
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	196,870	-	-
Deferred outflows related to pensions	240,906	-	-
Deferred outflows related to other postemployment benefits	301,997	-	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	739,773	-	-
TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	$ 70,245,925	$ 29,164,591	$ 599,565
LIABILITIES			
Current Liabilities			
Accounts payable and accrued expenses	$ 674,884	$ -	$ 1,385
Deposits held in custody for others	3,387,999	-	-
Unearned revenue	133,747	-	-
Accrued interest payable	81,825	-	-
Compensated absences payable	596,456	-	-
Early retirement benefits payable	191,010	-	-
Capital lease obligations	900,598	-	-
Revenue bond	315,000	-	-
Certificates of Participation	301,925	-	-
Sports Arena payable	500,000	-	-
Total current liabilities	7,083,444	-	1,385
Noncurrent Liabilities			
Compensated absences payable	274,715	-	-
Early retirement benefits payable	268,962	-	-
Capital lease obligations	5,379,762	-	-
Revenue bond	3,225,000	-	-
Certificates of Participation	3,802,329	-	-
Sports Arena payable	250,000	-	-
Other postemployment benefits liability	987,405	-	-
Net pension liabilities	790,841	-	-
Other liabilities	-	-	-
Total noncurrent liabilities	14,979,014	-	-
TOTAL LIABILITIES	22,062,458	-	1,385
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows related to pensions	53,039	-	-
Deferred inflows related to other postemployment benefits	907,815	-	-
TOTAL DEFERRED INFLOWS OF RESOURCES	960,854	-	-
NET POSITION			
Net investment in capital assets	27,625,681	-	-
Restricted for:			
Nonexpendable - endowments	-	15,516,260	-
Expendable:			
Endowment activity	-	13,648,331	-
Capital outlay	3,672,321	-	-
Restricted funds	2,669,221	-	-
Health insurance	2,772,962	-	-
Unrestricted	10,482,428	-	598,180
Total net position	47,222,613	29,164,591	598,180
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION	$ 70,245,925	$ 29,164,591	$ 599,565

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

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

	Hutchinson Community College	Component Unit HCC Endowment	Component Unit Start Up Hutch
OPERATING REVENUES			
Student tuition and fees	$ 10,916,129	$ -	$ -
Less allowances for institutional scholarships	(89,051)	-	-
Less allowances for federal grants	(3,199,807)	-	-
Net student source revenue	7,627,271	-	-
Federal sources	2,919,559	-	-
State sources	1,522,553	-	-
County sources	15,000	-	75,000
Local sources	546,685	-	85,500
Auxiliary enterprises:			
Residential life	1,844,917	-	-
Campus store	1,075,375	-	-
Union	1,744,170	-	-
Other auxiliary enterprises	1,520,550	-	-
Private gifts and grants	-	-	-
Health insurance charges for services	3,784,742	-	-
Other operating revenues	-	295,844	15,944
Total operating revenues	22,600,822	295,844	176,444
OPERATING EXPENSES			
Educational and General:			
Instruction	17,553,055	-	2,703
Public service	3,901,972	-	-
Academic support	3,083,895	-	-
Student services	8,307,844	-	-
Institutional support	6,630,579	2,176,738	208,027
KPERS contribution paid directly by the State of Kansas	3,871,135	-	-
Health insurance contractual services	3,518,607	-	-
Operations and maintenance of plant	8,944,677	-	-
Depreciation and amortization	2,996,119	-	-
Scholarships and grants	5,001,622	-	-
Auxiliary Enterprises:			
Residential life	761,906	-	-
Campus store	1,167,760	-	-
Union	1,479,326	-	-
Other auxiliary enterprises	2,614,679	-	64,720
Total operating expenses	69,833,176	2,176,738	275,450
Operating income (loss)	(47,232,354)	(1,880,894)	(99,006)
NONOPERATING REVENUES (EXPENSES)			
State appropriations	13,940,924	-	-
State contribution directly to the KPERS retirement system	3,871,135	-	-
Local sources	17,096,616	-	-
Federal Pell Grants	7,848,019	-	-
Private grants and gifts	1,069,060	1,293,511	-
Investment income	1,140,785	3,083,958	-
Interest on capital asset-related debt	(201,807)	-	-
Net nonoperating revenues (expenses)	44,764,732	4,377,469	-
Income(loss) before other revenues	(2,467,622)	2,496,575	(99,006)
Capital grants and gifts	1,716,036	-	-
Net increase (decrease) in net position	(751,586)	2,496,575	(99,006)
NET POSITION			
Net position - beginning of year	51,995,556	26,668,016	697,186
Change in accounting principle and error corrections	(4,021,357)	-	-
Net position - beginning of year - restated	47,974,199	26,668,016	697,186
Net position - end of year	$ 47,222,613	$ 29,164,591	$ 598,180

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

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

	2025
CASH FLOWS FROM OPERATING ACTIVITIES	
Student tuition and fees	$ 7,130,258
Federal and state sources	10,275,527
Sales and services of auxiliary enterprises	6,185,012
Private gifts and grants	-
Health insurance charges for services	3,784,742
Other operating receipts	(3,069)
Payments to employees for salaries and benefits	(31,495,603)
Payments to suppliers	(30,923,438)
Loans issued to students	(4,511,121)
Net change in cash flows from operating activities	(39,557,692)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations received	13,940,924
County and local appropriations received	17,096,616
Pell grants received	7,848,019
Private gifts and grants received	1,069,060
Net change in cash flows from noncapital financing activities	39,954,619
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchases of capital assets	(9,558,899)
Principal paid on debt and capital lease obligations	212,709
Interest paid on debt and capital lease obligations	(301,751)
Capital gifts and grants received	1,716,036
Net change in cash flows from capital and related financing activities	(7,931,905)
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchase of investments	(17,500,000)
Interest on investments	1,140,785
Net change in cash flows from investing activities	(16,359,215)
Net change in cash and cash equivalents	(23,894,193)
Cash and cash equivalents - beginning of year	29,881,627
Cash and cash equivalents - end of year	$ 5,987,434
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CHANGE IN CASH FLOWS FROM OPERATING ACTIVITIES	
Operating loss	$ (47,232,354)
Depreciation and amortization expense	2,996,119
Changes in operating assets and liabilities:	
Receivables, net	521,343
Inventories	140,089
Accounts payable and accrued expenses	81,838
Unearned revenue	45,237
Compensated absences payable	56,319
Early retirement benefits payable	147,635
Other postemployment benefits liability	55,386
Net pension liabilities	12,196
Deferred inflows and outflows related to pensions and other post employment benefits	(11,424)
Deposits held in custody for others	(241,211)
Employee benefits paid directly by State of Kansas	3,871,135
Net change in cash flows from operating activities	$ (39,557,692)

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

Hutchinson Community College
Notes to Financial Statements
June 30, 2025

1. Summary of Significant Accounting Policies

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

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

(a) Reporting Entity

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

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

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

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

1. Summary of Significant Accounting Policies (Cont.)

(a) Reporting Entity (Cont.)

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

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

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

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

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

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

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

Cash and Cash Equivalents and Investments

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

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

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

1. Summary of Significant Accounting Policies (Cont.)

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

Receivables

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

Inventories

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

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

Capital Assets

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

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

Estimated useful lives used for calculating depreciation are as follows:

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

Unearned Revenue

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

Federal Financial Assistance Programs

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

1. Summary of Significant Accounting Policies (Cont.)

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

Compensated Absences Payable

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

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

Unused sick leave is accumulated up to a specified maximum number of days. Upon separation from the College, the compensation is based upon a pre-determined daily dollar amount multiplied by the number of accumulated sick days. In addition, the estimate includes accumulated sick leave more likely than not to be used and remaining estimated amounts to be paid out.

Medical Claims Payable

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

Noncurrent Liabilities

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

Pensions

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

Deferred Outflows/Inflows of Resources

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

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

1. Summary of Significant Accounting Policies (Cont.)

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

Net Position

The College's net positions are classified as follows:

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

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

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

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

Net Position Flow Assumption

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

Classification of Revenues

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

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

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

Property Tax Information

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

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

1. Summary of Significant Accounting Policies (Cont.)

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

Scholarship Allowances

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

Use of Estimates

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

2. Stewardship, Compliance, and Accountability

(a) Budgetary Information

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

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

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

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

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

(a) Budgetary Information (Cont.)

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

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

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

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

Kansas municipalities are subject to the cash-basis law as stated in KSA 10-1113. Some sub-funds of the Restricted Funds have a negative unencumbered cash balance at June 30, 2025, which is allowable under KSA 12-1663. This fund will be reimbursed from federal grants, state grants, and other contracts for expenditures already incurred by the College in the following fiscal year. This combined receivable has been recognized for GAAP purposes on these financial statements.

3. Cash and Cash Equivalents and Investments

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

Deposits in financial banking institutions	$ 5,921,434
Cash is restricted for the following purposes:	
United Health Care Self-Insured Funds	66,000
Combined cash and cash equivalents	$ 5,987,434
Investments - certificates of deposit, current	$ 12,609,075
Investments - certificates of deposit, noncurrent	5,000,000
Total investments	$ 17,609,075

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

GASB requires the accounting treatment for certificate of deposits to be based on its original maturity date. Certificates of deposit that have an original maturity of three months (90 days) or less are reported as cash equivalents. Certificates of deposit that have an original maturity date of more than three months are reported as an investment. Those certificates of deposit that are considered investments are then classifed as current if the maturity date is less than one year from the statement of net position date or noncurrent if more than one year from the statement of net position date.

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

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

Credit risk – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675. The College's practice is to place idle funds in certificates of deposits, United States obligations, and the Kansas Municipal Investment Pool (KMIP). The KMIP was rated AAAf/S1+ by Standard & Poor's as of March, 2024. The KMIP is permitted to invest in fully collateralized certificates of deposit, certain obligations of the United States, certain repurchase/reverse repurchase agreements, and other types of investments.The fair value of the investments in the pool are the same as the value of the pool shares. The KMIP is managed by the Pool Investment Board of which four members are appointed by the Governor of the State of Kansas.

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

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

At June 30, 2025, the College had invested in funds in the State's Municipal Investment Pool. The municipal investment pool is under the oversight of the Pooled Money Investment Board. The board is comprised of the State Treasurer and four additional members appointed by the State Governor. The board reports annually to the Kansas legislature. State pooled monies may be invested in direct obligations that are insured as to principal and interest, by the U.S. government or any agency thereof, with maturities up to four years. No more than ten percent of those funds may be invested in mortgage-backed securities. In addition, the State pool may invest in repurchase agreements with Kansas banks or with primary government securities dealers.

4. Capital Assets

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

	Beginning Balance	Increases	(Decreases) Adjustments	Ending Balance
Non-depreciable capital assets:				
Land	$ 175,688	$ -	$ -	$ 175,688
Construction in progress	3,462,503	-	(2,097,144)	1,365,359
Total non-depreciable capital assets	3,638,191	-	(2,097,144)	1,541,047
Depreciable capital assets:				
Improvements	7,476,403	5,546,484	(20,400)	13,002,487
Buildings	58,115,753	2,884,223	-	60,999,976
Equipment	15,581,225	964,493	(608,272)	15,937,446
Leased assets	3,604,769	2,260,842	(898,007)	4,967,604
Total depreciable capital assets	84,778,150	11,656,042	(1,526,679)	94,907,513
Less accumulated depreciation:				
Improvements	(2,851,383)	(32,070)	8,987	(2,874,466)
Buildings	(36,811,884)	(1,936,421)	(37,148)	(38,785,453)
Equipment	(12,157,929)	(706,838)	410,945	(12,453,822)
Leased assets	(1,558,610)	(320,790)	898,007	(981,393)
Total accumulated depreciation	(53,379,806)	(2,996,119)	1,280,791	(55,095,134)
Total capital assets, net	$ 35,036,535	$ 8,659,923	$ (2,343,032)	$ 41,353,426

Depreciation and amortization expense for the year ended June 30, 2025 is $2,996,119.

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
Certificates of Participation	$ 4,375,000	$ -	$ (290,000)	$ 4,085,000	$ 300,000
Premium on Certificates	21,180	-	(1,926)	19,254	1,925
Sports Arena payable	1,250,000	-	(500,000)	750,000	500,000
Capital lease obligations	4,972,651	2,260,842	(953,133)	6,280,360	900,598
Revenue Bond	3,845,000	-	(305,000)	3,540,000	315,000
Compensated absences	815,152	56,019	-	871,171	596,456
Early retirement benefits	312,337	282,828	(135,193)	459,972	191,010
Other post employment benefits	932,019	55,386		987,405	-
Net pension liability	778,345	12,496	-	790,841	-
Total long-term liabilities	$ 17,301,684	$ 2,667,571	$ (2,185,252)	$ 17,784,003	$ 2,804,989

5. Long-Term Liabilities (Cont.)

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

(a) Certificates of Participation

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

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

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

Year Ending	Principal	Interest	Total
6/30/2026	300,000	108,213	408,213
6/30/2027	310,000	99,825	409,825
6/30/2028	320,000	91,163	411,163
6/30/2029	370,000	81,675	451,675
6/30/2030	375,000	71,431	446,431
6/30/31 - 6/30/35	1,985,000	197,106	2,182,106
6/30/2036	425,000	5,844	430,844
Total	$ 4,085,000	$ 655,257	$ 4,740,257

(b) Sports Arena Payable

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

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

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

5. Long-Term Liabilities (Cont.)

(c) Capital Lease Obligations

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

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

The College has entered into a lease agreement with Cedar Hills McPherson. The lease agreement qualifies as a capital lease for accounting purposes and, therefore, has been reported at the present value of the future minimum lease payments as of the inception date. The building totaled $898,007 and is included as an asset in the capital assets of the College. The lease was renewed in 2025 for $2,260,842. The amortization of this building has been included in the College's depreciation expense.

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

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

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

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

5. Long-Term Liabilities (Cont.)

(c) Capital Lease Obligations

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

Year Ending	Principal	Interest	Total
6/30/2026	900,598	216,292	1,116,890
6/30/2027	853,642	186,262	1,039,904
6/30/2028	894,578	156,541	1,051,119
6/30/2029	605,955	145,499	751,454
6/30/2030	313,064	108,689	421,753
6/30/31 - 6/30/35	1,779,612	336,094	2,115,706
6/30/36 - 6/30/40	643,312	106,688	750,000
6/30/41 - 6/30/42	289,599	10,399	299,998
Total	$ 6,280,360	$ 1,266,464	$ 7,546,824

(d) Student Union and Dormitory System Revenue Bond

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

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

Year Ending	Principal	Interest	Total
6/30/2026	315,000	86,592	401,592
6/30/2027	325,000	78,400	403,400
6/30/2028	330,000	70,016	400,016
6/30/2029	340,000	61,440	401,440
6/30/2030	350,000	52,608	402,608
6/30/31 - 6/30/35	1,880,000	112,512	1,992,512
Total	$ 3,540,000	$ 461,568	$ 4,001,568

(e) Early Retirement Benefit Plan

At the discretion of the Board of Trustees, the College offers a voluntary early retirement plan to eligible employees. Employees must have completed at least 15 years of full-time and continuous service with the College and must be eligible to receive unreduced KPERS retirement benefits. Benefits apply for a maximum of 38 months, or until the employee is eligible for full social security benefits, whichever occurs first. This benefit program is unfunded and current costs are paid by the General Fund and the Postsecondary Technical Education Fund. For the year ended June 30, 2025, the College paid $165,510 in benefits. The liability for the early retirement benefit plan includes the expected cash outflows discounted at a range of 3.810% to 4.329%. At year end, there were 21 retirees receiving benefits.

5. Long-Term Liabilities (Cont.)

(f) Revenue Bond Covenants

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

a. The 2019 Revenue Bond covenants request the number of users served by the Student Union and Dormitory System (System). The number of users totaled 6,436.

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

Character	Amount	Expiration Date	Annual Premium
Building & Personal Property	$ 38,429,263	7/1/2024	$ 25,060

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

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

	Student Union	Student Housing
Cash	$ 1,753,741	$ 4,461,937
Total assets	$ 1,753,741	$ 4,461,937
Accounts payable	$ -	$ 1,553
Net Position:		
Unrestricted	1,753,741	4,460,384
Total net position	1,753,741	4,460,384
Total liabilities and net position	$ 1,753,741	$ 4,461,937

	Student Union	Student Housing	Total
Gross revenue	$ 1,744,170	$ 1,844,917	$ 3,589,087
Gross expenditures (before capital & trf)	(1,462,721)	(750,713)	(2,213,434)
Adjustment			
Capital Purchases	(16,605)	(2,475,714)	(2,492,319)
Transfers to debt service in (out)	(160,000)	(580,000)	(740,000)
Net revenues	$ 104,844	$ (1,961,510)	$ (1,856,666)

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

Net Revenues (excluding capital purchases)	$ 635,652
Debt Service Requirements for Fiscal Year June 30, 2025	402,272
Ratio of Net Revenues to Debt Service Requirements	158%

The College is to maintain a Debt Service Ratio of 125% per the 2019 Revenue Bond convenant. Per above, the College is in compliance with this requirement for the year ended June 30, 2025.

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

6. Other Postemployment Benefits Payable (OPEB)

Plan Description

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

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

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

Retirees and beneficiaries receiving benefits	6
Active plan members	401
Total	407

Funding Policy

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

Employer Contributions

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

Annual OPEB Cost and Net OPEB Obligation

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

	June 30, 2025
Total OPEB liability - beginning of year	$ 932,019
Service cost	51,371
Interest cost	40,026
Changes in benefit terms	-
Differences between actual and expected experience	(166,094)
Changes in assumptions and inputs	144,397
Employer contributions (benefit payments)	(14,314)
Net changes	55,386
Net OPEB liability - end of year	$ 987,405

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

The College saw no benefit changes to the disabilitant's percentage of replacement income due to the changes from FY24 to FY25.

Changes of assumptions and other inputs reflect a change in the discount rate from 4.1% in 2024 to 4.8% in 2025 in accordance with GASB 75.

Changes from the beginning to the end of year measurement for FY 2024-2025 are noted below:

- The discount rate changed from 4.1% to 4.8%.
- The census was updated from January 1, 2023 to January 1, 2025.
- The assumed proportion of employees electing coverage with the College upon retirement at ages less than 59 and at ages from 60 to 64 were revised from 55%/75% to 50%/75%, respectively.
- The assumed mortality was revised from PUB 2010 to PUB 2016, as published by the Society of Actuaries. The mortality projection scale remains at MP 2021.
- The assumed retirement and turnover assumptions were updated taking into account the latest statistics from the KPERS pension valuation report.
- The projected per capita costs, retiree contribution premiums and assumed trends were updated using recent information. The January 1, 2025 renewal was utilized.

Total OPEB Liability

The College's total OPEB liability of $987,405 reported as of June 30, 2025 was measured as of June 30, 2025 (the measurement date), and was determined by an actuarial valuation as of January 1, 2024, using the following actuarial assumptions:

Discount rate	4.80%

Valuation Procedures and Discount Rate

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

In order to determine the municipal bond rate the actuaries took the average of the published yields from the S&P Municipal Bond 20 year High Grade and the Fidelity GO AA-20 Years indexes. The selected average rates are 4.1% and 4.8% as of the beginning and end of year measurement dates, respectively. These were used as the discount rates to determine present value costs.

The assumed mortality was revised from PUB 2010 to PUB 2016, as published by the Society of Actuaries. The mortality projection scale remains at MP 2021.

The financial information for fiscal year 2024-25 is based upon a GASB 75 actuarial valuation performed as of January 1, 2024 using the participant census as of January 1, 2024.

The measurement date as selected by the College under GASB 75 Standards is June 30, 2025. The results of the valuation were projected to the beginning of year and end of year measurement dates using standard actuarial techniques.

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

Valuation Procedures and Discount Rate (Cont.)

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

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

	1% Decrease	Current Trend Assumption	1% Increase
Net OPEB Liability	$ 876,861	$ 987,405	$ 1,118,732
Increase / (Decrease) from Baseline	(110,544)	-	131,327

Sensitivity of Net OPEB Liability to changes in the Discount Rate

	1% Decrease 3.8%	Current Single Discount Rate Assumption 4.8%	1% Increase 5.8%
Net OPEB Liability	$ 1,077,951	$ 987,405	$ 904,824
Increase / (Decrease) from Baseline	90,546	-	(82,581)

Deferred Outflows of Resources and Deferred Inflows of Resources

At June 30, 2025, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

Category	Deferred outflows of resources	Deferred inflows of resources
Differences between actual and expected experience	$ 97,322	$ 367,735
Changes in assumptions	204,675	540,080
Benefit payments subsequent to the measurement date (1)	-	-
Total	$ 301,997	$ 907,815

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

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

Year ended June 30:	Amount
2026	$ (76,512)
2027	(76,512)
2028	(76,509)
2029	(87,393)
2030	(87,393)
Thereafter	(201,499)
	$ (605,818)

7. Other Postemployment Benefit Plan - KPERS Death and Disabilities

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

Contributions

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended June 30, 2025, totaled ($3,796).

Special Funding Situation

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

Benefits

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

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

The death benefit paid to beneficiaries of disabled members is 150% of the greater of 1) the member's annual rate of compensation at the time of disability, or 2) the members previous 12 months of compensation at the time of the last date on payroll. If the member has been disabled for five or more years, the annual compensation or salary rate at the time of death will be indexed using the consumer price index, less one percentage point, to compute the death benefit. If a member is diagnosed as terminally ill with a life expectancy of 12 months or less, the member may be eligible to receive up to 100% of the death benefit rather than having the benefit paid to the beneficiary. If a member retires or disability benefits end, the member may convert the group life insurance coverage to an individual insurance policy.

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

Covered Employees

The College has the following employees covered by the Plan as of June 30, 2025:

Inactive employees or beneficiaries currently receiving benefit payments	2
Active employees	436
Total	438

Total OPEB Liability

At June 30, 2024 (the actuarial reporting date), the total OPEB liability recognized by the State of Kansas that was attributable to the College was $307,617.

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	3.50-10.30%
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%

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 actuarial assumptions used in the December 31, 2023, valuation were based on the results of an actuarial experience study 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 ($3,796).

8. Defined Benefit Pension Plan

Plan Description

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

8. Defined Benefit Pension Plan (Cont.)

Plan Description (Cont.)

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

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

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

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

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

Benefits Provided

Benefits are established by statute and may only be changed by the Legislature. Members (except Police and Firemen) with ten or more years of credited service, may retire as early as age 55 (Police and Firemen may be age 50 with 20 years of credited service), with an actuarially reduced monthly benefit. Normal retirement is at age 65, age 62 with ten years of credited service, or whenever a member’s combined age and years of credited service equal 85 “points” (Police and Firemen normal retirement ages are age 60 with 15 years of credited service, age 55 with 20 years, age 50 with 25 years, or any age with 36 years of service).

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

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

8. Defined Benefit Pension Plan (Cont.)

Plan Description (Cont.)

The 2012 Legislature made changes affecting new hires, current members and employers. A new cash balance retirement plan (KPERS 3) was created for new hires starting after January 1, 2015. 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.

The College's contractually required contributions rate for the actuarial report dated year ended June 30, 2024, was 1.2% of the annual college payroll of which 2.406% of payroll was required from the College and 97.594% of payroll was required from the State. The College's contributions to the pension plan were $79,632 for the year ended June 30, 2024 (actuarial report date). The College's contributions to the pension plan were $86,372 for the year ended June 30, 2025.

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

8. Defined Benefit Pension Plan (Cont.)

Employer Allocations

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

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

To facilitate the separate (sub) actuarial valuations, KPERS maintains separate accounts to identify additions, deductions, and fiduciary net position applicable to each group. The allocation percentages presented for each group in the schedule of employer and nonemployer allocations are applied to amounts presented in the schedules of pension amounts by employer and nonemployer.

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

At June 30, 2025, (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	$ 790,841
State's proportionate share of the net pension liability associated with the College	3,503,719
	$ 4,294,560

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 the that date. The College's proportion of the net pension liability was based on the ratio of its contributions to the total of the employer and non-employer contributions of the group for the fiscal year ended June 30, 2024. The contributions used exclude contributions made for prior service, excess benefits, and irregular payments. At June 30, 2024, the combined College and State's proportion was 0.50%, which was a decrease of .01% from its proportion measured as of the year ended June 30, 2023.

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, 2025, the College recognized pension expense of $3,874,931 and revenue of $3,874,931 for support provided by the state. For the portion related to the "working after retirement" the College recognized pension expense of $55,887, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. At the measurement date of June 30, 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions for the College from the following sources:

8. Defined Benefit Pension Plan (Cont.)

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 50,216	$ -
Changes of assumptions	53,114	20,370
Net difference between projected and actual earnings on pension plan investments	7,059	-
Changes in proportion and differences between College contributions and proportionate share of contributions	130,517	32,669
Total	$ 240,906	$ 53,039

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

Year ended June 30:	Amount
2025	$ 49,879
2026	96,359
2027	38,565
2028	3,064
2029	-
Thereafter	-
	$ 187,867

Actuarial Assumptions

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

• Price Inflation	2.75 percent
• Wage inflation	3.50 percent
• Salary increases, including wage increases	3.50 to 15.50 percent, including inflation
• Long-term rate of return, net of investment expense, and including price inflation	7.00 percent

Mortality rates were based on the 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:

8. Defined Benefit Pension Plan (Cont.)

Discount Rate (Cont.)

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%	

The discount rate used to measure the total pension liability was 7.00%. 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 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, S.B. 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, S.B. 228 recertified statutory rates to 10.91 percent for Fiscal Year 2016 and 10.781 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.

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.

8. Defined Benefit Pension Plan (Cont.)

Discount Rate (Cont.)

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

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

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

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

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

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

The table below presents the net pension liability of the Pension Plan as of June 30, 2024, calculated using the discount rate of 7.0%, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

1% Decrease (6.00%)	Discount rate (7.00%)	1% Increase (8.00%)
$1,164,850	$790,841	$477,559

9. Risk Management

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

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

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

Unpaid claims, June 30, 2024	$ 219,768
Claims incurred (including incurred but not reported)	2,725,032
Claim payments	(2,944,800)
Unpaid claims, June 30, 2025	$ -

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

The Hutchinson Community College Endowment Association paid $532,087 in student scholarships during the current fiscal year.

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

11. Contingent Liabilities

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

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

12. Segment Information

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

Student Union and Dormitory System Revenue Bonds Series 2019

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

12. Segment Information (Cont.)

Condensed Statement of Net Assets	
Assets:	
Current assets	$ 6,215,678
Capital asset, net	-
Total assets	$ 6,215,678
Liabilities:	
Current liabilities	$ 1,553
Net Position:	
Unrestricted	6,214,125
Total net position	6,214,125
Total liabilities and net position	$ 6,215,678
Condensed Statement of Revenues, Expenses and Changes in Net Assets	
Operating Revenue	$ 3,589,087
Depreciation and amortization expense	-
Other operating expense	(5,445,754)
Operating income	(1,856,667)
Beginning net position	8,565,725
Change in accounting principle and error correction	(494,933)
Ending net position	$ 6,214,125
Condensed Statement of Cash Flows	
Net change in cash for:	
Operating activities	$ (2,353,982)
Beginning cash and cash equivalents	8,569,660
Ending cash and cash equivalents	$ 6,215,678

13. Related Party

One board member is an officer of the financial institution where the College has funds deposited. At June 30, 2025 and 2024, funds deposited at these institutions totaled $11,150,861 and $14,079,299, respectively.

14. Change in Accounting Principle and Error Correction

During the year, the College made the following changes to net position:

* The College made a correction to fix the Excel in CTE receivable to close against the payments received in each year. This resulted in a reduction in accounts receivable and net position of $3,575,718.
* The College made a correction to adjust book scholarships related to the prior year. The resulted in a reduction of net position of $185,348.
* The College implemented GASB 101, Compensated Absences for the year ended June 30, 2025. The standard requires it to be retroactively applied. As a result of implementation, there was a reduction to net position of $260,291.

15. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

Hutchinson Community College

Schedule of Changes in the Net OPEB Liability and Related Ratios - Healthcare
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	$ 932,019	$ 946,942	$ 1,050,361	$ 1,283,107	$ 1,114,475	$ 1,047,512	$ 1,501,478	$ 1,306,130	For 2016 to 2017, this data is not yet available.	
Service Cost	51,371	54,554	56,029	82,481	85,776	82,656	106,096	95,133		
Interest Cost	40,026	39,283	42,447	26,902	30,921	33,455	52,604	46,521		
Changes in Benefit Terms	-	-	-	-	-	-	-	-		
Differences between actual and expected experience	(166,094)	(8,263)	(102,438)	-	158,147	(92,815)	(177,219)	-		
Changes in assumptions and inputs	144,397	(61,678)	(63,457)	(301,129)	(84,212)	73,667	(408,447)	119,694		
Employer contributions	(14,314)	(38,819)	(36,000)	(41,000)	(22,000)	(30,000)	(27,000)	(66,000)		
Net Changes	55,386	(14,923)	(103,419)	(232,746)	168,632	66,963	(453,966)	195,348		
Total OPEB Liability - End of year	$ 987,405	$ 932,019	$ 946,942	$ 1,050,361	$ 1,283,107	$ 1,114,475	$ 1,047,512	$ 1,501,478		
Covered-employee payroll	$ 21,809,046	$ 19,545,549	$ 19,545,549	$ 17,385,330	$ 17,385,330	$ 17,718,513	$ 17,718,513	$ 16,380,554		
Total OPEB Liability as a percentage of covered-employee payroll	4.53%	4.77%	4.84%	6.04%	7.38%	6.29%	5.91%	9.17%		

Note: There are no assets accumulated in a trust to pay related benefits.

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2016-2017 is not available under the measurement requirements of GASB 75.

Hutchinson 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	$ 303,821	$ 292,025	$ 205,995	$ 367,422	$ 196,262	$ 232,922	$ 236,547	For 2016 to 2018, this data is not yet available.		
Service Cost	70,485	67,582	59,092	59,937	54,827	51,338	50,722	For 2016 to 2018, this data is not yet available.		
Interest Cost	13,555	12,627	5,637	8,402	8,528	7,285	10,005	For 2016 to 2018, this data is not yet available.		
Changes in Benefit Terms	-	-	-	-	-	-	-	For 2016 to 2018, this data is not yet available.		
Differences between actual and expected experience	(73,891)	(61,526)	(8,515)	(135,011)	103,518	96,663	(46,944)	For 2016 to 2018, this data is not yet available.		
Changes in assumptions and inputs	(455)	(989)	37,995	159	19,269	1,915	(1,658)	For 2016 to 2018, this data is not yet available.		
Benefit Payments	(5,898)	(5,898)	(8,179)	(94,914)	(14,982)	(193,861)	(15,750)	For 2016 to 2018, this data is not yet available.		
Net Changes	3,796	11,796	86,030	(161,427)	171,160	(36,660)	(3,625)	For 2016 to 2018, this data is not yet available.		
Total OPEB Liability - End of year	$ 307,617	$ 303,821	$ 292,025	$ 205,995	$ 367,422	$ 196,262	$ 232,922	For 2016 to 2018, this data is not yet available.		
Covered-employee payroll	$ 27,129,041	$ 24,892,382	$ 23,729,451	$ 22,165,262	$ 22,702,375	$ 22,321,396	$ 21,688,860			
Total OPEB Liability as a percentage of covered-employee payroll	1.13%	1.22%	1.23%	0.93%	1.62%	0.88%	1.07%			

Note: There are no assets accumulated in a trust to pay related benefits.

Note: For June 30, 2018, GASB 75 was implemented. The information for years 2016-2017 is not available under the measurement requirements of GASB 75.

Hutchinson 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 ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
College's proportion share of the net pension liability (asset)	0.007%	0.009%	0.007%	0.006%	0.003%	0.008%	0.007%	0.009%	0.004%	0.002%
College's proportionate share of the net pension liability (asset)	$ 790,841	$ 778,345	$ 595,641	$ 535,118	$ 718,426	$ 670,120	$ 658,481	$ 824,216	$ 393,733	$ 391,006
State's proprotionate share of the net pension liability (asset)	0.302%	0.373%	0.362%	0.284%	0.139%	0.376%	0.354%	0.357%	0.352%	0.125%
State's proprotionate share of the net pension liability (asset)	$ 32,079,685	$ 33,204,576	$ 33,017,142	$ 26,216,792	$ 35,497,134	$ 31,182,658	$ 31,533,420	$ 32,588,272	$ 32,468,359	$ 32,053,273
Total collective net pension liability (asset)	$ 32,870,526	$ 33,982,921	$ 33,612,783	$ 26,751,910	$ 36,215,560	$ 31,852,778	$ 32,191,901	$ 33,412,488	$ 32,862,092	$ 32,444,279
College's covered-employee payroll	$ 33,578,257	$ 28,235,559	$ 26,030,026	$ 24,725,907	$ 23,825,127	$ 23,905,910	$ 22,117,866	$ 22,028,170	$ 21,157,899	$ 20,515,939
Toal collective net pension liability (asset) as a percentage of its covered-employee payroll	97.892%	120.355%	129.131%	108.194%	152.006%	133.242%	145.547%	151.681%	155.318%	158.142%
Plan fiduciary net position as a percentage of the total pension liability	72.750%	69.752%	68.876%	67.119%	65.097%	64.946%	68.876%	67.119%	65.097%	64.946%

* The amounts presented for each fiscal year were determined as of the measurement date.

Hutchinson 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	$ 86,372	$ 79,632	$ 58,388	$ 66,995	$ 68,518	$ 66,702	$ 57,805	$ 60,813	$ 27,378	$ 24,530
Contributions in relation to the contractually required contribution	(86,372)	(79,632)	(58,388)	(66,995)	(68,518)	(66,702)	(57,805)	(60,813)	(27,378)	(24,530)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
College's covered-employee payroll	$ 33,578,257	$ 28,235,559	$ 26,030,026	$ 24,725,907	$ 23,825,127	$ 23,905,910	$ 22,117,866	$ 22,028,170	$ 21,157,899	$ 20,515,939
Contributions as a percentage of covered-employee payrc	0.26%	0.28%	0.22%	0.27%	0.29%	0.28%	0.26%	0.28%	0.13%	0.12%

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

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

Hutchinson Community College

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

Other Postemployment Benefits - Healthcare

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 2.7% in 2016, 3.4% in 2017, 3.3% in 2018, 3.0% in 2019, 2.6% in 2020, 2.0% in 2021, 3.9% in 2022, 4.0% in 2023, 4.1% in 2024, and 4.8% in 2025.

- The census is updated every two years, with the latest census as of July 1, 2025.

- The assumed retirement and turnover assumptions were updated taking into account the latest statistics from the KPERS pension valuation report.

- The mortality assumption was changed from the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality with MP-2018 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement to the Society of Actuaries Pub-2010 Public Retirement Plans Headcount weighted General Mortality Tables using Scale MP-2020 Full Generational Improvement to the Society of Actuaries Scale MP-2021 Full Generational Improvement.

- The assumed trends, retiree contribution premiums and projected per capita costs were updated every year. The most recent July 1, 2025 renewal was taken into account.

Other Postemployment 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.

- 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.

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, 1993.
- 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

Hutchinson 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 Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 7,308,750	$ 7,308,750	$ 5,942,915	$ (1,365,835)
State sources	6,362,960	6,362,960	6,361,684	(1,276)
Local sources	17,776,800	17,776,800	17,645,109	(131,691)
Other sources	2,540,000	2,540,000	1,310,837	(1,229,163)
Total Cash Receipts	$ 33,988,510	$ 33,988,510	31,260,545	$ (2,727,965)
Expenditures and Transfers Subject to Budget				
Instruction	7,174,324	7,174,324	6,432,718	(741,606)
Public service	196,000	196,000	49,404	(146,596)
Academic support	2,486,115	2,486,115	2,768,000	281,885
Student services	8,133,097	8,133,097	8,352,573	219,476
Institutional support	5,709,124	5,709,124	6,931,364	1,222,240
Operation and maintenance	4,497,561	4,497,561	4,420,903	(76,658)
Scholarships	592,000	592,000	223,365	(368,635)
Transfer to Postsecondary Technical Education Fund	2,500,000	2,500,000	4,000,000	1,500,000
Nonmandatory transfers out	6,332,500	6,332,500	4,332,500	(2,000,000)
Total Expenditures and Transfers Subject to Budget	$ 37,620,721	$ 37,620,721	37,510,827	$ (109,894)
Receipts Over (Under) Expenditures			(6,250,282)	
Unencumbered Cash, July 1			13,187,163	
Change in accounting principle and error corrections			(598,249)	
Unencumbered Cash, June 30			$ 6,338,632	
Unencumbered Cash, June 30			$ 6,338,632	
Receivables			44,065	
GAAP fund balance (internal books)			$ 6,382,697	

Hutchinson Community College

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 5,225,000	$ 5,225,000	$ 4,129,813	$ (1,095,187)
Federal sources	471,000	471,000	365,844	(105,156)
State sources	7,218,652	7,218,652	6,160,689	(1,057,963)
Local sources	175,863	175,863	-	(175,863)
Other sources	-	-	(507,701)	(507,701)
Transfer from General Fund	2,500,000	2,500,000	4,000,000	1,500,000
Total Cash Receipts	$ 15,590,515	$ 15,590,515	14,148,645	$ (1,441,870)
Expenditures Subject to Budget				
Instruction	$ 9,500,000	$ 9,500,000	8,226,993	$ (1,273,007)
Public service	495,000	495,000	365,844	(129,156)
Academic support	1,521,000	1,521,000	469,406	(1,051,594)
Student services	1,312,000	1,312,000	-	(1,312,000)
Institutional support	3,000,000	3,000,000	718,573	(2,281,427)
Operation and maintenance	2,190,000	2,190,000	1,906,433	(283,567)
Total Expenditures Subject to Budget	$ 18,018,000	$ 18,018,000	11,687,249	$ (6,330,751)
Receipts Over (Under) Expenditures			2,461,396	
Unencumbered Cash, July 1			1,630,614	
Change in accounting principle and error corrections			(3,575,719)	
Unencumbered Cash, June 30			$ 516,291	
Unencumbered Cash, June 30			$ 516,291	
Receivables			-	
GAAP fund balance (internal books)			$ 516,291	

Hutchinson Community College

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Federal sources	$ 375,000	$ 375,000	$ 150,589	$ (224,411)
State sources	125,000	125,000	68,280	(56,720)
Local sources	65,000	65,000	19,250	(45,750)
Other sources	200,000	200,000	168,406	(31,594)
Total Cash Receipts	$ 765,000	$ 765,000	406,525	$ (358,475)
Expenditures Subject to Budget				
Instruction	$ 385,000	$ 385,000	241,695	$ (143,305)
Academic support	335,000	335,000	164,834	(170,166)
Total Expenditures Subject to Budget	$ 720,000	$ 720,000	406,529	$ (313,471)
Receipts Over (Under) Expenditures			(4)	
Unencumbered Cash, July 1			13,582	
Unencumbered Cash, June 30			$ 13,578	
Unencumbered Cash, June 30			$ 13,578	
Receivables			-	
GAAP fund balance (internal books)			$ 13,578	

Hutchinson Community College

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 1,100,000	$ 1,100,000	$ 646,271	$ (453,729)
State sources	90,000	90,000	32,972	(57,028)
Other sources	346,000	346,000	279,665	(66,335)
Total Cash Receipts	$ 1,536,000	$ 1,536,000	958,908	$ (577,092)
Expenditures Subject to Budget				
Instruction	$ 1,850,000	$ 1,850,000	1,145,751	$ (704,249)
Receipts Over (Under) Expenditures			(186,843)	
Unencumbered Cash, July 1			419,577	
Unencumbered Cash, June 30			$ 232,734	
Unencumbered Cash, June 30			$ 232,734	
Receivables			29,747	
GAAP fund balance (internal books)			$ 262,481	

Hutchinson Community College

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

	Budgeted Amounts Original	Budgeted Amounts Final	Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
Cash Receipts				
Student sources	$ 190,000	$ 190,000	$ 55,400	$ (134,600)
State sources	95,000	95,000	17,680	(77,320)
Other sources	58,500	58,500	-	(58,500)
Total Cash Receipts	$ 343,500	$ 343,500	73,080	$ (270,420)
Expenditures Subject to Budget				
Instruction	$ 395,000	$ 395,000	49,181	$ (345,819)
Receipts Over (Under) Expenditures			23,899	
Unencumbered Cash, July 1			275,335	
Unencumbered Cash, June 30			$ 299,234	
Unencumbered Cash, June 30			$ 299,234	
Receivables			-	
GAAP fund balance (internal books)			$ 299,234	

Hutchinson Community College

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

	Budgeted Amounts		Actual				Variance With Final
	Original	Final	Student Service Enterprises	Academic Enterprises	Central Administration	Total Budgetary Basis	Budget Over (Under)
Cash Receipts							
Student sources	$ 1,420,381	$ 1,420,381	$ 658,638	$ 2,800	$ -	$ 661,438	$ (758,943)
Federal sources	9,040	9,040	-	15,145	-	15,145	6,105
Private gifts and grants	325,600	325,600	-	3,400	-	3,400	(322,200)
Sales	6,842,144	6,842,144	4,715,366	336,656	486,974	5,538,996	(1,303,148)
Other	1,897,348	1,897,348	598,671	426,164	163,770	1,188,605	(708,743)
Total Cash Receipts	$ 10,494,513	$ 10,494,513	5,972,675	784,165	650,744	7,407,584	$ (3,086,929)
Expenditures and Transfers Subject to Budget							
Salaries and benefits	$ 751,029	$ 751,029	199,821	209,293	3,913	413,027	$ (338,002)
General operating	3,195,073	3,195,073	855,480	168,546	756,732	1,780,758	(1,414,315)
Supplies	806,573	806,573	149,341	56,324	121,755	327,420	(479,153)
Scholarships	1,732,255	1,732,255	1,412,488	8,650	-	1,421,138	(311,117)
Cost of sales	2,582,269	2,582,269	2,135,847	154,754	-	2,290,601	(291,667)
Capital expenses	1,575,538	1,575,538	2,492,319	10,540	13,100	2,515,959	940,421
Mandatory transfers out (in)	-	-	580,000	-	-	580,000	580,000
Nonmandatory transfers out (in)	(432,500)	(432,500)	(253,690)	(27,555)	(900,000)	(1,181,245)	(748,745)
Total Expenditures and Transfers Subject to Budget	$ 10,210,237	$ 10,210,237	7,571,606	580,552	(4,500)	8,147,658	$ (2,062,578)
Receipts Over (Under) Expenditures			(1,598,931)	203,613	655,244	(740,074)	
Unencumbered Cash, July 1			11,895,077	23,468	(3,959,175)	7,959,370	
Change in accounting principle and error corrections			(680,281)	-	-	(680,281)	
Unencumbered Cash, June 30			$ 9,615,865	$ 227,081	$ (3,303,931)	$ 6,539,015	*
Unencumbered Cash, June 30			$ 9,615,865	$ 227,081	$ (3,303,931)	$ 6,539,015	
Receivables			2,777	44,171	-	46,948	
Inventory			523,420	254,307	-	777,727	
GAAP fund balance (internal books)			$ 10,142,062	$ 525,559	$ (3,303,931)	$ 7,363,690	

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

Hutchinson Community College

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

	Budgeted Amounts		Actual					Variance With Final
	Original	Final	Athletics	Campus Store	Student Union	Student Housing	Total Budgetary Basis	Budget Over (Under)
Cash Receipts								
Student sources	$ 1,420,381	$ 1,420,381	$ 515,000	$ -	$ 71,819	$ 71,819	$ 658,638	$ (761,743)
Private gifts and grants	325,600	325,600	-	-	-	-	-	(325,600)
Sales	5,479,000	5,479,000	69,702	1,410,924	1,665,213	1,569,527	4,715,366	(763,634)
Other	902,000	902,000	350,120	37,842	7,138	203,571	598,671	(303,329)
Total Cash Receipts	$ 8,126,981	$ 8,126,981	934,822	1,448,766	1,744,170	1,844,917	5,972,675	$ (2,154,306)
Expenditures and Transfers Subject to Budget								
Salaries and benefits	$ 240,083	$ 240,083	-	199,821	-	-	199,821	$ (40,262)
General operating	1,749,828	1,749,828	-	26,405	219,095	609,980	855,480	(894,348)
Supplies	316,345	316,345	-	1,448	7,159	140,734	149,341	(167,004)
Scholarships	1,690,555	1,690,555	1,412,488	-	-	-	1,412,488	(278,067)
Cost of sales	2,339,900	2,339,900	-	899,380	1,236,467	-	2,135,847	(204,053)
Capital expenses	965,974	965,974	-	-	16,605	2,475,714	2,492,319	1,526,345
Mandatory transfers out (in)	-	-	-	-	-	580,000	580,000	580,000
Nonmandatory transfers out (in)	500,000	500,000	(465,000)	51,310	160,000	-	(253,690)	(753,690)
Total Expenditures and Transfers Subject to Budget	$ 7,802,685	$ 7,802,685	947,488	1,178,364	1,639,326	3,806,428	7,571,606	$ (231,079)
Receipts Over (Under) Expenditures			(12,666)	270,402	104,844	(1,961,511)	(1,598,931)	
Unencumbered Cash, July 1			14,070	3,315,282	2,143,830	6,421,895	11,895,077	
Change in accounting principle and error corrections			-	(185,348)	(494,933)	-	(680,281)	
Unencumbered Cash, June 30			$ 1,404	$ 3,400,336	$ 1,753,741	$ 4,460,384	$10,296,146	*
Unencumbered Cash, June 30			$ 1,404	$ 3,400,336	$ 1,753,741	$ 4,460,384	$ 9,615,865	
Receivables			-	2,777	-	-	2,777	
Inventory			-	523,420	-	-	523,420	
GAAP fund balance (internal books)			$ 1,404	$ 3,926,533	$ 1,753,741	$ 4,460,384	$10,142,062	

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

Hutchinson Community College

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

	Budgeted Amounts		Actual											Variance With Final
	Original	Final	Child Care	Ag Mechanics	Crops	Bldg Construct	Livestock	South Campus Motor	RCIC	OSHA	Mine Safety	Wildland Fire Science	Total Budgetary Basis	Budget Over (Under)
Cash Receipts														
Federal sources	$ 9,040	$ 9,040	$ 15,145	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 15,145	$ 6,105
Student sources	-	-	-	-	-	-	2,800	-	-	-	-	-	2,800	2,800
Private gifts and grants	100,000	100,000	3,400	-	-	-	-	-	-	-	-	-	3,400	(96,600)
Sales	462,537	462,537	88,492	28,338	15,659	-	134,787	69,380	-	-	-	-	336,656	(125,881)
Other	770,229	770,229	4,570	-	4,342	1	15,988	(209)	30,561	39,682	363,952	(32,723)	426,164	(344,065)
Total Cash Receipts	$ 1,341,806	$ 1,341,806	111,607	28,338	20,001	1	153,575	69,171	30,561	39,682	363,952	(32,723)	784,165	$ (557,641)
Expenditures and Transfers Subject to Budget														
Salaries and benefits	$ 390,946	$ 390,946	110,096	-	-	-	-	-	-	-	99,197	-	209,293	(181,653)
General operating	404,455	404,455	13,256	-	858	1,578	19,141	14,979	2,600	4,134	111,316	684	168,546	(235,909)
Supplies	273,077	273,077	50	-	-	2,339	5,026	38,202	-	3,616	5,352	1,739	56,324	(216,753)
Scholarships	41,700	41,700	-	-	1,500	-	7,150	-	-	-	-	-	8,650	(33,050)
Cost of sales	242,369	242,369	-	27,969	3,393	-	88,505	2,391	29,339	-	3,157	-	154,754	(87,615)
Capital expenses	70,056	70,056	-	-	-	-	-	10,540	-	-	-	-	10,540	(59,516)
Nonmandatory transfers out (in)	(32,500)	(32,500)	(32,500)	-	-	-	-	-	-	-	4,945	-	(27,555)	4,945
Total Expenditures and Transfers Subject to Budget	$ 1,390,103	$ 1,390,103	90,902	27,969	5,751	3,917	119,822	66,112	31,939	7,750	223,967	2,423	580,552	$ (809,551)
Receipts Over (Under) Expenditures			20,705	369	14,250	(3,916)	33,753	3,059	(1,378)	31,932	139,985	(35,146)	203,613	
Unencumbered Cash, July 1			93,051	(142,482)	6,165	-	(165,260)	93,880	23,920	131,672	(51,906)	34,428	23,468	
Unencumbered Cash, June 30			$ 113,756	$ (142,113)	$ 20,415	$ (3,916)	$ (131,507)	$ 96,939	$ 22,542	$ 163,604	$ 88,079	$ (718)	$ 227,081	*
Unencumbered Cash, June 30			$ 113,756	$ (142,113)	$ 20,415	$ (3,916)	$ (131,507)	$ 96,939	$ 22,542	$ 163,604	$ 88,079	$ (718)	$ 227,081	
Receivables			(11)	11,918	-	-	-	-	-	740	31,524	-	44,171	
Inventory			-	33,707	-	-	220,600	-	-	-	-	-	254,307	
GAAP fund balance (internal books)			$ 113,745	$ (96,488)	$ 20,415	$ (3,916)	$ 89,093	$ 96,939	$ 22,542	$ 164,344	$ 119,603	$ (718)	$ 525,559	

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

Hutchinson Community College

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

	Budgeted Amounts		Actual							Variance With Final
	Original	Final	Postage	Motor Pool	Telephone	Copier	Parking	Tuition Advance	Total Budgetary Basis	Budget Over (Under)
Cash Receipts										
Sales	$ 900,607	$ 900,607	$ 51,725	$ 122,312	$ 174,360	$ 111,346	$ 27,231	$ -	$ 486,974	$ (413,633)
Other	225,119	225,119	-	132,008	294	-	-	31,468	163,770	(61,349)
Total Cash Receipts	$ 1,125,726	$ 1,125,726	51,725	254,320	174,654	111,346	27,231	31,468	650,744	$ (474,982)
Expenditures and Transfers Subject to Budget										
Salaries and benefits	$ 120,000	$ 120,000	-	3,913	-	-	-	-	3,913	$ (116,087)
General operating	1,040,790	1,040,790	71,991	468,692	64,486	151,384	179	-	756,732	(284,058)
Supplies	217,151	217,151	-	98,974	-	22,781	-	-	121,755	(95,396)
Capital expenses	539,508	539,508	-	-	-	-	13,100	-	13,100	(526,408)
Nonmandatory transfers out (in)	(900,000)	(900,000)	(30,000)	(575,000)	(175,000)	(60,000)	(60,000)	-	(900,000)	-
Total Expenditures and Transfers Subject to Budget	$ 1,017,449	$ 1,017,449	41,991	(3,421)	(110,514)	114,165	(46,721)	-	(4,500)	$ (1,021,949)
Receipts Over (Under) Expenditures			9,734	257,741	285,168	(2,819)	73,952	31,468	655,244	
Unencumbered Cash, July 1			171,250	8,246	15,637	123,316	435,393	(4,713,017)	(3,959,175)	
Unencumbered Cash, June 30			$ 180,984	$ 265,987	$ 300,805	$ 120,497	$ 509,345	$ (4,681,549)	$ (3,303,931)	*
Unencumbered Cash, June 30			$ 180,984	$ 265,987	$ 300,805	$ 120,497	$ 509,345	$ (4,681,549)	$ (3,303,931)	
GAAP fund balance (internal books)			$ 180,984	$ 265,987	$ 300,805	$ 120,497	$ 509,345	$ (4,681,549)	$ (3,303,931)	

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

Hutchinson Community College

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Local sources	$ 68	$ 68	$ 9	$ (59)
Private gifts	-	-	32,000	32,000
Other sources	750,000	750,000	1,258,587	508,587
Transfers (in)	5,300,000	5,300,000	3,300,000	(2,000,000)
Total Cash Receipts	$ 6,050,068	$ 6,050,068	4,590,596	$ (1,459,472)
Expenditures and Transfers Subject to Budget				
Capital expense	$ 10,547,500	$ 10,547,500	6,427,199	$ (4,120,301)
Receipts Over (Under) Expenditures			(2,336,603)	
Unencumbered Cash, July 1			9,245,943	
Change in accounting principle and error corrections			(3,237,020)	
Unencumbered Cash, June 30			$ 3,672,320	
Unencumbered Cash, June 30			$ 3,672,320	
Receivables			-	
GAAP fund balance (internal books)			$ 3,672,320	

Hutchinson Community College

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

	Budgeted Amounts		Actual Amounts Budgetary Basis	Variance With Final Budget Over (Under)
	Original	Final		
Cash Receipts				
Other sources	$ -	$ -	$ (100,000)	$ (100,000)
Transfers in	500,000	500,000	410,000	(90,000)
Total Cash Receipts	$ 500,000	$ 500,000	310,000	$ (190,000)
Expenditures and Transfers Subject to Budget				
Principal	$ 681,000	$ 681,000	305,000	$ (376,000)
Interest and fees	230,184	230,184	94,528	(135,656)
Total Expenditures and Transfers Subject to Budget	$ 911,184	$ 911,184	399,528	$ (511,656)
Receipts Over (Under) Expenditures			(89,528)	
Unencumbered Cash, July 1			1,951,905	
Change in accounting principle and error corrections			(1,860,601)	
Unencumbered Cash, June 30			$ 1,776	
Unencumbered Cash, June 30			$ 1,776	
Receivables			-	
GAAP fund balance (internal books)			$ 1,776	

SINGLE AUDIT SECTION

Hutchinson 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			
Supplemental Education Opportunity Grant	84.007	P007A241519	$ 150,000
Federal Work Study Program	84.033	P033A241519	86,057
PELL Grant	84.063	P063P240142	7,848,019
Federal Direct Student Loan	84.268	P268K250142	5,376,286
Total Student Financial Aid (SFA) Cluster			13,460,362
Passed Through Kansas Board of Regents:			
Adult Education State Grant	84.002		150,589
Vocational Education - Basic	84.048		403,091
Total passed through Kansas Board of Regents			553,680
TOTAL DEPARTMENT OF EDUCATION			14,014,042
Department of Health and Human Services			
Direct Programs:			
Community Project Funding	93.493		1,307,786
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES			1,307,786
Department of Labor			
Direct Programs:			
Mine Health and Safety FY24	17.600	25R55MS000066	10,375
Mine Health and Safety FY25	17.600	25R55MS000116	144,551
Apprenticeships USA Grants	17.285	AP-36527-21-60-A-20	381,760
TOTAL DEPARTMENT OF LABOR			536,686
Department of Agriculture			
Passed Through State Department of Education:			
Child and Adult Care Food Program	10.558		15,145
TOTAL DEPARTMENT OF AGRICULTURE			15,145
Corporation for National and Community Service			
Retired Senior Volunteer Program	94.002	22SREKS005	19,297
Retired Senior Volunteer Program	94.002	22SREKS005	63,074
TOTAL CORPORATION FOR NATIONAL AND COMMUNITY SERVICE			82,371

-Continued-

Hutchinson Community College
Schedule of Expenditures of Federal Awards (Cont.)
For the Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor Program Title	Federal Assistance Number	Identifying Number	Disbursements/ Expenditures
Department of the Treasury			
Volunteer Income Tax Assistance	21.009	25VITA0053	$ 26,817
TOTAL DEPARTMENT OF THE TREASURY			26,817
Department of Commerce			
Passed Through Kansas Manufacturing Extension Partnership			
Mid-America Manufacturing Technology Center	11.611	70NANB22H029	151,612
TOTAL DEPARTMENT OF COMMERCE			151,612
TOTAL SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS			$ 16,134,459

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of Hutchinson Community College of Hutchinson, Kansas, under programs of the federal government for the year ended June 30, 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 principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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

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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
Hutchinson Community College
Hutchinson, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the business-type activities, and the aggregate discretely presented component units of Hutchinson Community College as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise Hutchinson Community College's basic financial statements, and have issued our report thereon dated December 10, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Loyd Group, LLC

Loyd Group, LLC
Galva, KS
December 10, 2025

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

Board of Trustees
Hutchinson Community College
Hutchinson, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Hutchinson Community College's (College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 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
December 10, 2025

Hutchinson 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:	
	Federal Assistance No.
Student Financial Aid Programs:	
Federal Supplemental Educational Opportunity Grant Program	84.007
Federal Work-Study Program	84.033
Federal PELL Grant Program	84.063
Federal Direct Student Loan Program	84.268
5. Dollar threshold used to distinguish between Type A and Type B programs:	$750,000
6. Auditee qualified as a low-risk auditee?	Yes

Section 2 – Findings – Financial Statement Audit

There were no significant deficiencies noted for the current year.

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

Student Financial Aid Programs

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

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