

**PRELIMINARY OFFICIAL STATEMENT DATED APRIL 14, 2026**

**NEW ISSUE  
BOOK-ENTRY ONLY**

**NOT RATED  
BANK QUALIFIED**

*In the opinion of Gilmore & Bell, P.C., Special Tax Counsel, under existing law and assuming continued compliance with certain requirements of the Internal Revenue Code of 1986, as amended (the "Code"): (1) the Interest Portion of Basic Rent Payments paid by Independence Community College, Independence, Kansas and distributed to the registered owners of the Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; (2) the Interest Portion of Basic Rent Payments paid and distributed to the registered owners of the Certificates is exempt from income taxation by the State of Kansas; and (3) the College's obligation to pay the Basic Rent Payments under the Lease that is distributable to owners of the Certificates is a "qualified tax-exempt obligation" within the meaning of Section 265(b)(3) of the Code. Special Tax Counsel notes that the Interest Portion of Basic Rent Payments paid and distributed to the registered owners of the Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax. See "TAX MATTERS" herein.*

**\$2,405,000\***

**INDEPENDENCE COMMUNITY COLLEGE  
INDEPENDENCE, KANSAS**

**LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2026**

**Evidencing Proportionate Interests In and Rights to Receive Payment Under the**

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

**Dated: May 21, 2026**

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

The Lease Purchase Agreement Certificates of Participation, Series 2026 (the "Certificates") will be executed and delivered in fully registered form in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Certificates. Purchases of the Certificates will be made in book-entry form, in the denomination of \$5,000 or any integral multiple thereof as described above. Purchasers will not receive certificates representing their interests in Certificate purchases. So long as Cede & Co. is the registered owner of the Certificates, as nominee of DTC, references herein to the Owners shall mean Cede & Co., as aforesaid, and shall not mean the Beneficial Owners (herein defined) of the Certificates. Principal portions of Basic Rent represented by the Certificates are payable on May 1 in each year, beginning May 1, 2027. Interest portions of Basic Rent represented by the Certificates are payable semi-annually on May 1 and November 1 in each year, beginning November 1, 2026, by check or draft to the registered owners of the Certificates by Security Bank of Kansas City, Kansas City, Kansas (the "Trustee"). The Principal Portion of Basic Rent represented by the Certificates is payable upon presentation and surrender of the Certificates at the principal corporate office of the Trustee. The Certificates mature, bear interest, and are priced according to the schedule on the inside cover page.

The Certificates evidence the ownership of proportionate interests in, and right to receive rental payments under, that certain Lease Purchase Agreement, dated as of May 21, 2026 (the "Lease" or "Lease Purchase Agreement"), entered into between the Trustee, as lessor acting as fiduciary for the owners of the Certificates, and Independence Community College, Independence, Kansas (the "College" and the "Lessee"). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of May 21, 2026 (the "Declaration of Trust"), by the Trustee. The net proceeds from the sale of the Certificates will be used to pay the costs of financing the construction of a new welding and industrial maintenance trade facility on the College's main campus (the "Improvements") all as more fully described under the caption "THE PROJECT".

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

**MATURITY SCHEDULE\***

(See inside cover page.)

The Certificates are subject to optional prepayment as described herein (see "THE CERTIFICATES - Prepayment of the Certificates" herein).

The Certificates are offered when, as and if issued, subject to prior sale, to withdrawal or to modification of the offer without notice and to the delivery of an unqualified approving opinion by Gilmore & Bell, P.C., Wichita, Kansas, as Special Tax Counsel, and other conditions. Certain matters will be subject to approval by Jeffrey A. Chubb, Esq., Independence, Kansas as counsel for the College. It is expected that the Certificates will be available for delivery through the facilities of The Depository Trust Company, New York, New York on or about May 21, 2026.

**BIDS WILL BE ACCEPTED ON BEHALF OF  
INDEPENDENCE COMMUNITY COLLEGE BY:**

**RANSON FINANCIAL GROUP, LLC  
ON MAY 4, 2026 UNTIL 11:00 A.M. CDT**

**AT 200 W. DOUGLAS, SUITE 110**

**WICHITA, KANSAS 67202**

**PHONE: (316) 264-3400 ~ FAX: (316) 265-5403 ~ EMAIL: [bids@ransonfinancial.com](mailto:bids@ransonfinancial.com)**

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

\* Subject to change.

This Preliminary Official Statement and the information contained herein are subject to completion or amendment. These securities may not be sold nor may offers to buy be accepted prior to the time the Official Statement is delivered in final form. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

\$2,405,000\*

INDEPENDENCE COMMUNITY COLLEGE  
INDEPENDENCE, KANSAS

LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2026

Evidencing Proportionate Interests In and Rights to Receive Payment Under the  
Lease Purchase Agreement Between the College and Security Bank of Kansas City, Kansas City, Kansas, As Trustee

MATURITY SCHEDULE\*

SERIAL CERTIFICATES

<u>Stated Maturity May 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Price or Yield</u>	<u>CUSIP<sup>(1)</sup> Base: 453497</u>
2027	\$770,000	____%	____%	
2028	795,000	____%	____%	
2029	270,000	____%	____%	
2030	280,000	____%	____%	
2031	290,000	____%	____%	

[TERM CERTIFICATES

<u>Stated Maturity May 1</u>	<u>Principal Amount*</u>	<u>Annual Rate of Interest</u>	<u>Price or Yield</u>	<u>CUSIP<sup>(1)</sup> Base: 453497</u>
2031	\$	____%	____%	]

(all plus accrued interest, if any)

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\* Subject to change.

**\$2,405,000\***

**INDEPENDENCE COMMUNITY COLLEGE  
INDEPENDENCE, KANSAS  
LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2026  
Evidencing Proportionate Interests In and Rights to Receive Payment Under the  
Lease Purchase Agreement Between the College and Trustee**

**BOARD OF TRUSTEES**

John Eubanks, Chairperson  
Dr. Isaias McCaffery, Vice Chairperson  
Mark Lasater, Board Member  
Dr. Logan Null, D.C., Board Member  
Susan Porter, Board Member  
Patricia Snyder, Board Member  
Kris Ferguson, Board Clerk  
Dottie Good, Treasurer

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Taylor Crawshaw, Interim President/Vice President for Academic Affairs  
Dottie Good, Vice President of Administration & Finance  
David Adams, Vice President of Student Affairs & Operations  
Lori Boots, Vice President of Human Resources  
Kris Ferguson, Chief Marketing Officer

**Counsel For The College**

Jeffrey A. Chubb, Esq.  
Independence, Kansas

**SPECIAL TAX COUNSEL**

Gilmore & Bell, P.C.  
Wichita, Kansas

**TRUSTEE**

Security Bank of Kansas City  
Kansas City, Kansas

**FINANCIAL ADVISOR**

Ranson Financial Group, LLC  
Wichita, Kansas

**UNDERWRITER**

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

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

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

**THIS PRELIMINARY OFFICIAL STATEMENT IS DEEMED TO BE FINAL (EXCEPT FOR PERMITTED OMISSIONS) BY THE COLLEGE FOR PURPOSES OF COMPLYING WITH RULE 15c2-12 OF THE SECURITIES AND EXCHANGE COMMISSION.**

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

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

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**\$2,405,000\***  
**INDEPENDENCE COMMUNITY COLLEGE**  
**INDEPENDENCE, KANSAS**  
**LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2026**  
**Evidencing Proportionate Interests In and Rights to Receive Payment Under the**  
**Lease Purchase Agreement Between the College and Trustee**

**INTRODUCTION**

This Preliminary Official Statement, including its cover page and Appendices, is furnished in connection with the offering and sale of \$2,405,000\* aggregate principal amount of Lease Purchase Agreement Certificates of Participation, Series 2026 (the “Certificates”) evidencing ownership of proportionate interests in, and rights to receive certain payments under that certain Lease Purchase Agreement, dated as of May 21, 2026 the “Lease” or “Lease Purchase Agreement”), entered into between Security Bank of Kansas City, Kansas City, Kansas (the “Trustee” and “Lessor”), acting as fiduciary for the owners of the Certificates, and Independence Community College, Independence, Kansas (the “College” and the “Lessee”). The Certificates are being executed and delivered pursuant to a Declaration of Trust, dated as of May 21, 2026 (the “Declaration of Trust”), made by the Trustee. The net proceeds from the sale of the Series 2026 Certificates will be used to pay the costs of financing the acquisition, renovation and equipping of a new welding and industrial maintenance trade facility on the College’s main campus (the “Improvements”) all as more fully described under the caption “THE PROJECT”.

The College and the Trustee are parties to a Site Lease, dated as of May 21, 2026 (the “Site Lease”), pursuant to which the College leases certain real property to the Trustee (the “Real Property”) and the Improvements thereon for a term extending to May 1, 2036, unless earlier terminated by the full payment of all Certificates outstanding under the Declaration of Trust and satisfaction of all obligations under the Lease. The Real Property and Improvements (jointly, the “Project,”) are leased to the College by the Trustee under the Lease.

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

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

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

**THE CERTIFICATES**

**General**

The Certificates are executed and delivered in the total aggregate principal amount of \$2,405,000\*, bear a Dated Date of May 21, 2026, and mature annually on May 1 (the “Principal Payment Dates”), commencing May 1, 2027, in the years and principal amounts as shown on the inside cover of this Official Statement. The Interest Portions of Basic Rent Payments represented by the Certificates accrue from the Dated Date and shall be payable semiannually on May 1 and November 1 (the “Interest Payment Dates”) of each year commencing

\* Subject to change.

November 1, 2026, until the Certificates are paid in full. The Certificates are issued in fully registered form without coupons in denominations of \$5,000 or integral multiples thereof not exceeding the principal amount of the certificates maturing on any Principal Payment Date.

The principal of the Certificates will be payable in lawful money in the United States of America at maturity upon presentation of the Certificates to the Trustee. The Interest Portions of Basic Rent Payments represented by the Certificates will be payable in lawful money in the United States of America to the registered owners thereof whose names appear on the registration books as of the 15th day (whether or not a business day) of the calendar month next preceding each Interest Payment Date (the "Record Date") (a) by check or draft mailed by the Trustee to the address of such Owner shown on the registration books or at such other address as is furnished to the Trustee in writing by such Owner; or (b) in the case of an interest payment to Cede & Co. or any Owner of \$500,000 or more in aggregate amount of Principal Portions of Basic Rent, by electronic transfer to such Owner upon written notice given to the Trustee by such Owner, not less than 15 days prior to the Record Date for such Interest Portions of Basic Rent, containing the electronic transfer instructions including the bank, ABA routing number and account number to which such Owner wishes to have such transfer directed.

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

### **Source and Security for Payment**

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

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

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

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

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

### **Transfer and Exchange**

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

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

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

**SO LONG AS CEDE & CO., REMAINS THE REGISTERED OWNER OF THE CERTIFICATES, THE TRUSTEE SHALL TRANSMIT PAYMENTS TO THE SECURITIES DEPOSITORY, WHICH SHALL REMIT SUCH PAYMENTS IN ACCORDANCE WITH ITS NORMAL PROCEDURES.** See “THE CERTIFICATES – Book-Entry Certificates; Securities Depository.”

### **Book-Entry Certificates: Securities Depository**

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

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

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

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

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

### **Prepayment Provisions**

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

(a) *Prepayment in the Event of Damage, Destruction, Condemnation, and Certain Other Events.* The Certificates are callable for prepayment and redemption prior to maturity in whole or in part, at a prepayment price of 100% of the Principal Portion of Basic Rent represented thereby, plus the Interest Portion of Basic Rent accrued to the prepayment date, in the event that (A) any of the Project is substantially damaged or destroyed, or taken in a condemnation proceeding (other than condemnation by the College), or title to or the

use of substantially all of the Project shall be lost by reason of a defect in title thereto, or if, as a result of changes in the Constitution of Kansas or legislative or administrative action by the State or the United States, the Lease terminates or becomes unenforceable, and (B) the College exercises its option to prepay Rent Payments under the Lease (See “DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS – THE LEASE –Damage, Destruction, and Condemnation”).

(b) *Optional Prepayment.* At the option of the College, the Certificates are subject to optional prepayment on the prepayment dates set out below, in whole or in part, at a prepayment price equal to 100% of the principal amount, plus accrued interest to the prepayment date.

<b>Maturities</b>	<b>Prepayment Dates</b>
May 1, 2027	November 1, 2026 or on any date thereafter
May 1, 2028	November 1, 2026 or on any date thereafter
May 1, 2029 and thereafter	May 1, 2028 or on any date hereafter

[(c) *Mandatory Prepayment.* The Certificates that evidence Principal Portions of Basic Rent payable to Certificate Owners on May 1, 20\_\_ shall be subject to mandatory prepayment on May 1, 20\_\_, and on each May 1 thereafter, at a Prepayment Price equal to 100% of the Principal Portion of Basic Rent represented by the Certificates being prepaid plus the Interest Portion of Basic Rent accrued thereon to the Prepayment Date, as follows:

<u>Principal Amount</u>	<u>Prepayment Date</u>
§	*

\_\_\_\_\_  
\*Final Certificate Maturity]

**Selection of Certificates for Partial Prepayment.**

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

**Partial Prepayment of a Certificate**

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

**Notice of Prepayment**

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

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

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

## Effect of Notice of Prepayment

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

### [THE DEPOSITORY TRUST COMPANY

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

2. DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has a Standard & Poor’s rating of “AA+.” The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at [www.dtcc.com](http://www.dtcc.com).

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

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

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

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

7. Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Certificates unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the

College as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Certificates are credited on the record date (identified in a listing attached to the Omnibus Proxy).

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

9. A Beneficial Owner shall give notice to elect to have its Certificates purchased or tendered, through its Participant, to the Paying Agent, and shall effect delivery of such Certificates by causing the Direct Participant to transfer the Participant’s interest in the Certificates, on DTC’s records, to the Paying Agent. The requirement for physical delivery of the Certificates in connection with an optional tender or a mandatory purchase will be deemed satisfied when the ownership rights in the Certificates are transferred by Direct Participants on DTC’s records and followed by a book-entry credit of tendered Certificates to the Paying Agent’s DTC account.

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

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

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

### CONTINUING DISCLOSURE

The Securities and Exchange Commission (the “SEC”) has promulgated amendments to Rule 15c2-12 (the “Rule”), requiring continuous secondary market disclosure. In connection with the issuance of the Certificates, the College will enter into a continuing disclosure undertaking (the “Disclosure Undertaking”) wherein the College covenants to annually provide certain financial information and operating data (collectively the “Annual Report”) and other information necessary to comply with the Rule, and to transmit the same to the MSRB. Pursuant to the Disclosure Undertaking, the College has agreed to file its Annual Report with the national repository (“EMMA”) not later than the last day of the tenth month after the end of the College’s Fiscal Year, commencing with the year ending June 30, 2026. In the Lease, the College covenants with the Underwriter and the Beneficial Owners of the Certificates to apply the provisions of the Disclosure Undertaking to the Certificates. This covenant is for the benefit of and is enforceable by the Beneficial Owners of the Certificates.

The College has previously entered into disclosure undertakings pursuant to the Rule (the “Prior Undertakings”). The College’s filings for such years are set forth on the table below.

<b>Fiscal Year</b> <b>Ending June 30</b>	<b>Filing Time</b> <b>Period (Days/Date)</b>	<b>Financial Information</b> <b>Filing Date</b>	<b>Operating Data</b> <b>Filing Date</b>
2021	12/27/2021 <sup>(1)</sup>	12/14/2021	12/14/2021
2022	12/27/2022 <sup>(1)</sup>	12/20/2022	12/20/2022
2023	No filing requirements	N/A	N/A
2024	No filing requirements	N/A	N/A
2025	No filing requirements	N/A	N/A

<sup>(1)</sup> Filing requirements for the College’s outstanding Certificates of Participation, Series 2010.

In 2017, the College entered into a service agreement providing assistance on the College’s future submissions.

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

**SOURCES AND USES OF FUNDS**

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

<b>Sources of Funds:</b>	
Certificate Proceeds*	\$2,405,000.00
[Original Issue Premium]	
<b>Total Sources of Funds</b>	<u>\$</u>
<b>Uses of Funds:</b>	
Deposit to Project Fund	
Underwriter’s Discount	
Cost of Issuance	
<b>Total Uses of Funds</b>	<u>\$</u>

\* Subject to change.

**RISK FACTORS AND INVESTMENT CONSIDERATIONS**

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

**Security for the Certificates**

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

The College is required under the Lease to pay Basic Rent Payments to the Trustee from any source of legally available funds, including ad valorem taxes, and has covenanted in the Lease to make the necessary appropriations within the parameters of the Lease for such purpose. The Kansas Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State, including changes related specifically to community college taxing districts. In 2026, the Kansas legislature passed a bill that, among other things, would have restricted the ability of taxing subdivisions, including the College, to levy ad valorem taxes to make payments on obligations such as Basic Rent Payments. Although the bill was vetoed by the Governor and did not become law, the College cannot predict whether similar bills will be introduced in the future or what effect such bills may have on the College’s authority to levy taxes to make Basic Rent Payments. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes or successful challenges to the appraiser’s determination of fair market value could affect the College’s property tax collections. If a taxpayer valuation challenge is successful, the liability of the College to refund property taxes previously paid under protest may have a material impact on the College’s financial situation. See “APPENDIX A – FINANCIAL INFORMATION – Property Valuations and Property Tax Levies and Collections.”

**Termination of Lease**

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

## **Results of a Termination of the Lease**

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

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

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

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

## **Taxation of Interest**

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

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

## **Limited Value of the Project**

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

## **Premium on Certificates**

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

## **No Additional Interest or Mandatory Redemption upon Taxability**

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

## **Kansas Public Employees Retirement System**

As described in “APPENDIX A – FINANCIAL INFORMATION – Pension and Employee Retirement Plans,” the College participates in the Kansas Public Employees Retirement System (“KPERs”), as an instrumentality of the State to provide retirement and related benefits to public employees in Kansas. KPERs administers three statewide defined benefit retirement plans for public employees which are separate and distinct with different membership groups, actuarial assumptions, experience, contribution rates and benefit options. The College participates in the Public Employees Retirement System – State/School Group (the “Plan”). Under existing law, employees make contributions, and the State makes all employer contributions to the Plan; the College is not responsible for supplemental contributions or any unfunded accrued actuarial liability (“UAAL”). According to KPERs’ Valuation Reports, the State/School Group had an UAAL of approximately \$6.342 billion in calendar year 2024. No assurance can be given by the College that future legislative action may require Issuer contributions to the Plan or mandated Issuer responsibility for a portion of the UAAL.

## **Suitability of Investment**

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

## **Rating**

The Certificates are **not** rated and no application has been made for a rating.

## **Secondary Market**

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

## **Possible Insufficiency of Casualty Insurance Proceeds.**

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

## **Cybersecurity Risks**

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

## **Natural Disasters or Terrorist Attacks**

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

## Potential Impacts Resulting from Epidemics or Pandemics

The College's finances may be materially adversely affected by unforeseen impacts of future epidemics and pandemics, such as the Coronavirus (COVID-19) pandemic. The College cannot predict future impacts of epidemics or pandemics, any similar outbreaks, or their impact on travel, on assemblies or gatherings, on the local, State, national or global economy, or on securities markets, or whether any such disruptions may have a material adverse impact on the financial condition or operations of the College, including but not limited to the payment of debt service on any of its outstanding debt obligations.

## THE PROJECT

The proceeds of the Certificates will be used (1) to finance the acquisition, renovation and equipping of a new welding and industrial maintenance trade facility on the College's main campus (the "Project") and (2) to pay the associated costs of issuance for the Certificates.

## ABSENCE OF LITIGATION

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

## LEGAL MATTERS

### Approval of Certificates

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

## TAX MATTERS

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

### Opinion of Special Tax Counsel

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

**Federal Tax Exemption.** The Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates (including any original issue discount properly allocable to an owner thereof) is excludable from gross income for federal income tax purposes.

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

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

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

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

## **Other Tax Consequences**

### ***Original Issue Discount.***

For federal income tax purposes, original issue discount is the excess of the stated redemption price at maturity of a Certificate over its issue price. The stated redemption price at maturity of a Certificate is the sum of all payments on the Certificate other than "qualified stated interest" (i.e., interest unconditionally payable at least annually at a single fixed rate). The issue price of a Certificate is generally the first price at which a substantial amount of the Certificates of that maturity have been sold to the public. Under Code § 1288, original issue discount on tax-exempt obligations accrues on a compound basis. The amount of original issue discount that accrues to an owner of a Certificate during any accrual period generally equals (1) the issue price of that Certificate, plus the amount of original issue discount accrued in all prior accrual periods, multiplied by (2) the yield to maturity on that Certificate (determined on the basis of compounding at the close of each accrual period and properly adjusted for the length of the accrual period), minus (3) any interest payable on that Certificate during that accrual period. The amount of original issue discount accrued in a particular accrual period will be considered to be received ratably on each day of the accrual period, will be excludable from gross income for federal income tax purposes, and will increase the owner's tax basis in that Certificate. Prospective investors should consult their own tax advisors concerning the calculation and accrual of original issue discount.

### ***Original Issue Premium.***

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

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

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

***Collateral Federal Income Tax Consequences.*** Prospective purchasers of the Certificates should be aware that ownership of the Certificates may result in collateral federal income tax consequences to certain taxpayers, including, without limitation, financial institutions, property and casualty insurance companies, individual recipients of Social Security or Railroad Retirement benefits, certain S corporations with "excess net passive income," foreign corporations subject to the branch profits tax, life insurance companies, and

taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry or have paid or incurred certain expenses allocable to the Certificates. Special Tax Counsel expresses no opinion regarding these tax consequences. Purchasers of Certificates should consult their tax advisors as to the applicability of these tax consequences and other federal income tax consequences of the purchase, ownership and disposition of the Certificates, including the possible application of state, local, foreign and other tax laws.

Special Tax Counsel notes that the Interest Portion of Basic Rent Payments paid by the College and distributed to the registered owners of the Certificates may be included in adjusted financial statement income of applicable corporations for purposes of determining the applicability and amount of the federal corporate alternative minimum tax.

### **RATINGS**

The College has **not** applied for a rating on the Bonds herein offered for sale.

### **FINANCIAL ADVISOR**

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

### **UNDERWRITING**

The Certificates have been sold at public sale by the College to [ \_\_\_\_\_ ] (the “Underwriter”) on the basis of lowest true interest cost. [ ] bids were received by the College. The Underwriter has agreed, subject to certain conditions, to purchase the Certificates at a price equal to the principal amount of the Certificates, plus accrued interest from the Dated Date to the Issue Date[, plus a premium of \$ \_\_\_\_\_][, less an underwriting discount of \$ \_\_\_\_\_].

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

### **TRUSTEE**

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

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

### **MISCELLANEOUS**

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

The agreement of the Trustee and the College with the owners of the Certificates is fully set forth in the Declaration of Trust and the Lease, and neither any advertisement of the Certificates nor this Preliminary Official Statement is to be construed as constituting an

agreement with the purchasers of the Certificates. So far as any statements are made in this Preliminary Official Statement involving matters of opinion, estimates, projections or forecasts, whether or not expressly stated as such, they are not to be construed as representations of fact. Copies of the documents mentioned under this caption are on file at the office of the Financial Advisor and, following delivery of the Certificates, will be on file with the Trustee, the College and the Underwriter.

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

**AUTHORIZATION OF PRELIMINARY OFFICIAL STATEMENT**

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

**INDEPENDENCE COMMUNITY COLLEGE  
INDEPENDENCE, KANSAS**

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John Eubanks, Chairperson

**\$2,405,000\***  
**INDEPENDENCE COMMUNITY COLLEGE**  
**INDEPENDENCE, KANSAS**  
**LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2026**  
**Evidencing Proportionate Interests In and Rights to Receive Payment Under the**  
**Lease Purchase Agreement Between the College and Trustee**

**Appendix A**

**INFORMATION CONCERNING THE COLLEGE**

\* Subject to change.

## Exhibit A

### GENERAL INFORMATION CONCERNING THE COLLEGE

#### History and General Information

Independence Community College (the "College"), with an enrollment of more than 900 students, offers academic courses, with liberal arts and sciences and vocational and technical courses at numerous locations. The College is fully accredited, not on notice, through the Higher Learning Commission on Institutions of Higher Education, 30 North LaSalle Street, Suite 2400, Chicago, IL 60602, and telephone number (800) 621-7440.

In 1967, the College was legally separated from the Independence public school district. A bond issue was passed in 1968 to build a new college campus on the site formerly occupied by the Independence Country Club. Construction of the community college was begun in the summer of 1969 and was completed in the summer of 1970. The buildings were occupied for the first time in September 1970.

#### Location

The College is located outside the City of Independence, Kansas (the "City"), in Montgomery County, Kansas (the "County") in southeastern Kansas. The Independence Community College Taxing District (the "District") is comprised of the northern half of the County and includes the City, the City of Cherryvale, the City of Elk City and other towns. The population of the City is 8,287 and the estimated population of the College's taxing district is set forth in the table below:

<u>City</u>	<u>Population</u>
Cherryvale	2,159
Elk City	254
Independence	<u>8,464</u>
TOTAL	10,877

The City is located in southeast Kansas at the intersection of Highways 75 and 160, a 1 ½ hour drive north of Tulsa, a 1 ½ hour drive east of Wichita and a 2 ½ hour drive southwest of Kansas City. As county seat, the City, has a population of approximately 8,464. The main College campus is located about two miles south of the City, while the College's newest building is in town.

Within the College's service area, there is major manufacturing with Cessna Aircraft, MFG Manufacturing, MATCOR Metal Products, Standard Motor Products, Hackney & Sons Manufacturing, and Cobalt Boats. Wind farms are currently being erected in, and other "green" energy development is planned for, the College's service area.

#### College Facilities

The 68-acre main campus includes the Academic Building, Fine Arts Building, Student Union, Center for Innovation and Entrepreneurs, Fieldhouse, Administration Building, a maintenance building, parking lots, athletic and physical education practice fields, a lake, and two multi-structure living center complexes. The newest student housing facility was constructed in 2015.

Student housing at the College consists of three complexes: one called the "bricks," are the original single-story 96-student suite of rooms; the second called Captain's Quarters has three floors and houses up to 260 students. Each unit is air-conditioned, and every room has its own individually locked door to assure security. The Villas have three floors and houses 142 students. It is owned by Bluffstone Inc. A laundry facility is located at the residential complex as are mailboxes.

ICC contracts with Consolidated Management, LLC to provide lunch and dinner on enrollment days and 19 meals a week with a continental breakfast, brunch and dinner served on Saturday and Sunday. Meals are served in the Student Union dining room.

#### Other Attendance Locations

The College's campus also includes its West Campus on west Main Street in the City. The College's School of Cosmetology, Allied Health, and EMS Education are currently located at the College's West campus. College level classes are offered to high school students at local area high schools such as Altoona-Midway High School, Cherryvale High School, Fredonia High School, Neodesha High School, Sedan High School, Elk Valley High School at Longton, and West Elk High School at Howard.

## Board of Trustees and Administration

The College is governed by a Board of Trustees of six members, all being elected at large, and two members, appointed annually as follows:

<u>Name &amp; Title</u>	<u>Term Expires</u>
John Eubanks, Chairperson	01/12/2026
Patricia Snyder, Vice - Chairperson	01/08/2024
Mark Lasater, Board Member	01/08/2024
Dr. Isaias McCaffery, Board Member	01/12/2026
Dr. Logan Null, D.C., Board Member	01/12/2026
Susan Porter, Board Member	01/08/2024
Kris Ferguson, Board Clerk	N/A
Dottie Good, Treasurer	N/A

The principal College administrators are as follows:

Taylor Crawshaw	Interim President
Kris Ferguson	Board Clerk/Chief Marketing Officer
Taylor Crawshaw	Vice President of Academic Affairs
Dottie Good	Chief Financial Officer
David Adams	Vice President of Student Affairs & Operations
Lori Boots	Vice President of Human Resources
Melissa Anderson	Director of Athletics

## Faculty/Employees

The 100 full and 9 part-time faculty and staff at the College are committed to preparing students for the future. The College faculty has outstanding academic credentials and their years of teaching and industry experience contribute to top quality instruction.

For students who are unsure about their career goals, the College provides full-time professional advisors, who can help guide the career path.

## Accreditation of the College

The College remains fully accredited and has satisfied all requirements set forth by the Higher Learning Commission.

Management of the College believes that it has undertaken or will undertake necessary actions and established the necessary plans and policies to achieve continued accreditation. The next scheduled assessment by the HLC is scheduled for Spring 2028.

Credits earned by students of the College are accepted by leading colleges and universities throughout the county. Students who plan to enter a four-year college or university must carefully study the requirements of that school and select courses which will meet such requirements. The College employs a full-time academic adviser, as well it employs members of the faculty and the Student Services staff as advisors to assist students in the proper selection of courses. The College has entered into articulation agreements with baccalaureate degree programs at the University of Kansas, Pittsburg State University, Emporia State University, Kansas State University, Wichita State University, Washburn University, Rogers State University and Bartlesville Wesleyan University.

## Ten-Year Enrollment and Credit Hour Summary

Enrollment at the College since 2015 is shown below:

<b>Academic Year</b>	<b>Fall Semester</b>		<b>Spring Semester</b>		<b>Total Credit Hours</b>	<b>FTE</b>
	<b>Full-Time</b>	<b>Part-Time</b>	<b>Full-Time</b>	<b>Part-Time</b>		
2025-2026	405	326	N/A	N/A	N/A	N/A
2024-2025	418	347	288	355	16,612	554
2023-2024	423	419	386	337	18,680	623
2022-2023	416	394	347	351	18,362	612
2021-2022	453	448	388	402	19,003	634
2020-2021	434	385	350	393	18,464	616
2019-2020	472	419	382	398	20,717	673
2018-2019	456	506	377	403	21,015	700
2017-2018	503	388	331	529	21,293	709
2016-2017	544	531	499	433	24,778	826
2015-2016	579	397	503	387	22,843	762

Source: The College; and the Kansas Board of Regents: Kansas Higher Education Statistics

## Tuition

As of the Spring 2026 term, tuition and fees per credit hour are as follows:

<b>Residency</b>	<b>Tuition</b>	<b>Student Fees*</b>	<b>Total</b>
In District (Montgomery County)	\$ 74	\$78/98	\$152/172
Out-of-District	80	78/98	158/178
Out-of-State	87	78/98	165/185
International	171	78/98	249/269
High School Students	50	0	65

\* Academic fee plus facilities, technology, and student union & security fee/Vocational fee plus facilities, technology, and student union & security fee.

## Curriculum Description

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

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

<u>Nursing and Allied Health</u>	<u>Math and Science</u>	<u>Men's Athletics</u>
Emergency Medical Services - EMT/EMR Program	Mathematics and Physical Science	Basketball
	Biology	Football
	Physical Science	
<u>Humanities and Fine Arts</u>	Pre-Nursing	<u>Women's Athletics</u>
General Studies		Basketball
English	<u>Business</u>	Softball
Theater Arts	Accounting	Volleyball
Art	Business Administration and	
Music	Entrepreneurship	<u>Co-Curricular Activities</u>
	Computer Science	Instrumental Music
<u>Technical</u>		Vocal Music
Cosmetology	<u>Social Science</u>	Drama
Welding Technology	Social Science	E-Sports
	Elementary Education	Cheerleading
		Marching Band
		Stunt Team
		Phi Theta Kappa
		Student Government Association

**Other Educational Facilities**

Unified School District No. 436 is headquartered in Caney and has a full-time equivalent enrollment of approximately 760 for the 2025-26 school year, and operates one elementary school and one high school.

Unified School District No. 445 is headquartered in Coffeyville and has a full-time equivalent enrollment of approximately 1,604 for the 2025-26 school year, and operates one elementary school, one middle school and one high school.

Unified School District No. 446 is headquartered in the City and has a full-time equivalent enrollment of approximately 1,696 for the 2025-26 school year, and operates two elementary schools, one middle school and one high school.

Unified School District No. 447 is headquartered in Cherryvale and has a full-time equivalent enrollment of approximately 591 for the 2025-26 school year, and operates two elementary schools, one middle/high school.

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

<u>Name</u>	<u>Location</u>	<u>Estimated Distance from College (in Miles)</u>	<u>Estimated Enrollment (FTE)</u>
Coffeyville Community College	Coffeyville, KS	17	1,062
Allen Community College	Iola, KS	53	1,038
Northeastern Oklahoma A&M College	Miami, OK	53	2,075
Pittsburg State University	Pittsburg, KS	57	5,257
Rogers State University	Claremore, OK	63	3,482
Missouri Southern State University	Joplin, MO	70	4,456

**Student Health Facilities**

A registered nurse clinic is located within the College's Student Union. Additionally, the College has standing arrangements for treating students' health needs through privately funded insurance with Labette Health, as well as Four County Mental Health Association and other local doctors.

**Recreational, Cultural and Religious Facilities Available to Students**

At the College, many opportunities are offered to participate in extracurricular activities. Students' activities include campus picnics, dances, movie nights, and more. Students are encouraged to get involved in a variety of clubs and organizations at ICC, such as Phi Theta Kappa, the Lit Guild, Student Ambassadors, and activities like drama, music, art, cheerleading, and dance.

Each Spring, the College hosts the nationally prominent William Inge Theatre Festival and Conference. Famous playwrights and theatre personalities gather to celebrate the works of Pulitzer Prize-winning playwright and Independence native William Inge. And in the Fall, the City hosts Neewollah (Halloween spelled backward), a week-long community celebration during the week that Halloween is celebrated, that includes carnivals, street acts, performances, parades and a wide variety of foods.

A wide variety of cultural and entertainment options are available to residents at the Independence Museum, International Museum of the Horse, Dalton Defenders Museum, The American Legion, Independence Memorial Hall, Coffeyville and Independence Public Library..

The County has recreational activities available through sporting events, one aquatic center, public parks that feature playground equipment, picnic facilities, including shelter houses, summer recreational programs, and many different clubs and other organizations. Fishing, camping, trapping, and other various outdoor activities are offered at Montgomery County State Park which features 303 acres of terrestrial habitat and 105 acres of water.

The County has 37 churches that serve the local communities.

## **FINANCIAL INFORMATION CONCERNING THE COLLEGE**

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

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

The College maintains seven basic fund groups, consisting of 20 separately identifiable funds. All funds (the "Funds") are segregated for accounting purposes. In the current fiscal year, property taxes are levied for the general fund only.

Property tax revenues for each tax-supported Fund are set and a budget is adopted by the Board, after a public hearing. The Board then certifies the property tax revenues to the County Clerk not later than August 25. The County Clerk receives assessments of real and personal property from the County Assessor and certifies such assessments and the total levy for all purposes (state, county, city, school and other taxing jurisdictions) to the County Treasurer, who is charged with the levying and collection to taxes. See “**Property Tax Levies and Collections—Tax Collections**” for information regarding the property tax imposition and payment process.

### **Accounting, Budgeting and Auditing Procedures**

The College follows an accrual basis of accounting for all tax supported funds of the College, including the General Fund.

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

The Revenue Neutral Tax Act provides that by June 15 of every year, each county clerk shall calculate the revenue neutral rate for each taxing subdivision in their respective county. If a taxing subdivision desires to levy a tax rate in excess of its revenue neutral rate, it must first publish notice of a public hearing and notify, by July 20, the county clerk of the taxing subdivision’s intent to exceed the revenue neutral rate. The county clerk is required to provide notice of the public hearing to each taxpayer with property in the taxing subdivision, along with following information concerning the taxing subdivision: (1) the revenue neutral rate, (2) the proposed property tax revenue needed to fund the proposed budget, (3) the proposed tax rate based on the proposed budget, (4) the tax rate and property tax of each taxing subdivision on the taxpayer’s property from the previous year’s tax statement, (5) the appraised value and assessed value of the taxpayer’s property, (6) estimates of the tax for the current tax year on the taxpayer’s property based on the revenue neutral

rate of each taxing subdivision and any proposed tax rates that exceed the revenue neutral rates, (7) the difference between the estimates of tax based on the proposed tax rate and the revenue neutral rate. The public hearing regarding exceeding the revenue neutral rate is to be held between August 20 and September 20, and can be held in conjunction with the taxing subdivision's budget hearing. If multiple taxing subdivisions within the county are required to hold a public hearing, the notices to the taxpayer can be combined into a single notice. After the public hearing, the taxing subdivision can approve exceeding the revenue neutral rate by a majority vote of its governing body, and the amount of tax to be levied must be certified to the county clerk by October 1. The taxing subdivision's adopted budget shall not result in a tax rate in excess of its proposed rate stated in the notice provided to the taxpayers. If a taxing subdivision fails to comply with the requirements of the Revenue Neutral Tax Act, it shall refund to the taxpayers any property taxes over-collected based on the amount of the levy that was in excess of the revenue neutral rate.

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

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

The financial records of the College are audited annually by a firm of independent certified public accountants in accordance with generally accepted auditing standards.

### **Property Valuations**

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

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

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

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

The Legislature may from time to time adopt changes in the property tax system or method of imposing and collecting property taxes within the State. Taxpayers may also challenge the fair market value of property assigned by the county appraiser. The effects of such legislative changes and successful challenges to the appraiser's determination of fair market value could affect the College's property

tax collections. If a taxpayer valuation challenge is successful, the liability of the College to refund property taxes previously paid under protest may have a material impact on the College’s financial situation.

**Assessed Valuation**

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

<u>Levy Year</u>	<u>Budget Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Utilities</u>	<u>Oil and Gas</u>	<u>Motor Vehicle Valuation</u>	<u>Total Valuation</u>
2025	2026	\$129,418,269	3,072,961	57,933,133	1,640,495	\$15,133,215 <sup>(1)(2)</sup>	\$207,268,383
2024	2025	124,272,747	2,983,602	53,497,502	1,768,228	15,133,215 <sup>(1)</sup>	197,655,294
2023	2024	115,879,075	3,145,847	52,239,193	2,679,300	14,953,428 <sup>(1)</sup>	188,896,843
2022	2023	99,332,640	2,599,948	50,823,651	2,630,845	15,065,617 <sup>(1)</sup>	170,452,701
2021	2022	92,253,045	2,227,520	43,631,888	1,353,257	15,868,187 <sup>(1)</sup>	155,333,897

<sup>(1)</sup> Motor vehicle valuation was calculated based on a ratio of the College’s motor vehicle tax distribution figure and the total motor vehicle tax distribution figure of the two community colleges within the County.

<sup>(2)</sup> Motor vehicle valuation for 2025 is not yet available. Motor vehicle valuation for 2024 was used for estimation purposes.

Source: County Clerk

**Property Tax Levies and Collections**

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

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

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

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

**Tax Rates.** The College may levy taxes in accordance with the requirements of its adopted budget. Property tax levies are based on the adopted budget of the College and the assessed valuations provided by the County appraiser. The Kansas Legislature adopted HB 2043 in 2026, which would limit the College’s ability to increase its ad valorem tax-funded budget. Under the bill, the College could not in any fiscal year increase such budget by more than the lesser of (a) 3% or (b) the positive average of the Consumer Price Index for All Urban Consumers (Midwest Region), unless that budget increase is not successfully protested by at least 10% of the qualified electors of the College district, based on votes cast for the office of secretary of state at the last general election. HB 2043 does provide for certain exceptions to the budget increase limitations, including tax revenues attributable to new real property added to a taxing jurisdiction, expiration of certain tax abatements or tax increment finance districts, and increases used for certain financial obligations, including lease obligations incurred prior to July 1, 2026. HB 2043 was enrolled and presented to the Governor of Kansas on April 20, 2026, and the Governor has 10 business days to either sign or veto the bill.

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

<u>Levy Year</u>	<u>Budget Year</u>	<u>General Fund</u>	<u>Employee Benefits</u>	<u>Capital Outlay</u>	<u>Vocational</u>	<u>Total</u>
2025	2026	33.770	0.000	0.000	0.000	33.770
2024	2025	35.415	0.000	0.000	0.000	35.415
2023	2024	37.180	0.000	0.000	0.000	37.180
2022	2023	39.780	0.000	0.000	0.000	39.780
2021	2022	42.775	0.000	0.000	0.000	42.775

Source: County Clerk

**Sources of Revenue**

The College finances its general operations through the local property tax levy, tuition, fees and other miscellaneous sources as indicated below for the 2025 Fiscal Year:

Source	Percent
Property tax	40.56%
Federal	27.85%
State	16.02%
Student tuition & fees	7.25%
Auxiliary & activity	5.88%
Other	2.43%
Capital grants & gifts	2.16%
Total	100.00%

Source: College's 2025 Audited Financial Statements

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

<u>Levy Year</u>	<u>Budget Year</u>	<u>Taxes Levied</u>	<u>Taxes Collected</u>	<u>Percentage Collected</u>
2025	2026	46,498,385	\$3,827,615	58.90%
2024	2025	6,495,828	6,321,915	97.32%
2023	2024	6,493,661	6,393,259	98.45%
2022	2023	6,226,229	6,187,171	99.65%
2021	2022	5,991,922	5,800,860	96.81%

Source: County Clerk

**Major Taxpayers.** The following table sets forth the ten largest taxpayers in the District based on total assessed valuation and taxes levied in the most recent tax collection period (2025/26):

<u>Taxpayer</u>	<u>Assessed Valuation</u>	<u>Taxpayer</u>	<u>Taxes Levied</u>
1. Enbridge Pipelines LLC	\$15,683,148	1. Enbridge Pipelines LLC	\$2,087,091
2. Everyg Kansas South Inc	11,649,296	2. Everyg Kansas South Inc	1,657,502
3. Southern Star Central Gas	10,848,961	3. Southern Star Central Gas	1,444,216
4. Exchangeright Net-Leased	5,717,208	4. Exchangeright Net-Leased	1,046,701
5. Atmos Energy	4,048,839	5. Atmos Energy	707,037
6. City of Independence	4,964,470	6. City of Independence	659,167
7. Union Pacific Railroad	3,465,066	7. Union Pacific Railroad	475,322
8. Missouri Gas Energy	3,391,610	8. Missouri Gas Energy	458,059
9. Kansas Aviation	2,332,370	9. Kansas Aviation	427,008
10. Magellan Pipeline Co. LLC	2,209,702	10. Bartlett-Montgomery County	425,997

Source: County Clerk

## Risk Management

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

## Defined Benefit Pension Plan

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

As of June 30, 2025, KPERs serves approximately 350,000 members and approximately 1,500 participating employers, including the State, school districts, counties, cities, public libraries, hospitals and other governmental units. KPERs administers the following three statewide, defined benefit retirement plans for public employees:

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

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

(a) *State/School Group* - includes members employed by the State, school districts, community colleges, vocational-technical schools and educational cooperatives. The State of Kansas makes all employer contributions for this group, the majority of which comes from the State General Fund.

(b) *Local Group* - all participating cities, counties, library boards, water districts and political subdivisions are included in this group. Local employers contribute at a different rate than the State/School Group rate.

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

In 2004, 2015 and 2021, the Kansas Development Finance Authority, on behalf of the State, issued pension obligation bonds and contributed the proceeds thereof to KPERs to assist with improving the status of the unfunded actuarial pension liability. In 2022 the Legislature provided for additional contributions totaling \$1.125 billion in four payments to be deposited into the KPERs trust fund for the School Group. For more information about the Legislature’s actions related to KPERs, please see the 2022 Valuation Report referenced below.

The State's contribution for school employees varies from year to year based upon the annual actuarial valuation and appraisal made by KPERs, subject to legislative caps on percentage increases. The State's contribution is 11.68% of the employee’s gross salary for the period beginning July 1, 2025, through June 30, 2026, and is projected to change to 11.32% of the employee’s gross salary for the period beginning July 1, 2026, through June 30, 2027. In addition, the Issuer contributes 1% of the employee’s gross salary for Death and Disability Insurance for covered employees.

According to the Valuation Report as of December 31, 2024 (the “2024 Valuation Report”) the KPERs School Group, of which the College is a member, carried an unfunded accrued actuarial liability (“UAAL”) of approximately \$4.974 billion at the end of 2023. The amount of the UAAL in 2024 changed from the previous year’s amount due to the factors discussed in the 2024 Valuation Report; such report also includes additional information relating to the funded status of the KPERs School Group, including recent trends in the funded status of the KPERs School Group. A copy of the 2024 Valuation Report is available on the KPERs website at [kpers.org/about/reports](https://kpers.org/about/reports). The College has no means to independently verify any of the information set forth on the KPERs website or in the 2024 Valuation Report, which is the most recent financial and actuarial information available on the KPERs website relating to the funded status of the KPERs School Group. The 2024 Valuation Report sets the employer contribution rate for the period beginning July 1, 2027, for the KPERs School Group, and KPERs’ actuaries identified that an employer contribution rate of 11.52% of covered payroll would be necessary, together with statutory contributions by covered employees, to eliminate the UAAL by the end of the

actuarial periods set forth in the 2023 Valuation Report. Because the annual growth in employer contribution rates is limited by State law, the actual contribution rate permitted at the time of calculation was only 11.41%. As a result, members of the School Group are underfunding their projected actuarial liabilities and the UAAL can be expected to grow over time. KPERS' actuaries project the required employer contribution rate to increase by an amount not exceeding the maximum statutorily allowed rate, which is 1.2% in fiscal year 2017 and thereafter, until such time as the permitted rate equals the actuarial rate.

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

### COLLEGE’S AUTHORITY TO INCUR DEBT

Estimated Actual Valuation <sup>(1)</sup> .....	\$1,295,427,398
Equalized Assessed Valuation of Tangible Valuation for Computation on Bonded Debt Limitations <sup>(2)</sup> .....	\$207,268,383
Legal limitation of Bonded Debt <sup>(3)</sup> .....	\$6,218,051
Outstanding general obligation debt as of May 21, 2026 .....	\$0
College Taxing District Population (2024) .....	10,651
Direct general obligation debt per capita.....	\$0
Ratio of direct general obligation debt to equalized assessed valuation .....	0.00%
Underlying and overlapping debt .....	\$48,228,371
Direct and overlapping debt.....	\$48,228,371
Direct and overlapping debt per capita.....	\$4,528
Direct & overlapping debt as a percentage of equalized assessed valuation.....	23.27%
Direct & overlapping debt as a percentage of estimated actual valuation.....	3.72%

<sup>(1)</sup> Estimated based upon an average assessment ratio of 16%.

<sup>(2)</sup> Includes Motor Vehicle Valuation. Motor vehicle valuation for 2025 is not yet available. Motor vehicle valuation for 2024 was used for estimation purposes

<sup>(3)</sup> Pursuant to K.S.A. 71-201.

### Overlapping/Underlying General Obligation Indebtedness

The following table sets forth overlapping and underlying general obligation indebtedness and the percent attributable (on the basis of assessed valuation) to the College taxing district as of May 21, 2026:

<u>Jurisdiction</u>	<u>2025 Assessed Valuation</u>	<u>General Obligation Debt Outstanding</u>	<u>Percent Applicable To the College</u>	<u>Amount Applicable To the College</u>
Montgomery County	\$422,917,309	\$ 0	45.43%	\$ 0
City of Cherryvale	10,272,510	1,710,000	100.00%	1,710,000
City of Elk City	855,872	765,000	100.00%	765,000
City of Independence	72,293,465	28,385,000	100.00%	28,385,000
U.S.D. No. 283	16,548,659	0	46.50%	0
U.S.D. No. 446	152,962,643	16,850,000	99.96%	16,843,502
U.S.D. No. 447	34,733,844	0	77.71%	0
U.S.D. No. 461	42,465,701	2,880,000	18.00%	518,383
U.S.D. No. 484	53,329,695	430,000	1.51%	<u>6,485</u>
TOTAL				\$48,228,371

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

Source: County Clerk

## DEBT STRUCTURE OF THE COLLEGE

### GENERAL OBLIGATION BONDS

As of May 21, 2026, the College had no general obligation debt outstanding.

### CERTIFICATES OF PARTICIPATION OBLIGATIONS (As of May 21, 2026)

<u>Purpose</u>	<u>Series</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Certificates of Participation	2026	05/01/2031	\$2,405,000	\$2,405,000

### REVENUE BOND OBLIGATIONS

As of May 21, 2026, the College had no revenue bond debt outstanding.

### CAPITAL LEASE OBLIGATIONS (As of May 21, 2026)

<u>Description of Indebtedness</u>	<u>Year</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Amount Outstanding</u>
Practice Field	2018	04/05/2027	\$239,032	\$ 21,000
Postage machine	2021	06/01/2026	19,730	1,004
Vehicles	2024	06/17/2029	168,000	71,272
Bleachers	2023	12/18/2028	270,000	219,409
HVAC	2024	4/18/2029	300,000	243,022
TOTAL				\$555,707

### LOAN OBLIGATIONS

As of May 21, 2026, the College had no outstanding loan obligations.

#### Debt Payment Record

The College has never in its history defaulted on the payment of any of its debt or lease obligations.

#### Future Indebtedness

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

## REGIONAL, ECONOMIC, AND DEMOGRAPHIC INFORMATION REGARDING MONTGOMERY COUNTY

#### General

The County occupies approximately 651 square miles in southeast Kansas. The county seat is the City.

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

#### Transportation

The County is served by U.S. Highways 75 and 160. Nearest regularly scheduled air service is available at Joplin Regional Airport located approximately 70 miles away from the County.

## Population Trends

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

<u>Year</u>	<u>County Population</u>	<u>City Population</u>
2024	30,459	8,287
2023	30,568	8,315
2022	30,996	8,436
2021	31,156	8,464
2020	31,486	8,548
2010	35,471	9,483

Source: State of Kansas – Division of the Budget (2021-2024); U.S. Census Bureau (2010, 2020)

## Labor Force

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

### MONTGOMERY COUNTY

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2024	14,547	13,974	573	3.9%
2023	14,732	14,293	439	3.0%
2022	14,631	14,181	450	3.1%
2021	14,715	14,140	575	3.9%
2020	14,852	13,774	1,078	7.3%

### STATE OF KANSAS

<u>Average For Year</u>	<u>Total Labor Force</u>	<u>Employed</u>	<u>Unemployed</u>	<u>Unemployment Rate</u>
2024	1,545,790	1,490,553	55,237	3.6%
2023	1,510,988	1,470,936	40,052	2.7%
2022	1,504,932	1,464,834	40,098	2.7%
2021	1,495,665	1,447,323	48,342	3.2%
2020	1,497,013	1,409,003	88,010	5.9%

Source: Kansas Statistical Abstract (2020 data); Kansas Department of Labor (2021 – 2024 data)

## Retail Sales and Use Tax Collections

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

<u>Year</u>	<u>Sales and Use Tax Collections</u>	<u>Per Capita Sales and Use Tax</u>
2024	\$36,787,507	\$1,222.37
2023	37,237,046	1,257.30
2022	38,743,698	1,186.14
2021	34,840,424	1,060.52
2020	32,637,872	1,018.64

Source: Kansas Statistical Abstract

## Oil Production

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

### MONTGOMERY COUNTY

<u>Year</u>	<u>Oil Production</u>
2025	76,250
2024	69,868
2023	66,022
2022	64,703
2021	58,770

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Source: Kansas Geological Survey

## Financial and Banking Institutions

There are currently seven banks located in the County with 15 different branch locations. During a five-year period, bank deposits of the County's banks are as follows:

<u>Year</u>	<u>Total Bank Deposits</u> (thousands of dollars)
2025	\$719,000
2024	719,635
2023	703,180
2022	738,894
2021	717,023

---

Source: FDIC

## Personal Income Trends

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

<u>Year</u>	<u>Montgomery County</u> <u>Personal Income (\$000)</u>	<u>Montgomery County</u> <u>Per Capita Income</u>	<u>State of Kansas</u> <u>Per Capita Income</u>
2024	\$1,472,023	\$48,328	\$65,856
2023	1,428,588	46,735	66,115
2022	1,361,109	43,912	60,424
2021	1,361,182	43,689	58,924
2020	1,280,583	40,651	56,099

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Source: U.S. Bureau of Economic Analysis

**\$2,405,000\***  
**INDEPENDENCE COMMUNITY COLLEGE**  
**INDEPENDENCE, KANSAS**  
**LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2026**  
**Evidencing Proportionate Interests In and Rights to Receive Payment Under the**  
**Lease Purchase Agreement Between the College and Trustee**

**Appendix B**

**AUDITED FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2025**

\* Subject to change.

**INDEPENDENCE COMMUNITY COLLEGE**

**FINANCIAL STATEMENTS  
WITH  
INDEPENDENT AUDITOR'S REPORT**

**JUNE 30, 2025**



**LOYD GROUP, LLC**

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Certified Public Accountants

# Independence Community College

June 30, 2025

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**LOYD GROUP, LLC**

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

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INDEPENDENT AUDITOR'S REPORT

Board of Trustees  
Independence Community College  
Independence, Kansas

**Report on the Financial Statements**

***Opinions***

We have audited the financial statements of the business-type activities and the aggregate discretely presented component units of the Independence Community College (the College), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and the aggregate discretely presented component units of Independence Community College as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

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

***Responsibilities of Management for the Financial Statements***

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

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

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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**D. Scot Loyd, CPA, CGFM, CFE, CGMA, CNC**

*"Creating Maneuverability in Government"*

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

In performing an audit in accordance with GAAS, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other post-employment benefits and pension information on pages 4-10 and 31-35, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2026 on our consideration of Independence Community College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Loyd Group, LLC

Loyd Group, LLC  
Galva, Kansas

March 27, 2026

# INDEPENDENCE COMMUNITY COLLEGE

## Management's Discussion and Analysis

### Introduction:

The following discussion and analysis of the financial performance and activity of Independence Community College (The College) is to introduce an understanding of the basic financial statements of the College for the year ended June 30, 2025, with selected comparative information for the year ended June 30, 2024. This discussion focuses on the current activities, resulting changes, and currently known facts. This discussion should be read in conjunction with the College's basic financial statements and the footnotes to those financial statements. The College is solely responsible for the completeness of this information. A separate audit is issued for the Independence Community College Foundation and is available for review at the Independence Community College Business Office.

### Overview of the Financial Statements and Financial Analysis

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

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

### Statement of Net Position

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

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

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

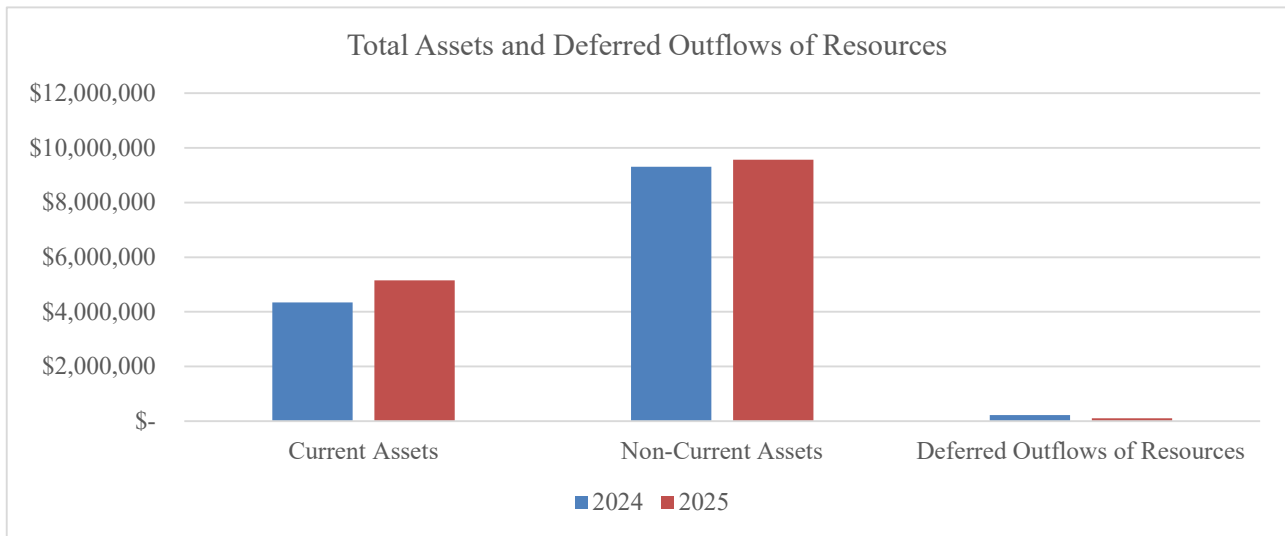
Total Liabilities have two main categories: "Current" and "Noncurrent Liabilities." Current Liabilities provide a view of how much the college owes (payables), interest, vacation, deferred revenue and deposits held in custody for others. Noncurrent Liabilities provide a view of notes and capital leases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

### Analysis of Total Assets, Total Liabilities and Net Position

#### Comparison of Assets – Fiscal Year 2024 to 2025

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

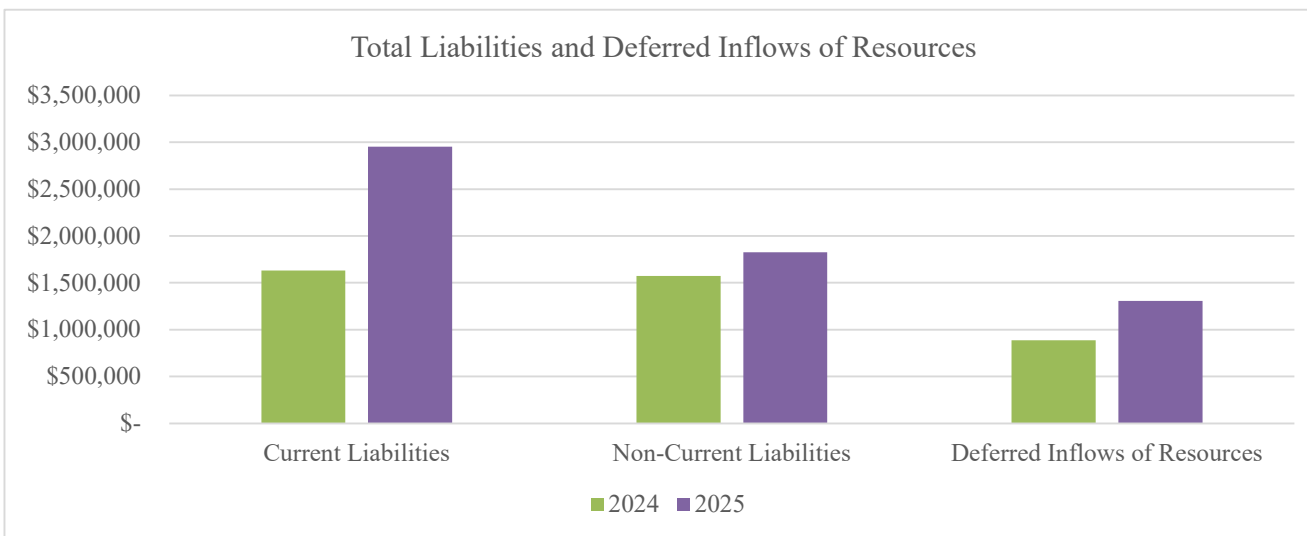
The College’s current assets consist primarily of cash, short-term investments and accounts receivables, while noncurrent assets consist mainly of capital assets. The total breakdown of assets between current and noncurrent classification is as follows:



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

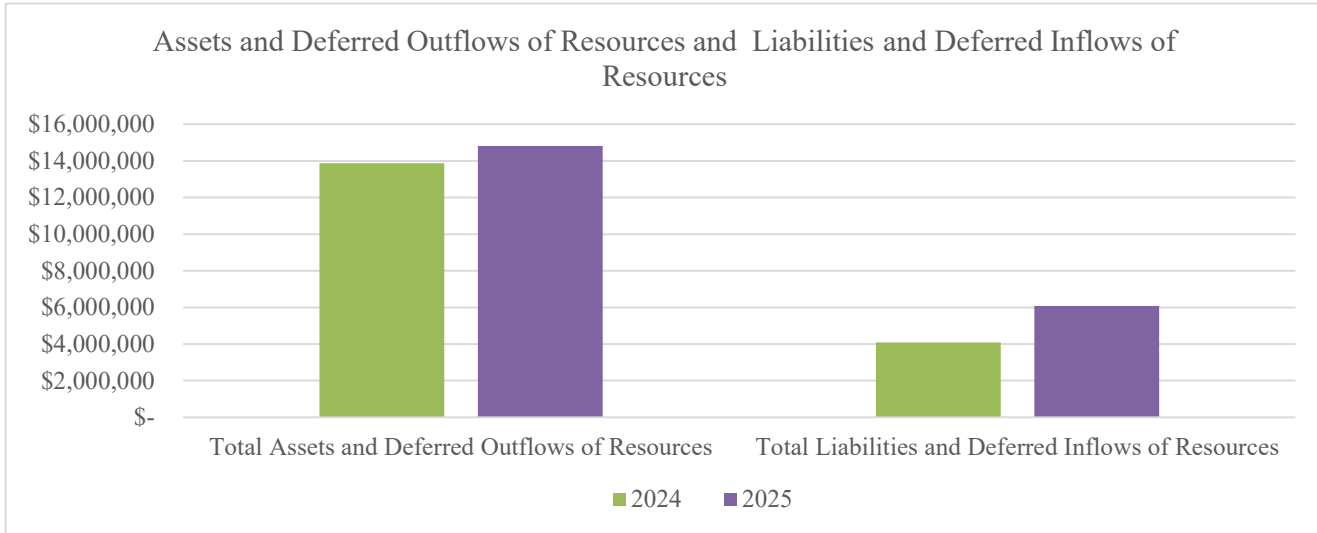
	2024	% Total 2024	2025	% Total 2025
Current Liabilities	\$ 1,631,257	40%	\$ 2,951,657	49%
Non-Current Liabilities	1,572,334	38%	1,825,784	30%
Deferred Inflows of Resources	885,932	22%	1,305,167	21%
<b>Total Liabilities and Deferred Inflows of Resources</b>	<b>\$ 4,089,523</b>	<b>78%</b>	<b>\$ 6,082,608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

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



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

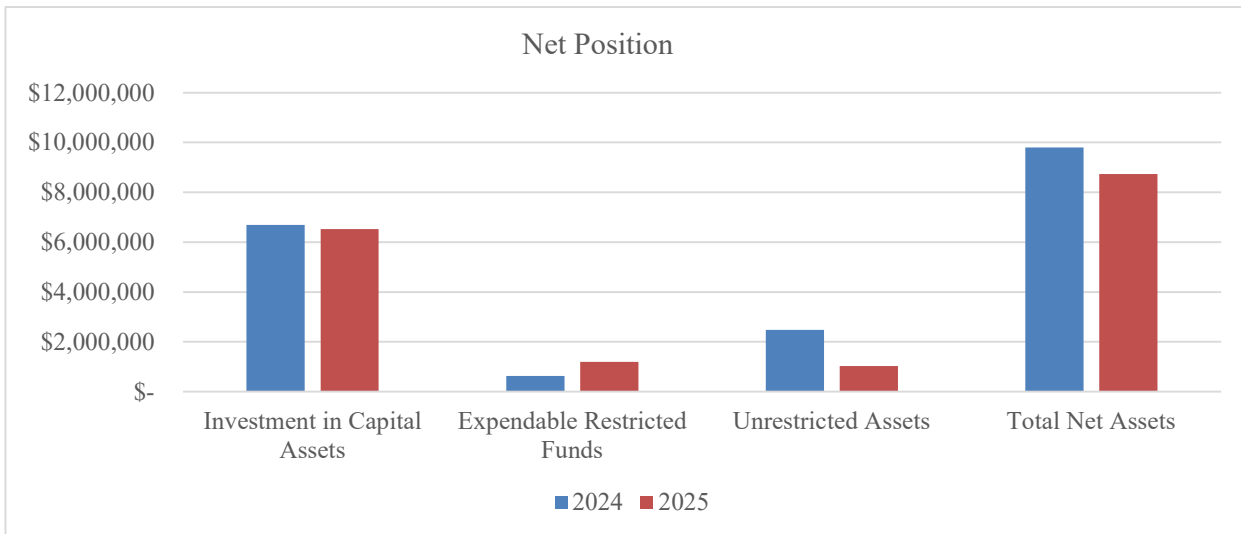
Total liabilities and deferred inflows of resources increased by \$1,993,085 from \$4,089,523 in 2024 to \$6,082,608 in 2025, while total assets and deferred outflows of resources increased \$935,650 from \$13,882,986 in 2024 to \$14,818,636 in 2025. As a result, the asset to liability ratio increased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



**Net Position**

Comparison of Net Position – Fiscal Year 2024 to 2025

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



**Statement of Revenues, Expenses and Changes is Net Position**

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

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

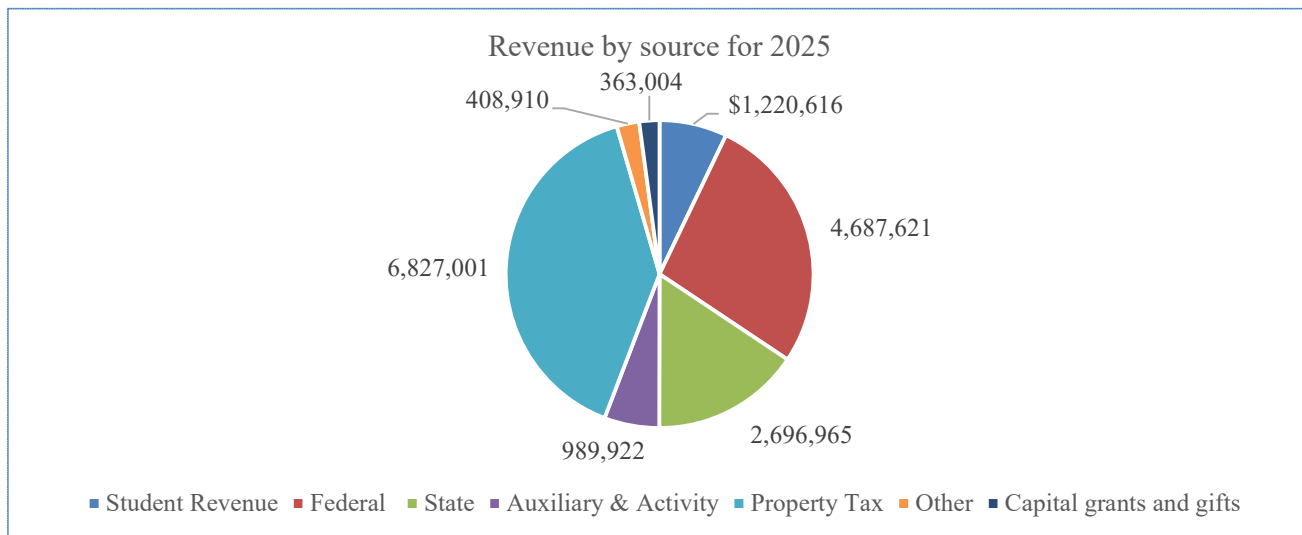
### Analysis of Revenues and Expenses

#### Results of Operations Fiscal Year 2024

#### Components and sources of revenue:

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

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



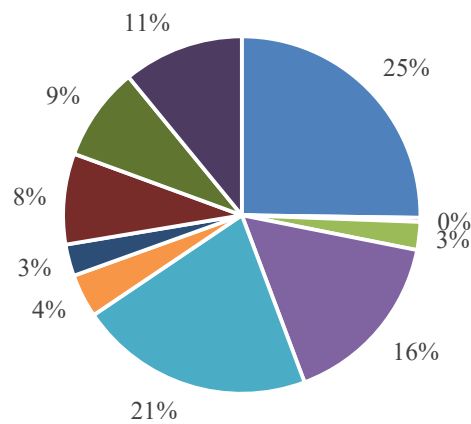
During fiscal year 2025, revenue sources were relatively stable from the prior year. The largest decrease coming from property taxes due to lowering of the mill levy.

Expenses

Details of the 2024 and 2025 Education and General expenses:

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

Expense by source for 2025



- Instruction
  - Academic support
  - Institutional support
  - Operations and maintenance of plant
  - Scholarships and grants
- Public service
  - Student services
  - KPERS contribution paid directly by the State of Kansas
  - Depreciation and amortization
  - Auxiliary Enterprises

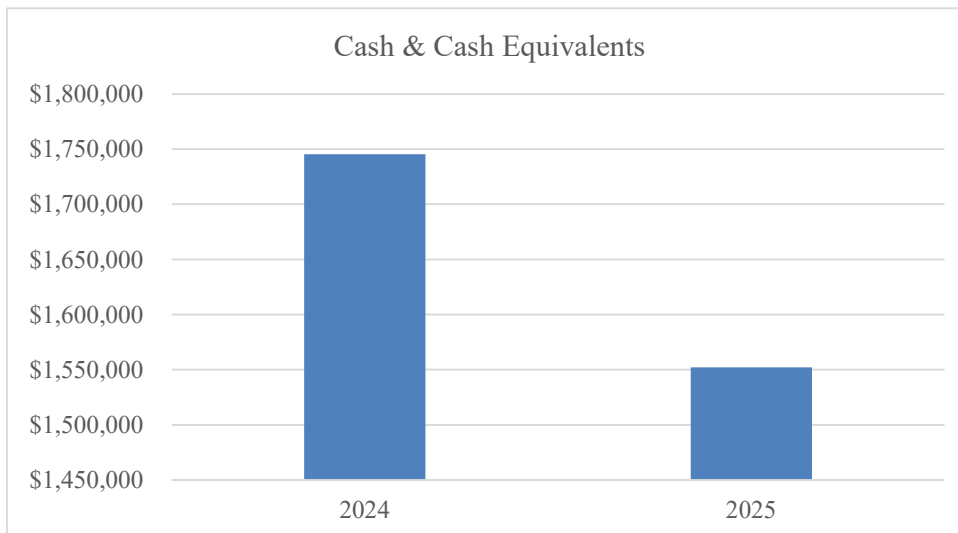
Expenditures stayed very stable with very little fluctuations.

## Statement of Cash Flows

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

- 1) Operating Activities-This section deals with operating cash flows and shows the net cash used by the operating activities of the institution.
- 2) Non-capital Investing Activities-This section shows the cash received and spent for nonoperating, non-investing and noncapital financing purposes.
- 3) Capital Investing Activities-This section deals with the cash used for the acquisition and construction of capital assets and related items.
- 4) Financing Activities-This section shows the interest paid on debts and leases.
- 5) Reconciliation of income/loss to net cash used by operating activities-The final section reconciles the net cash used in relation to the operating income or loss reflected on the Statement of Revenues, Expenses and Changes in Net Assets.

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



## Economic Outlook

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

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

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

## **Contacting the College's Financial Management**

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

Respectfully submitted,

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

## BASIC FINANCIAL STATEMENTS

**Independence Community College**  
**Statements of Net Position**  
**June 30, 2025**

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

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

**Independence Community College**

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

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

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

**Independence Community College**

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

**CASH FLOWS FROM OPERATING ACTIVITIES**

Student tuition and fees	\$ 499,890
Federal and state sources	1,826,724
Sales and services of auxiliary enterprises	989,922
Other receipts	337,313
Payments to employees for salaries and benefits	(8,608,724)
Payments to suppliers	(5,789,193)
Loans issued to students	1,043,002
Net change in cash flows from operating activities	<u>(9,701,066)</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

State appropriations	1,523,141
County and local appropriations	6,827,001
Pell grant	2,052,793
Private gifts and grants	67,222
Net change in cash flows from noncapital financing activities	<u>10,470,157</u>

**CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES**

Purchases of capital assets	(1,621,799)
Proceeds from leases	1,147,905
Principal paid on capital asset-related debt	(855,935)
Capital grants and gifts	363,004
Net change in cash flows from capital and related financing activities	<u>(966,825)</u>

**CASH FLOWS FROM INVESTING ACTIVITIES**

Investment income	<u>4,375</u>
Net change in cash flows from investing activities	<u>4,375</u>
Net change in cash and cash equivalents	(193,359)

Cash and cash equivalents - beginning of year

1,745,455

Cash and cash equivalents - end of year

\$ 1,552,096

**RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO  
CHANGE IN CASH FLOWS FROM:**

Operating loss	\$ (12,510,857)
Depreciation and amortization expense	1,492,442
Changes in operating assets and liabilities:	
Receivables, net	(1,105,402)
Prepaid expenses	(1,559)
Inventories	(22,066)
Accounts payable	1,155,056
Compensated absences payable	(11,875)
Deposits held in custody for others	40,403
Net pension liability	524
Deferred inflows and outflows related to net pension and other post employment benefits	548,613
Employee benefits paid directly by State of Kansas	713,655
Net change in cash flows from operating activities	<u>\$ (9,701,066)</u>

# Independence Community College

## Notes to Financial Statements

June 30, 2025

### 1. Summary of Significant Accounting Policies

Independence Community College (the College) is a public, two-year post-secondary educational institution, organized under the laws of the State of Kansas, and is governed by an elected Board of Trustees. With more than 40 majors, degree and certificate possibilities, the College prepares students to transfer to a four-year program or to enter the workforce with a two-year job-ready degree.

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

#### (a) Reporting Entity

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

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

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

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

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

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

# Independence Community College

## Notes to Financial Statements

June 30, 2025

### 1. Summary of Significant Accounting Policies (Continued)

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

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

#### (c) *Assets, Liabilities, and Net Position*

##### Deposits and Investments

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

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

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

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

##### Receivables

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

##### Inventories

Inventories consist of books and supplies held for resale and rental in the bookstore and are valued at lower of cost or fair value, using the first-in, first-out method (FIFO).

##### Capital Assets

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

Depreciation is computed on assets having a value of more than \$5,000 using the straight-line method over the estimated useful lives of the assets. Depreciation is not allocated to the various functions of the College but is reported separately on these financial statements.

Estimated useful lives used for calculating depreciation are as follows:

Buildings and Additions - 15 to 35 years

Machinery and Equipment - 3 to 7 years

**Independence Community College**  
**Notes to Financial Statements**  
**June 30, 2025**

**1. Summary of Significant Accounting Policies (Continued)**

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

**Federal Financial Assistance Programs**

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

**Compensated Absences Payable**

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

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

**Noncurrent Liabilities**

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

**Pensions**

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The College has one item that qualifies for reporting in this category. Deferred outflows related to other postemployment benefits and pensions as actuarially determined and explained in Note 6 and 7, respectively.

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

**Independence Community College**  
**Notes to Financial Statements**  
**June 30, 2025**

**1. Summary of Significant Accounting Policies (Continued)**

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

**Net Position**

The College's net position is classified as follows:

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

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

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

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

**Net position flow assumption**

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

**Classification of Revenues**

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

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

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

# Independence Community College

## Notes to Financial Statements

June 30, 2025

### 1. Summary of Significant Accounting Policies (Continued)

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

##### Scholarship Allowances

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

##### Use of Estimates

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

##### Property Tax Information

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

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

**Independence Community College**  
**Notes to Financial Statements**  
**June 30, 2025**

**2. Stewardship, Compliance, and Accountability**

**(a) Budgetary Information**

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

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

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

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

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

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

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

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

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

**Independence Community College**  
**Notes to Financial Statements**  
**June 30, 2025**

**3. Deposits and Investments**

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

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

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

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

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

*Credit risk* – State law limits the amount of credit risk by restricting governments to specific investment types as listed in KSA 12-1675. The College’s practice is to place idle funds in certificates of deposits and United States obligations.

*Custodial credit risk* – The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. KSA 9-1402 and 9-1405 requires that governments obtain security for all deposits. The College manages its custodial credit risk by requiring the financial institutions to grant a security interest in securities held by third-party custodial banks. Monies in the Kansas Municipal Investment Pool are not required to have pledged securities. As of June 30, 2025, the College was not exposed to custodial credit risk with its deposits or investments.

*Concentration of credit risk* – This is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The College manages this risk by placing funds with financial institutions only after contacting all eligible institutions in the taxing area.

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

**Independence Community College**  
**Notes to Financial Statements**  
**June 30, 2025**

**4. Capital Assets**

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

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

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

**5. Long-Term Liabilities**

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

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

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

## Independence Community College

### Notes to Financial Statements

June 30, 2025

#### 5. Long-Term Liabilities (Continued)

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

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

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

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

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

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

#### 6. Other Post Employment Benefit Plan - KPERS Death and Disabilities

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

##### Contributions

Employer contributions are established and may be amended by state statute. Members are not required to contribute. Employer contributions paid for benefits as they came due during the fiscal year ended June 30, 2025, totaled (\$1,928).

##### Special Funding Situation

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

# Independence Community College

## Notes to Financial Statements

June 30, 2025

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

#### Benefits

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

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

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

#### Covered Employees

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

Inactive employees or beneficiaries currently receiving benefit payments	-
Active employees	103
Total	<u>103</u>

#### Total OPEB Liability

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

#### Actuarial Assumptions

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

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

Price inflation	2.75%
Salary increases, including wage increases	3.50-10.00%
Discount rate (based on the 20 year municipal bond rate with an average rating of AA/Aa or better, obtained from the index.)	3.93%

**Independence Community College**  
**Notes to Financial Statements**  
**June 30, 2025**

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

**Actuarial Assumptions (Continued)**

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

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

**Revenue and OPEB Expense Recorded by the College**

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

**7. Defined Benefit Pension Plan**

**Plan Description**

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

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

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

Substantially all public employees in Kansas are covered by the pension plan. Participation by local political subdivisions is optional, but irrevocable once elected.

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

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

**Independence Community College**  
**Notes to Financial Statements**  
**June 30, 2025**

**7. Defined Benefit Pension Plan (Continued)**

**Benefits Provided**

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

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

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

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

**Contributions**

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

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

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

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

# Independence Community College

## Notes to Financial Statements

June 30, 2025

### 7. Defined Benefit Pension Plan (Continued)

#### Contributions (Continued)

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

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

#### Employer Allocations

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

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

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

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

At June 30, 2025 (actuarial report year ended June 30, 2024), the College reported a liability for its proportionate share of the net pension liability that reflected a reduction for the State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related state support, and the total portion of the net pension liability that was associated with the College were as follows:

College's proportionate share of the net pension liability	\$	523
State's proportionate share of the net pension liability associated with the College		<u>747,262</u>
	\$	<u><u>747,785</u></u>

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

**Independence Community College**  
**Notes to Financial Statements**  
**June 30, 2025**

**7. Defined Benefit Pension Plan (Continued)**

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

For the actuarial report as of June 30, 2024, there were changes in assumptions and benefits as described in the notes to the required supplemental information.

There were no changes between the measurement date of December 31, 2023, rolled forward to June 30, 2024, and the College's reporting date of June 30, 2025.

For the year ended June 30, 2024, the College recognized pension expense of \$715,583 and revenue of \$715,583 for support provided by the state. For the portion related to the "working after retirement" the College recognized pension expense of \$523, which includes the changes in the collective net pension liability, projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. At June 30, 2025 (the measurement date of June 30, 2024), the College reported deferred outflows of resources and deferred inflows of resources related to pensions for the College from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33	\$ -
Changes of assumptions	35	13
Net difference between projected and actual earnings on pension plan investments	5	-
Changes in proportion and differences between College contributions and proportionate share of contributions	92,278	279,773
Total	\$ 92,351	\$ 279,786

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

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

**Actuarial Assumptions**

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

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

# Independence Community College

## Notes to Financial Statements

**June 30, 2025**

### 7. Defined Benefit Pension Plan (Continued)

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

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

<u>Asset class</u>	<u>Long-term target allocation</u>	<u>Long-term expected real rate of return</u>
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	<u>3.00%</u>	0.30%
Total	<u>100.00%</u>	

### Discount Rate

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

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

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

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

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

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

**Independence Community College**  
**Notes to Financial Statements**  
**June 30, 2025**

**7. Defined Benefit Pension Plan (Continued)**

**Discount Rate (Continued)**

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

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

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

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

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

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

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

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

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

# Independence Community College

## Notes to Financial Statements

June 30, 2025

### 7. Defined Benefit Pension Plan (Continued)

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

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

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

### 8. Risk Management

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

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

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

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

### 10. Contingent Liabilities

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

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

### 11. Change in Accounting Principle

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

### 12. Subsequent Events

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

REQUIRED SUPPLEMENTARY INFORMATION

**Independence Community College**

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

	Last 10 Fiscal Years									
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Total OPEB Liability - Beginning of year	\$ 62,470	\$ 57,473	\$ 43,642	For 2016 to 2022, this data is not yet available.						
Service Cost	15,282	16,616	13,184	For 2016 to 2022, this data is not yet available.						
Interest Cost	2,838	2,623	1,228	For 2016 to 2022, this data is not yet available.						
Changes in Benefit Terms	-	-	-	For 2016 to 2022, this data is not yet available.						
Differences between actual and expected experience	(19,691)	(13,852)	(4,173)	For 2016 to 2022, this data is not yet available.						
Changes in assumptions and inputs	(357)	(390)	3,592	For 2016 to 2022, this data is not yet available.						
Benefit Payments	-	-	-	For 2016 to 2022, this data is not yet available.						
Net Changes	<u>(1,928)</u>	<u>4,997</u>	<u>13,831</u>	For 2016 to 2022, this data is not yet available.						
Total OPEB Liability - End of year	<u>\$ 60,542</u>	<u>\$ 62,470</u>	<u>\$ 57,473</u>	For 2016 to 2022, this data is not yet available.						
Covered-employee payroll	\$ 5,658,460	\$ 5,658,460	\$ 5,944,655	For 2016 to 2022, this data is not yet available.						
Total OPEB Liability as a percentage of covered-employee payroll	1.07%	1.10%	0.97%							

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

**Independence Community College**

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

Kansas Public Employees Retirement System

Last 10 Fiscal Years\*

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

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

**Independence Community College**

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

Kansas Public Employees Retirement System

Last 10 Fiscal Years

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

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

## Independence Community College

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

#### Other Post Employment Benefits - KPERS Death and Disabilities

##### Changes in benefit terms:

There are no changes in benefits.

##### Changes in assumptions:

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

#### Defined Benefit Pension Plan

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

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

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

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

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

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

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

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

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

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

## SUPPLEMENTARY INFORMATION

**Independence Community College**

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

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

**Independence Community College**

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

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

**Independence Community College**

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

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

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

**Independence Community College**

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

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

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

SINGLE AUDIT SECTION

**Independence Community College**

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

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

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 - Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Independence Community College of Independence, Kansas, under programs of the federal government for the year ended June 30, 2025. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College it is not intended to and does not present the financial position, changes in net position, or cash flows of the College.

**Note 2 - Summary of Significant Account Policies**

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

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



**LOYD GROUP, LLC**

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

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

Board of Trustees  
Independence Community College  
Independence, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, financial statements of the business-type activities, and the aggregate discretely presented component units of Independence Community College as of and for the year ended June 30, 2025, and the related notes to the financial statements which collectively comprise Independence Community College's basic financial statements, and have issued our report thereon dated March 27, 2026.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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

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**D. Scot Loyd, CPA, CGFM, CFE, CGMA, CNC**

*"Creating Maneuverability in Government"*

## **Purpose of this Report**

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

Loyd Group, LLC

Loyd Group, LLC  
Galva, KS  
March 27, 2026



**LOYD GROUP, LLC**

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www.loyd-group.com

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

Board of Trustees  
Independence Community College  
Independence, Kansas

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Independence Community College's (College) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2025. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the College, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

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**D. Scot Loyd, CPA, CGFM, CFE, CGMA, CNC**

***"Creating Maneuverability in Government"***

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

Loyd Group, LLC

Loyd Group, LLC  
Galva, KS  
March 27, 2026

**Independence Community College**  
**Schedule of Findings and Questioned Costs**  
**For the Year Ended June 30, 2025**

**Section 1 – Summary of Auditor’s Results**

**Financial Statements**

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

**Federal Awards**

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

**Section 3 – Findings – Financial Statement Audit**

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

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

Student Financial Aid Programs

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

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

**\$2,405,000\***  
**INDEPENDENCE COMMUNITY COLLEGE**  
**INDEPENDENCE, KANSAS**  
**LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2026**  
**Evidencing Proportionate Interests In and Rights to Receive Payment Under the**  
**Lease Purchase Agreement Between the College and Trustee**

**Appendix C**

**DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS**

\* Subject to change.

## APPENDIX C

### DEFINITIONS AND SUMMARIES OF CERTAIN PRINCIPAL DOCUMENTS

*The summaries of the Declaration of Trust, the Lease and the Site Lease contained in this Appendix C do not purport to be comprehensive or definitive and are qualified in their entirety by reference to such documents, copies of which may be viewed at the principal corporate office of the Trustee, or will be provided by the Trustee to any prospective purchaser requesting the same, upon payment by such prospective purchaser of the cost of complying with such request.*

#### Definitions

*The definitions of certain words and terms used in this Official Statement are set forth below:*

**“Additional Certificates”** means any Certificates executed and delivered pursuant to *Section 3.09* of the Declaration of Trust.

**“Authorized Representative”** means the Chairperson, the President, or the chief financial officer of the College or any other person designated as an Authorized Representative by the Chairperson, such designation being approved by the governing body of the College as set forth in a certificate or letter signed by the Chairperson and filed with the Trustee.

**“Available Revenues”** means, for any Fiscal Year, any balances of the College from previous Fiscal Years encumbered to pay Rent, amounts budgeted or appropriated by the College for such Fiscal Year plus any unencumbered balances of the College from previous Fiscal Years that are legally available to pay Rent during such Fiscal Year, plus all moneys and investments, including earnings thereon, held by the Trustee pursuant to the Declaration of Trust.

**“Site Lease”** means the Site Lease dated as of May 21, 2026, between the College, as lessor, and the Trustee, as lessee.

**“Basic Rent”** means the Basic Rent Payments comprised of a Principal Portion and an Interest Portion.

**“Basic Rent Payment”** means a payment of Basic Rent.

**“Basic Rent Payment Date”** means each May 1 and November 1 during the Lease Term, commencing on May 1, 2027.

**“Business Day”** means a day other than a Saturday, Sunday or any day designated as a holiday by the Congress of the United States or by the Legislature of the State and on which the Trustee is scheduled in the normal course of its operations to be open to the public for conduct of its operations.

**“Certificate Payment”** means the payments to be made to the Owners of the Certificates, whether representing Interest Portion only or Principal Portion and Interest Portion of Basic Rent under the Lease.

**“Certificates”** means the Series 2026 Certificates and any Additional Certificates.

**“Code”** means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

**“College”** means Independence Community College, Independence, Kansas.

**“Completion Certificate”** means the certificate of the College given in accordance with the Lease.

**“Completion Date”** means the date of completion of the Improvements as that date shall be certified as provided in the Lease.

**“Construction Agreement”** means one of any agreements between the College and various parties, if any, providing for the acquisition, construction and installation of various portions of the Improvements.

**“Costs of Improvements”** means all reasonable or necessary expenses related or incidental to the acquisition and construction of the Improvements, including amounts payable pursuant to any Construction Agreement, the expenses of studies, surveys, title policies, architectural and engineering services, legal and other special services and all other necessary and incidental expenses, including the Interest Portion of Basic Rent accruing up to the Completion Date. Costs of Improvements shall include Costs of Issuance.

**“Costs of Issuance”** means all items of expense directly or indirectly payable by or reimbursable to the College or the Trustee and related to the authorization, execution, sale and delivery of the Site Lease, the Lease, the Declaration of Trust or the Certificates, including advertising and printing costs, costs of preparation and reproduction of documents, filing and recording fees, initial fees and charges of the Trustee, legal fees of parties to the transaction and all other initial fees and disbursements contemplated by the Lease and the Declaration of Trust.

**“Declaration of Trust”** means the Declaration of Trust dated as of May 21, 2026, made by the Trustee, as the same may from time to time be amended or supplemented in accordance with its terms.

**“Directive”** means an instrument in writing executed in one or more counterparts by the Owners of Certificates, as determined from the records of the Trustee, or their lawful attorneys-in-fact, representing no less than a majority of the aggregate unpaid Principal Portion represented by the then Outstanding Certificates.

**“Disclosure Undertaking”** means the College’s Continuing Disclosure Undertaking relating to certain obligations contained in the SEC Rule with respect to the Series 2026 Certificates.

**“Event of Default”** with respect to the Lease has the meaning specified under the caption “SUMMARY OF THE LEASE - Events of Default” and with respect to the Declaration of Trust has the meaning specified under the caption “SUMMARY OF THE DECLARATION OF TRUST - Events of Default.”

**“Event of Lease Default”** means an Event of Default under the Lease.

**“Fiscal Year”** means the twelve-month period ending on June 30.

**“Funds”** means, collectively, the Project Fund, the Lease Revenue Fund, the Prepayment Fund, and all accounts therein.

**“Government Obligations”** means (a) direct noncallable obligations of the United States of America and obligations the timely payment of principal and interest on which is fully and unconditionally guaranteed by the United States of America, and (b) trust receipts or certificates evidencing participation or other direct ownership interests in principal or interest payments to be made upon obligations described in clause (a) above that are held in a custody or trust account free and clear of all claims of persons other than the holders of such trust receipts or certificates and (c) obligations which are noncallable or for which the call date has been irrevocably determined having an investment rating in the highest rating category of either Moody's or S&P as a result of the advance refunding of such obligations by the deposit of direct noncallable obligations of the United States of America in a trust or escrow account segregated and exclusively set aside for the payment of

such obligations and which mature as to principal and interest in such amounts and at such times as will insure the availability of sufficient moneys to timely pay such principal and interest.

**“Improvements”** means the building improvements described in the Lease Purchase Agreement, including any modifications, additions, improvements, replacements or substitutions thereto or therefor.

**“Interest Portion”** means the portion of each Basic Rent Payment that represents the payment of interest.

**“Lease”** or **“Lease Purchase Agreement”** means the Lease Purchase Agreement dated as of May 21, 2026, between the Trustee, as lessor, and the College, as lessee, as amended and supplemented from time to time in accordance with its terms.

**“Lease Revenue Fund”** means the fund by that name established pursuant to the Declaration of Trust.

**“Lease Revenues”** means the Basic Rent Payments, Supplemental Rent Payments and all other amounts due and owing pursuant to or with respect to the Lease, including prepayments, insurance proceeds, condemnation proceeds, and any and all interest, profits or other income derived from the investment thereof in any fund or account established pursuant to the Declaration of Trust.

**“Moody's”** means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, “Moody's” shall be deemed to refer to any other nationally recognized securities rating agency designated by the College, with notice to the Trustee.

**“Net Proceeds”** means the amount remaining from the gross proceeds of any insurance claim, condemnation award or sale under threat of condemnation after deducting all reasonable expenses, including attorneys' fees, incurred in the collection thereof.

**“Notice by Mail”** or **“Notice”** of any action or condition “by Mail” means a written notice meeting the requirements of the Declaration of Trust mailed by first-class mail to the Owners of specified Certificates at the addresses shown on the registration books maintained by the Registrar.

**“Outstanding”** means, as of the date of determination, all Certificates theretofore executed and delivered pursuant to the Declaration of Trust except (a) Certificates theretofore cancelled by the Trustee or surrendered to the Trustee for cancellation, (b) Certificates for the transfer or exchange of or in lieu of or in substitution for which other Certificates shall have been executed and delivered by the Trustee pursuant to the Declaration of Trust, (c) Certificates whose payment or prepayment has been provided for in accordance with the Declaration of Trust, and (d) Certificates paid or deemed to be paid pursuant to the Declaration of Trust.

**“Owner”** of a Certificate means the registered owner of such Certificate as shown on the register kept by the Registrar.

**“Permitted Investments”** means and includes any of the following securities, if and to the extent the same are permitted by law:

- (a) Government Obligations;
- (b) other obligations issued by or on behalf of agencies or instrumentalities of the United States of America except for the Federal Farm Credit Bank;
- (c) negotiable certificates of deposit issued by banks or trust companies rated investment grade or better, repurchase agreements, and investment agreements (in each case, with banks or trust

companies rated investment grade or better) continuously secured (to the extent not fully insured by the Federal Deposit Insurance Corporation), for the benefit of the Trustee by lodging with a bank or trust company (which may or may not be the bank or trust company issuing such negotiable certificates of deposit, repurchase agreement or investment agreement), as collateral security, Government Obligations having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit; and

(d) money market funds rated in the highest rating category by a nationally recognized rating service consisting of Government Obligations; and

(e) bonds of any municipality of the State as defined in K.S.A. 10-1101 which have been refunded in advance of their maturity and are fully secured as to payment of principal and interest thereon by deposit in trust, under escrow agreement with a bank, of securities described in (a) or (b).

**“Prepayment Date”** means any date set for prepayment of the Principal Portion of Basic Rent represented by Certificates which will be a Basic Rent Payment Date.

**“Prepayment Fund”** means the fund by that name created pursuant to the Declaration of Trust.

**“Prepayment Price”** means with respect to any Certificate (or portion thereof) the amount specified in the Declaration of Trust.

**“Principal Portion”** means the principal portion of the Basic Rent Payments.

**“Proceeds”** means the aggregate moneys initially paid to the Trustee for the Certificates.

**“Project”** means the Real Property and the Improvements.

**“Project Fund”** means the Project Fund as defined in the Declaration of Trust.

**“Purchase Price”** means the amount designated as such in the Lease that the College must pay to the Trustee to purchase the Trustee's interest in the Project.

**“Real Property”** means the real property described in the Lease.

**“Record Date”** means the fifteenth day of the month prior to the applicable Basic Rent Payment Date.

**“Registrar”** means the Trustee when acting in that capacity, or its successor as Registrar.

**“Rent”** means, collectively, Basic Rent and Supplemental Rent.

**“Rent Payment”** means a payment of Rent.

**“Series 2026 Certificates”** means the Certificates of Participation, Series 2026, evidencing a proportionate interest in Basic Rent Payments to be made by Independence Community College, Independence, Kansas, pursuant to a Lease Purchase Agreement, executed and delivered pursuant to the Declaration of Trust.

**“Special Tax Counsel”** means Gilmore & Bell, P.C., or any other attorney or firm of attorneys of nationally recognized standing in matters pertaining to the federal tax exemption of interest on bonds or other obligations issued by states and political subdivisions.

**“Standard & Poor's” or “S&P”** means S&P Global Ratings, a division of S&P Global Inc., a corporation organized and existing under the laws of the State of New York, and its successors and assigns, and, if such corporation shall be dissolved or liquidated or shall no longer perform the functions of a securities rating agency, Standard & Poor's shall be deemed to refer to any other nationally recognized securities rating agency designated by the College, with notice to the Trustee.

**“State”** means the State of Kansas.

**“Supplemental Declaration of Trust”** means any amendment or supplement to the Declaration of Trust entered pursuant to the Declaration of Trust.

**“Supplemental Lease”** means any amendment or supplement to the Lease entered pursuant to the Lease.

**“Supplemental Rent”** means all amounts due under the Lease other than Basic Rent.

**“Supplemental Rent Payment”** means a payment of Supplemental Rent.

**“Tax Compliance Agreement”** with respect to any series of Certificates means the tax compliance agreement or some other form of federal tax certificate delivered by the College concurrently with the execution and delivery of such series of Certificates or any replacement thereof made in accordance with the provisions thereof.

**“Term”** means the period from May 21, 2026 until May 1, 2031.

**“Trust Estate”** means the assets, property and interests held by the Trustee pursuant to the Declaration of Trust and the Lease.

**“Trustee”** means Security Bank of Kansas City, Kansas City, Kansas, and its successor or successors and their respective assigns.

**“Trustee's Expenses”** means, collectively, all out-of-pocket expenses, disbursements and advances (including reasonable attorneys' fees) incurred by the Trustee under the Declaration of Trust in connection with the Certificates, the Site Lease and the Lease.

## **SUMMARY OF THE DECLARATION OF TRUST**

### **General Provisions**

The Declaration of Trust is made by the Trustee. The Declaration of Trust authorizes the Trustee to execute and deliver the Series 2026 Certificates, provides the terms of the Series 2026 Certificates and provides for various Funds related to the Project and the Lease.

### **Trust Estate**

The Trustee has executed and delivered the Declaration of Trust in order to provide for the issuance of, security for, and payment of the Series 2026 Certificates and other Certificates. It further declares that it will hold in trust for the Owners of the Certificates as a part of the Trust Estate all of the assets, property and interests received by it under the terms of the Declaration of Trust, the Site Lease and the Lease and all agreements and instruments contemplated thereby (except the any compensation, indemnification or other amounts which may be due directly to the Trustee under the Declaration of Trust).

### **Additional Certificates**

Upon the execution and delivery of a Supplemental Lease that provides for an increase in the amount of Basic Rent payable under the Lease and so long as no Event of Default exists, Additional Certificates evidencing the right of the Owners thereof to receive the Principal Portion and the Interest Portion of such additional Basic Rent may be executed and delivered under and equally and ratably secured by the Declaration of Trust on a parity with the Certificates and any other Additional Certificates, at any time and from time to time, upon compliance with the conditions provided in *Section 3.09* of the Declaration of Trust, for the purpose of providing funds to pay all or any part of the cost of (a) repairing, replacing or restoring the Improvements, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Real Property or the acquisition of additional real property to be included as a part of the Real Property or the acquisition, purchase, construction or equipping of additions to or expansions of or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates theretofore Outstanding under the Declaration of Trust.

### **Establishment of Funds**

There is established with the Trustee the following funds and accounts:

- (a) Project Fund, including a Costs of Issuance Account;
- (b) Lease Revenue Fund, including the Principal Account and the Interest Account; and
- (c) Prepayment Fund

All funds and accounts established pursuant to the Declaration of Trust are held by the Trustee as a part of the Trust Estate for the benefit of the Certificate Owners. The money in all of the funds and the accounts will be held in trust and applied as provided in the Declaration of Trust.

### **Application of Proceeds of Series 2026 Certificates and Other Moneys**

The Proceeds of the Series 2026 Certificates and certain other moneys of the College will be deposited in the Project Fund as set forth in the Declaration of Trust. Moneys deposited in the Project Fund will be applied to pay Costs of Improvements and Costs of Issuance as provided in the Lease.

### **Application of Lease Revenues**

Lease Revenues will be deposited, as received, pursuant to the Lease, as follows:

- (a) The Basic Rent shall be deposited to the Lease Revenue Fund, as provided in the Declaration of Trust.
- (b) Optional prepayments of the Principal Portion of Basic Rent (in amounts equal to the applicable Prepayment Price) shall be deposited to the Prepayment Fund.
- (c) Payments of Supplemental Rent pursuant to the Lease shall be applied as provided in the Lease.

Undesignated payments of Rent which are insufficient to discharge the full amount then due shall be applied first to the Interest Portion of Basic Rent, next to the Principal Portion of Basic Rent and finally to Supplemental Rent.

### **Disbursements from the Project Fund**

Moneys in the Project Fund shall be used to pay Costs of Improvements, including Costs of Issuance. Payment shall be made from moneys in the Project Fund upon receipt by the Trustee of a requisition certificate therefor signed by an Authorized Representative of the College and in most instances, by an independent architect, engineer or contractor. The Completion Date of the Improvements and the payment of all Costs of Improvements (other than Costs of Improvements for which sufficient amounts are retained in the Project Fund) shall be evidenced by the filing with the Trustee of a Completion Certificate pursuant to the Lease. As soon as practicable thereafter, any balance remaining in the Project Fund shall be transferred and deposited to the credit of the Lease Revenue Fund without further authorization as provided in the Lease. In the event of the acceleration of all the Certificates pursuant to the Lease, any moneys then remaining in the Project Fund shall be transferred to the credit of the Lease Revenue Fund and shall be used to pay the Interest Portion and Principal Portion of Basic Rent.

### **Application of Moneys in the Lease Revenue Fund**

Except as otherwise provided in the Declaration of Trust, all amounts in the Lease Revenue Fund shall be used and withdrawn by the Trustee solely to distribute Basic Rent as received from the College to those entitled thereto, as represented by the Certificates, when due and payable (including principal and accrued interest with respect to any Certificates paid prior to maturity) pursuant to the Declaration of Trust.

### **Application of Moneys in the Prepayment Fund**

All amounts deposited in the Prepayment Fund shall be used and withdrawn by the Trustee solely to prepay Principal Portions of Basic Rent represented by prepaid Certificates.

### **Investment of Moneys in Various Funds**

Moneys held in the Project Fund, the Lease Revenue Fund, and the Prepayment Fund, shall, subject to the requirements of the Tax Compliance Agreement and as provided in the Declaration of Trust, be invested and reinvested by the Trustee, pursuant to written direction of the College, signed by an Authorized Representative of the College, in Permitted Investments that mature or are subject to prepayment by the holder prior to the date such funds will be needed.

The Trustee shall sell and reduce to cash a sufficient amount of such Permitted Investments held by the Trustee in any fund held under the Declaration of Trust whenever the cash balance in such Fund is insufficient for the purpose of such Fund. Any such Permitted Investments will be held by or under the control of the Trustee and will be deemed at all times a part of the Fund or Account in which such moneys are originally held, and the interest accruing thereon and any profit realized from such Permitted Investments will be credited to such Fund or Account, and any loss resulting from such Permitted Investments shall be charged to such Fund or Account.

For purposes of determining the amount in any Fund or account, the value of any investments shall be computed at the market value thereof (excluding accrued interest), the purchase price thereof (excluding accrued interest) or principal amount, whichever is lower.

The Trustee may make any and all investments through its own bond department or short-term investment department.

### **Amendments to the Declaration of Trust, the Lease or the Site Lease**

The Declaration of Trust, the Lease and the Site Lease and the rights and obligations of the College and of the Owners of the Certificates and of the Trustee may be modified or amended from time to time by an

amendment or supplement thereto which the parties thereto may enter into when the written consent of the Trustee and the College, if not a party thereto, and the Owners of a majority in aggregate principal amount of the Certificates then Outstanding shall have been filed with the Trustee. No such modification or amendment shall (a) extend the nominal maturity of any Certificate, or reduce the Principal Portion of Basic Rent represented thereby, or extend the time of payment or reduce the amount of any prepayment price provided in the Declaration of Trust for the payment of any Certificate, or reduce the Interest Portion of Basic Rent payable with respect thereto, or extend the time of payment of the Interest Portion of Basic Rent payable with respect thereto without the consent of the Owner of each Certificate so affected, (b) reduce the aforesaid percentage of Certificates the consent of the Owners of which is required to effect any such modification or amendment or, except in connection with the delivery of any Additional Certificates, permit the creation of any lien on the moneys in the Project Fund, the Lease Revenue Fund and the Prepayment Fund or deprive the Owners of the trust created by the Declaration of Trust with respect to the moneys in the Project Fund, the Lease Revenue Fund and the Prepayment Fund, or (c) create a preference or priority of any Certificate or Certificates over any other Certificate or Certificates without the consent of the Owners of all of the Certificates then Outstanding.

Notwithstanding the preceding paragraph, the Declaration of Trust, the Lease or the Site Lease and the rights and obligations of the College, of the Trustee and of the Owners of the Certificates may also be modified or amended from time to time by an agreement which the parties thereto may enter into without the consent of any Certificate Owners, only to the extent permitted by law and only for any one or more of the following purposes: (a) to add to the covenants and agreements of the Trustee in the Declaration of Trust, other covenants and agreements thereafter to be observed, to pledge or assign additional security for the Payment of Rent pursuant to the Lease (or any portion thereof), or to surrender any right or power in the Declaration of Trust reserved to or conferred upon the College; provided, however, that no such covenant, agreement, pledge, assignment or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (b) to add to the covenants and agreements of the College in the Site Lease or the Lease, other covenants and agreements thereafter to be observed or to surrender any right or power therein reserved to or conferred upon the Trustee or the College; provided, however, that no such covenant, agreement or surrender shall materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (c) to make such provisions for the purpose of curing any ambiguity, inconsistency or omission, or of curing or correcting any defective provision, contained in the Declaration of Trust, the Site Lease or the Lease, or in regard to matters or questions arising under the Declaration of Trust, the Site Lease or the Lease as the Trustee and the College may deem necessary or desirable and not inconsistent with said agreements, or as may be requested by the College, the Trustee or the Trustee and which shall not, in any such case adversely affect the interests in the Trust Estate of the Owners of the Certificates; (d) to modify, amend or supplement the Declaration of Trust in such manner as to permit the qualification of the Declaration of Trust under the Trust Indenture Act of 1939, as amended, or any similar federal statute hereafter in effect, and to add such other terms, conditions and provisions as may be permitted by said act or similar federal statute, and which shall not materially adversely affect the interests in the Trust Estate of the Owners of the Certificates; (e) to provide for any additional procedures, covenants or agreements necessary to maintain the exclusion of the Interest Portion of Basic Rent from gross income for purposes of federal income taxation; (f) to provide for the execution and delivery of Additional Certificates in accordance with the provisions of *Section 3.09* of the Declaration of Trust; or (g) to make any other change which does not have a materially adverse effect on the rights of the Certificate Owners in the Lease, Basic Rent payable pursuant to the Lease, or any other property rights constituting a part of the Trust Estate.

### **Opinion of Counsel**

In executing or accepting any Supplemental Declaration of Trust or Supplemental Lease permitted by the Declaration of Trust or modification thereby of the Declaration of Trust or the Lease, the Trustee shall be entitled to receive, and, subject to the Declaration of Trust shall be fully protected in relying upon, an opinion of Special Tax Counsel addressed and delivered to the Trustee stating that the execution of such Supplemental Declaration of Trust or Lease is authorized and permitted by and in compliance with the terms of the Declaration of Trust or Lease. The Trustee may, but shall not be obligated to enter into any such Supplemental

Declaration of Trust or Supplemental Lease which affects the Trustee's own rights, duties or immunities under the Declaration of Trust or Lease or otherwise.

### **Defaults**

The occurrence of any of the following events, subject to the provisions permitting waivers of defaults, is defined as an "Event of Default" under the Declaration of Trust:

- (a) Default in the due and punctual payment to the Certificate Owner of any Interest Portion of Basic Rent represented by a Certificate; or
- (b) Default in the due and punctual payment to the Certificate Owner of the Principal Portion of Basic Rent represented by a Certificate, whether at the stated payment date thereof or the Prepayment Date set therefor in accordance with the terms of the Declaration of Trust; or
- (c) Any Event of Lease Default.

### **Acceleration**

Upon the occurrence of an Event of Default under the Declaration of Trust, the Trustee may, and upon receipt of a Directive shall, by notice in writing delivered to the College, declare the Principal Portion and Interest Portion of Basic Rent represented by all Certificates Outstanding to the end of the then current Fiscal Year immediately due and payable.

### **Other Remedies Upon an Event of Default**

Upon the occurrence of an Event of Lease Default, the Trustee may exercise any remedies available under the Lease and, to the extent consistent therewith, may sell, lease or manage any portion of the Project or the Trustee's interest in the Project and apply the net proceeds thereof to make Certificate Payments and, whether or not it has done so, may pursue any other remedy available to it under the Lease or at law or in equity.

No remedy by the terms of the Declaration of Trust conferred upon or reserved to the Trustee or to the Certificate Owners is intended to be exclusive of any other remedy, but each and every such remedy is cumulative and in addition to any other remedy given to the Trustee or to the Certificate Owners under the Declaration of Trust or now or hereafter existing at law or in equity or by statute.

### **Rights of Certificate Owners**

If an Event of Default under the Declaration of Trust shall have occurred and be continuing and if instructed to do so by a Directive and if indemnified as provided in the Declaration of Trust, the Trustee shall be obligated to exercise such one or more of the rights and the remedies conferred by the Declaration of Trust as the Trustee, upon the advice of counsel, shall deem to be in the interests of the Certificate Owners.

Any other provision in the Declaration of Trust to the contrary notwithstanding, the Owners of not less than a majority in aggregate principal amount of Certificates then Outstanding shall have the right, at any time, by a Directive executed and delivered to the Trustee, to direct the time, method and place of conducting all proceedings to be taken in connection with the enforcement of the Declaration of Trust, or for the appointment of a receiver or any other proceedings under the Declaration of Trust; provided that such direction shall not be otherwise than in accordance with the provisions of law and of the Declaration of Trust, and provided, further, that the Trustee shall have the right to decline to follow any such direction if the Trustee in good faith shall determine that the proceeding so directed would involve it in personal liability.

No Owner of any Certificate shall have any right to institute any suit, action or proceeding in equity or at law for the enforcement of the Site Lease, the Lease or the Declaration of Trust, for the execution of any trust thereof, for the appointment of a receiver or to enforce any other remedy thereunder, unless (a) an Event of Default under the Declaration of Trust has occurred; (b) the Owners of not less than a majority in aggregate principal amount of Certificates Outstanding shall have issued a directive to the Trustee and shall have offered reasonable opportunity either to proceed to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceeding in its own name; (c) such Certificate Owners have provided to the Trustee indemnification satisfactory to the Trustee; and (d) the Trustee shall thereafter fail or shall refuse to exercise the powers granted by the Declaration of Trust or to institute such action, suit or proceedings. Such notification, request and indemnity are at the option of the Trustee to be conditions precedent to the execution of the powers and the trusts of the Declaration of Trust and to any action or cause of action for the enforcement of the Declaration of Trust or for the appointment of a receiver or for any other right or remedy thereunder.

### **Application of Moneys**

All moneys received by the Trustee pursuant to any right given or action taken under the provisions of *Article IX* of the Declaration of Trust shall, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee (including the Trustee's fees and expenses), be deposited into the Lease Revenue Fund and all moneys in the Lease Revenue Fund together with all moneys in the Prepayment Fund shall be applied as follows:

(a) unless the Principal Portions of Basic Rent represented by all the Certificates shall have become or shall have been declared due and payable, all such moneys shall be applied:

FIRST - To the payment to the persons entitled thereto of the Interest Portions of Basic Rent represented by the Certificates in the order of the maturity of the installments of such interest and, to the payment ratably, according to the amount due on such installments, to the persons entitled thereto, without any discrimination or privilege; and

SECOND - To the payment to the persons entitled thereto of the unpaid Principal Portions of Basic Rent represented by any Certificates that shall have become due (other than Principal Portions of Basic Rent represented by Certificates with respect to the payment of which moneys are held pursuant to the provisions of this Declaration of Trust) in the order of such due dates, with interest from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full the Principal Portions of Basic Rent represented by Certificates due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the Certificates.

(b) If the Principal Portions of Basic Rent represented by all Certificates shall have become due or shall have been declared due and payable, all such moneys shall be applied to the payment of the Principal Portions and the Interest Portions of the Basic Rent then due and unpaid upon the Certificates without preference or priority of principal over the interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Certificate over any other Certificate, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without

any discrimination or privilege except as to any difference in the respective rates of interest specified respecting the certificates.

(c) If the Principal Portions of the Basic Rent represented by all Certificates shall have been declared due and payable and if such declaration shall thereafter have been rescinded and annulled under the provisions of *Article IX* of the Declaration of Trust, then subject to the provisions of subparagraph (b) above in the event that the Principal Portions of Basic Rent represented by all the Certificates shall later become due or be declared due and payable, the moneys shall be applied in accordance with the provisions of subparagraph (a) above.

Whenever moneys are to be applied as above set forth, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for the application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be a Basic Rent Payment Date unless it shall deem another date more suitable) upon which such application is to be made and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date and shall not be required to make payment to the Owner of any Certificate until such Certificate shall be presented to the Trustee for appropriate endorsement or for cancellation if paid in full.

Whenever the Principal Portion and the Interest Portion of all Certificates have been paid under the provisions of this Section and all expenses and charges of the Trustee have been paid, any balance remaining in the Lease Revenue Fund shall be paid to the College.

#### **Defeasance**

When (a) all or a portion of the obligations of the College under the Lease shall have been satisfied in connection with the prepayment of Rent Payments in accordance with the Lease by the irrevocable deposit in escrow of cash or Government Obligations (maturing as to principal and interest in such amounts and at such times as are necessary to make any required payments without reinvestment of any earnings thereon) or both cash and such Government Obligations, and (b) the College shall have delivered to the Trustee an opinion of counsel to the effect that the conditions for such discharge contained in the Declaration of Trust have been satisfied or irrevocably provided for and if the Certificates to be defeased cannot be prepaid until more than 90 days after irrevocable deposit in escrow described above, an accountant's certificate verifying the sufficiency of cash or Government Obligations or both so deposited for the payment of the Principal Portion and Interest Portion of the Certificates and any applicable Prepayment Price to be paid with respect to the Certificates, and (c) the College shall have deposited sufficient moneys to pay the fees, compensation and expenses of the Trustee (or has made provision satisfactory to the Trustee for their payment), thereupon the obligations created by the Declaration of Trust shall cease, determine and become void except for the right of the Certificate Owners and the obligation of the Trustee to apply the moneys and Government Obligations referred to below to the payment of the Certificates as set forth in the Declaration of Trust.

#### **Payment of Certificates After Discharge of Declaration of Trust**

Notwithstanding any provisions of the Declaration of Trust, any moneys held by the Trustee in trust for the payment of the Principal Portions or Interest Portions of Basic Rent represented by any Certificates and remaining unclaimed for four years after the Principal Portion of Basic Rent represented by all of the Certificates has become due and payable (whether at maturity or upon call for prepayment or by acceleration as provided in the Declaration of Trust), if such moneys were so held at such date, or four years after the date of deposit of such moneys if deposited after said date when all of the Certificates became due and payable, shall be repaid to the College free from the trusts created by the Declaration of Trust, and all liability of the Trustee with respect to such moneys shall thereupon cease. In the event of the repayment of any such moneys

to the College as aforesaid, the Owners of the Certificates with respect to which such moneys were deposited shall thereafter be deemed to be general unsecured creditors of the College as lessors under the Lease for amounts equivalent to the respective amounts deposited for the payment of amounts represented by such Certificates and so repaid to the College (without interest thereon), subject to any applicable statute of limitations.

### **The Trustee**

The Trustee shall, prior to an Event of Default under the Declaration of Trust and after the curing of all Events of Default which may have occurred, perform only such duties as are specifically set forth in the Declaration of Trust. The Trustee shall, during the existence of any Event of Default under the Declaration of Trust, exercise such of the rights and powers vested in it by the Declaration of Trust, and use the same degree of care and skill in their exercise, as a prudent person would exercise or use under the circumstances in the conduct of his own affairs.

The Trustee may be removed at any time by a Directive or shall resign at any time the Trustee shall cease to be eligible or shall become incapable of acting, or shall be adjudged as bankrupt or insolvent, or a receiver of the Trustee or its property shall be appointed, or any public officer shall take control or charge of the property or affairs for the purpose of rehabilitation, conservation or liquidation and thereupon a successor Trustee shall be appointed by a Directive. Written notice of any removal or resignation pursuant to this Section shall be given by the Trustee to the College.

The Trustee may at any time resign by giving written notice of such resignation to the College and by giving the Certificate Owners Notice by Mail of such resignation at the addresses listed on the registration books kept by the Trustee. Upon receiving such notice of resignation, a successor Trustee shall be appointed by a Directive.

## **SUMMARY OF THE LEASE**

### **General**

The Lease has been entered into between the Trustee and the College and contains the terms and conditions under which the Project will be leased to and used by the College.

### **Lease Term**

The Term of the Lease terminates on May 1, 2031.

### **Continuation of Lease Term by the College**

The College reasonably believes that legally available funds in an amount sufficient to make all payments of Rent during the Term can be obtained. The College covenants in the Lease that its responsible financial officer will do all things lawfully within his power to obtain and maintain funds from which the Rent may be paid, including making provision for such payments to the extent necessary in each proposed budget or appropriation request submitted for adoption in accordance with applicable provisions of law.

### **Change or Termination by Act of the Kansas Legislature**

The College is authorized to enter into the Lease pursuant to K.S.A. 71-201, provided the Lease and any assignment is subject to change or termination at any time by act of the Kansas legislature. If the Lease is terminated pursuant to this provision, the College agrees peaceably to deliver possession of the Project to the Trustee.

### **Payment for Construction of the Improvements**

Costs and expenses of every nature incurred in the construction of the Improvements that qualify as Costs of Improvements shall be paid by the Trustee from the Project Fund upon receipt by the Trustee of a completed requisition certificate of the College signed by the Authorized Representative of the College and containing the statements, representations and certifications set forth in the form of such requisition certificate attached to the Declaration of Trust.

### **Completion Date; Excess Funds**

The Completion Date shall be evidenced to Trustee upon receipt by the Trustee of a certificate signed by the Authorized Representative of the College (the "Completion Certificate") stating (a) the date on which the Improvements were substantially completed, (b) that all other facilities necessary in connection with the Improvements have been purchased, constructed and installed, (c) that the Improvements and such other facilities have been purchased, constructed, made and installed in accordance with the plans and specifications and in conformance with all applicable zoning, planning, building, environmental and other similar governmental regulations, (d) that, except for Costs of Improvements described in accordance with clause (e), all Costs of Improvements have been paid, and (e) the amounts, if any, to be retained in the Project Fund for the payment of Costs of Improvements, if any, not yet due or Costs of Improvements whose liability the College is contesting, and amounts that otherwise should be retained and the reasons they should be retained. The Completion Certificate may state that it is given without prejudice to any rights of the College that then exist or may subsequently come into being against third parties. Any amounts remaining in the Project Fund that are not needed to pay any remaining Costs of Improvements shall be transferred to the Lease Revenue Fund.

### **Enjoyment of Project**

The Trustee shall provide the College during the Lease Term with quiet use and enjoyment of the Project, and the College shall during the Lease Term peaceably and quietly have, hold and enjoy the Project, without suit, trouble or hindrance from the Trustee, except as expressly set forth in the Lease. The College shall have the right to use the Project for any essential governmental or proprietary purpose of the College, subject to the limitations contained in the Lease. Notwithstanding any other provision in the Lease, the Trustee shall have no responsibility to cause the Improvements to be constructed or to maintain or repair the Project.

The College shall comply with all statutes, laws, ordinances, orders, judgments, decrees, regulations, directions and requirements of all federal, state, local and other governments or governmental authorities, now or hereafter applicable to the Project, as to the manner and use or the condition of the Improvements. The College shall also comply with the mandatory requirements, rules and regulations of all insurers under the policies required to be carried by the provisions of the Lease. The College shall pay all costs, expenses, claims, fines, penalties and damages that may in any manner arise out of, or be imposed as a result of, the failure of the College to comply with the foregoing provisions. Notwithstanding any provision contained in this paragraph, however, the College shall have the right, at its own cost and expense, to contest or review by legal or other appropriate procedures the validity or legality of any such governmental statute, law, ordinance, order, judgment, decree, regulation, direction or requirement, or any such requirement, rule or regulation of an insurer and during such contest or review, the College may refrain from complying therewith, if the College furnishes, on request, to the Trustee, at the College's expense, indemnity satisfactory to the Trustee.

### **Basic Rent**

The College will promptly pay all Basic Rent, subject to change or termination of the Lease by action of the Kansas Legislature, on each Basic Rent Payment Date. A portion of each Basic Rent Payment is paid as, and represents payment of, interest. To provide for the timely payment of Basic Rent, the College shall pay to

the Trustee for deposit in the Lease Revenue Fund not less than five business days before each Basic Rent Payment Date, the amount due on such Basic Rent Payment Date.

The College will, in accordance with the requirements of law and its normal budgeting procedures, fully budget and appropriate sufficient funds for the current Fiscal Year to make the Basic Rent Payments scheduled to come due during the Lease Term, and to meet its other obligations for the Lease Term and such funds will not be expended for other purposes.

### **Supplemental Rent**

The College will pay, subject to change or termination of the Lease by action of the Kansas Legislature, as Supplemental Rent (a) all Impositions (as defined in the Lease); (b) all amounts required and all other payments which the College has agreed to pay or assume under the Lease; (c) all expenses, including attorneys' fees to the extent permitted by law, incurred in connection with the enforcement of any rights under the Lease or the Site Lease by the Trustee; (d) all fees and charges of the Trustee as provided in the Lease; and (e) any payments required to be made pursuant to the Arbitrage Instructions.

### **Rent Payments to Constitute a Current Expense and Limited Obligation of the College**

The obligation of the College to pay Rent under the Lease is limited to payment from Available Revenues and constitutes a current expense of the College and not in any way be construed to be a debt of the College in contravention of any applicable constitutional or statutory limitation or requirement concerning the creation of indebtedness by the College, nor shall anything contained therein constitute a pledge of the general tax revenues, funds or moneys of the College.

### **Net Lease; Rent Payments to be Unconditional**

The Lease is intended to be net, net, net to the Trustee. Subject to change or termination of the Lease by action of the Kansas Legislature, the obligations of the College to make payment of Rent Payments and to perform and observe the other covenants and agreements contained therein will be absolute and unconditional in all events without abatement, diminution, deduction, setoff or defense, for any reason, including any failure of the Project to be constructed or installed, any defects, malfunctions, breakdowns or infirmities in the Project or any accident, condemnation or unforeseen circumstances.

Nothing in the Lease will be construed as a waiver by the College of any rights or claims the College may have against the Trustee, but any recovery upon such rights and claims shall be from the Trustee separately.

### **Increased Basic Rent**

Notwithstanding any other provision of the Lease, the Trustee and the College may enter into a Supplemental Lease or Supplemental Leases that increase the amount of Basic Rent payable by the College on any Basic Rent Payment Date to provide funds to pay the costs of (a) repairing, replacing or restoring the Improvements, (b) improving, upgrading or modifying the Improvements, (c) additional improvements to the Project or the acquisition of additional real property to be included in the Project or the acquisition, purchase construction or equipping of additions to or expansions or remodeling or modification of the Improvements, and (d) refunding any or all of the Certificates Outstanding from time to time. Each such Supplemental Lease shall include an amended Exhibit A reflecting separately the Principal Portion and the Interest Portion of Basic Rent allocable to the original Lease and to each Supplemental Lease due on each Basic Rent Payment Date as well as the total Basic Rent on each Basic Rent Payment Date.

The College may not enter into a Supplemental Lease for any of the purposes specified in clauses (a), (b) or (c) of the preceding paragraph unless all of the following conditions are met:

- (x) No Event of Lease Default has occurred and is continuing;
- (y) The delivery by the College of the proposed Supplemental Lease is permitted by the laws of the State; and
- (z) The terms, conditions, covenants and provisions of the Supplemental Lease are substantially the same as those set forth in the Lease.

### **Disclaimer of Warranties**

The Trustee makes no warranty or representation, either express or implied, as to the value, design, condition or fitness for particular purpose or fitness for use of the Improvements or any part thereof, or warranty with respect thereto. In no event will the Trustee be liable for any incidental, indirect, special or consequential damage in connection with or arising out of the Lease or the existence, furnishing, functioning or the College's use of the Improvements or any part thereof.

### **Deficiency of Project Fund**

If the Project Fund shall be insufficient to pay fully all Costs of Improvements and to complete fully the Improvements lien free, the College shall pay, in cash, the full amount of any such deficiency by making payments directly to the contractors and to the suppliers of materials and services as the same shall become due. The Trustee is not obligated to pay and shall not be responsible for any such deficiency, and the College shall save the Trustee whole and harmless from any obligation to pay such deficiency.

### **Impositions**

The College shall bear, pay and discharge, before the delinquency thereof, as Supplemental Rent, all taxes and assessments, general and special, if any, which may be lawfully imposed upon or against or be payable for or in respect of the Project, including any taxes and assessments not of the kind enumerated above to the extent that the same are lawfully made, levied or assessed in lieu of or in addition to taxes or assessments now customarily levied against real or personal property, and including all water and sewer charges, assessments and other general governmental charges and impositions whatsoever, foreseen or unforeseen, which if not paid when due would impair the security of the Trustee or encumber the Project (all of the foregoing being herein referred to as "Impositions").

### **Contest of Impositions**

The College shall have the right, in its own name or in the Trustee's name, to contest the validity or amount of any Imposition which the College is required to bear, pay and discharge pursuant to the terms of the Lease by appropriate legal proceedings instituted at least ten days before the Imposition complained of becomes delinquent and may permit the Imposition so contested to remain unpaid during the period of such contest and any appeal therefrom unless the Trustee shall notify the College that, in the opinion of counsel, by nonpayment of any such items the interest of the Trustee in the Project will be endangered or the Project or any part thereof will be subject to loss or forfeiture, in which event the College shall promptly pay such taxes, assessments or charges or provide the Trustee with full security against any loss which may result from nonpayment in form satisfactory to the Trustee.

### **Insurance**

The College will, during the Lease Term, cause the Improvements to be kept continuously insured against such risks customarily insured against for facilities such as the Improvements and will pay (except as

otherwise provided in the Lease) as the same become due, all premiums in respect thereof, such insurance to include the following policies of insurance:

(a) Insurance insuring the Improvements against loss or damage by fire, lightning and all other risks covered by the extended coverage insurance endorsement then in use in the State in an amount not less than the greater of the Principal Portion of the Certificates then Outstanding or the replacement value of the Improvements and issued by such insurance company or companies authorized to do business in the State as may be selected by the College. The replacement value of the Improvements may be determined from time to time at the request of the Trustee or the College (but not less frequently than every five years) by an architect, contractor, appraiser, appraisal company or one of the insurers, to be selected, subject to the insurer's approval, and paid by the College. The policy or policies of such insurance shall name the College and the Trustee as insureds, as their respective interests may appear. All proceeds from such policies of insurance shall be applied as provided in the Lease. During acquisition, construction and installation of the Improvements, the College shall cause to be provided, insofar as the Improvements are concerned, the insurance required by subparagraph (b) below in lieu of the insurance required by this subparagraph (a) to the extent appropriate;

(b) To the extent appropriate, during the acquisition, construction and installation of the Improvements and in lieu of the insurance required in subparagraph (a) of this Section, builder's risk-completed value insurance insuring the Improvements against fire, lightning and all other risks covered by the extended coverage endorsement then in use in the State to the full insurable value of the Improvements (subject to reasonable loss deductible clauses) issued by such insurance company or companies authorized to do business in the State as may be selected by the College. Such policy or policies of insurance shall name the College and the Trustee as insureds, as their respective interests may appear, and all payments received under such policy or policies by the College shall be paid over to the Trustee;

(c) Comprehensive general accident and public liability insurance (including coverage for all losses whatsoever arising from the ownership, maintenance, operation or use of any automobile, truck or other motor vehicle), under which the College and the Trustee are named as insureds, in an amount not less than \$500,000 combined single limit for bodily injuries and property damage;

(d) Workers' compensation and unemployment coverages to the extent, if any, required by the laws of the State;

(e) A leasehold owners policy of title insurance, subject to any permitted encumbrances identified in the Lease, insuring the Trustee's interest in the Real Property under the Site Lease, in an amount not less than \$100,000 on the standard ALTA form, subject only to such exceptions as shall be acceptable to the Trustee, with such endorsements and affirmative coverages as may be reasonably required by the Trustee, and issued by a company acceptable to the Trustee and authorized to issue such insurance in the State; and

(f) Performance, labor and material payment and statutory bonds with respect to the Construction Agreements in the full amount of the Construction Agreements (to the extent bondable) from surety companies qualified to do business in the State.

### **Enforcement of Contract and Surety Bonds**

In the event of material default of any contractor or subcontractor under a Construction Agreement or any other contract made in connection with the acquisition, construction and installation of the Improvements, or in the event of a material breach of warranty with respect to any materials, workmanship or performance,

the College will promptly proceed, either separately or in conjunction with others, to pursue diligently the remedies of the College against the contractor or subcontractor in default and against each surety on a bond securing the performance of such contract. Any amounts recovered by way of damages, refunds, adjustments or otherwise in connection with the foregoing, after deduction of expenses incurred in such recovery and after reimbursement to the College of any amounts theretofore paid by the College not previously reimbursed to the College for correction or remedying of the default which gave rise to the proceedings against the contractor or subcontractor or surety, shall be paid to the Trustee for deposit in the Project Fund if received before the Completion Date and, if such funds are received after the Completion Date, for deposit in the Lease Revenue Fund to be used solely for the purpose of paying Basic Rent under the Lease.

### **Maintenance and Modification of Improvements by the College**

The College will at its own expense (a) keep the Improvements in a safe condition, (b) with respect to the Improvements, comply with all applicable health and safety standards and all other industrial requirements or restrictions enacted or promulgated by the State, or any political subdivision or agency thereof, or by the government of the United States of America or any agency thereof, and (c) keep the Improvements in good repair and in good operating condition and make from time to time all necessary repairs thereto and renewals and replacements thereof; provided, however, that the College will have no obligation to operate, maintain, preserve, repair, replace or renew any element or unit of the Improvements the maintenance, repair, replacement or renewal of which becomes uneconomical to the College because of damage, destruction or obsolescence, or change in economic or business conditions, or change in government standards and regulations. The College shall not permit or suffer others to commit a nuisance in or about the Improvements or itself commit a nuisance in connection with its use or occupancy of the Improvements. The College will pay all costs and expenses of operation of the Improvements.

The College may, also at its own expense, make from time to time any additions, modifications or improvements to the Project that it may deem desirable for its business purposes and that do not materially impair the structural strength or effective use, or materially decrease the value, of the Improvements. All such additions, modifications or improvements made by the College shall (a) be made in a workmanlike manner and in strict compliance with all laws and ordinances applicable thereto, (b) when commenced, be pursued to completion with due diligence and (c) when completed, be deemed a part of the Project.

During the Lease Term, the Improvements will be used by the College only for the purpose of performing essential governmental or proprietary functions of the College consistent with the permissible scope of the College's authority.

### **Financial Statements**

The College will annually provide the Trustee with current financial statements, budgets, proofs of appropriation for the ensuing Fiscal Year and such other financial information relating to the ability of the College to continue and satisfy the Lease as may be requested by the Trustee.

### **Continuing Disclosure**

The College covenants and agrees that it will comply and carry out all of the provisions of the Disclosure Undertaking. Notwithstanding any other provision of the Lease, failure of the College to comply with the Disclosure Undertaking shall not be considered a default or an Event of Default under the Lease; provided, however, that the Trustee, pursuant to the Declaration of Trust may (and, at the request of the Owners of Certificates of a majority of the aggregate principal amount in Outstanding Certificates, shall) or any Owners of Certificates may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the College to comply with its obligations under this Section.

## **Damage, Destruction and Condemnation**

The College will bear the risk of loss with respect to the Improvements during Lease Term. If (a) the Improvements or any portion thereof is destroyed, in whole or in part, or is damaged by fire or other casualty or (b) title to, or the temporary use of, the Project or any part thereof shall be nonexistent or deficient or taken under the exercise or threat of the power of eminent domain by any governmental body or by any person, firm or corporation acting pursuant to governmental authority, the College and the Trustee will cause the Net Proceeds of any insurance claim, condemnation award or sale under threat of condemnation to be applied to the prompt replacement, repair, restoration, modification or improvement of the Improvements, unless the College shall have exercised its option to purchase the Trustee's interest in the Project by making payment of the Purchase Price as provided in the Lease. Any balance of the Net Proceeds remaining after such work has been completed shall be paid to the College and shall be held and appropriated by the College for the exclusive purpose of paying Rent under the Lease.

If the College determines that the repair, restoration, modification or improvement of the Improvements is not economically feasible or in the best interest of the College, then, in lieu of making such repair, restoration, modification or improvement and if permitted by law, the College shall promptly purchase the Trustee's interest in the Project pursuant to the Lease by paying the Purchase Price and such Net Proceeds shall be applied by the College to such payment to the extent required for such payment. Any balance of the Net Proceeds remaining after paying the Purchase Price shall belong to the College.

In the Lease, the College acknowledges the provisions pertaining to eminent domain in the Site Lease. The Trustee and College have agreed that the terms of the Site Lease are incorporated in and made a part of the Lease to the same extent as if set forth in full in the Lease. Incorporation of provisions of the Site Lease survives the termination of the Lease for any reason.

If the Net Proceeds are insufficient to pay in full the cost of any repair, restoration, modification or improvement referred to above, and the College has not elected to purchase the Trustee's interest in the Project, the College shall complete such replacement, repair, restoration, modification or improvement and pay any costs thereof in excess of the amount of the Net Proceeds and, if the College shall make any payments as provided in this paragraph, the College will not be entitled to any reimbursement therefor from the Trustee nor will the College be entitled to any diminution of Rent.

## **Purchase Option**

The College shall have the option to purchase the Trustee's interest in the Project, upon giving written notice to the Trustee at least 60 days before the date of purchase, at the following times and on the following terms :

(a) On or after May 1, 2028, upon payment in full of Rent Payments then due for the 2029 and maturities thereafter, plus a Purchase Price equal to 100% of the remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the Prepayment Date.

(b) On any date, upon deposit of moneys or Government Obligations or both with the Trustee in accordance with **Article X** of the Declaration of Trust in the amount necessary to provide for the Basic Rent Payments until and on, and the Purchase Price calculated as described in (a) above on the Certificates, to the Prepayment Date, which will be on or after May 1, 2028.

(c) In the event of substantial damage to or destruction or condemnation of substantially all of the Project, or if, as a result of changes in the Constitution of Kansas or legislative or administrative action by the State or the United States, the Site Lease or the

Lease becomes unenforceable, on the Basic Rent Payment Date the Lessee specifies as the purchase date in the Lessee's notice to the Lessor of its exercise of the purchase option, upon payment in full of the Rent Payments then due hereunder plus then remaining Principal Portions of Basic Rent for the maximum Lease Term, plus Interest Portions of Basic Rent accrued to the Prepayment Date.

**Partial Prepayment**

The College shall have the option to prepay the Basic Rent Payments in whole or in part, upon giving written notice to the Trustee at least 45 days before the date of such prepayment, on any date occurring on the Prepayment Dates set out below, at the Prepayment Price equal to 100% of the Principal Portion of Basic Rent being so prepaid plus the Interest Portion of Basic Rent accrued thereon to such Prepayment Date:

<b>Principal Portions Due</b>	<b>Prepayment Dates</b>
May 1, 2027	November 1, 2026 or on any date thereafter
May 1, 2028	November 1, 2026 or on any date thereafter
May 1, 2029 and thereafter	May 1, 2028 or on any date hereafter

The Principal Portion of Basic Rent prepaid pursuant to the provisions of the Lease shall be in integral multiples of \$5,000. Upon any partial prepayment, the amount of each Interest Portion of Basic Rent coming due thereafter shall be reduced by the amount of such Interest Portion attributable to such prepaid Principal Portion determined by applying the annual interest rate corresponding to such prepaid Principal Portion.

**Assignment and Subleasing by the College**

Except as provided in the Lease, none of the College's right, title and interest in, to and under the Site Lease, the Lease and in the Project may be assigned or encumbered by the College for any reason; except that the College may sublease any one or more parts of the Project if the College obtains an opinion of Special Tax Counsel that such subleasing will not adversely affect the exclusion of the Interest Portion of the Basic Rent Payments from gross income for purposes of federal income taxation. Any such sublease of all or part of the Project shall be subject to the Site Lease, the Lease and the rights of the Trustee in, to and under the Site Lease, the Lease and the Project.

**Events of Default**

Any of the following shall constitute an “Event of Default” under the Lease:

- (a) Failure by the College to make any deposits into the Lease Revenue Fund required by the Lease to pay Basic Rent at the time specified in the Lease;
- (b) Failure by the College to make any Supplemental Rent Payment when due and the continuance of such failure for ten days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee;
- (c) Failure by the College to observe and perform any covenant, condition or agreement on its part to be observed or performed under the Lease, other than as referred to in subparagraph (a) or (b) above, for a period of 30 days after written notice specifying such failure and requesting that it be remedied is given to the College by the Trustee unless such party shall agree in writing to an extension of such time prior to its expiration; provided that, if the failure stated in the notice cannot be corrected within the applicable period, such party will not unreasonably withhold its consent to an

extension of such time if corrective action is instituted by the College within the applicable period and diligently pursued until the default is corrected;

(d) Any statement, representation or warranty made by the College in or pursuant to the Site Lease or the Lease or the execution, delivery or performance of either of them shall prove to have been false, incorrect or misleading or breached in any material respect on the date when made;

(e) Any provision of the Lease or the Site Lease at any time for any reason cease to be valid and binding on the College, or is declared to be null and void, or the validity or enforceability thereof is contested by the College or any governmental agency or authority if the loss of such provision would materially adversely affect the rights or security of the Trustee; or

(f) The College becomes insolvent or admits in writing its inability to pay its debts as they mature or applies for, consents to, or acquiesces in the appointment of a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian for the College or a substantial part of its property; or in the absence of such application, consent or acquiescence, a trustee, receiver or custodian is appointed by the College or a substantial part of its property and is not discharged within 60 days; or any bankruptcy, reorganization, debt arrangement, moratorium or any proceeding under bankruptcy or insolvency law, or any dissolution or liquidation proceeding, is instituted by or against the State and, if instituted against the College, is consented to or acquiesced in by the College or is not dismissed within 60 days.

In the event the College fails to comply with the Disclosure Undertaking, such failure shall not be an Event of Default under the Lease.

### **Remedies on Default**

Whenever any Event of Default under the Lease exists, the Trustee will have the right, without any further demand or notice, to take one or any combination of the following remedial steps:

(a) By written notice to the College, the Trustee may declare all Rent payable by the College under the Lease to the end of the Lease Term to be due;

(b) With or without terminating the Lease, the Trustee may take possession of the Project (in which event the College shall take all actions necessary to authorize, execute and deliver to the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all documents necessary to vest in the Trustee for the remainder of the Trustee's leasehold term under the Site Lease all of the College's interest in the Project), and sell the Trustee's interest in the Project or lease the Project or, for the account of the College, sublease the Project continuing to hold the College liable for the difference between (a) the Rent payable by the College under the Lease for the Lease Term, and (b) the net proceeds of any such sale, leasing or subleasing (after deducting all expenses of the Trustee in exercising its remedies under the Lease, including without limitation all expenses of taking possession, removing, storing, reconditioning, and selling or leasing or subleasing the Project and all brokerage, auctioneers and attorney's fees);

(c) The Trustee may terminate any rights the College may have in any funds held by the Trustee under the Declaration of Trust; and

(d) The Trustee may take whatever action at law or in equity necessary or desirable to enforce its rights in the Project and under the Lease.

## SUMMARY OF THE SITE LEASE

### **Generally**

The College and the Trustee have entered into the Site Lease under which the College leases the site for the Improvements constituting the Real Property to the Trustee on the terms and conditions set forth therein.

### **Term**

The term of the Site Lease commences from May 21, 2026, and ends on May 1, 2036, unless extended or terminated as provided therein.

### **Rental**

As and for rental under the Site Lease and in consideration for the leasing of the Real Property to the Trustee, the Trustee enters into the Lease simultaneously with the delivery of the Site Lease, and directs the Trustee to make deposits from the proceeds of the sale of the Certificates into the funds and accounts established and as set forth in the Declaration of Trust.

### **Assignments and Subleases**

The Trustee will hold the Site Lease and its rights thereunder for the benefit of owners of the Certificates. The Trustee and its assigns may assign the Site Lease and its rights thereunder or lease or sublease the Project without the written consent of the College (a) if the Lease is terminated for any reason, or (b) if any Event of Default under the Lease has occurred.

### **Termination**

The Site Lease will terminate at the end of its stated term, provided, however, in the event the College makes or prepays all of the Rent Payments pursuant to the Lease, then the Site Lease is considered assigned to the College and terminated through merger of the leasehold interest under the Site Lease with the fee interest of the College, if the College is the owner of the fee interest.

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**\$2,405,000\***  
**INDEPENDENCE COMMUNITY COLLEGE**  
**INDEPENDENCE, KANSAS**  
**LEASE PURCHASE AGREEMENT CERTIFICATES OF PARTICIPATION, SERIES 2026**  
**Evidencing Proportionate Interests In and Rights to Receive Payment Under the**  
**Lease Purchase Agreement Between the College and Trustee**

**Appendix D**

**FORM OF DISCLOSURE UNDERTAKING**

\* Subject to change.

## APPENDIX D

### FORM OF DISCLOSURE UNDERTAKING

This **CONTINUING DISCLOSURE UNDERTAKING** dated as of May 21, 2026 (the “Continuing Disclosure Undertaking”), is executed and delivered by **INDEPENDENCE COMMUNITY COLLEGE, INDEPENDENCE, KANSAS** (the “College”).

#### RECITALS

1. This Continuing Disclosure Undertaking is executed and delivered by the College in connection with the College entering into a Lease Purchase Agreement between the College and Security Bank of Kansas City, Kansas City, Kansas (the “Trustee”), dated as of May 21, 2026, and issuance of Lease Purchase Agreement Certificates of Participation, Series 2026 (the “Certificates”) by the Trustee, pursuant to the Declaration of Trust, dated as of May 21, 2026, and a Resolution adopted by the governing body of the College.

2. The College is entering into this Continuing Disclosure Undertaking for the benefit of the Beneficial Owners of the Certificates and in order to assist the Participating Underwriter in complying with Rule 15c2-12 of the Securities and Exchange Commission under the Securities Exchange Act of 1934 (the “Rule”). The College is the only “obligated person” with responsibility for continuing disclosure hereunder.

The College covenants and agrees as follows:

**Section 1. Definitions.** In addition to the definitions set forth in the Declaration of Trust, which apply to any capitalized term used in this Continuing Disclosure Undertaking unless otherwise defined in this Section, the following capitalized terms shall have the following meanings:

“**Annual Report**” means any Annual Report provided by the College pursuant to, and as described in, **Section 2** of this Continuing Disclosure Undertaking, which may include the College's Annual Comprehensive Financial Report, if any, so long as the Annual Comprehensive Financial Report contains the Financial Information and Operating Data.

“**Beneficial Owner**” means any registered owner of any Certificates and any person which (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Certificates (including persons holding Certificates through nominees, depositories or other intermediaries), or (b) is treated as the owner of any Certificates for federal income tax purposes.

“**Business Day**” means a day other than (a) a Saturday, Sunday or legal holiday, (b) a day on which banks located in any city in which the principal office or designated payment office of the trustee, the paying agent or the Dissemination Agent, as applicable, is located are required or authorized by law to remain closed, or (c) a day on which the Securities Depository or the New York Stock Exchange is closed.

“**College**” means Independence Community College, Independence, Kansas, and any successors or assigns.

“**Designated Agent**” means Gilmore & Bell, P.C. or one or more other entities designated in writing by the College to serve as a designated agent of the College for purposes of this Disclosure Undertaking.

**“Declaration of Trust”** means the Declaration of Trust made by Security Bank of Kansas City, Kansas City, Kansas, dated as of May 21, 2026.

**“Dissemination Agent”** means any entity designated in writing by the College to serve as dissemination agent pursuant to this Continuing Disclosure Undertaking and which has filed with the College a written acceptance of such designation.

**“EMMA”** means the Electronic Municipal Market Access system for municipal securities disclosures established and maintained by the MSRB, which can be accessed at [www.emma.msrb.org](http://www.emma.msrb.org).

**“Financial Obligation”** means a: (a) debt obligation; (b) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (c) guarantee of (a) or (b) in this definition; *provided however*, the term Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

**“Fiscal Year”** means the 12-month period beginning on July 1 and ending on June 30 or any other 12-month period selected by the College as the Fiscal Year of the College for financial reporting purposes.

**“Lease”** means the Lease Purchase Agreement between the College and Security Bank of Kansas City, Kansas City, Kansas, dated as of May 21, 2026.

**“Material Events”** means any of the events listed in *Section 3* of this Continuing Disclosure Undertaking.

**“MSRB”** means the Municipal Securities Rulemaking Board, or any successor repository designated as such by the Securities and Exchange Commission in accordance with the Rule.

**“Participating Underwriter”** means any of the original underwriter(s) of the Certificates required to comply with the Rule in connection with the offering of the Certificates.

## **Section 2. Provision of Annual Reports.**

(a) The College shall, not later than the last day of the tenth month after the end of the College’s Fiscal Year, commencing with the Fiscal Year ending June 30, 2026, file with the MSRB, through EMMA, the following financial information and operating data (the “Annual Report”):

(1) The audited financial statements of the College for the prior Fiscal Year, in substantially the format contained in the Official Statement relating to the Bonds. A more detailed explanation of the accounting basis is contained in the Official Statement relating to the Certificates. If audited financial statements are not available by the time the Annual Report is required to be provided pursuant to this Section, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained in the final Official Statement relating to the Certificates, and the audited financial statements shall be provided in the same manner as the Annual Report promptly after they become available.

(2) Updates as of the end of the Fiscal Year of certain financial information and operating data contained in the final Official Statement related to the Certificates, as described in *Exhibit A*, in substantially the same format contained in the final Official Statement with such adjustments to formatting or presentation determined to be reasonable by the College.

Any or all of the items listed above may be included by specific reference to other documents, including official statements of debt issues with respect to which the College is an “obligated person” (as defined by the Rule), which have been provided to the MSRB and are available through EMMA or the Securities and Exchange Commission. If the document included by reference is a final official statement, it must be available from the MSRB on EMMA. The College shall clearly identify each such other document so included by reference.

In each case, the Annual Report may be submitted as a single document or as separate documents comprising a package, and may cross-reference other information as provided in this Section; provided that the audited financial statements of the College may be submitted separately from the balance of the Annual Report and later than the date required above for the filing of the Annual Report if they are not available by that date. If the College’s Fiscal Year changes, it shall give notice of such change in the same manner as for a Material Event under **Section 3**, and the Annual Report deadline provided above shall automatically become the last day of the tenth month after the end of the College’s new Fiscal Year.

(b) The Annual Report shall be filed with the MSRB in such manner and format as is prescribed by the MSRB.

**Section 3. Reporting of Material Events.** Not later than 10 Business Days after the occurrence of any of the following events, the College shall give, or cause to be given to the MSRB, through EMMA, notice of the occurrence of any of the following events with respect to the Certificates (“Material Events”):

- (1) principal and interest payment delinquencies;
- (2) non-payment related defaults, if material;
- (3) unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) substitution of credit or liquidity providers, or their failure to perform;
- (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Certificates, or other material events affecting the tax status of the Certificates;
- (7) modifications to rights of certificate holders, if material;
- (8) certificate calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution or sale of property securing repayment of the Certificates, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the obligated person;
- (13) the consummation of a merger, consolidation, or acquisition involving the obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) appointment of a successor or additional trustee or the change of name of the trustee, if material;
- (15) incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect security holders, if material; and
- (16) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

If the College has not submitted the Annual Report to the MSRB by the date required in *Section 2(a)*, the College shall send a notice to the MSRB of the failure of the College to file on a timely basis the Annual Report, which notice shall be given by the College in accordance with this *Section 3*.

**Section 4. Termination of Reporting Obligation.** The College's obligations under this Continuing Disclosure Undertaking shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Certificates. If the College's obligations under this Continuing Disclosure Undertaking are assumed in full by some other entity, such person shall be responsible for compliance with this Continuing Disclosure Undertaking in the same manner as if it were the College, and the College shall have no further responsibility hereunder. If such termination or substitution occurs prior to the final maturity of the Certificates, the College shall give notice of such termination or substitution in the same manner as for a Material Event under *Section 3*.

**Section 5. Dissemination Agents.** The College may, from time to time, appoint or engage a Dissemination Agent to assist it in carrying out its obligations under this Continuing Disclosure Undertaking, and may discharge any such Dissemination Agent, with or without appointing a successor Dissemination Agent. Any Dissemination Agent may resign as dissemination agent hereunder at any time upon 30 days prior written notice to the College. The Dissemination Agent shall not be responsible in any manner for the content of any notice or report (including without limitation the Annual Report) prepared by the College pursuant to this Continuing Disclosure Undertaking.

**Section 6. Amendment; Waiver.** Notwithstanding any other provision of this Continuing Disclosure Undertaking, the College may amend this Continuing Disclosure Undertaking and any provision of this Continuing Disclosure Undertaking may be waived, provided that Special Tax Counsel or other counsel experienced in federal securities law matters provides the College with its written opinion that the undertaking of the College contained herein, as so amended or after giving effect to such waiver, is in compliance with the Rule and all current amendments thereto and interpretations thereof that are applicable to this Continuing Disclosure Undertaking.

In the event of any amendment or waiver of a provision of this Continuing Disclosure Undertaking, the College shall describe such amendment or waiver in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the College. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (1) notice of such change shall be given in the same manner as for a Material Event under *Section 3*, and (2) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

**Section 7. Additional Information.** Nothing in this Continuing Disclosure Undertaking shall be deemed to prevent the College from disseminating any other information, using the means of dissemination set forth in this Continuing Disclosure Undertaking or any other means of communication, or including any other information in any Annual Report or notice of occurrence of a Material Event, in addition to that required by this Continuing Disclosure Undertaking. If the College chooses to include any information in any Annual Report or notice of occurrence of a Material Event, in addition to that specifically required by this Continuing Disclosure Undertaking, the College shall have no obligation under this Continuing Disclosure Undertaking to update such information or include it in any future Annual Report or notice of occurrence of a Material Event.

**Section 8. Default.** If the College fails to comply with any provision of this Continuing Disclosure Undertaking, any Participating Underwriter or any Beneficial Owner of the Certificates may take such actions as may be necessary and appropriate, including seeking mandamus or specific performance by court order, to cause the College to comply with its obligations under this Continuing Disclosure Undertaking. A default under this Continuing Disclosure Undertaking shall not be deemed an event of default under the Declaration of Trust or the Certificates, and the sole remedy under this Continuing Disclosure Undertaking in the event of any failure of the College to comply with this Continuing Disclosure Undertaking shall be an action to compel performance.

**Section 9. Beneficiaries.** This Continuing Disclosure Undertaking shall inure solely to the benefit of the College, the Participating Underwriter, and the Beneficial Owners from time to time of the Certificates, and shall create no rights in any other person or entity.

**Section 10. Severability.** If any provision in this Continuing Disclosure Undertaking, the Declaration of Trust or the Certificates shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

**Section 11. Electronic Transactions.** The arrangement described herein may be conducted and related documents may be sent, received, or stored by electronic means. Copies, telecopies, facsimiles, electronic files and other reproductions of original documents shall be deemed to be authentic and valid counterparts of such original documents for all purposes, including the filing of any claim, action or suit in the appropriate court of law.

**Section 12. Governing Law.** This Continuing Disclosure Undertaking shall be governed by and construed in accordance with the laws of the State of Kansas.

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**IN WITNESS WHEREOF**, the College has caused this Continuing Disclosure Undertaking to be executed as of the day and year first above written.

**INDEPENDENCE COMMUNITY COLLEGE,  
INDEPENDENCE, KANSAS**

(SEAL)

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Chairperson

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Secretary

***EXHIBIT A***

**FINANCIAL INFORMATION AND OPERATING DATA  
TO BE INCLUDED IN ANNUAL REPORT**

The financial information and operating data contained in tables in the following sections contained in the final Official Statement relating to the Certificates:

**FINANCIAL INFORMATION  
CONCERNING THE COLLEGE**

- Assessed Valuation
- Property Tax Levies and Collections
  - Tax Rates
  - Tax Collection Record
  - Major Taxpayers

**DEBT STRUCTURE OF THE COLLEGE\***

- General Obligation Bonds
- Certificates of Participation Obligations
- Revenue Bond Obligations
- Capital Lease Obligations
- Loan Obligations

\* This Operating Data is also available in the College's financial information portion of its Annual Report.