

Butler County Community College

Independent Auditor's Reports and Financial Statements

June 30, 2021 and 2020

Butler County Community College
El Dorado, Kansas

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Butler County Community College

June 30, 2021 and 2020

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Independent Auditor's Report

Board of Trustees
Butler County Community College
El Dorado, Kansas

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities, the discretely presented component unit, and the fiduciary activities of Butler County Community College (College), as of and for the years ended June 30, 2021 and 2020, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We did not audit the financial statements of Butler Community College Foundation, Inc. (Foundation), a discretely presented component unit of the College. Those statements were audited by other auditors, whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the report of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit and Accounting Guide* (Guide), and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audits and the report of the other auditors, the financial statements referred to above present fairly in all material respects, the respective financial position of the business-type activities, the discretely presented component unit, and the fiduciary activities of the College, as of June 30, 2021 and 2020, 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.

Emphasis of Matter

As discussed in Note 14 to the financial statements, the College adopted GASB Statement No. 84, *Fiduciary Activities* and GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32* for the year ended June 30, 2021. Our opinions are not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pension and other postemployment information as listed in the table of contents be presented to supplement the basic financial statements. Such information, 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.

Other Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedules listed in the table of contents as supplementary information, and the 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* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we also have issued our report dated December 21, 2021, on our consideration of the 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 the College's 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.

BKD, LLP

Wichita, Kansas
December 21, 2021

Butler County Community College

Management's Discussion and Analysis

Years Ended June 30, 2021 and 2020

Overview of Financial Statements and Financial Analysis

Management's discussion and analysis is an overview of the financial position and financial activities of Butler County Community College (College). The College's management prepared this discussion. It should be read in conjunction with the financial statements and notes that follow.

The College prepared the financial statements in accordance with Governmental Accounting Standards Board (GASB) Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*. GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that the financial statements be presented to focus on the College as a whole.

As defined by generally accepted accounting principles established by GASB, the financial reporting entity consists of the College, as well as its discretely presented component unit, the Butler Community College Foundation, Inc. The following discussion focuses on the College; separately issued audited financial statements for the Foundation can be obtained as discussed in *Note 1*.

Financial statements for fiscal years 2021 and 2020 are presented; comparative data for fiscal years 2020 and 2019 are discussed. The emphasis of discussions concerning these statements will be for the current year data. There are three financial statements presented: the Statements of Net Position; the Statements of Revenues, Expenses, and Changes in Net Position; and the Statements of Cash Flows. Each one of these statements will be discussed.

Statements of Net Position

The Statements of Net Position present the Assets (current and noncurrent) and Deferred Outflows of Resources, Liabilities (current and noncurrent) and Deferred Inflows of Resources, and Net Position at the end of the fiscal year. The purpose of the Statements of Net Position is to present to the readers of the financial statements a fiscal snapshot of Butler County Community College. The difference between current and noncurrent assets will be discussed in the footnotes to the financial statements.

From the data presented, readers of the Statements of Net Position are able to determine the assets available to continue the operations of the College. They are also able to determine how much the College owes vendors, employees, and lending institutions. Finally, the Statements of Net Position provide a picture of the net position and the availability for use by the College.

Net position is divided into three major categories. The first category, Net Investment in Capital Assets, provides the College's equity in ownership of capital assets. The next category is Restricted Net Position, which is divided into two categories, nonexpendable and expendable. Nonexpendable restricted net position includes endowments. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net position is available for use by the College, but must be spent for purposes as determined by donors and/or external entities that have placed time or purpose restrictions on the use of the assets. The final category is Unrestricted Net Position. Unrestricted assets are available to the College for any lawful purpose.

Condensed Statements of Net Position (in thousands)

| | 2021 | 2020 | 2019 | 2021 vs. 2020 Increase (Decrease) | 2020 vs. 2019 Increase (Decrease) |
|--|------------------|------------------|------------------|--|--|
| Current assets | \$ 32,948 | \$ 26,863 | \$ 26,268 | \$ 6,085 | \$ 595 |
| Noncurrent assets | 65,581 | 65,636 | 65,065 | (55) | 571 |
| Deferred outflows | 406 | 474 | 431 | (68) | 43 |
| Total assets and deferred outflows of resources | 98,935 | 92,973 | 91,764 | 5,962 | 1,209 |
| Current liabilities | 5,389 | 6,069 | 5,130 | (680) | 939 |
| Noncurrent liabilities | 19,213 | 22,169 | 24,793 | (2,956) | (2,624) |
| Deferred inflows | 2,538 | 1,921 | 1,413 | 617 | 508 |
| Total liabilities and deferred inflows of resources | 27,140 | 30,159 | 31,336 | (3,019) | (1,177) |
| Net investment in capital assets | 46,121 | 43,133 | 32,203 | 2,988 | 10,930 |
| Restricted - expendable | - | - | - | - | - |
| Unrestricted | 25,674 | 19,681 | 28,225 | 5,993 | (8,544) |
| Total net position | \$ 71,795 | \$ 62,814 | \$ 60,428 | \$ 8,981 | \$ 2,386 |

Changes to Total Assets and Deferred Outflows of Resources

The total assets of the College increased by approximately \$5,962,000. This change is primarily attributed to receivables of Federal funds related to the Higher Education Emergency Relief Fund (HEERF).

Changes to Total Liabilities and Deferred Inflows of Resources

The total liabilities of the College for the year have decreased by approximately \$3,019,000. This change is primarily attributed to scheduled debt payments.

Changes to Net Position

The final section of the Statements of Net Position reflects the changes of balances from one year to the next which reflects the net growth or contraction of the College over time with each category reflecting the varying degrees of liquidity and restrictions for which these assets are available to be used.

The Net Position category “Net investment in capital assets” reflects overall changes to the buildings, equipment and other capital assets net of depreciation and net of the liabilities associated with those assets. During fiscal 2021, the net investment in capital assets increased by approximately \$2,988,000. Along with the combination of an increase in unrestricted net position of approximately \$5,993,000, overall net position of the College increased approximately \$8,981,000.

Statements of Revenues, Expenses and Changes in Net Position

Changes in total net position as presented on the Statements of Net Position are based on activity presented in the Statements of Revenues, Expenses, and Changes in Net Position. The purpose of the statements is to present the revenues received by the College, both operating and nonoperating, and the expenses paid by the College, operating and nonoperating, and gains and losses incurred by the institution.

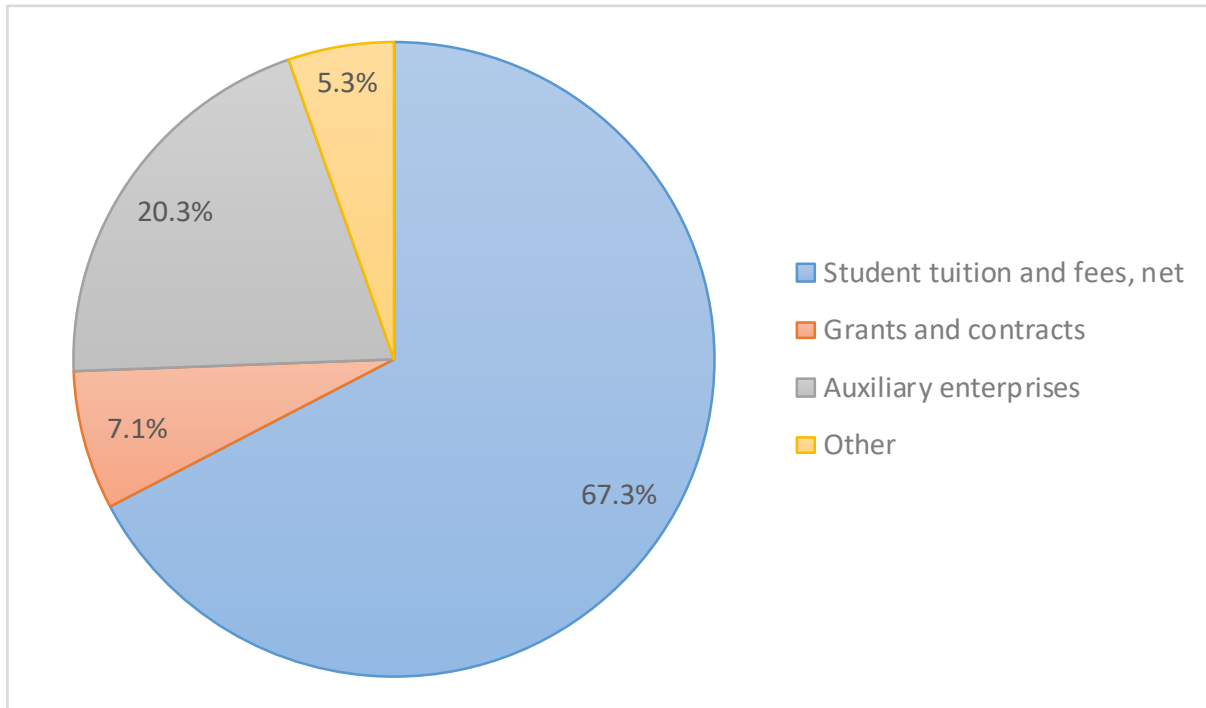
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the mission of the College. Revenues received for which goods and services are not provided are reported as nonoperating revenues. For example, local property tax revenue and state operating grant revenue are two examples of nonoperating revenues where the local taxpayers and state legislature, respectively, do not directly receive goods and services in exchange for the revenue.

State appropriations and tax revenues are necessary to maintain a balanced operation at the College. Since these revenues are not classified as operating, the College (like most public colleges and universities) experienced an operating loss. The College's operating loss under this method of presentation was approximately \$43,112,000 and \$46,122,000 in fiscal years 2021 and 2020, respectively.

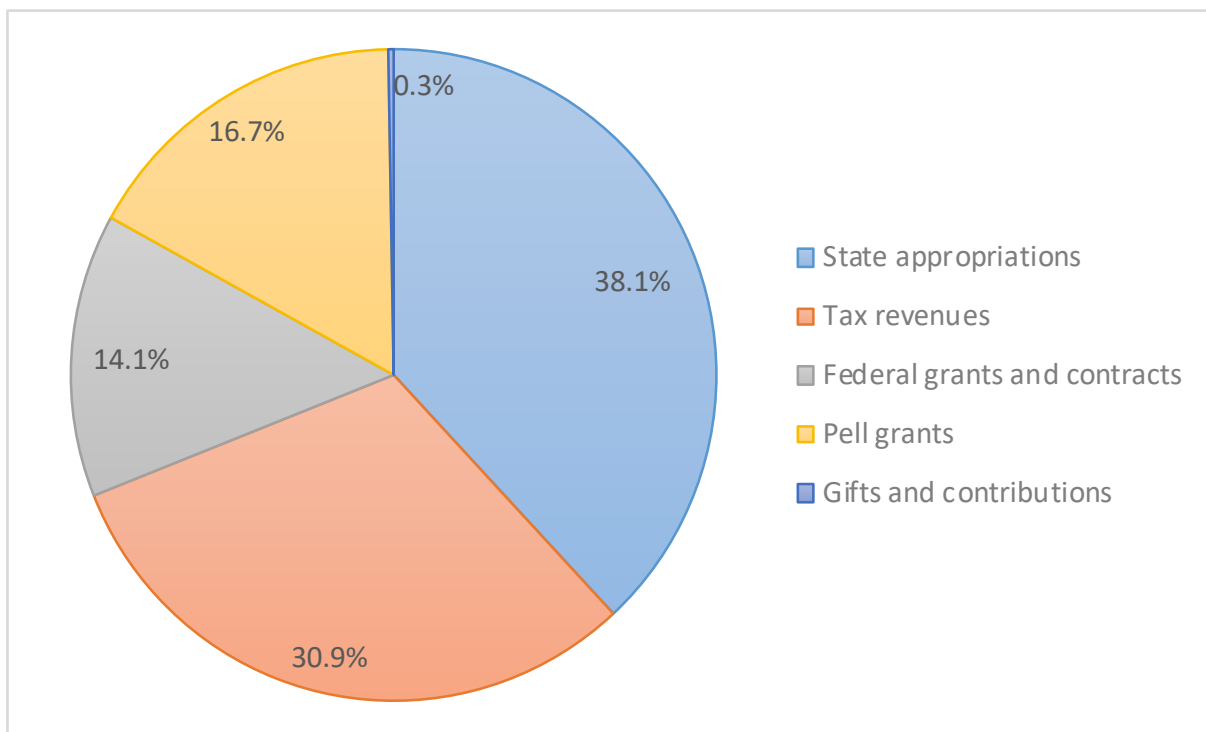
Condensed Statements of Revenues, Expenses and Changes in Net Position (in thousands)

| | 2021 | 2020 | 2019 | 2021 vs. 2020 Increase (Decrease) | 2020 vs. 2019 Increase (Decrease) |
|-------------------------------------|------------------|------------------|------------------|--|--|
| Operating revenue | \$ 23,375 | \$ 25,311 | \$ 26,802 | \$ (1,936) | \$ (1,491) |
| Operating expenses | 66,487 | 71,433 | 68,816 | (4,946) | 2,617 |
| Operating loss | (43,112) | (46,122) | (42,014) | 3,010 | (4,108) |
| Nonoperating revenues (expenses) | 52,092 | 48,508 | 44,891 | 3,584 | 3,617 |
| Increase (decrease) in net position | 8,980 | 2,386 | 2,877 | 6,594 | (491) |
| Net position, beginning of year | 62,814 | 60,428 | 57,551 | 2,386 | 2,877 |
| Net position, end of year | <u>\$ 71,794</u> | <u>\$ 62,814</u> | <u>\$ 60,428</u> | <u>\$ 8,980</u> | <u>\$ 2,386</u> |

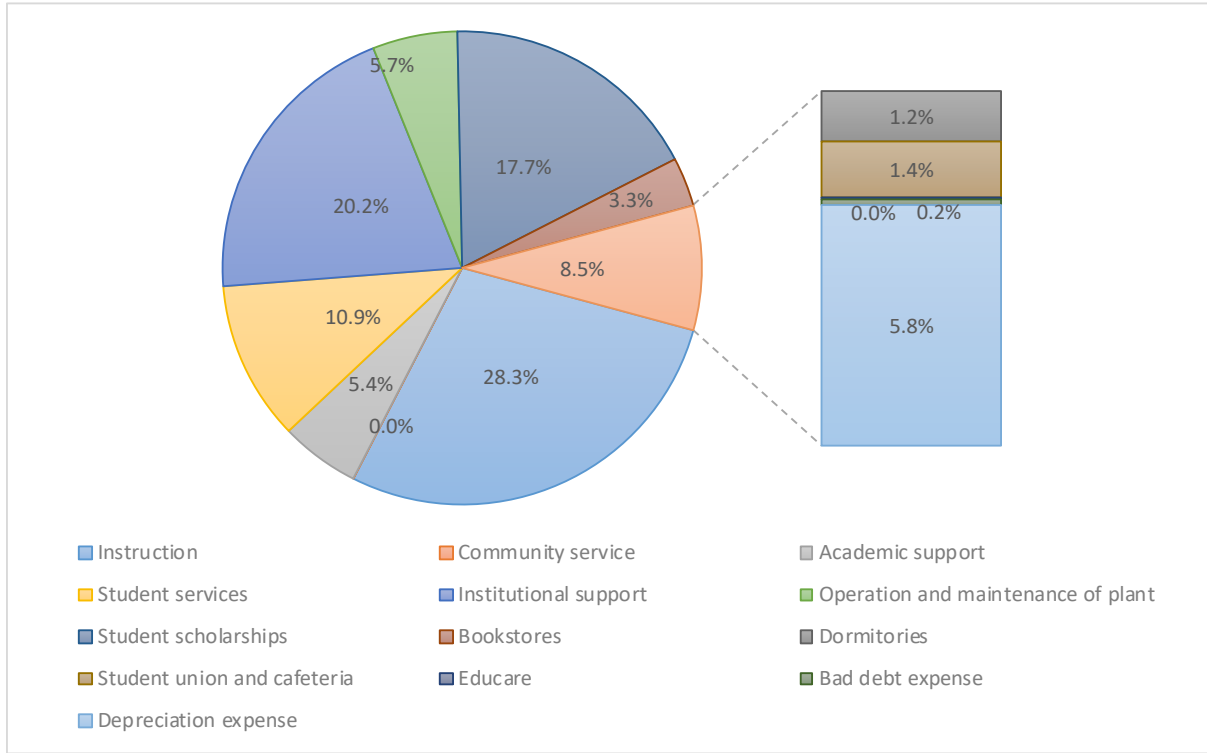
Operating Revenues by Source



Nonoperating Revenues by Major Source



Operating Expenses by Program



| Operating Expenses | Percent of Total |
|------------------------------------|------------------|
| Instruction | 28.3% |
| Community service | 0.0% |
| Academic support | 5.4% |
| Student services | 10.9% |
| Institutional support | 20.2% |
| Operation and maintenance of plant | 5.7% |
| Student scholarships | 17.7% |
| Bookstores | 3.3% |
| Dormitories | 1.2% |
| Student union and cafeteria | 1.3% |
| Educare | 0.0% |
| Bad debt expense | 0.2% |

Statements of Cash Flows

The next statements presented are the Statements of Cash Flows. These statements present detailed information about the cash activity of the College during the year. These statements are divided into five parts. The first part reflects operating cash flows and shows the net cash used by the operating activities of the College. The second section identifies cash flows from noncapital financing activities. This section reflects the cash received and spent for nonoperating, noninvesting, and noncapital financing purposes. The third section provides information on cash flows from capital and related financing activities. This section identifies the cash used for the acquisition and construction of capital and related items. The fourth section describes the cash flows from investing activities and shows the purchases, proceeds, and interest received from investing activities. The fifth section reconciles the net cash used by operating activities to the operating income or loss reflected on the Statements of Revenues, Expenses, and Changes in Net Position.

Condensed Statements of Cash Flows (in thousands)

| | 2021 | 2020 | 2019 |
|---------------------------------|------------------|------------------|------------------|
| Cash flows from: | | | |
| Operating activities | \$ (36,293) | \$ (36,460) | \$ (35,633) |
| Noncapital financing activities | 48,566 | 42,167 | 41,684 |
| Capital financing activities | (7,092) | (15,192) | 1,359 |
| Investing activities | 1,443 | 8,191 | (6,144) |
| Net increase (decrease) in cash | 6,624 | (1,294) | 1,266 |
| Cash, beginning of year | 22,268 | 23,562 | 22,296 |
| Cash, end of year | <u>\$ 28,892</u> | <u>\$ 22,268</u> | <u>\$ 23,562</u> |

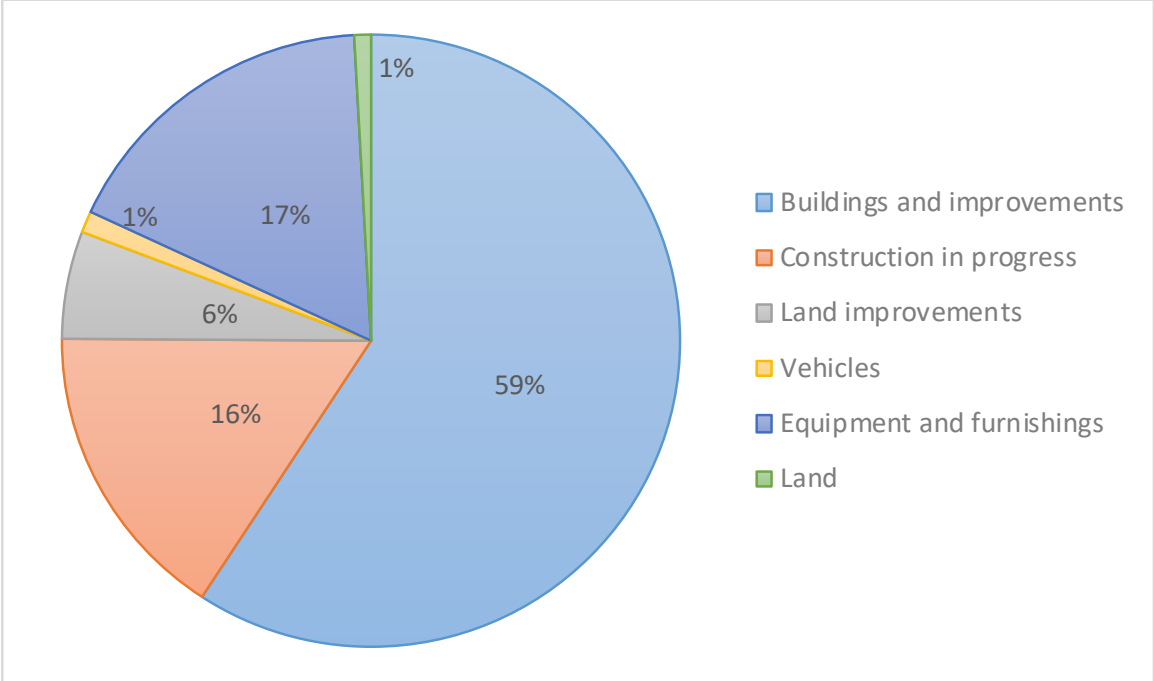
Significant sources of cash included local property taxes, the state operating grant and tuition and fees. Significant uses of cash were payments to suppliers and vendors, payments to employees, employee benefits, payments for scholarships, capital assets and purchases of investments.

The cash position of the College increased by approximately \$6,624,000 for the fiscal year ended June 30, 2021, compared to a decrease of \$1,294,000 for the fiscal year ended June 30, 2020.

Capital Asset and Debt Administration

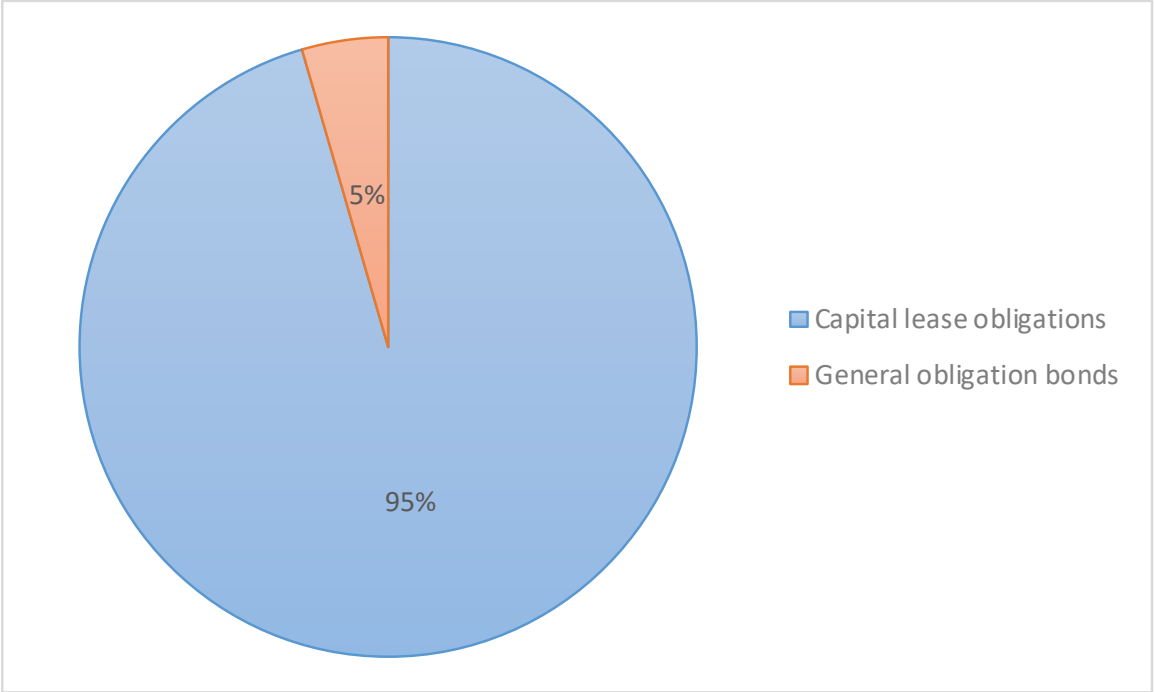
At fiscal year-end, the College had approximately \$107,640,000 of capital assets, with accumulated depreciation of approximately \$47,205,000. Related depreciation charges of approximately \$3,825,000 were recognized in the fiscal year 2021. More detailed financial activity related to the changes in Capital Assets is presented in *Note 4*.

Capital Asset Categories



The chart below summarizes the various debt instruments utilized by the College.

Categories of Debt



Economic Outlook

The College's financial condition continues to be strong. The economic outlook for institutions of higher education remains challenging nationally due to the costs associated with providing accredited higher education to students.

The Board of Trustees has approved a Capital Outlay levy of 2 mills which will sunset in 1 year. The funds from this levy will be used to improve the information technology infrastructure of the College.

Butler County Community College
Statements of Net Position
June 30, 2021 and 2020

Assets and Deferred Outflows of Resources

| | College | | Foundation | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Current Assets | | | | |
| Cash and investments | \$ 28,891,511 | \$ 22,267,756 | \$ 2,084,569 | \$ 2,246,372 |
| Accounts receivable, net of allowance for doubtful accounts of \$6,825,924 in 2021 and \$6,716,448 in 2020 | 1,706,478 | 2,089,587 | - | - |
| Receivables from federal and state governments | 548,855 | 1,286,829 | - | - |
| Current portion of pledges receivable | - | - | 204,172 | 326,345 |
| Prepaid expenses | 1,270,306 | 602,267 | - | - |
| Bookstore inventory | 530,621 | 616,146 | - | - |
| Total current assets | <u>32,947,771</u> | <u>26,862,585</u> | <u>2,288,741</u> | <u>2,572,717</u> |
| | | | | |
| Noncurrent Assets | | | | |
| Investments | 469 | 1,348,320 | 15,446,016 | 12,308,400 |
| Pledges receivable | - | - | 162,626 | 235,389 |
| Cash surrender value of life insurance | - | - | 26,436 | 26,037 |
| Investment in joint venture | 5,144,835 | 5,144,835 | - | - |
| Capital assets, net of accumulated depreciation | | | | |
| Land and construction in progress | 18,032,536 | 15,051,226 | - | - |
| Other capital assets, net of accumulated depreciation | 42,402,675 | 44,091,419 | 8,361 | 10,750 |
| Total noncurrent assets | <u>65,580,515</u> | <u>65,635,800</u> | <u>15,643,439</u> | <u>12,580,576</u> |
| | | | | |
| Deferred Outflows of Resources | | | | |
| Deferred outflows - pensions | 222,788 | 272,360 | - | - |
| Deferred outflows - OPEB | 184,089 | 202,498 | - | - |
| Total deferred outflows of resources | <u>406,877</u> | <u>474,858</u> | <u>-</u> | <u>-</u> |
| Total assets and deferred outflows of resources | <u>\$ 98,935,163</u> | <u>\$ 92,973,243</u> | <u>\$ 17,932,180</u> | <u>\$ 15,153,293</u> |

See Notes to Financial Statements

Liabilities and Deferred Inflows of Resources

| | College | | Foundation | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Current Liabilities | | | | |
| Accounts payable | \$ 745,555 | \$ 1,378,894 | \$ 48,656 | \$ 41,598 |
| Compensated absences payable | 1,300,000 | 1,150,000 | - | - |
| Accrued salaries | 140,776 | 146,162 | - | - |
| Deposits held in custody for others | 72,620 | 80,805 | - | - |
| Accrued interest payable | 49,001 | 52,964 | - | - |
| Other accrued liabilities | - | 698,676 | - | - |
| Unearned revenue | 1,362,355 | 865,683 | - | - |
| Current portion of annuity payable | - | - | - | 5,800 |
| Current portion of long-term debt | 1,718,332 | 1,695,865 | 2,067 | 1,834 |
| Total current liabilities | 5,388,639 | 6,069,049 | 50,723 | 49,232 |
| Noncurrent Liabilities | | | | |
| Long-term debt | 12,595,537 | 14,313,869 | 7,137 | 9,204 |
| Long-term compensated absences payable | 713,038 | 992,604 | - | - |
| Net pension liability | 445,402 | 482,815 | - | - |
| Total OPEB liability | 5,459,395 | 6,379,801 | - | - |
| Long-term annuity payable | - | - | - | 33,653 |
| Total noncurrent liabilities | 19,213,372 | 22,169,089 | 7,137 | 42,857 |
| Deferred Inflows of Resources | | | | |
| Deferred inflows - pensions | 283,150 | 328,239 | - | - |
| Deferred inflows - OPEB | 2,255,103 | 1,592,906 | - | - |
| Total deferred inflows of resources | 2,538,253 | 1,921,145 | - | - |
| Total liabilities and deferred inflows of resources | 27,140,264 | 30,159,283 | 57,860 | 92,089 |
| Net Position | | | | |
| Net investment in capital assets | 46,121,342 | 43,132,911 | 8,361 | 10,750 |
| Restricted - expendable | | | | |
| For capital projects | - | - | 434,704 | 434,704 |
| For scholarships, instruction and other | - | - | 4,284,580 | 2,234,134 |
| For college support | - | - | 1,468,003 | 973,549 |
| Restricted - non-expendable | | | | |
| For scholarships, instruction and other | - | - | 9,837,254 | 9,429,986 |
| For college support | - | - | 1,433,494 | 1,421,048 |
| Unrestricted | 25,673,557 | 19,681,049 | 407,924 | 557,033 |
| Total net position | 71,794,899 | 62,813,960 | 17,874,320 | 15,061,204 |
| Total liabilities, deferred inflows of resources and net position | \$ 98,935,163 | \$ 92,973,243 | \$ 17,932,180 | \$ 15,153,293 |

Butler County Community College
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2021 and 2020

| | College | | Foundation | |
|--|---------------------|---------------------|-------------------|------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Operating Revenues | | | | |
| Student tuition and fees, net of scholarship allowances of \$2,658,307 in 2021 and \$2,813,869 in 2020 | \$ 15,719,182 | \$ 17,664,396 | \$ - | \$ - |
| Federal and state grants and contracts | 1,660,031 | 1,141,085 | - | - |
| Gifts and contributions | - | - | 1,331,182 | 1,589,237 |
| Auxiliary enterprises | | | | |
| Bookstores, net of scholarship allowances of \$422,588 in 2021 and \$439,846 in 2020 | 2,498,861 | 2,761,187 | - | - |
| Dormitories, net of scholarship allowances of \$247,592 in 2021 and \$206,859 in 2020 | 1,464,068 | 1,298,585 | - | - |
| Student union and cafeteria, net of scholarship allowances of \$132,405 in 2021 and \$111,966 in 2020 | 782,940 | 702,879 | - | - |
| Educare | - | 439,412 | - | - |
| Net investment return | - | - | 3,193,279 | 386,285 |
| Other | 1,249,560 | 1,303,651 | - | - |
| Total operating revenues | <u>23,374,642</u> | <u>25,311,195</u> | <u>4,524,461</u> | <u>1,975,522</u> |
| Operating Expenses | | | | |
| Instruction | 18,789,475 | 21,537,012 | - | - |
| Community service | 5,372 | 139,814 | - | - |
| Academic support | 3,572,943 | 4,059,114 | 373,540 | 423,339 |
| Student services | 7,226,278 | 8,330,989 | - | - |
| Institutional support | 13,426,015 | 13,117,880 | 377,424 | 342,500 |
| Operation and maintenance of plant | 3,807,237 | 3,182,141 | - | - |
| Student scholarships | 11,779,898 | 11,348,108 | 717,538 | 764,520 |
| Fund raising | - | - | 240,454 | 221,119 |
| Auxiliary enterprises | | | | |
| Bookstores | 2,226,399 | 2,452,908 | - | - |
| Dormitories | 807,348 | 1,292,547 | - | - |
| Student union and cafeteria | 906,814 | 1,134,158 | - | - |
| Educare | 5,297 | 581,716 | - | - |
| Bad debt expense | 109,476 | 350,163 | - | - |
| Depreciation expense | 3,824,627 | 3,906,357 | 2,389 | 2,868 |
| Total operating expenses | <u>66,487,179</u> | <u>71,432,907</u> | <u>1,711,345</u> | <u>1,754,346</u> |
| Operating Income (Loss) | <u>(43,112,537)</u> | <u>(46,121,712)</u> | <u>2,813,116</u> | <u>221,176</u> |

Butler County Community College
Statements of Revenues, Expenses and Changes in Net Position (Continued)
Years Ended June 30, 2021 and 2020

| | College | | Foundation | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 |
| Nonoperating Revenues (Expenses) | | | | |
| State appropriations | \$ 19,962,949 | \$ 19,360,667 | \$ - | \$ - |
| Tax revenues | 16,187,019 | 16,540,876 | - | - |
| Federal grants and contracts | 7,368,547 | 3,039,508 | | |
| Pell grants | 8,759,321 | 9,663,951 | - | - |
| Gifts and contributions | 139,697 | - | - | - |
| Investment income | 94,716 | 351,789 | - | - |
| Interest on capital asset-related debt | (418,297) | (447,068) | - | - |
| Loss on disposal of assets | (476) | (1,583) | - | - |
| | <u>52,093,476</u> | <u>48,508,140</u> | <u>-</u> | <u>-</u> |
| Total nonoperating revenues (expenses) | | | | |
| | 52,093,476 | 48,508,140 | - | - |
| Increase in Net Position | 8,980,939 | 2,386,428 | 2,813,116 | 221,176 |
| Net Position, Beginning of Year | <u>62,813,960</u> | <u>60,427,532</u> | <u>15,061,204</u> | <u>14,840,028</u> |
| Net Position, End of Year | <u>\$ 71,794,899</u> | <u>\$ 62,813,960</u> | <u>\$ 17,874,320</u> | <u>\$ 15,061,204</u> |

Butler County Community College
Statements of Cash Flows – College
Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|---|----------------------|----------------------|
| Operating Activities | | |
| Tuition and fees | \$ 16,598,963 | \$ 17,196,082 |
| Grants and contracts | 2,398,005 | (76,536) |
| Payments to suppliers and employees | (49,505,837) | (51,776,610) |
| Payments for scholarships | (11,779,898) | (11,348,108) |
| Auxiliary enterprise charges | | |
| Bookstores | 2,498,861 | 2,761,187 |
| Dormitories | 1,464,068 | 1,298,585 |
| Student union and cafeteria | 782,940 | 702,879 |
| Educare | - | 439,412 |
| Other | 1,249,560 | 1,303,651 |
| | <u>1,249,560</u> | <u>1,303,651</u> |
| Net cash used in operating activities | <u>(36,293,338)</u> | <u>(39,499,458)</u> |
| Noncapital Financing Activities | | |
| Tax receipts | 16,187,019 | 16,540,876 |
| State appropriations | 16,251,773 | 15,963,803 |
| Federal grants | 7,368,547 | 3,039,508 |
| Pell | 8,758,845 | 9,662,368 |
| | <u>8,758,845</u> | <u>9,662,368</u> |
| Net cash provided by noncapital financing activities | <u>48,566,184</u> | <u>45,206,555</u> |
| Capital and Related Financing Activities | | |
| Donations received from Foundation | 139,697 | - |
| Principal paid on long-term debt | (1,695,865) | (2,428,468) |
| Interest paid on long-term debt | (418,297) | (447,068) |
| Purchase of capital assets | (5,117,193) | (12,316,778) |
| | <u>(5,117,193)</u> | <u>(12,316,778)</u> |
| Net cash used in capital and related financing activities | <u>(7,091,658)</u> | <u>(15,192,314)</u> |
| Investing Activities | | |
| Investment income | 94,716 | 351,789 |
| Proceeds from sales and maturities of investments | 1,347,851 | 8,829,539 |
| Purchases of investments | - | (990,404) |
| | <u>-</u> | <u>(990,404)</u> |
| Net cash provided by investing activities | <u>1,442,567</u> | <u>8,190,924</u> |
| Increase (Decrease) in Cash and Cash Equivalents | 6,623,755 | (1,294,293) |
| Cash and Cash Equivalents, Beginning of Year | 22,267,756 | 23,562,049 |
| | <u>22,267,756</u> | <u>23,562,049</u> |
| Cash and Cash Equivalents, End of Year | <u>\$ 28,891,511</u> | <u>\$ 22,267,756</u> |

Butler County Community College
Statements of Cash Flows – College (Continued)
Years Ended June 30, 2021 and 2020

| | 2021 | 2020 |
|---|------------------------|------------------------|
| Reconciliation of Net Operating Loss to Net Cash Used in Operating Activities | | |
| Operating loss | \$ (43,112,537) | \$ (46,121,712) |
| Adjustments to reconcile net operating loss to net cash flow from operating activities: | | |
| Depreciation expense | 3,824,627 | 3,906,357 |
| State on-behalf payments for employee benefits | 3,711,176 | 3,396,864 |
| Changes in assets, deferred outflows, liabilities and deferred inflows: | | |
| Accounts receivable | 383,109 | (428,866) |
| Receivable from federal and state governments | 737,974 | (1,217,621) |
| Inventories | 85,525 | (24,211) |
| Prepaid expenses | (668,039) | (218,528) |
| Deferred outflows - pensions | 67,981 | (43,136) |
| Accounts payable and accrued expenses | (1,479,115) | 1,021,281 |
| Post retirement benefits | (957,819) | (238,634) |
| Unearned revenue | 496,672 | (39,448) |
| Deferred inflows - pensions | (45,089) | 15,415 |
| Deferred inflows - OPEB | 662,197 | 492,781 |
| | <u>\$ (36,293,338)</u> | <u>\$ (39,499,458)</u> |
| Net cash used in operating activities | <u>\$ (36,293,338)</u> | <u>\$ (39,499,458)</u> |

Butler County Community College
Statements of Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021

| | Custodial Funds 2021 | Custodial Funds 2020 |
|---------------------------------|-------------------------------------|-------------------------------------|
| Assets | | |
| Cash and cash equivalents | \$ 683,488 | \$ 547,820 |
| Receivables | - | 147,951 |
| Total assets | 683,488 | 695,771 |
| Liabilities | | |
| Accounts payable | 545 | 239 |
| Accrued expenses | 12,557 | 19,638 |
| Total liabilities | 13,102 | 19,877 |
| Net Position | | |
| Restricted for Student Accounts | 430,210 | 378,589 |
| Restricted for Grizzleybackers | 240,176 | 297,305 |
| Total net position | \$ 670,386 | \$ 675,894 |

Butler County Community College
Statements of Changes in Fiduciary Net Position
Fiduciary Funds
Year Ended June 30, 2021

| | Custodial Funds 2021 | Custodial Funds 2020 |
|--|-------------------------------------|-------------------------------------|
| Additions | | |
| Fees | \$ 20,396 | \$ 21,683 |
| Sales | 85,620 | 154,333 |
| Rental income | 2,500 | 855 |
| Other | 191,440 | 424,459 |
| Total additions | 299,956 | 601,330 |
| Deductions | | |
| Instruction | 671 | - |
| Operating expense | 215,966 | 300,077 |
| Scholarships | 88,906 | 155,263 |
| Total deductions | 305,543 | 455,340 |
| Change in Net Position | <u>(5,587)</u> | <u>145,990</u> |
| Net Position, Beginning of Year | <u>675,973</u> | <u>529,904</u> |
| Net Position, End of Period | <u><u>\$ 670,386</u></u> | <u><u>\$ 675,894</u></u> |

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

Note 1: Nature of Operations and Summary of Significant Accounting Policies

Nature of Operations

Butler County Community College (College) is organized under the laws of the State of Kansas and is governed by an elected Board of Trustees. The College is located in El Dorado, Kansas with satellite programs and locations in various communities within the State of Kansas, and is accredited by the Commission on Institutions of Higher Education of the North Central Association of Colleges and Schools. The College offers two-year programs in several areas of major concentrations, including arts, sciences and business. The College extends credit to students on an unsecured basis.

Financial Reporting Entity

During 2013, the College implemented Governmental Accounting Standards Board GASB Statement No. 61, *Financial Reporting Entity: Omnibus* and in accordance with Governmental Accounting Standards Board Statement (GASB) No. 14, *The Financial Reporting Entity* (GASB 14) as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*, entities that are legally separate tax-exempt organizations are required to be reported in the College's financial statements if the resources of the affiliated organization benefit the College, the College is entitled to or can otherwise access the resources, and the resources are considered significant to the College.

Butler Community College Foundation, Inc. (Foundation) is a legally separate, tax-exempt component unit of the College. The Foundation acts primarily as a fund raising organization to supplement funds to provide scholarships to students at the College and to provide other financial support to the College. The majority of the resources or income thereon that the Foundation holds and invests are restricted to the activities to 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 or its constituents, the Foundation is considered a component unit of the College and is discretely presented in the College's financial statements.

As permitted by GASB Statement No. 34, the College has elected not to present a statement of cash flows for the Foundation in the basic financial statements of the College reporting entity.

The Foundation is a nonprofit organization that reports under standards of the Financial Accounting Standards Board (FASB). As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences, however, the College did convert FASB information and terminology to GASB. Separately issued audited financial statements for the Foundation may be obtained from the College's administrative office at 901 South Haverhill Road, El Dorado, Kansas 67042.

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

Joint Venture

During fiscal year 2011, the College announced a collaborative project with the City of El Dorado and the El Dorado school district USD 490 to create the Educational Facilities Authority of Butler County. The Authority's board is comprised of seven members, with two appointed from each participant, and the seventh appointed by the other six members. Upon dissolution of the Authority, property owned by the Authority will be transferred to the College, City of El Dorado and USD 490, or sold with the proceeds thereof paid to the College, City of El Dorado and USD 490.

The Educational Facilities Authority of Butler County is the official governing body of the BG Products Veterans Sports Complex, which was constructed and located directly northeast of the College's campus. The bowl-design stadium accommodates 3,000 home fans and 1,000 visitors, with a future capacity to seat 4,500 and 2,000, respectively. The College has an ongoing financial obligation for certain operating costs of the stadium.

During fiscal 2012, the College issued \$3 million of Certificates of Participation to fund its portion of construction (see *Note 7*). Concurrently, the College entered into a lease agreement with the Educational Facilities Authority for use of the stadium for a period of 10 years, through June 30, 2021. In addition to funds paid for construction, the lease requires the College to pay its portion of utilities, insurance and maintenance costs associated with the stadium, along with the City of El Dorado and USD 490, the other parties that will be jointly using the Sports Complex. The College's equity interest in the Educational Facilities Authority as of June 30, 2021 and 2020, was \$5,144,835, and consists of payments made for construction costs.

Separate audited financial statements are not prepared by the Educational Facilities Authority.

Basis of Accounting and Presentation

The financial statements of the College have been prepared on the accrual basis of accounting. Revenues, expenses, gains, losses, assets, liabilities and deferred inflows and outflows of resources from exchange and exchange-like transactions are recognized when the exchange transaction takes place, while those from government-mandated or voluntary nonexchange transactions (principally federal and state grants and state appropriations) are recognized when all applicable eligibility requirements are met. Internal activity and balances are eliminated in preparation of the financial statements unless they relate to services provided and used internally. Operating revenues and expenses include exchange transactions and program-specific, government-mandated or voluntary nonexchange transactions. Government-mandated or voluntary nonexchange transactions that are not program specific (such as state appropriations), investment income and interest on capital asset-related debt are included in nonoperating revenues and expenses. The College first applies restricted net position when an expense or outlay is incurred for purposes for which both restricted and unrestricted net position are available.

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

Use of Estimates

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

Fiduciary Funds

Fiduciary funds are used to report activities whereby the College acts as a trustee or fiduciary to hold resources for the benefit of parties outside the College. The accrual basis of accounting is used for fiduciary funds and is similar to the accounting for business-type activities. The basic financial statements exclude fiduciary fund activities and balances because these assets are restricted in purpose and cannot be used by the College to finance its operations. The College must ensure that assets reported in fiduciary funds are used for their intended purpose. The College's fiduciary funds are classified as custodial funds.

Cash Equivalents, Investments and Investment Income

Applicable state statutes authorize the College to invest in (1) temporary notes or no-fund warrants issued by the governmental unit; (2) time deposit, open accounts or certificates of deposit, with maturities of not more than two years, in commercial banks; (3) time certificates of deposit, with maturities of not more than two years, with state or federally chartered savings and loan associations or federally chartered savings banks; (4) repurchase agreements with commercial banks, state or federally chartered savings and loan associations or federally chartered savings banks; (5) United States treasury bills or notes with maturities as the governing body shall determine, but not exceeding two years; (6) the municipal investment pool maintained by the State Treasurer's Office; and (7) trust departments of commercial banks. Investments are reported at fair value.

For purposes of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Money market investments are measured at amortized cost (see *Note 2*).

Investments held by the Foundation include marketable equity securities, mutual funds, debt securities, and government and municipal obligations. Investments are carried at fair value, with both unrealized and realized gains and losses reported as an increase or decrease in unrestricted or restricted net position based upon donor imposed restrictions. Interest income is recognized as earned.

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

GASB 72, *Fair Value Measurement and Application*, establishes a framework for measuring fair value that requires or permits fair value measurement and enhances disclosures about fair value measurements. Fair value is defined as the exchange price that would be received to sell an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction. There is a fair value hierarchy which requires an entity to maximize the use of observable inputs when measuring fair value. The guidance requires three levels of fair value measurement based on the respective inputs.

Investments in U.S. Treasury, agency and instrumentality obligations with a remaining maturity of one year or less at time of acquisition and in nonnegotiable certificates of deposit are carried at amortized cost. All other investments are carried at fair value. Fair value is determined using quoted market prices.

Investment income includes dividend and interest income, realized gains and losses on investments carried at other than fair value and the net change for the year in the fair value of investments carried at fair value.

Accounts Receivable and Unearned Revenues

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty and staff, the majority of which reside in the State of Kansas. Accounts receivable is recorded net of estimated uncollectible amounts. Receivables from federal and state governments are related to reimbursements pursuant to the College's grants and contracts with these governments. Unearned revenues include amounts received from tuition and fees and certain auxiliary enterprise activities prior to the end of the fiscal year but related to the subsequent accounting period. Unearned revenues also include amounts received from grant and contract sponsors that have not yet been earned.

Pledges Receivable – Foundation

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give, due in the next year, are recorded at their net realizable value. Unconditional promises to give, due in subsequent years, are reported at the present value of their net realizable value.

The allowance for uncollectible pledges is based on management's assessment of the collectability of specific donors' pledges and the aging of pledges receivable. All pledges or portions thereof deemed to be uncollectible are written off to the allowance for uncollectible pledges. Changes to the allowance account are reflected as an adjustment to current year contributions.

Inventories

The bookstore inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

Capital Assets

Capital assets are recorded at cost at the date of acquisition, or at acquisition value at the date of donation in the case of gifts. For equipment purchased as a single asset, 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. When multiple equipment items are purchased as an integrated system of assets, they are considered as a single asset when applying the above capitalization rules. Items purchased together, but that can function individually on a stand-alone basis, are considered on an item-by-item basis when applying the above thresholds. Renovations to buildings, infrastructure, 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. Assets under capital lease obligations and leasehold improvements are depreciated over the shorter of the lease term or their respective estimated useful lives. Construction in progress includes assets that are capitalized but have not yet been placed in service and depreciation has not yet begun.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 years for buildings and improvements, 15 years for land improvement and 4 to 10 years for equipment.

Capital Asset Impairment

The College evaluates capital assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital asset has occurred. If a capital asset is tested for impairment and the magnitude of the decline in service utility is significant and unexpected, the capital asset historical cost and related accumulated depreciation are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended June 30, 2021 and 2020.

Property Taxes

In accordance with governing statutes, property taxes are levied each year on all taxable real property located in the County. The County Treasurer is the tax collection agent for all taxing entities within the County. Property owners have the option of paying one-half or the full amount of the taxes levied on or before December 20 during the year levied with the balance to be paid on or before May 10 of the ensuing year. Taxes levied during the current calendar year become a lien on the property on November 1 and are a revenue source to be used to finance the budget of the ensuing calendar year. State statutes prohibit the County Treasurer from distributing taxes collected in the year levied prior to January 1 of the ensuing year. Consequently, the College recognizes revenues from property taxes, net of estimated refunds and estimated uncollectible amounts, in the period for which the taxes are levied. As of June 30, 2021 and 2020, the County Treasurer had distributed to the College approximately 94% and 93%, respectively, of taxes levied in the prior year.

Personal property taxes are recognized as revenue when made available and distributed by the County Treasurer.

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

Compensated Absences

Employee vacation and sick pay is accrued at year-end for financial statement purposes. The liability and expense incurred are recorded at year-end as compensated absences payable in the statement of net position, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net position. Such amounts are not accrued for budgetary purposes in accordance with Kansas budgetary law.

Cost-Sharing Defined Benefit Pension Plan

The employer contributions for community colleges are funded by the State of Kansas (State) on behalf of these employers for active employees. Therefore, these employers are considered to be in a special funding situation as defined by GASB Statement No. 68. The State is treated as a nonemployer contributing entity in the Kansas Public Employees Retirement System (KPERS). Since these employers do not contribute directly to KPERS for active employees, there is no net pension liability or deferred inflows or outflows to report in their financial statements for active employees. See *Note 8* for disclosures regarding the State's portion of the College's total proportionate share of the collective net pension liability that is associated with the College. The College recognizes pension expense associated with the College as well as revenue in an amount equal to the State's total proportionate share of the collective pension expense associated with the College.

The College does make contributions directly to KPERS for KPERS retirees filling KPERS covered positions per K.S.A. 74-4937, known as "working after retirement" employees. The resulting proportional share of the "working after retirement" contributions and resulting net pension liability, deferred inflows of resources and deferred outflows of resources are attributable to the College. 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 KPERS and additions to/deductions from KPERS' fiduciary net position have been determined on the same basis as they are reported by KPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Defined Benefit Other Postemployment Benefit Plan

As discussed in *Note 9* to the financial statements, in 2017, the College adopted Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The Plan recognizes benefit payments when due and payable in accordance with the benefit terms.

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

Deferred Outflows of Resources/Deferred Inflows of Resources

In addition to assets and liabilities, the statement of net position will sometimes report a separate section for deferred outflows and deferred inflows of resources. Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized until that time. Deferred outflows of resources represents the consumption of net position that is applicable to a future period. The College has deferred outflows and deferred inflows for pensions and OPEB that qualify for reporting in this category. See *Notes 8 and 9* for more information on these deferred outflows and deferred inflows.

Net Position

Net position of the College is classified in four components.

Net investment in capital assets represents the College's total investment in capital assets, net of 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 in this component.

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

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

Unrestricted net position represents 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. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff. At June 30, 2021 and 2020, the board of the Foundation designated \$366,202 and \$517,367, respectively, for operations, which are included in unrestricted net position.

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 and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state and local grants and contracts.

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

Nonoperating revenues – Nonoperating revenues include activities that have the characteristics of nonexchange transactions, such as gifts and contributions, and other revenue sources that are defined as nonoperating revenues by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Government Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations, tax revenues and investment income.

Pell grant receipts are classified as nonoperating revenues and any amounts applied to student receivable accounts are recorded as scholarship discounts or allowances per guidance provided in GASB No. 24, *Accounting and Financial Reporting for Certain Grants and Other Financial Assistance*.

Scholarship Discounts and Allowances

Student tuition and fee revenues, and certain other revenues from students, are reported net of scholarship discounts and allowances in the statements of revenues, expenses, and changes in net position. Scholarship discounts and allowances are the difference 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 students' behalf. Certain governmental grants, such as Pell grants, 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 discount and allowance.

Income Taxes

The College, as a political subdivision of the State of Kansas, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

The Foundation is organized as a Kansas nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as organizations described in Section 501(c)(3). The Foundation is required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS annually. In addition, the Foundation is subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. The Foundation has determined it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS.

The Foundation believes that it has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. The Foundation would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

Budgetary Information

Kansas statutes require that an annual operating budget be legally adopted for current funds - unrestricted and certain plant funds. The statutes provide for the following sequence and timetable in the adoption of the legal annual operating budget:

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

The statutes allow for the governing body to increase the originally adopted budget for previously unbudgeted increases in revenue other than property taxes. To do this, a notice of public hearing to amend the budget must be published in the local newspaper. At least ten days after publication, the hearing may be held and the governing body may amend the budget at that time. There were no budget amendments for the year ended June 30, 2021.

The statutes permit transferring budgeted amounts between line items within an individual fund. However, such statutes prohibit expenditures in excess of the total amount of the adopted budget of expenditures of individual funds. All legal annual operating budgets are prepared using the cash basis, except that expenditures incurred but not paid and purchase commitments (encumbrances) at year-end are included in expenditures. Encumbrances are commitments for future payments and are supported by a document evidencing the commitments such as a purchase order or contract. All unencumbered appropriations (legal budget expenditure authority) lapse at year-end.

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.

Reclassifications

Certain reclassifications have been made to the 2020 financial statements to conform to the 2021 presentation. The reclassification had no effect on the changes in the financial position.

Revision

A revision was made to the fiscal year 2020 financial statements of the College in which \$3,039,508 of federal grant funding under the higher education emergency relief fund was changed from operating revenue to non-operating revenue on the statements of revenues, expenses and changes in net position. The statement of cash flows was also changed in that amount from operating activities for grant and contracts to noncapital financing activities for federal grants.

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

Note 2: Deposits, Investments and Investment Return

Deposits

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the College’s deposits may not be returned or the College will not be able to recover collateral securities in the possession of an outside party. The College’s policy follows applicable state statutes and requires deposits to be 100% secured by collateral (pledged securities) valued at market, less the amount of the Federal Deposit Insurance Corporation (FDIC) insurance. State statutes define the allowable pledged securities.

The College’s cash and investments at June 30, 2021 and 2020, consists of demand deposit accounts, money market savings accounts, certificates of deposit and U.S. Treasury Bonds. At June 30, 2021 and 2020, the carrying amount of the College’s deposits were approximately \$28,892,000 and \$22,268,000, respectively, and the bank balances were \$29,589,000 and \$22,684,000, respectfully. At June 30, 2021, approximately \$791,000 was covered by federal depository insurance and the remaining balance was covered by collateral held by the College’s custodial bank in joint custody in the name of the College and its bank. Cash held in the College’s custodial fund totaled approximately \$684,000 and is included in balances above.

Investments – College

The fair value of investments at June 30 consists of the following:

| | 2021 | 2020 |
|---------------------|-------------|--------------|
| U.S. Treasury Bonds | \$ 469 | \$ 1,348,320 |

The U.S. Treasury Bonds mature in less than one year.

Investment Policies – Investing is performed in accordance with investment policies adopted by the College Board of Trustees and complying with state statutes as described in *Note 1*.

Interest Rate Risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Investments held for longer periods are subject to increased risk of adverse interest rate changes. The College policy provides that to the extent practicable, investments are matched with anticipated cash flows.

Credit Risk – Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. The College invests in U.S. Treasury Bonds to help mitigate the credit risk to its investments.

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. The College uses Commerce Bank, a large well-funded banking institution, as its custodial agent.

Concentration of Credit Risk – The College places no limit on the amount that may be invested in any one issuer.

Investments – Foundation

The fair value of investments at June 30 consists of the following:

| | 2021 | 2020 |
|-----------------------|----------------------|----------------------|
| Money market accounts | \$ 2,072,569 | \$ 2,235,833 |
| Equities | 10,297,417 | 7,485,298 |
| Fixed income | 3,992,091 | 4,093,788 |
| Hedge funds | 839,759 | 510,428 |
| Commodities | 316,749 | 218,886 |
| | <u>\$ 17,518,585</u> | <u>\$ 14,544,233</u> |

Investment return for the years ended June 30 consists of the following:

| | 2021 | 2020 |
|-----------------------------------|---------------------|-------------------|
| Investment income | \$ 251,273 | \$ 313,401 |
| Net realized and unrealized gains | 3,030,863 | 134,275 |
| Investment fees | (88,857) | (61,391) |
| | <u>\$ 3,193,279</u> | <u>\$ 386,285</u> |

Note 3: Disclosures About Fair Value of Assets and Liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1** Quoted prices in active markets for identical assets or liabilities
- Level 2** Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3** Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

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Recurring Measurements

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying financial statements measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at June 30, 2021 and 2020:

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Unobservable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------------|-------------------|---|--|--|
| June 30, 2021 | | | | |
| College | | | | |
| Long-term investments | | | | |
| U.S. Treasury Bonds | \$ 469 | \$ 469 | \$ - | \$ - |
| Foundation | | | | |
| Short-term investments | | | | |
| Money market accounts | \$ 2,072,569 | \$ 2,072,569 | \$ - | \$ - |
| Total short-term investments | 2,072,569 | 2,072,569 | - | - |
| Long-term investments | | | | |
| Equities | 10,297,417 | 10,297,417 | - | - |
| Fixed income | 3,992,091 | 3,992,091 | - | - |
| Hedge funds | 839,759 | 839,759 | - | - |
| Commodities | 316,749 | 316,749 | - | - |
| Total long-term investments | 15,446,016 | 15,446,016 | - | - |
| Total investments | \$ 17,518,585 | \$ 17,518,585 | \$ - | \$ - |

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

| | Fair Value | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Unobservable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) |
|------------------------------|---------------|---|---|--|
| June 30, 2020 | | | | |
| College | | | | |
| Long-term investments | | | | |
| U.S. Treasury Bonds | \$ 1,348,320 | \$ 1,348,320 | \$ - | \$ - |
| Foundation | | | | |
| Short-term investments | | | | |
| Money market accounts | \$ 2,235,833 | \$ 2,235,833 | \$ - | \$ - |
| Total short-term investments | 2,235,833 | 2,235,833 | - | - |
| Long-term investments | | | | |
| Equities | 7,485,298 | 7,485,298 | - | - |
| Fixed income | 4,093,788 | 4,093,788 | - | - |
| Hedge funds | 510,428 | 510,428 | - | - |
| Commodities | 218,886 | 218,886 | - | - |
| Total long-term investments | 12,308,400 | 12,308,400 | - | - |
| Total investments | \$ 14,544,233 | \$ 14,544,233 | \$ - | \$ - |

Investments

Where quoted market prices are available in an active market, securities are classified within Level 1 of the valuation hierarchy. If quoted market prices are not available, then fair values are estimated by using quoted prices of securities with similar characteristics or independent asset pricing services and pricing models, the inputs of which are market-based or independently sourced market parameters, including, but not limited to, yield curves, interest rates, volatilities, prepayments, defaults, cumulative loss projections and cash flows. Such securities are classified in Level 2 of the valuation hierarchy. In certain cases where Level 1 or Level 2 inputs are not available, securities are classified within Level 3 of the hierarchy.

Butler County Community College
Notes to Financial Statements
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Note 4: Capital Assets

Capital assets activity for the year ended June 30, 2021, was:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|--|------------------------------|---------------------|------------------|------------------|---------------------------|
| College | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 935,237 | \$ - | \$ - | \$ - | \$ 935,237 |
| Construction in progress | 14,115,989 | 3,764,172 | - | (782,862) | 17,097,299 |
| Total capital assets not being depreciated | 15,051,226 | 3,764,172 | - | (782,862) | 18,032,536 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 6,096,564 | 18,212 | - | - | 6,114,776 |
| Buildings and improvements | 62,820,425 | 134,896 | - | 782,862 | 63,738,183 |
| Vehicles | 1,172,623 | 74,197 | 30,282 | - | 1,216,538 |
| Equipment and furnishings | 17,499,873 | 1,126,127 | 88,250 | - | 18,537,750 |
| Total capital assets being depreciated | 87,589,485 | 1,353,432 | 118,532 | 782,862 | 89,607,247 |
| Less accumulated depreciation | | | | | |
| Land improvements | 4,550,273 | 277,077 | - | - | 4,827,350 |
| Building and improvements | 26,285,047 | 2,326,999 | - | - | 28,612,046 |
| Vehicles | 967,610 | 63,280 | 30,282 | - | 1,000,608 |
| Equipment and furnishings | 11,695,136 | 1,157,271 | 87,839 | - | 12,764,568 |
| Total accumulated depreciation | 43,498,066 | 3,824,627 | 118,121 | - | 47,204,572 |
| Total capital assets being depreciated, net | 44,091,419 | (2,471,195) | 411 | 782,862 | 42,402,675 |
| Net capital assets | \$ 59,142,645 | \$ 1,292,977 | \$ 411 | \$ - | \$ 60,435,211 |
| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
| Foundation | | | | | |
| Equipment, at cost | \$ 33,281 | \$ - | \$ - | \$ - | \$ 33,281 |
| Accumulated depreciation | 22,531 | 2,389 | - | - | 24,920 |
| Net capital assets | \$ 10,750 | \$ (2,389) | \$ - | \$ - | \$ 8,361 |

Butler County Community College
Notes to Financial Statements
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Capital assets activity for the year ended June 30, 2020, was:

| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
|---|------------------------------|------------------|------------------|------------------|---------------------------|
| College | | | | | |
| Capital assets not being depreciated: | | | | | |
| Land | \$ 935,237 | \$ - | \$ - | \$ - | \$ 935,237 |
| Construction in progress | 2,876,432 | 11,267,209 | - | (27,652) | 14,115,989 |
| | | | | | |
| Total capital assets not being depreciated | 3,811,669 | 11,267,209 | - | (27,652) | 15,051,226 |
| Capital assets being depreciated: | | | | | |
| Land improvements | 5,915,447 | 153,465 | - | 27,652 | 6,096,564 |
| Buildings and improvements | 62,653,003 | 167,422 | - | - | 62,820,425 |
| Vehicles | 1,266,200 | 105,054 | 198,631 | - | 1,172,623 |
| Equipment and furnishings | 16,903,711 | 625,212 | 29,050 | - | 17,499,873 |
| | | | | | |
| Total capital assets being depreciated | 86,738,361 | 1,051,153 | 227,681 | 27,652 | 87,589,485 |
| Less accumulated depreciation | | | | | |
| Land improvements | 4,263,690 | 286,583 | - | - | 4,550,273 |
| Building and improvements | 23,974,159 | 2,310,888 | - | - | 26,285,047 |
| Vehicles | 1,078,732 | 85,184 | 196,306 | - | 967,610 |
| Equipment and furnishings | 10,501,225 | 1,223,702 | 29,791 | - | 11,695,136 |
| | | | | | |
| Total accumulated depreciation | 39,817,806 | 3,906,357 | 226,097 | - | 43,498,066 |
| | | | | | |
| Total capital assets being depreciated, net | 46,920,555 | (2,855,204) | 1,584 | 27,652 | 44,091,419 |
| | | | | | |
| Net capital assets | \$ 50,732,224 | \$ 8,412,005 | \$ 1,584 | \$ - | \$ 59,142,645 |
| | | | | | |
| | Beginning Balance | Additions | Disposals | Transfers | Ending Balance |
| Foundation | | | | | |
| Equipment, at cost | \$ 31,369 | \$ 11,944 | \$ 10,032 | \$ - | \$ 33,281 |
| Accumulated depreciation | 29,695 | 2,868 | 10,032 | - | 22,531 |
| | | | | | |
| Net capital assets | \$ 1,674 | \$ 9,076 | \$ - | \$ - | \$ 10,750 |

Butler County Community College
Notes to Financial Statements
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Note 5: Unearned Revenue

Unearned revenue at June 30 consists of the following:

| | 2021 | 2020 |
|--------------------------|--------------|-------------|
| Prepaid tuition and fees | \$ 1,362,355 | \$ 865,683 |

Note 6: Long-term Liabilities

Long-term liability activity for the year ended June 30, 2021, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|------------------------------|------------------------------|------------------|-------------------|---------------------------|--|
| Capital lease obligations | \$ 14,719,734 | \$ - | \$ 1,050,865 | \$ 13,668,869 | \$ 1,073,332 |
| General obligation bonds | 1,290,000 | - | 645,000 | 645,000 | 645,000 |
| | 16,009,734 | - | 1,695,865 | 14,313,869 | 1,718,332 |
| Other liabilities | | | | | |
| Compensated absences payable | 2,142,604 | 1,170,434 | 1,300,000 | 2,013,038 | 1,300,000 |
| | \$ 18,152,338 | \$ 1,170,434 | \$ 2,995,865 | \$ 16,326,907 | \$ 3,018,332 |

Long-term liability activity for the year ended June 30, 2020, was as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|------------------------------|------------------------------|------------------|-------------------|---------------------------|--|
| Capital lease obligations | \$ 15,868,202 | \$ - | \$ 1,148,468 | \$ 14,719,734 | \$ 1,050,865 |
| General obligation bonds | 2,570,000 | - | 1,280,000 | 1,290,000 | 645,000 |
| | 18,438,202 | - | 2,428,468 | 16,009,734 | 1,695,865 |
| Other liabilities | | | | | |
| Compensated absences payable | 2,041,730 | 1,250,874 | 1,150,000 | 2,142,604 | 1,150,000 |
| | \$ 20,479,932 | \$ 1,250,874 | \$ 3,578,468 | \$ 18,152,338 | \$ 2,845,865 |

Additional information regarding capital lease obligations and general obligation bonds is included in *Note 7*.

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

Note 7: Long-term Debt

Capital leases within long-term debt at June 30 consisted of the following:

| | 2021 | 2020 |
|--|---------------|---------------|
| Building lease agreement with City of El Dorado in the original amount of \$1,841,739. The lease requires monthly principal and interest payments at 3.45% of \$10,634 beginning July 2012 through June 2032, at which time the title to the property will pass to the College. | \$ 1,183,869 | \$ 1,269,734 |
| Series 2013 Refunding Certificates of Participation lease purchase agreement issued June 1, 2013, in the original amount of \$2,790,000 for the purpose of refunding Series 2005 revenue bonds maturing in years 2012 to 2026 inclusive. The lease required semiannual payments with an interest rate of 2.00% and annual principal payments with the final payment due September 1, 2025. | 1,395,000 | 1,655,000 |
| Series 2013B Certificates of Participation lease purchase agreement issued November 1, 2013, in the original amount of \$5,875,000. The lease requires semiannual principal and interest payments at interest rates varying between 2% and 3.6% (2.5% at June 30, 2021 and 2.0% at June 30, 2020) beginning November 1, 2014 through November 1, 2028. | 3,450,000 | 3,830,000 |
| Series 2019 Certificates of Participation lease purchase agreement issued April 23, 2019, in the original amount of \$8,260,000. The lease requires annual principal and interest payments at interest rates varying between 2% and 3.25% (2% at June 30, 2021 and 2020) beginning June 1, 2020 through June 1, 2039. | 7,640,000 | 7,965,000 |
| | 13,668,869 | 14,719,734 |
| Less: current portion | 1,073,332 | 1,050,865 |
| Long-term portion | \$ 12,595,537 | \$ 13,668,869 |

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

Capital assets under capital leases at June 30 are as follows:

| | 2021 | 2020 |
|-------------------------------|----------------------|----------------------|
| Land | \$ 113,942 | \$ 113,942 |
| Land improvements | 2,080,312 | 2,080,312 |
| Buildings | 13,025,514 | 12,898,723 |
| Equipment | 1,992,743 | 1,992,743 |
| Construction in progress | 8,609,969 | 8,006,903 |
| | <u>25,822,480</u> | <u>25,092,623</u> |
| Less accumulated depreciation | <u>(8,882,379)</u> | <u>(8,054,717)</u> |
| | <u>\$ 16,940,101</u> | <u>\$ 17,037,906</u> |

Future minimum lease payments on capital lease obligations are as follows:

| | Principal | Interest | Total |
|---------------------|----------------------|---------------------|----------------------|
| Year Ending June 30 | | | |
| 2022 | \$ 1,073,332 | \$ 388,887 | \$ 1,462,219 |
| 2023 | 1,100,870 | 364,524 | 1,465,394 |
| 2024 | 1,123,481 | 336,813 | 1,460,294 |
| 2025 | 1,161,166 | 306,678 | 1,467,844 |
| 2026 | 1,193,929 | 271,955 | 1,465,884 |
| 2027-2031 | 3,938,949 | 918,797 | 4,857,746 |
| 2032-2036 | 2,507,142 | 463,411 | 2,970,553 |
| 2037-2041 | 1,570,000 | 100,613 | 1,670,613 |
| | <u>\$ 13,668,869</u> | <u>\$ 3,151,678</u> | <u>\$ 16,820,547</u> |

At June 30 general obligation bonds within long-term debt consists of the following:

| | 2021 | 2020 |
|--|----------------|-------------------|
| Series 2016 General Obligation Capital Outlay Bonds issued October 4, 2016, in the original amount of \$6,230,000. The bonds require semiannual principal and interest payments at 1% interest, beginning February 1, 2017, with the final payment due August 1, 2021. | \$ 645,000 | \$ 1,290,000 |
| Less: current portion | <u>645,000</u> | <u>645,000</u> |
| Long-term portion | <u>\$ -</u> | <u>\$ 645,000</u> |

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

Future minimum lease payments on general obligation bonds are as follows:

| | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|-----------------------------|-------------------|-----------------|-------------------|
| Year Ending June 30 2022 | <u>\$ 645,000</u> | <u>\$ 3,547</u> | <u>\$ 648,547</u> |
| | <u>\$ 645,000</u> | <u>\$ 3,547</u> | <u>\$ 648,547</u> |

Certain outstanding notes of the College contain a provision that in an event of default, outstanding amounts become immediately due if the College is unable to make payment.

Note 8: Defined Benefit Pension Plan and Employee Benefits

Plan Description

The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.S.A. 74-4901, et. seq. Kansas law establishes and amends benefit provisions. KPERS issues a publicly available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS' website at www.kpers.org or by writing to KPERS (611 South Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1.888.275.5737.

Benefits Provided

KPERS provides retirement benefits, life insurance, disability income benefits, and death benefits. Benefits are established by statute and may only be changed by the General Assembly. Member employees 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 an employee's combined age and years of credited service equal 85 "points."

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

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

Member employees choose one of seven payment options for their monthly retirement benefits. At retirement, a member employee may receive a lump-sum payment of up to 50% of the actuarial present value of the member employee's lifetime benefit. His or her monthly retirement benefit is then permanently reduced based on the amount of the lump-sum. Benefit increases, including ad hoc post-retirement benefit increases, must be passed into law by the Kansas Legislature. Benefit increases are under the authority of the Legislature and the Governor of the State of Kansas. The retirement benefits are disbursed from the retirement benefit payment reserve fund as established by K.S.A. 74-4922.

The 2012 Legislature made changes affecting new hires, current member employees 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 accounts balance at retirement.

Contributions

K.S.A. 74-4919 and K.S.A. 74-49,210 establish the KPERS member-employee contributions 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. Kansas law establishes the KPERS member-employee contribution rate at 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member employees' contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

With the exception of contributions made by the College directly to KPERS for KPERS retirees filling KPERS covered positions under K.S.A. 74-4937 (known as "working after retirement" employees), employer contributions for the College's active employees are funded by the State of Kansas on behalf of the employer. Therefore, the College is considered to be in a special funding situation as defined by GASB 68, *Accounting and Financial Reporting for Pensions*. State law provides that the contribution rates paid by the State on behalf of the College be determined based on the results of each annual actuarial valuation. KPERS is funded on an actuarial reserve basis. The statutory contribution rate was 14.41% and 13.21% for the fiscal years ended June 30, 2021 and 2020, respectively.

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

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

At June 30, 2021 and 2020, the College reported a liability for its proportionate share of the KPERS' collective net pension liability that reflected a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the collective net pension liability, the related state support, and the total portion of the collective net pension liability that was associated with the College were as follows:

| | 2021 | 2020 |
|---|---------------|---------------|
| College's proportionate share of the collective net pension liability | \$ 445,402 | \$ 482,815 |
| State's proportionate share of the collective net pension liability associated with the College | 38,911,658 | 34,125,561 |
| | \$ 39,357,060 | \$ 34,608,376 |

The collective net pension liability was measured by KPERS as of June 30, 2020 and 2019, respectively, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2019 and 2018, respectively, which was rolled forward to June 30, 2020 and 2019, respectively. The College's proportion of the collective net pension liability was first based on the ratio of the total actual contributions made for the College (including on behalf contributions from the State and contributions paid by the College) to KPERS, relative to the total employer and nonemployer contributions of the State/School subgroup within KPERS for the fiscal years ended June 30, 2020 and 2019, respectively. The resulting proportion was then allocated to the College based on the ratio of the College's actual contributions paid directly to KPERS for "working after retirement" employees relative to the total employer and nonemployer contributions of the College for the fiscal years ended June 30, 2020 and 2019, respectively. As of the measurement date of June 30, 2020 and 2019, respectively, the College's "working after retirement" contributions were .521% and .528%, respectively, of total contributions made for the College (including on-behalf contributions made by the State). The College's proportion of the collective net pension liability as of the measurement date of June 30, 2020 and 2019, was .0060% and .0075%, respectively.

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Notes to Financial Statements
June 30, 2021 and 2020

At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | 2021 | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience net pension liability | \$ 6,203 | \$ 4,896 |
| Net difference between projected and actual earnings on pension plan investments | 39,462 | - |
| Changes in proportionate share | 116,294 | 278,254 |
| Changes in assumptions | 22,744 | - |
| College contributions subsequent to measurement date | 38,085 | - |
| | \$ 222,788 | \$ 283,150 |

| | 2020 | |
|---|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Difference between expected and actual experience net pension liability | \$ 4,195 | \$ 12,488 |
| Net difference between projected and actual earnings on pension plan investments | 8,025 | - |
| Changes in proportionate share | 204,695 | 315,573 |
| Changes in assumptions | 12,966 | 178 |
| College contributions subsequent to measurement date | 42,479 | - |
| | \$ 272,360 | \$ 328,239 |

Butler County Community College
Notes to Financial Statements
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At June 30, 2021 and 2020, the College reported \$38,085 and \$42,479, respectively, as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability in the years ending June 30, 2021 and 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2021 and 2020, related to pensions will be recognized in pension expense as follows:

| Year Ended June 30 | Deferred Outflows (Inflows) of Resources |
|--------------------|---|
| 2022 | \$ (17,303) |
| 2023 | (34,815) |
| 2024 | (38,231) |
| 2025 | (6,469) |
| 2026 | (1,629) |
| | \$ (98,447) |

For the years ended June 30, 2021 and 2020, the College recognized pension expense and revenue of \$3,711,176 and \$3,396,864, respectively, for support provided by the State in the form of non-employer contributions to KPERS on the College’s behalf. Pension revenue is included in State Appropriations on the Statement of Revenues, Expenses, and Changes in Net Position. For the years ended June 30, 2021 and 2020, College contributions to the plan for “working after retirement” payments were \$38,085 and \$42,479, respectively.

Actuarial Assumptions

The total pension liability for KPERS in the December 31, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.75% |
| Salary increases | 3.25% to 11.75%, including inflation |
| Investment rate of return | 7.50%, net of pension plan investment expense, including inflation |

Mortality rates for December 31, 2019 and 2018, were based on the RP-2014 Mortality tables, as appropriate with adjustments for mortality improvements based on Scale MP -2016.

Butler County Community College
Notes to Financial Statements
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The actuarial assumptions used in the December 31, 2019 and 2018, valuations were based on the results of an actuarial experience study for the three-year period ended December 31, 2018.

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 and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocations as of June 30, 2020 and 2019, are summarized in the following table:

| Asset Class | Target Allocation | Long-term Expected Real Rate of Return |
|------------------------|--------------------------|---|
| U.S. Equities | 24% | 5.20% |
| Non-U.S. Equities | 23% | 6.40% |
| Private Equity | 8% | 9.50% |
| Private Real Estate | 11% | 4.45% |
| Yield Driven | 8% | 4.70% |
| Real Return | 11% | 3.25% |
| Fixed Income | 11% | 1.55% |
| Short Term Investments | 4% | 0.25% |
| | <u>100%</u> | |

Discount Rate

The discount rate used to measure the total pension liability was 7.50% for the years ended December 31, 2019 and 2018. The projection of cash flows used to determine the discount rate assumed that member contributions will be made at the contractually required rate. Participating employer contributions do not necessarily contribute the full actuarial determined rate. Based on legislation passed in 1993, the employer contribution rates certified by KPERS' Board of Trustees for these groups may not increase by more than the statutory cap. The expected KPERS employer statutory contribution was modeled for future years, assuming all actuarial assumptions are met in future years. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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Sensitivity of the College’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the College’s proportionate share of the net pension liability calculated using the discount rate of 7.50%, as well as what the College’s proportionate share of the collective net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.50%) or 1-percentage-point higher (8.50%) than the current rate:

| | 1% Decrease (6.50%) | Current Discount Rate (7.50%) | 1% Increase (8.50%) |
|---|--------------------------------|--|--------------------------------|
| College’s proportionate share of the net pension liability | \$ 590,574 | \$ 445,402 | \$ 323,010 |

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s fiduciary net position is available in the separately issued KPERS’ financial report, available at www.kpers.org.

Note 9: Postemployment Benefits Other Than Pension Plans

Effective July 1, 2016, the College adopted Government Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended and establishes new accounting and financial reporting requirements for OPEB plans.

Plan Description

The College sponsors a single-employer defined benefit healthcare plan (Plan) that provides healthcare benefits, including medical, prescription drug, dental and vision benefits (OPEB) to eligible retirees and their dependents. Retiree health coverage is provided for under K.S.A. 12-5040. Retirees who retire under the Kansas Public Retirement System (KPERS) are eligible for benefits. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided

The Plan provides healthcare and life insurance benefits for retirees and their dependents. Retirees and spouses have the same benefit as active employees. Retiree coverage terminates when the retiree becomes covered under another employer health plan or when the retiree reaches Medicare eligibility age which is currently age 65. Spousal coverage is available until the retiree becomes covered under another employer health plan, attains Medicare eligibility age, or dies.

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

The employees covered by the benefit terms at June 30, 2021 and 2020, are:

| | 2021 | 2020 |
|--|-------------|-------------|
| Active: Professional employees | 147 | 153 |
| Active: Other employees | 252 | 261 |
| Current benefit recipients: Retirees and surviving spouses | 26 | 29 |
| Current benefit recipients: Covered spouses of retirees | 7 | 8 |
| | 432 | 451 |

Total OPEB Liability and Actuarial Assumptions

The College’s total OPEB liability of \$5,459,395 and \$6,379,801 was measured as of June 30, 2021 and 2020, for the years ended June 30, 2021 and 2020, respectively. The OPEB liability as of June 30, 2020, was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2020. The OPEB liability as of June 30, 2021, was determined by an actuarial valuation as of July 1, 2019, rolled forward to June 30, 2021.

The total OPEB liability in the July 1, 2019, actuarial valuations was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|------------------------------|-------------------------------------|
| Discount rate | 2.00% |
| Salary increases | 2.00%, average, including inflation |
| Actuarial cost method | Entry age – level percent-of-pay |
| Health care cost trend rates | 7.00% decreasing to 4.5% |

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

For June 30, 2021, mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2020 Full Generational Improvement. For June 30, 2020, mortality rates were based on Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2019 Full Generational Improvement.

The actuarial assumptions used in the July 1, 2019, actuarial valuation was based on the results of an actuarial experience study conducted by evaluating the group plan experience from the College using historical data.

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

Changes in the Total OPEB Liability

Changes in the total OPEB liability are:

| | <u>2021</u> | <u>2020</u> |
|--|---------------------|---------------------|
| Balance, beginning of year | \$ 6,379,801 | \$ 6,468,407 |
| Changes for the year | | |
| Service cost | 494,615 | 495,041 |
| Interest cost | 173,511 | 203,812 |
| Changes in benefit terms | (272,095) | - |
| Differences between actual and expected experience | (124,865) | (668,941) |
| Changes in assumptions and inputs | (789,706) | 220,907 |
| Employer contributions (benefit payments) | <u>(401,866)</u> | <u>(339,425)</u> |
| Net changes | <u>(920,406)</u> | <u>(88,606)</u> |
| Balance, end of year | <u>\$ 5,459,395</u> | <u>\$ 6,379,801</u> |

Changes in assumptions reflect a change in the discount rate from 2.6% at the beginning of the year to 2.0% at the end of the year.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Health Care Cost Trend Rates

The total OPEB liability of the College has been calculated using a discount rate of 2.0%. The following presents the total OPEB liability using a discount rate 1% higher and 1% lower than the current discount rate.

| | 1% Decrease (1.00%) | Current Discount Rate (2.00%) | 1% Increase (3.00%) |
|----------------------|--------------------------------|--|--------------------------------|
| Total OPEB liability | <u>\$ 5,871,417</u> | <u>\$ 5,459,395</u> | <u>\$ 5,074,465</u> |

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

The total OPEB liability of the College has been calculated using health care cost trend rates of 6.50%. The following presents the total OPEB liability using health care cost trend rates 1% higher and 1% lower than the current health care cost trend rates.

| | 1% Decrease (5.50%) | Health Care Cost Trend Rate (6.50%) | 1% Increase (7.50%) |
|----------------------|--------------------------------|--|--------------------------------|
| Total OPEB liability | \$ 4,893,956 | \$ 5,459,395 | \$ 6,128,535 |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the years ended June 30, 2021 and 2020, the College recognized OPEB expense of \$162,066 and \$541,102, respectively. At June 30, 2021 and 2020, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | 2021 | |
|--|---|--|
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ 909,088 |
| Changes in assumptions | 184,089 | 1,346,015 |
| | \$ 184,089 | \$ 2,255,103 |
| | 2020 | |
| | Deferred Outflows of Resources | Deferred Inflows of Resources |
| Differences between expected and actual experience | \$ - | \$ 882,567 |
| Changes in assumptions | 202,498 | 710,339 |
| | \$ 202,498 | \$ 1,592,906 |

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

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

| | Deferred Inflows of Resources |
|--------------------|--|
| Year ended June 30 | |
| 2022 | \$ (233,965) |
| 2023 | (233,965) |
| 2024 | (233,965) |
| 2025 | (233,965) |
| 2026 | (233,965) |
| Thereafter | (901,189) |
| | \$ (2,071,014) |

Note 10: Pledges Receivable – Foundation

Unconditional promises to give at June 30 are summarized as follows:

| | 2021 | 2020 |
|--|-------------|-------------|
| Total pledges receivable | \$ 403,596 | \$ 620,403 |
| Less unamortized discount | (14,298) | (23,669) |
| Less allowance for uncollectible pledges | (22,500) | (35,000) |
| Net pledges receivable | 366,798 | 561,734 |
| Less pledges receivable, current portion | (204,172) | (326,345) |
| Pledges receivable, long-term | \$ 162,626 | \$ 235,389 |
| Amounts due in: | | |
| Less than one year | \$ 226,672 | \$ 361,345 |
| One to five years | 176,924 | 229,058 |
| Five to ten years | - | 30,000 |
| | \$ 403,596 | \$ 620,403 |

An imputed interest rate of 4% was used in discounting long-term pledges to give.

The allowance for uncollectible pledges is based on historical collection rates and an analysis of the collectability of individual promises.

Butler County Community College

Notes to Financial Statements

June 30, 2021 and 2020

The Foundation has been notified that it is designated as a beneficiary of other wills, trusts and insurance policies. These gifts are revocable and are not recognized within the accompanying financial statement due to their conditional nature.

Note 11: Endowments – Foundation

The Foundation's endowments consist of over two hundred funds established to support a variety of scholarships, programs, and departments at Butler County Community College. Its endowments consist of both donor-restricted endowment funds and funds designated by the Board of Trustees (Board) to function as endowments. As required by generally accepted accounting principles, net position associated with endowment funds, including funds designated by the Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Board of the Foundation has interpreted the *State of Kansas Prudent Management of Institutional Funds Act* (SPMIFA), subject to expressed intent of the donor, as allowing appropriation for expenditure or accumulation so much of an endowment fund as the Foundation determines is prudent for the uses, benefits, purposes and duration for which the endowment fund is established. As a result of this interpretation, the Foundation classifies as restricted net position – non-expendable (a) the original expressed value of gifts donated to the permanent endowment, (b) the expressed original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in restricted net position – non-expendable is classified as restricted net position – expendable in accordance with the direction of the donor. In accordance with SPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. Duration and preservation of the fund
2. Purposes of the Organization and the fund
3. General economic conditions
4. Possible effect of inflation and deflation
5. Expected total return from investment income and appreciation or depreciation of investments
6. Other resources of the Organization
7. Investment policies of the Organization

Return Objectives and Risk Parameters

The Foundation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to the programs supported by the endowments. The endowment assets are invested in a manner that is intended to produce results similar to the S&P 500 index while assuming a moderate level of investment risk.

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

Spending Policy

The Foundation has a policy of appropriating for distribution each year approximately 5 percent of its endowment funds' average appreciation over the prior five years preceding the fiscal year in which the distribution is planned. Because this amount is calculated for the next fiscal year, the amount appropriated for the following year is included in restricted net position – expendable in the current year and released to unrestricted net position in the next fiscal year.

In establishing this policy, the Foundation considered the long-term expected returns on its endowment investments. Accordingly, over the long-term, the Foundation expects the current spending policy will allow its endowment to retain the original fair value of the gift.

Strategies Employed for Achieving Objectives

The Foundation relies on a total return strategy in which investment returns are achieved through capital appreciation and current yield (interest and dividends). The Foundation targets a diversified asset allocation that emphasizes fixed income securities to achieve its long-term objectives within prudent risk constraints.

The composition of net assets by type of endowment fund at June 30, 2021 and 2020, was:

| | 2021 | | | |
|----------------------------------|--------------------------------------|---------------------------------|---------------------------|---------------|
| | Without Donor Restriction | With Donor Restrictions | | Total |
| | | Purpose Restrictions | For Perpetuity | |
| Donor restricted endowment funds | \$ - | \$ 6,187,287 | \$ 11,270,748 | \$ 17,458,035 |
| Board designated endowment funds | 49,941 | - | - | 49,941 |
| | \$ 49,941 | \$ 6,187,287 | \$ 11,270,748 | \$ 17,507,976 |
| | 2020 | | | |
| | Without Donor Restriction | With Donor Restrictions | | Total |
| | | Purpose Restrictions | For Perpetuity | |
| Donor restricted endowment funds | \$ - | \$ 3,642,387 | \$ 10,851,034 | \$ 14,493,421 |
| Board designated endowment funds | 49,941 | - | - | 49,941 |
| | \$ 49,941 | \$ 3,642,387 | \$ 10,851,034 | \$ 14,543,362 |

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

Changes in endowment net position for the years ended June 30, 2021 and 2020, were:

| | 2021 | | | |
|--|--------------------------------------|---------------------------------|---------------------------|----------------------|
| | Without Donor Restriction | With Donor Restrictions | | Total |
| | | Purpose Restrictions | For Perpetuity | |
| Net position, beginning of year | \$ 49,941 | \$ 3,642,387 | \$ 10,851,034 | \$ 14,543,362 |
| Investment income | - | 3,192,767 | - | 3,192,767 |
| Changes in donor restrictions | - | (63,498) | 63,498 | - |
| Contributions | - | 524,334 | 356,216 | 880,550 |
| Other income | - | 8,051 | - | 8,051 |
| Appropriation of endowment assets for expenditure | - | (1,116,754) | - | (1,116,754) |
| Net position, end of year | <u>\$ 49,941</u> | <u>\$ 6,187,287</u> | <u>\$ 11,270,748</u> | <u>\$ 17,507,976</u> |
| | 2020 | | | |
| | Without Donor Restriction | With Donor Restrictions | | Total |
| | | Purpose Restrictions | For Perpetuity | |
| Net position, beginning of year | \$ 49,941 | \$ 3,808,499 | \$ 10,345,659 | \$ 14,204,099 |
| Investment income | - | 373,571 | - | 373,571 |
| Changes in donor restrictions | - | (100,444) | 100,444 | - |
| Contributions | - | 563,598 | 404,931 | 968,529 |
| Other income | - | 15,727 | - | 15,727 |
| Appropriation of endowment assets for expenditure | - | (1,018,564) | - | (1,018,564) |
| Net position, end of year | <u>\$ 49,941</u> | <u>\$ 3,642,387</u> | <u>\$ 10,851,034</u> | <u>\$ 14,543,362</u> |

Note 12: Commitments and Contingencies

Government Grants

The College participates in a number of federal and state assisted grant programs that are subject to financial and compliance audits by the grantor agencies or their designees. Accordingly, the College's compliance with applicable grant requirements and any disallowed costs resulting from such audits, if any, could become a liability of the College. It is management's opinion that any such disallowed costs will not have a material effect on the financial statements of the College at June 30, 2021 and 2020.

Butler County Community College
Notes to Financial Statements
June 30, 2021 and 2020

Litigation

The College is subject to claims and lawsuits that arise primarily in the ordinary course of its activities. The College evaluates such allegations by conducting investigations to determine the validity of each potential claim. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the statements of net position, change in net position and cash flows of the College. Events could occur that would change this estimate materially in the near term.

Note 13: Risk Management

The College is exposed to various risks of loss from torts; theft of, damage to, and destruction of assets; errors and omissions; employee injuries and illnesses; and natural disasters. Commercial insurance coverage is purchased for claims arising from such matters. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

Note 14: Adoption of Governmental Accounting Boards Statements

In 2021, the College adopted Governmental Accounting Standards Board Statement No. 84, *Fiduciary Activities* and Governmental Accounting Standards Board Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*. These standards, among other things, provide guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. Criteria for identifying activities a government should report as fiduciary, including Business-Type Activities (BTA), focus on whether component units, if any, are fiduciary component units and whether the assets of other activities meet certain control and other criterion. Upon evaluation by the College, it was determined that the College's agency funds were fiduciary activities custodial funds and required to be reported under these standards.

Note 15: Subsequent Events

The College closed on Refunding Certificates of Participation Series 2021 for \$4,345,000 on August 3, 2021. The funds were used to refund the 2013 Certificates of Participation and 2013B Certificates of Participation.

In August of 2021, the College entered into an agreement with Atlas Electric for electronic infrastructure work and Arc Flash assessment upgrades for \$794,100.

On December 15, 2021, the College sold property to Heritage Landing, LLC for \$2,090,880 for approximately four acres at 110 East 21st Street, Andover Kansas.

Required Supplementary Information

Butler County Community College
Schedule of the College's Proportionate Share of the Net Pension Liability
Kansas Public Employees Retirement System
Last 10 Fiscal Years*

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| Measurement date | June 30, 2020 | June 30, 2019 | June 30, 2018 | June 30, 2017 | June 30, 2016 | June 30, 2015 | June 30, 2014 | June 30, 2013 |
| College's proportion of the collective net pension liability | 0.00596% | 0.00747% | 0.00970% | 0.01288% | 0.00599% | 0.00941% | 0.00000% | 0.00000% |
| College's proportionate share of the collective net pension liability | \$ 445,402 | \$ 482,815 | \$ 632,843 | \$ 865,336 | \$ 402,608 | \$ 651,561 | \$ - | \$ - |
| State's proportionate share of the collective net pension liability associated with the College | 38,911,658 | 34,125,561 | 34,890,866 | 36,340,102 | 37,535,499 | 36,857,961 | 36,994,461 | 39,917,397 |
| Total | <u>\$ 39,357,060</u> | <u>\$ 34,608,376</u> | <u>\$ 35,523,709</u> | <u>\$ 37,205,438</u> | <u>\$ 37,938,107</u> | <u>\$ 37,509,522</u> | <u>\$ 36,994,461</u> | <u>\$ 39,917,397</u> |
| College's covered payroll | \$ 26,504,353 | \$ 25,819,381 | \$ 25,463,314 | \$ 23,705,497 | \$ 23,494,662 | \$ 25,142,766 | \$ 25,666,659 | \$ 23,666,659 |
| College's proportionate share of the collective net pension liability as a percentage of its covered payroll | 1.68% | 1.87% | 2.49% | 3.65% | 1.71% | 2.59% | 0.00% | 0.00% |
| Plan (KPERs) fiduciary net position as a percentage of the total pension liability | 66.30% | 69.88% | 68.88% | 67.12% | 65.10% | 64.95% | 66.60% | 59.94% |

*The amounts presented for each fiscal year were determined as of June 30.

Note: This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Butler County Community College
Schedule of College Pension Contributions
Kansas Public Employees Retirement System
Last 10 Fiscal Years*

| | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|---------------|---------------|
| Contractually required contribution | \$ 38,085 | \$ 42,479 | \$ 79,384 | \$ 54,580 | \$ 65,450 | \$ 28,086 | \$ - | \$ - |
| Contributions in relation to the contractually required contribution | <u>(38,085)</u> | <u>(42,479)</u> | <u>(79,384)</u> | <u>(54,580)</u> | <u>(65,450)</u> | <u>(28,086)</u> | <u>-</u> | <u>-</u> |
| Contribution deficiency (excess) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| College's covered payroll | \$ 24,807,587 | \$ 26,504,353 | \$ 25,819,381 | \$ 25,463,314 | \$ 23,705,497 | \$ 23,494,662 | \$ 25,142,766 | \$ 25,666,659 |
| Contributions as a percentage of covered payroll | 0.15% | 0.16% | 0.31% | 0.27% | 0.13% | 0.00% | 0.00% | 0.00% |

*The amounts presented for each fiscal year were determined as of June 30.

Notes to Schedule:

Contractually required contributions for the College consist of “working after retirement” contribution for KPERS retirees who are filing KPERS covered positions as College employees under K.S.A. 74-4937.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Butler County Community College
Schedule of Changes in the College's Total OPEB Liability and Related Ratios
Last 10 Fiscal Years

| | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Total OPEB Liability | | | | | |
| Service cost | \$ 494,615 | \$ 495,041 | \$ 463,315 | \$ 475,446 | \$ 515,495 |
| Interest | 173,511 | 203,812 | 230,734 | 256,197 | 205,376 |
| Changes of benefit terms | (272,095) | - | - | (512,110) | - |
| Differences between actual and expected experience | (124,865) | (668,941) | (130,023) | (224,110) | - |
| Changes in assumptions or other inputs | (789,706) | 220,907 | (437,504) | (145,740) | (387,184) |
| Employer contributions (benefit payments) | <u>(401,866)</u> | <u>(339,425)</u> | <u>(373,463)</u> | <u>(388,186)</u> | <u>(341,687)</u> |
| Net change in total OPEB liability | (920,406) | (88,606) | (246,941) | (538,503) | (8,000) |
| Total OPEB liability - beginning | <u>6,379,801</u> | <u>6,468,407</u> | <u>6,715,348</u> | <u>7,253,851</u> | <u>7,261,851</u> |
| Total OPEB liability - ending | <u>\$ 5,459,395</u> | <u>\$ 6,379,801</u> | <u>\$ 6,468,407</u> | <u>\$ 6,715,348</u> | <u>\$ 7,253,851</u> |
| Covered employee payroll | \$ 20,726,004 | \$ 20,679,413 | \$ 20,679,413 | \$ 18,911,458 | \$ 18,911,458 |
| Contributions as a percentage of covered employee payroll | 26.34% | 30.85% | 31.28% | 35.51% | 38.36% |

Notes to Schedule:

No assets are accumulated in a trust to pay related benefits.

Changes of assumptions.

- Retirement and turnover assumptions were updated to reflect the latest statistics from KPERS. In particular, retirement probabilities were lowered at various ages
- The assumed mortality was updated to reflect the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2020 Full Generational Improvement
- The discount rate changed from 2.6% to 2.0%

This schedule is presented as of the measurement date for the fiscal year.

This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, governments should present information for those years for which information is available.

Supplementary Information

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
General Fund
(Legal Basis)
Year Ended June 30, 2021

| | <u>Actual</u> | <u>Original and Final Budget</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|----------------------|--|---|
| Fund Balance, Legal, July 1, 2020 | \$ 12,803,522 | \$ 12,562,880 | \$ 240,642 |
| Revenue and Transfers | | | |
| Local property taxes | 14,522,728 | 14,943,246 | (420,518) |
| Federal grants | - | 795,853 | (795,853) |
| State appropriations | 11,293,371 | 11,294,336 | (965) |
| Student tuition and fees | 14,141,074 | 20,448,582 | (6,307,508) |
| Investment income | 94,664 | 200,000 | (105,336) |
| Cancellation of prior year encumbrances | 152,274 | - | 152,274 |
| Other | 4,472,578 | 2,160,119 | 2,312,459 |
| Transfers among funds - additions | 1,600,334 | - | 1,600,334 |
| | <u>46,277,023</u> | <u>49,842,136</u> | <u>(3,565,113)</u> |
| Total revenue and transfers | | | |
| Expenditures, Encumbrances and Transfers | | | |
| Instruction | 12,559,675 | 16,156,253 | 3,596,578 |
| Academic support | 2,000,935 | 3,114,709 | 1,113,774 |
| Student services | 5,353,262 | 7,720,468 | 2,367,206 |
| Institutional support | 8,180,976 | 10,671,806 | 2,490,830 |
| Operation and maintenance of plant | 4,982,999 | 7,122,427 | 2,139,428 |
| Student scholarships | 2,881,580 | 3,216,947 | 335,367 |
| Transfers among funds - deductions | 4,155,694 | 5,800,000 | 1,644,306 |
| | <u>40,115,121</u> | <u>53,802,610</u> | <u>(13,687,489)</u> |
| Total education and general | | | |
| Total expenditures, encumbrances and transfers | <u>40,115,121</u> | <u>53,802,610</u> | <u>13,687,489</u> |
| Revenue and Transfers Over (Under) Expenditures and Encumbrances | <u>6,161,902</u> | <u>(3,960,474)</u> | <u>10,122,376</u> |
| Fund Balance, Legal, June 30, 2021 | <u>\$ 18,965,424</u> | <u>\$ 8,602,406</u> | <u>\$ 10,363,018</u> |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
General Fund
(Legal Basis)
Year Ended June 30, 2020

| | <u>Actual</u> | <u>Original and Final Budget</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|----------------------|--|---|
| Fund Balance, Legal, July 1, 2019 | \$ 14,404,767 | \$ 14,659,572 | \$ (254,805) |
| Revenue and Transfers | | | |
| Local property taxes | 14,898,621 | 15,977,530 | (1,078,909) |
| Federal grants | 801,617 | - | 801,617 |
| State appropriations | 10,947,628 | 10,938,918 | 8,710 |
| Student tuition and fees | 14,399,315 | 18,500,000 | (4,100,685) |
| Investment income | 275,655 | 150,000 | 125,655 |
| Cancellation of prior year encumbrances | 160,741 | - | 160,741 |
| Other | 1,018,239 | 4,000,000 | (2,981,761) |
| Transfers among funds - additions | 694,940 | - | 694,940 |
| Total revenue and transfers | <u>43,196,756</u> | <u>49,566,448</u> | <u>(6,369,692)</u> |
| Expenditures, Encumbrances and Transfers | | | |
| Instruction | 13,352,464 | 19,397,827 | 6,045,363 |
| Academic support | 2,568,838 | 3,532,426 | 963,588 |
| Student services | 6,368,434 | 8,944,912 | 2,576,478 |
| Institutional support | 9,345,036 | 10,367,639 | 1,022,603 |
| Operation and maintenance of plant | 6,200,086 | 5,432,051 | (768,035) |
| Student scholarships | 2,653,266 | 4,300,457 | 1,647,191 |
| Transfers among funds - deductions | 4,309,877 | 8,300,000 | 3,990,123 |
| Total expenditures, encumbrances and transfers | <u>44,798,001</u> | <u>60,275,312</u> | <u>(15,477,311)</u> |
| Revenue and Transfers Over (Under) Expenditures and Encumbrances | <u>(1,601,245)</u> | <u>(10,708,864)</u> | <u>9,107,619</u> |
| Fund Balance, Legal, June 30, 2020 | <u>\$ 12,803,522</u> | <u>\$ 3,950,708</u> | <u>\$ 8,852,814</u> |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Postsecondary Technical Education Fund
(Legal Basis)
Year Ended June 30, 2021

| | <u>Actual</u> | <u>Original and Final Budget</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|----------------------------|--|---|
| Fund Balance, Legal, July 1, 2020 | \$ 2,653,255 | \$ 2,651,886 | \$ 1,369 |
| Revenue and Transfers | | | |
| State appropriations | 4,967,437 | 5,078,298 | (110,861) |
| Student tuition and fees | 5,310,594 | 5,874,276 | (563,682) |
| Cancellation of prior year encumbrances | 18,200 | - | 18,200 |
| Other | 59,728 | - | 59,728 |
| Transfers among funds - additions | <u>2,000,000</u> | <u>3,000,000</u> | <u>(1,000,000)</u> |
| Total revenue and transfers | <u>12,355,959</u> | <u>13,952,574</u> | <u>(1,596,615)</u> |
| Expenditures, Encumbrances and Transfers | | | |
| Instruction | 4,875,473 | 5,718,405 | 842,932 |
| Academic support | 1,210,706 | 1,323,154 | 112,448 |
| Student services | 1,298,914 | 1,235,904 | (63,010) |
| Institutional support | 3,287,234 | 2,871,320 | (415,914) |
| Operation and maintenance of plant | 911,260 | 856,160 | (55,100) |
| Student scholarships | 587,471 | 1,041,115 | 453,644 |
| Transfers among funds - reductions | <u>646,530</u> | <u>120,000</u> | <u>(526,530)</u> |
| Total expenditures, encumbrances and transfers | <u>12,817,588</u> | <u>13,166,058</u> | <u>348,470</u> |
| Revenue and Transfers Over (Under) Expenditures and Encumbrances | <u>(461,629)</u> | <u>786,516</u> | <u>(1,248,145)</u> |
| Fund Balance, Legal, June 30, 2021 | <u><u>\$ 2,191,626</u></u> | <u><u>\$ 3,438,402</u></u> | <u><u>\$ (1,246,776)</u></u> |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Postsecondary Technical Education Fund
(Legal Basis)
Year Ended June 30, 2020

| | <u>Actual</u> | <u>Original and Final Budget</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|---------------------|--|---|
| Fund Balance, Legal, July 1, 2019 | \$ 2,089,285 | \$ 2,099,889 | \$ (10,604) |
| Revenue and Transfers | | | |
| State appropriations | 5,024,885 | 4,931,480 | 93,405 |
| Student tuition and fees | 5,353,291 | 5,900,000 | (546,709) |
| Cancellation of prior year encumbrances | 7,894 | - | 7,894 |
| Other | 369,409 | 15,000 | 354,409 |
| Transfers among funds - additions | <u>1,500,000</u> | <u>5,000,000</u> | <u>(3,500,000)</u> |
| Total revenue and transfers | <u>12,255,479</u> | <u>15,846,480</u> | <u>(3,591,001)</u> |
| Expenditures, Encumbrances and Transfers | | | |
| Instruction | 5,083,780 | 5,434,988 | 351,208 |
| Academic support | 1,167,970 | 1,878,485 | 710,515 |
| Student services | 1,092,802 | 1,815,268 | 722,466 |
| Institutional support | 2,538,857 | 3,458,605 | 919,748 |
| Operation and maintenance of plant | 757,027 | 1,075,389 | 318,362 |
| Student scholarships | 920,566 | 699,040 | (221,526) |
| Transfers among funds - reductions | <u>130,507</u> | <u>700,000</u> | <u>569,493</u> |
| Total expenditures, encumbrances and transfers | <u>11,691,509</u> | <u>15,061,775</u> | <u>3,370,266</u> |
| Revenue and Transfers Over (Under) Expenditures and Encumbrances | <u>563,970</u> | <u>784,705</u> | <u>(220,735)</u> |
| Fund Balance, Legal, June 30, 2020 | <u>\$ 2,653,255</u> | <u>\$ 2,884,594</u> | <u>\$ (231,339)</u> |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Adult Basic Education Fund
(Legal Basis)
Year Ended June 30, 2021

| | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) |
|---|---------------|--|---|
| Fund Balance, Legal, July 1, 2020 | \$ 4,499 | \$ - | \$ 4,499 |
| Revenue and Transfers | | | |
| Federal grants | 205,580 | 253,816 | (48,236) |
| State appropriations | 82,413 | 96,437 | (14,024) |
| Other | 20 | 181,629 | (181,609) |
| Transfers among funds - additions | 124,519 | - | 124,519 |
| Total revenue and transfers | 412,532 | 531,882 | (119,350) |
| Expenditures and Encumbrances | | | |
| Instruction | 417,031 | 531,882 | 114,851 |
| Revenue and Transfers Over (Under) | | | |
| Expenditures and Encumbrances | (4,499) | - | (4,499) |
| Fund Balance, Legal, June 30, 2021 | \$ - | \$ - | \$ - |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Adult Supplementary Education Fund
(Legal Basis)
Year Ended June 30, 2021

| | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) |
|---|---------------|--|---|
| Fund Balance, Legal, July 1, 2020 | \$ - | \$ - | \$ - |
| Revenue and Transfers | | | |
| Other | 129,344 | 506,075 | (376,731) |
| Transfers among funds - additions | 57,548 | - | 57,548 |
| Total revenue and transfers | 186,892 | 506,075 | (319,183) |
| Expenditures and Encumbrances | | | |
| Instruction | 186,892 | 506,075 | 319,183 |
| Revenue and Transfers Over (Under) | | | |
| Expenditures and Encumbrances | - | - | - |
| Fund Balance, Legal, June 30, 2021 | \$ - | \$ - | \$ - |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Motorcycle Driver Safety Fund
(Legal Basis)
Year Ended June 30, 2021

| | <u>Actual</u> | <u>Original and Final Budget</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|--------------------|--|---|
| Fund Balance, Legal, July 1, 2020 | \$ - | \$ - | \$ - |
| Revenue and Transfers | | | |
| State appropriations | <u>1,950</u> | <u>13,000</u> | <u>(11,050)</u> |
| Expenditures and Encumbrances | | | |
| Instruction | <u>1,950</u> | <u>13,000</u> | <u>11,050</u> |
| Revenue and Transfers Over (Under) | | | |
| Expenditures and Encumbrances | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund Balance, Legal, June 30, 2021 | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Capital Outlay
(Legal Basis)
Year Ended June 30, 2021

| | <u>Actual</u> | <u>Original and Final Budget</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|---------------|--|---|
| Fund Balance, Legal, July 1, 2020 | \$ 878,993 | \$ 855,526 | \$ 23,467 |
| Revenue and Transfers | | | |
| Local property taxes | 1,664,292 | 1,685,470 | (21,178) |
| Expenditures and Encumbrances | | | |
| Principal and bonds | 645,000 | 1,290,000 | 645,000 |
| Interest and fees | 33,949 | 10,511 | (23,438) |
| Operation and maintenance of plant | 111,686 | 1,095,309 | 983,623 |
| Total expenditures and encumbrances | 790,635 | 2,395,820 | 1,605,185 |
| Revenue and Transfers Over (Under) Expenditures and Encumbrances | 873,657 | (710,350) | 1,584,007 |
| Fund Balance, Legal, June 30, 2021 | \$ 1,752,650 | \$ 145,176 | \$ 1,607,474 |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Capital Outlay
(Legal Basis)
Year Ended June 30, 2020

| | <u>Actual</u> | <u>Original and Final Budget</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|-------------------|--|---|
| Fund Balance, Legal, July 1, 2019 | \$ 516,738 | \$ 1,144,318 | \$ (627,580) |
| Revenue and Transfers | | | |
| Local property taxes | <u>1,642,255</u> | <u>1,672,594</u> | <u>(30,339)</u> |
| Expenditures and Encumbrances | | | |
| Principal and bonds | 1,280,000 | 1,270,000 | (10,000) |
| Interest and fees | - | 29,818 | 29,818 |
| Cash-Basis reserve | <u>-</u> | <u>75,182</u> | <u>75,182</u> |
| Total expenditures and encumbrances | <u>1,280,000</u> | <u>1,375,000</u> | <u>95,000</u> |
| Revenue and Transfers Over (Under) Expenditures and Encumbrances | <u>362,255</u> | <u>297,594</u> | <u>64,661</u> |
| Fund Balance, Legal, June 30, 2020 | <u>\$ 878,993</u> | <u>\$ 1,441,912</u> | <u>\$ (562,919)</u> |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Auxiliary Enterprises
(Legal Basis)
Year Ended June 30, 2021

| | Student Union and Dormitory | | | Educare Center | | |
|--|-----------------------------|---------------------------------|--|--------------------|---------------------------------|--|
| | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) |
| Fund Balance, Legal, July 1, 2020 | \$ 4,077,323 | \$ 4,031,131 | \$ 46,192 | \$ - | \$ - | \$ - |
| Revenue and Transfers | | | | | | |
| Student sources | 126,360 | 220,000 | (93,640) | - | - | - |
| Bookstore sales, dorm rental, meal tickets, gate receipts and concessions | 4,301,085 | 6,000,000 | (1,698,915) | - | - | - |
| Child care services | - | - | - | - | - | - |
| Cancellation of prior year encumbrances | 131,014 | - | 131,014 | 10,529 | - | 10,529 |
| Other | 5,793 | - | 5,793 | - | - | - |
| Transfers among funds - additions | 69,517 | - | 69,517 | - | - | - |
| Total revenue and transfers | <u>4,633,769</u> | <u>6,220,000</u> | <u>(1,586,231)</u> | <u>10,529</u> | <u>-</u> | <u>10,529</u> |
| Expenditures, Encumbrances and Transfers | | | | | | |
| Education and general | | | | | | |
| Cost of books, supplies and meals sold | 2,419,104 | 3,540,715 | 1,121,611 | - | - | - |
| Salaries | 892,745 | 1,898,879 | 1,006,134 | - | - | - |
| Operating expense | 503,302 | 961,481 | 458,179 | - | - | - |
| Equipment | 53,657 | 98,925 | 45,268 | - | - | - |
| Transfers among funds - deductions | 364,224 | 1,000,000 | 635,776 | 30,039 | - | (30,039) |
| Total expenditures, encumbrances and transfers | <u>4,233,032</u> | <u>7,500,000</u> | <u>3,266,968</u> | <u>30,039</u> | <u>-</u> | <u>(30,039)</u> |
| Revenue and Transfers Over (Under) | | | | | | |
| Expenditures and Encumbrances | <u>400,737</u> | <u>(1,280,000)</u> | <u>1,680,737</u> | <u>(19,510)</u> | <u>-</u> | <u>(19,510)</u> |
| Fund Balance, Legal, June 30, 2021 | <u>\$ 4,478,060</u> | <u>\$ 2,751,131</u> | <u>\$ 1,726,929</u> | <u>\$ (19,510)</u> | <u>\$ -</u> | <u>\$ (19,510)</u> |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Auxiliary Enterprises (Continued)
(Legal Basis)
Year Ended June 30, 2021

| | Parking | | | Total | | |
|--|---------|---------------------------------|--|--------------|---------------------------------|--|
| | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) |
| Fund Balance, Legal, July 1, 2020 | \$ - | \$ - | \$ - | \$ 4,077,323 | \$ 4,031,131 | \$ 46,192 |
| Revenue and Transfers | | | | | | |
| Student sources | - | - | - | 126,360 | 220,000 | (93,640) |
| Bookstore sales, dorm rental, meal tickets, gate receipts and concessions | - | - | - | 4,301,085 | 6,000,000 | (1,698,915) |
| Child care services | - | - | - | - | - | - |
| Cancellation of prior year encumbrances | - | - | - | 141,543 | - | 141,543 |
| Other | - | - | - | 5,793 | - | 5,793 |
| Transfers among funds - additions | - | - | - | 69,517 | - | 69,517 |
| Total revenue and transfers | - | - | - | 4,644,298 | 6,220,000 | (1,575,702) |
| Expenditures, Encumbrances and Transfers | | | | | | |
| Education and general | | | | | | |
| Cost of books, supplies and meals sold | - | - | - | 2,419,104 | 3,540,715 | 1,121,611 |
| Salaries | - | - | - | 892,745 | 1,898,879 | 1,006,134 |
| Operating expense | - | - | - | 503,302 | 961,481 | 458,179 |
| Equipment | - | - | - | 53,657 | 98,925 | 45,268 |
| Transfers among funds - deductions | - | - | - | 394,263 | 1,000,000 | 605,737 |
| Total expenditures, encumbrances and transfers | - | - | - | 4,263,071 | 7,500,000 | 3,236,929 |
| Revenue and Transfers Over (Under) | | | | | | |
| Expenditures and Encumbrances | - | - | - | 381,227 | (1,280,000) | 1,661,227 |
| Fund Balance, Legal, June 30, 2021 | \$ - | \$ - | \$ - | \$ 4,458,550 | \$ 2,751,131 | \$ 1,707,419 |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Auxiliary Enterprises
(Legal Basis)
Year Ended June 30, 2020

| | Student Union and Dormitory | | | Educare Center | | |
|---|-----------------------------|---------------------------------|--|----------------|---------------------------------|--|
| | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) |
| Fund Balance, Legal, July 1, 2019 | \$ 3,772,445 | \$ 3,787,472 | \$ (15,027) | \$ - | \$ (148) | \$ 148 |
| Revenue and Transfers | | | | | | |
| Student sources | 211,526 | 1,000,000 | (788,474) | - | - | - |
| Bookstore sales, dorm rental, meal tickets, gate receipts and concessions | 4,774,988 | 5,000,000 | (225,012) | - | 600,148 | (600,148) |
| Child care services | - | - | - | 439,248 | - | 439,248 |
| Cancellation of prior year encumbrances | 56,297 | - | 56,297 | - | - | - |
| Other | 76,726 | 400,000 | (323,274) | 133,068 | - | 133,068 |
| Transfers among funds - additions | 180,244 | - | 180,244 | - | - | - |
| Total revenue and transfers | 5,299,781 | 6,400,000 | (1,100,219) | 572,316 | 600,148 | (27,832) |
| Expenditures, Encumbrances and Transfers | | | | | | |
| Education and general | | | | | | |
| Cost of books, supplies and meals sold | 2,768,600 | 2,800,000 | 31,400 | 58,560 | 70,000 | 11,440 |
| Salaries | 998,930 | 1,900,000 | 901,070 | 503,770 | 485,000 | (18,770) |
| Operating expense | 633,402 | 2,560,240 | 1,926,838 | 8,940 | 40,000 | 31,060 |
| Equipment | 123,972 | 240,000 | 116,028 | 1,046 | 5,000 | 3,954 |
| Transfers among funds - deductions | 469,999 | - | (469,999) | - | - | - |
| Total expenditures, encumbrances and transfers | 4,994,903 | 7,500,240 | 2,505,337 | 572,316 | 600,000 | 27,684 |
| Revenue and Transfers Over (Under) | | | | | | |
| Expenditures and Encumbrances | 304,878 | (1,100,240) | 1,405,118 | - | 148 | (148) |
| Fund Balance, Legal, July 1, 2020 | \$ 4,077,323 | \$ 2,687,232 | \$ 1,390,091 | \$ - | \$ - | \$ - |

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Auxiliary Enterprises (Continued)
(Legal Basis)
Year Ended June 30, 2020

| | Parking | | | Total | | |
|---|--------------|---------------------------------|--|---------------------|---------------------------------|--|
| | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) | Actual | Original and Final Budget | Variance With Final Budget Positive (Negative) |
| Fund Balance, Legal, July 1, 2019 | \$ 439 | \$ 439 | \$ - | \$ 3,772,884 | \$ 3,787,763 | \$ (14,879) |
| Revenue and Transfers | | | | | | |
| Student sources | - | - | - | 211,526 | 1,000,000 | (788,474) |
| Bookstore sales, dorm rental, meal tickets, gate receipts and concessions | - | - | - | 4,774,988 | 5,600,148 | (825,160) |
| Child care services | - | - | - | 439,248 | - | 439,248 |
| Cancellation of prior year encumbrances | - | - | - | 56,297 | - | 56,297 |
| Other | - | 1,561 | (1,561) | 209,794 | 401,561 | (191,767) |
| Transfers among funds - additions | - | - | - | 180,244 | - | 180,244 |
| | <u>-</u> | <u>1,561</u> | <u>(1,561)</u> | <u>5,872,097</u> | <u>7,001,709</u> | <u>(1,129,612)</u> |
| Total revenue and transfers | <u>-</u> | <u>1,561</u> | <u>(1,561)</u> | <u>5,872,097</u> | <u>7,001,709</u> | <u>(1,129,612)</u> |
| Expenditures, Encumbrances and Transfers | | | | | | |
| Education and general | | | | | | |
| Cost of books, supplies and meals sold | - | - | - | 2,827,160 | 2,870,000 | 42,840 |
| Salaries | - | - | - | 1,502,700 | 2,385,000 | 882,300 |
| Operating expense | - | - | - | 642,342 | 2,600,240 | 1,957,898 |
| Equipment | 439 | - | (439) | 125,457 | 245,000 | 119,543 |
| Transfers among funds - deductions | - | 2,000 | 2,000 | 469,999 | 2,000 | (467,999) |
| | <u>-</u> | <u>2,000</u> | <u>2,000</u> | <u>469,999</u> | <u>2,000</u> | <u>(467,999)</u> |
| Total expenditures, encumbrances and transfers | <u>439</u> | <u>2,000</u> | <u>1,561</u> | <u>5,567,658</u> | <u>8,102,240</u> | <u>2,534,582</u> |
| Revenue and Transfers Over (Under) | | | | | | |
| Expenditures and Encumbrances | <u>(439)</u> | <u>(439)</u> | <u>-</u> | <u>304,439</u> | <u>(1,100,531)</u> | <u>1,404,970</u> |
| Fund Balance, Legal, July 1, 2020 | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,077,323</u> | <u>\$ 2,687,232</u> | <u>\$ 1,390,091</u> |

Butler County Community College
Combining Statement of Fiduciary Net Position
Fiduciary Funds
All Custodial Funds
Year Ended June 30, 2021 and 2020

| | 2021 | | |
|-----------------------------|-----------------------------|-----------------------|-------------------|
| | Student Accounts | Grizzlybackers | Totals |
| Assets | | | |
| Cash, including investments | \$ 430,210 | \$ 253,278 | \$ 683,488 |
| Liabilities | | | |
| Accounts payable | - | 545 | 545 |
| Accrued expenses | - | 12,557 | 12,557 |
| Total liabilities | - | 13,102 | 13,102 |
| Net Position | | | |
| Restricted | <u>\$ 430,210</u> | <u>\$ 240,176</u> | <u>\$ 670,386</u> |
| | | | |
| | 2020 | | |
| | Student Accounts | Grizzlybackers | Totals |
| Assets | | | |
| Cash, including investments | \$ 378,918 | \$ 168,902 | \$ 547,820 |
| Receivables | - | 147,951 | 147,951 |
| Total assets | 378,918 | 316,853 | 695,771 |
| Liabilities | | | |
| Accounts payable | 329 | - | 329 |
| Accrued expenses | - | 19,548 | 19,548 |
| Total liabilities | 329 | 19,548 | 19,877 |
| Net Position | | | |
| Restricted | <u>\$ 378,589</u> | <u>\$ 297,305</u> | <u>\$ 675,894</u> |

Butler County Community College
Combining Statement of Changes in Fiduciary Net Position
Fiduciary Funds
All Custodial Funds
Year Ended June 30, 2021 and 2020

| | 2021 | | |
|--|-----------------------------|--------------------------|--------------------------|
| | Student Accounts | Grizzlybackers | Total |
| Additions | | | |
| Fees | \$ 20,396 | \$ - | \$ 20,396 |
| Sales | - | 85,620 | 85,620 |
| Rental income | - | 2,500 | 2,500 |
| Other | 176,577 | 14,863 | 191,440 |
| Total additions | <u>196,973</u> | <u>102,983</u> | <u>299,956</u> |
| Deductions | | | |
| Instruction | 671 | - | 671 |
| Operating expenses | 144,681 | 71,285 | 215,966 |
| Scholarships | - | 88,906 | 88,906 |
| Total deductions | <u>145,352</u> | <u>160,191</u> | <u>305,543</u> |
| Change in Net Position | 51,621 | (57,208) | (5,587) |
| Net Position, Beginning of Year | <u>378,589</u> | <u>297,384</u> | <u>675,973</u> |
| Net Position, End of Period | <u><u>\$ 430,210</u></u> | <u><u>\$ 240,176</u></u> | <u><u>\$ 670,386</u></u> |
| | 2020 | | |
| | Student Accounts | Grizzlybackers | Total |
| Additions | | | |
| Fees | \$ 21,683 | \$ - | \$ 21,683 |
| Sales | - | 154,333 | 154,333 |
| Rental income | - | 855 | 855 |
| Other | 251,389 | 173,070 | 424,459 |
| Total additions | <u>273,072</u> | <u>328,258</u> | <u>601,330</u> |
| Deductions | | | |
| Operating expenses | 141,066 | 159,011 | 300,077 |
| Scholarships | - | 155,263 | 155,263 |
| Total deductions | <u>141,066</u> | <u>314,274</u> | <u>455,340</u> |
| Change in Net Position | 132,006 | 13,984 | 145,990 |
| Net Position, Beginning of Year | <u>246,583</u> | <u>283,321</u> | <u>529,904</u> |
| Net Position, End of Period | <u><u>\$ 378,589</u></u> | <u><u>\$ 297,305</u></u> | <u><u>\$ 675,894</u></u> |

Butler County Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

| Federal Grantor/Pass- Through Grantor/Program or Cluster Title | Assistance Listing Number | Pass-Through Entity Identifying Number | Passed Through to Subrecipients | Total Federal Expenditures |
|--|---------------------------------|--|---------------------------------------|----------------------------------|
| <u>U.S. Department of Education</u> | | | | |
| Direct Programs: | | | | |
| Federal Supplemental Educational Opportunity Grants | 84.007 | | \$ - | \$ 267,872 |
| Federal Work-study Program | 84.033 | | - | 120,205 |
| Federal Pell Grant Program | 84.063 | | - | 8,790,383 |
| Federal Direct Student Loans | 84.268 | | - | 8,808,969 |
| Total Student Financial Assistance Cluster | | | - | 17,987,429 |
| Higher Education Emergency Relief Fund | | | | |
| COVID-19 Education Stabilization Fund - Student Aid | 84.425E | | - | 2,669,359 |
| COVID-19 Education Stabilization Fund - Institutional Aid | 84.425F | | - | 4,641,309 |
| Total Higher Education Emergency Relief Fund | | | - | 7,310,668 |
| Passed Through Kansas Board of Regents: | | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | V048A180016 | - | 193,840 |
| Adult Education - Basic | 84.002 | V002A180016 | - | 206,882 |
| Total Department of Education | | | - | 25,698,819 |
| Total Federal Expenditures | | | \$ - | \$ 25,698,819 |

Butler County Community College
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2021

Notes to Schedule

1. The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal award activity of the College under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the College, it is not intended to and does not present the statements of net position, changes in net position or cash flows of the College.
2. Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, or other applicable regulatory guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The College has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.
3. Federal Loan Funds – Not Subject to Compliance: The College has certain federal student loan funds not subject to continuing compliance requirements, such as the Federal Direct Student Loans. Since the College does not administer the program, the outstanding loan balances have not been included in the Schedule. New loans made during the year under this program are included in the Schedule.

**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**

Independent Auditor's Report

Board of Trustees
Butler County Community College
El Dorado, Kansas

We have audited, in accordance with 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, the financial statements of the business-type activities, the discretely presented component unit and the fiduciary activities of Butler County Community College (College), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 21, 2021, which contains an emphasis of matter paragraph regarding the implementation of a new accounting standard. Our report also includes a reference to other auditors who audited the financial statements of the discretely presented component unit, as described in our report on the College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors. The financial statements of Butler Community College Foundation, Inc., the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with the discretely presented component unit.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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.

Board of Trustees
Butler County Community College
(Continued)

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

Purpose of this Report

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

BKD, LLP

Wichita, Kansas
December 21, 2021

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance

Independent Auditor's Report

Board of Trustees
Butler County Community College
El Dorado, Kansas

Report on Compliance for Each Major Federal Program

We have audited Butler County Community College's (the College) compliance with the types of compliance requirements described 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, 2021. 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Board of Trustees
Butler County Community College
(Continued)

Opinion on Each Major Federal Program

In our opinion, Butler County Community 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, 2021.

Report on Internal Control over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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.

BKD, LLP

Wichita, Kansas
December 21, 2021

Butler County Community College
Schedule of Findings and Questioned Costs
Year Ended June 30, 2021

Summary of Auditor's Results

Financial Statements

1. The type of report the auditor issued on whether the financial statements audited were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) was:
 Unmodified Qualified Adverse Disclaimer

2. The independent auditor's report on internal control over financial reporting disclosed:
 Significant deficiency(ies)? Yes None reported
 Material weakness(es)? Yes No

3. Noncompliance considered material to the financial statements was disclosed by the audit? Yes No

Federal Awards

4. The independent auditor's report on internal control over compliance for the major federal awards programs disclosed:
 Significant deficiency(ies)? Yes None reported
 Material weakness(es)? Yes No

5. The opinion expressed in the independent auditor's report on compliance for the major federal awards were:
 Unmodified Qualified Adverse Disclaimer

6. The audit disclosed findings required to be reported by 2 CFR 200.516(a)? Yes No

Butler County Community College
Schedule of Findings and Questioned Costs (Continued)
Year Ended June 30, 2021

7. The College's major program was:

| Cluster/Program | CFDA Number |
|---|--------------------|
| Student Financial Assistance Cluster | |
| Federal Supplemental Educational Opportunity Grants | 84.007 |
| Federal Work-Study Program | 84.033 |
| Federal Pell Grant Program | 84.063 |
| Federal Direct Student Loans | 84.268 |
| Higher Education Emergency Relief Fund | |
| COVID-19 Education Stabilization Fund - Student Aid | 84.425E |
| COVID-19 Education Stabilization Fund - Institutional Aid | 84.425F |

8. The threshold used to distinguish between Type A and Type B programs was \$750,000.

9. The College qualified as a low-risk auditee? Yes No

Findings Required to be Reported by *Government Auditing Standards*

| Reference Number | Finding |
|-------------------------|----------------------------|
| | No matters are reportable. |

Findings Required to be Reported by the Uniform Guidance

| Reference Number | Finding |
|-------------------------|----------------------------|
| | No matters are reportable. |

Butler County Community College
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2021

**Reference
Number**

Summary of Finding

No matters are reportable.