




Butler County Community College

Independent Auditor's Reports, Financial Statements, and Supplementary Information

June 30, 2025 and 2024



Board of Trustees

Kim Braungardt
Mary Martha Good
Aaron Huslig
Linda Jolly
Forrest Rhodes
Dave Sherrer
Shelby Smith

Board Officers

Forrest Rhodes
Dave Sherrer
Aaron Huslig

Chairperson
Vice-Chairperson
Secretary/Treasurer

Administrative Officers

Tamara Daniel
Kent Williams
Barry Robinson
Christina Byram
Tom Borrego
Bill Rinkenbaugh
Jessica Ohman
Aidan Dunleavy
Kelly Snedden
Shelley Stultz
Kamielle Freeman

President
Vice President of Finance
Vice President of Academics
Vice President of Digital Transformation / CIO
Executive Director of Advancement
Vice President of Student Services
Associate Vice President of Student Services
Associate Vice President of Research & Effectiveness
Director of College Relations & Marketing
Associate Vice President of Human Resources
President, Butler Community College Education Association

Butler County Community College
Contents
June 30, 2025 and 2024

Independent Auditor's Report	1
Management's Discussion and Analysis	4
Basic Financial Statements	
Statements of Net Position	12
Statements of Revenues, Expenses and Changes in Net Position	14
Statements of Cash Flows – College	16
Statements of Fiduciary Net Position	18
Statements of Changes in Fiduciary Net Position	19
Notes to Financial Statements	20
Required Supplementary Information	
Schedule of the College's Proportionate Share of the Net Pension Liability – Kansas Public Employees Retirement System	52
Schedule of College Pension Contributions – Kansas Public Employees Retirement System	53
Schedule of Changes in the College's Total OPEB Liability and Related Ratios	54
Supplementary Information	
Schedule of Revenues, Expenses, Encumbrances and Changes in Fund Balance – Budget and Actual (Legal Basis)	
General Fund	57
Postsecondary Technical Education Fund	58
Adult Basic Education Fund	59
Adult Supplementary Education Fund	60
Motorcycle Driver Safety Fund	61
Capital Outlay Fund	62
Auxiliary Enterprises Fund	63
Combining Statements of Fiduciary Net Position	64
Combining Statements of Changes in Fiduciary Net Position	65

Butler County Community College
Contents
June 30, 2025 and 2024

Schedule of Expenditures of Federal Awards	66
Notes to the Schedule of Expenditures of Federal Awards	67
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> – Independent Auditor’s Report	68
Report on Compliance for the Major Federal Program and Report on Internal Control Over Compliance – Independent Auditor’s Report	70
Schedule of Findings and Questioned Costs.....	73
Summary Schedule of Prior Audit Findings.....	75

Independent Auditor's Report

Board of Trustees
Butler County Community College
El Dorado, Kansas

Report on the Audit of the Financial Statements

Opinions

We have audited 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 years ended June 30, 2025 and 2024, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

In our opinion, based on our audits and the report of other auditors, the accompanying 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, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of Butler Community College Foundation, Inc. (Foundation), which represent 100% of the assets, net position, and revenues of the discretely presented component unit as of and for the years ended June 30, 2025 and 2024. 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.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS), 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 (*Government Auditing Standards*). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the College, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of the Foundation, the discretely presented component unit, were not audited in accordance with *Government Auditing Standards*.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the College's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The schedules of revenues, expenses, encumbrances and changes in fund balance – budget and actual (Legal Basis), combining statements 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*, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audits 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2026, 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.

Forvis Mazars, LLP

**Wichita, Kansas
January 16, 2026**

**Butler County Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

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.

During 2023, the College adopted GASB Statement No. 96, *Subscription-Based Information Technology Arrangements* (GASB 96) to capitalize the future life of qualifying technology based subscription arrangements into the statement of net position as subscription assets and liabilities.

During 2024, the College adopted GASB Statement No. 101, *Compensated Absences* (GASB 101), which created a consistent accounting model applicable to all types of compensated absence arrangements.

Financial statements for fiscal years 2025 and 2024 are presented; comparative data for fiscal years 2024 and 2023 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, lease, and SBITA 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.

**Butler County Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Condensed Statements of Net Position (in thousands, rounding may cause variances)

	2025	2024	2023	2025 vs. 2024 Increase (Decrease)	2024 vs. 2023 Increase (Decrease)
Current assets	\$ 31,920	\$ 31,760	\$ 33,890	\$ 160	\$ (2,130)
Noncurrent assets	69,780	71,188	68,653	(1,408)	2,535
Deferred outflows	1,414	936	817	478	119
Total assets and deferred outflows of resources	103,114	103,884	103,360	(770)	524
Current liabilities	6,776	6,808	7,440	(32)	(632)
Noncurrent liabilities	17,881	17,083	18,090	798	(1,007)
Deferred inflows	2,476	2,918	3,400	(442)	(482)
Total liabilities and deferred inflows of resources	27,134	26,809	28,930	325	(2,121)
Net investment in capital assets	49,560	50,329	47,564	(769)	2,765
Unrestricted	26,421	26,746	26,866	(325)	(120)
Total net position	<u>\$ 75,980</u>	<u>\$ 77,075</u>	<u>\$ 74,430</u>	<u>\$ (1,095)</u>	<u>\$ 2,645</u>

Comparative Analysis for Fiscal Years 2025 and 2024:

Changes to Total Assets and Deferred Outflows of Resources

The total assets of the College decreased by approximately \$770,000. This change is primarily attributed to depreciation and amortization.

Changes to Total Liabilities and Deferred Inflows of Resources

The total liabilities of the College for the year have increased by approximately \$325,000.

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 buildings, equipment and other capital and lease assets, net of depreciation and amortization and net of the liabilities associated with those assets. During fiscal 2025, the net investment in capital assets decreased by approximately \$769,000. Along with the combination of a decrease in unrestricted net position of approximately \$325,000, overall net position of the College decreased approximately \$1,095,000.

**Butler County Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Comparative Analysis for Fiscal Years 2024 and 2023:

Changes to Total Assets and Deferred Outflows of Resources

The total assets of the College increased by approximately \$524,000. This change is primarily attributed to the addition of the Redler Building.

Changes to Total Liabilities and Deferred Inflows of Resources

The total liabilities of the College for the year have decreased by approximately \$2,121,000. This change is primarily attributed to scheduled debt payments and the change in deferred inflows related to OPEB.

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 buildings, equipment and other capital and lease assets, net of depreciation and amortization and net of the liabilities associated with those assets. During fiscal 2024, the net investment in capital assets increased by approximately \$2,765,000. Along with the combination of a decrease in unrestricted net position of approximately \$120,000, overall net position of the College increased approximately \$2,645,000.

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 \$52,657,000 and \$50,657,000 in fiscal years 2025 and 2024, respectively.

**Butler County Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

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

	2025	2024	2023	2025 vs. 2024 Increase (Decrease)	2024 vs. 2023 Increase (Decrease)
Operating revenue	\$ 30,254	\$ 27,662	\$ 24,353	\$ 2,592	\$ 3,309
Operating expenses	82,911	78,319	72,393	4,592	5,926
Operating loss	(52,657)	(50,657)	(48,040)	(2,000)	(2,617)
Nonoperating revenues	51,562	53,302	47,972	(1,740)	5,330
Increase (decrease) in net	(1,095)	2,645	(68)	(3,740)	2,713
Net position, beginning of year	77,075	74,430	74,498	2,645	(68)
Net position, end of year	<u>\$ 75,980</u>	<u>\$ 77,075</u>	<u>\$ 74,430</u>	<u>\$ (1,095)</u>	<u>\$ 2,645</u>

Comparative Analysis for Fiscal Years 2025 and 2024:

Changes to Operating Revenue

The total operating revenues of the College increased by approximately \$2,592,000. This increase was primarily driven by a \$2.0 million increase in State grants.

Changes to Operating Expenses

The total operating expenses of the College increased by approximately \$4,592,000. This change is primarily attributed to an increase in Pell Grants of \$2,572,000.

Changes to Nonoperating Revenues (Expenses)

The total nonoperating revenues (expenses) of the College decreased by approximately \$1,740,000. This change is primarily attributed to the purchase/transfer of the Redler Building from the Foundation to the College in 2024.

Comparative Analysis for Fiscal Years 2024 and 2023:

Changes to Operating Revenue

The total operating revenues of the College increased by approximately \$3,309,000. Multiple revenue categories increased during 2024 and several new state grants were received during the year.

Changes to Operating Expenses

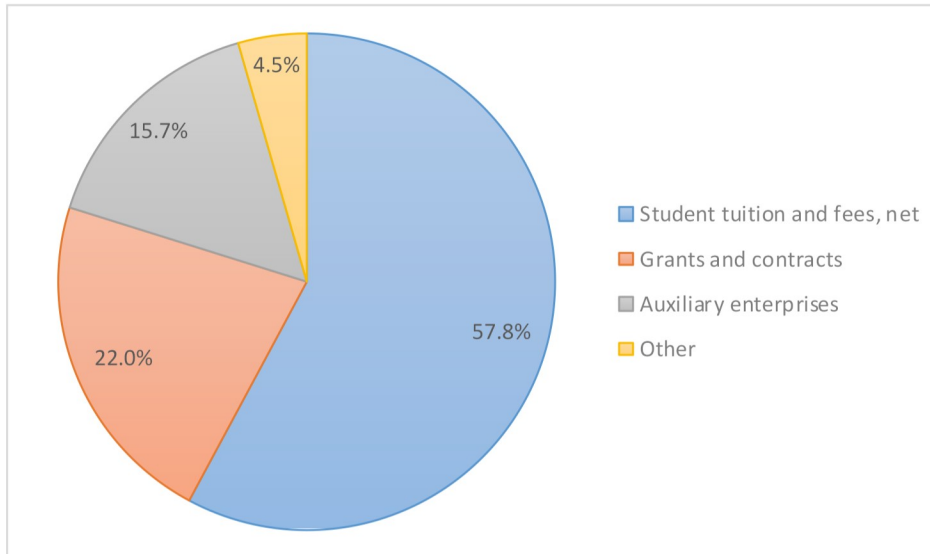
The total operating expenses of the College increased by approximately \$5,926,000. This change is primarily attributed to personnel costs.

**Butler County Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

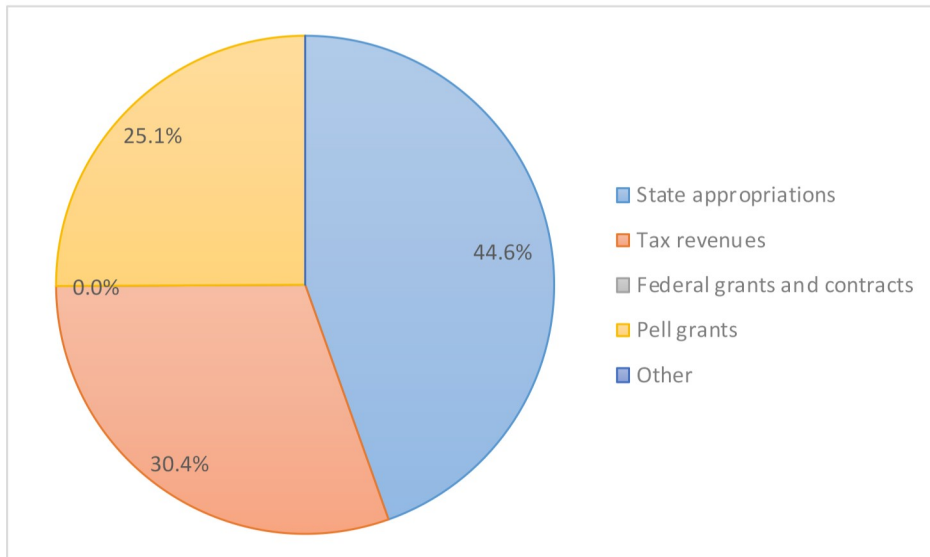
Changes to Nonoperating Revenues (Expenses)

The total nonoperating revenues (expenses) of the College increased by approximately \$5,330,000. This change is primarily attributed to the purchase/transfer of the Redler Building from the Foundation to the College.

Operating Revenues by Source

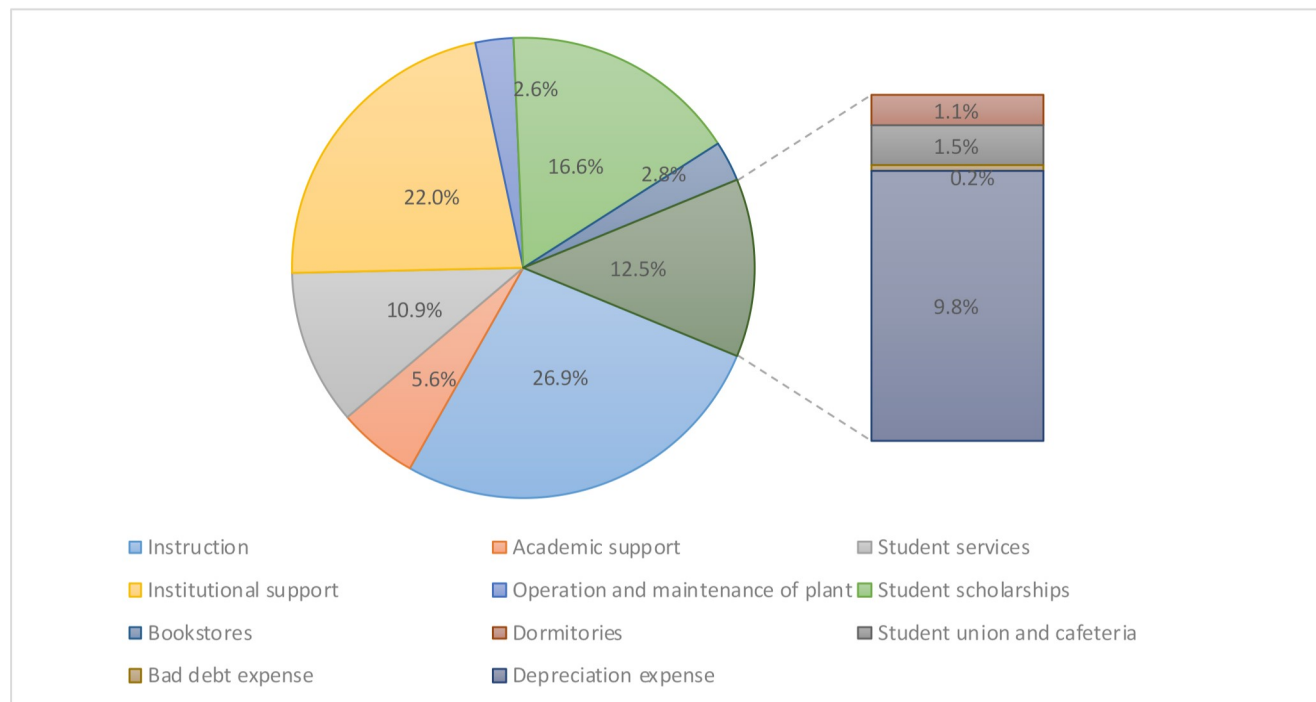


Nonoperating Revenues by Major Source



**Butler County Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Operating Expenses by Program



Operating Expenses	Percent of Total
Instruction	26.9%
Academic support	5.6%
Student services	10.9%
Institutional support	22.0%
Operation and maintenance of plant	2.7%
Student scholarships	16.6%
Bookstores	2.8%
Dormitories	1.1%
Student union and cafeteria	1.5%
Bad debt expense	0.2%
Depreciation expense	9.7%

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.

Butler County Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024

Condensed Statements of Cash Flows (in thousands)

	<u>2025</u>	<u>2024</u>	<u>2023</u>
Cash flows from			
Operating activities	\$ (40,780)	\$ (40,503)	\$ (37,394)
Noncapital financing activities	47,154	48,723	44,290
Capital financing activities	(7,813)	(11,760)	(9,581)
Investing activities	<u>(19,075)</u>	<u>1,364</u>	<u>628</u>
Net decrease in cash	(20,513)	(2,176)	(2,057)
Cash, beginning of year	<u>28,885</u>	<u>31,061</u>	<u>33,118</u>
Cash, end of year	<u>\$ 8,372</u>	<u>\$ 28,885</u>	<u>\$ 31,061</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 decreased by approximately \$20,513,000 for the fiscal year ended June 30, 2025, compared to a decrease of \$2,176,000 for the fiscal year ended June 30, 2024. This decrease is mainly related to transfers of approximately \$20,357,089 into certificates of deposit.

Capital, Lease, and SBITA Assets and Debt Administration

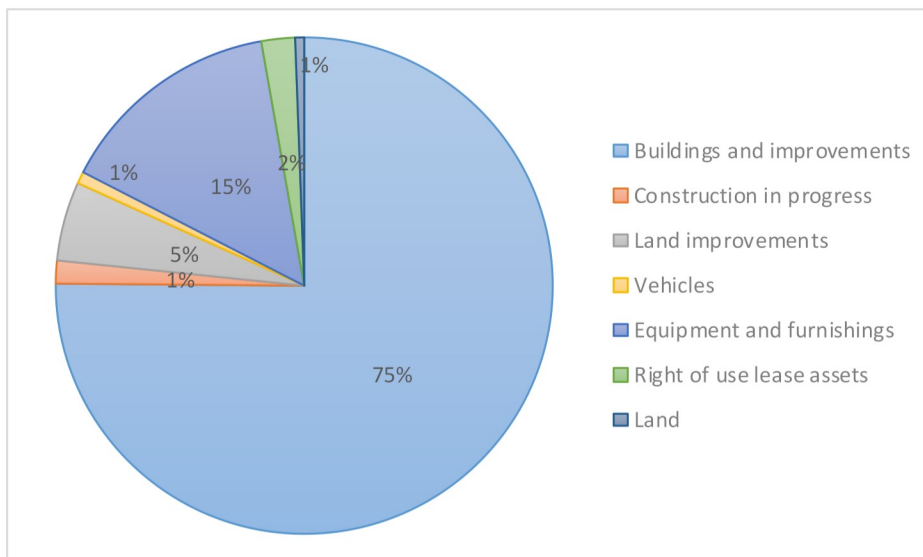
At the 2025 fiscal year-end, the College had approximately \$120,403,000 of capital assets, with accumulated depreciation and amortization of approximately \$61,485,000. Related depreciation charges of approximately \$5,568,000 were recognized in the fiscal year 2025. More detailed financial activity related to the changes in capital assets is presented in Note 4.

At the 2025 fiscal year-end, the College had approximately \$2,699,000 of lease assets, with accumulated amortization of approximately \$990,000. Related amortization charges of approximately \$490,000 were recognized in the fiscal year 2025. More detailed financial activity related to the changes in lease assets is presented in Note 4.

At the 2025 fiscal year-end, the College had approximately \$6,924,000 of subscription arrangements, with accumulated amortization of approximately \$2,919,000. Related amortization charges of approximately \$1,952,000 were recognized in the fiscal year 2025. More detailed financial activity related to the changes in SBITA assets is presented in Note 4.

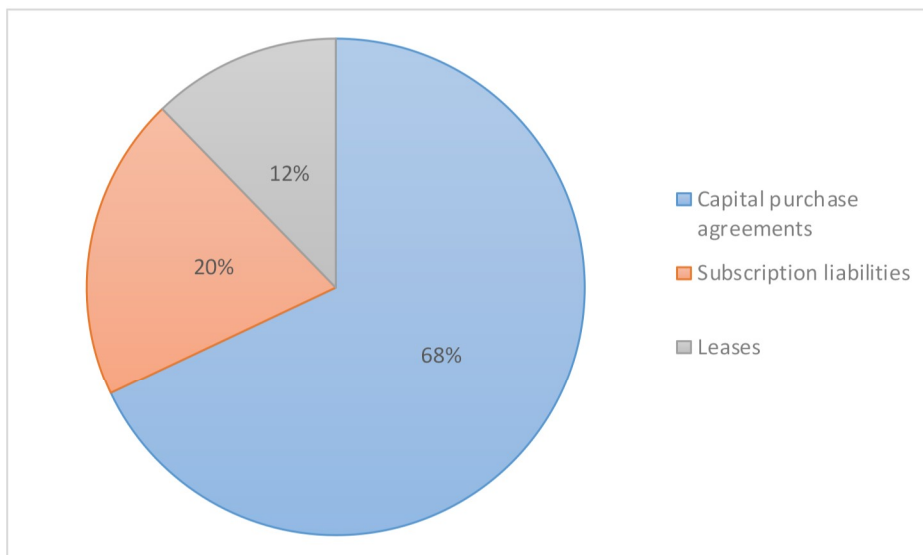
**Butler County Community College
Management's Discussion and Analysis
Years Ended June 30, 2025 and 2024**

Capital, Lease and SBITA 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.

Butler County Community College
Statements of Net Position
June 30, 2025 and 2024

	College		Foundation	
	2025	2024	2025	2024
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES				
Current Assets				
Cash and cash equivalents	\$ 8,371,734	\$ 28,884,940	\$ 6,784	\$ 12,418
Investments and certificates of deposit	20,357,089	-	3,709,496	3,715,714
Accounts receivable, net of allowance for doubtful accounts of \$8,490,656 in 2025 and \$8,335,084 in 2024	2,126,159	2,084,815	-	-
Receivables from federal and state governments	101,208	95,745	-	-
Interest receivable	133,254	215,239	-	-
Current portion of pledges receivable	-	-	2,205,772	251,402
Prepaid expenses	297,845	144,986	-	-
Bookstore inventory	532,608	333,986	-	-
Total Current Assets	31,919,897	31,759,711	5,922,052	3,979,534
Noncurrent Assets				
Investments	4,017	3,272	17,406,817	15,544,674
Pledges receivable	-	-	547,885	282,029
Cash surrender value of life insurance	-	-	27,201	25,962
Other assets	-	-	55,687	137,798
Investment in joint venture	5,144,835	5,144,835	-	-
Subscription arrangements, net of amortization	4,004,942	3,745,113	-	-
Right to use lease asset, net of amortization	1,708,420	1,385,163	-	-
Capital assets, net of accumulated depreciation				
Land and construction in progress	2,555,753	866,996	143,931	143,931
Other capital assets, net of accumulated depreciation	56,362,210	60,042,560	4,501	6,581
Total Noncurrent Assets	69,780,177	71,187,939	18,186,022	16,140,975
Deferred Outflows of Resources				
Deferred outflows - pensions	349,810	331,576	-	-
Deferred outflows - OPEB	1,064,061	605,024	-	-
Total Deferred Outflows of Resources	1,413,871	936,600	-	-
Total Assets and Deferred Outflows of Resources	\$ 103,113,945	\$ 103,884,250	\$ 24,108,074	\$ 20,120,509

Butler County Community College
Statements of Net Position
June 30, 2025 and 2024

(Continued)

	College		Foundation	
	2025	2024	2025	2024
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION				
Current Liabilities				
Accounts payable	\$ 1,496,939	\$ 1,159,925	\$ 51,766	\$ 58,708
Compensated absences payable	1,295,000	1,734,000	-	-
Accrued salaries	159,762	158,687	-	-
Deposits held in custody for others	152,112	96,452	-	-
Accrued interest payable	26,863	31,492	-	-
Unearned revenue	791,806	853,745	-	-
Current portion of subscription liabilities	1,177,221	1,198,347	-	-
Current portion of lease liability	457,240	384,431	-	-
Current portion of long-term debt	1,218,929	1,191,166	99,249	243,004
Total Current Liabilities	6,775,872	6,808,245	151,015	301,712
Noncurrent Liabilities				
Long-term debt	8,139,138	9,389,084	-	-
Subscription liabilities	1,545,221	1,442,553	-	-
Lease liabilities	1,231,376	913,676	-	-
Long-term compensated absences payable	1,504,949	720,500	-	-
Net pension liability	599,193	523,048	-	-
Total OPEB liability	4,861,404	4,094,058	-	-
Total Noncurrent Liabilities	17,881,281	17,082,919	-	-
Deferred Inflows of Resources				
Deferred inflows - pensions	78,454	112,638	-	-
Deferred inflows - OPEB	2,397,933	2,805,057	-	-
Total Deferred Inflows of Resources	2,476,387	2,917,695	-	-
Total Liabilities and Deferred Inflows of Resources	27,133,540	26,808,859	151,015	301,712
Net Position				
Net investment in capital assets	49,559,896	50,329,306	-	-
Restricted - expendable				
For capital projects	-	-	1,180,180	908,423
For scholarships, instruction and other	-	-	3,121,821	2,336,702
For college support	-	-	1,921,672	1,818,099
For culinary arts building	-	-	131,278	211,488
Restricted - non-expendable				
For scholarships, instruction and other	-	-	15,135,985	12,089,852
For college support	-	-	1,861,368	1,955,765
Unrestricted	26,420,509	26,746,085	604,755	498,468
Total Net Position	75,980,405	77,075,391	23,957,059	19,818,797
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 103,113,945	\$ 103,884,250	\$ 24,108,074	\$ 20,120,509

Butler County Community College
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

	College		Foundation	
	2025	2024	2025	2024
Operating Revenues				
Student tuition and fees, net of scholarship allowances of \$2,935,924 in 2025 and \$2,836,313 in 2024	\$ 16,924,519	\$ 16,461,457	\$ -	\$ -
Federal grants and contracts	955,087	857,281	-	-
State grants and contracts	6,456,211	4,429,064	-	-
Gifts and contributions	-	-	4,626,339	2,482,813
Auxiliary enterprises				
Bookstores, net of scholarship allowances of \$397,826 in 2025 and \$371,230 in 2024	2,293,320	2,154,556	-	-
Dormitories, net of scholarship allowances of \$250,996 in 2025 and \$236,290 in 2024	1,446,899	1,371,387	-	-
Student union and cafeteria, net of scholarship allowances of \$151,057 in 2025 and \$149,584 in 2024	870,786	868,157	-	-
Net investment return	-	-	1,942,961	1,571,948
Other	1,307,498	1,520,233	-	-
Total Operating Revenues	30,254,320	27,662,135	6,569,300	4,054,761
Operating Expenses				
Instruction	22,310,767	22,226,436	-	-
Academic support	4,636,582	4,125,077	904,042	794,705
Student services	9,032,986	9,136,233	-	-
Institutional support	18,260,652	17,625,235	480,837	497,822
Operation and maintenance of plant	2,195,557	1,947,918	-	-
Pell grant payments	13,759,220	10,643,578	822,673	687,643
Fund raising	-	-	221,406	229,465
Auxiliary enterprises				
Bookstores	2,345,506	2,121,926	-	-
Dormitories	904,809	936,925	-	-
Student union and cafeteria	1,211,850	1,125,117	-	-
Bad debt expense	155,572	880,873	-	-
Depreciation and amortization expense	8,097,985	7,549,760	2,080	3,201
Total Operating Expenses	82,911,486	78,319,078	2,431,038	2,212,836
Operating Income (Loss)	(52,657,166)	(50,656,943)	4,138,262	1,841,925

Butler County Community College
Statements of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2025 and 2024

(Continued)

	College		Foundation	
	2025	2024	2025	2024
Nonoperating Revenues (Expenses)				
State appropriations	\$ 22,592,734	\$ 23,228,109	\$ -	\$ -
Local tax revenues	15,388,459	13,730,297	-	-
Federal grants and contracts	-	-	-	-
Pell grants	12,714,670	10,149,090	-	-
Other	(43,252)	672,347	-	-
Investment income	1,283,292	1,364,990	-	-
Interest on capital and lease asset-related liabilities	(325,722)	(253,730)	-	-
Transfer of building from Foundation to College	-	4,410,858	-	(4,410,858)
Gain (loss) on disposal of assets	(48,001)	-	-	-
Total Nonperating Revenues (Expenses)	51,562,180	53,301,961	-	(4,410,858)
Increase (Decrease) in Net Position	(1,094,986)	2,645,018	4,138,262	(2,568,933)
Net Position, Beginning of Year	77,075,391	74,430,373	19,818,797	22,387,730
Net Position, End of Year	\$ 75,980,405	\$ 77,075,391	\$ 23,957,059	\$ 19,818,797

Butler County Community College
Statements of Cash Flows – College
Years Ended June 30, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash Flows from Operating Activities		
Tuition and fees	\$ 16,821,236	\$ 16,272,181
Grants and contracts	7,487,820	5,261,495
Payments to suppliers and employees	(57,247,859)	(57,307,448)
Payments for scholarships	(13,759,220)	(10,643,578)
Auxiliary enterprise charges		
Bookstores	2,293,320	2,154,556
Dormitories	1,446,899	1,371,387
Student union and cafeteria	870,786	868,157
Other	1,307,498	1,520,233
Net Cash Used in Operating Activities	<u>(40,779,520)</u>	<u>(40,503,017)</u>
Cash Flows from Noncapital Financing Activities		
Tax receipts	15,388,459	13,730,297
State appropriations	19,142,313	19,760,160
Pell grants	12,666,669	10,149,090
Other gains	-	4,410,858
Other	(43,252)	672,347
Net Cash Provided by Noncapital Financing Activities	<u>47,154,189</u>	<u>48,722,752</u>
Cash Flows from Capital and Related Financing Activities		
Principal paid on long-term debt	(1,222,183)	(1,189,496)
Interest paid on long-term debt	(325,722)	(253,730)
Principal paid on subscription liability	(2,154,827)	(1,718,458)
Principal paid on lease liability	(459,230)	(369,047)
Purchase of capital assets	(3,651,371)	(8,229,068)
Net Cash Used in Capital and Related Financing Activities	<u>(7,813,333)</u>	<u>(11,759,799)</u>
Cash Flows from Investing Activities		
Investment income	1,283,292	1,364,990
Purchase of certificates of deposit	(20,357,089)	-
Purchases of investments	(745)	(287)
Net Cash Provided by (Used in) Investing Activities	<u>(19,074,542)</u>	<u>1,364,703</u>
Decrease in Cash and Cash Equivalents	(20,513,206)	(2,175,361)
Cash and Cash Equivalents, Beginning of Year	<u>28,884,940</u>	<u>31,060,301</u>
Cash and Cash Equivalents, End of Year	<u><u>\$ 8,371,734</u></u>	<u><u>\$ 28,884,940</u></u>

Butler County Community College
Statements of Cash Flows – College
Years Ended June 30, 2025 and 2024

(Continued)

	<u>2025</u>	<u>2024</u>
Reconciliation of Operating Loss to Net Cash Used in Operating Activities		
Operating loss	\$ (52,657,166)	\$ (50,656,943)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation and amortization expense	8,097,985	7,549,760
Loss on disposal of capital assets and leases	48,001	-
State on-behalf payments for employee benefits	3,450,421	3,467,949
Changes in operating assets, deferred outflows, liabilities and deferred inflows		
Accounts receivable	40,641	(434,146)
Receivable from federal and state governments	(5,463)	190,389
Inventories	(198,622)	19,161
Prepaid expenses	(152,859)	179,711
Deferred outflows - pensions	(477,271)	(120,078)
Accounts payable and accrued expenses	734,569	(593,396)
Post retirement benefits	843,491	345,996
Unearned revenue	(61,939)	29,631
Deferred inflows - pensions	(34,184)	(84,446)
Deferred inflows - OPEB	(407,124)	(396,605)
Net Cash Used in Operating Activities	<u><u>\$ (40,779,520)</u></u>	<u><u>\$ (40,503,017)</u></u>
Noncash Investing, Capital and Financing Activities		
Lease obligations incurred for lease assets	\$ 849,739	\$ 1,163,310
Assets acquired through subscription arrangements	\$ 2,236,369	\$ 691,958

Butler County Community College
Statements of Fiduciary Net Position
Years Ended June 30, 2025 and 2024

	Custodial Funds 2025	Custodial Funds 2024
Assets		
Cash and cash equivalents	\$ 471,426	\$ 438,821
Receivables	-	28,378
Total Assets	<u>471,426</u>	<u>467,199</u>
Liabilities		
Accounts payable	959	792
Accrued expenses	<u>2</u>	<u>6,661</u>
Total Liabilities	<u>961</u>	<u>7,453</u>
Net Position		
Restricted for student accounts	302,736	312,259
Restricted for Grizzlybackers	<u>167,729</u>	<u>147,487</u>
Total Net Position	<u>\$ 470,465</u>	<u>\$ 459,746</u>

Butler County Community College
Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2025 and 2024

	Custodial Funds 2025	Custodial Funds 2024
Additions		
Fees	\$ 17,725	\$ 22,497
Sales	124,313	124,755
Other	350,845	413,395
Total Additions	492,883	560,647
Deductions		
Instruction	(1,200)	(218)
Operating expense	310,687	399,102
Scholarships	172,677	196,884
Total Deductions	482,164	595,768
Increase (Decrease) in Fiduciary Net Position	10,719	(35,121)
Net Position, Beginning of Year	459,746	494,867
Net Position, End of Year	\$ 470,465	\$ 459,746

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.

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.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024, 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.

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 business-type activities 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.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

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 and certificates of deposit held by the College include U.S. Treasury securities and certificates of deposit with original maturities of more than three months and one year or less.

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.

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.

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. 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 four to 10 years for equipment.

Lease Assets

Lease assets are initially recorded at the initial measurement of the lease liability, plus lease payments made at or before the commencement of the lease term, less any lease incentives received from the lessor at or before the commencement of the lease, plus initial direct costs that are ancillary to place the asset into service. Lease assets are amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

Subscription Assets

Subscription assets are initially recorded at the initial measurement of the subscription liability, plus subscription payments made at, and certain prepayments made before, the commencement of the subscription-based information technology arrangement (SBITA) term, less any SBITA vendor incentives received from the SBITA vendor at or before the commencement of the SBITA term, plus capitalizable initial implementation costs. Subscription assets are amortized on a straight-line basis over the shorter of the SBITA term or the useful life of the underlying IT asset.

Capital, Lease and SBITA Asset Impairment

The College evaluates capital, lease, and SBITA assets for impairment whenever events or circumstances indicate a significant, unexpected decline in the service utility of a capital, lease or SBITA asset has occurred. If a capital lease or SBITA 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 or amortization are decreased proportionately such that the net decrease equals the impairment loss.

No asset impairment was recognized during the years ended June 30, 2025 and 2024.

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, 2025 and 2024, the County Treasurer distributed to the College approximately 96% and 93% of taxes levied in the prior year, respectively.

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

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 statements of revenues, expenses and changes in net position. Such amounts are not accrued for budgetary purposes in accordance with Kansas budgetary law.

The College adopted Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*, (GASB 101), on July 1, 2024. The impact to the financial statements was not material and the College did not restate beginning net position for the adoption of GASB 101.

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 10 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 11 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.

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 represent an acquisition of net assets that applies to a future period(s) and so will not be recognized until that time. Deferred outflows of resources represent the consumption of net assets 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 10 and 11 for more information on these deferred outflows and deferred inflows.

Net Position

Net position of the College is classified in four components.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

Net investment in capital assets (including lease and subscription-based information technology arrangements assets) represents the College's total investment in capital, lease, and SBITA assets, net of accumulated depreciation and amortization and outstanding debt obligations related to those capital, lease, and SBITA 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, 2025 and 2024, the board of the Foundation designated \$1,180,180 and \$908,423, 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.

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.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

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.

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, 2025.

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 2024 financial statements to conform to the 2025 presentation. The reclassifications had no effect on the changes in financial position.

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, 2025 and 2024, consists of demand deposit accounts, money market savings accounts, and certificates of deposit. At June 30, 2025 and 2024, the carrying amount of the College's deposits were approximately \$28,733,000 and \$28,885,000, respectively, and the bank balances were \$25,983,000 and \$26,236,000, respectively. At June 30, 2025, approximately \$796,000 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 \$471,000 and \$439,000 as of June 30, 2025 and 2024, respectively, and is included in the balances above.

Investments – College

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

	<u>2025</u>	<u>2024</u>
U.S. Treasury Bonds	<u>\$ 4,017</u>	<u>\$ 3,272</u>

The U.S. Treasury Bonds mature in one to five years.

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.

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.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

Investments – Foundation

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

	<u>2025</u>	<u>2024</u>
Money market accounts	\$ 3,709,496	\$ 3,715,714
Equities	10,678,383	9,168,117
Fixed income	5,026,426	4,758,345
Hedge funds	1,370,631	1,294,805
Commodities	<u>331,377</u>	<u>323,407</u>
	<u><u>\$ 21,116,313</u></u>	<u><u>\$ 19,260,388</u></u>

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

	<u>2025</u>	<u>2024</u>
Investment income	\$ 573,801	\$ 500,403
Net realized and unrealized gains	1,450,783	1,141,798
Investment fees	<u>(81,623)</u>	<u>(70,253)</u>
	<u><u>\$ 1,942,961</u></u>	<u><u>\$ 1,571,948</u></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

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

Recurring Measurements

The following tables present the fair value measurements of assets 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, 2025 and 2024:

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Unobservable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2025				
College				
Long-term investments				
U.S. Treasury Bonds	<u>\$ 4,017</u>	<u>\$ 4,017</u>	<u>\$ -</u>	<u>\$ -</u>
Foundation				
Short-term investments				
Money market accounts	<u>\$ 3,709,496</u>	<u>\$ 3,709,496</u>	<u>\$ -</u>	<u>\$ -</u>
Total short-term investments	<u>3,709,496</u>	<u>3,709,496</u>	<u>-</u>	<u>-</u>
Long-term investments				
Equities	10,678,383	10,678,383	-	-
Fixed income	5,026,426	5,026,426	-	-
Hedge funds	1,370,631	1,370,631	-	-
Commodities	<u>331,377</u>	<u>331,377</u>	<u>-</u>	<u>-</u>
Total long-term investments	<u>17,406,817</u>	<u>17,406,817</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 21,116,313</u>	<u>\$ 21,116,313</u>	<u>\$ -</u>	<u>\$ -</u>

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Unobservable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
June 30, 2024				
College				
Long-term investments				
U.S. Treasury Bonds	<u>\$ 3,272</u>	<u>\$ 3,272</u>	<u>\$ -</u>	<u>\$ -</u>
Foundation				
Short-term investments				
Money market accounts	<u>\$ 3,715,714</u>	<u>\$ 3,715,714</u>	<u>\$ -</u>	<u>\$ -</u>
Total short-term investments	<u>3,715,714</u>	<u>3,715,714</u>	<u>-</u>	<u>-</u>
Long-term investments				
Equities	9,168,117	9,168,117	-	-
Fixed income	4,758,345	4,758,345	-	-
Hedge funds	1,294,805	1,294,805	-	-
Commodities	<u>323,407</u>	<u>323,407</u>	<u>-</u>	<u>-</u>
Total long-term investments	<u>15,544,674</u>	<u>15,544,674</u>	<u>-</u>	<u>-</u>
Total investments	<u>\$ 19,260,388</u>	<u>\$ 19,260,388</u>	<u>\$ -</u>	<u>\$ -</u>

On the statements of net position, cash and investments for the Foundation include \$6,784 and \$12,418 of cash at June 30, 2025 and 2024, respectively. Cash is excluded from the fair value measurement tables above.

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
June 30, 2025 and 2024

Note 4. Capital, Lease, and SBITA Assets

Capital assets activity for the year ended June 30, 2025, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
College					
Capital assets not being depreciated					
Land	\$ 712,907	\$ -	\$ -	\$ -	\$ 712,907
Construction in progress	154,089	1,769,538	-	(80,781)	1,842,846
Total capital assets not being depreciated	866,996	1,769,538	-	(80,781)	2,555,753
Capital assets being depreciated					
Land improvements	6,176,866	85,222	-	80,781	6,342,869
Buildings and improvements	91,895,148	722,224	137,658	-	92,479,714
Vehicles	1,245,282	-	290,088	-	955,194
Equipment and furnishings	20,517,998	1,074,387	3,522,684	-	18,069,701
Total capital assets being depreciated	119,835,294	1,881,833	3,950,430	80,781	117,847,478
Less accumulated depreciation					
Land improvements	5,507,987	117,991	-	-	5,625,978
Building and improvements	38,724,023	3,965,299	85,605	-	42,603,717
Vehicles	1,054,995	87,884	279,743	-	863,136
Equipment and furnishings	14,505,729	1,396,519	3,509,811	-	12,392,437
Total accumulated depreciation	59,792,734	5,567,693	3,875,159	-	61,485,268
Total capital assets being depreciated, net	60,042,560	(3,685,860)	75,271	80,781	56,362,210
Net capital assets	\$ 60,909,556	\$ (1,916,322)	\$ 75,271	\$ -	\$ 58,917,963

During 2024, the Redler building was transferred from the Foundation to the College in exchange for approximately \$700,000 of cash. The full book value of the building was transferred, which resulted in a gain of \$4,410,858 for the College and a loss of \$4,410,858 for the Foundation. These amounts are reported as nonoperating transfers on the statements of revenues, expenses and changes in net position.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Foundation					
Capital assets not being depreciated					
Land	\$ 143,931	\$ -	\$ -	\$ -	\$ 143,931
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	143,931	-	-	-	143,931
Capital assets being depreciated					
Equipment, at cost	39,479	-	-	-	39,479
Accumulated depreciation	32,898	2,080	-	-	34,978
Total capital assets being depreciated	6,581	(2,080)	-	-	4,501
Net capital assets	<u>\$ 150,512</u>	<u>\$ (2,080)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 148,432</u>

Lease assets activity for the year ended June 30, 2025, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
College					
Facilities	\$ 130,797	\$ 72,985	\$ 26,737	\$ -	\$ 177,045
Vehicles	834,512	574,790	164,469	-	1,244,833
Equipment	1,299,965	201,964	225,049	-	1,276,880
	2,265,274	849,739	416,255	-	2,698,758
Less accumulated amortization					
Facilities	221,014	49,757	26,224	-	244,547
Vehicles	62,386	217,686	164,469	-	115,603
Equipment	596,711	231,327	197,850	-	630,188
	880,111	498,770	388,543	-	990,338
Lease assets, net	<u>\$ 1,385,163</u>	<u>\$ 350,969</u>	<u>\$ 27,712</u>	<u>\$ -</u>	<u>\$ 1,708,420</u>

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

Subscription arrangement activity for the year ended June 30, 2025, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
College					
Subscription arrangements	\$ 8,335,539	\$ 2,236,369	\$ 3,647,531	\$ -	\$ 6,924,377
Less accumulated amortization	4,590,426	1,951,588	3,622,579	-	2,919,435
Subscription arrangements, net	<u>\$ 3,745,113</u>	<u>\$ 284,781</u>	<u>\$ 24,952</u>	<u>\$ -</u>	<u>\$ 4,004,942</u>

Capital assets activity for the year ended June 30, 2024, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
College					
Capital assets not being depreciated					
Land	\$ 712,907	\$ -	\$ -	\$ -	\$ 712,907
Construction in progress	2,774,552	1,142,329	-	(3,762,792)	154,089
Total capital assets not being depreciated	<u>3,487,459</u>	<u>1,142,329</u>	<u>-</u>	<u>(3,762,792)</u>	<u>866,996</u>
Capital assets being depreciated					
Land improvements	6,151,756	25,110	-	-	6,176,866
Buildings and improvements	81,479,167	6,653,189	-	3,762,792	91,895,148
Vehicles	1,430,422	64,130	249,270	-	1,245,282
Equipment and furnishings	22,858,910	344,310	2,685,222	-	20,517,998
Total capital assets being depreciated	<u>111,920,255</u>	<u>7,086,739</u>	<u>2,934,492</u>	<u>3,762,792</u>	<u>119,835,294</u>
Less accumulated depreciation					
Land improvements	5,315,148	192,839	-	-	5,507,987
Building and improvements	34,954,741	3,769,282	-	-	38,724,023
Vehicles	1,223,248	81,017	249,270	-	1,054,995
Equipment and furnishings	15,878,256	1,312,695	2,685,222	-	14,505,729
Total accumulated depreciation	<u>57,371,393</u>	<u>5,355,833</u>	<u>2,934,492</u>	<u>-</u>	<u>59,792,734</u>
Total capital assets being depreciated, net	<u>54,548,862</u>	<u>1,730,906</u>	<u>-</u>	<u>3,762,792</u>	<u>60,042,560</u>
Net capital assets	<u>\$ 58,036,321</u>	<u>\$ 2,873,235</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 60,909,556</u>

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Foundation					
Capital assets not being depreciated					
Land	\$ -	\$ 143,931	\$ -	\$ -	\$ 143,931
Construction in progress	5,106,018	-	5,106,018	-	-
Total capital assets not being depreciated	5,106,018	143,931	5,106,018	-	143,931
Capital assets being depreciated					
Equipment, at cost	33,281	6,198	-	-	39,479
Accumulated depreciation	29,697	3,201	-	-	32,898
Total capital assets being depreciated	3,584	2,997	-	-	6,581
Net capital assets	\$ 5,109,602	\$ 146,928	\$ 5,106,018	\$ -	\$ 150,512

Lease assets activity for the year ended June 30, 2024, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
College					
Facilities	\$ 206,914	\$ 72,538	\$ -	\$ (148,655)	\$ 130,797
Vehicles	-	685,857	-	148,655	834,512
Equipment	1,094,465	404,915	199,415	-	1,299,965
	1,301,379	1,163,310	199,415	-	2,265,274
Less accumulated amortization					
Facilities	171,142	49,872	-	(75,909)	221,014
Vehicles	-	62,386	-	75,909	62,386
Equipment	607,823	188,303	199,415	-	596,711
	778,965	300,561	199,415	-	880,111
Lease assets, net	\$ 522,414	\$ 862,749	\$ -	\$ -	\$ 1,385,163

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

Subscription arrangement activity for the year ended June 30, 2024, was:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
College					
Subscription arrangements	\$ 7,643,581	\$ 691,958	\$ -	\$ -	\$ 8,335,539
Less accumulated amortization	<u>2,697,060</u>	<u>1,893,366</u>	<u>-</u>	<u>-</u>	<u>4,590,426</u>
Subscription arrangements, net	<u>\$ 4,946,521</u>	<u>\$ (1,201,408)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,745,113</u>

Note 5. Unearned Revenue

Unearned revenue at June 30 consists of the following:

	2025	2024
Prepaid tuition and fees	<u>\$ 791,806</u>	<u>\$ 853,745</u>

Note 6. Long-term Liabilities

Long-term liability activity for the year ended June 30, 2025, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
College					
Purchase arrangements	\$ 10,580,250	\$ -	\$ 1,222,183	\$ 9,358,067	\$ 1,218,929
Subscription liabilities	2,640,900	2,236,369	2,154,827	2,722,442	1,177,221
Lease liabilities	<u>1,298,107</u>	<u>849,739</u>	<u>459,230</u>	<u>1,688,616</u>	<u>457,240</u>
	<u>14,519,257</u>	<u>3,086,108</u>	<u>3,836,240</u>	<u>13,769,125</u>	<u>2,853,390</u>
Other liabilities					
Compensated absences	<u>2,454,500</u>	<u>345,449</u>	<u>-</u>	<u>2,799,949</u>	<u>1,295,000</u>
	<u>\$ 16,973,757</u>	<u>\$ 3,431,557</u>	<u>\$ 3,836,240</u>	<u>\$ 16,569,074</u>	<u>\$ 4,148,390</u>
Foundation					
Loan payable	<u>\$ 243,004</u>	<u>\$ -</u>	<u>\$ 143,755</u>	<u>\$ 99,249</u>	<u>\$ 99,249</u>

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

Long-term liability activity for the year ended June 30, 2024, was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
College					
Purchase arrangements	\$ 11,769,746	\$ -	\$ 1,189,496	\$ 10,580,250	\$ 1,191,166
Subscription liabilities	3,667,400	691,958	1,718,458	2,640,900	1,198,347
Lease liabilities	503,844	1,163,310	369,047	1,298,107	384,431
	<u>15,940,990</u>	<u>1,855,268</u>	<u>3,277,001</u>	<u>14,519,257</u>	<u>2,773,944</u>
Other liabilities					
Compensated absences	<u>2,381,414</u>	<u>1,807,086</u>	<u>1,734,000</u>	<u>2,454,500</u>	<u>1,734,000</u>
	<u>\$ 18,322,404</u>	<u>\$ 3,662,354</u>	<u>\$ 5,011,001</u>	<u>\$ 16,973,757</u>	<u>\$ 4,507,944</u>
Foundation					
Loan payable	<u>\$ 1,500,000</u>	<u>\$ 243,004</u>	<u>\$ 1,500,000</u>	<u>\$ 243,004</u>	<u>\$ 243,004</u>

Additional information regarding purchase agreement obligations and general obligation bonds is included in Note 7.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

Note 7. Long-term Debt

Purchase agreements within long-term debt at June 30 consisted of the following:

	<u>2025</u>	<u>2024</u>
Building purchase agreement with City of El Dorado in the original amount of \$1,841,739. The agreement 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.	\$ 815,020	\$ 911,186
Series 2019 Certificates of Participation purchase agreement issued April 23, 2019, in the original amount of \$8,260,000. The agreement requires annual principal and interest payments at interest rates varying between 2% and 3.25% beginning June 1, 2020 through June 1, 2039.	6,270,000	6,625,000
Series 2021 Refunding Certificates of Participation purchase agreement issued August 3, 2021, in the original amount of \$4,345,000 for the purpose of refunding Series 2013 and 2013B Certificates of Participation maturing in years 2026 and 2029. Includes the bond premium of \$186,096. The agreement requires semiannual payments with an interest rate of 2.00% and annual principal payments with the final payment due October 1, 2028.	<u>2,273,047</u>	<u>3,044,064</u>
	9,358,067	10,580,250
Less: current portion	<u>1,218,929</u>	<u>1,191,166</u>
Long-term portion	<u>\$ 8,139,138</u>	<u>\$ 9,389,084</u>

Capital assets under purchase agreements at June 30 are as follows:

	<u>2025</u>	<u>2024</u>
Land	\$ 113,942	\$ 113,942
Land improvements	2,080,312	2,080,312
Buildings	26,132,420	27,974,160
Equipment	<u>1,916,914</u>	<u>2,014,015</u>
	30,243,588	32,182,429
Less accumulated depreciation	<u>(14,410,578)</u>	<u>(12,968,471)</u>
	<u>\$ 15,833,010</u>	<u>\$ 19,213,958</u>

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

Future minimum payments on purchase agreements are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Year Ending June 30			
2026	\$ 1,218,929	\$ 247,990	\$ 1,466,919
2027	946,772	221,998	1,168,770
2028	969,696	198,274	1,167,970
2029	992,703	173,966	1,166,669
2030	520,798	154,021	674,819
2031-3035	2,644,169	537,993	3,182,162
2036-2039	2,065,000	164,569	2,229,569
	<u>\$ 9,358,067</u>	<u>\$ 1,698,811</u>	<u>\$ 11,056,878</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. Lease Liabilities

The College, as lessee, leases buildings and other equipment, the terms of which expire in various years through 2030. Payments are based on the lease agreements in each specific lease.

The following is a schedule by year of payments under the leases as of June 30, 2025:

	<u>Total to be Paid</u>	<u>Principal</u>	<u>Interest</u>
Year Ending June 30			
2026	\$ 499,132	\$ 457,240	\$ 41,892
2027	434,165	403,242	30,923
2028	397,639	377,536	20,103
2029	363,313	354,074	9,239
2030	97,833	96,524	1,309
	<u>\$ 1,792,082</u>	<u>\$ 1,688,616</u>	<u>\$ 103,466</u>

Note 9. Subscription Liabilities

The College has various subscription-based information technology arrangements (SBITAs), the terms of which expire in various years through 2029. Subscription obligations are measured at the present value of subscription payments expected to be made during the subscription term. Variable payments based upon the use of the underlying asset are not included in the subscription liability because they are not fixed in substance.

There were no outflows of resources recognized in 2025 and 2024 for variable payments not previously included in the measurement of the subscription liability.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

The College uses its internal borrowing rate of 2.45%, which reflects the College's cost of debt, to calculate the present value and interest applied to each subscription obligation whenever a stated rate is unavailable. Interest recognized on these obligations for the years ended June 30, 2025 and 2024 was \$39,627 and \$48,072, respectively. Future payments on all subscription obligations at June 30, 2025, are as follows:

	Total to be Paid	Principal	Interest
Year Ending June 30			
2026	\$ 1,232,109	\$ 1,177,221	\$ 54,888
2027	967,552	934,931	32,621
2028	412,837	397,756	15,081
2029	218,921	212,534	6,387
	<u>\$ 2,831,419</u>	<u>\$ 2,722,442</u>	<u>\$ 108,977</u>

Note 10. 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 Annual Comprehensive 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.

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.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

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 12.57% and 13.11% for the fiscal years ended June 30, 2025 and 2024, respectively.

For the years ended June 30, 2025 and 2024, the College recognized pension expense and revenue of \$3,450,421 and \$3,467,949, 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 statements of revenues, expenses and changes in net position. For the fiscal years ended June 30, 2025 and 2024, College contributions to the plan for "working after retirement" payments were \$83,064 and \$64,447, respectively.

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

At June 30, 2025 and 2024, 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:

	<u>2025</u>	<u>2024</u>
College's proportionate share of the collective net pension liability	\$ 599,193	\$ 523,048
State's proportionate share of the collective net pension liability associated with the College	<u>31,591,676</u>	<u>33,895,560</u>
	<u>\$ 32,190,869</u>	<u>\$ 34,418,608</u>

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

The collective net pension liability was measured by KPERS as of June 2024 and 2023, respectively, and the total pension liability used to calculate the collective net pension liability was determined by an actuarial valuation as of December 31, 2023 and 2022, respectively, which was rolled forward to June 30, 2024 and 2023, 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, 2024 and 2023, 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, 2024 and 2023, respectively. As of the measurement date of June 30, 2024 and 2023, the College's "working after retirement" contributions were .018% 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, 2024 and 2023, was .0092% and .0075%, respectively.

At June 30, 2025 and 2024, the College reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience net pension liability	\$ 38,047	\$ -
Net difference between projected and actual earnings on pension plan investments	5,349	-
Changes in proportionate share	182,822	63,021
Changes in assumptions	40,243	15,433
College contributions subsequent to measurement date	83,349	-
	<u>\$ 349,810</u>	<u>\$ 78,454</u>
	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience net pension liability	\$ 18,950	\$ -
Net difference between projected and actual earnings on pension plan investments	35,599	-
Changes in proportionate share	153,864	112,638
Changes in assumptions	57,798	-
College contributions subsequent to measurement date	65,365	-
	<u>\$ 331,576</u>	<u>\$ 112,638</u>

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

At June 30, 2025 and 2024, the College reported \$83,349 and \$65,365, respectively, as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date that will be (was) recognized as a reduction of the net pension liability in the years ending June 30, 2026 and 2025, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources at June 30, 2025, related to pensions will be recognized in pension expense as follows:

	Deferred Outflows (Inflows) of Resources
Year Ending June 30	
2026	\$ 50,417
2027	77,933
2028	47,243
2029	12,414
2030	-
	<u>\$ 188,007</u>

Actuarial Assumptions

The total pension liability for KPERS in the December 31, 2023, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 15.50%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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

The total pension liability for KPERS in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75%
Salary increases	3.50% to 12.00%, including inflation
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

Mortality rates for December 31, 2023, 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
June 30, 2025 and 2024

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Non-U.S. Equities	43%	8.20%
Core Fixed Income	13%	2.20%
Yield Driven	12%	5.30%
Infrastructure	3%	6.80%
Real Estate	15%	5.70%
Alternatives	11%	12.00%
Short-Term Investments	3%	0.30%
	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00% for the year ended December 31, 2023, and 7.00% for the year ended December 31, 2022. 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.

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 7.00%, 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 (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
College's proportionate share of the net pension liability	<u>\$ 882,567</u>	<u>\$ 599,193</u>	<u>\$ 361,830</u>

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 11. 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.

Total OPEB Liability and Actuarial Assumptions

The College's total OPEB liability of \$4,861,404 and \$4,094,058 was measured as of June 30, 2025 and 2024, for the years ended June 30, 2025 and 2024, respectively. The OPEB liability as of June 30, 2025, was determined by an actuarial valuation as of October 1, 2024, rolled forward to June 30, 2025. The OPEB liability as of June 30, 2024, was determined by an actuarial valuation as of October 1, 2022, rolled forward to June 30, 2024.

The total OPEB liability in the June 30, 2025, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	4.80%
Salary increases	2.50%, average, including inflation
Actuarial cost method	Entry age – level percent-of-pay
Health care cost trend rates	7.25% decreasing to 4.5%

The total OPEB liability in the June 30, 2024, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Discount rate	4.10%
Salary increases	2.50%, average, including inflation
Actuarial cost method	Entry age – level percent-of-pay
Health care cost trend rates	6.50% decreasing to 4.5%

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025, mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement. For June 30, 2024, mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Headcount-Weighted General Mortality Tables using Scale MP-2021 Full Generational Improvement.

The actuarial assumptions used in the June 30, 2025 and June 30, 2024, actuarial valuations were based on the results of an actuarial experience study conducted by evaluating the group plan experience from the College using historical data.

Changes in the Total OPEB Liability

Changes in the total OPEB liability are:

	<u>2025</u>	<u>2024</u>
Balance, beginning of year	\$ 4,094,058	\$ 3,956,569
Changes for the year		
Service cost	196,996	196,422
Interest cost	172,648	161,832
Changes in benefit terms	-	-
Differences between actual and expected experience	(31,888)	33,119
Changes in assumptions and inputs	589,835	(39,508)
Employer benefit payments	<u>(160,245)</u>	<u>(214,376)</u>
Net changes	<u>767,346</u>	<u>137,489</u>
Balance, end of year	<u>\$ 4,861,404</u>	<u>\$ 4,094,058</u>

Changes in assumptions reflect a change in the discount rate from 4.10% at the beginning of the year to 4.80% 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 4.80%. The following presents the total OPEB liability using a discount rate 1.00% higher and 1.00% lower than the current discount rate.

	<u>1% Decrease (3.80%)</u>	<u>Current Discount Rate (4.80%)</u>	<u>1% Increase (5.80%)</u>
Total OPEB liability	\$ 5,269,856	\$ 4,861,404	\$ 4,487,702

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

The total OPEB liability of the College has been calculated using health care cost trend rates of 7.25% - 4.50%. 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 (6.25%-3.50%)	Health Care Cost Trend Rate (7.25%-4.50%)	1% Increase (8.25%-5.50%)
Total OPEB liability	<u>\$ 4,334,228</u>	<u>\$ 4,861,404</u>	<u>\$ 5,486,779</u>

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

For the years ended June 30, 2025 and 2024, the College recognized OPEB expense of \$61,430 and (\$682), respectively. At June 30, 2025 and 2024, the College reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	2025	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 27,097	\$ 640,990
Changes in assumptions	<u>1,036,964</u>	<u>1,756,943</u>
	<u>\$ 1,064,061</u>	<u>\$ 2,397,933</u>

	2024	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,108	\$ 724,705
Changes in assumptions	<u>574,916</u>	<u>2,080,352</u>
	<u>\$ 605,024</u>	<u>\$ 2,805,057</u>

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

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 ending June 30	
2026	\$ (308,214)
2027	(308,209)
2028	(273,012)
2029	(239,396)
2030	(187,799)
Thereafter	(17,242)
	<u>\$ (1,333,872)</u>

Note 12. Pledges Receivable – Foundation

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

	2025	2024
Total pledges and bequests receivable	\$ 2,890,350	\$ 590,843
Less unamortized discount	(114,193)	(34,912)
Less allowance for uncollectible pledges	<u>(22,500)</u>	<u>(22,500)</u>
Net pledges receivable	2,753,657	533,431
Less pledges receivable, current portion	<u>(2,205,772)</u>	<u>(251,402)</u>
Pledges receivable, long-term	<u>\$ 547,885</u>	<u>\$ 282,029</u>
Amounts due in		
Less than one year	\$ 2,228,272	\$ 273,902
One to five years	430,654	226,154
Five to ten years	<u>231,424</u>	<u>90,787</u>
	<u>\$ 2,890,350</u>	<u>\$ 590,843</u>

An imputed interest rate of 4.00% 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.

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 13. 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.

Spending Policy

The Foundation has a policy of appropriating for distribution each year approximately 5% 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.

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

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, 2025 and 2024, was:

	2025			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	For Perpetuity	
Donor restricted endowment funds	\$ -	\$ 5,043,493	\$ 16,997,353	\$ 22,040,846
Board designated endowment funds	49,941	-	-	49,941
	<u>\$ 49,941</u>	<u>\$ 5,043,493</u>	<u>\$ 16,997,353</u>	<u>\$ 22,090,787</u>
2024				
	2024			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	For Perpetuity	
Donor restricted endowment funds	\$ -	\$ 4,154,801	\$ 14,045,617	\$ 18,200,418
Board designated endowment funds	49,941	-	-	49,941
	<u>\$ 49,941</u>	<u>\$ 4,154,801</u>	<u>\$ 14,045,617</u>	<u>\$ 18,250,359</u>

Changes in endowment net position for the years ended June 30, 2025 and 2024, were:

	2025			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	For Perpetuity	
Net position, beginning of year	\$ 49,941	\$ 4,154,801	\$ 14,045,617	\$ 18,250,359
Contributions	-	575,773	2,840,759	3,416,532
Investment return	-	1,868,820	-	1,868,820
Other income	-	10,952	-	10,952
Changes in donor restrictions	-	(110,977)	110,977	-
Appropriation of endowment assets for expenditure	-	(1,455,876)	-	(1,455,876)
Net position, end of year	<u>\$ 49,941</u>	<u>\$ 5,043,493</u>	<u>\$ 16,997,353</u>	<u>\$ 22,090,787</u>

Butler County Community College
Notes to Financial Statements
June 30, 2025 and 2024

	2024			
	Without Donor Restrictions	With Donor Restrictions		Total
		Purpose Restrictions	For Perpetuity	
Net position, beginning of year	\$ 49,941	\$ 2,722,706	\$ 13,434,612	\$ 16,207,259
Contributions	-	937,365	554,899	1,492,264
Investment return	-	1,486,401	-	1,486,401
Other income	-	9,413	-	9,413
Changes in donor restrictions	-	(56,106)	56,106	-
Appropriation of endowment assets for expenditure	-	(944,978)	-	(944,978)
Net position, end of year	<u>\$ 49,941</u>	<u>\$ 4,154,801</u>	<u>\$ 14,045,617</u>	<u>\$ 18,250,359</u>

Note 14. Employee Health Claims

Fulltime employees of the College and their dependents are eligible to participate in the College's employee health insurance plan. Fulltime employees are defined as those working more than 30 hours per week. Beginning in 2022, the College is self-insured for health claims of participating employees and dependents up to an annual amount of \$50,000 per claim. Commercial stop-loss insurance coverage is purchased for claims in excess of the aggregate annual amount.

A provision is accrued for self-insured employee health claims including both claims reported and claims incurred but not yet reported. The accrual is estimated based on consideration of prior claims experience, recently settled claims, frequency of claims and other economic and social factors. It is reasonably possible that the College's estimate will change by a material amount in the near term.

Activity in the College's accrued employee health claims liability during 2025 and 2024 is summarized as follows:

	2025	2024
Balance, beginning of year	\$ 548,641	\$ 552,046
Current year claims incurred	4,347,865	3,486,603
Claims and expenses paid	<u>4,167,847</u>	<u>3,490,008</u>
Balance, end of year	<u>\$ 728,659</u>	<u>\$ 548,641</u>

The accrued employee health claims liability is recorded in the accounts payable line item on the statements of net position.

Note 15. 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, 2025 and 2024.

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 that 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 16. 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 other than employee health. Settled claims have not exceeded this commercial coverage in any of the three preceding years.

The College self-insures employee health. Claims are administered by BlueCross BlueShield of 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***

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016	June 30, 2015
College's proportion of the collective net pension liability	0.00917%	0.00752%	0.00440%	0.00677%	0.00596%	0.00747%	0.00970%	0.20230%	0.00941%	0.00000%
College's proportionate share of the collective net pension liability	\$ 599,193	\$ 523,048	\$ 314,541	\$ 381,310	\$ 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	31,591,676	33,895,560	34,263,658	26,967,861	38,911,658	34,125,561	34,890,866	36,340,102	37,535,499	36,857,961
Total	\$ 32,190,869	\$ 34,418,608	\$ 34,578,199	\$ 27,349,171	\$ 39,357,060	\$ 34,608,376	\$ 35,523,709	\$ 37,205,438	\$ 37,938,107	\$ 37,509,522
College's covered payroll	\$ 28,646,333	\$ 27,280,805	\$ 25,984,131	\$ 24,807,587	\$ 26,504,353	\$ 25,819,381	\$ 25,463,314	\$ 23,705,497	\$ 23,494,662	\$ 25,142,766
College's proportionate share of the collective net pension liability as a percentage of its covered payroll	2.09%	1.92%	1.21%	1.54%	1.68%	1.87%	2.49%	3.65%	1.71%	2.59%
Plan (KPERs) fiduciary net position as a percentage of the total pension liability	72.75%	70.70%	69.75%	76.40%	66.30%	69.88%	68.88%	67.12%	65.10%	64.95%

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

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 83,349	\$ 65,365	\$ 53,890	\$ 30,929	\$ 38,085	\$ 42,479	\$ 79,384	\$ 54,580	\$ 65,450	\$ 28,086
Contributions in relation to the contractually required contribution	(83,349)	(65,365)	(53,890)	(30,929)	(38,085)	(42,479)	(79,384)	(54,580)	(65,450)	(28,086)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
College's covered payroll	\$ 29,814,310	\$ 28,646,333	\$ 27,280,805	\$ 25,984,131	\$ 24,807,587	\$ 26,504,353	\$ 25,819,381	\$ 25,463,314	\$ 23,705,497	\$ 23,494,662
Contributions as a percentage of covered payroll	0.28%	0.23%	0.20%	0.12%	0.15%	0.16%	0.31%	0.21%	0.28%	0.12%

*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.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability									
Service cost	\$ 196,996	\$ 196,422	\$ 193,226	\$ 306,540	\$ 494,615	\$ 495,041	\$ 463,315	\$ 475,446	\$ 515,495
Interest	172,648	161,832	148,635	111,712	173,511	203,812	230,734	256,197	205,376
Changes of benefit terms	-	-	(260,498)	-	(272,095)	-	-	(512,110)	-
Differences between actual and expected	(31,888)	33,119	(101,347)	(42,247)	(124,865)	(668,941)	(130,023)	(224,110)	-
Changes in assumptions or other inputs	589,835	(39,508)	557,568	(1,657,872)	(789,706)	220,907	(437,504)	(145,740)	-
Employer contributions (benefit payments)	(160,245)	(214,376)	(397,863)	(360,680)	(401,866)	(339,425)	(373,463)	(388,186)	(387,184)
									(341,687)
Net change in total OPEB liability	767,346	137,489	139,721	(1,642,547)	(920,406)	(88,606)	(246,941)	(538,503)	(8,000)
Total OPEB liability - beginning	4,094,058	3,956,569	3,816,848	5,459,395	6,379,801	6,468,407	6,715,348	7,253,851	7,261,851
Total OPEB liability - ending	<u>\$ 4,861,404</u>	<u>\$ 4,094,058</u>	<u>\$ 3,956,569</u>	<u>\$ 3,816,848</u>	<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	\$ 25,546,103	\$ 22,916,501	\$ 22,916,501	\$ 20,726,004	\$ 20,726,004	\$ 20,679,413	\$ 20,679,413	\$ 18,911,458	\$ 18,911,458
Contributions as a percentage of covered employee payroll	19.03%	17.87%	17.27%	18.42%	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 - 2018

- 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 RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2017 Full Generational Improvement
- The discount rate changed from 3.4% to 3.3%
- The load on present value costs due to the "Cadillac" tax changed from 4% to 2%
- The actual 2017-18 retire contribution premiums were valued

Changes of assumptions - 2019

- Retirement and turnover assumptions were updated to reflect the latest statistics from KPERS. In particular, retirement probabilities were lowered at various ages

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

(Continued)

- The assumed mortality was updated to reflect the Society of Actuaries RPH-2014 Adjusted to 2006 Total Dataset Headcount-weighted Mortality table with MP-2018 Full Generational Improvement
- The discount rate changed from 3.3% to 3.0%
- The load on present value costs due to the "Cadillac" tax changed from 2% to 3%

Changes of assumptions - 2020

- 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-2019 Full Generational Improvement
- The discount rate changed from 3.0% to 2.6%
- The load on present value costs due to the "Cadillac" tax changed from 3% to 0%

Changes of assumptions - 2021

- 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%

Changes of assumptions - 2022

- 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-2021 Full Generational Improvement
- The discount rate changed from 2.0% to 3.9%

Changes of assumptions - 2023

- Retirement and turnover assumptions were updated to reflect the latest statistics from KPERS. In particular, retirement probabilities were lowered at various ages
- The discount rate changed from 3.9% to 4.0%

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

(Continued)

Changes of assumptions - 2024

- Retirement and turnover assumptions were updated to reflect the latest statistics from KPERS. In particular, retirement probabilities were lowered at various ages

- The discount rate changed from 4.0% to 4.1%

Changes of assumptions - 2025

- The census was updated from October 1, 2022 to October 1, 2024

- The discount rate changed from 4.1% to 4.8%

- It was previously assumed that all future retirees would elect the \$1500 deductible plan during retirement. Employees are now assumed to stay in the plan option upon retirement they are currently electing as an active employee. Employees currently waiving coverage are assumed to elect the \$1,500 deductible plan during retirement.

- The assumed retirement and turnover assumptions were updated taking into account the latest statistics from the KPERS pension valuation report. This was the primary reason for the increase in the liability.

- The projected per capita costs, assumed trends and retiree contribution premiums were updated as part of the evaluation. The October 1, 2024 renewal was taken into account.

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, 2025

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund Balance, Legal, July 1, 2024	<u>\$ 17,479,349</u>	<u>\$ 17,559,530</u>	<u>\$ (80,181)</u>
Revenue and Transfers			
Local property taxes	15,384,835	15,384,835	-
State appropriations	18,434,797	18,956,130	(521,333)
Student tuition and fees	13,790,780	17,255,746	(3,464,966)
Investment income	1,146,364	1,500,000	(353,636)
Cancellation of prior year encumbrances	50,940	-	50,940
Other	919,209	4,000,000	(3,080,791)
Total Revenue and Transfers	<u>49,726,925</u>	<u>57,096,711</u>	<u>(7,369,786)</u>
Expenditures, Encumbrances and Transfers			
Instruction	13,417,008	19,192,344	5,775,336
Academic support	4,230,837	3,509,496	(721,341)
Student services	6,785,653	9,246,458	2,460,805
Institutional support	13,082,037	16,468,763	3,386,726
Operation and maintenance of plant	5,267,707	7,154,490	1,886,783
Student scholarships	3,124,085	4,080,984	956,899
Transfers among funds - deductions	5,633,283	6,000,000	366,717
 Total education and general	<u>51,540,610</u>	<u>65,652,535</u>	<u>14,111,925</u>
Total Expenditures, Encumbrances and Transfers	<u>51,540,610</u>	<u>65,652,535</u>	<u>14,111,925</u>
Revenue and Transfers Over (Under) Expenditures and Encumbrances	<u>(1,813,685)</u>	<u>(8,555,824)</u>	<u>6,742,139</u>
Fund Balance, Legal, June 30, 2025	<u>\$ 15,665,664</u>	<u>\$ 9,003,706</u>	<u>\$ 6,661,958</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, 2025

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund Balance, Legal, July 1, 2024	<u>\$ 752,933</u>	<u>\$ 759,541</u>	<u>\$ (6,608)</u>
Revenue and Transfers			
State appropriations	5,686,184	4,871,526	814,658
Student tuition and fees	6,528,162	8,383,593	(1,855,431)
Cancellation of prior year encumbrances	12,827	-	12,827
Other	91,861	5,000,000	(4,908,139)
Transfers among funds - additions	<u>4,400,000</u>	<u>-</u>	<u>4,400,000</u>
Total revenue and transfers	<u>16,719,034</u>	<u>18,255,119</u>	<u>(1,536,085)</u>
Expenditures, Encumbrances and Transfers			
Instruction	5,854,920	6,755,315	900,395
Academic support	1,435,558	1,542,483	106,925
Student services	1,675,071	1,997,261	322,190
Institutional support	4,615,594	5,318,850	703,256
Operation and maintenance of plant	1,359,905	1,419,881	59,976
Student scholarships	621,316	680,870	59,554
Transfers among funds - reductions	<u>120,763</u>	<u>800,000</u>	<u>679,237</u>
Total expenditures, encumbrances and transfers	<u>15,683,127</u>	<u>18,514,660</u>	<u>2,831,533</u>
Revenue and Transfers Over (Under)			
Expenditures and Encumbrances	<u>1,035,907</u>	<u>(259,541)</u>	<u>1,295,448</u>
Fund Balance, Legal, June 30, 2025	<u><u>\$ 1,788,840</u></u>	<u><u>\$ 500,000</u></u>	<u><u>\$ 1,288,840</u></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, 2025

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund Balance, Legal, July 1, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and Transfers			
Federal grants	253,260	350,000	(96,740)
State appropriations	83,310	250,000	(166,690)
Other	-	150,000	(150,000)
Transfers among funds - additions	<u>160,000</u>	<u>-</u>	<u>160,000</u>
Total revenue and transfers	<u>496,570</u>	<u>750,000</u>	<u>(253,430)</u>
Expenditures and Encumbrances			
Instruction	<u>496,570</u>	<u>700,000</u>	<u>203,430</u>
Revenue and Transfers Over (Under)			
Expenditures and Encumbrances	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>
Fund Balance, Legal, June 30, 2025	<u><u>\$ -</u></u>	<u><u>\$ 50,000</u></u>	<u><u>\$ (50,000)</u></u>

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, 2025

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund Balance, Legal, July 1, 2024	<u>\$ 141,937</u>	<u>\$ 141,938</u>	<u>\$ (1)</u>
Revenue and Transfers			
Other	230,792	1,000,000	(769,208)
Transfers among funds - additions	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue and transfers	<u>230,792</u>	<u>1,000,000</u>	<u>(769,208)</u>
Expenditures and Encumbrances			
Instruction	<u>146,327</u>	<u>1,000,000</u>	<u>853,673</u>
Revenue and Transfers Over (Under)			
Expenditures and Encumbrances	<u>84,465</u>	<u>-</u>	<u>84,465</u>
Fund Balance, Legal, June 30, 2025	<u><u>\$ 226,402</u></u>	<u><u>\$ 141,938</u></u>	<u><u>\$ 84,464</u></u>

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, 2025

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund Balance, Legal, July 1, 2024	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and Transfers			
State appropriations	<u>5,200</u>	<u>20,000</u>	<u>(14,800)</u>
Expenditures and Encumbrances			
Institutional	<u>5,200</u>	<u>20,000</u>	<u>14,800</u>
Revenue and Transfers Over (Under)			
Expenditures and Encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance, Legal, June 30, 2025	<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 Fund
(Legal Basis)
Year Ended June 30, 2025

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund Balance, Legal, July 1, 2024	<u>\$ 447,146</u>	<u>\$ 447,146</u>	<u>\$ -</u>
Revenue and Transfers			
Other	<u>3,625</u>	<u>2,854</u>	<u>771</u>
Expenditures and Encumbrances			
Operation and maintenance of plant	<u>-</u>	<u>450,000</u>	<u>450,000</u>
Total expenditures and encumbrances	<u>-</u>	<u>450,000</u>	<u>450,000</u>
Revenue and Transfers Over (Under)			
Expenditures and Encumbrances	<u>3,625</u>	<u>(447,146)</u>	<u>450,771</u>
Fund Balance, Legal, June 30, 2025	<u><u>\$ 450,771</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 450,771</u></u>

Butler County Community College
Schedule of Revenues, Expenses, Encumbrances
and Changes in Fund Balances – Budget and Actual
Auxiliary Enterprises Fund
(Legal Basis)
Year Ended June 30, 2025

	Student Union and Dormitory		
	Actual	Original and Final Budget	Variance With Final Budget Positive (Negative)
Fund Balance, Legal, July 1, 2024	<u>\$ 4,738,127</u>	<u>\$ 4,768,273</u>	<u>\$ (30,146)</u>
Revenue and Transfers			
Student sources	255,640	300,000	(44,360)
Bookstore sales, dorm rental, meal tickets, gate receipts and concessions	4,470,432	5,000,000	(529,568)
Cancellation of prior year encumbrances	13,518	-	13,518
Other	54,410	200,000	(145,590)
Total Revenue and Transfers	<u>4,794,000</u>	<u>5,500,000</u>	<u>(706,000)</u>
Expenditures, Encumbrances and Transfers			
Education and general			
Cost of books, supplies and meals sold	3,010,249	5,000,000	1,989,751
Salaries	1,010,887	1,000,000	(10,887)
Operating expense	761,071	300,000	(461,071)
Equipment	202,587	-	(202,587)
Expended for plant facilities	-	1,200,000	1,200,000
Transfers among funds - deductions	303,850	-	(303,850)
Total Expenditures, Encumbrances and Transfers	<u>5,288,644</u>	<u>7,500,000</u>	<u>2,211,356</u>
Revenue and Transfers Over (Under) Expenditures and Encumbrances	<u>(494,644)</u>	<u>(2,000,000)</u>	<u>1,505,356</u>
Fund Balance, Legal, June 30, 2025	<u>\$ 4,243,483</u>	<u>\$ 2,768,273</u>	<u>\$ 1,475,210</u>

Butler County Community College
Combining Statements of Fiduciary Net Position
June 30, 2025 and 2024

	2025		
	Student Accounts	Grizzlybackers	Totals
Assets			
Cash, including investments	\$ 302,777	\$ 168,649	\$ 471,426
Receivables	-	-	-
Total Assets	<u>302,777</u>	<u>168,649</u>	<u>471,426</u>
Liabilities			
Accounts payable	41	918	959
Accrued expenses	-	2	2
Total Liabilities	<u>41</u>	<u>920</u>	<u>961</u>
Net Position			
Restricted	<u>\$ 302,736</u>	<u>\$ 167,729</u>	<u>\$ 470,465</u>
	2024		
	Student Accounts	Grizzlybackers	Totals
Assets			
Cash, including investments	\$ 297,333	\$ 141,488	\$ 438,821
Receivables	14,985	13,393	28,378
Total Assets	<u>312,318</u>	<u>154,881</u>	<u>467,199</u>
Liabilities			
Accounts payable	59	733	792
Accrued expenses	-	6,661	6,661
Total Liabilities	<u>59</u>	<u>7,394</u>	<u>7,453</u>
Net Position			
Restricted	<u>\$ 312,259</u>	<u>\$ 147,487</u>	<u>\$ 459,746</u>

Butler County Community College
Combining Statements of Changes in Fiduciary Net Position
Years Ended June 30, 2025 and 2024

	2025		
	Student Accounts	Grizzlybackers	Total
Additions			
Fees	\$ 17,725	\$ -	\$ 17,725
Sales	-	124,313	124,313
Rental income	-	-	-
Other	151,388	199,457	350,845
Total Additions	<u>169,113</u>	<u>323,770</u>	<u>492,883</u>
Deductions			
Instruction	(1,200)	-	(1,200)
Operating expenses	179,836	130,851	310,687
Scholarships	-	172,677	172,677
Total Deductions	<u>178,636</u>	<u>303,528</u>	<u>482,164</u>
Change in Net Position	(9,523)	20,242	10,719
Net Position, Beginning of Year	<u>312,259</u>	<u>147,487</u>	<u>459,746</u>
Net Position, End of Year	<u>\$ 302,736</u>	<u>\$ 167,729</u>	<u>\$ 470,465</u>
	2024		
	Student Accounts	Grizzlybackers	Total
Additions			
Fees	\$ 22,497	\$ -	\$ 22,497
Sales	-	124,755	124,755
Rental income	-	-	-
Other	196,966	216,429	413,395
Total Additions	<u>219,463</u>	<u>341,184</u>	<u>560,647</u>
Deductions			
Instruction	(218)	-	(218)
Operating expenses	229,008	170,094	399,102
Scholarships	-	196,884	196,884
Total Deductions	<u>228,790</u>	<u>366,978</u>	<u>595,768</u>
Change in Net Position	(9,327)	(25,794)	(35,121)
Net Position, Beginning of Year	<u>321,586</u>	<u>173,281</u>	<u>494,867</u>
Net Position, End of Year	<u>\$ 312,259</u>	<u>\$ 147,487</u>	<u>\$ 459,746</u>

Butler County Community College
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Provided to Subrecipients	Total Federal Expenditures
U.S. Department of Education				
Direct Programs				
Federal Supplemental Educational Opportunity	84.007	N/A	\$ -	\$ 278,874
Federal Work-Study Program	84.033	N/A	-	137,644
Federal Pell Grant Program	84.063	N/A	-	12,714,670
Federal Direct Student Loans	84.268	N/A	-	8,216,928
Total Student Financial Assistance Cluster			-	21,348,116
Passed Through Kansas Board of Regents				
Career and Technical Education -				
Basic Grants to States	84.048	V048A180016	-	269,730
Adult Education - Basic Grants to States	84.002	V002A180016	-	253,260
Total Department of Education			-	21,871,106
Total Federal Expenditures			\$ -	\$ 21,871,106

Butler County Community College
Notes to the Schedule of Expenditures of Federal Awards
Year Ended June 30, 2025

Note 1. Basis of Presentation

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, 2025. 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 financial position, changes in net position, or cash flows of the College.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The College has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Note 4. 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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*), 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, 2025, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated January 16, 2026. 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.

Report on 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 our opinion 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.

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 or significant deficiencies may exist that were not identified.

Report on 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.

Forvis Mazars, LLP

**Wichita, Kansas
January 16, 2026**

Report on Compliance for the 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 the Major Federal Program

Opinion on the Major Federal Program

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

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

Basis for Opinion on the Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

Forvis Mazars, LLP

**Wichita, Kansas
January 16, 2026**

Butler County Community College
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I – Summary of Auditor’s Results

Financial Statements

1. Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

2. Internal control over financial reporting:
 Material weakness(es) identified? ☐ Yes ☒ No
 Significant deficiency(ies) identified? ☐ Yes ☒ None reported

3. Noncompliance material to the financial statements noted? ☐ Yes ☒ No

Federal Awards

4. Internal control over major federal awards programs:
 Material weakness(es) identified? ☐ Yes ☒ No
 Significant deficiency(ies) identified? ☐ Yes ☒ None reported

5. Type of auditor’s report issued on compliance for major federal program:
☒ Unmodified ☐ Qualified ☐ Adverse ☐ Disclaimer

6. Any audit findings disclosed that are required to be reported by 2 CFR 200.516(a)? ☐ Yes ☒ No

7. Identification of major federal programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

	Student Financial Assistance Cluster
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans

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

9. Auditee qualified as a low-risk auditee? ☐ Yes ☒ No

Section II – Financial Statement Findings

Reference Number	Finding
	No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

Reference Number	Finding
	No matters are reportable.

Butler County Community College
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2025

Reference Number	Summary of Finding
-----------------------------	---------------------------

No matters are reportable.