

BUTLER COUNTY COMMUNITY COLLEGE

FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION

YEARS ENDED JUNE 30, 2010 AND 2009

AND

INDEPENDENT AUDITORS' REPORT

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WITH SUPPLEMENTARY INFORMATION
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BUTLER COUNTY COMMUNITY COLLEGE

El Dorado, Kansas

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BUTLER COUNTY COMMUNITY COLLEGE

**FINANCIAL STATEMENTS
WITH SUPPLEMENTARY INFORMATION**

Years Ended June 30, 2010 and 2009

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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Butler County Community College
El Dorado, Kansas

We have audited the accompanying statements of net assets of Butler County Community College (College) as of June 30, 2010 and 2009 and the related statements of revenues, expenses, and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the College's management. Our responsibility is to express an opinion on these financial statements based on our audits. We did not audit the financial statements of Butler County Community College Foundation, Inc. (Foundation), a component unit of the College. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Foundation, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the *Kansas Municipal Audit Guide*, and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the financial position of the College and the Foundation at June 30, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2010, on our consideration of the College's internal control over financial reporting and our tests of its compliance with certain provisions of laws and regulations, contracts, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and required supplementary information listed on the table of contents are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. Other schedules listed in the table of contents as supplementary financial information are presented for purposes of additional analysis and are not a required part of the basic financial statements of the College. In addition, the accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 29, 2010
Wichita, KS

Butler County Community College
Management's Discussion and Analysis

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 component unit, the Butler County Community College Foundation, Inc. The following discussion focuses on the College; separately issued audited financial statements for the Foundation can be obtained as discussed in Note 1.

Financial statements for fiscal year 2010 and 2009 are presented; comparative data for fiscal years 2009 and 2008 are discussed. The emphasis of discussions concerning these statements will be for the current year data. There are three financial statements presented: the Statement of Net Assets; the Statement of Revenues, Expenses, and Changes in Net Assets; and the Statement of Cash Flows. Each one of these statements will be discussed.

Statement of Net Assets

The Statement of Net Assets presents the Assets (current and noncurrent), Liabilities (current and noncurrent), and Net Assets (Assets minus Liabilities) at the end of the fiscal year. The purpose of the Statement of Net Assets 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 Statement of Net Assets 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 Statement of Net Assets provides a picture of the net assets (assets minus liabilities) and their availability for use by the College.

Net assets are divided into three major categories. The first category, Invested in Capital Assets, Net of Related Debt, provides the College's equity in or ownership of property, plant and equipment. The next asset category is Restricted Net Assets, which is divided into two categories, Nonexpendable and Expendable. Nonexpendable restricted net assets include endowments. The corpus of nonexpendable restricted resources is only available for investment purposes. Expendable restricted net assets are 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 Assets. Unrestricted assets are available to the College for any lawful purpose.

Condensed Statements of Net Assets (in thousands)

	<u>2010</u>	<u>2009</u>	<u>2008</u>	2010 vs. 2009 Increase (Decrease)	2009 vs. 2008 Increase (Decrease)
Current assets	\$ 18,450	\$ 19,451	\$ 18,517	\$ (1,001)	\$ 934
Noncurrent assets	<u>41,523</u>	<u>35,727</u>	<u>31,506</u>	<u>5,796</u>	<u>4,221</u>
Total assets	<u>59,973</u>	<u>55,178</u>	<u>50,023</u>	<u>4,795</u>	<u>5,155</u>
Current liabilities	6,875	5,903	5,793	972	110
Noncurrent liabilities	<u>12,346</u>	<u>11,239</u>	<u>10,610</u>	<u>1,107</u>	<u>629</u>
Total liabilities	<u>19,221</u>	<u>17,142</u>	<u>16,403</u>	<u>2,079</u>	<u>739</u>
Invested in capital assets	27,510	22,448	16,668	5,062	5,780
Restricted - expendable	1,099	508	2,596	591	(2,088)
Unrestricted	<u>12,143</u>	<u>15,080</u>	<u>14,356</u>	<u>(2,937)</u>	<u>724</u>
Total net assets	<u>\$ 40,752</u>	<u>\$ 38,036</u>	<u>\$ 33,620</u>	<u>\$ 2,716</u>	<u>\$ 4,416</u>

Changes to Total Assets

The total assets of the College increased by \$4,794,916 primarily related to an increase in receivables from federal and state governments and noncurrent capital assets.

Changes to Total Liabilities

The total liabilities of the College for the year have increased by \$2,078,429. This change is attributed to changes in both current and noncurrent long-term debt, an increase in unearned revenue, and an increase in the net OPEB obligation.

Capital lease and revenue bond obligations outstanding increased by approximately \$691,413. Additional information on bonds and capital leases can be found in the Note 5 to the financial statements. Outstanding accounts payable increased by approximately \$439,540. This number can fluctuate from one year to the next. Unearned revenue increased by approximately \$353,550.

Changes to Net Assets

The final section of the Statement of Net Assets 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 asset category "Invested in capital assets, net of related debt" reflects overall changes to the buildings, equipment and other capital assets net of depreciation and net of the liabilities associated with those assets. During fiscal 2010, the investment in capital assets, net of related debt increased by \$5,061,822. Along with the combination of an increase in expendable net assets of \$592,279 and a decrease in unrestricted net assets of \$2,937,614, overall net assets of the College increased \$2,716,487.

Statement of Revenues, Expenses and Changes in Net Assets

Changes in total net assets as presented on the Statement of Net Assets are based on activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement 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.

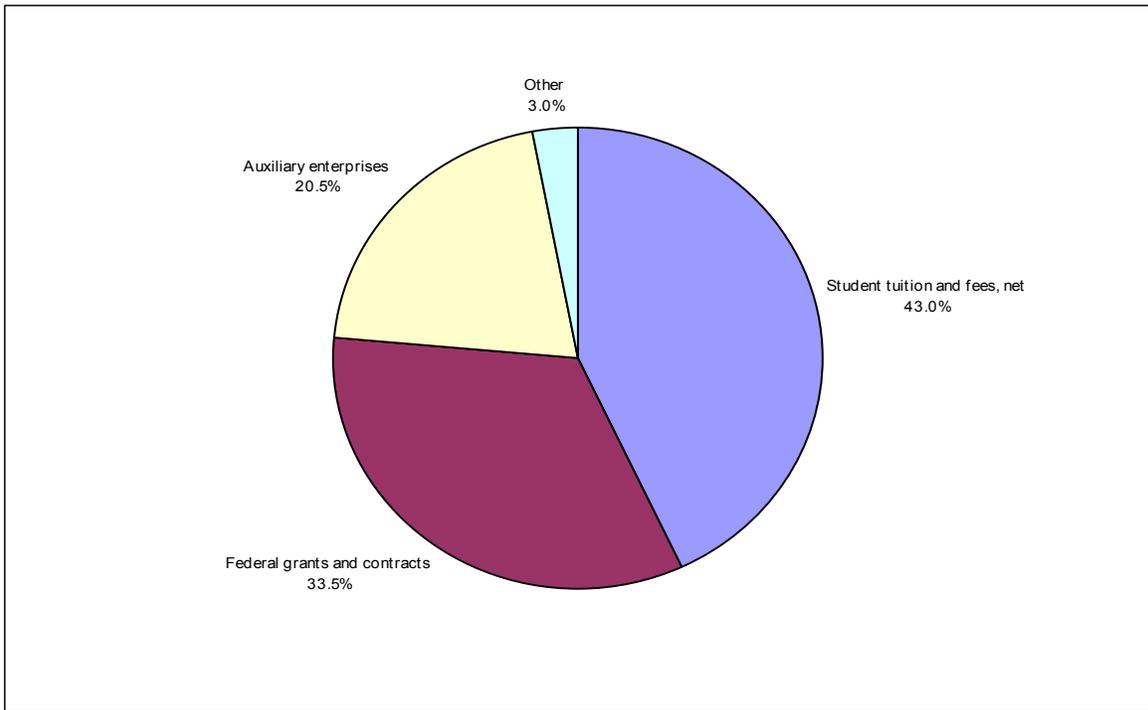
Generally speaking, operating revenues are received for providing goods and services to the various customers and constituencies of the College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues, and to carry out the 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 \$23,133,663 and \$27,266,778 in fiscal years 2010 and 2009, respectively.

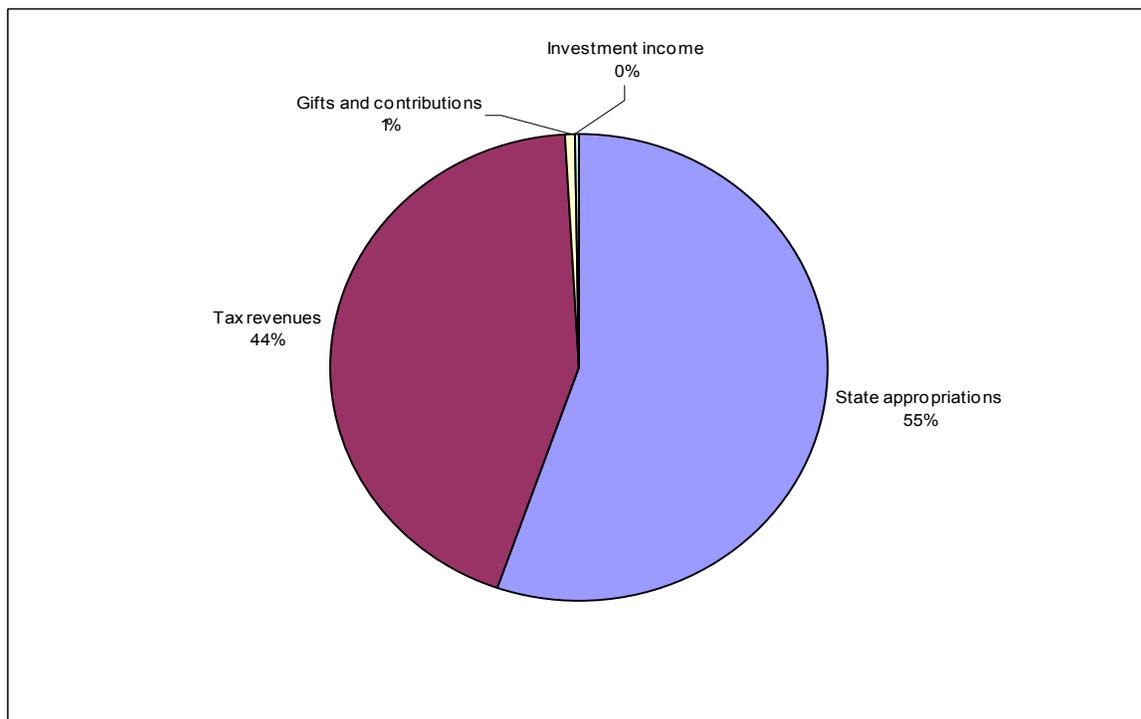
Condensed Statements of Revenues, Expenses and Changes in Net Assets (in thousands)

	2010	2009	2008	2010 vs. 2009 Increase (Decrease)	2009 vs. 2008 Increase (Decrease)
Operating revenue	\$ 35,396	\$ 27,747	\$ 23,810	\$ 7,649	\$ 3,937
Operating expenses	<u>58,530</u>	<u>55,014</u>	<u>50,056</u>	<u>3,516</u>	<u>4,958</u>
Operating loss	(23,134)	(27,267)	(26,246)	4,133	(1,021)
Nonoperating revenues (expenses)	<u>25,850</u>	<u>31,683</u>	<u>28,120</u>	<u>(5,833)</u>	<u>3,563</u>
Increase in net assets	2,716	4,416	1,874	(1,700)	2,542
Net assets, beginning of the year	<u>38,036</u>	<u>33,620</u>	<u>31,746</u>	<u>4,416</u>	<u>1,874</u>
Net assets, end of the year	<u>\$ 40,752</u>	<u>\$ 38,036</u>	<u>\$ 33,620</u>	<u>\$ 2,716</u>	<u>\$ 4,416</u>

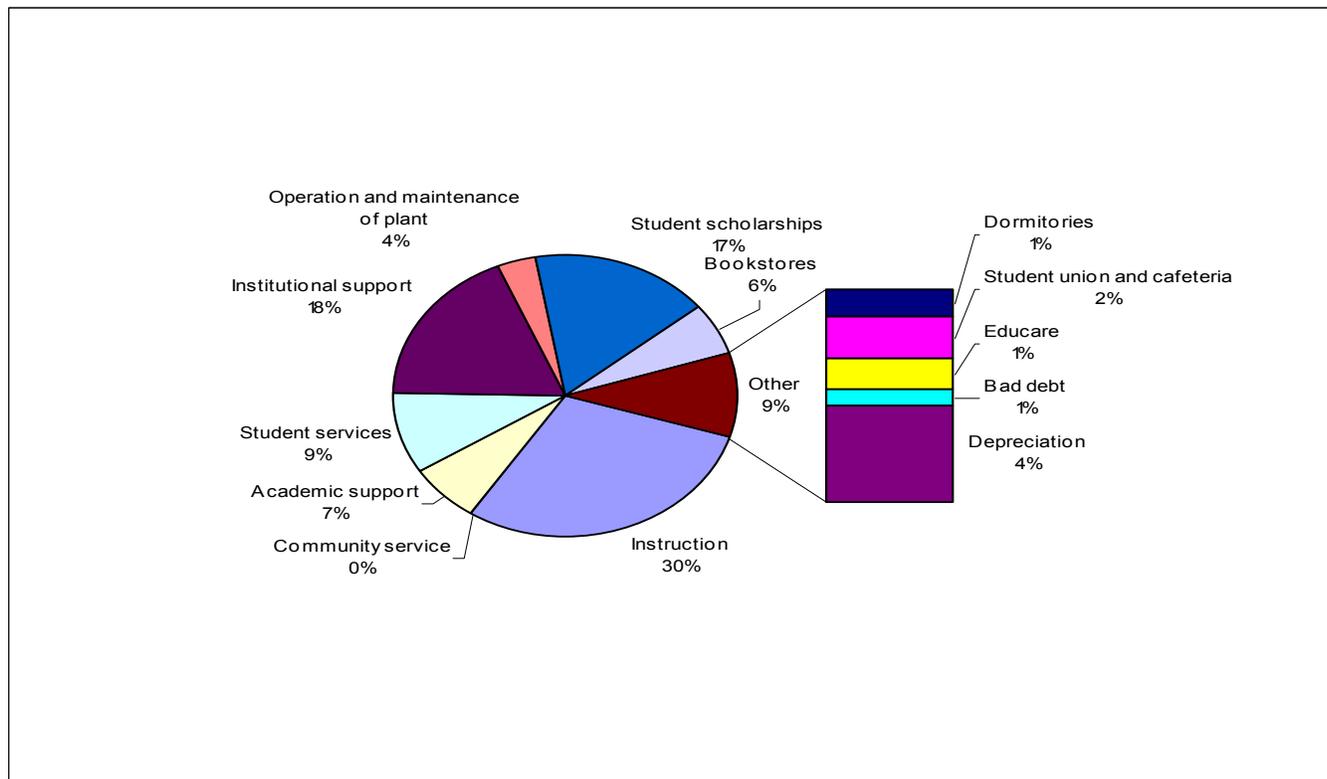
Operating Revenues by Source



Nonoperating Revenues by Major Source



Operating Expenses by Program



Statement of Cash Flows

The final statement presented is the Statement of Cash Flows. This Statement presents detailed information about the cash activity of the College during the year. The Statement is 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 Statement of Revenues, Expenses, and Changes in Net Assets.

Condensed Statements of Cash Flows (in thousands)

	2010	2009	2008
Cash flows from:			
Operating activities	\$ (19,770)	\$ (22,690)	\$ (22,245)
Noncapital financing activities	24,426	25,789	26,496
Capital financing activities	(6,642)	(6,284)	(2,859)
Investing activities	(1,578)	7,559	(566)
Net increase (decrease) in cash	(3,564)	4,374	826
Cash, beginning of year	10,192	5,818	4,992
Cash, end of year	\$ 6,628	\$ 10,192	\$ 5,818

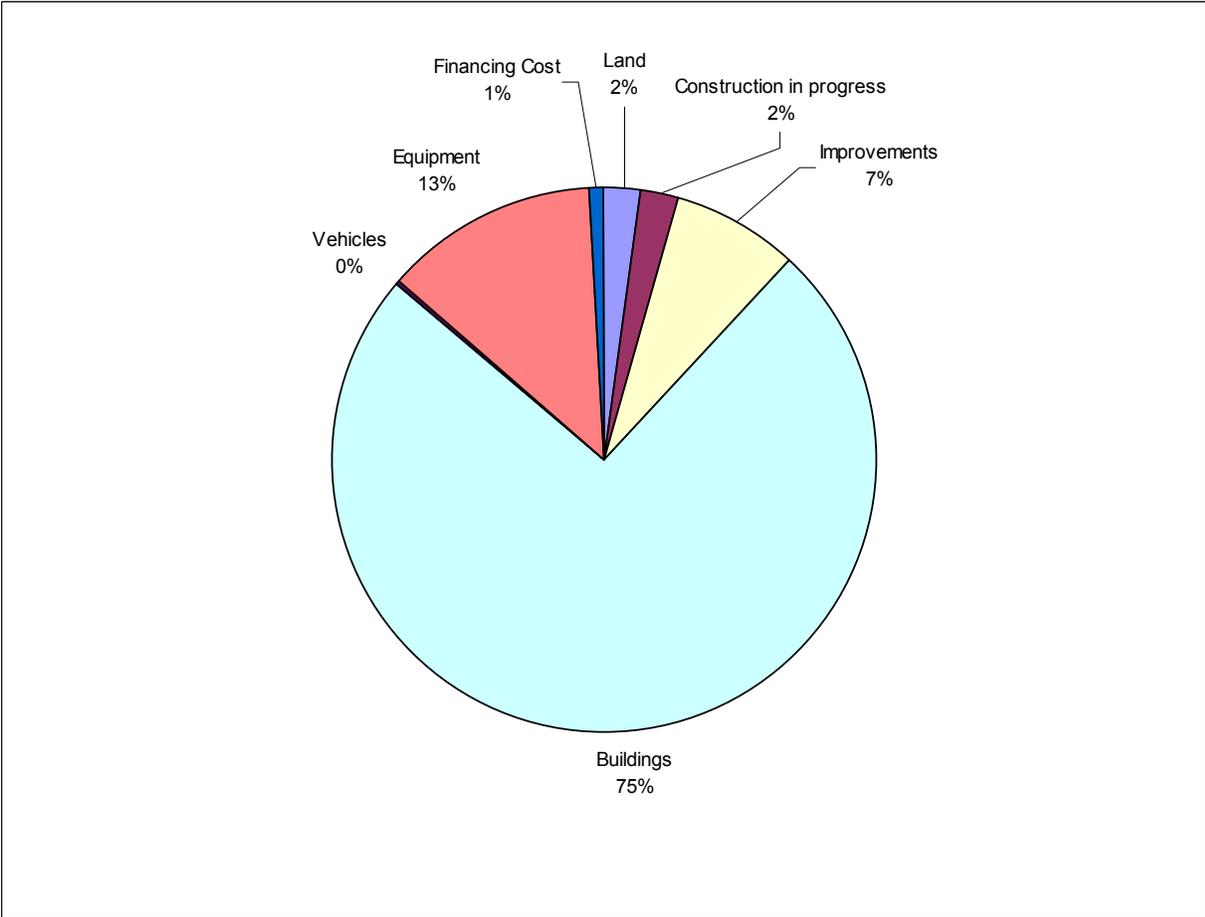
Significant sources of cash included local property taxes, the state operating grant, tuition and fees, and proceeds from maturities of investments. Significant uses of cash were payments to suppliers and vendors, payments to employees, employee benefits, payments for scholarships, capital assets and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

The cash position of the College decreased by \$3,564,795 for the fiscal year ended June 30, 2010 compared to an increase of \$4,374,868 for the fiscal year ended June 30, 2009.

Capital Asset and Debt Administration

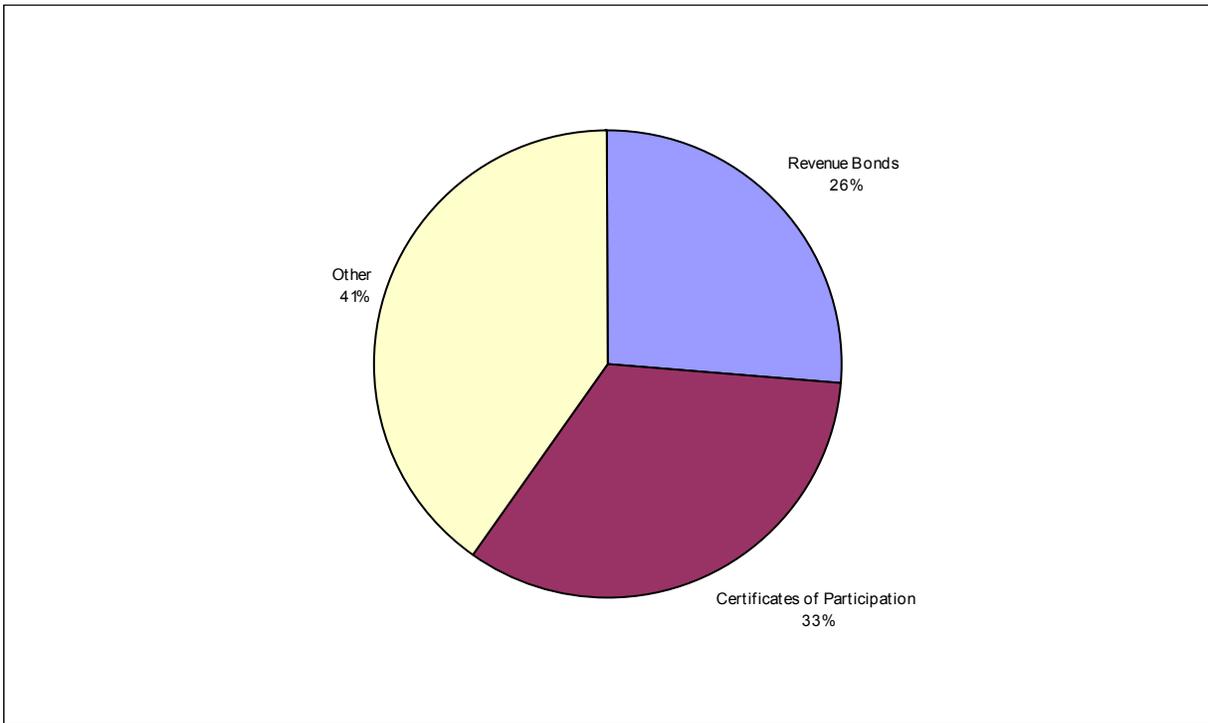
At fiscal year-end, the College had \$65,958,503 of capital assets, with accumulated depreciation of \$25,635,213. Related depreciation charges of \$2,475,896 were recognized in the fiscal year 2010. More detailed financial activity related to the changes in Capital Assets is presented in Note 3.

Capital Asset Categories



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

Categories of Debt



Economic Outlook

Management believes the College is well positioned to maintain its strong financial condition and continues to provide an excellent value to the student, regional economy and taxpayers. The College continues to place a heightened focus upon workforce development with key collaborative efforts with a variety of public and private entities. Additionally, expansion and enhancement continue on plans for high-demand, high-wage programs. The College continues in its efforts to foster in our students 21st century workplace skills in the areas of Personal Development, Analytical Thinking, Communication, and Technology.

As with any labor-intensive organization, a significant portion of the College’s resources are expended on salaries and employee benefits. Investment in the faculty and staff of the college through salary increases and health insurance coverage continues to place economic pressure on the College.

As the College looks to the future, it will perpetuate its contributions to the economic and social well-being of the region and sustain its ability to prepare students and communities for the future. Management will continue to maintain a close watch over its resources and expenses to ensure its ability to plan and react to future internal and external issues and to ensure that the College maintains its strong financial condition.

BASIC FINANCIAL STATEMENTS

BUTLER COUNTY COMMUNITY COLLEGE

STATEMENTS OF NET ASSETS
June 30, 2010 and 2009

	<u>College</u>		<u>Foundation</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
ASSETS				
Current assets:				
Cash and investments	\$ 13,276,985	\$ 15,841,780	\$ 1,295,838	\$ 1,338,118
Accounts receivable net of allowance for doubtful accounts of \$1,709,690 in 2010 and \$1,325,327 in 2009	1,001,827	801,022	-	-
Receivables from Federal and State governments	2,200,471	744,957	-	-
Current portion of pledges receivable	-	-	487,244	1,016,497
Receivable from Foundation	666,095	1,305,005	-	-
Bookstore inventory	1,304,737	757,989	-	-
Total current assets	18,450,115	19,450,753	1,783,082	2,354,615
Noncurrent assets:				
Cash and investments	968,327	351,907	5,963,982	5,071,143
Assets held for sale	-	-	-	250,000
Pledges receivable	-	-	139,900	406,777
Receivable from Foundation	231,707	701,445	-	-
Cash surrender value of life insurance	-	-	14,586	11,721
Capital assets, net of accumulated depreciation				
Land and construction in progress	1,791,733	3,200,110	-	-
Other capital assets, net of accumulated depreciation	38,531,557	31,474,308	21,447	11,171
Total noncurrent assets	41,523,324	35,727,770	6,139,915	5,750,812
Total assets	59,973,439	55,178,523	7,922,997	8,105,427
LIABILITIES				
Current liabilities:				
Accounts payable	1,089,924	650,384	95,679	134,849
Accounts payable to College	-	-	666,095	1,305,005
Compensated absences payable	2,043,384	2,023,234	-	-
Accrued salaries	651,568	689,539	-	-
Deposits held in custody for others	332,911	312,098	-	-
Accrued interest payable	90,547	104,364	-	-
Unearned revenue	1,012,482	658,932	-	-
Current portion of annuity payable	-	-	2,100	2,100
Current portion of long-term debt	1,654,605	1,464,594	2,194	1,236
Other	-	-	-	-
Total current liabilities	6,875,421	5,903,145	766,068	1,443,190
Noncurrent liabilities:				
Annuity payable	-	-	-	4,919
Long-term debt	11,158,500	10,657,098	8,683	792
Net OPEB Obligation	1,187,115	582,364	-	-
Accounts payable to College	-	-	231,707	701,445
Total noncurrent liabilities	12,345,615	11,239,462	240,390	707,156
Total liabilities	19,221,036	17,142,607	1,006,458	2,150,346
NET ASSETS				
Invested in capital assets, net of related debt	27,510,184	22,448,362	21,447	11,171
Restricted - expendable:				
For debt service	260,343	350,891	-	-
For capital projects	617,436	1,016	-	-
For scholarships, instruction and other	221,576	155,169	74,541	99,009
For college support	-	-	494,290	102,862
Restricted - non-expendable:				
For scholarships	-	-	5,553,513	5,218,530
For college support	-	-	809,463	828,057
Unrestricted	12,142,864	15,080,478	(36,715)	(304,548)
Total net assets	\$ 40,752,403	\$ 38,035,916	\$ 6,916,539	\$ 5,955,081

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

BUTLER COUNTY COMMUNITY COLLEGE

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS
Years ended June 30, 2010 and 2009

	<u>College</u>		<u>Foundation</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
	<u>REVENUES</u>			
Operating revenues:				
Student tuition and fees, net of scholarship allowances of \$1,928,205 in 2010 and \$1,695,205 in 2009	\$ 15,209,433	\$ 12,569,220	\$ -	\$ -
Federal grants and contracts	11,850,412	6,937,764	-	-
Gifts and contributions	-	-	1,996,213	2,261,833
Auxiliary enterprises:				
Bookstores, net of scholarship allowances of \$610,640 in 2010 and \$563,883 in 2009	4,816,652	4,180,953	-	-
Dormitories, net of scholarship allowances of \$160,514 in 2010 and \$152,926 in 2009	1,266,114	1,133,882	-	-
Student union and cafeteria, net of scholarship allowances of \$85,872 in 2010 and \$74,036 in 2009	677,347	548,946	-	-
Educare, net of discounts	507,257	500,994	-	-
Net investment return	-	-	771,226	(1,082,646)
Other	1,069,415	1,875,337	-	-
Total operating revenues	<u>35,396,630</u>	<u>27,747,096</u>	<u>2,767,439</u>	<u>1,179,187</u>
	<u>EXPENSES</u>			
Operating expenses:				
Instruction	17,173,830	16,755,826	-	-
Community service	56,290	52,935	-	-
Academic support	3,848,818	4,152,151	868,165	5,312,864
Student services	5,530,649	5,220,620	-	-
Institutional support	10,704,177	11,039,179	411,280	534,235
Operation and maintenance of plant	2,166,057	3,691,637	-	-
Student scholarships	10,013,558	5,492,766	214,897	217,077
Fundraising	-	-	305,732	242,102
Auxiliary enterprises:				
Bookstores	3,572,532	3,717,779	-	-
Dormitories	725,690	773,751	-	-
Student union and cafeteria	1,100,289	790,825	-	-
Educare	778,144	712,291	-	-
Bad debt expense	384,363	356,899	-	-
Depreciation expense	2,475,896	2,257,215	5,907	4,989
Total operating expenses	<u>58,530,293</u>	<u>55,013,874</u>	<u>1,805,981</u>	<u>6,311,267</u>
Operating income (loss)	<u>(23,133,663)</u>	<u>(27,266,778)</u>	<u>961,458</u>	<u>(5,132,080)</u>
	<u>NONOPERATING REVENUES (EXPENSES)</u>			
State appropriations	14,518,395	15,571,477	-	-
Tax revenues	11,597,061	11,687,400	-	-
Gifts and contributions	165,000	4,811,498	-	-
Investment income	37,799	205,672	-	-
Interest on capital asset-related debt	(431,961)	(473,485)	-	-
Gain (loss) on disposal of assets	(36,144)	(120,033)	-	-
Total nonoperating revenues (expenses)	<u>25,850,150</u>	<u>31,682,529</u>	<u>-</u>	<u>-</u>
Increase in net assets	2,716,487	4,415,751	961,458	(5,132,080)
Net assets at beginning of year	<u>38,035,916</u>	<u>33,620,165</u>	<u>5,955,081</u>	<u>11,087,161</u>
Total net assets	<u>\$ 40,752,403</u>	<u>\$ 38,035,916</u>	<u>\$ 6,916,539</u>	<u>\$ 5,955,081</u>

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

BUTLER COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS - COLLEGE
Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Cash Flows From Operating Activities:		
Tuition and fees	\$ 15,393,894	\$ 12,389,266
Grants and contracts	10,394,898	7,164,756
Payments to suppliers and employees	(43,858,077)	(44,985,283)
Payments for scholarships	(10,013,558)	(5,492,766)
Auxiliary enterprise charges:		
Bookstores	4,816,652	4,180,953
Dormitories	1,266,114	1,133,882
Student union and cafeteria	652,898	543,261
Educare	507,257	500,994
Other	1,069,415	1,875,337
	<u>(19,770,507)</u>	<u>(22,689,600)</u>
Cash Flows From Noncapital Financing Activities:		
Tax receipts	11,597,061	11,687,400
State appropriations	12,811,421	13,946,375
Agency fund receipts	165,816	130,573
Agency fund payments	(148,337)	(130,602)
Other	-	155,048
	<u>24,425,961</u>	<u>25,788,794</u>
Cash Flows From Capital Financing Activities:		
Purchases of capital assets	(8,160,911)	(8,326,020)
Proceeds from long-term debt	2,149,757	1,147,516
Donations received from Foundation	1,273,648	2,705,076
Principal paid on long-term debt	(1,464,594)	(1,337,403)
Interest paid on long-term debt	(439,528)	(472,935)
	<u>(6,641,628)</u>	<u>(6,283,766)</u>
Cash Flows From Investing Activities:		
Investment income	37,799	257,812
Proceeds from sales and maturities of investments	38,998,190	43,343,297
Purchase of investments	(40,614,610)	(36,041,669)
	<u>(1,578,621)</u>	<u>7,559,440</u>
Net cash flow from investing activities	<u>(1,578,621)</u>	<u>7,559,440</u>
Net change in cash and cash equivalents	(3,564,795)	4,374,868
Cash and cash equivalents at beginning of year	<u>10,192,671</u>	<u>5,817,803</u>
Cash and cash equivalents at end of year	<u>\$ 6,627,876</u>	<u>\$ 10,192,671</u>

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

BUTLER COUNTY COMMUNITY COLLEGE

STATEMENTS OF CASH FLOWS - COLLEGE
Years ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Reconciliation of Net Operating Loss to Net Cash Flow From Operating Activities:		
Operating loss	\$ (23,133,663)	\$ (27,266,778)
Adjustments to reconcile net operating loss to net cash flow from operating activities:		
Depreciation expense	2,475,895	2,257,215
State on-behalf payments for employee benefits	1,706,974	1,625,102
Changes in assets and liabilities:		
Accounts receivable	(200,805)	4,412
Receivable from Federal and State governments	(1,455,514)	226,992
Inventories	(546,748)	(108,132)
Accounts payable and accrued expenses	1,029,804	512,394
Deferred revenue	353,550	59,195
	<u> </u>	<u> </u>
Net cash flow from operating activities	<u>\$ (19,770,507)</u>	<u>\$ (22,689,600)</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:		
Total cash and investments	\$ 13,276,985	\$ 15,841,780
Less: investments	(7,617,436)	(6,001,016)
Plus: noncurrent cash and investments	968,327	351,907
	<u> </u>	<u> </u>
Net cash and cash equivalents	<u>\$ 6,627,876</u>	<u>\$ 10,192,671</u>

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

BUTLER COUNTY COMMUNITY COLLEGE
STATEMENTS OF CASH FLOWS - FOUNDATION
Years ended June 30, 2010 and 2009

	2010	2009
Cash Flows From Operating Activities:		
Increase in net assets	\$ 961,458	\$ (5,132,080)
Adjustments to reconcile the change in net assets to net cash flow from operating activities:		
Depreciation	5,907	4,989
Unrealized and realized (gain) loss on investments	(617,686)	709,666
Decrease (increase) in cash value of life insurance	(2,865)	(2,411)
Investment acquired through gift-in-kind	-	(250,000)
Income (loss) from annuities	(2,819)	1,777
Net (increase) decreases in operating assets:		
Unconditional promises to give	796,130	1,052,412
Interest receivable	-	20,904
Net increase (decreases) in operating liabilities:		
Accounts payable	(1,147,818)	1,809,770
Annuity payable	(2,100)	(67,100)
	<u>(9,793)</u>	<u>(1,852,073)</u>
Net cash flow from operating activities		
Cash Flows From Investing Activities:		
Purchases of capital assets	(16,183)	(1,790)
Net change in investments	(252,318)	1,479,316
Sale of equity investment	250,000	323,893
	<u>(18,501)</u>	<u>1,801,419</u>
Net cash flow from investing activities		
Cash Flows From Financing Activities:		
Proceeds from capital lease	10,213	-
Payments on capital lease obligations	(1,364)	(1,097)
	<u>8,849</u>	<u>(1,097)</u>
Net cash flow from financing activities		
Net change in cash and cash equivalents	(19,445)	(51,751)
Cash and cash equivalents at beginning of year	31,096	82,847
Cash and cash equivalents at end of year	<u>\$ 11,651</u>	<u>\$ 31,096</u>
Reconciliation of Cash and Cash Equivalents to the Statement of Net Assets:		
Cash and cash equivalents	\$ 11,651	\$ 31,096
Investments	7,248,169	6,378,165
Investments classified as noncurrent assets	(5,963,982)	(5,071,143)
	<u>\$ 1,295,838</u>	<u>\$ 1,338,118</u>
Total cash and investments		

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

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization – 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 2003, the College implemented Governmental Accounting Standards Board (GASB) Statement No. 39, *Determining Whether Certain Organizations are Component Units*, an amendment of GASB Statement 14. Under this amendment, 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 County 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.

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. 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.

Financial Statement Presentation – The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities.

Basis of Accounting – For financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Accordingly, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred.

The College has the option to apply all Financial Accounting Standards Board (FASB) pronouncements issued after November 30, 1989, unless FASB conflicts with GASB. The College has elected to not apply FASB pronouncements issued after the applicable date.

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

For purposes of the statements of cash flows, the College considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. Funds invested in the State Treasurer's Municipal Investment Pool are considered cash equivalents (see Note 2).

Bookstore Inventory - The bookstore inventory is valued at the lower of cost (first-in, first-out method) or market.

Capital Assets - Capital assets are recorded at cost at the date of acquisition, or fair market 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.

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

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

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2010 and 2009, the County Treasurer had distributed to the College approximately 92% and 93%, respectively, of taxes levied in the prior year.

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

Receivables 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 are 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 for the Foundation are for campaign pledges that are due within one to five years. Pledges receivable due within the next year are recorded at their net realizable value. Amounts due in subsequent years are reported at the present value of their realizable value.

Accrued Vacation and Sick Pay – 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 assets, and as a component of compensation and benefit expense in the statement of revenues, expenses and changes in net assets. Such amounts are not accrued for budgetary purposes in accordance with Kansas budgetary law.

On-behalf Payments for Employee Benefits – The College recognizes revenues and expenses for the contributions (Note 7) made by the State of Kansas to the Kansas Public Employees Retirement System (KPERs) on behalf of the College's employees.

Net Assets – *Invested in capital assets, net of related debt*: This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included in this component.

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

Restricted net assets – nonexpendable: Nonexpendable restricted net assets consist 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.

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Unrestricted net assets: Unrestricted net assets represent resources derived from student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions relating to the educational and general operations of the College, and may be used at the discretion of the governing board to meet current expenses for any purpose. These resources also include auxiliary enterprises, which are substantially self-supporting activities that provide services for students, faculty and staff.

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 exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code.

Contributions – 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 a not-for-profit organization exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code. Generally, contributions to the College or Foundation are tax deductible for the donors.

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor or by law. Amounts received which are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support and increases those net asset classes.

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, (3) most federal, state and local grants and contracts, and (4) interest on institutional student loans.

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 Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, such as state appropriations, tax revenues, and investment income.

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 assets. 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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2010.

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.

2. CASH AND INVESTMENTS

Deposits – Custodial credit risk for deposits is the risk that in the event of bank failure, 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, 2010 and 2009 consisted of demand deposit accounts, money market savings accounts, certificates of deposits, U.S. Treasury Bills and investments in the Kansas State Treasurer's Municipal Investment Pool. At year-end, the carrying amount of the College's deposits was \$6,627,876 with the bank balances of such accounts being \$6,715,542. Of the bank balances, \$2,000,000 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.

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

Investments – At June 30, 2010 and 2009 the College had the following investments:

Investment Type	2010		2009	
	Fair Value/ Carrying Amount	Weighted Average Months to Maturity	Fair Value/ Carrying Amount	Weighted Average Months to Maturity
Municipal Investment Pool - 30 days	\$ 1,000,000	.45	\$ --	--
Municipal Investment Pool - 90 days	2,000,000	.74	--	--
Municipal Investment Pool - 90 days	2,000,000	.88	--	--
Municipal Investment Pool - 90 days	2,000,000	1.23	--	--
Municipal Investment Pool - 30 days	--	--	2,000,000	.59
Municipal Investment Pool - 30 days	--	--	2,000,000	.36
Municipal Investment Pool - 90 days	--	--	2,000,000	.95
Money Market – held in trust	617,436	N/A	1,016	N/A
Total	\$ 7,617,436		\$ 6,001,016	

Investment Policies – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The College’s investing activities are managed under the custody of the Director of Accounting. Investing is performed in accordance with investment policies adopted by the College Board of Trustees and complying with State statutes.

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.

The Kansas Municipal Investment Pool is managed by the Kansas State Treasurer under the oversight of the Pooled Money Investment Board. The Pooled Money Investment Board is comprised of five members, four being appointed by the Governor of the State of Kansas, subject to confirmation by the State Senate, and the fifth member is the State Treasurer. Investments by the State Treasurer of pooled moneys are limited to those investments defined by State statute and each participant’s fair value of their position in the pool is the same as their value of the pool shares. The College had deposits with the Kansas Municipal Investment Pool at June 30, 2010 and 2009 of \$7,000,000 and \$6,000,000, respectively. The deposits with the Kansas Municipal Investment Pool are not subject to custodial credit risk.

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

2. CASH AND INVESTMENTS (CONTINUED)

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

	<u>2010</u>	<u>2009</u>
Money market funds	\$ 1,284,187	\$ 1,307,022
Equity investments	3,670,935	3,227,306
Federal government obligations	21,174	--
Corporate bonds	<u>2,271,873</u>	<u>1,843,837</u>
	<u>\$ 7,248,169</u>	<u>\$ 6,378,165</u>

Investment return for the year ended June 30 consist of the following:

	<u>2010</u>	<u>2009</u>
Investment income	\$ 153,540	\$ 205,625
Net realized and unrealized gains (losses)	617,686	(578,605)
Net unrealized losses	<u>--</u>	<u>(709,666)</u>
	<u>\$ 771,226</u>	<u>\$ (1,082,646)</u>

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2010 was as follows:

	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<u>College</u>				
Capital assets not being depreciated:				
Land	\$ 935,237	\$ --	\$ --	\$ 935,237
Construction in progress	<u>2,264,873</u>	<u>784,407</u>	<u>2,192,784</u>	<u>856,496</u>
Total capital assets not being depreciated	<u>3,200,110</u>	<u>784,407</u>	<u>2,192,784</u>	<u>1,791,733</u>
Capital assets being depreciated:				
Land improvements	4,541,905	319,905	--	4,861,810
Buildings and improvements	32,991,160	7,577,811	4,274	40,564,697
Vehicles	968,882	41,263	147,552	862,593
Equipment and furnishings	16,164,672	1,622,310	321,093	17,465,889
Financing costs	<u>403,781</u>	<u>8,000</u>	<u>--</u>	<u>411,781</u>
Total capital assets being depreciated	<u>55,070,400</u>	<u>9,569,289</u>	<u>472,919</u>	<u>64,166,770</u>
Less: accumulated depreciation				
Land improvements	1,630,313	254,489	--	1,884,802
Building and improvements	9,667,006	937,946	1,550	10,603,402
Vehicles	761,264	102,454	147,552	716,166
Equipment and furnishings	11,437,897	1,155,497	287,673	12,305,721
Financing costs	<u>99,612</u>	<u>25,510</u>	<u>--</u>	<u>125,122</u>
Total accumulated depreciation	<u>23,596,092</u>	<u>2,475,896</u>	<u>436,775</u>	<u>25,635,213</u>
Total capital assets being depreciated, net	<u>31,474,308</u>	<u>7,093,393</u>	<u>36,144</u>	<u>38,531,557</u>
Net capital assets	<u>\$ 34,674,418</u>	<u>\$ 7,877,800</u>	<u>\$ 2,228,928</u>	<u>\$ 40,323,290</u>
	<u>Balance July 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2010</u>
<u>Foundation</u>				
Equipment, at cost	\$ 48,504	\$ 16,183	\$ (12,629)	\$ 52,058
Accumulated depreciation	<u>(37,333)</u>	<u>(5,907)</u>	<u>12,629</u>	<u>(30,611)</u>
Net capital assets	<u>\$ 11,171</u>	<u>\$ 10,276</u>	<u>\$ --</u>	<u>\$ 21,447</u>

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

3. CAPITAL ASSETS (CONTINUED)

Capital asset activity for the year ended June 30, 2009 was as follows:

	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<u>College</u>				
Capital assets not being depreciated:				
Land	\$ 935,237	\$ --	\$ --	\$ 935,237
Construction in progress	2,415,495	2,067,244	2,217,866	2,264,873
Total capital assets not being depreciated	<u>3,350,732</u>	<u>2,067,244</u>	<u>2,217,866</u>	<u>3,200,110</u>
Capital assets being depreciated:				
Land improvements	2,104,398	2,437,507	--	4,541,905
Buildings and improvements	29,355,499	3,635,661	--	32,991,160
Vehicles	947,397	81,691	60,206	968,882
Equipment and furnishings	14,249,740	2,321,702	406,770	16,164,672
Financing costs	403,698	83	--	403,781
Total capital assets being depreciated	<u>47,060,732</u>	<u>8,476,644</u>	<u>466,976</u>	<u>55,070,400</u>
Less: accumulated depreciation				
Land improvements	1,449,506	180,807	--	1,630,313
Building and improvements	8,907,203	759,803	--	9,667,006
Vehicles	709,874	111,596	60,206	761,264
Equipment and furnishings	10,544,467	1,180,168	286,738	11,437,897
Financing costs	74,768	24,844	--	99,612
Total accumulated depreciation	<u>21,685,818</u>	<u>2,257,218</u>	<u>346,944</u>	<u>23,596,092</u>
Total capital assets being depreciated, net	<u>25,374,914</u>	<u>6,219,426</u>	<u>120,032</u>	<u>31,474,308</u>
Net capital assets	<u>\$ 28,725,646</u>	<u>\$ 8,286,670</u>	<u>\$ 2,337,898</u>	<u>\$ 34,674,418</u>
	Balance July 1, 2008	Additions	Deletions	Balance June 30, 2009
<u>Foundation</u>				
Equipment, at cost	\$ 50,409	\$ --	\$ (1,905)	\$ 48,504
Accumulated depreciation	(36,039)	(4,989)	3,695	(37,333)
Net capital assets	<u>\$ 14,370</u>	<u>\$ (4,989)</u>	<u>\$ 1,790</u>	<u>\$ 11,171</u>

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

4. UNEARNED REVENUE

At June 30 unearned revenue consists of the following:

	<u>2010</u>	<u>2009</u>
Prepaid tuition and fees	\$ 1,012,482	\$ 658,932

5. LONG-TERM LIABILITIES

Long-term liability activity for the year ended June 30, 2010 was as follows:

	<u>Balance at July 1, 2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2010</u>	<u>Amounts due within one year</u>
Bonds payable and capital lease obligations:					
Revenue bonds payable	\$ 3,395,000	\$ --	\$ --	\$ 3,395,000	\$ 50,000
Capital lease obligations	8,745,442	2,149,757	1,464,594	9,430,605	1,604,605
Deferred refunding	(18,750)	--	(6,250)	(12,500)	--
	<u>12,121,692</u>	<u>2,149,757</u>	<u>1,458,344</u>	<u>12,813,105</u>	<u>1,654,605</u>
Other liabilities:					
Net OPEB obligation	582,364	604,751	--	1,187,115	--
Compensated absences payable	<u>2,023,234</u>	<u>1,258,091</u>	<u>1,237,941</u>	<u>2,043,384</u>	<u>2,043,384</u>
	<u>2,605,598</u>	<u>1,862,842</u>	<u>1,237,941</u>	<u>3,230,499</u>	<u>2,043,384</u>
	<u>\$ 14,727,290</u>	<u>\$ 4,012,599</u>	<u>\$ 2,696,285</u>	<u>\$ 16,043,604</u>	<u>\$ 3,697,989</u>

Long-term liability activity for the year ended June 30, 2009 was as follows:

	<u>Balance at July 1, 2008</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at June 30, 2009</u>	<u>Amounts due within one year</u>
Bonds payable and capital lease obligations:					
Revenue bonds payable	\$ 3,395,000	\$ --	\$ --	\$ 3,395,000	\$ --
Capital lease obligations	8,577,561	1,505,284	1,337,403	8,745,442	1,464,594
Deferred refunding	(25,000)	--	(6,250)	(18,750)	--
	<u>11,947,561</u>	<u>1,505,284</u>	<u>1,331,153</u>	<u>12,121,692</u>	<u>1,464,594</u>
Other liabilities:					
Net OPEB obligation	--	582,364	--	582,364	--
Compensated absences payable	<u>1,879,455</u>	<u>1,368,063</u>	<u>1,224,284</u>	<u>2,023,234</u>	<u>2,023,234</u>
	<u>1,879,455</u>	<u>1,950,427</u>	<u>1,224,284</u>	<u>2,605,598</u>	<u>2,023,234</u>
	<u>\$ 13,827,016</u>	<u>\$ 3,455,711</u>	<u>\$ 2,555,437</u>	<u>\$ 14,727,290</u>	<u>\$ 3,487,828</u>

Additional information regarding revenue bonds payable and capital lease obligations is included in Note 6.

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT

At June 30 long-term debt consisted of the following:

	<u>2010</u>	<u>2009</u>
<i>Series 2002 Refunding Certificates of Participation</i> lease purchase agreement, issued November 1, 2002 in the original amount of \$1,520,000. The lease requires semiannual payments of interest, with rates varying from 1.70% to 3.30%, and annual principal payments, with the final payment due August 1, 2009. At the option of the College, certificates maturing in the years 2008 and thereafter may be called for redemption and payment prior to maturity on August 1, 2007 and thereafter, in whole at any time or in part on any payment date.	\$ --	\$ 110,000
<i>April 4, 2003 real estate lease agreement</i> in the original amount of \$2,492,117 and amendments effective July 1, 2005 in the original amount of \$1,795,016. The lease requires monthly principal and interest payments at 6% of \$37,546 beginning July 1, 2005 through July 1, 2018 at which time the title to the property will pass to the College.	2,857,090	3,127,355
<i>Series 2008 Refunding Certificates of Participation</i> lease purchase agreement issued April 15, 2008 in the original amount of \$1,875,000 for the purpose of refunding series 1998 certificates maturing in years 2008 to 2012 inclusive. The lease required semiannual payments with an interest rate of 2.869% and annual principal payments with the final payment due September 1, 2012.	1,190,000	1,565,000
<i>Series 2008 B Certificate of Participation</i> lease purchase agreement issued June 5, 2008 in the original amount of \$2,230,000. The lease requires semiannual payments of interest with an interest rate of 3.98% and annual principal payments with the final payment due June 1, 2016.	1,735,000	1,985,000
<i>Series 2009 Certificate of Participation</i> lease purchase agreement issued December 10, 2009 in the original amount of \$1,337,380. The lease requires semiannual payments of interest with an interest rate of 3.5% and annual principal payments with the final payment due February 1, 2016.	1,337,380	--
Kansas Board of Regents Post Secondary Educational Institution Infrastructure Finance Program loan agreement effective March 2008. The loan provides for funding up to \$2,222,707 for infrastructure improvements at the College, bears interest at 0.00%, and requires principal payments annually beginning December 1, 2008 of \$222,838. The loan is secured by state appropriations received from the State of Kansas.	1,542,907	1,565,882

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (CONTINUED)

	<u>2010</u>	<u>2009</u>
<i>Student Union and Dormitory System Refunding Revenue Bonds, Series 2005</i> , issued April 12, 2005 in the original amount of \$3,395,000. The interest rates on the bonds range from 3.40% to 4.65%. Beginning on September 1, 2010 the principal is to be paid in varying amounts on an annual basis through the year 2026.	\$ 3,395,000	\$ 3,395,000
Kansas Board of Regents Post Secondary Education Institution Infrastructure Finance Program loan agreement effective March 2009. The loan provides for funding up to \$1,451,923 for infrastructure improvements at the College, bears interest at 0.00%, and requires principal payments annually beginning December 1, 2009 of \$181,490. The loan is secured by state appropriations received from the State of Kansas.	<u>768,228</u>	<u>392,205</u>
Total	12,825,605	12,140,442
Less: current portion	<u>1,654,605</u>	<u>1,464,594</u>
Long-term portion	<u>\$ 11,171,000</u>	<u>\$ 10,675,848</u>
Capital assets under capital leases at June 30 are as follows:		
Land	\$ 113,942	\$ 113,942
Land improvements	2,148,090	2,148,090
Buildings	10,348,983	10,348,983
Equipment	3,388,767	2,590,640
Financing costs	<u>37,266</u>	<u>37,266</u>
	16,037,048	15,238,921
Less accumulated depreciation	<u>(5,616,605)</u>	<u>(5,175,892)</u>
	<u>\$ 10,420,443</u>	<u>\$ 10,063,029</u>

BUTLER COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (CONTINUED)

Future minimum lease payments are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,604,605	\$ 314,731	\$ 1,919,336
2012	1,646,037	261,398	1,907,435
2013	1,698,624	212,717	1,911,341
2014	1,322,438	167,814	1,490,252
2015	1,357,550	127,029	1,484,579
2016 – 2018	<u>2,427,675</u>	<u>138,362</u>	<u>2,566,037</u>
	<u>\$ 10,056,929</u>	<u>\$ 1,222,051</u>	<u>\$ 11,278,980</u>

The agreements with the Kansas Board of Regents discussed above provides for a total of \$3,674,630 in funding. Advances are made to the College as expenditures are incurred for the project. However, the payment schedule for principal and interest is based on the full amount of the agreement. Therefore, principal payments above include \$626,324 yet to be advanced to the College.

The Student Union and Dormitory System Refunding Revenue Bonds, series 2005 bond resolution provides for the establishment of: (a) a project fund for the purpose of paying the costs of the project; (b) a debt service account for the accumulation of funds to pay the principal and interest on the bonds; (c) a debt service reserve account to accumulate funds to be used to prevent default in the payment of interest on or principal for the bonds on any maturity or interest payment date if the monies in the respective debt service accounts are insufficient to pay the debt service requirements; (d) a surplus reserve account to accumulate excess funds remaining in the revenue fund and to be used for facility maintenance, improvement, etc.; (e) cost of issuance account used to accumulate funds to pay for the costs of issuance of the bonds; (f) an operation and maintenance account to accumulate funds to pay for the estimated cost of operating and maintaining the facility for an ensuing 60-day period; and (g) a rebate fund, to accumulate such amounts as are required to be deposited pursuant to any applicable arbitrage instructions.

The bond resolution requires that rates and charges be established at levels that will produce revenues sufficient to (a) pay the expenses of operating the facility; (b) pay the debt service requirements on the bonds; (c) enable the College to have in each fiscal year, a debt service coverage ratio of not less than 1.25 on parity bonds and obligations outstanding and 1.00 on any subordinate lien bonds outstanding; and (d) provide reasonable and adequate reserves for the payment of the bonds and the interest thereon and for the protection and benefit of the facility.

The bond resolution requires that the debt service fund be credited monthly for a proportionate amount of the next maturing interest and principal of the bonds. The bonds are secured by a pledge of the revenues derived from the operation of the facility.

At June 30, 2010, the College was in compliance with all reserve requirements of the revenue bond resolution.

BUTLER COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

6. LONG-TERM DEBT (CONTINUED)

Annual funding requirements for the Series 2005 refunding bonds are as follows:

<u>Year ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 50,000	\$ 144,300	\$ 194,300
2012	145,000	140,876	285,876
2013	155,000	135,435	290,435
2014	160,000	129,488	289,488
2015	160,000	123,208	283,208
2016 - 2020	945,000	505,631	1,450,631
2021 - 2025	1,210,000	273,148	1,483,148
2026 - 2027	570,000	26,668	596,668
	<u>\$ 3,395,000</u>	<u>\$ 1,478,754</u>	<u>\$ 4,873,754</u>

In prior years, the College defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly the trust account assets and the liability for the defeased bonds are not included in the financial statements of the reporting entity. At June 30, 2010, bonds totaling \$1,240,196 are considered defeased.

7. DEFINED BENEFIT PENSION PLAN

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. KPERs provides retirement benefits, life insurance, disability income benefits and death benefits. Kansas law establishes and amends benefit provisions. KPERs issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to KPERs, 611 S. Kansas Avenue, Suite 100, Topeka, Kansas 66603-3803 or by calling 1-888-275-5737.

BUTLER COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

7. DEFINED BENEFIT PENSION PLAN (CONTINUED)

Funding Policy

K.S.A. 74-4919 establishes the KPERS member-employee contribution rate at 4% of such member-employees' covered compensation. 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. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. State law sets a limitation on annual increases in the contribution rates. The State of Kansas contributions rates for the period July 1, 2009 to June 30, 2010, July 1, 2008 to June 30, 2009, and July 1, 2007 to June 30, 2008, were 7.57%, 7.97%, and 7.37%, respectively, of covered payroll. Kansas' contributions to KPERS on-behalf of the College's employees for the years ending June 30, 2009, 2008, and 2007 were \$1,706,974, \$1,625,102, and \$1,471,476, respectively, equal to the statutory required contributions for each year. These on-behalf payments have been recorded as both revenues and expenses in the statements of revenues, expenses, and changes in net assets.

8. SEGMENT INFORMATION

The *Series 2000 Student Union and Dormitory System Improvement Bonds* were issued to provide funding of the costs of constructing, acquiring, equipping and furnishing improvements to the College's student union and dormitory system or any building constituting a part thereof. Investors in the *Series 2000 Student Union and Dormitory System Improvement Bonds* and *Student Union and Dormitory System Refunding Revenue Bonds, Series 2005* bonds rely solely on the revenue generated from the operation of the system for repayment. As of June 30, 2010 and 2009, \$3,395,000 is outstanding on these bonds. Total principal and interest remaining on the bonds as of June 30, 2010 is \$5,018,903, payable through September 2029. For the current year, interest of \$145,150 was paid on the bonds. Revenues generated from the system are disclosed on the following table. See also Note 6 for other Series 2005 bond resolutions requirements.

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

8. SEGMENT INFORMATION (CONTINUED)

Condensed financial information for the student union and dormitory system segment as of and for the years ending June 30, are as follows:

	<u>2010</u>	<u>2009</u>
<u>Condensed statement of net assets</u>		
Assets:		
Current assets	\$ 4,064,284	\$ 2,730,098
Noncurrent assets	350,891	350,891
Capital assets	<u>8,431,055</u>	<u>8,660,587</u>
Total assets	<u>12,846,230</u>	<u>11,741,576</u>
Liabilities:		
Current liabilities	468,849	461,467
Long-term liabilities	<u>3,460,366</u>	<u>3,490,105</u>
Total liabilities	<u>3,929,215</u>	<u>3,951,572</u>
Net assets:		
Invested in capital assets, net of related debt	4,970,689	5,170,482
Restricted	260,343	350,891
Unrestricted	<u>3,685,983</u>	<u>2,268,631</u>
Total net assets	<u>\$ 8,917,015</u>	<u>\$ 7,790,004</u>
<u>Condensed statement of revenues, expenses and changes in net assets</u>		
Operating revenues	\$ 7,157,407	\$ 6,308,277
Operating expenses	(5,351,026)	(5,157,840)
Depreciation expense	<u>(363,144)</u>	<u>(310,383)</u>
Net operating income	1,443,237	840,054
Nonoperating revenues/expenses:		
Interest expense	(148,226)	(150,978)
Loss on disposal of assets	--	(5,250)
Transfers	<u>(168,000)</u>	<u>(168,000)</u>
Change in net assets	1,127,011	515,826
Net assets at beginning of year	<u>7,790,004</u>	<u>7,274,178</u>
Net assets at end of year	<u>\$ 8,917,015</u>	<u>\$ 7,790,004</u>
<u>Condensed statement of cash flows</u>		
Net cash flows provided by:		
Operating activities	\$ 1,132,386	\$ 678,744
Capital and related financing	<u>(369,400)</u>	<u>(1,905,999)</u>
Net change in cash and cash equivalents	762,986	(1,227,255)
Cash and cash equivalents at beginning of year	<u>2,298,043</u>	<u>3,525,298</u>
Cash and cash equivalents at end of year	<u>\$ 3,061,029</u>	<u>\$ 2,298,043</u>

BUTLER COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

9. PLEDGES RECEIVABLE – FOUNDATION

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

	<u>2010</u>	<u>2009</u>
Total pledges receivable	\$ 698,291	\$ 1,512,531
Less: unamortized discount	8,647	26,757
Less: allowance for unconditional pledges	<u>62,500</u>	<u>62,500</u>
Net pledges receivable	627,144	1,423,274
Less: pledges receivable, current portion	<u>487,244</u>	<u>1,016,497</u>
Pledges receivable, long-term	<u>\$ 139,900</u>	<u>\$ 406,777</u>
Amounts due in:		
Less than one year	\$ 549,744	\$ 1,078,997
One to five years	<u>148,547</u>	<u>433,534</u>
	<u>\$ 698,291</u>	<u>\$ 1,512,531</u>

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

10. RELATED PARTIES

In 2006, the College signed an agreement with the Foundation committing the College to provide advances to fund the preliminary phases of a fundraising campaign. The total advances commitment was initially \$179,200 and increased to \$342,878 during subsequent years. At June 30, 2010 and 2009, balances of \$162,878 and \$207,878 were due from the Foundation, respectively. There is no interest charged on these advances.

Future payments required at June 30, 2010 are:

Year ending June 30:		
2011	\$	45,000
2012		45,000
2013		45,000
2014		<u>27,878</u>
Total payments due College		162,878
Less imputed interest		<u>(5,256)</u>
Total Foundation receivable		157,622
Less current portion		<u>(45,000)</u>
Long-term Foundation receivable	\$	<u>112,622</u>

The Foundation has also conducted campaigns to raise money to support the building of the College's Champion Training Center, an agricultural facility, a welcome center, and the remodeling of the men's basketball locker rooms for the College. The pledges payable have been discounted using a 2.5% discount rate.

BUTLER COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

10. RELATED PARTIES (CONTINUED)

The balance of the pledge payable to the College related to these campaigns at June 30, 2010 and 2009 are as follows:

	2010	2009
Champions Training Center		
Original building	\$ 25,000	\$ 35,000
Phase 1	--	68,517
Phase 2	--	151,971
Phase 3	114,774	230,106
Agricultural project		
Building	170,067	245,475
Parking lot	15,275	30,549
Welcome center		
Building	255,653	1,067,443
Landscaping	15,000	--
Men's basketball locker room remodel	150,000	--
	\$ 745,769	\$ 1,829,061

Future payments required at June 30, 2010 are:

Year ending June 30:	
2011	\$ 621,095
2012	119,674
2013	5,000
Total payments due College	745,769
Less imputed Interest	(5,589)
Total Foundation receivable	740,180
Less current portion	(621,095)
Long-term Foundation receivable	\$ 119,085

11. ENDOWMENTS

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 assets 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.

Interpretation of Relevant Law

The Board of the Foundation has interpreted the Kansas Uniform Prudent Management of Institutional Funds Act (UPMIFA), 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

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

11. ENDOWMENTS (CONTINUED)

permanently restricted net assets (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 permanently restricted net assets is classified as unrestricted or temporarily restricted net assets in accordance with the direction of the donor. In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the endowment fund;
2. The purpose of the institution and the endowment fund;
3. General economic conditions;
4. The possible effect of inflation and deflation;
5. The expected total return from income and the appreciation of investments;
6. Other resources of the institution; and
7. The investment policy of the institution

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 percent of its endowment funds' average appreciation over the prior five years preceding the fiscal year in which the distribution is planned. Because this amount is calculated for the next fiscal year, the amount appropriated for the following year is included in temporarily restricted net assets in the current year and released to unrestricted fund in the next fiscal year.

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

Strategies Employed for Achieving Objectives

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

Endowment Net Asset Composition by Type of Fund as of June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ (61,638)	\$ --	\$ 6,362,976	\$ 6,301,338
Board designated endowment funds	<u>35,000</u>	<u>--</u>	<u>--</u>	<u>35,000</u>
Total funds	<u>\$ (26,638)</u>	<u>\$ --</u>	<u>\$ 6,362,976</u>	<u>\$ 6,336,338</u>

BUTLER COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

11. ENDOWMENTS (CONTINUED)

Endowment Net Asset Composition by Type of Fund as of June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Donor restricted endowment funds	\$ (557,109)	\$ --	\$ 6,038,037	\$ 5,480,928
Board designated endowment funds	35,000	--	--	35,000
Total funds	<u>\$ (522,109)</u>	<u>\$ --</u>	<u>\$ 6,038,037</u>	<u>\$ 5,515,928</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2010:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ (522,109)	\$ --	\$ 6,038,037	\$ 5,515,928
Investment income (loss)	--	651,277	--	651,277
Changes in donor restrictions	--	--	(45,981)	(45,981)
Contributions	--	--	362,370	362,370
Promises to give received	--	--	8,550	8,550
Transfer of temporary restricted investments	495,471	(495,471)	--	--
Appropriation of endowment assets for expenditure	--	(155,806)	--	(155,806)
Net assets, end of year	<u>\$ (26,638)</u>	<u>\$ --</u>	<u>\$ 6,362,976</u>	<u>\$ 6,336,338</u>

Changes in Endowment Net Assets for the Fiscal Year Ended June 30, 2009:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Net assets, beginning of year	\$ 35,000	\$ 772,269	\$ 5,481,638	\$ 6,288,907
Investment income (loss)	--	(1,171,569)	--	(1,171,569)
Contributions	--	--	536,474	536,474
Promises to give received	--	--	19,925	19,925
Appropriation of endowment assets for expenditure	--	(157,809)	--	(157,809)
Transfer of temporary restricted investments	(557,109)	557,109	--	--
Net assets, end of year	<u>\$ (522,109)</u>	<u>\$ --</u>	<u>\$ 6,038,037</u>	<u>\$ 5,515,928</u>

BUTLER COUNTY COMMUNITY COLLEGE
NOTES TO FINANCIAL STATEMENTS

12. COMMITMENTS AND CONTINGENCIES

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 affect on the financial statements of the College at June 30, 2010 and 2009.

13. RISK MANAGEMENT

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

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS

Plan Description

The College sponsors a single-employer defined benefit healthcare plan that provides healthcare benefits, including medical, prescription drug, dental and vision benefits 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 Employee Retirement System (KPERS) are eligible for benefits.

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.

Funding Policy

The College pays retiree premiums as they come due through general operating funds. Professional employee retirees must contribute a stipulated percentage of the carrier-charged insurance premium that applies during retirement. The applicable percentage does not change during retirement and is determined based on the age at retirement. Other than professional employee retirees contribute zero percent if a retiree retires after age 59 and before age 65, otherwise, the retiree must pay the carrier-charged premium.

Plan Report

The plan does not issue a stand-alone audited GAAP basis report.

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

14. POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)

Annual OPEB Cost

The College's annual OPEB cost is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45, using the projected unit credit actuarial cost method. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following tables show the components of the primary government OPEB cost for 2010:

Normal cost	\$ 377,702
Amortization of actuarial accrued liability	278,441
Annual required contribution	<u>656,143</u>
Interest on net OPEB obligation	52,637
Adjustment to the ARC	<u> --</u>
Annual OPEB cost	708,780
Less: Employer contributions	<u>104,029</u>
Increase in net OPEB obligation	604,751
Net OPEB obligation – beginning of year	<u>582,364</u>
Net OPEB obligation – end of year	<u><u>\$ 1,187,115</u></u>

Schedule of Employer Contributions (for fiscal year ended June 30)

<u>Fiscal Year</u>	<u>Annual OPEB Cost</u>	<u>Percentage Contributed</u>	<u>End of Year Net OPEB Obligation</u>
2009	\$ 684,029	15%	\$ 582,364
2010	\$ 708,780	15%	\$ 1,187,115

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2008 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.25% investment rate of return, which is based on long term return experience of investments and on recent return experience of the College. Assumptions also included an annual healthcare cost trend rate of 9% initially, reduced by decrements to an ultimate rate of 5.25% after five years. The unfunded actuarial accrued liability is being amortized as a level percent of pay on a closed basis, over a 30 year period of time.

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

14. **POSTEMPLOYMENT BENEFITS OTHER THAN PENSION BENEFITS (CONTINUED)**

Funded Status and Funding Progress

As of July 1, 2008, the most recent actuarial valuation date, the plan was not funded. The College's policy is to fund the benefits on a pay as you go basis. The unfunded actuarial accrued liability (UAAL) for benefits was \$5,477,820. The covered payroll (annual payroll of active employees covered by the plan) was \$17,939,638, and the ratio of the UAAL to the covered payroll was 30%.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

15. **ASSET HELD FOR SALE**

During the year ended June 30, 2009, a parcel of land was deeded to the Foundation for fulfillment of a pledge receivable received during 2008. The Foundation sold the land on July 7, 2009 for \$250,000. Based on these factors, the land was classified as an asset held for sale and was valued as of June 30, 2009 at the ultimate sales price of \$250,000. The buyer paid all of the related closing costs.

16. **PRIOR PERIOD ADJUSTMENT - FOUNDATION**

During the year ended June 30, 2010, the Foundation's management determined that pledges receivable were understated at June 30, 2009 by \$50,000. The statement of financial position at June 30, 2009 was restated to reflect the additional pledge receivable. A corresponding restatement was also made to increase temporarily restricted contribution revenue by \$50,000 for the year ended June 30, 2009.

17. **SUBSEQUENT EVENTS**

Subsequent to June 30, 2010, the College announced a collaborative project with the City of El Dorado and the El Dorado school district USD 490. The BG Products Veterans Sports Complex will be constructed and located directly northeast of the College's campus. The proposed bowl-design stadium will accommodate 3,000 home fans and 1,000 visitors, with a future capacity to seat 4,500 and 2,000 respectively. The College has committed to raising \$4 million in private donations. Those fundraising efforts will be led by the Foundation.

BUTLER COUNTY COMMUNITY COLLEGE

REQUIRED SUPPLEMENTARY INFORMATION

June 30, 2010

Schedule of Funding Progress for OPEB

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/2008	\$ -	\$ 5,477,820	\$ 5,477,820	0%	\$ 17,939,638	30%

SUPPLEMENTARY FINANCIAL 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, 2010

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund balance, legal, July 1, 2009	\$ 6,499,467	\$ 6,425,021	\$ 74,446
Revenue and transfers:			
Local property taxes	11,597,061	12,066,770	(469,709)
State appropriations	9,508,020	9,729,879	(221,859)
Student tuition and fees	14,344,401	14,123,958	220,443
Investment income	37,799	96,360	(58,561)
Cancellation of prior year encumbrances	306,117	-	306,117
Gifts and grants	1,206,790	-	1,206,790
Other	858,975	2,000,000	(1,141,025)
Transfers among funds - additions	547,820	-	547,820
Total revenue and transfers	<u>38,406,983</u>	<u>38,016,967</u>	<u>390,016</u>
Expenditures, encumbrances and transfers:			
Education and general:			
Instruction	10,886,806	10,908,539	21,733
Community service	-	6,705	6,705
Academic support	2,798,331	3,111,612	313,281
Student services	5,138,214	5,061,626	(76,588)
Institutional support	10,635,239	11,384,309	609,618
Operation and maintenance of plant	3,676,504	8,977,708	5,301,204
Student scholarships	2,785,231	2,624,751	(160,480)
Transfers among funds - deductions	2,138,917	2,317,220	178,303
Total education and general	38,059,242	44,392,470	6,193,776
Total expenditures, encumbrances and transfers	<u>38,059,242</u>	<u>44,392,470</u>	<u>6,193,776</u>
Revenue and transfers over (under) expenditures and encumbrances	<u>347,741</u>	<u>(6,375,503)</u>	<u>6,583,792</u>
Fund balance, legal, June 30, 2010	<u>\$ 6,847,208</u>	<u>\$ 49,518</u>	<u>\$ 6,658,238</u>

BUTLER COUNTY COMMUNITY COLLEGE

**SCHEDULE OF REVENUES, EXPENSES, ENCUMBRANCES
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
VOCATIONAL EDUCATION FUND
(LEGAL BASIS)**

Year ended June 30, 2010

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund balance, legal, July 1, 2009	\$ 946,406	\$ 949,486	\$ (3,080)
Revenue and transfers:			
State appropriations	3,169,340	3,243,293	(73,953)
Student tuition and fees	3,530,162	4,050,607	(520,445)
Cancellation of prior year encumbrances	7,071	-	7,071
Other	98,865	400,000	(301,135)
Total revenue	<u>6,805,438</u>	<u>7,693,900</u>	<u>(888,462)</u>
Expenditures, encumbrances and transfers:			
Instruction	5,552,027	6,127,965	575,938
Academic support	786,430	800,994	14,564
Student services	60,542	69,936	9,394
Total expenditures, encumbrances and transfers	<u>6,398,999</u>	<u>6,998,895</u>	<u>599,896</u>
Revenue and transfers over (under) expenditures and encumbrances	<u>406,439</u>	<u>695,005</u>	<u>(288,566)</u>
Fund balance, legal, June 30, 2010	<u>\$ 1,352,845</u>	<u>\$ 1,644,491</u>	<u>\$ (291,646)</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, 2010

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund balance, legal, July 1, 2009	\$ 9,805	\$ 14,251	\$ (4,446)
Revenue and transfers:			
Federal grants	95,052	90,000	5,052
State appropriations	54,258	45,000	9,258
Student tuition and fees	2,781	4,000	(1,219)
Other	-	215,456	(215,456)
Transfers among funds - additions	<u>97,524</u>	<u>-</u>	<u>97,524</u>
Total revenue and transfers	<u>249,615</u>	<u>354,456</u>	<u>(104,841)</u>
Expenditures and encumbrances:			
Instruction	<u>249,949</u>	<u>363,957</u>	<u>114,008</u>
Revenue and transfers over (under) expenditures and encumbrances	<u>(334)</u>	<u>(9,501)</u>	<u>9,167</u>
Fund balance, legal, June 30, 2010	<u>\$ 9,471</u>	<u>\$ 4,750</u>	<u>\$ 4,721</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, 2010

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund balance, legal, July 1, 2009	\$ 9,338	\$ 9,340	\$ (2)
Revenue and transfers:			
Student tuition and fees	3,059	30,000	(26,941)
Other	76	123,469	(123,393)
Transfers among funds - additions	<u>69,240</u>	<u>-</u>	<u>69,240</u>
Total revenue and transfers	72,375	153,469	(81,094)
Expenditures and encumbrances:			
Instruction	<u>71,713</u>	<u>153,469</u>	<u>81,756</u>
Revenue and transfers over (under) expenditures and encumbrances	<u>662</u>	<u>-</u>	<u>662</u>
Fund balance, legal, June 30, 2010	<u>\$ 10,000</u>	<u>\$ 9,340</u>	<u>\$ 660</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, 2010

	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance With Final Budget Positive (Negative)</u>
Fund balance, legal, July 1, 2009	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Revenue and transfers:			
State appropriations	<u>13,115</u>	<u>60,000</u>	<u>(46,885)</u>
Expenditures and encumbrances:			
Instruction	<u>13,115</u>	<u>60,000</u>	<u>46,885</u>
Revenue and transfers over (under) expenditures and encumbrances	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance, legal, June 30, 2010	<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
 AUXILIARY ENTERPRISES
 (LEGAL BASIS)

Year ended June 30, 2010

	Student Union and Dormitory				Educare Center				Parking				Total			
	Actual	Original and Final Budget	Variance With Final Budget Positive (Negative)		Actual	Original and Final Budget	Variance With Final Budget Positive (Negative)		Actual	Original and Final Budget	Variance With Final Budget Positive (Negative)		Actual	Original and Final Budget	Variance With Final Budget Positive (Negative)	
Fund balance, legal, July 1, 2009	\$ 1,535,432	\$ 1,533,918	\$ 1,514	\$ -	\$ -	\$ -	\$ -	\$ 19,425	\$ 19,425	\$ -	\$ -	\$ 1,554,857	\$ 1,553,343	\$ 1,514		
Revenue and transfers:																
Federal grants	-	-	-	-	-	-	(25,000)	-	-	-	(25,000)	-	-	(25,000)		
Student sources	268,889	250,300	18,589	-	-	-	-	72,090	92,000	(19,910)	-	340,979	342,300	(1,321)		
Bookstore sales, dorm rental, meal tickets, gate receipts and concessions	6,735,664	7,297,685	(562,021)	-	-	-	-	-	-	-	-	6,735,664	7,297,685	(562,021)		
Child care services	-	-	-	509,957	-	653,424	(143,467)	-	-	-	-	509,957	653,424	(143,467)		
Cancellation of prior year encumbrances	49,485	-	49,485	-	-	-	-	249	-	249	-	49,734	-	49,734		
Other	-	38,900	(38,900)	-	-	-	-	7,778	8,000	(222)	-	7,778	48,900	(39,122)		
Total revenue and transfers	7,054,038	7,586,885	(532,847)	509,957	678,424	(168,467)	80,117	100,000	100,000	(19,883)	7,644,112	8,365,309	(721,197)			
Expenditures, encumbrances and transfers:																
Education and general:																
Cost of books, supplies, and meals	4,384,857	5,216,000	831,143	76,863	-	(76,863)	-	-	10,000	10,000	-	4,461,720	5,226,000	764,280		
Salaries	861,024	914,167	53,143	427,013	430,919	3,906	-	-	-	-	-	1,288,037	1,345,086	57,049		
Operating expense	536,567	644,925	108,358	5,192	247,505	242,313	-	-	-	-	-	541,759	892,430	350,671		
Equipment	-	113,920	113,920	889	-	(889)	-	-	-	-	-	889	113,920	113,031		
Expended for plant facilities	88,184	242,700	154,516	-	-	-	-	18,301	109,425	91,124	-	106,485	352,125	245,640		
Transfers among funds - deductions	405,311	405,311	-	-	-	-	-	-	-	-	-	405,311	405,311	-		
Total expenditures, encumbrances and transfers	6,275,943	7,537,023	1,261,080	509,957	678,424	(168,467)	18,301	119,425	119,425	101,124	6,804,201	8,334,872	1,530,671			
Revenue and transfers over (under) expenditures and encumbrances	778,095	49,862	728,233	-	-	-	61,816	(19,425)	(19,425)	81,241	839,911	30,437	809,474			
Fund balance, legal, June 30, 2010	\$ 2,313,527	\$ 1,583,780	\$ 729,747	\$ -	\$ -	\$ -	\$ 81,241	\$ -	\$ -	\$ 81,241	\$ 2,394,768	\$ 1,583,780	\$ 810,988			

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

Board of Trustees
Butler County Community College
El Dorado, Kansas

We have audited the financial statements of Butler County Community College (College) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 29, 2010. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Butler County Community College Foundation, Inc., as described in our report on the College's financial statements. The financial statements of the Foundation were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the College's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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 College's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of 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 determination of financial statement amounts. 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*.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 29, 2010
Wichita, Kansas

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Trustees
Butler County Community College
El Dorado, Kansas

Compliance

We have audited Butler County Community College's (College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2010. The College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the College's compliance with those requirements.

In our opinion, Butler County Community College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the

College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the Board of Trustees, management, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

Allen, Gibbs & Houlik, L.C.
CERTIFIED PUBLIC ACCOUNTANTS

November 29 2010
Wichita, Kansas

BUTLER COUNTY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

SECTION I – SUMMARY OF AUDITORS’ RESULTS

FINANCIAL STATEMENTS

Type of auditors’ report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? yes X no
- Significant deficiencies identified that are not considered to be material weaknesses? yes X none reported
- Noncompliance material to financial statements noted? yes X no

FEDERAL AWARDS

Internal control over major programs:

- Material weaknesses identified? yes X no
- Significant deficiencies identified? yes X none reported

Type of auditors’ report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB *Circular A-133*? yes X no

Identification of major programs:

<u>CFDA NUMBER</u>	<u>NAME OF FEDERAL PROGRAM</u>
	Student Financial Aid Cluster:
84.007	Federal Supplemental Educational Opportunity Grant
84.032	Federal Family Educational Loans
84.033	Federal Work-Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grants

BUTLER COUNTY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

SECTION I – SUMMARY OF AUDITORS' RESULTS (Continued)

Dollar threshold used to distinguish
between type A and type B programs:

\$ 664,920

Auditee qualified as low-risk auditee?

X yes no

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

BUTLER COUNTY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS
(Continued)

Summary Schedule of Prior Audit Findings:

2009-1 Finding, Federal Family Educational Loans, CFDA 84.032, U.S. Department of Education (Significant Deficiency): There are no procedures in place to ensure that returns of Title IV funds by check are endorsed within the required 60 days of the school's determination of the student's withdrawal. During testing of the return of Title IV funds, it was noted that one check used to return a portion of an Unsubsidized Stafford loan to the student's lender had not been endorsed after 100 days.

Corrective Action: Butler has implemented a process where each month when the outstanding check list is ran, it is reviewed for any checks that are outstanding refunding Title IV funds for Federal Family Educational Loans. If there are any found on the list, financial aid is notified so that the lender can be notified to ensure that the check is endorsed within 60 days after the student has withdrawn.

Current status: The system and procedures were corrected.

BUTLER COUNTY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Award Funds Expended</u>
<u>U.S. Department of Agriculture:</u>			
Indirect Programs:			
Passed through Kansas Department of Education:			
Child and Adult Care Food Program	10.558	3531-3510	\$ 29,337
Total U.S. Department of Agriculture			<u>29,337</u>
<u>U. S. Department of Education:</u>			
Direct Programs:			
Student Financial Assistance Cluster:			
Federal Supplemental Educational Opportunity Grants	84.007		103,563 ²
Federal Work-Study Program	84.033		189,665 ¹
Federal Family Educational Loans	84.032		10,315,345 ^A
Federal Pell Grant Program	84.063		10,042,412
Federal Direct Student Loans	84.268		124,562
Academic Competitiveness Grants	84.375		333,228
Title III Part A Programs-Strengthening Institutions	84.031A		292,578
Congressionally Directed Grants	84.116Z		85,947
Child Care Access Means Parents in School	84.335		58,244
Indirect Programs:			
Passed through Kansas Board of Regents:			
Adult Basic Education Program	84.002	3042-3000	76,408
Career and Technical Education -- Basic Grants to States	84.048	3051-3004	283,092
Career and Technical Education -- Basic Grants to States	84.048	3051-3006	1,367
Adult Education National Leadership Activities	84.191	3042-3000	14,549
Adult Education Transitions	84.191A	3042-3000	19,089
State Fiscal Stabilization Fund (SFSF) - Education State Grants, ARRA	84.394A	3441-3441	170,787
Total U.S. Department of Education			<u>22,110,836</u>

BUTLER COUNTY COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2010

<u>Federal Grantor/Pass-Through Grantor/Program</u>	<u>CFDA #</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Award Funds Expended</u>
<u>U.S. Department of Labor:</u>			
Passed through Mid-CAP Youthbuild - ARRA	17.274	Not available	<u>23,847</u>
Total U.S. Department of Labor			<u>23,847</u>
Total Federal Expenditures			<u>\$ 22,164,020</u>

¹Combined Federal and institutional dollars for wages paid to student eligible for Federal Work Study Program total \$225,551. Administrative allowance of \$17,342 claimed from FWS funding in FY2010.

²Match of other institutional resources designated-non federal share \$34,525 (institutional scholarships).

^A Guaranteed student loan program

BUTLER COUNTY COMMUNITY COLLEGE

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2010

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Butler County Community College and is presented on the budgetary basis of accounting. The College prepares its financial statements on a basis of accounting which demonstrates compliance with the cash basis and budget laws of Kansas. Under this budgetary basis of accounting, expenditures include disbursements, accounts payable and encumbrances, with disbursements being adjusted for prior years accounts payable and encumbrances. The information in this schedule is presented in accordance with the requirements of OMB *Circular A-133*, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.