



## *HLC Accreditation Evidence*

- S&P Global Ratings

URL:

Office of Origin:

- Vice President of Administration

Contact(s):

- Vice President of Administration

September 29, 2021

Barton County Community College  
245 NE 30 Road  
K Building, Room 116A  
Great Bend, KS 67530  
Attention: Mr. Mark E. Dean, Dean of Administration

Re: *US\$3,590,000 Barton County Community College, Kansas, Refunding Certificates of Participation, Series 2021, dated: November 11, 2021, due: February 01, 2033*

Dear Mr. Dean:

Pursuant to your request for an S&P Global Ratings rating on the above-referenced obligations, S&P Global Ratings has assigned a rating of "A+" . S&P Global Ratings views the outlook for this rating as stable. A copy of the rationale supporting the rating is enclosed.

This letter constitutes S&P Global Ratings' permission for you to disseminate the above-assigned ratings to interested parties in accordance with applicable laws and regulations. However, permission for such dissemination (other than to professional advisors bound by appropriate confidentiality arrangements or to allow the Issuer to comply with its regulatory obligations) will become effective only after we have released the ratings on [standardandpoors.com](http://standardandpoors.com). Any dissemination on any Website by you or your agents shall include the full analysis for the rating, including any updates, where applicable. Any such dissemination shall not be done in a manner that would serve as a substitute for any products and services containing S&P Global Ratings' intellectual property for which a fee is charged.

To maintain the rating, S&P Global Ratings must receive all relevant financial and other information, including notice of material changes to financial and other information provided to us and in relevant documents, as soon as such information is available. Relevant financial and other information includes, but is not limited to, information about direct bank loans and debt and debt-like instruments issued to, or entered into with, financial institutions, insurance companies and/or other entities, whether or not disclosure of such information would be required under S.E.C. Rule 15c2-12. You understand that S&P Global Ratings relies on you and your agents and advisors for the accuracy, timeliness and completeness of the information submitted in connection with the rating and the continued flow of material information as part of the surveillance process. Please send all information via electronic delivery to: [pubfin\\_statelocalgovt@spglobal.com](mailto:pubfin_statelocalgovt@spglobal.com). If SEC rule 17g-5 is applicable, you may post such information on the appropriate website. For any information not available in electronic format or posted on the applicable website,

Please send hard copies to:  
S&P Global Ratings  
Public Finance Department  
55 Water Street  
New York, NY 10041-0003

The rating is subject to the Terms and Conditions, if any, attached to the Engagement Letter applicable to the rating. In the absence of such Engagement Letter and Terms and Conditions, the rating is subject to the attached Terms and Conditions. The applicable Terms and Conditions are incorporated herein by reference.

S&P Global Ratings is pleased to have the opportunity to provide its rating opinion. For more information please visit our website at [www.standardandpoors.com](http://www.standardandpoors.com). If you have any questions, please contact us. Thank you for choosing S&P Global Ratings.

Sincerely yours,

S&P Global Ratings  
a division of Standard & Poor's Financial Services LLC

ma  
enclosures

cc: ***Mr. Dustin Avey, Managing Director  
Piper Sandler & Co***

**S&P Global Ratings**  
**Terms and Conditions Applicable To Public Finance Credit Ratings**

General. The credit ratings and other views of S&P Global Ratings are statements of opinion and not statements of fact. Credit ratings and other views of S&P Global Ratings are not recommendations to purchase, hold, or sell any securities and do not comment on market price, marketability, investor preference or suitability of any security. While S&P Global Ratings bases its credit ratings and other views on information provided by issuers and their agents and advisors, and other information from sources it believes to be reliable, S&P Global Ratings does not perform an audit, and undertakes no duty of due diligence or independent verification, of any information it receives. Such information and S&P Global Ratings' opinions should not be relied upon in making any investment decision. S&P Global Ratings does not act as a "fiduciary" or an investment advisor. S&P Global Ratings neither recommends nor will recommend how an issuer can or should achieve a particular credit rating outcome nor provides or will provide consulting, advisory, financial or structuring advice. Unless otherwise indicated, the term "issuer" means both the issuer and the obligor if the obligor is not the issuer.

All Credit Rating Actions in S&P Global Ratings' Sole Discretion. S&P Global Ratings may assign, raise, lower, suspend, place on CreditWatch, or withdraw a credit rating, and assign or revise an Outlook, at any time, in S&P Global Ratings' sole discretion. S&P Global Ratings may take any of the foregoing actions notwithstanding any request for a confidential or private credit rating or a withdrawal of a credit rating, or termination of a credit rating engagement. S&P Global Ratings will not convert a public credit rating to a confidential or private credit rating, or a private credit rating to a confidential credit rating.

Publication. S&P Global Ratings reserves the right to use, publish, disseminate, or license others to use, publish or disseminate a credit rating and any related analytical reports, including the rationale for the credit rating, unless the issuer specifically requests in connection with the initial credit rating that the credit rating be assigned and maintained on a confidential or private basis. If, however, a confidential or private credit rating or the existence of a confidential or private credit rating subsequently becomes public through disclosure other than by an act of S&P Global Ratings or its affiliates, S&P Global Ratings reserves the right to treat the credit rating as a public credit rating, including, without limitation, publishing the credit rating and any related analytical reports. Any analytical reports published by S&P Global Ratings are not issued by or on behalf of the issuer or at the issuer's request. S&P Global Ratings reserves the right to use, publish, disseminate or license others to use, publish or disseminate analytical reports with respect to public credit ratings that have been withdrawn, regardless of the reason for such withdrawal. S&P Global Ratings may publish explanations of S&P Global Ratings' credit ratings criteria from time to time and S&P Global Ratings may modify or refine its credit ratings criteria at any time as S&P Global Ratings deems appropriate.

Reliance on Information. S&P Global Ratings relies on issuers and their agents and advisors for the accuracy and completeness of the information submitted in connection with credit ratings and the surveillance of credit ratings including, without limitation, information on material changes to information previously provided by issuers, their agents or advisors. Credit ratings, and the maintenance of credit ratings, may be affected by S&P Global Ratings' opinion of the information received from issuers, their agents or advisors.

Confidential Information. S&P Global Ratings has established policies and procedures to maintain the confidentiality of certain non-public information received from issuers, their agents or advisors. For these purposes, "Confidential Information" shall mean verbal or written information that the issuer or its agents or advisors have provided to S&P Global Ratings and, in a specific and particularized manner, have marked or otherwise indicated in writing (either prior to or promptly following such disclosure) that such information is "Confidential."

S&P Global Ratings Not an Expert, Underwriter or Seller under Securities Laws. S&P Global Ratings has not consented to and will not consent to being named an "expert" or any similar designation under any applicable securities laws or other regulatory guidance, rules or recommendations, including without limitation, Section 7 of the U.S. Securities Act of 1933. S&P Global Ratings has not performed and will not perform the role or tasks associated with an "underwriter" or "seller" under the United States federal securities laws or other regulatory guidance, rules or recommendations in connection with a credit rating engagement.

Disclaimer of Liability. S&P Global Ratings does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a credit rating or the results obtained from the use of such information. S&P GLOBAL RATINGS GIVES NO EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS

FOR A PARTICULAR PURPOSE OR USE. S&P Global Ratings, its affiliates or third party providers, or any of their officers, directors, shareholders, employees or agents shall not be liable to any person for any inaccuracies, errors, or omissions, in each case regardless of cause, actions, damages (consequential, special, indirect, incidental, punitive, compensatory, exemplary or otherwise), claims, liabilities, costs, expenses, legal fees or losses (including, without limitation, lost income or lost profits and opportunity costs) in any way arising out of or relating to a credit rating or the related analytic services even if advised of the possibility of such damages or other amounts.

No Third Party Beneficiaries. Nothing in any credit rating engagement, or a credit rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of a credit rating. No person is intended as a third party beneficiary of any credit rating engagement or of a credit rating when issued.

# RatingsDirect®

---

## Barton County Community College, Kansas; Appropriations; General Obligation Equivalent Security

**Primary Credit Analyst:**

Luke J Gildner, Columbia + 1 (303) 721 4124; luke.gildner@spglobal.com

**Secondary Contact:**

Brian J Marshall, Dallas + 1 (214) 871 1414; brian.marshall@spglobal.com

### Table Of Contents

---

Rating Action

Stable Outlook

Credit Opinion

Related Research

# Barton County Community College, Kansas; Appropriations; General Obligation Equivalent Security

## Credit Profile

US\$3.59 mil rfdg certs of part ser 2021 dtd 11/11/2021 due 02/01/2033

<i>Long Term Rating</i>	A+/Stable	New
-------------------------	-----------	-----

Barton Cnty Comnty Coll

<i>Long Term Rating</i>	A+/Stable	Affirmed
-------------------------	-----------	----------

Barton Cnty Comnty Coll COPs (AGM)

<i>Unenhanced Rating</i>	A+(SPUR)/Stable	Affirmed
--------------------------	-----------------	----------

Many issues are enhanced by bond insurance.

## Rating Action

S&P Global Ratings assigned its 'A+' long-term rating to Barton County Community College, Kan.'s \$3.59 million series 2021 certificates of participations (COPs). In addition, we affirmed our 'A+' long-term rating and underlying rating (SPUR) on the college's previously issued general obligation (GO) equivalent debt. The outlook is stable.

The COPs are secured by annual base rentals, which the college covenants and agrees to pay the trustee and that are payable by the college under the lease but are not subject to annual renewal by the college. Barton County Community College must levy taxes, if necessary, to pay debt service on the COPs. Furthermore, according to state statute, the lease cannot be terminated because of nonappropriation; an event of a default, as defined under the lease agreement, results in a judgment against the college. The college is required to levy taxes or otherwise provide sufficient funds to meet judgment requirements related to payment of base rentals. Under our criteria "Issue Credit Ratings Linked To U.S. Public Finance Obligors' Creditworthiness," published Nov. 20, 2019, we view the debt pledge to be on par with the district's general creditworthiness given the lack of appropriation risk.

## Credit overview

The college returned to face-to-face instructions for the fall 2021 semester but it continues to offer a combination of in-person and remote instructions when necessary in response to the COVID-19 pandemic. Management also continues to implement health and safety measures in accordance with evolving Centers for Disease Control and Prevention guidance. The district received approximately \$5 million in CARES Act funding in fiscal 2020, with a majority expected to be recorded in fiscal 2021 which we believe provides some operating flexibility in the current fiscal year. We also believe the college's current solid liquidity position, with an unassigned fund balance of more than 50% of operating expenses, will also provide some financial flexibility during the uncertain operating environment.

The rating reflects our view of the college's:

- Consistently positive historical financial performance and healthy operating reserves;

- Significant overall revenue-raising flexibility through an unlimited general fund levy; and
- Low debt levels as a percent of market value.

Partially offsetting these strengths, in our opinion, are the college's:

- Somewhat limited local economy with adequate income levels; and
- Recent declines in enrollment, although these declines have been credited to the ongoing COVID-19 pandemic and are in line with the college's peers.

The stable outlook reflects our view that the college will likely maintain its very strong financial position given its consistently positive financial performance and revenue-raising abilities. We do not expect to change the rating within the two-year outlook horizon, as we anticipate that the district will adjust tuition and tax rates as it deems necessary to maintain its very strong financial position.

### **Environmental, social, and governance (ESG) factors**

In our view, the college is exposed to elevated health and safety social risks under our ESG risk factors because of the potential impact of the COVID-19 pandemic on the state budget, which could affect state appropriations received by the college. Despite the elevated social risk, we believe the district's environmental and governance risks are in line with our view of the sector as a whole.

## **Stable Outlook**

### **Upside scenario**

A significant expansion of the county's economy leading to stronger income and wealth indicators could lead to a higher rating, all else equal.

### **Downside scenario**

Conversely, we could lower the rating if the college draws down reserves to levels that we no longer view as commensurate with those of its peers at the current rating level.

## **Credit Opinion**

### **Economy**

Barton County Community College, in central Kansas, is coterminous with Barton County, about 100 miles from Wichita. The district has an estimated population of 25,800. However, the college's service area is much larger, including a seven-county area with a population of closer to 70,000. County income levels are adequate, in our view, with median effective buying income (EBI) and per capita EBI at 80% and 75%, respectively, of national levels. The county's economy is largely driven by agribusiness with a small degree of oil and gas activity. Due oil and gas valuation declines and the cyclical nature of the sector, the assessed value (AV) of Barton County showed some volatility in recent years, but the long-term trend is favorable. County AV in fiscal 2020 amount to about \$296.7 million, which is a year-to-year decline of about 3.8% before rebounding to \$303.5 million in fiscal 2021 estimates.



Based on 2020 market values, we view the district's wealth indicators as strong, with market value per capita estimated at \$63,944. Based on conversations with management, we believe the tax base will remain stable in the years to come. Although concentration of the top 10 taxpayers increased in recent years, we continue to believe there is no concentration among the top 10 taxpayers, and view the tax base as diverse with the top 10 property taxpayers accounting for less than 15% of total AV.

### **Financial Management Assessment: Standard**

We consider the college's management practices standard under our Financial Management Assessment methodology, indicating our view that the finance department maintains adequate policies in some, but not all, key areas. Key management practices and policies include monthly review of the budget with board participation, as well as realistic and well-grounded revenue and expenditure assumptions. The district informally considers long-term financial planning annually in conjunction with its budget, but it has not adopted a comprehensive forecasting tool. The college follows state law governing investments, and it reports those holdings at least annually through the audit process. In addition, the board requests that the college maintain at least 24% reserves at the end of each year for cash-flow purposes. The college lacks written policies in some areas including debt management and a formal long-term capital plan.

### **Finances**

Revenue to support general operations are primarily derived from tuition and fees, property taxes, and state aid. The board sets tuition, and we believe that this provides an additional source of revenue-raising flexibility (rather than if the state legislature set tuition). Management held tuition flat for the most recent school year, we believe current tuition rates are comparable with that of other Kansas community colleges and much lower than those of four-year universities. Local taxes are generated from a total tax rate of a 33.05-mill operating rate, which has no statutory limit and that, in our opinion, provides significant revenue-generating flexibility. In Kansas, state operating appropriations to community colleges are based on an enrollment-driven formula linked to tuition levels at Kansas' three regional state public universities. Funding levels stabilized in recent years following several periods of cuts to help balance the state budget.

In our view, the college's financial position has consistently been very strong. Barton County's ending general fund balance totaled \$30.2 million at year-end fiscal 2020, which represents close to 58% of operating expenditures. Based on conversations with management and historical performance, we believe operations will be at least balanced over the next year.

### **Debt and pensions**

In our opinion, the college's overall leverage, which includes overlapping entities, is low at about 2% of estimated market value and low at about \$1,300 per capita. The debt service carrying charge is also low, in our view, at about 1.7% of primary institution expenditures for 2020. The college has no GO or revenue debt outstanding, as it has historically issued COPs. Debt amortization is average, with about 54% of principal to be paid within 10 years. The college has no plans to issue additional debt within the next two years.

Barton County Community College participates in the Kansas Public Employees Retirement System (KPERs), a cost-sharing, multiple-employer, defined benefit pension plan. State law provides that employer contribution rates are

determined based on the results of an annual actuarial valuation. The employer contributions for community colleges are funded by the state on behalf of employers, and because the college does not directly contribute to the system for active employees, there is no material net pension liability. KPERS was about 66% funded as June 30, 2020. The college manages other postemployment benefits on a pay-as-you-go basis and contributed less than 1% of operations during fiscal 2020.

## **Related Research**

Through The ESG Lens 2.0: A Deeper Dive Into U.S. Public Finance Credit Factors, April 28, 2020

Copyright © 2021 by Standard & Poor's Financial Services LLC. All rights reserved.

No content (including ratings, credit-related analyses and data, valuations, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of Standard & Poor's Financial Services LLC or its affiliates (collectively, S&P). The Content shall not be used for any unlawful or unauthorized purposes. S&P and any third-party providers, as well as their directors, officers, shareholders, employees or agents (collectively S&P Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Parties are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, for the results obtained from the use of the Content, or for the security or maintenance of any data input by the user. The Content is provided on an "as is" basis. S&P PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages.

Credit-related and other analyses, including ratings, and statements in the Content are statements of opinion as of the date they are expressed and not statements of fact. S&P's opinions, analyses and rating acknowledgment decisions (described below) are not recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P does not act as a fiduciary or an investment advisor except where registered as such. While S&P has obtained information from sources it believes to be reliable, S&P does not perform an audit and undertakes no duty of due diligence or independent verification of any information it receives. Rating-related publications may be published for a variety of reasons that are not necessarily dependent on action by rating committees, including, but not limited to, the publication of a periodic update on a credit rating and related analyses.

To the extent that regulatory authorities allow a rating agency to acknowledge in one jurisdiction a rating issued in another jurisdiction for certain regulatory purposes, S&P reserves the right to assign, withdraw or suspend such acknowledgment at any time and in its sole discretion. S&P Parties disclaim any duty whatsoever arising out of the assignment, withdrawal or suspension of an acknowledgment as well as any liability for any damage alleged to have been suffered on account thereof.

S&P keeps certain activities of its business units separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain business units of S&P may have information that is not available to other S&P business units. S&P has established policies and procedures to maintain the confidentiality of certain non-public information received in connection with each analytical process.

S&P may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P reserves the right to disseminate its opinions and analyses. S&P's public ratings and analyses are made available on its Web sites, [www.standardandpoors.com](http://www.standardandpoors.com) (free of charge), and [www.ratingsdirect.com](http://www.ratingsdirect.com) (subscription), and may be distributed through other means, including via S&P publications and third-party redistributors. Additional information about our ratings fees is available at [www.standardandpoors.com/usratingsfees](http://www.standardandpoors.com/usratingsfees).

STANDARD & POOR'S, S&P and RATINGSDIRECT are registered trademarks of Standard & Poor's Financial Services LLC.