# NORTHWEST KANSAS
# TECHNICAL COLLEGE

**Goodland, Kansas**

## FINANCIAL STATEMENTS AND
## INDEPENDENT AUDITORS' REPORT
**June 30, 2023**

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

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# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

## AREA BOARD OF CONTROL

### Officers

| | |
|---|---|
| Dan Wasson | Chairman |
| Paul Bruggeman | Vice Chairman |
| Brad Bucl | Secretary |
| Randy Balluch | Treasurer |
| Richard "Dick" Short | Assistant Treasurer |

### Committee Chairmen

| | |
|---|---|
| Robert Loftin | Buildings and Grounds |
| Mark Hanson | Curriculum |
| Ginger Gibson | Faculty |
| Billi Beckman | Public Relations |
| Brad Schick | Student Welfare |

### AREA ADVISORY BOARD

| | |
|---|---|
| Denise Andrist | Greg Jirak |
| Randy Balluch | Katelin Koch |
| Billi Beckman | Kris Lemman |
| Bruce Bolen | Robert Loftin |
| Paul Bruggeman | Shane Mann |
| Brad Bucl | Mike McCarty |
| Julie Cheney | Brad Schick |
| Thad DeWeese | Richard "Dick" Short |
| Jordan Dunker | Alan Suter |
| Jerry Gallentine | Dan Wasson |
| Ginger Gibson | Josh Young |
| Mark Hanson | |

### PRESIDENT

| | |
|---|---|
| Ben Schears | President |

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Agler & Gaeddert CHARTERED
Certified Public Accountants

Harold K. Mayes, CPA
Jennifer L. Kettler, CPA
Lucille L. Hinderliter, CPA

# INDEPENDENT AUDITOR'S REPORT

Area Board of Control
Northwest Kansas Technical College
Goodland, Kansas

**Opinion**
We have audited the accompanying financial statements of the business-type activities and component unit of Northwest Kansas Technical College, Goodland, Kansas as of and for the year ended June 30, 2023 and the related notes to the financial statement.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the respective net position of the business activities of Northwest Kansas Technical College, Goodland, Kansas, as of June 30, 2023 and the respective changes in net assets and cash flows for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

**Basis for Opinion**
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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Kansas Technical College and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Kansas Technical College's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.



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INTERNATIONAL NETWORK OF PROFESSIONAL ACCOUNTANTS
AFFILIATE

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest Kansas Technical College's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Northwest Kansas Technical College's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the requires supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide assurance on the information because limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplementary Information**
Our audit was conducted for the purpose of forming an opinion on the net position of the business activities, major funds and aggregate remaining information of the College (basic financial statement) as a whole. The supplementary information which includes the combining schedule of major funds for net position, schedule of revenues, expenses and changes in net position and cash flows for the year ended June 30, 2023 (as listed in the table of contents) are presented for analysis and are not a required part of the financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements. The schedules listed in the table of contents and the schedule of expenditures of federal awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statement as a whole.

**Other reporting required by Government Auditing Standards**
In accordance with *Government Auditing Standards*, we have also issued our report dated January 23, 2024, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Kansas Technical College's internal control over financial reporting and compliance.

Harold K. Mayes Jr

Harold K. Mayes Jr CPA
Agler & Gaeddert Chartered
Ottawa, Kansas
January 23, 2024

# MANAGEMENT DISCUSSION AND ANALYSIS

# NORTHWEST KANSAS TECHNICAL COLLEGE
## Management's Discussion and Analysis (MD&A)

**June 30, 2023**

## INTRODUCTION

Our discussion and analysis of Northwest Kansas Technical College (College) financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2023. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the College's financial statements, which follow this section.

## USING THIS ANNUAL REPORT

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments,* issued June 1999; and GASB Statement No. 37, *Basic Financial Statement – and Management Discussion and Analysis – for State and Local Governments: Omnibus,* an amendment to GASB Statement No. 21 and No. 34, issued in June 2001. This financial statement format (implemented in the fiscal year ended June 30, 2004) focuses on the College as a whole.

The financial statements are designed to emulate corporate presentation models whereby all College activities are consolidated into one total. The focus on the Statement of Net Assets is designed to be similar to bottom line results for the College. This statement combines and consolidates current financial resources (short-term spendable resources) with capital assets. The Statement of Revenues, Expenses, and Changes in Net Assets focuses on both the gross costs and the net costs of College activities, which are supported substantially by state aid, state and federal grants, student tuition and fees and auxiliary enterprises revenues. This approach is intended to summarize and simplify the user's analysis of the cost of various College services to students and the public.

## FINANCIAL HIGHLIGHTS

- Total net position was $14,865,014 at June 30, 2023. This was an increase of $939,850 or 7% from the prior year. There also was a prior period adjustment which increased net position by $34,987. This increase can be directly tied to an increase in revenues and a decrease in expenses for the year.
- Overall revenues were $10,876,946 which were higher than expenses of $9,972,083 by $904,863. College efforts continue to be focused on securing additional grant dollars to support new curriculum, technology, and equipment for the college's various program offerings.

## OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the College. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- **Government-wide financial statements**, which comprise the first three statements, provide both short-term and long-term information about the entity's overall financial position.
- **Fund financial statements** focus on reporting the individual parts of the College operations in more detail. The fund financial statements are presented as required supplemental information.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The basic financial statements are followed by a section of supplementary information that further explains and supports the financial statements.

**Government-Wide Statements**

The government-wide statements report information about the College as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the College's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide statements report the College's net assets and how they have changed. Net assets, the difference between the assets and liabilities, are one way to measure the College's financial health or position.

- Over time, increases or decreases in the College's net assets are an indicator of whether its financial health is improving or deteriorating, respectively.
- To assess the overall health of the College, one needs to consider additional non-financial factors such as changes in enrollment, changes in program funding by the Federal and State governments, and condition of facilities.

The government-wide financial statements of the College include all activities. The College's basic services are included here, such as regular education, food service, housing, maintenance, and general administration. Tuition, state aid and federal and state grants finance most of these activities.

**Fund Financial Statements**

- The fund financial statements provide more detailed information about the College's most significant funds -- not the College as a whole. Funds are accounting devices that the College uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law. The Area Board of Control establishes other funds to control and manage money for particular purposes or to show that the College is meeting legal responsibilities for using certain revenues.

**Net Position** - The College's combined net position was $14,865,014 at June 30, 2023. This schedule is prepared from the College's Statement of Net Position, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated. See following:

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Table 1 - Net Position

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and demand deposits | $ 545,927 | $ 1,220,439 | $ 1,870,797 |
| Time deposits | 4,458,112 | 4,555,340 | 4,427,126 |
| Cash in agency funds | 3,019 | 3,019 | 2,117 |
| Cash & cash equivalents | 5,007,058 | 5,778,798 | 6,300,040 |
| Accounts receivable, net | 606,310 | 606,856 | 857,117 |
| Accounts receivable, other | 63,652 | 39,115 | 83,731 |
| Prepaid insurance/subscriptions & dues | 12,546 | 0 | 0 |
| Inventories | 121,446 | 131,568 | 162,528 |
| Total other current assets | 803,954 | 777,539 | 1,103,376 |
| Total current assets | 5,811,012 | 6,556,337 | 7,403,416 |
| **NONCURRENT ASSETS** | | | |
| Construction in progress | 2,819,823 | 0 | 0 |
| Capital assets, net | 10,029,876 | 9,277,251 | 8,584,557 |
| Total assets | $ 18,660,711 | $ 15,833,588 | $ 15,987,973 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Deposits | $ 400 | $ 0 | $ 0 |
| Accounts payable and accrued liabilities | 2,229,738 | 87,452 | 64,241 |
| Due to agencies | 3,019 | 3,019 | 4,228 |
| Due to club accounts | 56,678 | 39,890 | 30,604 |
| Note Payable | 169,677 | 278,706 | 133,386 |
| Deferred revenue | 76,346 | 69,841 | 104,620 |
| Total current liabilities | 2,535,858 | 478,908 | 337,079 |
| **LONG-TERM LIABILITIES** | | | |
| Note Payable | 1,259,839 | 1,429,516 | 1,526,265 |
| Total liabilities | $ 3,795,697 | $ 1,908,424 | $ 1,863,344 |
| **NET POSITION** | | | |
| Invested in capital assets | $ 12,849,699 | $ 9,277,251 | $ 8,584,557 |
| Unrestricted - unassigned | 2,015,315 | 4,647,913 | 5,540,072 |
| Total net position | $ 14,865,014 | $ 13,925,164 | $ 14,124,629 |

## Changes in Net Assets

The College's total revenues were $10,876,946. A significant percentage of the revenue comes from state aid (36%). Federal and state grants and contracts accounted for another 27% of total revenues. The total cost of all programs, services and transfers was $9,972,083.

The College's expenses are predominately related to educating and caring for students (58%). Administrative activities accounted for just 11% of total costs. Administrative expenses were lower this year due to the inclusion, in the previous year, of $670,389 from recapture lost tuition and fees and $142,024 from discharge student debts which were a result of COVID and were reimbursed thru federal grants. The remaining expenses were for operation of plant (maintenance and operations), cost of sales & services, interest, bad debts and depreciation.

There are currently no other known facts, decisions or conditions that will have a significant effect on the financial position (net assets) or results of operations (revenues, expenses, and changes in net position).

Table 2 - Changes in Net Position

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Revenues | | | |
| Student tuition and fees | $ 1,847,584 | $ 2,502,400 | $ 1,813,768 |
| Charges for services | 2,072,316 | 2,155,279 | 1,923,152 |
| Fund raising events | 55,670 | 10,349 | 172,655 |
| General revenues | | | |
| State appropriations | 3,887,482 | 3,443,497 | 3,301,529 |
| Federal grants | 417,287 | 1,072,612 | 798,323 |
| State and local grants | 2,540,799 | 1,108,132 | 1,870,287 |
| Investment income | 55,508 | 11,963 | 21,034 |
| Gain (loss) on asset dispositions | 300 | (10,129) | (2,807) |
| Transfers in | 0 | 0 | 50,000 |
| Total revenues | 10,876,946 | 10,294,103 | 9,947,941 |
| Program Expenses | | | |
| Administrative | 1,110,873 | 2,112,049 | 1,446,404 |
| Instruction | 2,414,935 | 2,550,223 | 2,436,878 |
| Academic support | 6,855 | 13,200 | 12,534 |
| Operation of plant | 1,163,606 | 1,081,680 | 893,210 |
| Cost of sales & services | 513,374 | 398,569 | 335,986 |
| Student activities | 3,353,452 | 3,013,819 | 2,809,477 |
| Bad debts | 184,543 | 265,120 | 94,795 |
| Interest expense | 33,877 | 53,214 | 52,539 |
| Depreciation | 1,180,568 | 1,015,091 | 827,097 |
| Transfers out | 10,000 | 0 | 0 |
| Total Expenses | 9,972,083 | 10,502,965 | 8,908,920 |
| Increase (decrease) in net position | $ 904,863 | $ (208,862) | $ 1,039,021 |

## FINANCIAL HIGHLIGHTS

As the College completed the year, its operating fund reported a net position balance of $7,542,163, which was an increase of $864,150 from last year's ending fund balance of $6,678,013. In addition there was a prior period adjustment which decreased net position by $4,848. This increase is primarily due to an overall decrease in administrative expense.

## OPERATING FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the College revises its annual budget to reflect unexpected changes in revenues and expenditures thus at year end budget equals revenues and expenses.

## CAPITAL ASSETS

At June 30, 2023, the College had an investment net of depreciation of $10,029,876 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table below for more details. More detailed information about the College's capital assets is presented in the notes to the financial statements.

Table 3 - Capital assets

| | 2023 | 2022 | 2021 |
|---|---|---|---|
| Land and Improvements | $ 417,766 | $ 380,853 | $ 380,853 |
| Building Improvements | 14,474,912 | 13,283,782 | 12,750,526 |
| Furniture and Equipment | 6,960,564 | 6,256,915 | 4,779,788 |
| | 21,853,242 | 19,921,550 | 17,911,167 |
| Total Accumulated Depreciation | 11,823,366 | 10,644,299 | 9,326,610 |
| | $ 10,029,876 | $ 9,277,251 | $ 8,584,557 |

The College's board has a Capital Assets Policy which defines a capital asset as one with an initial unit cost of $2,500 or more.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

At the time these financial statements were prepared and audited, the College was aware of several circumstances that could affect its future financial health:

As the majority of the College's operational funding is based on state funding (state funding calculations are driven by enrollment) and student tuition, Enrollment Growth and Sustainability remains the College's number one Strategic Pillar/Goal. The College continues to invest dollars in advertising, marketing and recruiting and is beginning to experience an upward trend on enrollment for the first time since COVID.

Northwest Kansas Technical College, North Central Kansas Technical College and Fort Hays State University received legislative approval to form an affiliation. The goal of this affiliation is to grow student enrollment and increase employer connections in order to help strengthen enrollment and the workforce. The final approval of the affiliation lies with the Higher Learning Commission, the accrediting agency, and is expected spring/summer 2024. Upon the affiliation approval, significant investment for rebranding will be necessary; however, the college will be seeking grant funding to help support these costs.

## ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - continued

The ability for the College to enhance and strengthen its programs and services is dependent upon local, state and federal grant opportunities. The college continues to invest in personnel and grant consultants as these investments have proven successful. As the success of awards continue, the college will need to analyze the need and timeline for increased grant management support and data research.

In most recent years, the amount of debt students leave with has been reduced through additional efforts supported by designated personnel and collection methods. Student debt remains a high priority, the College anticipates a couple more years of older debt write off at higher rates than is expects to incur going forward.

The college remains financially healthy through careful utilization of funds and close management of all financial accounts. The College has minimal indebtedness

## CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, Kansas Board of Regents, taxpayers, parents, participants, investors and creditors with a general overview of the College's finances and to demonstrate the College's accountability for the money it receives. For further information please contact Ben Schears, President P.O. Box 668, Goodland, Kansas. For the Endowment Association financial statements, footnotes and auditor's report also contact: Ben Schears, President P.O. Box 668, Goodland, Kansas.

**FINANCIAL STATEMENTS**

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Net Position

June 30, 2023

| | Educational Services | Component Unit Endowment Association |
|---|---|---|
| **ASSETS** | | |
| **CURRENT ASSETS** | | |
| Cash and demand deposits | $ 545,927 | $ 328,796 |
| Time deposits | 4,458,112 | 0 |
| Cash in agency funds | 3,019 | 0 |
| Cash & cash equivalents | 5,007,058 | 328,796 |
| Accounts receivable | 606,310 | 101,520 |
| Accounts receivable other | 63,652 | 0 |
| Accrued income | 0 | 1,873 |
| Prepaid insurance/subscriptions & dues | 12,546 | 0 |
| Inventories | 121,446 | 0 |
| Total other current assets | 803,954 | 103,393 |
| Total current assets | 5,811,012 | 432,189 |
| **NONCURRENT ASSETS** | | |
| Investments | 0 | 626,000 |
| Construction in progress | 2,819,823 | 0 |
| Capital assets, net | 10,029,876 | 0 |
| Total assets | $ 18,660,711 | $ 1,058,189 |
| **LIABILITIES** | | |
| **CURRENT LIABILITIES** | | |
| Deposits | $ 400 | $ 0 |
| Accounts payable and accrued liabilities | 2,229,738 | 0 |
| Due to agencies and others | 3,019 | 0 |
| Due to club accounts | 56,678 | 0 |
| Due to NWKTC | 0 | 8,596 |
| Notes Payable | 169,677 | 0 |
| Deferred revenue | 76,346 | 0 |
| Total current liabilities | $ 2,535,858 | $ 8,596 |
| **LONG-TERM LIABILITIES** | | |
| Notes Payable | 1,259,839 | 0 |
| Total liabilities | $ 3,795,697 | $ 8,596 |
| **NET POSITION** | | |
| Invested in capital assets | $ 12,849,699 | $ 0 |
| Restricted for | | |
| Nonexpendable | | |
| Scholarships and fellowships | 0 | 627,224 |
| Expendable | | |
| Scholarships and fellowships | 0 | 607,442 |
| Unrestricted - unassigned | 2,015,315 | (185,073) |
| Total net position | $ 14,865,014 | $ 1,049,593 |

The accompanying notes are an integral part of these statements.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2023

| | Educational Services | Component Unit Endowment Association |
|---|---|---|
| **REVENUES** | | |
| Operating Revenues | | |
| Student tuition and fees | $ 1,847,584 | $ 0 |
| Sales and services of educational departments | 935,917 | 0 |
| Residential life | 737,307 | 0 |
| Student Center | 399,092 | 0 |
| Gifts and Contributions | 0 | 600,242 |
| Fund raising events | 55,670 | 187,993 |
| Total operating revenues | 3,975,570 | 788,235 |
| **EXPENSES** | | |
| Operating Expenses | | |
| Administration | 1,110,873 | 117,144 |
| Instruction | 2,414,935 | 0 |
| Academic support | 6,855 | 0 |
| Operation of plant | 1,163,606 | 0 |
| Financial aid | 0 | 477,719 |
| Fund raising | 0 | 57,300 |
| Cost of sales and services of educational departments | 513,374 | 0 |
| Student activities | 3,353,452 | 0 |
| Interest Expense | 33,877 | 0 |
| Bad debts | 184,543 | 0 |
| Depreciation | 1,180,568 | 0 |
| Total operating expenses | 9,962,083 | 652,163 |
| Operating income (loss) | (5,986,513) | 136,072 |
| **NONOPERATING REVENUES (EXPENSES)** | | |
| State appropriations | 3,887,482 | 0 |
| Federal grants | 417,287 | 0 |
| State and local grants and contributions | 2,540,799 | 0 |
| Transfers to Endowment | (10,000) | 10,000 |
| Investment income | 55,508 | 23,954 |
| Unrealized appreciation (depreciation) on investments | 0 | (26,181) |
| Gain (loss) on asset dispositions | 300 | 0 |
| Net nonoperating revenues | 6,891,376 | 7,773 |
| Increase (Decrease) in net assets | 904,863 | 143,845 |
| **NET POSITION** | | |
| Net Position - beginning of year | 13,925,164 | 905,748 |
| **PRIOR PERIOD ADJUSTMENT** | 34,987 | 0 |
| Net Position - end of year | $ 14,865,014 | $ 1,049,593 |

The accompanying notes are an integral part of these statements.

## NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2023

| | Educational Services | Component Unit Endowment Association |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Tuition and fees | $ 1,847,584 | $ 0 |
| Residential life | 737,307 | 0 |
| Sales and services of educational departments | 911,926 | 0 |
| Auxiliary enterprises charges | 399,092 | 0 |
| Other receipts | 62,175 | 0 |
| Gifts and contributions | 0 | 602,711 |
| Fundraising Events | 0 | 187,993 |
| Receipts from Customers | 0 | (101,520) |
| Payments to employees | (4,299,545) | 0 |
| Payments to vendors | (2,291,042) | (166,722) |
| Payments for financial aid | 0 | (477,719) |
| Interest Expense | (33,877) | 0 |
| Net cash provided (used) by operating activities | (2,666,380) | 44,743 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| State appropriations | 3,887,482 | 0 |
| Federal and State Grants | 1,787,926 | 0 |
| Transfers | (10,000) | 10,000 |
| Net cash provided by noncapital financing activities | 5,665,408 | 10,000 |
| **CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES** | | |
| Acquisition of capital assets | (723,209) | 0 |
| Proceeds from Capital Asset Dispositions | 300 | 0 |
| Construciton in Progress | (2,819,823) | 0 |
| Note Repayments | (283,544) | 0 |
| Net cash used by capital financing activities | (3,826,276) | 0 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Proceeds from Sale of Investments | 0 | 90,000 |
| Acquisitions of Investments | 0 | (153,530) |
| Interest and Income Investment | 55,508 | 23,954 |
| Net cash provided by investing activities | 55,508 | (39,576) |
| Net increase (decrease) in cash | (771,740) | 15,167 |
| Cash - beginning of the year | 5,778,798 | 313,629 |
| Cash - end of year | $ 5,007,058 | $ 328,796 |
| **REFLECTED ON STATEMENT OF NET POSITION:** | | |
| Cash and demand deposits | $ 545,927 | $ 328,796 |
| Time deposits | 4,458,112 | 0 |
| Cash in agency funds | 3,019 | 0 |
| | $ 5,007,058 | $ 328,796 |

The accompanying notes are an integral part of these statements.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2023

| | Educational Services | Componet Unit Endowment Association |
|---|---|---|
| **Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities** | | |
| Operating income (loss) | $ (5,986,513) | $ 133,845 |
| Unrealized (gain) loss on investments | 0 | 24,138 |
| Adjustments to reconcile net income (loss) to net cash: | | |
| Depreciation expense | 1,180,568 | 0 |
| Change in assets and liabilities: | | |
| (Increase)/Decrese in Accrued Income | 0 | 1,265 |
| Receivables, net | (23,991) | (101,520) |
| Prepaid insurance | (12,546) | 0 |
| Deposits | 400 | 0 |
| Inventories | 10,122 | 0 |
| Bond Amortization | 0 | 2,042 |
| Deferred revenue | 6,505 | 0 |
| Other Assets | 0 | 1,205 |
| Accounts payable | 2,159,075 | 7,722 |
| | $ (2,666,380) | $ 68,697 |

The accompanying notes are an integral part of these statements.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Northwest Kansas Technical College (College), Goodland, Kansas, a member institution of the Kansas Board of Regents system, provides a range of educational programs to meet the needs of the adult population of Northwest Kansas. Included in this range of programs are technical and occupational associate degree, diploma and certificate curricula consistent with the needs of employers in the College's service area. The College also provides various developmental education programs, support services and offering to assist students in meeting their personal and professional educational objectives.

The College was established in 1964 under the Kansas Statutes Annotated 72-4401 *et seq.* A nine member Area Board of Control, which is elected from the twenty-five member advisory board, is the College's ruling body, which establishes the policies and procedures by which the College is governed. Advisory board members are representatives from each unified school district within the geographical area served by the College.

### A. Reporting Entity

The area board of control is the basic level of government, which has oversight responsibility and control over all activities related to providing educational services to students. The College receives funding the federal and state governments and must comply with the requirements of these funding source entities. However, the board is not included in any other governmental "reporting entity", as defined by the Governmental Accounting Standards Board pronouncement, since board members are appointed by each respective public school board and have decision making authority, the power to designate management, the ability to significantly influence operations, and have primary accountability for fiscal matters.

The College has implemented Governmental Accounting Standards Board (GASB) Statement Number 39; *Determining Whether Certain Organizations are Component Units.* This pronouncement provides guidance to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College.

As defined by generally accepted accounting principles established by the Governmental Accounting Standards Board (GASB), the financial reporting entity consists of the primary government, as well as any component unit that is financial accountable to Northwest Kansas Technical College.

There are two methods of presentation of component units: 1. Blended component units, although legally separate entity form the College, they are, in substance part of the College's operations and so data from theses component units are combined with data of the College. 2. Discretely presented component units are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the College.

The College has one component unit: Northwest Kansas Technical College Endowment Association. The Association is a legally separate, tax-exempt component unit of the College. The Association acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 9 to 19 member board of the Association is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Association, the majority of resources, or income thereon, which the association holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Association can only be used by, or for the benefit of, the College, the Association is considered a component unit of the College. The Association is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Association is a private not-for-profit organization that reports its financial statements on the accrual basis in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 dated August 2016, the provisions of the American Institute of Certified Public Accountants (AICPA) "Audit and Accounting Guide for Not-for-Profit Organizations" ("the Guide"). ASC 958-205 was effective January 1, 2018. For disclosures specific to ASC 958-205 for the Association, please refer to the Associations audited financial statements.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### A. Reporting Entity (continued)

As such, certain revenue recognition criteria and presentation features are difference from GASB revenue recognition criteria and presentation features. No modifications have been made to the Association's financial information in the College's financial reporting entity for these differences; however, significant note disclosures to the Association's financial statements have been incorporated into the College's notes to the financial statements. Financial statements for the Association can be obtained by calling the Association at 785-890-3641.

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board (GASB), including Statement No. 34, *Basic Financial statements – and Management's Discussion and Analysis, for State and Local Governments,* Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*, issued in June and November, 1999 and Statement No. 37, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*. The financial statement presentation required by GASB Statements No. 34, 35 and 37 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows. Accordingly, for financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Consequently, 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. All significant intra-agency and intra-fund transactions have been eliminated.

When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first, then unrestricted resources as needed.

Fund types and major funds consist of the following:

*Governmental funds*

The College has no governmental funds.

*Proprietary funds*

Financial statements of the reporting entity's programs are organized and reported as an enterprise fund and are accounted for by providing a set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses. Enterprise funds are used to account for business-like activities provided to students. These activities are financed primarily by tuition and/or state and federal funding and the measurement of financial activity focuses on net income measurement similar to the private sector. The reporting entity includes all of the College's activities as an enterprise fund

Non-exchange transactions, in which the College receives value without directly giving equal value in return, includes; federal, state, and local grants; state appropriations, and other contributions. On an accrual basis, revenue from grants, state appropriations, and other contributions is recognized in the year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the College must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the College on a reimbursement basis.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

The accounting policies of the College conform to accounting principles generally accepted in the United States of America as applicable to colleges and universities. The College's reports are based on all applicable GASB pronouncements as well as applicable Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure, issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements. When applicable, certain prior year amounts have been reclassified to conform to the current year presentation. The following is a summary of the more significant policies.

### C. Cash and Cash Equivalents

Cash includes deposits held at local financial institutions plus small amounts maintained for change funds. Cash equivalents include certificates of deposit with maturities of twenty-four months or less.

### D. Accounts Receivable

Accounts receivable, primarily student accounts for books, fees and tuition, are considered fully collectible. Any account deemed uncollectible is charged to expense when such determination is made. Direct bad debt write off for FY'23 was $184,543, which is approximately 4.6% of operating revenues and approximately 1.8% of operating expenses.

Student accounts receivable are recorded in the student revolving fund but the underlying revenue may be attributable to the operating, student center or housing funds. Inter fund receivable and payable balances result from the time lag between the dates the transactions are recorded in the accounting system and payments between funds are made.

### E. Inventories and Prepaid Items

Inventories consist primarily of items held for resale by the bookstore. Value is determined by the cost method for the bookstore. The bookstore costs are recorded as expenses as the inventory is consumed. Certain payments to vendors reflect costs applicable to future periods. Such payments, in the accompanying financial statements, are recorded as prepaid items and reflected as other assets.

### F. Deferred Revenues and Deposits

Deferred revenues include: (1) amounts received for tuition and fees prior to the end of the fiscal year that are related to the subsequent fiscal year; and (2) amounts received from contract sponsors that have not been earned.

Deposits represent miscellaneous security deposits. Student deposits are recognized as revenue during the semester for which the fee is applicable and earned or when the deposit is nonrefundable to the student under the forfeit terms of the agreement.

### G. Net Position

GASB Statement No. 34 reports equity as "Net Position" rather than "fund balance". Net Positions are classified according to external donor restrictions or availability of assets for satisfaction of College obligations. The College's net position is classified as follows:

Net investment in capital assets represents the College's total investment in capital assets, net of accumulated depreciation and any related notes payable.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### G. Net Position (continued)

Restricted net position – expendable – This includes resources that the College is legally or contractually obligated to spend in accordance with restrictions imposed by external third parties. When both restricted and unrestricted resources are available for use, it is the College's policy to use restricted resources first; then unrestricted resources when they are needed. Nonexpendable restricted net position consists of endowed scholarships and fellowships for which the corpus cannot be expended.

Restricted net position – For Building Renovation – the College has received a contribution that will be used in the future for building renovation.

Unrestricted net position – This includes 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.

### H. Capital Assets

Capital assets include property, plant equipment, and infrastructure assets, such as parking lots and sidewalks. The College defines capital assets as assets with an initial unit cost of $2,500 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Major outlays of capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the College are depreciated using the straight-line method over the following useful lives:

| | |
|---|---|
| Building and Improvements | 30-50 years |
| Land Improvements | 15-25 years |
| Furniture and Equipment | 5-20 years |
| Vehicles | 5 years |
| Computer technology | 3 years |

### I. Classification of Revenues

The College has classified its revenues as either Operating or Non-Operating. Operating revenues include activities that have the characteristics of exchange transactions, such as (a) student tuition and fees, and (b) sales and services of auxiliary enterprises, net of scholarship discounts and allowances. Non-operating revenue includes activities that have the characteristics of non-exchange transactions such as (a) state appropriations (b) most federal, state, and local grants, and (c) gifts and contributions.

### J. Federal Financial Assistance Programs

The College participates in federally funded Pell Grant, SEOG Grant, Federal Work-Study, and Federal Family Education Loans programs. These programs require compliance with federal requirements.

### K. Financial Aid

Financial aid to students is reported in the basic financial statements under the alternative method as prescribed by the National Association of College and University Business Offices (NACUBO). Certain aid, such as loans and funds provided to students as awarded by third parties, is accounted for as a third party payment (credited to the student's account as if the student made the payment).

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### L. Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the basic financial statements and reported amounts of revenues and expenses during the reporting period. Actual amounts may differ from those estimates.

### M. Revenue Recognition

Revenue recognition for educational services provided to students is generally received at the beginning of a semester and recognized by the end of the semester when educational course end and student has received final grades. There is no warranty or other guarantees associated with the educational courses the College offers.

### N. Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused vacation and sick pay. Classified employees forfeit any unused vacation at year-end or when employees separate from service. Unused sick pay may be accumulated to a maximum of 55 days. Unused sick pay is forfeited when employees separate from service. Certified employees forfeit any unused vacation pay at year-end or when employees separate from service but are allowed to accumulate a maximum of fifty-five days sick leave. There is no liability for unpaid accumulated sick leave since the College does not have a policy to pay any amounts when employees separate from services. The estimated amount of accumulated but unused sick pay for classified and certified employees totaled $400,162 at June 30, 2023.

### O. Budget

In accordance with Kansas statutes, the College has prepared an annual operating budget for submission to the Kansas Board of Regents. The budget establishes the amount of post-secondary aid to be received. The budget sets the level for expenditures at the fund level. As the amount of post-secondary aid is established by formula, the budget is advisory only and is not legally binding. The operating budget is prepared on the cash basis of accounting. The Board of Regents did not require a budget to be submitted this fiscal year.

### P. Program Revenues and Allocations of Expenses

Program revenues (operating revenues) include student fees for tuition, room and board, bookstore sales and sales of services provided by education departments to outside customers. Indirect cost are allocated to operating - administration expense and other expenses are allocated based on time spent or direct allocation

### Q Component Unit

The Association maintains its accounts in accordance with the principles and practices of fund accounting. Fund accounting is the procedure by which resources for various purposes are classified for accounting purposes in accordance with activities or objectives specified by donors. Accordingly, net position and changes therein are classified as follows:

Restricted for – Nonexpendable Scholarships and fellowships – Net position subject to donor-imposed stipulations that the Association permanently maintains the assets. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes. Restricted for – Expendable Scholarships and fellowships – Net position subject to donor-imposed stipulations that will be met by actions of the Association and/or passage of time.

Unrestricted unassigned – Net position not subject to donor-imposed restrictions may be used for general operations.

## 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

### Q. Component Unit – continued

Revenues are reported as increases in unrestricted net assets classification unless use of the related assets is limited by donor-imposed restrictions. Contributions, including unconditional promises to give, are recognized as revenue in the period received. Conditional promises to give are not recognized as revenue until the conditions on which they depend are substantially met. Contributions for in kind gifts from outside sources are not recorded in the Association's financial records, but are accounted for and acknowledged separately.

Expenses are reported as decreases in unrestricted undesignated or unrestricted designated net assets as appropriate. Gains and losses on investments and other assets or liabilities are reported as increases or decreases in unrestricted undesignated or unrestricted designated net assets unless their use is restricted by explicit donor stipulation or by law.

## 2. DEPOSITS AND INVESTMENTS

K.S.A. 9-1401 establishes the depositories which may be used by the College. The statutes requires banks eligible to hold the College's funds have a main or branch in the county in which the College is located, or in an adjoining county if such institution has been designated as an official depository, and the banks provide an acceptable rate of return on funds. In addition, K.S.A. 9-1402 requires the banks to pledge securities for deposits in excess of FDIC coverage. The College has no other policies that would further limit interest risk.

K.S.A. 12-1675 limits the College's investment of idle funds to time deposits, open accounts, and certificates of deposit with allowable financial institutions: U.S. government securities; temporary notes; no-fund warrants; repurchase agreements; and the State Municipal Investment Pool. The College has no investment policy that would further limit its investment choices.

*Concentration of credit risk;* State statutes place no limit on the amount the College may invest in any one issuer as long as the investments are adequately secured under K.S.A. 9-1402 and 9-1405. The College's allocation of investments as of June 30, 2023 was 100% in certificates of deposit.

*Custodial credit risk – deposits.* Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. State statutes require the College's deposits in financial institution to be entirely covered by federal depository insurance or by collateral held under a joint custody receipt issued by a bank within the State of Kansas, the Federal Reserve Bank of Kansas City, or the Federal Home Loan Bank of Topeka, except during designated "peak periods" when required coverage is 50%. The College's did not have any designated peak periods for the current year. All deposits were legally secured at June 30, 2023.

At June 30, 2023, the College's carrying amount of deposits $5,007,059 (which includes amounts maintained for cashier's change funds and petty cash totaling $350) and the bank balance was $5,734,641. The difference between carrying amounts and bank balances represents primarily checks that have not cleared the bank and deposits in transit. The balance was held by four banks reducing concentration of credit risk. Of the bank balance, $1,100,000 was covered by federal deposit insurance and $4,634,641 was collateralized with securities held by the pledging financial institution's agent in the College's name.

*Custodial credit risk – investments.* For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments be adequately secured.

At June 30, 2023, the Endowment Association's carrying amount of deposits $328,796 and the bank balance was $328,796. The difference between carrying amounts and bank balances represents primarily checks that have not cleared the bank and deposits in transit. The balance was held by two banks. Of the bank balance, $328,796 was covered by federal deposit insurance.

## 2. DEPOSITS AND INVESTMENTS - continued

Investments of the Endowment Association are as follows: The Endowment Association determines the appropriate classification of its investments in debt and equity securities at the time of purchase and reevaluates such determinations at each balance-sheet date. Debt securities are classified as held-to-maturity when the Association has the positive intent and ability to hold the securities to maturity. Debt securities for which the Association does not have the intent or ability to hold to maturity are classified as available-for-sale. Held-to-maturity securities are recorded as either short-term or long-term on the balance sheet, based on contractual maturity date and are stated at amortized cost. Marketable securities that are bought and held principally for the purpose of selling them in the near term are classified as trading securities and are reported at fair value, with unrealized gains and losses recognized as earnings. Debt and marketable equity securities not classified as held-to-maturity or as trading, are classified as available-for-sale, and are carried at fair market value, with the unrealized gains and losses, included in the determination of changes in net assets.

Investments are carried at fair value on the statements of net position. Fair value is determined using quoted prices in active markets for identical assets (level 1). Available-for-sale securities at June 30, 2023 were made up of the following types of securities:

| | 2023 | | | |
|---|---|---|---|---|
| Level 1 | Cost | Fair Value | Gross Unrealized Gain/(Loss) | Rating |
| Mutual Funds | $ 311,246 | $ 241,037 | $ (70,209) | |
| Municipal Bonds | 151,895 | 143,912 | (7,983) | BA to AA |
| Stocks | 297,189 | 241,051 | (56,138) | |
| | $ 760,330 | $ 626,000 | $ (134,330) | |

| | 2023 |
|---|---|
| Sales proceeds | $ 90,000 |
| Gross realized losses | 0 |
| Gross realized gains | 0 |

| | Estimated Fair Value |
|---|---|
| Due in 1-5 years | $ 87,658 |
| Due in 6-10 years | 0 |
| Due after 10 years | 56,254 |
| Total investments - debt securities | $ 143,912 |

## 3. PENSION PLANS

### Kansas Public Employees Retirement System

***Plan Description*** – The College participates in the Kansas Public Employees Retirement System (KPERS), a cost-sharing multiple-employer defined benefit pension plan as provided by K.SA. 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. The report may be obtained by writing to KPERS (611 S. Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

***Contributions*** - K.S.A. 74-4919 and K.S.A. 74-49210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is KPERS 1, KPERS 2, or KPERS 3 member. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2

## 3. PENSION PLANS

**Kansas Public Employees Retirement System - continued**

members were first employed in a covered position on or after July 1, 2009 and KPERS 3 members were first employed in a covered position on or after January 1, 2015. Effective January 1, 2015, Kansas law established the KPERS member-employee contribution rate of 6% of covered salary for KPERS 1, KPERS 2 and KPERS 3 members. Member contributions are withheld by their employer and paid to KPERS according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution rate for KPERS 1, KPERS 2, and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 14.20% and 13.33%, respectively, for the fiscal year ended June 30, 2022. The actuarially determined employer contribution rate and the statutory contribution rate was 13.88% and 13.11% for the fiscal year ended June 30, 2023.

Senate Substitute for House Bill 2052 authorized the delay of $64.1 million in fiscal year 2017 contributions. These contributions were set up as a long-term receivable. Payment is scheduled to be made in a series of twenty annual payments or $6.4 million dollars per year beginning in fiscal year 2018. Senate Substitute for House Bill 2002 authorized the delay of $194.0 million in fiscal year 2019 contributions. Payment is scheduled to be made in a series of twenty annual payments of $19.4 million starting in fiscal year 2020.

House Substitute for Senate Bill 109 from the 2018 Legislative session provided for additional funding for the KPERS School Group. A payment of $56 million was paid in fiscal year 2018. This bill also authorized a payment of $82 million in fiscal year 2019. The 2019 legislative session authorized an additional fiscal year payment for the KPERS School Group. 2019 Senate Bill 9 authorized a payment of $115 million for the KPERS School Group. House Substitute for Senate Bill 25 from the 2019 Legislative session authorized additional funding for the KPERS School Group in fiscal year 2020 of $51 million.

The 2021 Legislature passed House Bill 2405, which authorizes the State of Kansas to issue bonds with net proceeds of $500 million to fund a portion of the School unfunded actuarial liability. Senate Bill 159 recertified the State/School contribution rates for Fiscal Years 2022 and 2023. Fiscal Year 2022 was recertified from 14.09% to 13.33% and Fiscal Year 2023 from 13.86% to 13.11%. The bond proceeds were received by KPERS on August 26, 2021. The 2022 Legislature passed Senate Bill 421, which authorized the State of Kansas to transfer $1.125 billion from the State General Fund directly to KPERS in Fiscal Years 2022 and 2023. The first $871.1 million is applied to the KPERS-School unfunded actuarial liability. In Fiscal Year 2022, $600 million was transferred to KPERS. In Fiscal Year 2023, Senate Bill 421 authorizes two additional transfers which total $271 million.

The State of Kansas is required to contribute the statutory required employer's share and makes these directly to KPERS. The College did pay in $3,627 for its share of pension cost related to noncovered employees under state plan.

***Net Pension Liability*** - At June 30, 2023, the College's proportionate share of the collective net pension liability report by KPERS was $36,727, which is an obligation of the State of Kansas. The net pension liability was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021, which was rolled forward to June 30, 2022. The College's proportion of the net pension liability was based on the ratio of the College's contributions to KPERS, relative to the total employer and non-employer contributions of the State/School subgroup within KPERS for the fiscal year ended June 30, 2022. Since the KMAAG regulatory basis of accounting does not recognize long-term debt, this liability is not reported in this financial statement.

## 3. PENSION PLANS

**Kansas Public Employees Retirement System - continued**

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on allocations of the KPERS collective net pension liability to all participating employers are publicly available on the website at www.kpers .org or can be obtained as described above.

***Death and Disability Other Post-Employment Benefits***

As provided by K.S.A. 74-4927, disabled members in Kansas Public Employees Retirement System (KPERS) receive long-term disability benefits and life insurance benefits. The plan is administered through a trust held by KPERS that is funded to pay annual benefits payments. The employer contribution rate is set at 1% for the year ended June 30, 2023.

## 4. RELATED PARTY TRANSACTIONS

College personnel perform the Association's administrative activities on College premises. The value of these activities and the use of the College premises to perform these activities have not been determined.

During the year ended June 30, 2023,the Association reimbursed the College $152,452 for the following expenses paid on their behalf: Merchant McIntyre federal grant support consultants $39,000, fundraising/booster club expenses $53,550, accounting expenses $8,043, and $2,624 for miscellaneous expenses such as food pantry, student emergency fund, board meals etc. and $49,235 from donations received for an admissions position.

During the year the College paid $120,000 to an endowment trustee for a farm lease for the Precision Ag program, $21,732 to a husband of an administrative employee for snow removal and various concrete work, $1,035 to the son of an administrative employee for contract labor at the Price Convention Center, and $18,174 to a cabinet-level employee through his business Ragwing for computer purchases. The College also transferred $10,000 to the Association.

## 5. POST EMPLOYMENT BENEFITS

As provided by Kansas statutes the College allows retired employees to participate in the group health insurance plan. While each retiree pays the full amount of the applicable premium, conceptually, the local government is subsidizing the retiree because each participant is charged a level of premium regardless of age. However, the cost of this subsidy has not been quantified in these financial statements.

Under the Consolidated Omnibus Budget Reconciliation Act (COBRA) the College makes health care benefits available to eligible former employees and their dependents. Certain requirements are outlined by the federal government for this coverage. The premium is paid entirely by the insured. There is no cost to the College under this program.

## 6. CONTINGENCIES AND COMMITMENTS

Federal Financial Aid – Amounts received or receivable from grantor agencies are subject to audit and adjustment by these agencies, primarily the federal government. Any disallowed costs, including amounts already collected, may constitute a liability of the College. The amount, if any, of expenses which may be disallowed by the grantor cannot be determined at this time, although College management expects such amounts, if any, to be immaterial.

State Funding – Approximately 36% of the College's resources come from the State of Kansas. Due to continued funding uncertainties at the State level, future funding for the College may be reduced. The ultimate effect of this possible reduction in funding on the College's future operations is not yet determinable.

## 6. CONTINGENCIES AND COMMITMENTS - continued

The College is party to various lawsuits arising out of the normal conduct of its operations. In the opinion of College management, there are no material claims or lawsuits against the College that are not covered by insurance or whose settlement would materially affect the College's financial position at June 30, 2023.

Compliance with Kansas Statutes - References made herein to the statutes are not intended as interpretations of law, but are offered for consideration of the Director of Accounts and reports and interpretation by the County Attorney and legal representation of the College. Management is not aware of any statute violations during the year.

## 7. RISK MANAGEMENT

The College is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Management believes such coverage is sufficient to preclude any significant uninsured losses for the covered risks. Insurance claims have not exceeded commercial insurance coverage for the past three years. There were not significant reductions in insurance coverage from coverage in prior years.

## 8. INTERFUND TRANSFERS

Interfund transfers are used to move revenues from the fund that collects receipts to the fund that spends them. In the year ended June 30, 2023, the College made the following transfers between funds.

| | Transfer to | | | | | |
|---|---|---|---|---|---|---|
| | Operating | Student Revolving | Student Center | Housing | Price Convention Center | Total |
| Transfer From: | | | | | | |
| Operating | $ 1,445,058 | $ 11,440 | $ 12,611 | $ 27,764 | $ 153,263 | $ 1,650,136 |
| Student Revolving | 53,337 | 0 | 0 | 0 | 0 | 53,337 |
| Student Center | 2,823 | 0 | 0 | 0 | 0 | 2,823 |
| Housing | 1,375 | 0 | 0 | 0 | 0 | 1,375 |
| Price Convention Center | 1,400 | 0 | 0 | 0 | 0 | 1,400 |
| | $ 1,503,993 | $ 11,440 | $ 12,611 | $ 27,764 | $ 153,263 | $ 1,709,071 |

## 9. ENDOWMENT ASSOCIATION CONTRIBUTION

The College approved contributing up to $100,000 per year from the housing fund to the Endowment Association for student scholarships. During the year ended June 30, 2023, the College transferred $10,000 to the Endowment Association.

## 10. CAPITAL ASSETS

| College | Balance June 30, 2022 | Additions | Deletions | Balance June 30, 2023 |
|---|---|---|---|---|
| Capital Assets | | | | |
| Land | $ 209,096 | $ 0 | $ 0 | $ 209,096 |
| Building | 8,034,766 | 1,170,154 | 75,050 | 9,129,870 |
| Building remodel | 1,675,351 | 20,991 | 0 | 1,696,342 |
| Campus | 691,954 | 67,464 | 4,838 | 754,580 |
| Equipment | 5,257,092 | 539,243 | 5 | 5,796,330 |
| Furniture | 83,721 | 0 | 0 | 83,721 |
| Parking | 80,965 | 11,886 | 0 | 92,851 |
| SC Building | 128,143 | 0 | 0 | 128,143 |
| SC Building Remodel | 774,175 | 9,431 | 0 | 783,606 |
| SC Equipment | 107,462 | 55,574 | 0 | 163,036 |
| SC Furniture | 2,239 | 0 | 0 | 2,239 |
| Vehicles | 728,109 | 99,984 | 1,500 | 826,593 |
| VV Buildings | 1,191,996 | 2,977 | 0 | 1,194,973 |
| VV Equipment | 30,889 | 10,354 | 0 | 41,243 |
| VV Furniture | 47,403 | 0 | 0 | 47,403 |
| VV Parking | 90,792 | 25,027 | 0 | 115,819 |
| VV2 Building | 583,397 | 0 | 0 | 583,397 |
| PCC Building | 194,000 | 0 | 0 | 194,000 |
| PCC Equipment | 10,000 | 0 | 0 | 10,000 |
| Total costs | 19,921,550 | 2,013,085 | 81,393 | 21,853,242 |
| Less Accumulated Depreciation | | | | |
| Land | 0 | 0 | 0 | 0 |
| Building | 3,324,594 | 238,264 | 0 | 3,562,858 |
| Building remodel | 1,001,860 | 51,093 | 0 | 1,052,953 |
| Campus | 577,795 | 7,931 | 0 | 585,726 |
| Equipment | 3,156,463 | 703,267 | 0 | 3,859,730 |
| Furniture | 81,245 | 314 | 0 | 81,559 |
| Parking | 56,606 | 4,305 | 0 | 60,911 |
| SC Building | 106,245 | 1,176 | 0 | 107,421 |
| SC Building Remodel | 584,455 | 16,448 | 0 | 600,903 |
| SC Equipment | 79,936 | 16,338 | 0 | 96,274 |
| SC Furniture | 2,015 | 0 | 0 | 2,015 |
| Vehicles | 568,299 | 72,214 | 1,500 | 639,013 |
| VV Buildings | 631,415 | 39,144 | 0 | 670,559 |
| VV Equipment | 30,890 | 890 | 0 | 31,780 |
| VV Furniture | 47,403 | 0 | 0 | 47,403 |
| VV Parking | 59,622 | 4,357 | 0 | 63,979 |
| VV2 Building | 334,481 | 13,126 | 0 | 347,607 |
| PCC Building | 808 | 9,700 | 0 | 10,508 |
| PCC Equipment | 167 | 2,000 | 0 | 2,167 |
| Total accumulated depreciation | 10,644,132 | 1,178,567 | 1,500 | 11,823,366 |
| Net Capital Assets | $ 9,277,418 | $ 834,518 | $ 79,893 | $ 10,029,876 |

## 11. LOANS PAYABLE

The note payable with Bankwest has an interest rate of 3.14% with a total amount of $2,000,000 and is payable in annual installments of $178,771 which includes interest. The collateral for the Bankwest note payable is the Sports Center and Softball Complex. The note payable with CNHI has no interest rate with a total balance of $36,897 and is payable in annual installments of $6,150. The collateral for the CNHI loan is a skid steer. The note payable with Chevrolet was for $72,787 and is payable in monthly installments of $1,989. The collateral for the Herl Chevrolet note payable is three Savana Vans. The College has a finance lease for computers valued at $410,063 with Apple, Inc and annual installments of $105,107 and an interest rate of 1.69%. The College also has a finance lease for copiers valued at $83,051 and annual installments of $17,640 and an interest rate of 1.77%.

| | Beginning | Additions | Payments | Ending |
|---|---|---|---|---|
| **Bankwest Loan 4/52013** | $ 1,513,966 | $ 0 | $ 131,232 | $ 1,382,734 |

| | Principal | Interest |
|---|---|---|
| 2024 | $ 135,352 | $ 43,418 |
| 2025 | 139,495 | 39,275 |
| 2026 | 143,983 | 34,788 |
| 2027 | 148,504 | 30,267 |
| Yrs 2028-2031 | 815,400 | 78,452 |
| | $ 1,382,734 | $ 226,200 |

| | Beginning | Additions | Payments | Ending |
|---|---|---|---|---|
| **CNH Capital** | $ 12,299 | $ 0 | $ 6,150 | $ 6,149 |

| | Principal | Interest |
|---|---|---|
| 2024 | $ 6,150 | $ 0 |
| | $ 6,150 | $ 0 |

| | Beginning | Additions | Payments | Ending |
|---|---|---|---|---|
| **NP-Herl Chevrolet** | $ 32,919 | $ 0 | $ 21,354 | $ 11,565 |

| | Principal | Interest |
|---|---|---|
| 2024 | $ 11,565 | $ 366 |
| | $ 11,565 | $ 366 |

**Apple Lease Agreement dated 6/13/19**

| | Beginning | Additions | Payments | Ending |
|---|---|---|---|---|
| **Apple Computers** | $ 103,360 | $ 0 | $ 103,360 | $ 0 |

**Copier Lease Agreement dated 3/27/20**

| | Beginning | Additions | Payments | Ending |
|---|---|---|---|---|
| **Copiers Lease** | $ 45,678 | $ 0 | $ 16,610 | $ 29,068 |

| | | |
|---|---|---|
| 2024 | $ 16,610 | $ 1,030 |
| 2025 | 12,458 | 772 |
| | $ 29,068 | $ 1,802 |

## 12. ENDOWMENT ASSOCIATION CHANGES TO NET POSITION

| | Without Donor Restrictions | With Donor Restrictions |
|---|---|---|
| Beginning Balances | $ (142,305) | $ 1,048,053 |
| Gifts and contributions | 435,376 | 164,866 |
| Fundraising events | 187,993 | 0 |
| Transfers in | 10,000 | 0 |
| Investment income | 2,207 | 21,747 |
| Unrealized gains (losses) | (26,181) | 0 |
| Realized gains (losses) | 0 | 0 |
| Administration | (174,444) | 0 |
| Financial aid | (477,719) | 0 |
| Ending Balances | $ (185,073) | $ 1,234,666 |

| | |
|---|---|
| Permanently Restricted (Nonexpendable) | $ 627,224 |
| Temporarily Restricted (Expendable) | 607,442 |
| For Scholarships and Fellowships | $ 1,234,666 |

## 13. PRIOR PERIOD ADJUSTMENT

The prior net assets has been increased by $34,987 to correct changes in depreciation and expenses as reported in last year.

## 14. SUBSEQUENT EVENTS

The entity evaluated subsequent events through January 23, 2024, the date the financial statement were available to be issued. Northwest Kansas Technical College, North Central Kansas Technical College and Fort Hays State University received legislation approval to form an affiliation. The goal of the affiliation is to grow student enrollment and increase employer connections in order to help strengthen enrollment and workforce in rural Kansas as rural Kansas continues to face population declines and the projected enrollment cliff in 2029 due to overall population declines.

OTHER SUPPLEMENTARY INFORMATION

# NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Combining Schedule for Major Funds
Schedule of Net Position
June 30, 2023

| | Operating | Student Revolving | Student Center |
|---|---|---|---|
| **ASSETS** | | | |
| **CURRENT ASSETS** | | | |
| Cash and demand deposits | $ (330,740) | $ 1,225,662 | $ (267,479) |
| Time deposits | (7,235) | 1,431,756 | 784,019 |
| Cash in agency funds | 3,019 | 0 | 0 |
| Accounts receivable | 0 | 606,310 | 0 |
| Accounts receivable other | 0 | 60,742 | 0 |
| Prepaid insurance/subscriptions & dues | 12,546 | 0 | 0 |
| Inventories | 0 | 0 | 121,446 |
| Total current assets | (322,410) | 3,324,470 | 637,986 |
| **NONCURRENT ASSETS** | | | |
| Construction in progress | 1,407,953 | 0 | 0 |
| Capital assets, net | 8,746,635 | 0 | 270,410 |
| Total assets | $ 9,832,178 | $ 3,324,470 | $ 908,396 |
| **LIABILITIES** | | | |
| **CURRENT LIABILITIES** | | | |
| Deposits | $ 0 | $ 0 | $ 0 |
| Accounts payable and accrued liabilities | 857,480 | 108,398 | 211 |
| Due to agency funds | 3,019 | 0 | 0 |
| Due to club accounts | 0 | 56,678 | 0 |
| Notes Payable | 169,677 | 0 | 0 |
| Deferred revenue | 0 | 52,146 | 0 |
| Total current liabilities | 1,030,176 | 217,222 | 211 |
| **LONG-TERM LIABILITIES** | | | |
| Notes Payable | 1,259,839 | 0 | 0 |
| Total liabilities | $ 2,290,015 | $ 217,222 | $ 211 |
| **NET POSITION** | | | |
| Invested in capital assets | $ 10,154,588 | $ 0 | $ 270,410 |
| Unrestricted | (2,612,425) | 3,107,248 | 637,775 |
| Total net position | $ 7,542,163 | $ 3,107,248 | $ 908,185 |

See Independent Auditor's Report.

| Facilities | Housing | Price Conv Center | Total |
|---|---|---|---|
| $ 7,212 | $ (17,439) | $ (71,289) | $ 545,927 |
| 618,918 | 1,630,654 | 0 | 4,458,112 |
| 0 | 0 | 0 | 3,019 |
| 0 | 0 | 0 | 606,310 |
| 0 | 2,910 | 0 | 63,652 |
| 0 | 0 | 0 | 12,546 |
| 0 | 0 | 0 | 121,446 |
| 626,130 | 1,616,125 | (71,289) | 5,811,012 |
| 0 | 0 | 1,411,870 | 2,819,823 |
| 0 | 821,506 | 191,325 | 10,029,876 |
| $ 626,130 | $ 2,437,631 | $ 1,531,906 | $ 18,660,711 |
| $ 0 | $ 0 | $ 400 | $ 400 |
| 0 | 610 | 1,263,039 | 2,229,738 |
| 0 | 0 | 0 | 3,019 |
| 0 | 0 | 0 | 56,678 |
| 0 | 0 | 0 | 169,677 |
| 0 | 24,200 | 0 | 76,346 |
| 0 | 24,810 | 1,263,439 | 2,535,858 |
| 0 | 0 | 0 | 1,259,839 |
| $ 0 | $ 24,810 | $ 1,263,439 | $ 3,795,697 |
| $ 0 | $ 821,506 | $ 1,603,195 | $ 12,849,699 |
| 626,130 | 1,591,315 | (1,334,728) | 2,015,315 |
| $ 626,130 | $ 2,412,821 | $ 268,467 | $ 14,865,014 |

See Independent Auditor's Report.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Schedule for Major Funds
Schedule of Revenues, Expenses, and Changes in Net Position
For the Year Ended June 30, 2023

| | Operating | Student Revolving | Student Center |
|---|---|---|---|
| **REVENUES** | | | |
| Operating Revenues | | | |
| Student tuition and fees | $ 1,681,708 | $ 165,551 | $ 325 |
| Sales and services of educational departments | 197,760 | 738,157 | 0 |
| Residential life | 0 | 0 | 465,231 |
| Bookstore | 0 | 0 | 399,092 |
| Other operating revenues | 0 | 12,682 | 0 |
| Total operating revenues | 1,879,468 | 916,390 | 864,648 |
| **EXPENSES** | | | |
| Operating Expenses | | | |
| Administration | 1,110,873 | 0 | 0 |
| Instruction | 2,414,935 | 0 | 0 |
| Academic support | 6,855 | 0 | 0 |
| Operation of plant | 820,588 | 17,462 | 38,241 |
| Cost of sales and services of educational departments | 0 | 513,374 | 0 |
| Student activities | 2,083,878 | 352,581 | 916,993 |
| Interest Expense | 33,877 | 0 | 0 |
| Bad Debts | 184,543 | 0 | 0 |
| Depreciation | 1,077,388 | 0 | 33,962 |
| Total operating expenses | 7,732,937 | 883,417 | 989,196 |
| Operating income (loss) | (5,853,469) | 32,973 | (124,548) |
| **NONOPERATING REVENUES (EXPENSES)** | | | |
| State appropriations | 3,887,482 | 0 | 0 |
| Federal grants | 417,287 | 0 | 0 |
| State and local grants and contributions | 2,538,131 | 2,450 | 0 |
| Transfers in | 1,503,993 | 11,440 | 12,611 |
| Transfers out | (1,650,136) | (53,337) | (2,823) |
| Investment income | 25,410 | 14,275 | 324 |
| Gain on asset dispositions | 300 | 0 | 0 |
| Net nonoperating revenues | 6,722,467 | (25,172) | 10,112 |
| Increase (decrease) in net assets | 868,998 | 7,801 | (114,436) |
| **NET POSITION** | | | |
| Net Position - beginning of year | 6,678,013 | 3,099,447 | 986,204 |
| **PRIOR PERIOD ADJUSTMENT** | (4,848) | 0 | 36,417 |
| Net Position - end of year | $ 7,542,163 | $ 3,107,248 | $ 908,185 |

See Independent Auditor's Report.

| Facilities | Housing | Price Conv Center | Total |
|---|---|---|---|
| $ 0 | $ 0 | $ 0 | $ 1,847,584 |
| 0 | 0 | 0 | 935,917 |
| 0 | 272,076 | 0 | 737,307 |
| 0 | 0 | 0 | 399,092 |
| 0 | 0 | 42,988 | 55,670 |
| 0 | 272,076 | 42,988 | 3,975,570 |
| 0 | 0 | 0 | 1,110,873 |
| 0 | 0 | 0 | 2,414,935 |
| 0 | 0 | 0 | 6,855 |
| 0 | 174,562 | 112,753 | 1,163,606 |
| 0 | 0 | 0 | 513,374 |
| 0 | 0 | 0 | 3,353,452 |
| 0 | 0 | 0 | 33,877 |
| 0 | 0 | 0 | 184,543 |
| 0 | 57,518 | 11,700 | 1,180,568 |
| 0 | 232,080 | 124,453 | 9,962,083 |
| 0 | 39,996 | (81,465) | (5,986,513) |
| 0 | 0 | 0 | 3,887,482 |
| 0 | 0 | 0 | 417,287 |
| 0 | 0 | 218 | 2,540,799 |
| 0 | 27,764 | 153,263 | 1,709,071 |
| 0 | (11,375) | (1,400) | (1,719,071) |
| 3,001 | 12,498 | 0 | 55,508 |
| 0 | 0 | 0 | 300 |
| 3,001 | 28,887 | 152,081 | 6,891,376 |
| 3,001 | 68,883 | 70,616 | 904,863 |
| 623,129 | 2,340,520 | 197,851 | 13,925,164 |
| 0 | 3,418 | 0 | 34,987 |
| $ 626,130 | $ 2,412,821 | $ 268,467 | $ 14,865,014 |

See Independent Auditor's Report.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Schedule for Major Funds

Schedule of Cash Flows

For the Year Ended June 30, 2023

| | Operating | Student Revolving |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Tuition and fees | $ 1,681,708 | $ 165,551 |
| Residential life | 0 | 0 |
| Sales and services of educational departments | 197,760 | 717,076 |
| Auxiliary enterprises charges | 0 | 0 |
| Other receipts | 0 | 26,587 |
| Payments to employees | (4,213,428) | (15,032) |
| Payments to vendors | (1,643,034) | (743,706) |
| Interest Expense | (33,877) | 0 |
| Net cash provided (used) by operating activities | (4,010,871) | 150,476 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| State appropriations | 3,887,482 | 0 |
| Federal and State grants | 1,785,258 | 2,450 |
| Interfund Transfers - in | 1,503,993 | 11,440 |
| Interfund Transfers - out | (1,650,136) | (53,337) |
| Net cash provided (used) by noncapital financing activities | 5,526,597 | (39,447) |
| **CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES** | | |
| Purchase of capital assets | (659,681) | 0 |
| Proceeds from Capital Assets Dispositions | 300 | 0 |
| Construction in Progress | (1,407,953) | 0 |
| Note Repayments | (283,544) | 0 |
| Net cash (used) by capital financing activities | (2,350,878) | 0 |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| Interest on investments | 25,410 | 14,275 |
| Net cash provided by investing activities | 25,410 | 14,275 |
| Net increase (decrease) in cash | (809,742) | 125,304 |
| Cash - beginning of the year | 474,786 | 2,532,114 |
| Cash - end of year | $ (334,956) | $ 2,657,418 |
| **REFLECTED ON STATEMENT OF NET POSISTION** | | |
| Cash and demand deposits | (330,740) | 1,225,662 |
| Time deposits | (7,235) | 1,431,756 |
| Cash in agency funds | 3,019 | 0 |
| | $ (334,956) | $ 2,657,418 |
| **Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities** | | |
| Operating income (loss) | $ (5,853,469) | $ 32,973 |
| Adjustments to reconcile net income (loss) to net cash: | | |
| Depreciation expense | 1,077,388 | 0 |
| Change in assets and liabilities: | | |
| Receivables, net | 0 | (21,081) |
| Prepaid insurance | (12,546) | 0 |
| Deposits | 0 | 0 |
| Inventories | 0 | 0 |
| Deferred revenue | 0 | 13,905 |
| Accounts payable | 777,756 | 124,679 |
| Net cash provided (used) by operating activities | $ (4,010,871) | $ 150,476 |

See Independent Auditor's Report.

| Student Center | Facilities | Housing | Price Conv Center | Total |
|---|---|---|---|---|
| $ 325 | $ 0 | $ 0 | $ 0 | $ 1,847,584 |
| 465,231 | 0 | 272,076 | 0 | 737,307 |
| 0 | 0 | (2,910) | 0 | 911,926 |
| 399,092 | 0 | 0 | 0 | 399,092 |
| 0 | 0 | (7,400) | 42,988 | 62,175 |
| (38,241) | 0 | (32,844) | 0 | (4,299,545) |
| (906,335) | 0 | (147,395) | 1,149,428 | (2,291,042) |
| 0 | 0 | 0 | 0 | (33,877) |
| (79,928) | 0 | 81,527 | 1,192,416 | (2,666,380) |
| | | | | |
| 0 | 0 | 0 | 0 | 3,887,482 |
| 0 | 0 | 0 | 218 | 1,787,926 |
| 12,611 | 0 | 27,764 | 153,263 | 1,709,071 |
| (2,823) | 0 | (11,375) | (1,400) | (1,719,071) |
| 9,788 | 0 | 16,389 | 152,081 | 5,665,408 |
| | | | | |
| (28,589) | 0 | (34,939) | 0 | (723,209) |
| 0 | 0 | 0 | 0 | 300 |
| 0 | 0 | 0 | (1,411,870) | (2,819,823) |
| 0 | 0 | 0 | 0 | (283,544) |
| (28,589) | 0 | (34,939) | (1,411,870) | (3,826,276) |
| | | | | |
| 324 | 3,001 | 12,498 | 0 | 55,508 |
| 324 | 3,001 | 12,498 | 0 | 55,508 |
| (98,405) | 3,001 | 75,475 | (67,373) | (771,740) |
| 614,945 | 623,129 | 1,537,740 | (3,916) | 5,778,798 |
| $ 516,540 | $ 626,130 | $ 1,613,215 | $ (71,289) | $ 5,007,058 |
| | | | | |
| (267,479) | 7,212 | (17,439) | (71,289) | 545,927 |
| 784,019 | 618,918 | 1,630,654 | 0 | 4,458,112 |
| 0 | 0 | 0 | 0 | 3,019 |
| $ 516,540 | $ 626,130 | $ 1,613,215 | $ (71,289) | $ 5,007,058 |
| | | | | |
| $ (124,548) | $ 0 | $ 39,996 | $ (81,465) | $ (5,986,513) |
| | | | | |
| 33,962 | 0 | 57,518 | 11,700 | 1,180,568 |
| | | | | |
| 0 | 0 | (2,910) | 0 | (23,991) |
| 0 | 0 | 0 | 0 | (12,546) |
| 0 | 0 | 0 | 400 | 400 |
| 10,122 | 0 | 0 | 0 | 10,122 |
| 0 | 0 | (7,400) | 0 | 6,505 |
| 536 | 0 | (5,677) | 1,261,781 | 2,159,075 |
| $ (79,928) | $ 0 | $ 81,527 | $ 1,192,416 | $ (2,666,380) |

See Independent Auditor's Report.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Schedule of Managemetn information
Schedule of Expenses by Functiob and Object
For the Year Ended June 30, 2023

| | General Administration | Instruction | Academic Support |
|---|---|---|---|
| **Salaries** | $ 295,108 | $ 1,693,967 | $ 5,306 |
| **Benefits** | 53,089 | 304,741 | 955 |
| **Services** | 23,979 | 137,646 | 431 |
| **Supplies** | 23,555 | 5,634 | 163 |
| **Utilities** | 0 | 0 | 0 |
| **Other** | 715,142 | 272,947 | 0 |
| **Bad Debts** | 184,543 | 0 | 0 |
| **Interest** | 0 | 0 | 0 |
| **Depreciation** | 0 | 0 | 0 |
| **Total** | 1,295,416 | $ 2,414,935 | $ 6,855 |
| **Bad Debts** | (184,543) | | |
| **Interest** | 0 | | |
| **Depreciation** | 0 | | |
| **To combining Schedule of Revenues, Expenses and Changes in Net Position** | $ 1,110,873 | | |

See Independent Auditor's Report.

| Operation of Plant | Student Activities | Total |
|---|---|---|
| $ 202,908 | $ 1,373,723 | $ 3,571,012 |
| 36,503 | 247,130 | 642,418 |
| 16,488 | 111,624 | 290,168 |
| 31,952 | 60,212 | 121,516 |
| 291,566 | 0 | 291,566 |
| 241,171 | 291,189 | 1,520,449 |
| 0 | 0 | 184,543 |
| 33,877 | 0 | 33,877 |
| 1,077,388 | 0 | 1,077,388 |
| 1,931,853 | $ 2,083,878 | $ 7,732,937 |
| 0 | | |
| (33,877) | | |
| (1,077,388) | | |
| $ 820,588 | | |

See Independent Auditor's Report.

# NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2023

| Grant Title | Federal CFDA Number | Revenues | Expenditures |
|---|---|---|---|
| **U.S. Department of Education** | | | |
| Direct Programs | | | |
| **Student Financial Assistance Cluster** | | | |
| Supplemental Educational Opportunity Grant | 84.007 | $ 12,325 | $ 12,325 |
| College Work Study | 84.033 | 21,794 | 21,794 |
| Pell Grant Program | 84.063 | 794,060 | 794,060 |
| Federal Family Education Loan | 84.268 | 1,178,358 | 1,178,358 |
| Total Student Financial Assistance Cluster | | 2,006,537 | 2,006,537 |
| Fund for the Improvement of Postsecondary Education | 84.116 | 100,000 | 100,000 |
| Higher Education Institutional Aid | 84.031 | 36,950 | 36,950 |
| Education Stabilization Fund | 84.425 | 101,589 | 101,589 |
| Total Direct Programs | | 2,245,076 | 2,245,076 |
| Passed through Kansas Board of Regents | | | |
| Carl D. Perkins Vocational | 84.048 | 375,832 | 349,365 |
| Education Stabilization Fund | 84.425 | 20,000 | 20,000 |
| | | 395,832 | 369,365 |
| Total Department of Education | | 2,640,908 | 2,614,441 |
| **U.S. Department of Agriculture** | | | |
| Direct Programs | | | |
| Conservation Stewardship Program | 10.902 | 117,694 | 117,694 |
| Total Department of Agriculture | | 117,694 | 117,694 |
| **U.S. Department of Commerce** | | | |
| Direct Programs | | | |
| Economic Adjustment Assistance | 11.307 | 689,305 | 689,305 |
| Total Department of Commerce | | 689,305 | 689,305 |
| **U.S. Department of Treasury** | | | |
| Passed through Kansas Department of Commerce | | | |
| Coronavirus State & Local Fiscal Recovery Funds | 21.027 | 300,052 | 58,298 |
| Total Department of Treasury | | 300,052 | 58,298 |
| Total Federal Assistance | | $ 3,747,959 | $ 3,479,738 |

See Independent Auditor's Report.

See following notes to this schedule.

# NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2023

## NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Northwest Kansas Technical College under programs of the federal government for the year ended June 30, 2023. The information in this schedule is presented in accordance with the requirements Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a select portion of the operations of Northwest Kansas Technical College, it is not intended to and does not present the statements of net position, changes in net position or cash flows of Northwest Kansas Technical College.

## NOTE B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the basis of U.S. generally accepted accounting principles. Expenditures as reported on the Schedule are recognized under the basis described above and follow the cost principles contained in the Uniform Guidance regarding *Cost Principles* wherein certain types of expenditures are not allowed or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

## NOTE C. NON-CASH ASSISTANCE, INSURANCE AND LOANS

The College did not receive or expend any Federal awards in the form of noncash assistance, insurance, loans or loan guarantees for the year ended June 30, 2023.

## NOTE D. INDIRECT COST RATES

Northwest Kansas Technical College has elected not to use the 10 percent de-minimis indirect cost rate allowed under the Uniform Guidance.

**SPECIAL REPORTS**

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Lucille L. Hinderliter, CPA

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

Area Board of Control
Northwest Kansas Technical College
Goodland, Kansas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities and each major fund of Northwest Kansas Technical College as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Northwest Kansas Technical College financial statements, and have issued our report there on dated January 23, 2024.

**Internal Control over Financial Reporting**
In planning and performing our audit, we considered Northwest Kansas Technical College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. According, we do not express an opinion on the effectiveness of Northwest Kansas Technical College's internal control.

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

Our consideration of the 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 that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

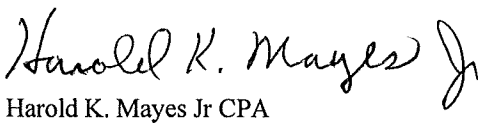
**Compliance and Other Matters**
As part of obtaining reasonable assurance about whether Northwest Kansas Technical College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance 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*.

**Purpose of this Report**
The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in



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considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Harold K. Mayes Jr CPA
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Ottawa, Kansas
January 23, 2024

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

Area Board of Control
Northwest Kansas Technical College
Goodland, Kansas

## Report on Compliance for Each Major Federal Program

### *Opinion on Each Major Federal Program*

We have audited the Northwest Kansas Technical College's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Northwest Kansas Technical College's major federal programs for the year ended June 30, 2023. Northwest Kansas Technical College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northwest Kansas Technical College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs for the year ended June 30, 2023.

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

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

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

### *Responsibilities of Management for Compliance*

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

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

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



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made by a reasonable user of the report on compliance about Northwest Kansas Technical College's compliance with the requirements of each major federal program as a whole.
In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northwest Kansas Technical College's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Northwest Kansas Technical College's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Northwest Kansas Technical College's internal control over compliance. Accordingly, no such opinion is expressed.

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

**Report on Internal Control over Compliance**

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

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

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

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

Harold K. Mayes Jr

Harold K. Mayes Jr CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
January 23, 2024

# NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2023

*SUMMARY OF AUDITOR'S RESULTS*

**Financial Statements**

| | |
|---|---|
| Type of report the auditor issued on whether the financial statement audited was prepared in accordance with GAAP. | Unmodified |
| Internal control over financial reporting | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified not considered to be material weaknesses: | None reported |
| Noncompliance material to financial statements noted? | No |

**Federal Awards**

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness(es) identified? | No |
| Significant deficiencies identified not considered to be material weaknesses: | None reported |
| Type of auditor's report issued on compliance for major programs: | Unmodified |
| Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? | No |

Identification of major programs:

| CFDA Number(s) / SFA Cluster | Name of Federal Program or Cluster | | Amount |
|---|---|---|---|
| 84.007 | Federal Supplemental Educational Opportunity Grant | $ | 12,325 |
| 84.033 | Federal Work Study | | 21,794 |
| 84.063 | Federal Pell Grant Program | | 794,060 |
| 84.268 | Federal Direct Student Loans | | 1,178,358 |
| | Total for cluster | | 2,006,537 |
| 11.307 | Economic Adjustment Assistance | | 689,305 |
| 84.048 | Carl Perkins - Vocational Education | | 349,365 |
| | | $ | 3,045,207 |

| | |
|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs: | $ 750,000 |
| Auditee qualified as a low-risk auditee? | Yes |