FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT
June 30, 2026

FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

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FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

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Harold Mayes, CPA

INDEPENDENT AUDITOR'S REPORT

Area Advisory Board
Fort Hays State University – Northwest Kansas Technical College
Goodland, Kansas

Opinion
We have audited the accompanying financial statements of the business-type activities and component unit of Fort Hays State University – Northwest Kansas Technical College, Goodland, Kansas as of and for the year ended June 30, 2026, 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 Fort Hays State University – Northwest Kanss Technical College, Goodland, Kansas, as of June 30, 2026, 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 Fort Hays State University – 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 Fort Hays State University – 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.

- 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 Fort Hays State University – 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 Fort Hays State University – 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 required 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, 2026 (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 September 4, 2026, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 Fort Hays State University – 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
September 4, 2026

MANAGEMENT DISCUSSION AND ANALYSIS

INTRODUCTION

Our discussion and analysis of Fort Hays State University - Northwest Kansas Technical College (College) financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2026. 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 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 Position 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 $17,135,080 as of June 30, 2026. This was an increase of $63,164 or 0.37% from the prior year. The increase is primarily attributable to lower year-over-year spending, as several one-time expenditures related to the rebranding initiative were incurred and completed in the prior year. As a result, the current period reflects a reduction in expenses associated with these non-recurring costs.
- Overall revenues were $11,683,555 which were higher than expenses of $11,620,391 by $63,164. The College remains committed to pursuing grant funding to support facility and technology upgrades while maintaining expenditures within available revenue constraints.

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 Advisory Board 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 $17,135,080 as of June 30, 2026. 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

	2026	2025	2024
ASSETS			
CURRENT ASSETS			
Cash and demand deposits	$ 227,410	$ (85,662)	$ 613,413
Time deposits	3,711,492	4,187,964	3,376,663
Cash in agency funds	2,759	3,019	44,380
Cash & cash equivalents	3,941,661	4,105,321	4,034,456
Accounts receivable, net	721,351	846,592	879,453
Accounts receivable, other	524,183	581,440	664,616
Prepaid insurance/subscriptions & dues	13,200	28,625	61,046
Inventories	178,397	126,628	84,443
Total other current assets	1,437,131	1,583,285	1,689,558
Total current assets	5,378,792	5,688,606	5,724,014
NONCURRENT ASSETS			
Construction in progress	266,776	548,305	0
Capital assets, net	12,683,415	12,709,278	12,977,255
Total assets	$ 18,328,983	$ 18,946,189	$ 18,701,269
LIABILITIES			
CURRENT LIABILITIES			
Deposits	$ 3,000	$ 1,250	$ 0
Accounts payable and accrued liabilities	36,302	631,154	167,942
Due to agencies	3,019	3,019	44,380
Due to club accounts	64,821	57,103	59,345
Note Payable	149,995	145,474	153,444
Deferred revenue	118,881	68,393	79,082
Total current liabilities	376,018	906,393	504,193
LONG-TERM LIABILITIES			
Note Payable	817,885	967,880	1,113,354
Total liabilities	$ 1,193,903	$ 1,874,273	$ 1,617,547
NET POSITION			
Invested in capital assets	$ 12,950,191	$ 13,257,583	$ 12,977,255
Unrestricted - unassigned	4,184,889	3,814,333	4,106,467
Total net position	$ 17,135,080	$ 17,071,916	$ 17,083,722

Changes in Net Assets

The College's total revenues were $11,683,555. A significant percentage of the revenue comes from state aid (33%). Federal and state grants and contracts accounted for another 30% of total revenues. The total cost of all programs, services and transfers was $11,620,391.

The College's expenses are predominately related to educating and caring for students (64%). Administrative activities accounted for just 10% of total costs. 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

	2026	2025	2024
Revenues			
Student tuition and fees	$ 1,805,335	$ 1,880,852	$ 1,919,299
Charges for services	2,317,507	2,537,174	2,348,882
Fund raising events	80,254	71,842	50,675
General revenues			
State appropriations	3,871,753	3,593,956	3,747,888
Federal grants	750,419	639,344	2,327,873
State and local grants	2,739,639	3,329,611	2,687,927
Investment income	122,526	124,178	107,862
Gain (loss) on asset dispositions	(3,878)	7,306	0
Transfers in	0	44,000	0
Total revenues	11,683,555	12,228,263	13,190,406
Program Expenses			
Administrative	1,134,777	1,873,520	1,570,881
Instruction	3,202,753	2,972,504	2,536,137
Academic support	220,100	143,899	6,844
Operation of plant	1,282,087	1,376,920	1,212,024
Cost of sales & services	481,995	729,735	552,491
Student activities	3,923,186	3,691,701	3,813,432
Interest expense	33,388	53,995	43,148
Bad debts	118,568	121,842	81,056
Depreciation	1,213,537	1,275,953	1,145,685
Transfers out	10,000	0	10,000
Total Expenses	11,620,391	12,240,069	10,971,698
Increase (decrease) in net position	$ 63,164	$ (11,806)	$ 2,218,708

Transfers out were the result of transfers out of $50,000 and transfers in of $40,000 resulting in a net transfer out of $10,000.

FINANCIAL HIGHLIGHTS

As the College completed the year, its operating fund reported a net position balance of $8,386,569, which was an increase of $220,229 from last year's ending fund balance of $8,166,340. The change is attributed to increased revenues from state appropriations and federal grants.

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, 2026, the College had an investment net of depreciation of $12,683,415 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

	2026	2025	2024
Land and Improvements	$ 466,654	$ 466,654	$ 417,766
Building Improvements	18,790,949	18,129,338	17,849,133
Furniture and Equipment	8,426,864	8,223,377	7,678,003
	27,684,467	26,819,369	25,944,902
Total Accumulated Depreciation	15,001,052	14,110,091	12,967,647
	$ 12,683,415	$ 12,709,278	$ 12,977,255

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 condition and operations. Management continues to monitor these factors and evaluate strategies to maintain the College's financial stability while supporting its educational mission and long-term sustainability.

Enrollment

Enrollment projections for Fall 2026 indicate relatively flat enrollment, with the potential for a slight decline compared to the prior fall. Changes enacted by the state legislature affecting Excel in CTE funding are contributing to this trend, along with broader national factors, including a declining college-age population and a continued decrease in the proportion of individuals pursuing higher education.

Although these demographic and enrollment trends are affecting higher education institutions across all sectors, the College believes that strategic program development can create opportunities for growth. As a technical college, the College is focused on developing high-wage, high-demand programs and short-term training opportunities that align with workforce needs and provide pathways for enrollment growth. Current initiatives include development of an Electrical Distribution (Lineman) program, reevaluation of the feasibility of launching the College's approved Powersports program, and development of a short-term Unmanned Aircraft Systems (UAS) training program.

Grants

The College recognizes that competition for students and resources continues to increase nationally. Accordingly, the College remains committed to maintaining relevance across its current and future technical education offerings through continued investment in facilities and technology, as well as the strategic pursuit and effective management of grant funding opportunities.

Federal and other grant funding will remain an important component of the College's strategy for supporting capital improvements, technology investments, program development, and other initiatives that enhance the College's competitiveness and ability to serve students and the regional workforce. The College believes that the expertise and capacity provided by an experienced federal grant-writing firm are important to strengthening these efforts and maximizing opportunities for external funding.

Tuition Rates and State Funding

Maintaining affordability and transparency of student costs remains a key priority for the College. The College has continued its historical practice of implementing only modest increases in overall student expenses while balancing affordability with the need to maintain high-quality educational programs and services.

The State of Kansas has retained the $1 million Base Operating Grant for the upcoming fiscal year. Maintaining this funding remains a significant legislative priority for the College, as does pursuing the restoration of the grant to its original $1.5 million level. This funding is a critical resource in supporting the College's ongoing operations, program development, and long-term financial sustainability. Residency requirements for technical colleges periodically become the subject of legislative discussion. Any changes to these requirements could have a significant impact on the College's eligibility for state financial support. The College intends to actively communicate with state policymakers regarding the importance of maintaining the current residency requirements and the potential financial impact that changes could have on technical colleges.

Legislative changes enacted during the most recent session also continue to affect enrollment, funding, and costs. Changes to Excel in CTE funding tied eligibility to programs funded through the Kansas Promise Act, and certain programs were subsequently removed from the eligible program list. In addition, the Kansas Promise Act is currently scheduled to sunset during the upcoming legislative session. The College intends to advocate for continuation of the program, which has provided an important source of financial assistance for students that is not readily replaced through other funding sources. The College also anticipates that changes approved during the prior legislative session will be subject to further discussion and potential reconsideration.

Maintenance of Plant and Capital Improvements

The College received confirmation of a $1.74 million Congressionally Directed Spending (CDS) award requested through the office of U.S. Senator Jerry Moran. The funding will support the renovation and completion of an advanced manufacturing laboratory and makerspace at 1008 Main Street. This investment is expected to create additional enrollment opportunities while also supporting economic development initiatives within the College's service area.

The College's maintenance and automotive shop building has experienced a need for roof repairs. With assistance from available state campus restoration funds, the College anticipates completing the necessary repairs during the upcoming fiscal year.

In May 2026, the College experienced a hail event that resulted in estimated damages exceeding $3 million. Due to current construction costs and property insurance limitations, the applicable insurance deductible makes it impractical to fully address the loss through insurance proceeds. Additionally, a significant portion of the damage is cosmetic in nature and involves metal roofing. The Board is therefore evaluating the most effective use of the approximately $751,000 in available cash value associated with the claim to address the College's highest-priority building repair needs.

The College is also pursuing a $500,000 area community grant to support technology and equipment needs associated with renovating the Murray Center into a Western Kansas Rural Center for Entrepreneurship. The proposed

center would support regional communities and business and industry while providing students with opportunities to apply their technical skills toward entrepreneurship, business ownership, or the acquisition of existing businesses undergoing succession planning. Capital improvements associated with the renovation, including carpet and painting, are anticipated to be funded through available capital outlay or Base Operating Grant resources.

Employee Compensation and Benefits
Recruitment and retention of qualified faculty with specialized technical expertise remain ongoing challenges for the College due in part to competition from private industry, where comparable technical positions may offer higher compensation. The College continues to evaluate and implement compensation improvements while emphasizing the professional and community benefits associated with careers in technical education.

Health insurance costs have also had a significant impact on the College's operating expenses over the past three years. During each of the past two years, health insurance costs increased by more than 20 percent. These increases are not sustainable for an institution of the College's size. Despite extensive analysis, consultation, and evaluation of alternative options, the College has not identified a viable solution that would fully mitigate these increases while maintaining appropriate coverage.

As a result, the College has implemented an employee contribution toward the cost of single health insurance coverage. Rising benefit costs also affect the College's ability to recruit and retain employees and may create additional financial challenges as the College seeks to expand staffing in support of future program and enrollment growth.

Overall Financial Position
Despite the challenges described above, the College remains financially healthy. Management continues to exercise prudent financial management and diligent oversight of the College's financial resources and accounts. The College also maintains minimal indebtedness, providing a strong financial foundation from which to address emerging challenges, pursue strategic investments, and support the College's long-term educational and economic development mission.

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 Corey Isbell, President P.O. Box 668, Goodland, Kansas. For the Foundation financial statements, footnotes and auditor's report also contact: Corey Isbell, President P.O. Box 668, Goodland, Kansas.

FINANCIAL STATEMENTS

FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Net Position

June 30, 2026

	Educational Services	Component Unit Foundation
ASSETS		
CURRENT ASSETS		
Cash and demand deposits	$ 227,410	$ 87,892
Time deposits	3,711,492	1,006,238
Cash in agency funds	2,759	0
Cash & cash equivalents	3,941,661	1,094,130
Accounts receivable	721,351	3,000
Accounts receivable other	524,183	0
Accrued income	0	4,031
Deferred outflows	13,200	0
Inventories	178,397	0
Total other current assets	1,437,131	7,031
Total current assets	5,378,792	1,101,161
NONCURRENT ASSETS		
Investments	0	1,143,637
Construction in progress	266,776	0
Capital assets, net	12,683,415	0
Total assets	$ 18,328,983	$ 2,244,798
LIABILITIES		
CURRENT LIABILITIES		
Deposits	$ 3,000	$ 0
Accounts payable and accrued liabilities	36,302	0
Due to agencies and others	3,019	0
Due to club accounts	64,821	0
Due to FHTNW	0	6,980
Notes Payable	149,995	0
Deferred inflows	118,881	0
Total current liabilities	$ 376,018	$ 6,980
LONG-TERM LIABILITIES		
Notes Payable	817,885	0
Total liabilities	$ 1,193,903	$ 6,980
NET POSITION		
Invested in capital assets	$ 12,950,191	$ 0
Restricted for		
Nonexpendable		
Scholarships and fellowships	0	776,808
Expendable		
Scholarships and fellowships	0	889,818
Unrestricted - unassigned	4,184,889	571,192
Total net position	$ 17,135,080	$ 2,237,818

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

FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Revenues, Expenses, and Changes in Net Position

For the Year Ended June 30, 2026

	Educational Services	Component Unit Foundation
REVENUES		
Operating Revenues		
Student tuition and fees	$ 1,805,335	$ 0
Sales and services of educational departments	911,140	0
Residential life	910,685	0
Student Center	495,682	0
Gifts and Contributions	0	1,478,548
Fund raising events	80,254	63,108
Total operating revenues	4,203,096	1,541,656
EXPENSES		
Operating Expenses		
Administration	1,134,777	85,652
Instruction	3,202,753	0
Academic support	220,100	0
Operation of plant	1,282,087	0
Financial aid and program support	0	1,013,274
Fund raising	0	50,087
Cost of sales and services of educational departments	481,995	0
Student activities	3,923,186	0
Interest Expense	33,388	0
Bad debts	118,568	0
Depreciation	1,213,537	0
Total operating expenses	11,610,391	1,149,013
Operating income (loss)	(7,407,295)	392,643
NONOPERATING REVENUES (EXPENSES)		
State appropriations	3,871,753	0
Federal grants	750,419	0
State and local grants and contributions	2,739,639	0
Transfers to/from Foundation	(10,000)	10,000
Investment income	122,526	82,717
Unrealized appreciation (depreciation) on investments	0	46,829
Gain (loss) on asset dispositions	(3,878)	231
Net nonoperating revenues	7,470,459	139,777
Increase (Decrease) in net assets	63,164	532,420
NET POSITION		
Net Position - beginning of year	17,071,916	1,705,398
Net Position - end of year	$ 17,135,080	$ 2,237,818

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

FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2026

	Educational Services	Component Unit Foundation
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	$ 1,805,335	$ 0
Residential life	910,685	0
Sales and services of educational departments	1,093,638	0
Auxiliary enterprises charges	495,682	0
Other receipts	130,742	0
Gifts and contributions	0	1,483,544
Fundraising Events	0	63,108
Receipts from Customers	0	119,914
Payments to employees	(4,996,430)	0
Payments to vendors	(5,988,761)	(129,844)
Payments for financial aid and program support	0	(1,013,274)
Interest Expense	(33,388)	0
Net cash provided (used) by operating activities	(6,582,497)	523,448
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	3,871,753	0
Federal and State Grants	3,490,058	0
Foundation Transfers	(10,000)	10,000
Net cash provided by noncapital financing activities	7,351,811	10,000
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Acquisition of capital assets	(1,206,555)	0
Disposition of Capital Assets	15,000	0
Construction in Progress	281,529	0
Note Repayments	(145,474)	0
Net cash used by capital financing activities	(1,055,500)	0
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from Sale of Investments	0	51,000
Acquisitions of Investments	0	(331,369)
Interest and Investment Income	122,526	82,368
Net cash provided by investing activities	122,526	(198,001)
Net increase (decrease) in cash	(163,660)	335,447
Cash - beginning of the year	4,105,321	758,683
Cash - end of year	$ 3,941,661	$ 1,094,130
REFLECTED ON STATEMENT OF NET POSITION:		
Cash and demand deposits	$ 227,410	$ 87,892
Time deposits	3,711,492	1,006,238
Cash in agency funds	2,759	-
	$ 3,941,661	$ 1,094,130

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

FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2026

	Educational Services	Component Unit Foundation
Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	$ (7,407,295)	$ 522,420
Unrealized (gain) loss on investments	0	(46,829)
Realized (gain) loss on investments	0	(231)
Interest & Investment Income	0	(82,717)
Adjustments to reconcile net income (loss) to net cash:		
Depreciation expense	1,213,537	0
Noncash transactions from GNWKS-SCCF	0	(718)
Change in assets and liabilities:		
(Increase)/Decrease in Accrued Income	0	6,033
Receivables, net	182,498	119,914
Prepaid insurance	15,425	0
Deposits	1,750	0
Inventories	(51,769)	0
Deferred revenue	50,488	0
Accounts payable	(587,131)	5,576
	$ (6,582,497)	$ 523,448

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

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fort Hays State University - 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 financially accountable to Fort Hays State University - Northwest Kansas Technical College.

There are two methods of presentation of component units: 1. Blended component units, although legally separate entity from the College, they are, in substance part of the College's operations and so data from these 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: Fort Hays State University - Northwest Kansas Technical College Foundation. The Foundation is a legally separate, tax-exempt component unit of the College. The Foundation 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 Foundation 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 Foundation, the majority of resources, or income thereon, which the Foundation holds and invests, are restricted to the activities of the College by the donors. Because these restricted resources held by the Foundation can only be used by, or for the benefit of, the College, the Foundation is considered a component unit of the College. The Foundation is reported in separate financial statements because of the difference in its reporting model, as further described below.

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

A. Reporting Entity (continued)

The Foundation 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 Foundation, please refer to the Foundation's audited financial statements.

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

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

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

Non-exchange transactions, in which the College receives value without directly giving equal value in return, include 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.

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 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 a maturity 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 writes off for FY'26 was $118,568, which is approximately 2.8% of operating revenues and approximately 1.0% of operating expenses.

Student accounts receivable is 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.

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

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.

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.

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

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).

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

The College recognizes revenue based on the accrual basis of accounting when it is earned and has substantially met its obligation to the student, donor, or other party.

- **Tuition and Fees:** Revenue is recognized over the academic period to which it relates. Payments received in advance are recorded as unearned revenue until the period for which they are received begins.
- **Contributions:** Revenue from contributions is recognized when received or when an unconditional promise to give is made. Conditional promises to give are recognized only when the conditions are substantially met. Noncash contributions are recorded at their estimated fair value at the time of the gift.
- **Auxiliary Enterprises:** Revenue from activities like housing, dining, and bookstore sales is recognized as it is earned. This revenue is reported net of scholarship and auxiliary allowances, which are amounts applied to student accounts.
- **Investments:** Investment income, including interest, dividends, and realized gains on the sale of investments, is recognized as earned.

N. 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 expenditure 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.

O. 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 costs are allocated to operating - administration expenses and other expenses are allocated based on time spent or direct allocation

P. Component Unit

The Foundation 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:

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

P. Component Unit – continued

Restricted for – Nonexpendable Scholarships and fellowships – Net position subject to donor-imposed stipulations that the Foundation permanently maintains the assets. Generally, the donors of these assets permit the Foundation 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 Foundation and/or passage of time.

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

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. In-kind gifts are recorded in gifts & contributions at fair value with an offsetting expense in program and scholarships.

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 require 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, 2026, 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, 2026.

As of June 30, 2026, the College's carrying amount of deposits $3,941,661 (which includes amounts maintained for cashier's change funds and petty cash totaling $350) and the bank balance was $4,288,387. The difference between carrying amounts and bank balances is primarily checks that have not cleared the bank and deposits in transit. The balance was held by three banks reducing concentration of credit risk. Of the bank balance, $850,000 was covered by federal deposit insurance and $3,438,387 was collateralized with securities held by the pledging financial institution's agent in the College's name.

2. DEPOSITS AND INVESTMENTS – continued

As of June 30, 2026, the Foundation's deposits had a carrying amount of $1,094,130 and a bank balance of $1,110,335. The difference between carrying amounts and bank balances is primarily checks that have not cleared the bank and deposits in transit. The deposits were held at four banks. Of the bank balance, $696,296 was covered by federal deposit insurance insured and $414,039 was collateralized by securities held by the pledging financial institution's agent in the Foundation's name.

Investments of the Foundation are as follows: The Foundation 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 Foundation has the positive intent and ability to hold the securities to maturity. Debt securities for which the Foundation 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 by using quoted prices in active markets for identical assets (level 1). Available-for-sale securities as of June 30, 2026, were made up of the following types of securities:

	2026			
Level 1	Cost	Fair Value	Gross Unrealized Gain/(Loss)	Rating
Mutual Funds	$ 459,436	$ 495,603	$ 36,167	
Municipal Bonds	185,509	181,102	(4,407)	BA to AA
Stocks	465,016	454,593	(10,423)	
GNWKS Comm Fndtn	12,339	12,339	0	
	$ 1,122,300	$ 1,143,637	$ 21,337	

	2026
Sales proceeds	$ 51,236
Gross realized losses	(1)
Gross realized gains	$ 231

	Estimated Fair Value
Due in less than 1 year	$ 60,376
Due in 1-5 years	0
Due in 6-10 years	24,625
Due after 10 years	96,101
Total investments - debt securities	$ 181,102

3. 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 60 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 sixty days sick leave. There is no liability for unpaid accumulated sick leave

3. Compensated Absences - continued

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 $469,450 as of June 30, 2026. However, the amount is not payable upon termination or retirement.

4. 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. KPERS' financial statements are included in its Annual Comprehensive Financial Report which can be found on the KPERS website at www.kspers.gov or by writing to KPERS (611 South Kansas, Suite 100, Topeka, KS 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 members. KPERS 1 members are active and contributing members hired before July 1, 2009. KPERS 2 members were first employed in a covered position on or after July 1, 2009, and KPERS 3 members were first employed in a covered position on or after January 1, 2015. 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 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 9.71%, for the fiscal year ended June 30, 2026. Contributions to the pension plan from the College were $3,516 for June 30, 2026, for non-covered employees.

Net Pension Liability – As of June 30, 2026, the College's proportionate share of the collective net pension liability report by KPERS was $32,432, which is an obligation of the State of Kansas. The net pension liability was measured as of June 30, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2024, which was rolled forward to June 30, 2025. 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, 2025. This liability is not reported in this financial statement.

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, 2026.

5. RELATED PARTY TRANSACTIONS

College personnel perform the Foundation'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, the College entered into and completed several transactions involving individuals or entities with relationships to the College. The College paid $120,000 to a foundation trustee for the lease of farmland used in the Precision Agriculture program. Additionally, the College paid $12,500 to the spouse of an administrative employee for concrete work performed. The College also paid $1,200 to a company owned by a board member for advertising on the company's property. These transactions are considered related-party transactions and are disclosed for transparency and in accordance with applicable financial reporting requirements. During the year ended June 30, 2026, the College transferred $50,000 to the Foundation and the Foundation transferred $40,000 back to the College.

6. 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.

7. 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 33% 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.

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, 2026.

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.

8. 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 no significant reductions in insurance coverage from coverage in prior years.

9. CAPITAL ASSETS

College	Balance June 30, 2025	Additions	Deletions	Balance June 30, 2026
Capital Assets				
Land	$ 209,096	$ 0	$ 0	$ 209,096
Building	9,436,899	581,226	0	10,018,125
Building remodel	3,257,064	0	0	3,257,064
Campus	773,480	0	0	773,480
Equipment	6,899,299	356,319	96,411	7,159,207
Furniture	83,721	0	0	83,721
Parking	102,601	0	0	102,601
SC Building	134,841	0	0	134,841
SC Building Remodel	783,606	4,247	0	787,853
SC Equipment	169,103	0	8,148	160,955
SC Furniture	2,239	0	0	2,239
Vehicles	972,460	179,787	236,896	915,351
VV Buildings	1,214,183	36,648	0	1,250,831
VV Equipment	49,153	8,837	0	57,990
VV Furniture	47,403	0	0	47,403
VV Parking	115,819	0	0	115,819
VV2 Building	583,397	0	0	583,397
PCC Building	246,548	0	0	246,548
PCC Building Remodel	1,624,542	0	0	1,624,542
PCC Parking	39,138	0	0	39,138
PCC Equipment	74,777	39,489	0	114,266
Total costs	26,819,369	1,206,553	341,455	27,684,467
Less Accumulated Depreciation				
Land	0	0	0	0
Building	4,063,381	267,146		4,330,527
Building remodel	1,192,060	81,885		1,273,945
Campus	606,807	12,352		619,159
Equipment	5,119,449	570,925	93,882	5,596,492
Furniture	81,872	0		81,872
Parking	68,918	4,085		73,003
SC Building	111,449	2,516		113,965
SC Building Remodel	634,951	17,042		651,993
SC Equipment	127,133	14,569	8,148	133,554
SC Furniture	2,015	0		2,015
Vehicles	709,852	104,466	220,546	593,772
VV Buildings	748,142	41,026		789,168
VV Equipment	35,777	3,660		39,437
VV Furniture	47,403	0		47,403
VV Parking	72,693	4,357		77,050
VV2 Building	373,860	13,126		386,986
PCC Building	30,876	13,055		43,931
PCC Building Remodel	57,536	40,614		98,150
PCC Parking	1,525	3,914		5,439
PCC Equipment	24,392	18,799		43,191
Total accumulated depreciation	14,110,091	1,213,537	322,576	15,001,052
Net Capital Assets	$ 12,709,278	$ (6,984)	$ 18,879	$ 12,683,415

10. 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, 2026, the College made the following transfers between funds.

	Transfer to					
	Operating	Student Revolving	Student Center	Housing	Price Convention Center	Total
Transfer From:						
Operating	$ 2,211,674	$ 5,500	$ 0	$ 0	$ 4,286	$ 2,221,460
Student Revolving	4,123	0	0	0	0	4,123
	$ 2,215,797	$ 5,500	$ 0	$ 0	$ 4,286	$ 2,225,583

11. LOANS PAYABLE

The note payable with The Bank 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 Bank note payable is the Sports Center and Softball Complex. The College also has a finance lease for copiers valued at $7,560 and annual installments of $1,491. The copier lease agreement with an interest rate of 1.77% was renewed during the year.

	Beginning	Additions	Payments	Ending
The Bank Loan 4/5/2013	$ 1,107,887	$ 0	$ 143,983	$ 963,904

	Principal	Interest
2027	$ 148,504	$ 30,267
2028	153,167	25,604
2029	157,919	20,851
2030	162,935	15,835
Yrs 2031-2032	341,379	16,162
	$ 963,904	$ 108,719

Copier Lease Agreement dated 3/1/24

	Beginning	Additions	Payments	Ending
Copiers Lease	$ 5,467	$ 0	$ 1,491	$ 3,976

	Principal
2027	$ 1,491
2028	1,491
2029	994
	$ 3,976

12. FOUNDATION CHANGES TO NET POSITION

	Without Donor Restrictions	With Donor Restrictions
Beginning Balances	$ 417,332	$ 1,288,066
Gifts and contributions	24,374	1,454,174
Fundraising events	1,675	61,433
Investment income	45,271	37,446
Unrealized gains (losses)	46,829	0
Realized gains (losses)	231	0
Released from Restrictions	129,397	(129,397)
Program support	(1,845)	(93,505)
Financial aid	(15,500)	(902,424)
Fund raising	(920)	(49,167)
Administration	(85,652)	0
Transfers in	50,000	0
Transfers out	(40,000)	0
Ending Balances	$ 571,192	$ 1,666,626
Permanently Restricted (Nonexpendable)		$ 776,808
Temporarily Restricted (Expendable)		889,818
For Scholarships and Fellowships		$ 1,666,626

.13. SUBSEQUENT EVENTS

The College evaluated subsequent events through September 4, 2026, the date the financial statements were available to be issued. The College is not aware of any materially significant events which have not already been addressed the "Management Discussion and Analysis".

OTHER SUPPLEMENTARY INFORMATION

FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas
Combining Schedule for Major Funds
Schedule of Net Position
June 30, 2026

	Operating	Student Revolving	Student Center
ASSETS			
CURRENT ASSETS			
Cash and demand deposits	$ (1,039,359)	$ 1,244,725	$ (17,313)
Time deposits	(255,286)	1,461,443	301,154
Cash in agency funds	2,759	0	0
Accounts receivable	0	721,351	0
Accounts receivable other	451,922	72,261	0
Prepaid insurance/subscriptions & dues	13,200	0	0
Inventories	0	0	178,397
Total current assets	(826,764)	3,499,780	462,238
NONCURRENT ASSETS			
Construction in progress	266,776	0	0
Capital assets, net	9,949,878	0	184,358
Total assets	$ 9,389,890	$ 3,499,780	$ 646,596
LIABILITIES			
CURRENT LIABILITIES			
Deposits	$ 0	$ 0	$ 0
Accounts payable and accrued liabilities	32,422	2,508	158
Due to agency funds	3,019	0	0
Due to club accounts	0	64,821	0
Notes Payable	149,995	0	0
Deferred revenue	0	65,281	0
Total current liabilities	$ 185,436	$ 132,610	$ 158
LONG-TERM LIABILITIES			
Notes Payable	$ 817,885	$ 0	$ 0
Total long term liabilities	$ 817,885	$ 0	$ 0
NET POSITION			
Invested in capital assets	$ 10,216,654	$ 0	$ 184,358
Unrestricted	(1,830,085)	3,367,170	462,080
Total net position	$ 8,386,569	$ 3,367,170	$ 646,438

See Independent Auditor's Report.

Facilities	Housing	Price Conv Center	Total
$ 8,157	$ 360,515	$ (329,315)	$ 227,410
658,742	1,545,439	0	3,711,492
0	0	0	2,759
0	0	0	721,351
0	0	0	524,183
0	0	0	13,200
0	0	0	178,397
666,899	1,905,954	(329,315)	5,378,792
0	0	0	266,776
0	715,394	1,833,785	12,683,415
$ 666,899	$ 2,621,348	$ 1,504,470	$ 18,328,983
$ 0	$ 0	$ 3,000	$ 3,000
0	0	1,214	36,302
0	0	0	3,019
0	0	0	64,821
0	0	0	149,995
0	53,600	0	118,881
$ 0	$ 53,600	$ 4,214	$ 376,018
$ 0	$ 0	$ 0	$ 817,885
$ 0	$ 0	$ 0	$ 817,885
$ 0	$ 715,394	$ 1,833,785	$ 12,950,191
666,899	1,852,354	(333,529)	4,184,889
$ 666,899	$ 2,567,748	$ 1,500,256	$ 17,135,080

See Independent Auditor's Report.

FORT HAYS STATE UNIVERSITY - 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, 2026

	Operating	Student Revolving	Student Center
REVENUES			
Operating Revenues			
Student tuition and fees	$ 1,633,779	$ 171,556	$ 0
Sales and services of educational departments	103,944	807,196	0
Residential life	0	0	617,434
Bookstore	0	0	495,682
Other operating revenues	14,580	0	0
Total operating revenues	1,752,303	978,752	1,113,116
EXPENSES			
Operating Expenses			
Administration	1,134,777	0	0
Instruction	3,202,753	0	0
Academic support	220,100	0	0
Operation of plant	861,685	22,055	42,639
Cost of sales and services of educational departments	0	481,995	0
Student activities	2,293,331	512,977	1,116,878
Interest Expense	33,388	0	0
Bad Debts	118,568	0	0
Depreciation	1,040,859	0	34,127
Total operating expenses	8,905,461	1,017,027	1,193,644
Operating income (loss)	(7,153,158)	(38,275)	(80,528)
NONOPERATING REVENUES (EXPENSES)			
State appropriations	3,871,753	0	0
Federal grants	750,419	0	0
State and local grants and contributions	2,721,622	7,825	10,192
Transfers in	2,215,797	5,500	0
Transfers out	(2,221,460)	(4,123)	0
Transfer to/from Foundation	0	0	0
Investment income	39,134	46,673	1,154
Gain on asset dispositions	(3,878)	0	0
Net nonoperating revenues	7,373,387	55,875	11,346
Increase (decrease) in net assets	220,229	17,600	(69,182)
NET POSITION			
Net Position - beginning of year	8,166,340	3,349,570	715,620
Net Position - end of year	$ 8,386,569	$ 3,367,170	$ 646,438

See Independent Auditor's Report.

Facilities	Housing	Price Conv Center	Total
$ 0	$ 0	$ 0	$ 1,805,335
0	0	0	911,140
0	293,251	0	910,685
0	0	0	495,682
0	0	65,674	80,254
0	293,251	65,674	4,203,096
0	0	0	1,134,777
0	0	0	3,202,753
0	0	0	220,100
0	200,621	155,087	1,282,087
0	0	0	481,995
0	0	0	3,923,186
0	0	0	33,388
0	0	0	118,568
0	62,170	76,381	1,213,537
0	262,791	231,468	11,610,391
0	30,460	(165,794)	(7,407,295)
0	0	0	3,871,753
0	0	0	750,419
0	0	0	2,739,639
0	0	4,286	2,225,583
0	0	0	(2,225,583)
0	(10,000)	0	(10,000)
15,446	20,119	0	122,526
0	0	0	(3,878)
15,446	10,119	4,286	7,470,459
15,446	40,579	(161,508)	63,164
651,453	2,527,169	1,661,764	17,071,916
$ 666,899	$ 2,567,748	$ 1,500,256	$ 17,135,080

See Independent Auditor's Report.

FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Schedule for Major Funds

Schedule of Cash Flows

For the Year Ended June 30, 2026

	Operating	Student Revolving	Student Center
CASH FLOWS FROM OPERATING ACTIVITIES			
Tuition and fees	$ 1,633,779	$ 171,556	$ 0
Residential life	0	0	617,434
Sales and services of educational departments	168,173	925,465	0
Auxiliary enterprises charges	0	0	495,682
Other receipts	14,580	2,888	0
Payments to employees	(4,832,272)	(17,760)	(42,639)
Payments to vendors	(3,438,008)	(1,127,576)	(1,168,804)
Interest Expense	(33,388)	0	0
Net cash provided (used) by operating activities	(6,487,136)	(45,427)	(98,327)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
State appropriations	3,871,753	0	0
Federal and State grants	3,472,041	7,825	10,192
Transfer to/from Endowment	0	0	0
Interfund Transfers - in	2,215,797	5,500	0
Interfund Transfers - out	(2,221,460)	(4,123)	0
Net cash provided (used) by noncapital financing activities	7,338,131	9,202	10,192
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES			
Purchase of capital assets	(1,117,332)	0	(4,247)
Disposition of Capital Asset	15,000	0	0
Construction in Progress	246,325	0	0
Note Repayments	(145,474)	0	0
Net cash (used) by capital financing activities	(1,001,481)	0	(4,247)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest on investments	39,134	46,673	1,154
Net cash provided by investing activities	39,134	46,673	1,154
Net increase (decrease) in cash	(111,352)	10,448	(91,228)
Cash - beginning of the year	(1,180,534)	2,695,720	375,069
Cash - end of year	$ (1,291,886)	$ 2,706,168	$ 283,841
REFLECTED ON STATEMENT OF NET POSISTION			
Cash and demand deposits	(1,039,359)	1,244,725	(17,313)
Time deposits	(255,286)	1,461,443	301,154
Cash in agency funds	2,759	0	0
	$ (1,291,886)	$ 2,706,168	$ 283,841
Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities			
Operating income (loss)	$ (7,153,158)	$ (38,275)	$ (80,528)
Adjustments to reconcile net income (loss) to net cash:			
Depreciation expense	1,040,859	0	34,127
Change in assets and liabilities:			
Receivables, net	64,229	118,269	0
Prepaid insurance	15,425	0	0
Deposits	0	0	0
Inventories	0	0	(51,769)
Deferred revenue	0	2,888	0
Accounts payable	(454,491)	(128,309)	(157)
	$ (6,487,136)	$ (45,427)	$ (98,327)

See Independent Auditor's Report.

Facilities	Housing	Price Conv Center	Total
$ 0	$ 0	$ 0	$ 1,805,335
0	293,251	0	910,685
0	0	0	1,093,638
0	0	0	495,682
0	47,600	65,674	130,742
0	(38,249)	(65,510)	(4,996,430)
0	(164,963)	(89,410)	(5,988,761)
0	0	0	(33,388)
0	137,639	(89,246)	(6,582,497)
0	0	0	3,871,753
0	0	0	3,490,058
0	(10,000)	0	(10,000)
0	0	4,286	2,225,583
0	0	0	(2,225,583)
0	(10,000)	4,286	7,351,811
0	(45,486)	(39,490)	(1,206,555)
0	0	0	15,000
0	0	35,204	281,529
0	0	0	(145,474)
0	(45,486)	(4,286)	(1,055,500)
15,446	20,119	0	122,526
15,446	20,119	0	122,526
15,446	102,272	(89,246)	(163,660)
651,453	1,803,682	(240,069)	4,105,321
$ 666,899	$ 1,905,954	$ (329,315)	$ 3,941,661
8,157	360,515	(329,315)	227,410
658,742	1,545,439	0	3,711,492
0	0	0	2,759
$ 666,899	$ 1,905,954	$ (329,315)	$ 3,941,661
$ 0	$ 30,460	$ (165,794)	$ (7,407,295)
0	62,170	76,381	1,213,537
0	0	0	182,498
0	0	0	15,425
0	0	1,750	1,750
0	0	0	(51,769)
0	47,600	0	50,488
0	(2,591)	(1,583)	(587,131)
$ 0	$ 137,639	$ (89,246)	$ (6,582,497)

See Independent Auditor's Report.

FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Schedule of Management Information

Schedule of Expenses by Function and Object

For the Year Ended June 30, 2026

	General Administration	Instruction	Academic Support
Salaries	$ 196,743	$ 2,091,520	$ 117,363
Benefits	41,699	443,292	24,875
Services	16,767	155,765	40,389
Supplies	5,241	12,093	2,928
Utilities	0	0	0
Other	451,491	490,833	19,545
Affiliation	0	0	0
Insurance	0	0	0
Professional Services	411,089	9,250	15,000
Bad Debts	118,568	0	0
Discharge Student Debt	11,747	0	0
Interest	0	0	0
Depreciation	0	0	0
Total	$ 1,253,345	$ 3,202,753	$ 220,100
Bad Debts	(118,568)		
Interest	0		
Depreciation	0		
To combining Schedule of Revenues, Expenses and Changes in Net Position	$ 1,134,777		

See Independent Auditor's Report.

	Operation of Plant	Student Activities	Total
$	184,996	$ 1,396,573	$ 3,987,195
	39,209	296,000	845,075
	15,766	111,113	339,800
	29,196	13,438	62,896
	286,185	0	286,185
	18,616	463,721	1,444,206
	0	12,486	12,486
	287,717	0	287,717
	0	0	435,339
	0	0	118,568
	0	0	11,747
	33,388	0	33,388
	1,040,859	0	1,040,859
$	1,935,932	$ 2,293,331	$ 8,905,461
	0		
	(33,388)		
	(1,040,859)		
$	861,685		

See Independent Auditor's Report.

FORT HAYS STATE UNIVERSTIY - NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Schedule of Expenditures of Federal Awards

For the Year Ended June 30, 2026

Grant Title	Federal CFDA Number	Revenues	Expenditures
U.S. Department of Education			
Direct Programs			
Student Financial Assistance Cluster			
Supplemental Educational Opportunity Grant	84.007	$ 11,700	$ 11,700
College Work Study	84.033	239,908	239,908
Pell Grant Program	84.063	1,106,624	1,106,624
Federal Family Education Loan	84.268	837,577	837,577
Total Student Financial Assistance Cluster		2,195,809	2,195,809
Higher Education Institutional Aid	84.031	219,099	219,099
Total Direct Programs		2,414,908	2,414,908
Passed through Kansas Board of Regents			
Carl D. Perkins Vocational	84.048	260,412	260,412
Total Department of Education		2,675,320	2,675,320
U.S. Department of Agriculture			
Direct Programs			
Conservation Stewardship Program	10.902	197,427	197,427
Total Department of Agriculture		197,427	197,427
National Science Foundation			
Direct Programs			
Stem Education	47.076	74,913	74,913
Total Department of Commerce		74,913	74,913
U.S. Department of Transportation			
Passed through Kansas Department of Wildlife and Parks			
Recreational Trails Program	20.219	9,726	9,726
Total Department of Treasury		9,726	9,726
Total Federal Assistance		$ 2,957,386	$ 2,957,386

See Independent Auditor's Report.

See following notes to this schedule.

FORT HAYS STATE UNIVERSITY – NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended June 30, 2026

NOTE A. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the schedule) includes the federal grant activity of Fort Hays Technical College Northwest under programs of the federal government for the year ended June 30, 2026. 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 Fort Hays Technical College Northwest, it is not intended to and does not present the statements of net position, changes in net position or cash flows of Fort Hays Technical College Northwest.

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, 2026.

NOTE D. INDIRECT COST RATES

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

SPECIAL REPORTS

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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 Advisory Board
Fort Hays State University – 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 Fort Hays State University – Northwest Kansas Technical College as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise Fort Hays State University – Northwest Kansas Technical College financial statements, and have issued our report there on dated September 4, 2026.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Fort Hays State University – 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 Fort Hays State University – 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 Fort Hays State University – 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 considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Harold K. Mayes Jr

Harold K. Mayes Jr CPA
Agler & Gaeddert, Chartered
Ottawa, Kansas
September 4, 2026

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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 Advisory Board
Fort Hays State University – Northwest Kansas Technical College
Goodland, Kansas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Fort Hays State University – 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 Fort Hays State University – Northwest Kansas Technical College's major federal programs for the year ended June 30, 2026. Fort Hays State University – 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, Fort Hays State University – Northwest Kansas Technical College's 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, 2026.

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 Fort Hays State University – 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 Fort Hays State University – 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 Fort Hays State University – 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 Fort Hays State University – 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 made by a reasonable user of the report on compliance about Fort Hays State

University – 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 Fort Hays State University – 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 Fort Hays State University – 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 Fort Hays Technical College Northwest'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
September 4, 2026

FORT HAYS STATE UNIVERSITY - NORTHWEST KANSAS TECHINCAL COLLEGE
Goodland, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2026

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)	Name of Federal Program or Cluster		Amount
SFA Cluster			
84.007	Federal Supplemental Educational Opportunity Grant	$	11,700
84.033	Federal Work Study		239,908
84.063	Federal Pell Grant Program		1,106,624
84.268	Federal Direct Student Loans		837,577
	Total for cluster	$	2,195,809

Dollar threshold used to distinguish between Type A and Type B programs:	$	1,000,000
Auditee qualified as a low-risk auditee?		Yes