

**NORTHWEST KANSAS
TECHNICAL COLLEGE**

- Goodland, Kansas

**FINANCIAL STATEMENTS AND
INDEPENDENT AUDITOR'S REPORT
June 30, 2009**

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

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NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

AREA BOARD OF CONTROL

Officers

Robert Loftin
Frank Otter
Mark Smith
Marvin Sprenkel

Chairman
Vice-Chairman
Secretary
Treasurer

Committee Chairmen

Clair L. Legere
Bruce Buck
Billi Beckman
Richard "Dick" Short
Arlie Archer

Building and Grounds
Curriculum
Faculty
Public Relations
Student Welfare

AREA ADVISORY BOARD

Robert Loftin, Chairman
Arlie Archer
Randy Balluch
Billi Beckman
Tony Bremenkamp
Paul Bruggeman
Bruce Buck
Tom Button
Belinda Cranston
Myra Douthit
Shane Geist
Carol Laws

Clair L. Legere
Bill Miller, Jr.
Frank Otter
Clarence "Bud" Redman
Chris Schmidt
Sheila Selensky
Richard "Dick" Short
Mark Smith
Marvin Sprenkel
Stewart Stabel
Alan Suter
Dan Wasson

PRESIDENT

Kenneth A. Clouse

President

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

W. Keith Gaeddert, CPA
(Retired)

REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

Northwest Kansas Technical College
Goodland, Kansas

We have audited the accompanying financial statements of the business-type activities of Northwest Kansas Technical College, Goodland, Kansas as of and for the year ended June 30, 2009, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of Northwest Kansas Technical College, as of June 30, 2009, and the respective changes in financial position, and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2009, on our consideration of Northwest Kansas Technical College's internal control over financial reporting and on our test 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis on pages 5 through 10 is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Northwest Kansas Technical College's basic financial statements. The introductory section, combining and individual major fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements of Northwest Kansas Technical College. The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Agler & Gaeddert, Chartered

Ottawa, Kansas
September 11, 2009



NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Management's Discussion and Analysis (MD&A)
June 30, 2009

INTRODUCTION

Our discussion and analysis of Northwest Kansas Technical College (College) financial performance provides an overview of the College's financial activities for the fiscal year ended June 30, 2009. Since this management's discussion and analysis is designed to focus on current activities, resulting change and currently known facts, it should be read in conjunction with the College's financial statements, which follow this section.

USING THIS ANNUAL REPORT

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

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

FINANCIAL HIGHLIGHTS

- ❑ Total net assets were \$12,111,449 at June 30, 2009. This was an increase of \$111,301 (0.93%) over the prior year. This increase was primarily due to careful monitoring of expenses.
- ❑ Overall revenues were \$6,882,447, which exceeded expenses of \$6,771,146 by \$111,301.

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 supplementary 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.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Management's Discussion and Analysis (MD&A)

June 30, 2009

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

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

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

Fund Financial Statements

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

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Assets

The College's combined net assets were \$12,111,449 at June 30, 2009. See Table 1.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Management's Discussion and Analysis (MD&A)

June 30, 2009

Table 1 -- Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Assets			
Cash	\$ 1,518,827	\$ 571,719	\$ 332,189
Accounts Receivable	8,891	27,750	60,288
Inventories	184,490	278,519	224,017
Inter Fund Receivables	32,893	32,263	-
Time Deposits	4,264,719	5,470,415	5,264,929
Construction in Process	272,089	-	-
Capital Assets, Net of Accumulated Depreciation	<u>6,294,206</u>	<u>6,106,467</u>	<u>5,840,746</u>
TOTAL ASSETS	12,576,115	12,487,133	11,722,169
Liabilities			
Accounts Payable	126,035	194,731	187,036
Deferred revenue	29,509	47,968	35,267
Deposits	18,630	28,230	24,330
Inter Fund Payables	32,263	32,263	-
KBOR Infrastructure Loan	<u>258,229</u>	<u>258,325</u>	<u>-</u>
TOTAL LIABILITIES	464,666	561,517	246,633
Net Assets			
Invested in Capital Assets, Net of Related Debt	6,294,206	6,106,467	5,840,746
Unrestricted	<u>5,817,243</u>	<u>5,893,683</u>	<u>5,634,790</u>
TOTAL NET ASSETS	\$ 12,111,449	\$ 12,000,150	\$ 11,475,536

This schedule is prepared from the College's Statement of Net Assets, which is presented on an accrual basis of accounting whereby assets are capitalized and depreciated.

Changes in Net Assets

The College's total revenues were \$6,882,447. A majority of the revenue comes from state aid (45.20%). Federal and state grants and contracts accounted for another 31.27% of total revenues.

The total cost of all programs and services was \$6,771,146. The College's expenses are predominately related to educating and caring for students (50.18%). Administrative activities accounted for just 9.14% of total costs. The remaining expenses were for plant services (maintenance and operations), ancillary services, and other outgo.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Management's Discussion and Analysis (MD&A)

June 30, 2009

Table 2 --Changes in Net Assets

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Revenues			
Program Revenues:			
Charges for Services	\$ 1,783,162	\$ 1,861,894	\$ 1,928,411
Operating Grants & Contributions	2,152,029	1,566,982	1,413,748
Capital Grants and Contributions	-	323,675	214,440
General Revenues:			
State Revenues	2,980,636	3,112,936	3,112,936
Local Revenues	<u>130,394</u>	<u>242,431</u>	<u>324,329</u>
TOTAL REVENUES	7,046,221	7,107,918	6,993,864
Program Expenses			
Instruction	1,715,510	1,728,774	1,645,497
Instruction-Related Services	1,681,961	1,398,950	1,363,056
Student Services	1,067,207	1,065,016	829,827
General Administration	618,857	456,144	421,653
Plant Services	940,570	1,060,678	979,090
Enterprise Activities	391,720	503,201	673,788
Noncapital Appropriations	115,000	-	-
Depreciation	<u>404,095</u>	<u>370,539</u>	<u>337,341</u>
TOTAL EXPENSES	<u>6,934,920</u>	<u>6,583,302</u>	<u>6,250,252</u>
INCREASE IN NET ASSETS	<u>\$ 111,301</u>	<u>\$ 524,616</u>	<u>\$ 743,612</u>

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 assets).

FINANCIAL HIGHLIGHTS

As the College completed the year, its operating fund reported a fund balance of \$7,437,122, which was an increase from last year's ending fund balance of \$7,247,443. Tuition and state appropriations are the primary source of funding for the College's academic programs. During the FY'09 there was a 4.25% decrease in state appropriations and an 1.22% decrease in tuition and fee revenues.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Management's Discussion and Analysis (MD&A)

June 30, 2009

Operating Fund Budgetary Highlights

Over the course of the year, the College revises its annual budget to reflect unexpected changes in revenues and expenditures. A schedule of the College's original and final budget amounts compared with actual revenues and expenses is provided in the supplemental section of the audited financial report.

CAPITAL ASSETS

At June 30, 2009, the College had invested \$6,297,882 in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table 4. More detailed information about the College's capital assets is presented in the notes to the financial statements.

Table 4 -- Capital Assets

	2009	2008	2007
Land Improvements	\$ 854,225	\$ 854,225	\$ 805,365
Buildings and Improvements	7,706,250	7,448,590	7,116,490
Furniture and Equipment	2,838,301	2,801,706	2,664,390
Totals at Historical Cost	11,398,776	11,104,521	10,586,245
Total Accumulated Depreciation	5,100,894	4,998,054	4,745,500
NET CAPITAL ASSETS	\$ 6,297,882	\$ 6,106,467	\$ 5,840,745

The College's fiscal year 2010 budget projects spending of \$243,960 for capital projects, primarily for instructional activities. Other planned major capital improvements will be a modernization of the Cosmetology facility and equipment, and roof replacements on the Welding and Medical building financed by federal stimulus monies.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The College's FY 2010-2012 Strategic Plan, Goal 1 focuses entirely on initiatives to increase enrollment. Although the sophomore enrollment for Fall 2009 is projected lower than last year, freshman enrollment is projected to increase significantly. The College is adding a part-time diversity recruiter in an effort to increase minority enrollment. New program initiatives such as offering programs at nontraditional times, implementing sports programs, and increasing online offerings are underway to assist with the enrollment goal.
- Acquisition of accreditation has increased the college's stature in higher education and could have a positive effect for the college's future financial health.

NORTHWEST KANSAS TECHNICAL COLLEGE

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Management's Discussion and Analysis (MD&A)

June 30, 2009

- Recently, a new proposed tier-cost model was under consideration for implementation in FY 2011. This cost model would have had a sizeable negative effect on the college as well as several other two-year institutions in the state. This model has been put on hold for further review and discussion. A new funding model is imminent and will likely be production based so enrollment growth is a must.
- Due to state revenue shortfalls causing budget cuts, several positions were not filled and salaries were held at last year's rates in preparation of the FY 2010 budget.
- The college continues to have a very acceptable tuition rate and this revenue is one of the primary resources for operations. Tuition for FY 2009 was \$60 per credit hour and was increased \$15 per credit hour for FY 2010 to help offset the state projected budget cuts. Another increase of \$10 per credit hour for FY 2011 is being proposed, as state revenues are not forecasted to improve in the near future.
- Through the efforts of the Kansas 2008 legislature, tax credits have become available to technical colleges for deferred maintenance and equipment. Along with this opportunity is a state bonding program to help the college pay for major projects.

The College remains financially healthy by careful utilization of funds and close management of all financial accounts. The College carries minimal debt incurred for deferred maintenance projects through the state bonding program.

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 Dr. Guy E. Mills, President, P.O. Box 668, Goodland, Kansas.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Net Assets

June 30, 2009

	<u>Educational Services</u>	<u>Endowment Association</u>
ASSETS		
Currents Assets		
Cash and demand deposits	\$ 1,518,827	\$ 763,431
Time deposits	4,264,719	455,000
Accounts receivable, net	8,891	0
Due from other funds	32,893	0
Inventories	184,490	0
Construction in Process	272,089	0
Total current assets	<u>6,281,909</u>	<u>1,218,431</u>
Noncurrent Assets		
Capital assets, net	6,294,206	11,656
Total noncurrent assets	<u>6,294,206</u>	<u>11,656</u>
Total assets	<u>12,576,115</u>	<u>1,230,087</u>
LIABILITIES		
Current Liabilities		
Bank Overdraft	630	0
Deposits	18,630	0
Accounts payable and accrued liabilities	58,435	0
Due to other funds	32,263	0
KBOR Infrastructure Loan	42,285	0
Capital Lease	32,674	0
Deferred revenue	29,509	0
Total current liabilities	<u>214,426</u>	<u>0</u>
Long Term Liabilities		
KBOR Infrastructure Loan	215,944	0
Capital Lease	34,296	0
Total long term liabilities	<u>250,240</u>	<u>0</u>
NET ASSETS		
Invested in capital assets	6,294,206	0
Restricted for		
Nonexpendable		
Scholarships and fellowships	0	196,129
Expendable		
Scholarships and fellowships	0	161,484
Unrestricted	5,817,243	872,474
Total net assets	<u>\$ 12,111,449</u>	<u>\$ 1,230,087</u>

The accompanying notes are an integral part of this statement.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Revenues, Expenses, and Changes in Net Assets

For the Year Ended June 30, 2009

	Educational Services	Endowment Association
REVENUES		
Operating Revenues		
Student tuition and fees	\$ 667,859	\$ 0
Federal grants and contracts	1,945,245	0
State and local grants and contracts	206,784	0
Sales and services of educational departments	452,150	0
Residential life	344,955	0
Student Center	263,798	0
Bookstore	54,400	0
Total operating revenues	3,935,191	0
EXPENSES		
Operating Expenses		
Administration	618,857	65,867
Instruction	1,715,510	0
Academic support	33,456	0
Operation of plant	891,796	0
Financial aid	1,681,961	161,458
Cost of sales and services of educational departments	391,720	0
Student activities	1,033,751	0
Depreciation	404,095	0
Total operating expenses	6,771,146	227,325
Operating income (loss)	(2,835,955)	(227,325)
NONOPERATING REVENUES (EXPENSES)		
State appropriations	2,980,636	0
Gifts and contributions	0	217,697
Noncapital appropriations	(115,000)	0
Investment income	130,394	23,715
(Loss) on asset dispositions	(48,774)	0
Net nonoperating revenues	2,947,256	241,412
Capital appropriations	0	115,000
Total other revenues	0	115,000
Increase in net assets	111,301	129,087
NET ASSETS		
Net assets - beginning of year	12,000,148	1,101,000
Net assets - end of year	\$ 12,111,449	\$ 1,230,087

The accompanying notes are an integral part of these statements.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Cash Flows
For the Year Ended June 30, 2009

	<u>Educational Services</u>	<u>Endowment Association</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 667,859	\$ 0
Federal and State grants and contracts	2,140,090	0
Residential life	344,955	0
Sales and services of educational departments	452,150	0
Auxiliary enterprises charges	263,798	0
Other receipts	54,400	0
Payments to employees	(2,912,361)	0
Payments to vendors	(1,769,746)	(65,867)
Payments for financial aid	<u>(1,682,591)</u>	<u>(163,670)</u>
Net cash provided (used) by operating activities	<u>(2,441,446)</u>	<u>(229,537)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
State appropriations	2,980,636	0
Transfer of Funds	(115,000)	0
Gifts and contributions	0	305,476
Other nonoperating revenues	0	27,221
Net cash provided by noncapital financing activities	<u>2,865,636</u>	<u>332,697</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Purchase of capital assets	(880,675)	0
KBOR Infrastructure Loan proceeds	42,189	0
KBOR Infrastructure Loan Repayment	(42,285)	0
Capital Lease proceeds	66,970	0
Net cash used by capital financing activities	<u>(813,801)</u>	<u>0</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	130,393	23,715
Net cash provided by investing activities	<u>130,393</u>	<u>23,715</u>
Net increase in cash	(259,218)	126,875
Cash - beginning of the year	6,042,134	1,091,556
Cash - end of year	\$ <u>5,782,916</u>	\$ <u>1,218,431</u>
REFLECTED ON STATEMENT OF NET ASSETS:		
Cash and demand deposits	\$ 1,518,827	\$ 763,431
Time deposits	4,264,719	455,000
Bank overdraft	(630)	0
	<u>5,782,916</u>	<u>1,218,431</u>

The accompanying notes are an integral part of this statement.

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Statement of Cash Flows

For the Year Ended June 30, 2009

	<u>Educational Services</u>	<u>Endowment Association</u>
Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities		
Operating income (loss)	\$ (2,835,955)	\$ (227,325)
Adjustments to reconcile net income (loss) to net cash:		
Depreciation expense	404,095	0
Change in assets and liabilities:		
Receivables, net	18,231	0
Inventories	94,030	0
Other assets	0	138
Deferred revenue	(18,463)	0
Accounts payable	<u>(103,384)</u>	<u>(2,350)</u>
	\$ <u>(2,441,446)</u>	\$ <u>(229,537)</u>

The accompanying notes are an integral part of this statement.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2009

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

The area board of control is the basic level of government, which has oversight responsibility and control over all activities related to providing educational services to students. The board receives funding from federal and state government source entities and must comply with the concomitant 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.

During the year ended June 30, 2004, the college implemented Governmental Accounting Standards Board (GASB) Statement Number 39, *Determining Whether Certain Organizations are Component Units*. This Statement amends GASB Statement No. 14, *The Financial Reporting Entity* to provide additional 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 its component unit the Northwest Kansas Technical College Endowment Association (the Association).

The Association is a legally separate, tax-exempt component unit of the College. The Association acts primarily as a fund-raising organization to supplement the resources that are available to the College in support of its programs. The 14-member board of the Association is self-perpetuating and consists of graduates and friends of the College. Although the College does not control the timing or amount of receipts from the Association, the majority of resources, or income thereon, which the association holds and invests, is restricted to the activities of the College by the donors. Because these restricted resources held by the Association can only be used by, or for the benefit of, the College, the Association is considered a component unit of the College. The Association is reported in separate financial statements because of the difference in its reporting model, as further described below.

The Association is a private not-for-profit organization that reports its financial results under Financial Accounting Standards Board (FASB) Statements. Most significant to the Association's operation and reporting model are FASB Statement 116, Accounting for Contributions Received and Contributions Made, and FASB Statement No. 117, Financial Reporting for Not-for-Profit Organizations. As such, certain revenue recognition criteria and presentation features are difference from GASB revenue recognition criteria and presentation features. No modifications have been made to the Association's financial information in the College's financial reporting entity for these differences; however significant note disclosures (See Note O) to the Association's financial statements have been incorporated into the College's notes to the financial statements. Financial statements for the Association can be obtained by calling the Association at 785-899-3641.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2009

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

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* and Statement No. 35, *Basic Financial Statements and Management's Discussion and Analysis of Public Colleges and Universities*, issued in June and November, 1999. The financial statement presentation required by GASB Statements No. 34 and 35 provides a comprehensive, entity-wide perspective of the College's assets, liabilities, net assets, revenues, expenses, changes in net assets and cash flows. Accordingly for financial reporting purposes, the College is considered a special-purpose government engaged only in business-type activities. Consequently, the College's financial statements have been presented using the economic resources measurement focus and the accrual basis of accounting. Under the accrual basis, revenues are recognized when earned, and expenses are recorded when an obligation has been incurred. All significant intra-agency and intra-fund transactions have been eliminated.

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

Fund types and major funds consist of the following:

Governmental funds

The College has no governmental funds.

Proprietary funds

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

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

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

C. Cash and Cash Equivalents

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

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2009

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

D. Accounts Receivable

Accounts receivable, primarily student accounts for books, fees and tuition, are considered to be fully collectible. Any account deemed to be uncollectible is charged to expense when such determination is made.

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

E. Inventories and Prepaid Items

Inventories consist primarily of items held for resale by the bookstore, cafeteria food and the carpentry department house in progress. Cost is determined by the retail cost method for the bookstore and first-in/first-out cost method for the cafeteria. The carpentry department house in progress is stated at accumulated cost. The bookstore and cafeteria costs are recorded as expenses as the inventory is consumed. The carpentry house cost is recorded as expense when the house is sold.

E. Inventories and Prepaid Items (continued)

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 grant and contract sponsors that have not been earned.

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

G. Net Assets

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

Invested in capital assets – This represents the College's total investment in capital assets, net of accumulated depreciation.

Restricted net assets – 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.

Unrestricted net assets – 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.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2009

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

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 \$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 contracts and federal appropriations, 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. Federal programs are audited in accordance with the Single Audit Act Amendments of 1996, the U.S. Office of Management and Budget Revised Circular A-133 *Audit of States, Local Governments and Non-Profit Organizations*, and the Compliance Supplement.

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. Compensated Absences

It is the College's policy to permit employees to accumulate earned but unused vacation and sick pay. Classified employees forfeit and unused vacation at year-end or when employees separate from service. Unused sick pay may be accumulated to a maximum of ten 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

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2009

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

M. Compensated Absences (continued)

allowed to accumulate a maximum of fifty-five days sick leave. There is no liability for unpaid accumulated sick leave since the College does not have a policy to pay any amounts when employees separate from services. The estimated amount of accumulated but unused sick pay for classified and certified employees totaled \$238,709 at June 30, 2009.

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 expenditures at the fund level. As the amount of post secondary aid is established by formula, the budget is advisory only and is not legally binding. The operating budget is prepared on the cash basis of accounting. The Board of Regents did not require a budget to be submitted this fiscal year.

O. Component Unit

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

Permanently Restricted Net Assets – Net assets subject to donor-imposed stipulations that the Association permanently maintains the assets. Generally, the donors of these assets permit the Association to use all or part of the income earned on related investments for general or specific purposes.

Temporary Restricted Net Assets – Net assets subject to donor-imposed stipulations that will be met by actions of the Association and/or passage of time.

Unrestricted Undesignated Net Assets – Net assets not subject to donor-imposed restrictions.

Unrestricted Designated Net Assets – Net assets not subject to donor-imposed restrictions but subject to Association Board imposed stipulations.

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

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

2. DEPOSITS AND INVESTMENTS

Kansas' statutes authorize the College to invest in time deposits, open accounts, U.S. government securities, repurchase agreements, temporary notes, no-fund warrants, the State Municipal Investment Pool and certificates of deposit with maturities of not more than two years. The College or its agent in the College's name must hold all investments. The College has no investment policy that would further limit its investment choices.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2009

2. DEPOSITS AND INVESTMENTS (continued)

Cash balances from all funds are combined and invested, to the extent possible, in certificates of deposit and interest bearing accounts. Earning from these investments, unless specifically designated, are allocated proportionately to the funds. All investments are stated at cost.

Deposits – The carrying amount of the College’s deposits at June 30, 2009 was \$5,782,317, which excludes amounts maintained for cashier’s change funds and petty cash totaling \$600. Actual bank statement balances at June 30, 2009 were \$5,899,181. The difference between carrying amounts and bank balances represents primarily checks that have not cleared the bank and deposits in transit. Of the bank balance, \$700,000 was covered by federal deposit insurance and \$5,199,181 was collateralized by pledged securities held under joint custody receipts issued by two third-party banks in the College’s name. The third-party banks are independent of the pledging bank.

3. CAPITAL ASSETS

The following table summarized the changes in capital assets for fiscal year 2009.

	Balance June 30, 2008	Additions	Deletions	Balance June 30, 2009
Capital Assets				
Land and Improvements	\$ 854,225	\$ 0	\$ 0	\$ 854,225
Building and Improvements	7,448,589	257,661	0	7,706,250
Furniture and Equipment	2,801,707	382,945	346,351	2,838,301
TOTAL COSTS	<u>11,104,521</u>	<u>640,606</u>	<u>346,351</u>	<u>11,398,776</u>
Less Accumulated Depreciation				
Land and Improvements	621,787	0	0	621,787
Building and Improvements	2,402,402	174,963	0	2,577,365
Furniture and Equipment	1,973,865	225,454	297,577	1,901,742
TOTAL ACCUMULATED DEPRECIATION	<u>4,998,054</u>	<u>400,417</u>	<u>297,577</u>	<u>5,100,894</u>
Net Capital Assets	<u>\$ 6,106,467</u>	<u>\$ 240,189</u>	<u>\$ 48,774</u>	<u>\$ 6,297,882</u>

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.S.A. 74-4901, *et seq.* KPERs’ provides retirement benefits, life insurance, disability income benefits, and death benefits. Kansas’ law establishes and amends benefit provisions. KPERs’ issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to KPERs (611 S. Kansas, Suite 100, Topeka, Kansas 66603) or by calling 1-888-275-5737.

Funding Policy – K.S.A. 74-4919 established the KPERs member-employee contribution rate at 4% of covered salary. Member-employees’ contributions are withheld by the college and paid to KPERs according to the provisions of section 414(h) of the Internal Revenue Code. The State of Kansas is required to contribute the remaining amount necessary to achieve the actuarially determined contribution rate. Kansas currently contributes 7.97% of covered payroll. These contribution requirements are established by KPERs and periodically revised. Kansas’ contributions to KPERs for all Kansas public school employees for the year ended June 30, 2009 was \$242,277,363, equal to the required contributions for the year.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2009

4. PENSION PLANS (continued)

Early Retirement Supplement Plan

Plan Description – The College maintains a single-employer, defined benefit early retirement supplement plan (ERSP) for qualifying faculty. The Board has authority to set benefit provisions, funding policy for the plan and terminate the plan at any time. Should the plan be terminated, a grandfather provision exists for employees currently receiving benefits.

Certified personnel retiring or leaving in good standing from the College at age sixty, who qualify for KPERS without a reduction in benefits, will be awarded a one-time retirement supplement ranging from \$500 to \$2,000 based on years of service. In addition full-time certified personnel retiring after twenty years of service, who qualify for KPERS without a reduction in benefits, will be awarded benefits equal to ten percent of the employee's last annual contracted salary per full year until the employee reaches age sixty-five or is eligible for Medicare insurance.

Funding Policy – Benefits from this program are fully paid by the College and are funded on a pay as you go basis. Under this method, payments for benefits are recognized as expense when paid. The number of retirees currently receiving benefits is four and the number of active employees who are eligible to receive these benefits was five at June 30, 2009. The expense for supplemental retirement benefits for the year ended June 30, 2009 was \$20,675.

Projected benefits for the next five years are as follows:

Year ended:	One-time Supplement	Retirement Supplement	Total
June 30, 2010	\$ 2,000	\$ 19,374	\$ 21,374
June 30, 2011	3,500	29,613	33,113
June 30, 2012	1,500	32,606	34,106
June 30, 2013	500	35,745	36,245
June 30, 2014	500	36,067	36,567
	\$ 8,000	\$ 153,405	\$ 161,405

5. POST EMPLOYMENT BENEFITS

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

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

6. CONTINGENCIES AND COMMITMENTS

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, 2009.

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.

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2009

6. CONTINGENCIES AND COMMITMENTS (continued)

State Funding – Approximately 41% 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.

Accreditation – The Kansas Board of Regents requires that all technical colleges must have attained North Central Accreditation (NCA) by 2009. To attain this accreditation, the College developed plans to accomplish the performance goals. A consultant was hired, at \$13,580 per year for five years beginning in 2004, to advise the College on the NCA accreditation process. In February 2008, the College was notified that it had met the criteria for accreditation.

7. RISK MANAGEMENT

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

8. INTERFUND TRANSFERS

Interfund transfers are used to move revenues from the fund that collects receipts to the fund that spends them. In the year ended June 30, 2009, the College made the following transfers to accumulate monies for facilities improvements and renovations.

Transfer From:	Operating	Student Revolving	Total
Operating	\$ 0	\$ 70,117	\$ 70,117
Student Revolving	359,645	0	359,645
	<u>\$ 359,645</u>	<u>\$ 70,117</u>	<u>\$ 429,762</u>

9. RESTRICTED NET ASSETS

Previously, the College received grants to assist with the accreditation process and for technology improvements. There are unexpended grant funds at year end. Accordingly net assets of the student revolving fund include \$000 restricted for these purposes.

10. ENDOWMENT ASSOCIATION CONTRIBUTION

In 2005, the College approved contributing up to \$100,000 per year from the housing fund to the Endowment Association for student scholarships. Seventy percent of the contribution will be added to permanently restricted net assets until Endowment Association net assets total \$1,000,000. The remaining contribution may be used for current scholarships or added to unrestricted net assets. During the year ended June 30, 2009 the College contributed \$115,000 to the Endowment Association.

11. KBOR INFRASTRUCTURE LOAN PAYABLE

The College executed a loan agreement with the Kansas Board of Regents acting on behalf of the State of Kansas for the financing of infrastructure improvement project costs. The loan, not to exceed \$338,280, which bears no interest, but carried a .25% management fee, is to be retired in annual installments of one eighth of the total loan amounts on or before December 1 of each year. No lien or other security interest is granted to the Kansas Board of Regents or the State of Kansas but the college is obligated to budget sufficient funds to make payments pursuant to this loan agreement. A summary of loan payable activity follows:

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Notes to Financial Statements
June 30, 2009

11. KBOR INFRASTRUCTURE LOAN PAYABLE (continued)

	Beginning	Additions	Payments	Ending
KBOR Loan	\$ <u>258,325</u>	\$ <u>42,189</u>	\$ <u>42,285</u>	\$ <u>258,229</u>

Maturities of the loan amounts are:

2010	\$ 42,285
2011	42,285
2012	42,285
2013	42,285
2014	42,285
2015-2016	<u>46,804</u>
\$	<u><u>258,229</u></u>

12. CAPITAL LEASE

The College has entered into a lease agreement as lessee for financing the acquisition of various pieces of computer equipment. This lease agreement qualifies as a capital lease for accounting purposes (titles transfer at the end of the lease terms) and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception.

Future obligations on the capital lease are as follows:

2010	\$ 32,674
2011	<u>34,296</u>
\$	<u><u>66,970</u></u>

12. CASH AND CASH OVERDRAFT

Cash and cash equivalents as reported on the Statement of Cash Flows consists of the following amounts:

	June 30, 2009
Current assets	
Cash	\$ 5,783,546
Current liabilities	
Cash overdraft	<u>(630)</u>
Cash at end of period	<u><u>\$ 5,782,916</u></u>

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Combining Statement for Major Funds
Statement of Net Assets
June 30, 2009

	<u>Operating</u>	<u>Student Revolving</u>	<u>Student Center</u>	<u>Non Major</u>	<u>Total</u>
ASSETS					
Currents Assets					
Cash and demand deposits	\$ 1,167,389	\$ 341,704	\$ 6,861	\$ 2,873	\$ 1,518,827
Time deposits	1,350,000	904,466	863,678	1,146,575	4,264,719
Accounts receivable, net	0	8,891	0	0	8,891
Due from other funds	0	0	32,263	630	32,893
Inventories	0	0	184,490	0	184,490
Construction In Progress	0	0	0	272,089	272,089
Total current assets	<u>2,517,389</u>	<u>1,255,061</u>	<u>1,087,292</u>	<u>1,422,167</u>	<u>6,281,909</u>
Noncurrent Assets					
Capital assets, net	<u>5,222,302</u>	<u>0</u>	<u>579,951</u>	<u>491,953</u>	<u>6,294,206</u>
Total noncurrent assets	<u>5,222,302</u>	<u>0</u>	<u>579,951</u>	<u>491,953</u>	<u>6,294,206</u>
Total assets	<u>7,739,691</u>	<u>1,255,061</u>	<u>1,667,243</u>	<u>1,914,120</u>	<u>12,576,115</u>
LIABILITIES					
Current Liabilities					
Bank Overdraft	0	0	0	630	630
Deposits	0	0	0	18,630	18,630
Accounts payable and accrued liabilities	9,633	21,414	23,095	4,293	58,435
Due to other funds	0	32,263	0	0	32,263
KBOR Infrastructure Loan	37,004	0	5,281	0	42,285
Capital Lease	32,674	0	0	0	32,674
Deferred revenue	0	29,509	0	0	29,509
Total current liabilities	<u>79,311</u>	<u>83,186</u>	<u>28,376</u>	<u>23,553</u>	<u>214,426</u>
Long Term Liabilities					
KBOR Infrastructure Loan	188,962	0	26,982	0	215,944
Capital Lease	<u>34,296</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>34,296</u>
Total long term liabilities	<u>223,258</u>	<u>0</u>	<u>26,982</u>	<u>0</u>	<u>250,240</u>
NET ASSETS					
Invested in capital assets	5,222,302	0	579,951	491,953	6,294,206
Unrestricted	<u>2,214,820</u>	<u>1,171,875</u>	<u>1,031,934</u>	<u>1,398,614</u>	<u>5,817,243</u>
Total net assets	<u>\$ 7,437,122</u>	<u>\$ 1,171,875</u>	<u>\$ 1,611,885</u>	<u>\$ 1,890,567</u>	<u>\$ 12,111,449</u>

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Combining Statement for Major Funds
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2009

	<u>Operating</u>	<u>Student Revolving</u>	<u>Student Center</u>	<u>Non Major Funds</u>	<u>Total</u>
REVENUES					
Operating Revenues					
Student tuition and fees	\$ 616,776	\$ 42,383	\$ 8,700	\$ 0	\$ 667,859
Federal grants and contracts	0	263,373	0	1,681,872	1,945,245
State and local grants and contracts	0	206,784	0	0	206,784
Sales and services					
of educational departments	383	451,767	0	0	452,150
Residential life	0	0	208,089	136,866	344,955
Bookstore	0	0	263,798	0	263,798
Other operating revenues	23,300	31,100	0	0	54,400
Total operating revenues	<u>640,459</u>	<u>995,407</u>	<u>480,587</u>	<u>1,818,738</u>	<u>3,935,191</u>
EXPENSES					
Operating Expenses					
Administration	618,857	0	0	0	618,857
Instruction	1,715,510	0	0	0	1,715,510
Academic support	33,456	0	0	0	33,456
Operation of plant	409,623	205,770	106,843	169,560	891,796
Financial aid	0	0	0	1,681,961	1,681,961
Cost of sales and services					
of educational departments	0	391,720	0	0	391,720
Student activities	526,549	100,077	407,125	0	1,033,751
Depreciation	353,843	0	25,165	25,087	404,095
Total operating expenses	<u>3,657,838</u>	<u>697,567</u>	<u>539,133</u>	<u>1,876,608</u>	<u>6,771,146</u>
Operating income (loss)	<u>(3,017,379)</u>	<u>297,840</u>	<u>(58,546)</u>	<u>(57,870)</u>	<u>(2,835,955)</u>
NONOPERATING REVENUES (EXPENSES)					
State appropriations	2,980,636	0	0	0	2,980,636
Transfer of Funds	0	(39,381)	(46,219)	(29,400)	(115,000)
Investment income	52,638	16,286	33,328	28,142	130,394
(Loss) on asset dispositions	(48,774)	0	0	0	(48,774)
Net nonoperating revenues	<u>2,984,500</u>	<u>(23,095)</u>	<u>(12,891)</u>	<u>(1,258)</u>	<u>2,947,256</u>
Nonmandatory transfers:					
Facilities improvements	292,675	(292,675)	0	0	0
Interfund Transfers	(70,117)	70,117	0	0	0
Total other revenues	<u>222,558</u>	<u>(222,558)</u>	<u>0</u>	<u>0</u>	<u>0</u>
Increase (decrease) in net assets	189,679	52,187	(71,437)	(59,128)	111,301
NET ASSETS					
Net assets - beginning of year	<u>7,247,443</u>	<u>1,119,688</u>	<u>1,683,322</u>	<u>1,949,695</u>	<u>12,000,148</u>
Net assets - end of year	<u>\$ 7,437,122</u>	<u>\$ 1,171,875</u>	<u>\$ 1,611,885</u>	<u>\$ 1,890,567</u>	<u>\$ 12,111,449</u>

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Statement for Major Funds

Statement of Cash Flows

For the Year Ended June 30, 2009

	<u>Operating</u>	<u>Student Revolving</u>	<u>Student Center</u>	<u>Non Major Funds</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES					
Tuition and fees	\$ 616,776	\$ 42,383	\$ 8,700	\$ 0	\$ 667,859
Federal and State grants and contracts	0	470,157	0	1,669,933	2,140,090
Residential life	0	0	208,089	136,866	344,955
Sales and services of educational departments	383	451,767	0	0	452,150
Auxiliary enterprises charges	0	0	263,798	0	263,798
Other receipts	23,300	31,100	0	0	54,400
Payments to employees	(2,644,326)	(131,381)	(106,843)	(29,811)	(2,912,361)
Payments to vendors	(765,875)	(491,635)	(372,487)	(139,749)	(1,769,746)
Payments for financial aid	0	0	0	(1,682,591)	(1,682,591)
Net cash provided (used) by operating activities	<u>(2,769,742)</u>	<u>372,391</u>	<u>1,257</u>	<u>(45,352)</u>	<u>(2,441,446)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES					
State appropriations	2,980,636	0	0	0	2,980,636
Transfer of Funds	0	(39,381)	(46,219)	(29,400)	(115,000)
Interfund Transfers	(70,117)	70,117	0	0	0
Nonmandatory transfers	292,675	(292,675)	0	0	0
Net cash provided by noncapital financing activities	<u>3,203,194</u>	<u>(261,939)</u>	<u>(46,219)</u>	<u>(29,400)</u>	<u>2,865,636</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES					
Purchase of capital assets	(393,345)	0	(247,262)	(240,068)	(880,675)
KBOR Infrastructure Loan proceeds	42,189	0	0	0	42,189
KBOR Infrastructure Loan Repayment	(42,285)	0	0	0	(42,285)
Capital Lease proceeds	66,970	0	0	0	66,970
Net cash used by capital financing activities	<u>(326,471)</u>	<u>0</u>	<u>(247,262)</u>	<u>(240,068)</u>	<u>(813,801)</u>
CASH FLOWS FROM INVESTING ACTIVITIES					
Interest on investments	52,638	16,286	33,328	28,141	130,393
Net cash provided by investing activities	<u>52,638</u>	<u>16,286</u>	<u>33,328</u>	<u>28,141</u>	<u>130,393</u>
Net increase in cash	159,619	126,738	(258,896)	(286,679)	(259,218)
Cash - beginning of the year	2,357,770	1,119,432	1,129,435	1,435,497	6,042,134
Cash - end of year	<u>\$ 2,517,389</u>	<u>\$ 1,246,170</u>	<u>\$ 870,539</u>	<u>\$ 1,148,818</u>	<u>\$ 5,782,916</u>
Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities					
Operating income (loss)	\$ (3,017,379)	\$ 297,840	\$ (58,546)	\$ (57,870)	\$ (2,835,955)
Adjustments to reconcile net income (loss) to net cash:					
Depreciation expense	353,843	0	25,165	25,087	404,095
Change in assets and liabilities:					
Receivables, net	0	18,861	0	(630)	18,231
Inventories	0	74,500	19,530	0	94,030
Deferred revenue	0	(18,463)	0	0	(18,463)
Accounts payable	(106,206)	(347)	15,108	(11,939)	(103,384)
	<u>\$ (2,769,742)</u>	<u>\$ 372,391</u>	<u>\$ 1,257</u>	<u>\$ (45,352)</u>	<u>\$ (2,441,446)</u>

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Statement for Non Major Funds

Statement of Net Assets

June 30, 2009

	<u>Facilities</u>	<u>Financial Aid</u>	<u>Housing</u>	<u>Total</u>
ASSETS				
Currents Assets				
Cash and demand deposits	\$ 609	\$ 0	\$ 2,264	\$ 2,873
Time deposits	597,129	0	549,446	1,146,575
Due from other funds	0	630	0	630
Total current assets	<u>597,738</u>	<u>630</u>	<u>551,710</u>	<u>1,150,078</u>
Noncurrent Assets				
Capital assets, net	0	0	491,953	491,953
Construction In Progress	0	0	272,089	272,089
Total noncurrent assets	<u>0</u>	<u>0</u>	<u>764,042</u>	<u>764,042</u>
Total assets	<u>597,738</u>	<u>630</u>	<u>1,315,752</u>	<u>1,914,120</u>
LIABILITIES				
Current Liabilities				
Bank Overdraft	0	630	0	630
Deposits	0	0	18,630	18,630
Accounts payable and accrued liabilities	0	0	4,293	4,293
Total current liabilities	<u>0</u>	<u>630</u>	<u>22,923</u>	<u>23,553</u>
NET ASSETS				
Invested in capital assets	0	0	491,953	491,953
Unrestricted	597,738	0	800,876	1,398,614
Total net assets	<u>\$ 597,738</u>	<u>\$ 0</u>	<u>\$ 1,292,829</u>	<u>\$ 1,890,567</u>

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Statement for Non Major Funds
Statement of Revenues, Expenses, and Changes in Net Assets
For the Year Ended June 30, 2009

	<u>Facilities</u>	<u>Financial Aid</u>	<u>Housing</u>	<u>Total</u>
REVENUES				
Operating Revenues				
Federal grants and contracts	\$ 0	\$ 1,681,872	\$ 0	\$ 1,681,872
Residential life	0	0	136,866	136,866
Total operating revenues	<u>0</u>	<u>1,681,872</u>	<u>136,866</u>	<u>1,818,738</u>
EXPENSES				
Operating Expenses				
Operation of plant	0	0	169,560	169,560
Financial aid	0	1,681,961	0	1,681,961
Depreciation	0	0	25,087	25,087
Total operating expenses	<u>0</u>	<u>1,681,961</u>	<u>194,647</u>	<u>1,876,608</u>
Operating income (loss)	<u>0</u>	<u>(89)</u>	<u>(57,781)</u>	<u>(57,870)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	14,894	0	13,248	28,142
Net nonoperating revenues	<u>14,894</u>	<u>0</u>	<u>13,248</u>	<u>28,142</u>
Nonmandatory transfers:				
Capital appropriations	<u>0</u>	<u>0</u>	<u>(29,400)</u>	<u>(29,400)</u>
Increase (decrease) in net assets	14,894	(89)	(73,933)	(59,128)
NET ASSETS				
Net assets - beginning of year	<u>582,844</u>	<u>89</u>	<u>1,366,762</u>	<u>1,949,695</u>
Net assets - end of year	<u>\$ 597,738</u>	<u>\$ 0</u>	<u>\$ 1,292,829</u>	<u>\$ 1,890,567</u>

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Combining Statement for Non Major Funds
Statement of Cash Flows
For the Year Ended June 30, 2009

	<u>Facilities</u>	<u>Financial Aid</u>	<u>Housing</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Federal and State grants and contracts	\$ 0	\$ 1,669,933	\$ 0	\$ 1,669,933
Residential life	0	0	136,866	136,866
Payments to employees	0	0	(29,811)	(29,811)
Payments to vendors	0	0	(139,749)	(139,749)
Payments for financial aid	0	(1,682,591)	0	(1,682,591)
Net cash provided (used) by operating activities	0	(12,658)	(32,694)	(45,352)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfer of Funds	0	0	(29,400)	(29,400)
Net cash provided by noncapital financing activities	0	0	(29,400)	(29,400)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES				
Purchase of capital assets	0	0	(240,068)	(240,068)
Net cash used by capital financing activities	0	0	(240,068)	(240,068)
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest on investments	14,893	0	13,248	28,141
Net cash provided by investing activities	14,893	0	13,248	28,141
Net increase (decrease) in cash	14,893	(12,658)	(288,914)	(286,679)
Cash - beginning of the year	582,845	12,028	840,624	1,435,497
Cash/(Overdraft) - end of year	\$ 597,738	\$ (630)	\$ 551,710	\$ 1,148,818
Reconciliation of net operating Income (loss) to net cash provided (used) by operating activities				
Operating income (loss)	\$ 0	\$ (89)	\$ (57,781)	\$ (57,870)
Adjustments to reconcile net income (loss) to net cash:				
Depreciation expense	0	0	25,087	25,087
Change in assets and liabilities:				
Receivables, net	0	(630)	0	(630)
Inventories	0	0	0	0
Deferred revenue	0	0	0	0
Accounts payable	0	(11,939)	0	(11,939)
	\$ 0	\$ (12,658)	\$ (32,694)	\$ (45,352)

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Schedule of Management Information
Schedule of Expenses by Function and Object
For the Year Ended June 30, 2009

	<u>Instruction</u>	<u>Academic Support</u>	<u>Student Services</u>	<u>Operations of Plant</u>	<u>General Administration</u>	<u>Total</u>
Salaries	\$ 1,364,015	\$ 24,635	\$ 407,546	\$ 89,573	\$ 289,191	\$ 2,174,960
Benefits	281,022	5,075	83,965	18,454	59,581	448,097
Services	57,860	1,045	17,287	3,800	12,267	92,259
Supplies	4,331	2,701	6,964	14,350	31,127	59,473
Utilities	0	0	0	206,446	0	206,446
Other	8,283	0	10,787	77,000	226,691	322,761
Total	<u>\$ 1,715,510</u>	<u>\$ 33,456</u>	<u>\$ 526,549</u>	<u>\$ 409,623</u>	<u>\$ 618,857</u>	<u>\$ 3,303,996</u>

NORTHWEST KANSAS TECHNICAL COLLEGE

Goodland, Kansas

Schedule of Expenditures of Federal Awards
For the year ended June 30, 2009

Federal Grant Pass Through Grantor/ Program Title	Federal CFDA Number	Cash Receipts	Expenditures
U.S DEPARTMENT OF EDUCATION			
Federal Family Education Loans	84.032	1,096,914	1,096,914
College Work Study	84.033	24,466	24,466
Supplemental Educational Opportunity Grant	84.007	11,646	11,646
Federal Pell Grant Program	84.063	<u>543,268</u>	<u>543,250</u>
 TOTAL DEPARTMENT OF EDUCATION		 <u>1,676,294</u>	 <u>1,676,276</u>
U.S. DEPARTMENT OF EDUCATION			
<i>Pass-through Kansas Department of Education</i>			
Carl Perkins Vocational Training Program	84.048	<u>263,373</u>	<u>258,848</u>
 TOTAL FEDERAL AWARDS		 <u>\$ 1,939,667</u>	 <u>\$ 1,935,124</u>

**REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND
ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Area Board of Control
Northwest Kansas Technical College
Goodland, Kansas

We have audited the financial statements of the business-type activities of Northwest Kansas Technical College as of and for the year ended June 30, 2009, and have issued our report thereon dated September 11, 2009. 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.

Internal Control over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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*.

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

Ayla S. Haddock, Chair

September 11, 2009

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Area Board of Control
Northwest Kansas Technical College
Goodland, Kansas

Compliance

We have audited the compliance of Northwest Kansas Technical College with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. 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. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Northwest Kansas Technical College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, Northwest Kansas Technical College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 2009-1 and 2009-2.

Internal Control Over Compliance

The management of Northwest Kansas Technical College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Northwest Kansas Technical College's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance

requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A *material weakness* is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

Northwest Kansas Technical College's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the College's response and, accordingly, we express no opinion on it.

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

John P. Anderson, CPA

Ottawa, Kansas
September 11, 2009

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:	<u>Unqualified</u>
Internal control over financial reporting	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>None reported</u>
Noncompliance material to financial statements noted?	<u>No</u>

Federal Awards

Internal control over major programs:	
Material weakness(es) identified?	<u>No</u>
Significant deficiencies identified not considered to be material weaknesses:	<u>None reported</u>
Type of auditor's report issued on compliance for major programs:	<u>Unqualified</u>
Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)?	<u>Yes</u>

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>	<u>Amount</u>
84.032	Federal Family Education Loans	\$ 1,096,914
84.033	College Work Study	24,466
84.007	Supplemental Educational Opportunity Grant	11,646
84.063	Federal Pell Grant Program	543,250

Dollar threshold used to distinguish between Type A and Type B programs:	\$ <u>300,000</u>
Auditee qualified as a low-risk auditee?	<u>No</u>

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

FEDERAL AWARD FINDINGS

<u>Programs</u>	<u>Findings</u>	<u>Questioned Costs</u>
2009-1 Federal Student Aid Cluster		
CRITERIA	Unearned financial aid or loan assistance for withdrawn students must be returned within 45 days. For students not beginning attendance, the money must be returned within 30 days.	None
CONDITION	Of the 5 students that were tested 4 of their refunds were not made in a timely manner.	
EFFECT	The College did not comply with its procedures for returning funds for withdrawn students.	
CAUSE	Procedures to monitor withdrawn students were not complied with; accordingly refunds were not made in a timely manner.	
RECOMMENDATION	We recommend that the College monitor compliance with its procedures to ensure that financial assistance or loan refunds for withdrawn students are returned in a timely manner.	
RESPONSE	It was misunderstood by the Financial Aid Coordinator that the unearned financial aid or loan assistance must be returned within 45 days which applied to all students including those that did not begin attendance. It is not understood that the financial aid or loan assistance connected to students that do not start attending will be returned within 30 days, not 45 days. Beginning immediately the College will use the following procedure. All withdrawals will be calculated using "Return to Title IV" web based tool. The resulting 2 page worksheet will be attached to the internal withdrawal worksheet, along with a copy of a student statement, and non-completer form (if applicable). This information will be given to the student at the time of withdrawal or mailed to them. A list by withdrawal date and a list of withdrawals with refunds pending can be generated from the RZT4 web site. Both reports can be generated at any time. These reports will be compared to the registrar's list of withdrawals on a monthly basis to ensure the accuracy of the information. The Financial Aid Coordinator will use this information to better track the timely refund of funds.	

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

FEDERAL AWARD FINDINGS

<u>Programs</u>	<u>Findings</u>	<u>Questioned Costs</u>
2009-2 Federal Student Aid Cluster		
CRITERIA	A high school diploma or its recognized equivalent must be on file.	None
CONDITION	Of the 40 students that were tested 1 did not have a diploma or equivalent of file.	
EFFECT	The College did not comply with its procedures for eligibility requirements.	
CAUSE	Procedures to monitor student's files to ensure proper documentation were not complied with; accordingly student files did not contain necessary information.	
RECOMMENDATION	We recommend that the College monitor compliance with its procedures to ensure that student files have all the necessary eligibility requirements.	
RESPONSE	<p>The College will require the following procedure with all new enrollees beginning immediately.</p> <p>Financial aid staff will require proof of high school graduation via final transcript, copy of GED certificate, or satisfactory Ability to Benefit test results prior to processing fund requests. A hard copy will be kept in each individual student's financial aid file.</p> <p>Prior to enacting this procedure, the transcript document was only placed in the student's permanent file and not included in the financial aid file. This procedure will ensure the high school diploma or its recognized equivalency is on file and accessible to the Financial Aid Office.</p>	

NORTHWEST KANSAS TECHNICAL COLLEGE
Goodland, Kansas

Prior Year's Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2009

FEDERAL AWARD FINDINGS

<u>Programs</u>	<u>Findings</u>	<u>Questioned Costs</u>
2008-1 Federal Student Aid Cluster		
CRITERIA	Unearned financial aid or loan assistance for withdrawn students must be returned within 45 days.	None
CONDITION	Procedures to monitor withdrawn students were not complied with, accordingly refunds were not made timely.	
QUESTIONED COST	None.	
CONTEXT	Several refunds due for withdrawn students, that were tested during the audit, were not made timely.	
EFFECT	The College did not comply with its procedures for returning funds for withdrawn students.	
RECOMMENDATION	We recommend that the College monitor compliance with its procedures to ensure that financial assistance or loan funds for withdrawn students are returned timely.	
FOLLOW UP	See Finding 2009-1.	