



BOARD OF DIRECTORS MEETING

Date: January 23, 2018
Place: Manhattan Area Technical College
Room 104a at 5:30 p.m.

2018
Therese Adams – Chair (Riley)

Board of Directors

Wendy King-Luttman (Clay)
Marla Brandon (Pottawatomie)
Randall Anderes (Riley)
Irma O'Dell (Geary)
LJ Baker (Geary)
David Fritchen (Riley)
John Pagen (Riley)

Administration/Staff

Jim Genandt (President/CEO)
Tracy Geisler (Exec. Assistant/Board Clerk)
Carmela Jacobs
Sarah Phillips
Keith Zachariasen
Cris Fanning
Josh Gfeller
Alex Anderson (Faculty Senate)



**Board of Directors Meeting Agenda
Manhattan Area Technical College
January 23, 2018
Board meeting at 5:30 p.m.**

Board of Directors:

___ Adams, Therese Chair (Riley) ___ Fritchman, David (Riley) ___ O'Dell, Irma (Geary)
___ Anderes, Randall Vice Chair (Riley) ___ Pagen, John (Riley) ___ Baker L J (Geary)
___ Brandon, Marla (Pottawatomie) ___ King-Luttman, Wendy (Clay) ___

Administration/Staff:

___ Genandt, Jim (President/CEO) ___ Geisler, Tracy (Board Clerk) ___ Phillips, Sarah
___ Jacobs, Carmela ___ Zachariasen, Keith ___ Fanning, Cris
___ Gfeller, Josh ___ Anderson, Alex ___ Student Senate

___ Call to Order

- TRANE Presentation (103b) (30 minutes)

___ Program/Department Highlights

- TLC Tour (10 minutes)

___ Incidental Information

- Additions/Changes to Agenda
- BOD Member Community Reports

___ General Agenda (Items possibly requiring BOD Action)

- Auditor Presentation (Eric) (15 minutes)
- Approval of Auditors Report (Attachment 1)*

___ Consent Agenda (Routine items requiring BOD action) *

- Approval of December 2017 Meeting Minutes (Attachment 2) *
- December Check Register w/ Threshold Expenditures (Attachment 3) *
- Organizational update (Attachment 4)*

___ Discussion of Ends (Demonstration, Testimonial, or Report of Results related to Board Mission)

- Monitoring Report: General Executive Constraint (Attachment 5)*
- Tuition and Fees Recommendation (Carmela, Keith and Jim) (Handout)*

___ **Evaluation of Board Process**

-

___ **Ownership Linkage** (Related to Owner Expectations, "Gaps", Meeting Expectations, Identifying New Needs of Employers, etc.)

- President's Report (Attachment 6)
- Opportunity Funding Update (Jim and Tracy)

EXECUTIVE SESSION:

- Personnel

Meetings and Upcoming Events:

Next Board Meeting: Tuesday, February 27 at 5:30 p.m. in room 104a.

* Requires BOD Action

January 17, 2018

To: MATC Board of Directors
From: Carmela Jacobs, Vice President of Operations
Re: Report of Independent Auditors

Background Information

The College retained Varney & Associates, CPAs, LLC for the purpose of conducting an audit of the College's annual financial statements. In accordance with accounting standards, the financial statements were prepared on an accrual basis. Varney & Associates, CPAs, LLC issued an unqualified opinion on the financial statements for the fiscal years ended June 30, 2017 and 2016. An unqualified opinion indicates that the financial statements are a fair representation of the College's financial position when taken as a whole.

In accordance with Government Auditing Standards, the auditors are also required to report on the College's internal controls. The purpose of the report is to describe the scope of testing of internal controls for the year ended June 30, 2017, and not to provide an opinion on the internal controls. No material weaknesses in internal control were detected or reported.

The auditors are also required to issue a compliance report for the College's major federal programs as required by the U.S. Office of Management and Budget. The purpose of this report is to express an opinion regarding the College's compliance with laws, regulations, contracts and grants for each major federal program for the year ended June 30, 2017. No issues of noncompliance were detected or reported.

Fiscal Implications

The Change in Net Position reported in the College financial statements for the year ended June 30, 2017, is \$368,756, an increase of \$153,875 from the previous year ended June 30, 2016.

The primary factor for the positive Change in Net Position was due to fixed asset transactions. Facility improvements as well as the sale of campus land significantly increased the investment in the College infrastructure.

In addition, the overall cash balance from July 1, 2016, to June 30, 2017, increased \$115,634, or approximately 18%, largely due to the College successfully meeting the performance requirements outlined in the forgivable loan agreement, which forgave 100% (\$89,100) of the payment.

Recommendation

The Administration respectfully requests the attached audited financial statements for the years ended June 30, 2017 and 2016, be accepted by the Board of Directors as presented.



January 9, 2018

Board of Directors
Manhattan Area Technical College
3136 Dickens Ave.
Manhattan, KS 66502

We have audited the financial statements of Manhattan Area Technical College (the College) as of and for the year ended June 30, 2017, and have issued our report thereon dated January 9, 2018. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter, our responsibility, as described by professional standards, is to form and express an opinion(s) about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP). Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of the College solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Compliance with All Ethics Requirements Regarding Independence

The engagement team and our firm have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity's Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the College is included in Note 1 to the financial statements. There has been no initial selection of accounting policies and no changes in significant accounting policies during the year ended June 30, 2017.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

January 9, 2018
Manhattan Area Technical College
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Qualitative Aspects of the Entity's Significant Accounting Practices (Continued)

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

The most sensitive accounting estimate included in the financial statements is the *Allowance for Doubtful Accounts*. Management has reviewed the accounts which are receivable at the reporting date and has established a valuation of accounts which are in doubt as to collectability. This estimate has been disclosed in Note 3 of the financial statements.

We evaluated the key factors and assumptions used to develop these estimates and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. We did not identify any such disclosures.

Identified or Suspected Fraud

We did not identify any actual or suspected fraud as a result of our audit.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has posted each of the entries identified by us as part of the audit.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The following material entries were identified by us during our audit and were corrected by management:

- Increase the liability for accounts payable by \$78,412 with a corresponding increase to expense.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the College's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

January 9, 2018
Manhattan Area Technical College
Page three

Representations Requested from Management

We have requested certain written representations from management, which principally affirm (1) that management acknowledges its responsibility for the fair presentation of the financial statements and (2) that management has provided us with all information that they are aware of and which is necessary and relevant to the fair presentation of the financial statements.

Management's Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Management's Consultations with Us

In the normal course of our professional association with the College, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, operating and regulatory conditions affecting the College, and operational plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the College's auditors.

Limitation on the Use of This Report

This report is intended solely for the information and use of the Board of Directors and management of Manhattan Area Technical College and is not intended to be and should not be used by anyone other than these specified parties.

Sincerely,

Vannoy & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

MANHATTAN AREA TECHNICAL COLLEGE

Manhattan, Kansas

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITOR'S REPORT

June 30, 2017 and 2016

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
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 June 30, 2017 and 2016

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January 9, 2018

Board of Directors
Manhattan Area Technical College
Manhattan, Kansas

Independent Auditor's Report

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of Manhattan Area Technical College (the College) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The College's management is responsible for the preparation and fair presentation of these financial statements in accordance with 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 financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 the College as of June 30, 2017 and 2016, and the respective changes in financial position and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

January 9, 2018
Manhattan Area Technical College
(Continued)

Other Matters**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 8 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 inquiries of management about 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 any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the College's basic financial statements. The Schedule of Expenditures of Federal Awards, as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), is presented for purposes of additional analysis and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is 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 financial statement 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 Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 9, 2018 on our consideration of the College's internal control over financial reporting and 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Vahey & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
MANAGEMENT'S DISCUSSION AND ANALYSIS
 June 30, 2017 and 2016

Introduction

Manhattan Area Technical College (the College) is a public two-year technical college offering 14 programs of study, as well as numerous general education courses. Most programs offer both a certificate (1-year) and an associate degree (2-year) option. The College is accredited by the Higher Learning Commission of the North Central Association of Colleges and Schools, coordinated by the Kansas Board of Regents, and governed by the nine member Board of Directors.

The College has served the community of northeast Kansas for 50 years. Though the primary service area is the 10 counties contiguous to the College's location in Riley County, the College serves individuals from all locations in Kansas, other states, and other countries.

Overview

This financial report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board ("GASB") Statement No. 35, Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities.

This section of Manhattan Area Technical College's financial report presents management's discussion and analysis of the College's financial activities during the fiscal year ended June 30, 2017, with selected comparative information for the year ended June 30, 2016. This discussion should be read in conjunction with the College's annual financial statements, report of independent auditors, notes to the financial statements, and supplementary information.

As required by GASB, this report includes the following three basic financial statements that provide information on the College as a whole: the Statement of Net Position; the Statement of Revenues, Expenses and Changes in Net Position; and the Statement of Cash Flows. Each of these statements will be discussed.

Statement of Net Position

The statement of net position presents the financial position of the College at the end of the fiscal year and includes all the College's assets and liabilities. The difference between total assets and total liabilities is net position and is an indicator of the College's current financial condition. The change in net position is an indicator of whether the overall financial condition has improved or worsened during the year.

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Assets			
Current assets	\$ 977,638	\$ 1,023,955	\$ (46,317)
Non-current assets	3,445,718	2,937,252	508,466
TOTAL ASSETS	<u>\$ 4,423,356</u>	<u>\$ 3,961,207</u>	<u>\$ 462,149</u>
Liabilities			
Current liabilities	\$ 609,181	\$ 560,874	\$ 48,307
Non-current liabilities	408,869	363,783	45,086
Total Liabilities	<u>\$ 1,018,050</u>	<u>\$ 924,657</u>	<u>\$ 93,393</u>
Net Position			
Net investment in capital assets	\$ 2,841,913	\$ 2,432,854	\$ 409,059
Unrestricted	563,393	603,696	(40,303)
Total Net Position	<u>\$ 3,405,306</u>	<u>\$ 3,036,550</u>	<u>\$ 368,756</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,423,356</u>	<u>\$ 3,961,207</u>	<u>\$ 462,149</u>

Management's Discussion and Analysis

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2017 and 2016

Statement of Net Position (Continued)

Current liabilities consist principally of the current portion of long-term debt and accrued liabilities, which resulted from the normal course of operations. Amounts due to employees for salaries and related benefits earned but not yet paid as of June 30, 2017 totaled approximately \$232,000. The current portion of long-term debt totaled approximately \$195,000.

Long-term liabilities at year end are comprised of three items. The largest outstanding debt is the municipal lease obtained to finance the purchase of three modular buildings in 2011 and the acquisition and renovation of two newly acquired modular units in 2016.

During the 2010-2011 academic year, the College was awarded economic development funds from the City of Manhattan. The agreement provides funding for two projects; a new parking lot and the purchase and installation of three modular buildings. Structured as a municipal lease purchase agreement in accordance with K.S.A. 10-116b, the agreement provides a \$75,000 conventional loan for the parking lot construction and a \$291,000 forgivable loan for the modular buildings. Additionally, during the 2016-2017 academic year, the original forgivable loan was amended to provide the College with a second forgivable loan for \$300,000. The project funded was to acquire and renovate modular units for expanded classroom space for the College.

The rental payments for the forgivable loan may be deemed forgiven annually based on compliance with performance requirements. The original forgivable loan tied forgiveness to compliance factors consisting of capital investments, workforce development and local retention of students. The contract was amended on January 8, 2013 delaying the local retention compliance factor. The contract was again amended with the second forgivable loan that the loan may be forgiven annually based upon compliance solely in workforce development. In June 2017, the College submitted the required annual report to the City of Manhattan. Based on the report submitted, the College successfully met 100% of the performance requirements during the current year, therefore 100% of the payment (\$89,100) was forgiven. In addition, the last installment on the conventional loan was remitted to the City of Manhattan in June 2017, leaving a principal balance of \$0.

Statement of Revenues, Expenses, and Changes in Net Position

The statement of revenues, expenses, and changes in net position presents the operating results of the College, as well as other non-operating revenues and expenses and the resulting effect on net position.

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Operating revenues	\$ 4,132,264	\$ 4,015,005	\$ 117,259
Operating expenses	<u>6,057,030</u>	<u>6,131,972</u>	<u>(74,942)</u>
Operating Loss	\$ (1,924,766)	\$ (2,116,967)	\$ 192,201
Net non-operating revenues	<u>2,293,522</u>	<u>2,331,848</u>	<u>(38,326)</u>
Increase (Decrease) in Net Position	\$ 368,756	\$ 214,881	\$ 153,875
Net Position - Beginning of Year	<u>3,036,550</u>	<u>2,821,669</u>	<u>214,881</u>
Net Position - End of Year	<u>\$ 3,405,306</u>	<u>\$ 3,036,550</u>	<u>\$ 368,756</u>

Operating expenses exceeded operating revenues for FY 2017, resulting in an operating loss. State appropriations, at \$2,244,129, continue to be the largest source of revenue for the College and are expended largely for the cost of operations. The GASB reporting model however, regards state appropriations as non-operating revenues or subsidies even though they support operating activities. Operating losses will be typical for colleges and universities that rely heavily on state appropriations for their support.

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2017 and 2016

Statement of Revenues, Expenses, and Changes in Net Assets (Continued)

Student tuition and fees (net of allowances) decreased \$57,076. Tuition revenue reflects a decrease due to the reduced student enrollment during the fiscal year. The tuition rate increased nine percent on a weighted average basis from the previous year while enrollment decreased thirteen percent.

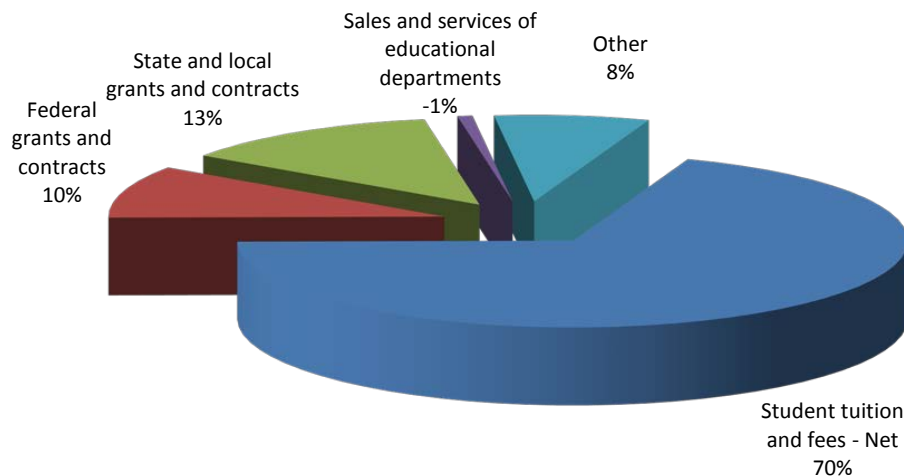
Capital grants and appropriations are generally those for which the resource provider restricts the recipient's use to capital acquisitions. During FY 2017, the College received \$142,770 in capital grants and appropriations from the State of Kansas. This amount represents an increase of \$1,890 (1.3%) over the prior year.

Operating Revenues

Operating revenues include activities having characteristics of exchange transactions (the payer/sponsor receives a benefit approximately equal in value to the payment or award) whereas non-operating revenues include those activities having characteristics of non-exchange transactions (the payer/sponsor makes a voluntary transfer without directly receiving equal value in return).

- Student tuition for general education did not increase but remained at \$100 per credit hour. Tuition rates for higher cost programs such as Nursing and Electric Power & Distribution courses increased from \$150 to \$170 per credit hour. Dental Hygiene tuition increased from \$350 to \$400 per credit hour for program courses. Tuition and fees (net of allowances) comprise 45% of total revenues and 69% of operating revenues.
- The credit hour fee increased from \$30 to \$50 per credit hour.
- Federal and state grants are an important source for funding the development and implementation of new programs as well as the modernization of existing programs. Federal grant awards increased by 96% due to the College being awarded the Title III Grant by the U.S. Department of Education. Federal and state grants and contracts comprise 23% of operating revenue.
- Sales by educational departments show a loss in revenue due to the repurchase, repair and resell of a previously sold program house.

The following is a graphic illustration of operating revenues by source:



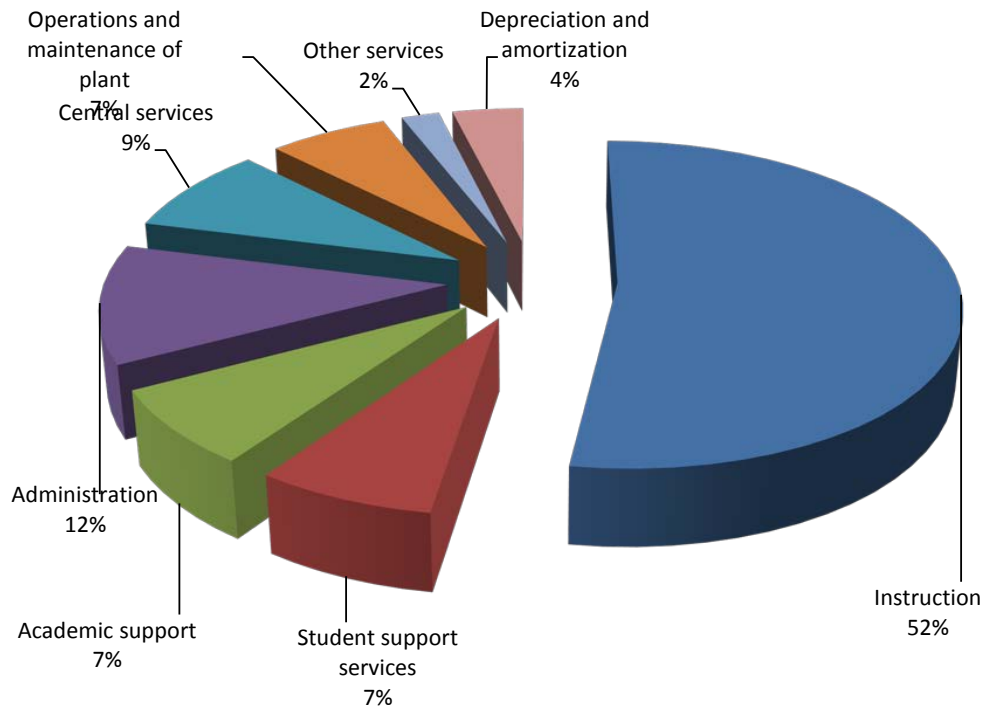
MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2017 and 2016

Operating Expenses

Operating expenses are the ordinary and necessary costs associated with the day-to-day operation, maintenance, and management of the College. Operating expenses for the fiscal year ended June 30, 2017, consisted of the following:

Instruction	\$ 3,178,960
Student support services	441,681
Academic support	453,754
Administration	708,020
Central services	520,772
Operations and maintenance of plant	394,583
Other services	125,383
Depreciation and amortization	233,877
Total	<u><u>\$ 6,057,030</u></u>

The following is a graphic illustration of operating expenses by category:



Non-Operating Revenues

The College has three sources of non-operating income; state aid, gain on disposal of property, plant and equipment, and investment income and losses. The State of Kansas provided state aid in the amount of \$2,244,129 which is four percent less than the previous year. The College sold 17.80% (3.29 acres) of campus land to a third party company of which \$698,010 of the proceeds were transferred to the Foundation for College operations, program development and scholarship purposes.

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
 June 30, 2017 and 2016

Statement of Cash Flows

The statement of cash flows provides information about cash receipts and cash payments during the year. This statement also helps assess the College's ability to generate net cash flows and its ability to meet its obligations as they come due.

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>
Cash provided by (used in)			
Operating activities	\$ (1,588,772)	\$ (1,917,655)	\$ 328,883
Non-capital financing activities	1,546,119	2,337,634	(791,515)
Capital and related financing activities	147,613	(462,910)	610,523
Investing activities	10,674	5,714	4,960
Net Increase (Decrease) in Cash and Equivalents	\$ 115,634	\$ (37,217)	\$ 152,851
Cash and Equivalents - Beginning of Year	657,956	695,173	(37,217)
Cash and Equivalents - End of Year	<u>\$ 773,590</u>	<u>\$ 657,956</u>	<u>\$ 115,634</u>

Overall the College's year-end cash position increased by \$115,634, or approximately 18%.

Economic Factors that Could Affect the Future

The College is largely dependent upon ongoing financial and political support from state government. The College's state appropriations and capital appropriations comprised over 37% of total revenues for FY 2017. This clearly indicates the economic position and future of the College is closely tied to that of the State of Kansas.

Economic conditions, recent changes in income tax laws and changes in priorities have affected both state revenues and funding for state agencies including institutions of higher education. Most postsecondary educational institutions, including technical colleges, received a decrease in funding from the state during the fiscal year. The 2016-2017 postsecondary aid allocation of \$2,244,129 represents a four percent decrease. Decreased funds has been especially difficult due to the increased enrollment experienced over the last several years. During the 2009-2010 fiscal year, 479 full-time equivalent students were enrolled. During the 2016-2017 fiscal year, full-time equivalent students had increased to 540. This represents a 13% increase in student enrollment over the previous seven years. This financial strain is not limited to the College, but rather, is being experienced by all two-year colleges in Kansas. The College's allocation from the state was flat for the 2017-2018 fiscal year.

The implementation of a BioScience program has been an important part of the strategic plan for the College. Significant funds were invested in modular buildings and equipment for this emerging field. However, the delayed relocation of the National Bio-Agriculture Defense Facility (NBAF) delayed the expected growth of the program during its early years. During May 2015, the general contract for construction of the NBAF laboratory facility became official with full funding from government commitments through completion of the project. This action is expected to increase the College's enrollment in the program and related fields of study, as well as provide opportunities for development of ancillary support service programs.

Kansas Senate Bill No. 155 (SB155) was enacted into law effective July 1, 2012. This important piece of legislation is intended to promote technical education in the State of Kansas. The law requires that a statewide articulation agreement for career technical education be developed among high schools, community colleges and technical colleges. Colleges are prohibited from charging tuition to high school students enrolled in qualifying technical courses. However, the State does provide limited funding for qualified high school enrollments. During the current year, the College received \$306,335 in funding for high school students as a result of this legislation.

MANHATTAN AREA TECHNICAL COLLEGE
Manhattan, Kansas
MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)
June 30, 2017 and 2016

Economic Factors that Could Affect the Future (Continued)

College management believes the College is positioned to maintain its current financial condition and continue to provide excellent service to its students and the community. Management will continue to maintain a close watch over its resources and expenses to ensure the College finances are sustainable, and that it can plan for and react to future internal and external opportunities.

Request for Information

These financial statements and discussions are designed to provide a general overview of the College's finances for all those with an interest in the entity's finances. Questions concerning any information provided in this report should be addressed to James Genandt, President, 3136 Dickens Avenue, Manhattan, Kansas 66503.

Management's Discussion and Analysis

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
STATEMENTS OF NET POSITION
 June 30,

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets		
Cash and cash equivalents	\$ 773,590	\$ 657,956
Student receivable - Net of allowance of \$115,178 and \$87,212 at June 30, 2017 and 2016, respectively	197,756	180,587
Other receivables	701	5,323
Due from (to) activity funds	(23)	3,606
Prepaid expenses and other assets	5,614	176,483
Total Current Assets	<u>\$ 977,638</u>	<u>\$ 1,023,955</u>
Non-Current Assets		
Property, plant, and equipment	\$ 6,368,031	\$ 5,635,552
Less: Accumulated depreciation	(2,922,313)	(2,698,300)
Total Non-Current Assets	<u>\$ 3,445,718</u>	<u>\$ 2,937,252</u>
TOTAL ASSETS	<u>\$ 4,423,356</u>	<u>\$ 3,961,207</u>
LIABILITIES AND NET POSITION		
Current Liabilities		
Accounts payable	\$ 105,822	\$ 92,402
Payroll and other related liabilities	231,776	254,727
Deposits	44,083	40,115
Funds held for others - Activity funds	17,703	13,070
Notes payable - Current portion	194,936	140,615
Other liabilities	14,861	19,945
Total Current Liabilities	<u>\$ 609,181</u>	<u>\$ 560,874</u>
Non-Current Liabilities		
Notes payable - Non-current portion	\$ 408,869	\$ 363,783
Total Liabilities	<u>\$ 1,018,050</u>	<u>\$ 924,657</u>
Net Position		
Net investment in capital assets	\$ 2,841,913	\$ 2,432,854
Unrestricted	563,393	603,696
Total Net Position	<u>\$ 3,405,306</u>	<u>\$ 3,036,550</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 4,423,356</u>	<u>\$ 3,961,207</u>

Financial Statements

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
 For the Years Ended June 30,

	<u>2017</u>	<u>2016</u>
OPERATING REVENUES		
Student tuition and fees - Net	\$ 2,903,726	\$ 2,960,802
Federal grants and contracts	410,398	209,412
State and local grants and contracts	535,080	582,153
Sales and services of educational departments	(30,195)	31,029
Other	313,255	231,609
Total Operating Revenues	<u>\$ 4,132,264</u>	<u>\$ 4,015,005</u>
OPERATING EXPENSES		
Salaries	\$ 3,705,765	\$ 3,651,211
Benefits	650,830	671,439
Contractual services	520,993	495,833
Supplies and other operating expenses	814,547	942,943
Utilities	95,347	86,876
Repairs and maintenance	35,671	47,120
Depreciation and amortization	233,877	236,550
Total Operating Expenses	<u>\$ 6,057,030</u>	<u>\$ 6,131,972</u>
OPERATING INCOME (LOSS)	<u>\$ (1,924,766)</u>	<u>\$ (2,116,967)</u>
NON-OPERATING REVENUES (EXPENSES)		
State appropriations	\$ 2,244,129	\$ 2,337,634
Gain on disposal of property, plant and equipment	747,034	-
Transfer to Foundation	(698,010)	-
Interest income	10,674	5,714
Interest expense	(10,305)	(11,500)
Total Non-Operating Revenues (Expenses)	<u>\$ 2,293,522</u>	<u>\$ 2,331,848</u>
CHANGE IN NET POSITION	\$ 368,756	\$ 214,881
NET POSITION - BEGINNING OF YEAR	<u>3,036,550</u>	<u>2,821,669</u>
NET POSITION - END OF YEAR	<u>\$ 3,405,306</u>	<u>\$ 3,036,550</u>

Financial Statements

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
STATEMENTS OF CASH FLOWS
 For the Years Ended June 30,

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Tuition and fees	\$ 2,891,179	\$ 3,188,400
Grants and contracts	945,478	582,153
Sales and services of educational activities	29,907	31,029
Other sources	700,779	235,425
Vendors, suppliers, and contractors	(1,776,569)	(1,593,164)
Employee salaries and benefits	(4,379,546)	(4,361,498)
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,588,772)</u>	<u>\$ (1,917,655)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES		
State appropriations	\$ 2,244,129	\$ 2,337,634
Transfer to Foundation	(698,010)	-
Net Cash Provided by (Used in) Non-Capital Financing Activities	<u>\$ 1,546,119</u>	<u>\$ 2,337,634</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Purchases of property, plant, and equipment	\$ (729,349)	\$ (421,610)
Proceeds on sales of property, plant, and equipment	698,760	-
Principal payments on notes payable	(111,493)	(151,459)
Interest payments on notes payable	(10,305)	(12,181)
Proceeds on notes payable	300,000	122,340
Net Cash Provided by (Used in) Capital and Related Financing Activities	<u>\$ 147,613</u>	<u>\$ (462,910)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	\$ 10,674	\$ 5,714
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 115,634	\$ (37,217)
CASH - BEGINNING OF YEAR	<u>657,956</u>	<u>695,173</u>
CASH - END OF YEAR	<u>\$ 773,590</u>	<u>\$ 657,956</u>
RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Operating income (loss)	\$ (1,924,766)	\$ (2,116,967)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	233,877	236,550
Principal forgiveness of economic development loan	(89,100)	(20,370)
Accrued interest expense	-	681
Changes in operating assets and liabilities		
Student receivable, net	(17,169)	(41,424)
Other receivable	4,622	43,631
Due from (to) activity funds	3,629	(2,963)
Prepaid expenses	206,149	(109,384)
Accounts payable	13,420	88,992
Payroll liabilities	(22,951)	(22,869)
Deposits	3,968	21,315
Funds held for others - Activity funds	4,633	3,827
Other liabilities	(5,084)	1,326
Net Cash Provided by (Used in) Operating Activities	<u>\$ (1,588,772)</u>	<u>\$ (1,917,655)</u>

Financial Statements

MANHATTAN AREA TECHNICAL COLLEGE
Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies

Nature of Operations

Manhattan Area Technical College (the College) is a public technical college governed by an appointed board of directors under the governance plan approved of the Kansas Board of Regents on March 17, 2004. The College provides technical education serving a ten-county area of Northeast Kansas. Included in the range of programs are 14 full-time programs for which an applied science degree is awarded. In addition, the College offers short-term continuing education courses.

Reporting Entity

The Board of Directors has the authority to make decisions, appoint administration and managers, and significantly effect operations. It also has the primary accountability for fiscal matters. Therefore, the College is a financial reporting entity as defined by the Governmental Accounting Standards Board (GASB) 14.

The Manhattan Area Technical College Foundation (the Foundation) is a legally separate, tax-exempt organization. It acts primarily as a fund-raising organization that receives gifts and bequests, administers those resources, and disburses payments to or on behalf of the College for support of college programs. Although the College does not control the timing or amount of receipts from the Foundation, the Foundation's restricted resources can only be used by or for the benefit of the College. Consequently, the Foundation is considered a component unit of the College.

Based on evaluation of the component unit, the financial information of the Foundation was not deemed necessary to include in the College's financial statements at June 30, 2017 and 2016. Accordingly, these financial statements present only the activities of the College.

Financial Statements

The financial statements are presented in accordance with GASB 34, *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments*, and GASB 35, *Basic Financial Statements and Management's Discussion and Analysis for Public Colleges and Universities*. The financial statement presentation required by GASB 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 that replaces the fund-group perspective previously required.

Basis of Accounting

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

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

Cash and Cash Equivalents

The College considers all liquid investments with a remaining maturity of three months or less at the date of acquisition to be cash equivalents.

MANHATTAN AREA TECHNICAL COLLEGE
Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Accounts Receivable

Accounts receivable consists of tuition and fee charges to students and auxiliary enterprise services provided to students, faculty, and staff. Accounts receivable are recorded net of estimated uncollectible amounts. The allowance is calculated as 100% of the accounts receivable balance outstanding greater than 360 days, 40% of the balance that has been sent to the collection agency but less than 360 days outstanding and 10% of the remaining balance outstanding.

Property, Plant, and Equipment

Property, plant, and equipment are stated at cost when purchased or constructed, or if acquired by gift, at the estimated fair value at date of gift. The College's capitalization policy includes all items with a unit cost of \$5,000 or more, and an estimated useful life of greater than one year. Renovations to buildings and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. Routine repairs and maintenance are charged to operating expense in the period in which the expense was incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, generally 40 to 50 years for buildings, 20 to 25 years for land improvements, 5 to 13 years for equipment, 5 years for vehicles and 3 years for software.

Compensated Absences

Employee vacation pay that is earned but unused is accrued at year-end for financial statement purposes. The liability for compensated absences was \$47,121 and \$61,953 as of June 30, 2017 and 2016, respectively. These liabilities are reported as part of the balance of payroll and other related liabilities on the statement of net position.

Net Position

Net Investment in Capital Assets

This represents the College's total investment in capital assets, net of outstanding debt obligations related to those capital assets. To the extent debt has been incurred but not yet expended for capital assets, such amounts are not included as a component of invested in capital assets, net of related debt.

Unrestricted

Unrestricted net position represents resources derived from student fees, state appropriations and sales and services of educational departments and auxiliary enterprises. These resources are used for transactions related to the educational and general operations of the College, and may be used to meet current expenses for any lawful purposes and in accordance with board policy.

When an expense is incurred that can be paid using either restricted or unrestricted resources, expense allocation decisions are made on a program-by-program basis. The College does not have a policy regarding the preferred first usage of unrestricted or restricted net assets.

Income Taxes

The College, as a political subdivision of the state of Kansas, is excluded from federal income taxes under Section 115(1) of the Internal Revenue Code, as amended.

Reclassifications

Certain reclassifications have been made to the prior year 2016 amounts to conform to the 2017 presentation. These reclassifications resulted in recognition of an additional \$4,606 of net position.

MANHATTAN AREA TECHNICAL COLLEGE
Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
June 30, 2017 and 2016

Note 1: Summary of Significant Accounting Policies (Continued)

Classification of Revenues

Operating Revenues

Operating revenues include activities that have the characteristics of exchange transactions, such as (1) student tuition and fees, net of scholarship discounts and allowances, (2) sales and services of auxiliary enterprises, net of scholarship discounts and allowances, and (3) most federal, state, and local grants and contracts and federal appropriations.

Non-Operating Revenues

Non-operating revenues include activities that have the characteristics of non-exchange transactions, such as gifts and contributions, and other revenue resources that are defined as non-operating revenues by GASB 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB 34, such as state appropriations and investment income.

State Appropriations

State funds for the Kansas state education institutions are appropriated to the Kansas Board of Regents (the Board). The Board allocates funds budgeted for technical colleges. Appropriations are recognized as revenue when received and available. Amounts that are not expensed by fiscal year-end do not have to be returned.

Bad Debt Estimates

Tuition and fees are reported net of any increases in allowance for bad debt.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Subsequent Events

Management has evaluated subsequent events through January 9, 2018, the date the financial statements are available for release.

Note 2: Deposits and Investments

K.S.A. 9-1401 establishes the depositories which may be used by the College. The statute requires banks eligible to hold the College's funds have a main or branch bank 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 rate 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 Kansas 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 held no investments as of June 30, 2017 and 2016.

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2017 and 2016

Note 2: Deposits and Investments (Continued)*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 institutions 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 had no designated "peak periods." All deposits were legally secured at June 30, 2017 and 2016.

As of June 30, 2017, the College held deposits with a carrying balance of \$773,590 with a corresponding bank balance of \$997,507. Of the bank balance, \$250,000 was secured by FDIC insurance with the remaining \$747,507 secured by pledged securities with a fair market value of \$2,357,370.

As of June 30, 2016, the College held deposits with a carrying balance of \$657,956 with a corresponding bank balance of \$1,001,780. Of the bank balance, \$250,000 was secured by FDIC insurance with the remaining \$751,780 secured by pledged securities with a fair market value of \$2,553,174.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the issuer or counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State statutes require investments to be adequately secured. The College held no investments as of June 30, 2017 and 2016.

Note 3: Accounts Receivable

Accounts receivable and unbilled charges consisted of the following at June 30, 2017:

Student receivable	\$ 312,934
Other receivable	701
Total Accounts Receivable	<u>\$ 313,635</u>
Less: Allowance for uncollectible student receivable	(115,178)
Total Accounts Receivable - Net	<u>\$ 198,457</u>

Accounts receivable and unbilled charges consisted of the following at June 30, 2016:

Student receivable	\$ 267,799
Other receivable	5,323
Total Accounts Receivable	<u>\$ 273,122</u>
Less: Allowance for uncollectible student receivable	(87,212)
Total Accounts Receivable - Net	<u>\$ 185,910</u>

Notes to Financial Statements

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2017 and 2016

Note 4: Property, Plant, and Equipment

Following are the changes in property, plant, and equipment for the year ended June 30, 2017:

	<u>Balance at June 30, 2016</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2017</u>
Property, Plant, and Equipment Not Depreciated				
Land	\$ 133,739	\$ -	\$ (52,805)	\$ 80,934
Construction in process	-	495,203	-	495,203
Total Property, Plant, and Equipment Not Depreciated	<u>\$ 133,739</u>	<u>\$ 495,203</u>	<u>\$ (52,805)</u>	<u>\$ 576,137</u>
Other Property, Plant, and Equipment				
Buildings and improvements	\$ 3,099,906	\$ 17,847	\$ -	\$ 3,117,753
Furniture, fixtures, and equipment	1,462,514	165,032	-	1,627,546
Vehicles	471,049	65,800	(9,865)	526,984
Software and hardware	468,344	51,267	-	519,611
Total Other Property, Plant, and Equipment	<u>\$ 5,501,813</u>	<u>\$ 299,946</u>	<u>\$ (9,865)</u>	<u>\$ 5,791,894</u>
Less: Accumulated Depreciation				
Buildings and improvements	\$ 964,651	\$ 51,172	\$ -	\$ 1,015,823
Furniture, fixtures, and equipment	994,033	117,805	-	1,111,838
Vehicles	450,677	8,068	(9,865)	448,880
Software and hardware	288,939	56,833	-	345,772
Total Accumulated Depreciation	<u>\$ 2,698,300</u>	<u>\$ 233,878</u>	<u>\$ (9,865)</u>	<u>\$ 2,922,313</u>
Other Property, Plant, and Equipment - Net of Accumulated Depreciation	<u>\$ 2,803,513</u>	<u>\$ 66,068</u>	<u>\$ -</u>	<u>\$ 2,869,581</u>
TOTAL PROPERTY, PLANT, AND EQUIPMENT - NET	<u>\$ 2,937,252</u>	<u>\$ 561,271</u>	<u>\$ (52,805)</u>	<u>\$ 3,445,718</u>

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2017 and 2016

Note 4: Property, Plant, and Equipment (Continued)

Following are the changes in property, plant, and equipment for the year ended June 30, 2016:

	<u>Balance at June 30, 2015</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2016</u>
Property, Plant, and Equipment Not Being Depreciated				
Land	\$ 133,739	\$ -	\$ -	\$ 133,739
Other Property, Plant, and Equipment				
Buildings and improvements	\$ 2,902,288	\$ 197,618	\$ -	\$ 3,099,906
Furniture, fixtures, and equipment	1,380,761	81,753	-	1,462,514
Vehicles	451,150	19,899	-	471,049
Software and hardware	346,004	122,340	-	468,344
Total Other Property, Plant, and Equipment	<u>\$ 5,080,203</u>	<u>\$ 421,610</u>	<u>\$ -</u>	<u>\$ 5,501,813</u>
Less: Accumulated Depreciation				
Buildings and improvements	\$ 908,015	\$ 56,636	\$ -	\$ 964,651
Furniture, fixtures, and equipment	858,218	135,815	-	994,033
Vehicles	445,311	5,366	-	450,677
Software and hardware	250,206	38,733	-	288,939
Total Accumulated Depreciation	<u>\$ 2,461,750</u>	<u>\$ 236,550</u>	<u>\$ -</u>	<u>\$ 2,698,300</u>
Other Property, Plant, and Equipment - Net of Accumulated Depreciation	<u>\$ 2,618,453</u>	<u>\$ 185,060</u>	<u>\$ -</u>	<u>\$ 2,803,513</u>
TOTAL PROPERTY, PLANT, AND EQUIPMENT - NET	<u>\$ 2,752,192</u>	<u>\$ 185,060</u>	<u>\$ -</u>	<u>\$ 2,937,252</u>

Notes to Financial Statements

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2017 and 2016

Note 5: Notes Payable and Related Deferred Revenue

Changes in notes payable and related deferred revenue for the College for the year ended June 30, 2017 were as follows:

<u>Creditor</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance at End of Year</u>	<u>Interest Paid In 2017</u>
Landmark National Bank	HVAC for main building	4.10%	12/13/05	457,932	12/13/20	\$ 186,486	\$ -	\$ 33,905	\$ 152,581	\$ 7,479
City of Manhattan - Forgivable #1	Modular units and buildings	0.00%	09/21/10	291,000	07/01/21	145,500	-	29,100	116,400	-
City of Manhattan - Forgivable #2	Modular units and buildings	0.00%	08/12/16	300,000	07/01/21	-	300,000	60,000	240,000	-
City of Manhattan - Conventional	Parking lot construction	0.00%	09/21/10	75,000	07/01/16	10,800	-	10,800	-	-
Commerce Bank	Avamar backup system	2.26%	10/25/13	129,936	10/25/18	62,464	-	26,367	36,097	1,140
Commerce Bank	Data center equipment	2.09%	11/13/15	122,340	11/13/18	99,148	-	40,421	58,727	1,686
TOTAL NOTES PAYABLE						\$ 504,398	\$ 300,000	\$ 200,593	\$ 603,805	\$ 10,305

Changes in notes payable and related deferred revenue for the College for the year ended June 30, 2016 were as follows:

<u>Creditor</u>	<u>Purpose</u>	<u>Interest Rates</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Date of Final Maturity</u>	<u>Balance at Beginning of Year</u>	<u>Additions</u>	<u>Reductions/ Payments</u>	<u>Balance at End of Year</u>	<u>Interest Paid In 2016</u>
Kansas Board of Regents	PEI Infrastructure	0.00%	03/31/08	\$ 107,511	12/01/15	\$ 50,677	\$ -	\$ 50,677	\$ -	\$ -
Landmark National Bank	HVAC for main building	4.10%	12/13/05	457,932	12/13/20	218,867	-	32,381	186,486	9,095
City of Manhattan - Forgivable	Modular units and buildings	0.00%	09/21/10	291,000	07/01/21	174,600	-	29,100	145,500	-
City of Manhattan - Conventional	Parking lot construction	0.00%	09/21/10	75,000	07/01/16	21,500	-	10,700	10,800	-
Commerce Bank	Avamar backup system	2.26%	10/25/13	129,936	10/25/18	88,243	-	25,779	62,464	1,716
Commerce Bank	Data center equipment	2.09%	11/13/15	122,340	11/13/18	-	122,340	23,192	99,148	1,370
TOTAL NOTES PAYABLE						\$ 553,887	\$ 122,340	\$ 171,829	\$ 504,398	\$ 12,181

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2017 and 2016

Note 5: Notes Payable and Related Deferred Revenue (Continued)

Debt service for notes payable in future years through maturity are as follows:

PRINCIPAL	2018	2019	2020	2021	2022	Total
Note Payable						
Landmark National Bank	\$ 35,317	\$ 36,765	\$ 38,273	\$ 42,226	\$ -	\$ 152,581
City of Manhattan - Forgivable #1	29,100	29,100	29,100	29,100	-	116,400
City of Manhattan - Forgivable #2	60,000	60,000	60,000	60,000	-	240,000
Commerce Bank - Avamar Backup System	29,245	6,852	-	-	-	36,097
Commerce Bank - Data Center Equipment	41,274	17,453	-	-	-	58,727
TOTAL PRINCIPAL	\$ 194,936	\$ 150,170	\$ 127,373	\$ 131,326	\$ -	\$ 603,805
INTEREST						
Note Payable						
Landmark National Bank	\$ 6,158	\$ 4,710	\$ 3,203	\$ 1,633	\$ -	\$ 15,704
Commerce Bank - Avamar Backup System	555	26	-	-	-	581
Commerce Bank - Data Center Equipment	834	91	-	-	-	925
TOTAL INTEREST	\$ 7,547	\$ 4,827	\$ 3,203	\$ 1,633	\$ -	\$ 17,210
TOTAL PRINCIPAL AND INTEREST	\$ 202,483	\$ 154,997	\$ 130,576	\$ 132,959	\$ -	\$ 621,015

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2017 and 2016

Note 6: Defined Benefit Pension Plan

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. Kansas law establishes and amends benefit provisions. KPERS issues a publically available financial report that includes financial statements and required supplementary information. KPERS' financial statements are included in its Comprehensive Annual Financial Report which can be found on the KPERS website at www.kpers.org 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. 74-49,210 establish the KPERS member-employee contribution rates. KPERS has multiple benefit structures and contribution rates depending on whether the employee is a KPERS 1, KPERS 2 or KPERS 3 member. 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 at 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 rates for KPERS 1, KPERS 2 and KPERS 3 be determined based on the results of each annual actuarial valuation. Kansas law sets a limitation on annual increases in the employer contribution rates. The actuarially determined employer contribution rate (not including the 1% contribution rate with a 0% moratorium from the period of January 1, 2017 through September 30, 2017 for the Death and Disability Program) and the statutory contribution rate was 8.46% for the fiscal year ended December 31, 2017. As per the terms of the funding agreement between the Kansas Board of Regents (KBOR) and the College, KBOR is responsible for funding the net pension liability related to the College's employees. Accordingly, the College's contributions to the plan were \$0 for each of the years ended June 30, 2017 and 2016.

Net Pension Liability

The most recent two years of data for the net pension liability of the KPERS plan are as of June 30, 2016 and 2015 and were rolled forward to that date from the previous December 31. As of June 30, 2016, the net pension liability for the KPERS state/school group was \$6,721,060,907 of which the College was allocated \$5,214,199. As of June 30, 2015, the net pension liability for the KPERS state/school group was \$6,924,459,768 of which the College was allocated \$5,028,612.

The complete actuarial valuation report including all actuarial assumptions and methods, and the report on the allocation 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.

Note 7: Advertising Expense

Advertising is expensed when incurred. Advertising expense at June 30, 2017 and 2016 was \$36,110 and \$31,277, respectively.

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
 June 30, 2017 and 2016

Note 8: Related Party Transactions

During 2017, the College sold a portion of land to a third party company of which \$698,010 of the proceeds were transferred to the Foundation for College operations, program development and scholarship purposes. During 2016, the Foundation was awarded a \$150,000 grant by Delta Dental of Kansas for the purpose of expanding the dental hygiene program facility. The Foundation passed this grant through to the College which used the funds in accordance with the grant agreement.

Note 9: Activity Funds

The following are the cash balances for each activity fund for 2017 and 2016:

	Balance at June 30, 2017	Balance at June 30, 2016
MATC 650	\$ 4,345	\$ 1,229
Student Government Organization	653	2,394
Air Conditioning Club	735	635
Electric Power Club	3,503	3,443
Building Trades Club	798	984
Nursing Club	7,800	-
Welding Club	1,133	418
Auto Collision Club	1,235	781
Skills USA	(404)	732
Phi Theta Kappa	(2,692)	2,454
Auto Tech Club	667	-
Student Veterans of America	(210)	-
TOTAL ACTIVITY FUNDS	\$ 17,563	\$ 13,070

Note 10: Tuition and Fees, Net

Student tuition and fees consisted of the following for the years ended June 30,:

	2017	2016
Student tuition and fees	\$ 2,931,692	\$ 2,968,584
Less: Increase in bad debt estimate	(27,966)	(7,782)
Total Tuition and Fees, Net	\$ 2,903,726	\$ 2,960,802

Note 11: Federal Awards - Student Financial Aid Program

The College operates federal financial aid programs for students of the College. The following are the cash disbursement totals for each program:

	2017	2016
Direct student loans	\$ 1,711,787	\$ 2,175,992
Pell grants	884,408	1,031,170
Supplemental educational opportunity grants	17,950	22,741
Work - Study programs	14,059	15,979
	\$ 2,628,204	\$ 3,245,882



January 9, 2018

Board of Directors
Manhattan Area Technical College
Manhattan, Kansas

**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***

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities of Manhattan Area Technical College (the College), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated January 9, 2018.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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. Accordingly, we do not express an opinion on the effectiveness of the 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 a 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 severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control 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.

Independent Auditor's Report

January 9, 2018
Manhattan Area Technical College
(Continued)

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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.

Vannoy & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

Independent Auditor's Report



January 9, 2018

Board of Directors
Manhattan Area Technical College
Manhattan, Kansas

**Independent Auditor's Report on Compliance for Each Major Program
and on Internal Control Over Compliance In Accordance With the Uniform Guidance**

Report on Compliance for Each Major Federal Program

We have audited the compliance of Manhattan Area Technical College's (the College) compliance with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2017. The College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above.

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 (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 each major federal program have occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

Opinion on Each Major Federal Program

In our opinion, Manhattan Area Technical College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2017.

January 9, 2018
Manhattan Area Technical College
(Continued)

Report on Internal Control Over Compliance

Management of Manhattan Area Technical College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Manhattan Area Technical College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

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

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 that testing based on the requirements of Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Vainey & Associates, CPAs, LLC

Certified Public Accountants
Manhattan, Kansas

Independent Auditor's Report

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2017

Section I - Summary of Auditor's Results**Financial Statements**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified? Yes None

Significant deficiencies identified not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted? Yes None

Federal Awards

Internal controls over major programs:

Material weaknesses identified? Yes No

Significant deficiencies identified not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a) Yes No

Identification of major programs:

Name of Federal Program	CFDA Number
Student Financial Aid Cluster	84.XXX

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as a low-risk auditee? Yes No

Section II - Financial Statement Findings

No matters were reported.

Section III - Federal Award Findings and Questioned Costs

There were no current year findings or questioned costs.

Supplemental Information

MANHATTAN AREA TECHNICAL COLLEGE
 Manhattan, Kansas
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Year Ended June 30, 2017

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Award Expenditures	Subrecipient Expenditures
U.S. Department of Education				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant				
Grant	84.007	N/A	\$ 17,950	\$ -
Federal Work - Study Programs	84.033	N/A	14,059	-
Federal Pell Grant Program	84.063	N/A	884,408	-
Federal Direct Student Loans	84.268	N/A	1,711,787	-
Total Student Financial Aid Cluster			* \$ 2,628,204	\$ -
Higher Education Institutional Aid	84.031A	N/A	\$ 234,164	\$ -
Passed through Kansas Board of Regents				
Career and Technical Education - Formula Grants	84.048	MATC	150,739	-
TOTAL FEDERAL EXPENDITURES			\$ 3,013,107	\$ -

* Major Program

Note 1: Basis of Accounting

The balances reported above are presented on the cash basis of accounting by which expenditures are reported only when cash is disbursed in accordance with the requirements of the grant program.

Note 2: Non-Cash Federal Assistance

The College did not receive any Federal awards in the form of noncash assistance, insurance, loans or loan guarantees for the year ended June 30, 2017.

Note 3: Indirect Cost Rate

The College has not elected to use the 10% de minimis indirect cost rate provisioned by the Uniform Guidance, Section 414 for reporting costs charged to federal award programs.

Note 4: Subrecipient Expenditures

The College did not pass through federal awards to subrecipients during 2017.

Supplemental Information

Manhattan Area Technical College
Board of Directors Meeting
December 18, 2017 Room 104a at 4:00 p.m.

1. The Board of Directors of the Manhattan Area Technical College met December 18, 2017 at 4:00 p.m. in room 104a.

Members present: Therese Adams, Randall Anderes, John Pagen, Irma O'Dell, L J Baker, Wendy King-Luttman and David Fritchen.

Members absent: Marla Brandon

Also present: Jim Genandt, President/CEO; Tracy Geisler, Executive Assistant/Board Clerk; Keith Zachariasen, Vice President for Administrative Services; Carmela Jacobs, Sarah Phillips, Vice President for Student Services; Dr. Rich Fogg, Associate Vice President of Institutional Advancement.

- a. Faculty/Staff/SGO/Visitors: Frank Avila, Darren Ortega,

2. CALL TO ORDER

Therese Adams called the meeting to order at 4:06 p.m.

- Congratulations to all of those who assisted in the MATC float and the award of the Holiday Lighted Parade Mayor's trophy.

3. INCIDENTAL INFORMATION

- a. NONE

4. CONSENT AGENDA (Routine items requiring BOD action) *

- a. Randall Anderes moved to approve the Consent Agenda (Handout 1, attachments 2 and 3). Wendy King-Luttman seconded. Motion carried 7 yeas, 0 nays.

5. DISCUSSION OF ENDS (Demonstration, Testimonial, or Report of Results related to Board Mission)

- a. L J Baker moved to approve the Monitoring Report: Financial Condition (Attachment 5). Wendy King-Luttman seconded. Motion carried 7 yeas, 0 nays.

EXECUTIVE SESSION: CONFIDENTIAL MATTERS

- Randall Andres moved to go into executive session at 4:10 p.m. and return to open session at 4:25 p.m. L J Baker seconded. Motion carried 7 yeas, 0 nays. At 4:25 p.m., Randall Anderes moved to return to open session. L J Baker seconded. Motion carried 7 yeas, 0 nays.

EXECUTIVE SESSION: PERSONNEL

- Randall Anderes moved to go into executive session at 4:28 p.m. and return to open session at 4:45 p.m. David Fritchen seconded. Motion carried 7 yeas, 0 nays. At 4:45 p.m., Randall Anderes moved to return to open session. LJ seconded. Motion carried 7 yeas, 0 nays.

6. GENERAL AGENDA (items possibly requiring BOD action)

- a. Jim Genandt gave an update on Critical Environment Technology and Animal Health Corridor.

7. OWNERSHIP LINKAGE (related to Owner Expectations, “Gaps”, Meeting Expectations, Identifying New Needs of Employers, etc.).

- a. Jim Genandt and Tracy Geisler shared the update on the Opportunity Funding progress.
- b. Jim Genandt discussed his President’s report (Attachment 6).

8. EVALUATION OF BOARD PROCESS

- a. NONE

ADJOURNMENT: Therese Adams, Board Chair adjourned the meeting at 5:04 p.m.

MATC Board Clerk

Date

Approved:
Chair

Date



January 23, 2018

Attachment 3

To: MATC Board of Directors
 From: Carmela Jacobs, Vice President of Operations
 Re: December 2017 Expenditures

Category	Costs
Payroll, Withholdings and Benefits	\$ 273,026.85
Facilities	\$ 36,700.22
Student Payments	\$ 37,755.52
Program Expenditures	\$ 68,478.65
Other Operating costs	\$ 84,497.61
Total November Expenditures	\$ 500,458.85

Threshold Expenditures > \$5,000				
Vendor Name	Item(s) Purchased	Department	Cost	Funding
All Star Custodial Services	Custodial Services	All School	\$ 6,100.00	general fund
KBS Constructors Inc.	Plumbing/Duct work - 411	All School	\$ 14,040.00	Capital Outlay
Landmark National Bank	Loan Payment	All School	\$ 41,475.42	general fund
Parsons Communication	Security Camera Upgrade	All School	\$ 9,093.54	Security Credit Hr Fee
Patterson Dental Supply	MCC Steri Center	Dental Hygiene	\$ 24,879.00	Capital Outlay
CDW	Promethan w/stands	Business Admin	\$ 13,796.00	Perkins
3D Internet LLC	3D Software Simulator	EPD	\$ 6,800.00	Perkins
Westar	Utilities	All School	\$ 7,828.50	general fund
KS Dept of Revenue	Remit PR 12.29.17 Deductions	All School	\$ 5,515.44	payroll deductions
KPERS	Remit PR 12.15.17 Deductions	All School	\$ 8,727.12	payroll deductions
KPERS	Remit PR 12.29.17 Deductions	All School	\$ 9,165.43	payroll deductions
IRS	Federal Tax Payment/Remit PR 12.15.17 Deductions	All School	\$ 37,048.58	pr ded/general fund
IRS	Federal Tax Payment/Remit PR 12.29.17 Deductions	All School	\$ 42,810.81	pr ded/general fund
Blue Cross Blue Shield	Health Insurance Coverage	All School	\$ 34,386.53	pr ded/general fund
Total December Expenditures Exceeding Threshold			\$ 261,666.37	



Jim Genandt
President

3136 Dickens Ave., Manhattan, KS 66503-2499

Phone: 785-587-2800, FAX 785-587-2804

MEMORANDUM

TO: MATC Board of Directors
RE: Organizational Update

DATE: January 23, 2018

Consent Agenda:

Organizational Update

1. Personnel changes

- a. Dismissal of Richard Fogg, AVPIA
- b. Appointment of Michelle Mackeprang, Admissions Coordinator
- c. Appointment of Malissa Bourbina, Business Office Coordinator

2. Advertised positions

- a. Student Account Coordinator

INTERNAL MONITORING REPORT
GENERAL EXECUTIVE CONSTRAINT
JANUARY 2018

I hereby present my monitoring report on your Executive Limitations policy “General Executive Constraint” according to the annual schedule of reports. I certify that the information contained in this report is true.

POLICY PROVISIONS:

The President shall not cause or allow any practice, activity, decision of organizational circumstance which is illegal, imprudent, or unethical.

1. *Dealings with students, staff, volunteers, and the community shall not be inhumane, unfair, or undignified.*
 - a. Compliance was reported in the **August 2017** monitoring report.
2. *An open climate in the decision-making process shall not be discouraged.*
 - a. Through the use of various internal and external committees the college receives feedback and advice on a frequent basis. Internally, all areas of the college are represented at the College Council and the flow of information in both directions keeps all employees actively involved in providing input for decisions. Communication delivered through various sources has been on-going and constant during the past year. I have maintained an open door approach, while working with all personnel to follow appropriate procedures and chains of command. I have also instituted supervisor training to enhance their skills and engagement with their staff/faculty members, and that training includes enhancing decision-making processes. I therefore report compliance.
3. *Budgeting shall not deviate significantly from Boards ENDS priorities or risk fiscal jeopardy.*
 - a. At this point in the year we do not anticipate a deficit balance in June. However, if a rescission were to be enacted during the legislative session, we would have to re-evaluate our position. I therefore presently report compliance.
4. *The overall financial condition of the college shall not be maintained in a manner that either incurs fiscal jeopardy or compromises Board ENDS priorities.*
 - a. Compliance was reported in the **October 2017** monitoring report.
5. *Information and advice to the Board will have no significant gaps in timeliness, completeness, or accuracy.*
 - a. While this area can be somewhat subjective, I try to make it a point to communicate with the Board on the whole in both casual and formal manners throughout the year on what I would consider a regular, as needed

basis. While formally we bring information to the Board each month through our meetings there are also occasions when important information is forwarded to the board either directly or through the Board Chair as appropriate. This unilateral information sharing acts as a heads-up and is always expounded upon at subsequent Board meetings. On a casual basis, I make it a habit to forward information of possible interest through e-mails that I receive and share, through our various media sources such as Facebook, and through the weekly email update. Board members are also involved with the advisory committees and on-campus events which provide opportunities to receive and provide information. The frequency of information sharing varies according to the level of activity at the college or within the higher education community. I have also worked to include members of the board with various college events, and their participation has been very positive and beneficial to the college community, and is greatly appreciated. I report compliance.

6. *Assets shall not be unprotected, inadequately maintained, or unnecessarily risked.*
 - a. Compliance was reported in the **April 2017** Asset Protection Monitoring Report.
7. *Compensation and benefits for staff shall not deviate significantly from the market.*
 - a. Compliance was reported in the **August 2017** monitoring report.
8. *No fewer than two administrators will be informed of President and Board issues and processes.*
 - a. Information is shared on a constant basis with the Vice Presidents of Administrative Services, Academic Affairs, and Student Services through formal Senior Administration meetings, committee meetings, informational conversations, and on a one-on-one basis as is appropriate. I report compliance.
9. *There will be no conflict of interest when making purchases and/or awarding contracts.*
 - a. Having no external business interests germane to higher education, nor other than professional relationships with businesses and industry that serve the College, there have been no conflicts of interest in any form or fashion. I report compliance.
10. *Purchases shall not be made and contracts shall not be awarded without first giving consideration to businesses in the college's primary service area.*
 - a. As a practice, the college gives consideration to businesses within our service area's six counties whenever products or services are available. I therefore report compliance.

CEO's INTERPRETATION: As attested above through reflection and monthly exhibits, I report full compliance.

Signed  President/CEO

Date: January 23, 2018

James Genandt

President's Report: January 2018

Owner Expectations:

- As a member of the KBOR Development Education Task Force, I have worked with the other members to help KBOR staff develop recommendations for the new statewide placement test (Accuplacer) as well as reinforcement of the use of multiple measures to place students in college courses, often reducing time and money spent in developmental education courses.
- With the assistance of Brian Koch (Math faculty member), we were approved by the Wamego USD, and had great media coverage, of a new articulation with Wamego High School for Technical Math, strengthening a pathway for their students to come to MATC.
- We received a clean audit report from KPERS—thank you Keith and Carmela!
- During in-service with our faculty and staff, they received updates and training from: RCPD, supervisor training, mental bandwidth, TRANE and NC3/data analytics, strategic planning, and more. The faculty association hosted a very good potluck with smoked meats at Lake Elbo, and several employees (Jeff, Alex, Tony, Gary, Tracy, and more) helped us do a hot dog cookout on the last nice day before winter returned!
- The Lt. Governor, Jeff Colyer, asked to meet with the technical college presidents on January 5. He gave us a preview of the governor's budget proposal, which has included increased funding for SB155, the Career Technical Education initiative with high schools. That is good news, but is tempered with likely overall higher education budget reductions from KBOR depending on the final state budget bill.
- Therese and I attended a dinner with the Kansas Board of Regents at Washburn University on the 17th.

Employer Needs & Response:

- We are working with Salina Tech to help them promote and bring their CDL training into our service area.
- We are working to submit EMT training and education for approval, with the goal of starting the courses during the 18-19 academic year.
- I attended the TEA meeting, as well as the Kansas Workforce Summit, and Tracy and I participated in the Manhattan Chamber Leadership Retreat in Olathe.
- We toured GTM/Hanes and they are coming for a tour of our campus next week!

Resource Development:

- The fundraising campaign has had initial committee meetings, and work is underway on prospect identification and preparation, program refinement of the campaign and performance measures, as well as valuation and branding.