



## **BOARD OF DIRECTORS MEETING**

**October 29, 2019**  
**Manhattan Area Technical College**  
**Room 104a at 5:30 p.m.**

2019  
Randall Anderes – Chair (Riley)

### **Board of Directors**

Therese Adams (Riley)  
Wendy King-Luttman (Clay)  
Tim Flanary (Pottawatomie)  
LJ Baker (Geary)  
David Fritchen (Riley)  
John Pagen (Riley)

### **Administration/Staff**

Jim Genandt (President/CEO)  
Tracy Geisler (Exec. Assistant, board Clerk, RDC)  
Sarah Phillips (VPSS/CAO/CSAO)  
Carmela Jacobs (VP Operations/CFO/HR)  
Josh Gfeller (Chief Info Security Officer)  
Neil Ross (Dean of Student Services)



**Board of Directors Meeting Agenda  
Manhattan Area Technical College  
Tuesday, October 29, 2019  
Board meeting at 5:30 p.m.**

**Board of Directors:**

\_\_\_ Anderes, Randall Chair (Riley)    \_\_\_ Fritchen, David (Riley)    \_\_\_ Vacant  
\_\_\_ Adams, Therese Vice Chair (Riley)    \_\_\_ Pagen, John (Riley)    \_\_\_ Baker L J (Geary)  
\_\_\_ Flanary, Timothy (Pottawatomie)    \_\_\_ King-Luttman, Wendy (Clay)

**Administration/Staff:**

\_\_\_ Genandt, Jim (President/CEO)    \_\_\_ Geisler, Tracy (Board Clerk)    \_\_\_ Phillips, Sarah  
\_\_\_ Jacobs, Carmela    \_\_\_ Gfeller, Josh    \_\_\_ Ross, Neil  
\_\_\_ Faculty Senate

**\_\_\_ Call to Order**

**\_\_\_ Introductions**

- New Employees

**\_\_\_ Recognition**

- Community Support

**\_\_\_ Incidental Information**

- BOD Member Community Report

**\_\_\_ Presentations**

- FES Lighting – John Schwartz
- MATC Financial Audit (Attachment 1) \* Eric Kientz

**\_\_\_ Consent Agenda** (Routine items requiring BOD action) \*

- Approval of September 2019 Meeting Minutes (Attachment 2) \*
- Approval of October 16, 2019 (special meeting) (Attachment 3) \*
- Approval of September Check Register w/Threshold Expenditures (Attachment 4) \*
- Organizational Update (Attachment 5) \*
- President's Report (Attachment 6) \*

## **General Agenda** (Items possibly requiring BOD Action)

- 2019-2020 Negotiations – Jim Genandt

### **EXECUTIVE SESSION:**

- Employer – Employee negotiations: To discuss the proposed bargaining unit for 2019-2020.

### **OPEN SESSION:**

- Approval of the 2019-2020 Employee negotiations\*

### **EXECUTIVE SESSION:**

- Confidential Matters: Financial: Relating to the financial affairs or trade secrets of corporations, partnerships, trusts, and individual proprietorships

### **OPEN SESSION:**

- Approval of the 2019-2020 MATC College budget/audit\*

### **EXECUTIVE SESSION:**

- Confidential Matters: Wamego property: Relating to the financial affairs or trade secrets of corporations, partnerships, trusts, and individual proprietorships.

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

- Title III Update – Jim and Chris
- Recommendation - Cleaning/Maintenance Contract (Attachment 7) \* - Carmela
- Recommendation - Official Deletion of Digital Design Program (Handout) \* - Sarah
- Recommendation - EPD Program Changes (Handout) \* - Sarah
- Assessment Preparation for board members – Jim and Sarah

## **Evaluation of Board Process**

- 

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

- Foundation/Resource Development Update (Jim and Tracy)

## **Meetings and Upcoming Events**

- November 14, 2019: 5:30 p.m. at MATC Commons Area – Foundation Scholarship reception
- November 11, 2019: 7:30 a.m. at MATC in room 406 – HLC Assessment Committee/Board Member Breakfast Meeting
- No Scheduled Board Meeting in November (College closed November 25-29)
- December 17, 2019, 5:30 p.m. room 104a – December Board Meeting
- December 21, 2019, 9:30 a.m. State Union Grand Ballroom – MATC Commencement Nursing Pinning following commencement

**October 29, 2019**

**To: MATC Board of Directors**  
**From: Carmela Jacobs, Vice President of Operations/CFO**  
**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, 2019 and 2018. 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, 2019, but not provide an opinion on the internal controls. While no material weaknesses in internal controls were detected or reported, there were recommendations made to enhance the effectiveness and efficiency of the Business Office.

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, 2019. 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, 2019, is \$433,857 an increase of \$353,110 from the previous year ended June 30, 2018. The primary factor leading to the positive change in the net position was due to diligent budget monitoring to ensure the College's expenses are not in excess of its revenues.

In addition, the overall cash balance from July 1, 2018 to June 30, 2019 increased \$1,038,281, or 248%, due to the acquisition of financing for the roof that was placed into an escrow account in May 2019, with work on the roof set to begin in September 2019.

**Recommendation**

The Administration respectfully requests the attached audited financial statements for the years ended June 30, 2019 and 2018, be accepted by the Board of Directors, as presented.



October 22, 2019

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, 2019, and have issued our report thereon dated October 22, 2019. 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, 2019.

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.

## **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 entry was identified by us during our audit and were corrected by management:

- The allowance for uncollectible accounts receivable has been increased by \$181,662 to align the final balance of the allowance with management's estimate, resulting in (1) a corresponding increase to bad debt expense of \$103,572, (2) an increase to employee benefit expense of \$26,489, and (3) a decrease in miscellaneous income of \$51,601.

Components two and three of this entry related to correction of IRS tax refunds originally recorded as income and IRS tax payments and penalties originally recorded as bad debt expense.

October 22, 2019  
Manhattan Area Technical College  
Page three

**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.

**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.

**Recommendation on Internal Control**

To improve the internal controls related to accounting for cash accounts, the College should utilize the bank reconciliation module included with the general ledger accounting software. This is a significant undertaking as all of the historical data in the system would need to be cleared as part of performing the first reconciliation. We have communicated to your management that we would be available to provide assistance in performing these initial reconciliations.

**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,



Certified Public Accountants  
Manhattan, Kansas

**MANHATTAN AREA TECHNICAL COLLEGE**

Manhattan, Kansas

**FINANCIAL STATEMENTS**

**WITH**

**INDEPENDENT AUDITOR'S REPORT**

June 30, 2019 and 2018

**MANHATTAN AREA TECHNICAL COLLEGE**

Manhattan, Kansas

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June 30, 2019 and 2018

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October 22, 2019

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, 2019 and 2018, 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, 2019 and 2018, 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.

October 22, 2019  
Manhattan Area Technical College  
(Continued)

**Other Matters**

*Required Supplementary Information*

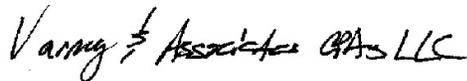
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 - 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental 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 October 22, 2019 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.



Certified Public Accountants  
Manhattan, Kansas

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
 June 30, 2019 and 2018

**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 eight member Board of Directors.

The College has served the community of northeast Kansas for over 50 years. Though the primary service area is the six 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, 2019, with selected comparative information for the year ended June 30, 2018. 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>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
<b>Assets</b>			
Current assets	\$ 1,682,912	\$ 609,052	\$ 1,073,860
Non-current assets	3,926,315	3,740,848	185,467
<b>TOTAL ASSETS</b>	<u>\$ 5,609,227</u>	<u>\$ 4,349,900</u>	<u>\$ 1,259,327</u>
<b>Liabilities</b>			
Current liabilities	\$ 762,661	\$ 605,145	\$ 157,516
Non-current liabilities	926,656	258,702	667,954
<b>Total Liabilities</b>	<u>\$ 1,689,317</u>	<u>\$ 863,847</u>	<u>\$ 825,470</u>
<b>Net Position</b>			
Net investment in capital assets	\$ 2,801,458	\$ 3,329,701	\$ (528,243)
Unrestricted	1,118,452	156,352	962,100
<b>Total Net Position</b>	<u>\$ 3,919,910</u>	<u>\$ 3,486,053</u>	<u>\$ 433,857</u>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<u>\$ 5,609,227</u>	<u>\$ 4,349,900</u>	<u>\$ 1,259,327</u>

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
 June 30, 2019 and 2018

**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, 2019 totaled approximately \$233,000. The current portion of long-term debt totaled approximately \$198,000.

Long-term liabilities at year end are comprised of four items. The largest outstanding debt is the municipal lease obtained to finance the replacement of the old roof with a new standing seam metal roof. The other liabilities include 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 2018-2019 academic year, the College was approved for financing from Government Capital Corporation to replace the roof. Structured as a municipal lease purchase agreement in accordance with K.S.A. 10-116b, the agreement provides a 10-year lease purchase agreement in the amount of \$866,110.

Additionally, 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 2019, 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.

**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>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Operating revenues	\$ 4,961,630	\$ 4,643,940	\$ 317,690
Operating expenses	7,051,513	6,824,319	227,194
Operating Loss	\$ (2,089,883)	\$ (2,180,379)	\$ 90,496
Net non-operating revenues	2,523,740	2,261,126	262,614
<b>Increase (Decrease) in Net Position</b>	<b>\$ 433,857</b>	<b>\$ 80,747</b>	<b>\$ 353,110</b>
<b>Net Position - Beginning of Year</b>	<b>3,486,053</b>	<b>3,405,306</b>	<b>80,747</b>
<b>Net Position - End of Year</b>	<b>\$ 3,919,910</b>	<b>\$ 3,486,053</b>	<b>\$ 433,857</b>

Operating expenses exceeded operating revenues for 2019, resulting in an operating loss. Student tuition and fees are now the largest source of revenue for the College whereas in the past, state appropriations, at \$2,305,998, were the largest source of revenue for the College. State appropriations 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, 2019 and 2018

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

Student tuition and fees (net of allowances) increased by \$266,063. Tuition revenue reflects an increase due to increased student enrollment during the fiscal year. The tuition rate increased a little more than six percent on a weighted average basis from the previous year and student enrollment increased eight percent.

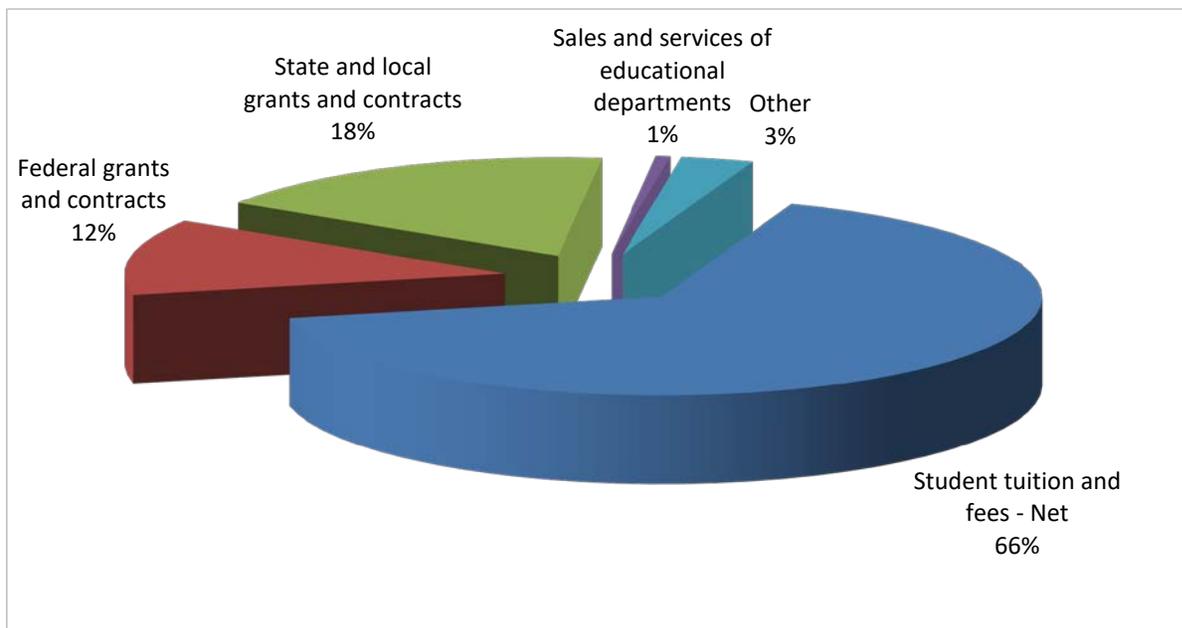
Capital grants and appropriations are generally those for which the resource provider restricts the recipient's use to capital acquisitions. During 2019, the College received \$136,545 in capital grants and appropriations from the State of Kansas. This amount represents an increase of \$3,889 (-3%) over 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 courses increased to \$145 per credit hour. Tuition rates for programs such as Auto Technology, Auto Collision Repair, Building Trades, 3DT, Air Conditioning and Refrigeration, Clinical Medical Laboratory Technology, Biotechnology, Practical Nursing and Welding increased from \$150 to \$170 per credit hour. High cost programs such as Dental Hygiene increased from \$400 to \$425 and Information & Network Technology, Associate Degree in Nursing and Electric Power Distribution increased from \$170 to \$190. Tuition and fees (net of allowances) comprise 43% of total revenues and 66% of operating revenues.
- The credit hour fee increased from \$50 to \$55 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 and state grants and contracts comprise 30% of operating revenue.

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



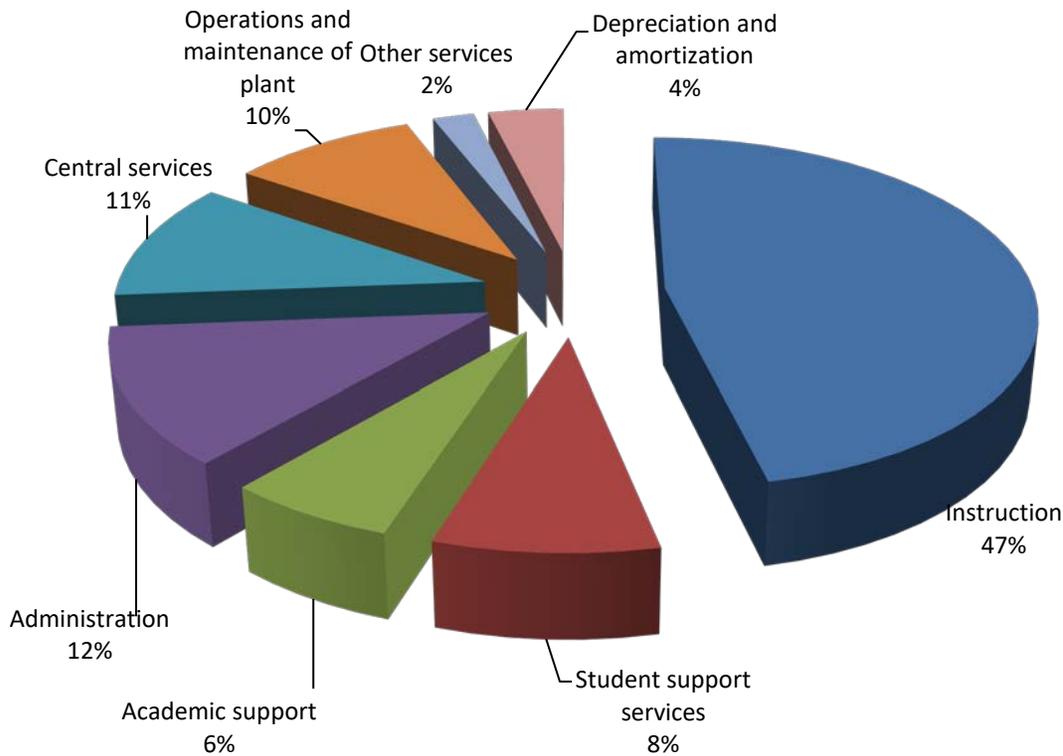
**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
 June 30, 2019 and 2018

**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, 2019, consisted of the following:

Instruction	\$ 3,287,810
Student support services	588,082
Academic support	448,728
Administration	876,425
Central services	765,266
Operations and maintenance of plant	666,437
Other services	148,211
Depreciation and amortization	270,554
<b>Total</b>	<u><u>\$ 7,051,513</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, transfers in from the Foundation and investment income and expense. The State of Kansas provided state aid in the amount of \$2,305,998 for 2019 which is an increase of 2.8% of the 2018 amount of \$2,244,129.

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)**  
 June 30, 2019 and 2018

**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>2019</u>	<u>2018</u>	<u>Increase (Decrease)</u>
Cash provided by (used in)			
Operating activities	\$ (1,835,473)	\$ (1,919,140)	\$ 83,667
Non-capital financing activities	2,505,998	2,248,326	257,672
Capital and related financing activities	341,899	(702,622)	1,044,521
Investing activities	25,857	18,904	6,953
<b>Net Increase (Decrease) in Cash and Equivalents</b>	<b>\$ 1,038,281</b>	<b>\$ (354,532)</b>	<b>\$ 1,392,813</b>
<b>Cash and Equivalents - Beginning of Year</b>	<b>419,058</b>	<b>773,590</b>	<b>(354,532)</b>
<b>Cash and Equivalents - End of Year</b>	<b>\$ 1,457,339</b>	<b>\$ 419,058</b>	<b>\$ 1,038,281</b>

Overall the College's year-end cash position increased by \$1,038,281, or approximately 248%.

**Economic Factors that Could Affect the Future**

The College is largely dependent upon ongoing financial and political support from state government. Student tuition and fees comprised over 44% of total revenues, while the College's state appropriations and capital appropriations comprised over 34% of total revenues for 2019. 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 the same funding from the state during the fiscal year as compared to the previous year. Funding levels have been especially difficult due to the increased enrollment experienced over the last several years. Fully funding the 'formula' would allocate an additional \$500,000 in state-appropriated funds to the College. This financial strain is not limited to the College, but rather, is being experienced by many two-year colleges in Kansas. The College's allocation from the state is expected to remain flat for the 2019-2020 fiscal year and beyond.

During the 2017-2018 fiscal year, 498 full-time equivalent students were enrolled. During the 2018-2019 fiscal year, full-time equivalent students had increased to 516. This represents a 3.61% increase in student enrollment over the previous year.

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 \$293,364 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, 2019 and 2018

**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.

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

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 1,457,339	\$ 419,058
Student receivable - Net of allowance of \$90,831 and \$29,637 at June 30, 2019 and 2018, respectively	92,858	149,452
Other receivables	111,599	2,067
Due from (to) activity funds	(2,701)	14,658
Prepaid expenses and other assets	23,817	23,817
<b>Total Current Assets</b>	<b>\$ 1,682,912</b>	<b>\$ 609,052</b>
<b>Non-Current Assets</b>		
Property, plant, and equipment	\$ 7,409,413	\$ 6,953,392
Less: Accumulated depreciation	(3,483,098)	(3,212,544)
<b>Total Non-Current Assets</b>	<b>\$ 3,926,315</b>	<b>\$ 3,740,848</b>
<b>TOTAL ASSETS</b>	<b>\$ 5,609,227</b>	<b>\$ 4,349,900</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 221,438	\$ 156,661
Payroll and other related liabilities	233,098	210,870
Custodial deposits for individual students	27,500	23,650
Custodial deposits for student activities	29,682	36,704
Notes payable	198,201	152,445
Other liabilities	52,742	24,815
<b>Total Current Liabilities</b>	<b>\$ 762,661</b>	<b>\$ 605,145</b>
<b>Non-Current Liabilities</b>		
Notes payable	\$ 926,656	\$ 258,702
<b>Total Liabilities</b>	<b>\$ 1,689,317</b>	<b>\$ 863,847</b>
<b>Net Position</b>		
Net investment in capital assets	\$ 2,801,458	\$ 3,329,701
Unrestricted	1,118,452	156,352
<b>Total Net Position</b>	<b>\$ 3,919,910</b>	<b>\$ 3,486,053</b>
<b>TOTAL LIABILITIES AND NET POSITION</b>	<b>\$ 5,609,227</b>	<b>\$ 4,349,900</b>

The accompanying notes are an integral part of these financial statements.  
 See Independent Auditor's Report.

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

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Student tuition and fees - Net	\$ 3,275,172	\$ 3,009,109
Federal grants and contracts	619,996	753,453
State and local grants and contracts	882,753	636,268
Sales and services of educational departments	30,639	29,785
Other	153,070	215,325
<b>Total Operating Revenues</b>	<u>\$ 4,961,630</u>	<u>\$ 4,643,940</u>
<b>OPERATING EXPENSES</b>		
Salaries	\$ 3,968,683	\$ 3,763,584
Benefits	854,619	687,742
Contractual services	604,733	728,908
Supplies and other operating expenses	1,146,564	1,195,467
Utilities	113,446	107,234
Repairs and maintenance	92,914	45,280
Depreciation	270,554	296,104
<b>Total Operating Expenses</b>	<u>\$ 7,051,513</u>	<u>\$ 6,824,319</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ (2,089,883)</u>	<u>\$ (2,180,379)</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State appropriations	\$ 2,305,998	\$ 2,244,129
Transfer from Foundation	200,000	4,197
Interest income	25,857	18,904
Interest expense	(8,115)	(6,104)
<b>Total Non-Operating Revenues (Expenses)</b>	<u>\$ 2,523,740</u>	<u>\$ 2,261,126</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ 433,857</u>	<u>\$ 80,747</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>3,486,053</u>	<u>3,405,306</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 3,919,910</u>	<u>\$ 3,486,053</u>

*Financial Statements*

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

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Tuition and fees	\$ 3,222,234	\$ 3,049,597
Grants and contracts	1,502,749	1,389,721
Sales and services of educational activities	30,639	29,785
Other sources	78,157	116,562
Vendors, suppliers, and contractors	(1,868,178)	(2,032,573)
Employee salaries and benefits	(4,801,074)	(4,472,232)
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (1,835,473)</b>	<b>\$ (1,919,140)</b>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
State appropriations	\$ 2,305,998	\$ 2,244,129
Transfer from (to) Foundation	200,000	4,197
<b>Net Cash Provided by (Used in) Non-Capital Financing Activities</b>	<b>\$ 2,505,998</b>	<b>\$ 2,248,326</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Purchases of property, plant, and equipment	\$ (456,021)	\$ (591,234)
Principal payments on notes payable	(63,300)	(103,558)
Interest payments on notes payable	(4,890)	(7,830)
Proceeds on notes payable	866,110	-
<b>Net Cash Provided by (Used in) Capital and Related Financing Activities</b>	<b>\$ 341,899</b>	<b>\$ (702,622)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest income	\$ 25,857	\$ 18,904
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>\$ 1,038,281</b>	<b>\$ (354,532)</b>
<b>CASH - BEGINNING OF YEAR</b>	<b>419,058</b>	<b>773,590</b>
<b>CASH - END OF YEAR</b>	<b>\$ 1,457,339</b>	<b>\$ 419,058</b>
<b>RECONCILIATION OF NET OPERATING REVENUES (EXPENSES) TO NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Operating income (loss)	\$ (2,089,883)	\$ (2,180,379)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities		
Depreciation expense	270,554	296,104
Principal forgiveness of economic development loan	(89,100)	(89,100)
Interest expense	(3,225)	1,726
Changes in operating assets and liabilities		
Student receivable, net	56,594	41,854
Other receivable	(109,532)	(1,366)
Due from (to) activity funds	17,359	(11,130)
Prepaid expenses	-	(18,203)
Accounts payable	64,777	50,839
Payroll liabilities	22,228	(20,906)
Deposits	3,850	(20,433)
Funds held for others - Activity funds	(7,022)	21,900
Other liabilities	27,927	9,954
<b>Net Cash Provided by (Used in) Operating Activities</b>	<b>\$ (1,835,473)</b>	<b>\$ (1,919,140)</b>

Financial Statements

**MANHATTAN AREA TECHNICAL COLLEGE**  
Manhattan, Kansas  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2019 and 2018

**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 six-county area of Northeast Kansas. Included in the range of programs are 13 full-time programs for which an applied science degree or certificate is awarded. In addition, the College offers short-term continuing education courses.

**Reporting Entity**

The Board of Directors authority delegated to staff is delegated through the President, so that all authority and accountability to staff as far as the Board is concerned to be the authority and accountability of the President. Only decisions of the Board, acting as body, are binding upon the President. 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, 2019 and 2018. 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, 2019 and 2018

**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 \$68,357 and \$56,479 as of June 30, 2019 and 2018, 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.

**MANHATTAN AREA TECHNICAL COLLEGE**  
Manhattan, Kansas  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019 and 2018

**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 (KBOR). KBOR 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 October 22, 2019, the date the financial statements are available to be issued.

**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, 2019 and 2018.

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2019 and 2018

**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, 2019 and 2018.

As of June 30, 2019, the College held deposits with a carrying balance of \$1,457,339 with a corresponding bank balance of \$1,607,366. Of the bank balance, \$500,000 was secured by FDIC insurance with the remaining \$1,107,366 secured by pledged securities with a fair market value of \$1,721,451.

As of June 30, 2018, the College held deposits with a carrying balance of \$419,058 with a corresponding bank balance of \$734,284. Of the bank balance, \$250,000 was secured by FDIC insurance with the remaining \$484,284 secured by pledged securities with a fair market value of \$2,237,996.

*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, 2019 and 2018.

**Note 3: Accounts Receivable**

Accounts receivable and unbilled charges consisted of the following at June 30, 2019:

Student receivable	\$ 183,689
Other receivable	111,599
<b>Total Accounts Receivable</b>	<u>\$ 295,288</u>
Less: Allowance for uncollectible student receivable	(90,831)
<b>Total Accounts Receivable - Net</b>	<u><u>\$ 204,457</u></u>

Accounts receivable and unbilled charges consisted of the following at June 30, 2018:

Student receivable	\$ 179,089
Other receivable	2,067
<b>Total Accounts Receivable</b>	<u>\$ 181,156</u>
Less: Allowance for uncollectible student receivable	(29,637)
<b>Total Accounts Receivable - Net</b>	<u><u>\$ 151,519</u></u>

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2019 and 2018

**Note 4: Property, Plant, and Equipment**

Following are the changes in property, plant, and equipment for the year ended June 30, 2019:

	<u>Balance at June 30, 2018</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2019</u>
<b>Property, Plant, and Equipment Not Depreciated</b>				
Land	\$ 80,934	\$ -	\$ -	\$ 80,934
Construction in process	111,382	-	-	111,382
<b>Total Property, Plant, and Equipment Not Depreciated</b>	<u>\$ 192,316</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 192,316</u>
<b>Depreciable Property, Plant and Equipment</b>				
Buildings and improvements	\$ 3,816,660	\$ 387,306	\$ -	\$ 4,203,966
Furniture, fixtures, and equipment	1,871,114	68,715	-	1,939,829
Vehicles	526,985	-	-	526,985
Software and hardware	546,317	-	-	546,317
<b>Total Other Property, Plant, and Equipment</b>	<u>\$ 6,761,076</u>	<u>\$ 456,021</u>	<u>\$ -</u>	<u>\$ 7,217,097</u>
<b>Less: Accumulated Depreciation</b>				
Buildings and improvements	\$ 1,079,901	\$ 69,356	\$ -	\$ 1,149,257
Furniture, fixtures, and equipment	1,254,143	126,671	-	1,380,814
Vehicles	467,914	17,140	-	485,054
Software and hardware	410,586	57,387	-	467,973
<b>Total Accumulated Depreciation</b>	<u>\$ 3,212,544</u>	<u>\$ 270,554</u>	<u>\$ -</u>	<u>\$ 3,483,098</u>
<b>Total Depreciable Property, Plant and Equipment - Net</b>	<u>\$ 3,548,532</u>	<u>\$ 185,467</u>	<u>\$ -</u>	<u>\$ 3,733,999</u>
<b>TOTAL PROPERTY, PLANT, AND EQUIPMENT - NET</b>	<u>\$ 3,740,848</u>	<u>\$ 185,467</u>	<u>\$ -</u>	<u>\$ 3,926,315</u>

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2019 and 2018

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

Following are the changes in property, plant, and equipment for the year ended June 30, 2018:

	<u>Balance at June 30, 2017</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance at June 30, 2018</u>
<b>Property, Plant, and Equipment Not Being Depreciated</b>				
Land	\$ 80,934	\$ -	\$ -	\$ 80,934
Construction in process	495,204	111,382	(495,204)	111,382
<b>Total Property, Plant and Equipment Not Depreciated</b>	<u>\$ 576,138</u>	<u>\$ 111,382</u>	<u>\$ (495,204)</u>	<u>\$ 192,316</u>
<b>Depreciable Property, Plant and Equipment</b>				
Buildings and improvements	\$ 3,117,753	\$ 698,907	\$ -	\$ 3,816,660
Furniture, fixtures, and equipment	1,627,543	249,444	(5,873)	1,871,114
Vehicles	526,985	-	-	526,985
Software and hardware	519,612	26,705	-	546,317
<b>Total Other Property, Plant, and Equipment</b>	<u>\$ 5,791,893</u>	<u>\$ 975,056</u>	<u>\$ (5,873)</u>	<u>\$ 6,761,076</u>
<b>Less: Accumulated Depreciation</b>				
Buildings and improvements	\$ 1,015,826	\$ 64,075	\$ -	\$ 1,079,901
Furniture, fixtures, and equipment	1,111,842	148,174	(5,873)	1,254,143
Vehicles	448,879	19,035	-	467,914
Software and hardware	345,766	64,820	-	410,586
<b>Total Accumulated Depreciation</b>	<u>\$ 2,922,313</u>	<u>\$ 296,104</u>	<u>\$ (5,873)</u>	<u>\$ 3,212,544</u>
<b>Total Depreciable Property, Plant and Equipment - Net</b>	<u>\$ 2,869,580</u>	<u>\$ 678,952</u>	<u>\$ -</u>	<u>\$ 3,548,532</u>
<b>TOTAL PROPERTY, PLANT, AND EQUIPMENT - NET</b>	<u>\$ 3,445,718</u>	<u>\$ 790,334</u>	<u>\$ (495,204)</u>	<u>\$ 3,740,848</u>

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2019 and 2018

**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, 2019 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 2019</u>
Landmark National Bank	HVAC for main building	4.10%	12/13/20	\$457,932	12/13/20	\$ 117,267	\$ -	\$ 36,720	\$ 80,547	\$ 4,710
City of Manhattan - Forgivable #1	Modular units and buildings	0.00%	07/01/21	291,000	07/01/21	87,300	-	29,100	58,200	-
City of Manhattan - Forgivable #2	Modular units and buildings	0.00%	07/01/21	300,000	07/01/21	180,000	-	60,000	120,000	-
Commerce Bank	Avamar backup system	2.26%	10/25/18	129,936	10/25/18	9,126	-	9,126	-	43
Commerce Bank	Data center equipment	2.09%	11/13/18	122,340	11/13/18	17,454	-	17,454	-	91
KS StateBank	Roof replacement	4.40%	05/23/19	866,110	05/24/29	-	866,110	-	866,110	-
<b>TOTAL NOTES PAYABLE</b>						<b>\$ 411,147</b>	<b>\$ 866,110</b>	<b>\$ 152,400</b>	<b>\$ 1,124,857</b>	<b>\$ 4,844</b>

Changes in notes payable and related deferred revenue for the College for the year ended June 30, 2018 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 2018</u>
Landmark National Bank	HVAC for main building	4.10%	12/13/05	\$457,932	12/13/20	\$ 152,581	\$ -	\$ 35,314	\$ 117,267	\$ 6,158
City of Manhattan - Forgivable #1	Modular units and buildings	0.00%	09/21/10	291,000	07/01/21	116,400	-	29,100	87,300	-
City of Manhattan - Forgivable #2	Modular units and buildings	0.00%	08/12/16	300,000	07/01/21	240,000	-	60,000	180,000	-
Commerce Bank	Avamar backup system	2.26%	10/25/13	129,936	10/25/18	36,097	-	26,971	9,126	538
Commerce Bank	Data center equipment	2.09%	11/13/15	122,340	11/13/18	58,727	-	41,273	17,454	834
<b>TOTAL NOTES PAYABLE</b>						<b>\$ 603,805</b>	<b>\$ -</b>	<b>\$ 192,658</b>	<b>\$ 411,147</b>	<b>\$ 7,530</b>

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2019 and 2018

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

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

<b>PRINCIPAL</b>	<b>2020</b>	<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024</b>	<b>2025-2029</b>	<b>Total</b>
<b>Note Payable</b>							
Landmark National Bank	\$ 38,273	\$ 42,274	\$ -	\$ -	\$ -	\$ -	\$ 80,547
City of Manhattan - Forgivable #1	29,100	29,100	-	-	-	-	58,200
City of Manhattan - Forgivable #2	60,000	60,000	-	-	-	-	120,000
KS StateBank - Roof Replacement	70,828	73,941	77,191	80,583	84,125	479,442	866,110
<b>TOTAL PRINCIPAL</b>	<b>\$ 198,201</b>	<b>\$ 205,315</b>	<b>\$ 77,191</b>	<b>\$ 80,583</b>	<b>\$ 84,125</b>	<b>\$ 479,442</b>	<b>\$ 1,124,857</b>
<b>INTEREST</b>							
<b>Note Payable</b>							
Landmark National Bank	\$ 3,203	\$ 1,663	\$ -	\$ -	\$ -	\$ -	\$ 4,866
KS StateBank - Roof Replacement	38,066	34,953	31,703	28,310	24,769	65,025	222,826
<b>TOTAL INTEREST</b>	<b>\$ 41,269</b>	<b>\$ 36,616</b>	<b>\$ 31,703</b>	<b>\$ 28,310</b>	<b>\$ 24,769</b>	<b>\$ 65,025</b>	<b>\$ 227,692</b>
<b>TOTAL PRINCIPAL AND INTEREST</b>	<b>\$ 239,470</b>	<b>\$ 241,931</b>	<b>\$ 108,894</b>	<b>\$ 108,893</b>	<b>\$ 108,894</b>	<b>\$ 544,467</b>	<b>\$ 1,352,549</b>

**MANHATTAN AREA TECHNICAL COLLEGE**  
Manhattan, Kansas  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
June 30, 2019 and 2018

**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 publicly 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](http://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 of 6% of covered salary for KPERs 1, KPERs 2 and KPERs 3 members. Member contributions are withheld by their employer and paid to KPERs according to the provisions of Section 414(h) of the Internal Revenue Code.

State law provides that the employer contribution 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 and the statutory contribution rate (not including the 1% contribution rate for the Death and Disability Program) was 16.38% and 12.01%, respectively, for the fiscal year ended June 30, 2018. The actuarially determined employer contribution rate and the statutory contribution rate was 14.59% and 13.21% for the fiscal year ended June 30, 2019. 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, 2019 and 2018.

*Net Pension Liability*

The most recent two years of data for the net pension liability of the KPERs plan are as of June 30, 2018 and 2017 and were rolled forward to that date from the previous December 31. As of June 30, 2018, the net pension liability for the KPERs state/school group was \$6,523,485,447 of which the College was allocated \$5,005,431. As of June 30, 2017, the net pension liability for the KPERs state/school group was \$6,718,968,125 of which the College was allocated \$5,233,339.

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](http://www.kpers.org) or can be obtained as described above.

**Note 7: Advertising Expense**

Advertising is expensed when incurred. Advertising expense at June 30, 2019 and 2018 was \$28,228 and \$30,514, respectively.

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
 June 30, 2019 and 2018

**Note 8: Related Party Transactions**

During 2019 and 2018, the College received \$200,000 and \$4,197, respectively from the Foundation.

**Note 9: Activity Funds**

The following are the cash balances for each activity fund for 2019 and 2018:

	<u>Balance at June 30, 2019</u>	<u>Balance at June 30, 2018</u>
MATC 650	\$ 21,122	\$ 17,968
Student Government Organization	6,764	5,980
Air Conditioning Club	1,662	1,335
Electric Power Club	3,603	3,503
Nursing Club	(3,101)	251
Building Trades Club	5,603	798
Welding Club	1,203	4,334
Auto Collision Club	92	1,545
Skills USA	(953)	3,001
Phi Theta Kappa	(1,525)	(2,590)
Auto Tech Club	1,256	1,006
Student Veterans of America	1,606	(148)
Other	(7,650)	(279)
<b>TOTAL ACTIVITY FUNDS</b>	<u>\$ 29,682</u>	<u>\$ 36,704</u>

**Note 10: Tuition and Fees - Net**

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

	<u>2019</u>	<u>2018</u>
Student tuition and fees	\$ 3,336,366	\$ 2,923,568
Less: Change in allowance for uncollectible accounts	(61,194)	85,541
<b>Total Tuition and Fees - Net</b>	<u>\$ 3,275,172</u>	<u>\$ 3,009,109</u>

**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:

	<u>2019</u>	<u>2018</u>
Direct student loans	\$ 1,591,789	\$ 1,519,797
Pell grants	810,533	819,435
Supplemental educational opportunity grants	16,567	17,500
Work - Study programs	10,387	14,344
	<u>\$ 2,429,276</u>	<u>\$ 2,371,076</u>



October 22, 2019

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, 2019, and the related notes to the financial statements, which collectively comprise the College's basic financial statements and have issued our report thereon dated October 22, 2019.

**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.

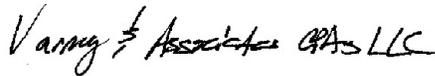
October 22, 2019  
Manhattan Area Technical College  
(Continued)

**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.



Certified Public Accountants  
Manhattan, Kansas



October 22, 2019

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, 2019. 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, the 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, 2019.

### Report on Internal Control Over Compliance

Management of the 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 the 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.

*Vannoy & Associates CPAs LLC*

Certified Public Accountants  
Manhattan, Kansas

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
 For the Year Ended June 30, 2019

**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.

**MANHATTAN AREA TECHNICAL COLLEGE**  
 Manhattan, Kansas  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
 For the Year Ended June 30, 2019

<b>Federal Grantor/Pass-Through Grantor/Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Entity Identifying Number</b>	<b>Federal Award Expenditures</b>	<b>Subrecipient Expenditures</b>
<b>U.S. Department of Education</b>				
Student Financial Aid Cluster				
Federal Supplemental Educational Opportunity Grant				
Grant	84.007	N/A	\$ 16,567	\$ -
Federal Work - Study Programs	84.033	N/A	10,387	-
Federal Pell Grant Program	84.063	N/A	810,533	-
Federal Direct Student Loans	84.268	N/A	1,591,789	-
<b>Total Student Financial Aid Cluster</b>			<b>* \$ 2,429,276</b>	<b>\$ -</b>
Higher Education Institutional Aid	84.031A	N/A	\$ 318,696	\$ -
Passed through Kansas Board of Regents				
Adult Basic Education Grants	84.002	MATC	87,579	-
Career and Technical Education - Formula Grants	84.048	MATC	140,899	-
<b>Total U.S. Department of Education</b>			<b>\$ 2,976,450</b>	<b>\$ -</b>
<b>National Science Foundation</b>				
Education and Human Resources Grant	47.076	N/A	\$ 67,822	-
<b>TOTAL FEDERAL EXPENDITURES</b>			<b>\$ 3,044,272</b>	<b>\$ -</b>

\* 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, 2019.

**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 2019.

Manhattan Area Technical  
College Board of Directors  
**Special Meeting**  
October 16, 2019 Room 104a

1. The Board of Directors of the Manhattan Area Technical College met October 16, 2019, at 5:30 p.m. in room 104a.

Members present: Randall Anderes, Timothy Flanary, John Pagen, LJ Baker (via phone), Therese Adams, Wendy King-Luttman and David Fritchen

Also present Jim Genandt, President/CEO; Tracy Geisler, Executive Assistant/Board Clerk/Resource Development Coordinator; Sarah Phillips, VP Student Success/CAO/CSAO; Neil Ross, Dean of Student Services; Josh Gfeller, Chief Information Security Officer

- a. Faculty/Staff/SGO/Visitors: Harry Watts, Chris Boxberger, Rodney Stanfield, Malissa Bourbina, Melissa Weber, Kelly Wright, and Brian Koch
2. CALL TO ORDER: Randall Anderes, Board Chair called the meeting to order.
    - a. Board Clerk Tracy Geisler stated to Mr. Chair that the executive session will be changed from Confidential Matters to Consultation with College Attorney/Confidential Matters.
  3. GENERAL AGENDA (items possibly requiring BOD action)
    - President Jim Genandt explained the possibility of the MATC Expansion including the several letters of support that we have received. After questions and discussion, the board went into executive session (see below).

EXECUTIVE SESSION: CONSULTATION WITH COLLEGECONFIDENTIAL MATTERS – Relating to financial affairs or trade secrets of corporations, partnerships, trusts, and individual proprietorships. Therese Adams moved to go into executive session at 5:54 p.m. and return to open session at 6:24 p.m. John Pagen seconded. Motion carried 6 yeas, 0 nays. At 6:24 p.m. Randall Anderes moved to return to open session. Wendy King-Luttman seconded. Motion carried 6 yeas, 0 nays. At 6:25 p.m. Therese Adams moved to return to executive session for this matter and return to open at 6:55 p.m. Wendy King-Luttman seconded. Motion carried 6 yeas, 0 nays. At 6:55 p.m. Randall Anderes moved to return to open session. John Pagen seconded. Motion carried 6 yeas, 0 nays.

OPEN SESSION – Therese Adams moved to approve the President of the College to begin negotiations with Blue Stem REC regarding the legal, outright purchase of the designated property in Wamego using the business acquisition offer structure as discussed and presented in executive session. Randall Anderes seconded. Roll Call vote was taken by board clerk, Tracy Geisler including the vote from L.J. Baker via phone. Motion carried 7 yeas, 0 nays.

ADJOURNMENT: Randall Anderes, Board Chair adjourned the meeting at 6:57 p.m.

Manhattan Area Technical  
College Board of Directors  
Meeting  
September 24, 2019 Room 104a

1. The Board of Directors of the Manhattan Area Technical College met September 24, 2019 at 5:30 p.m. in room 104a.

Members present: Randall Anderes, Timothy Flanary, John Pagen, LJ Baker, Wendy King-Luttman, and David Fritchen

Members absent: Therese Adams

Also present Jim Genandt, President/CEO; Tracy Geisler, Executive Assistant/Board Clerk/Resource Development Coordinator; Sarah Phillips, VP Student Success/CAO/CSAO; Carmela Jacobs, VP Operations/CFO/HR; Neil Ross, Dean of Student Services; Josh Gfeller, Chief Information Security Officer

- a. Faculty/Staff/SGO/Visitors: Harry Watts, Chris Boxberger, Francisca Hinojosa, Tyler Stoldt, and Teresa Finley

2. CALL TO ORDER

- Randall Anderes called the meeting to order at 5:30 p.m.

3. INTRODUCTIONS

- Introductions were made for new employees: Tyler Stoldt, Academic Advisor; Francisca Hinojosa, ALC/TLC; Teresa Finley, Student Service Clerk

4. RECOGNITION

- Trent Armbrust was recognized by President Jim, the College employees/staff and the board of Directors for his outstanding efforts of support that he has given to MATC while employed with the Manhattan Chamber of Commerce.

5. INCIDENTAL INFORMATION

- L. J. Baker notified the board that he is now on the board of the Geary County Hospital.

6. PROGRAM/DEPARTMENT HIGHLIGHTS

- Richard Berndt gave a presentation to the board about his Construction Technology Program including the donations he has received from his BILT partners.

7. CONSENT AGENDA (Routine items requiring BOD action) \*

- President Jim discussed in detail referring to his President's report (attachment 4), highlighting the foundation fundraising dollars and the projects that have been completed. He also discussed the differences of the payroll deduct and other incentives that have taken place from the MATC Foundation. After discussion, Wendy King-Luttman moved to approve the Consent Agenda (attachments 1-4), L.J. Baker seconded.

8. GENERAL AGENDA (items possibly requiring BOD action)

- Carmela Jacobs presented an update on the Audit and Facilities. The recommendation for the new cleaning crew will be presented at the October board meeting.
- President Jim presented an update on Compensation and Benefits, more information will be given in executive session.
- President Jim gave an update on Title III, a request has been sent for the new Title III Director.

9. EVALUATION OF BOARD PROCESS

- None

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

- Tracy Geisler presented an update on the board of director applications that have been received. The interview committee for the board will be Randall Anderes, Wendy King-Luttman and John Pagen.

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

- Tracy Geisler updated the board on the web-site payment for donations and that effort to get this in place soon. Tracy participated in the Good Morning Manhattan event and had a table representing the foundation.

EXECUTIVE SESSION: CONFIDENTIAL MATTERS – Wamego- Relating to financial affairs or trade secrets of corporations, partnerships, trusts, and individual proprietorships. John Pagen moved to go into executive session at 6:38 p.m. and return to open session at 6:53 p.m. L.J. Baker seconded. Motion carried 6 yeas, 0 nays. At 6:53 p.m. John Pagen moved to return to open session. Wendy King-Luttman seconded. Motion carried 6 yeas, 0 nays. No action was taken.

EXECUTIVE SESSION: NEGOTIATION MATTERS – Employer – Employee negotiations  
John Pagen moved to go into executive session to discuss negotiation matters, employer/employee negotiations to protect the interest of the business to be discussed at 6:53 p.m. and return to open session at 7:03 p.m. L.J. Baker seconded. Motion carried 6 yeas, 0 nays. At 7:03 p.m. moved to return to open session. L.J. Baker seconded. Motion carried 6 yeas, 0 nays. No action was taken

ADJOURNMENT: Randall Anderes, Board Chair adjourned the meeti



October 29, 2019

Attachment 4

To: The Board of Directors  
 From: Carmela Jacobs, Vice President of Operations/CFO  
 Re: September 2019 Expenditures

Category	Costs	%
Payroll, Withholdings and Benefits	\$ 323,956.95	31.57%
Facilities	\$ 27,818.07	2.71%
Student Payments	\$ 327,514.99	31.92%
Program Expenditures	\$ 48,243.30	4.70%
ALC Operating Costs (excluding salary/benefits)	\$ 1,082.43	0.11%
Other Operating costs	\$ 297,452.63	28.99%
<b>Total September Expenditures</b>	<b>\$ 1,026,068.37</b>	<b>100%</b>

Threshold Expenditures > \$5,000				
Vendor Name	Item(s) Purchased	Cost	Department	Funding
Charlson & Wilson Insurance Agency	Professional Liability/Crime Insurance Renewal	\$ 7,737.00	All School	general fund
Matheson	Welding Student Tool Kits	\$ 33,691.07	Welding	student fees
MAC Tools	Auto Tech/ACR Student Tool Kits	\$ 93,421.90	AT/ACR	student fees
College Board	PowerFAIDS Financial Aid Software Renewal	\$ 10,232.00	All School	general fund
CDW	CISCO Catalyst 4500X-Switches	\$ 43,694.11	All School	Title III Grant
Eagle Technologies	Server/Switch/SAN (IT)	\$ 60,471.89	All School	Title III Grant
ISG Technology LLC	CISCO Network Security Firewall	\$ 6,330.00	All School	Title III Grant
KSU - Office of Ed. Innovation/Evaluation	Year 1 Evaluation - NSF ATE Grant	\$ 15,200.00	CET	NSF Grant
Nationwide Trust Contr.	Remit 403b	\$ 5,689.02	All School	payroll deductions
KS Dept of Revenue	Remit KS State Taxes - PR	\$ 5,804.22	All School	payroll deductions
Westar	Utilities	\$ 7,640.18	All School	general fund
KPERS	KPERS payments - PR 9.13.19	\$ 7,506.70	All School	payroll deductions
IRS	Federal Tax Payment/Remit PR 9.13.19 Deductions	\$ 34,420.52	All School	pr ded/general fund
IRS	Federal Tax Payment/Remit PR 9.30.19 Deductions	\$ 39,688.89	All School	pr ded/general fund
<b>Total September Expenditures Exceeding Threshold</b>		<b>\$ 371,527.50</b>		



**MEMORADUM TO:** The Board of Directors  
**FROM:** Jim Genandt, President  
 Human Resources  
**DATE:** October 29, 2019  
**SUBJECT:** Consent Agenda: Organizational Update

New Hire/Rehires/New Positions					
Employee Name	Position Title	DOH	Department	Funding Source	Status
Jennifer Smith	Flint Hills GED Instructor	10/22/2019	ALC	ALC	New Hire
Promotions/Title Changes					
Employee Name	Position Title	DOC	Department	Funding Source	Status
Kelly Wright	Assistant Director of Financial Operations	10/1/2019	Finance	Operating	Promotion
Malissa Bourbina	Operations Coordinator	10/1/2019	Finance	Operating	Title Change
Separations/Retirements					
Employee Name	Position Title	DOS	Department	Funding Source	Status
Misty Schraeder	Administrative Assistant	10/30/2019	Nursing	Operating	Resignation
Advertised Positions					
Position Title			Department	Funding Source	Status
Associate Degree Nursing Adjunct Clinical Instructor			Nursing	Operating	Open
Registrar			Student Services	Operating	Open
Financial Operations Specialist			Finance	Operating	Open
Part-Time Auto Tech Assistant			Auto Tech	Operating	Open

## President's Report: October 2019

This is a summary of some key meetings and opportunities since my last report:

## Owner Expectations:

- 9/25 I attended the Tech Education meeting at the Junction City Chamber of Commerce.
- 9/26 I participated in the KBOR Technical Education Authority (TEA) conference call.
- 9/26 Carmela, Tracy, Harry, and I attended the Flint Hills Economic Update sponsored by INTRUST.
- 10/1 Tracy, Harry, and I attended the City Commission meeting and our request for waiving the remainder of our forgivable loan was approved to help with our roof replacement project.
- 10/4 I was invited to attend a portion of the Faculty Senate meeting and provide updates.
- 10/8 I participated in a conference call for the work-based learning committee of the Governor's Education Council.
- 10/14 I provided two workshop sessions at Manhattan High School for USD 383 in-service.
- 10/15 I attended a portion of the Manhattan Chamber of Commerce retreat.
- 10/15 I was interviewed by Rafael Garcia of the Manhattan Mercury, and my Miriam Chamberlain of KSU Channel 8.
- 10/16 I was on In Focus with KMAN radio.
- 10/17 I participated in the TEA's Advocacy Committee meeting, and the TEA Curriculum and Program Review Committee meeting.
- 10/18 Carmela, Sarah, and I met with Dre'Vel Taylor and Vivienne Uccello from the City of Manhattan concerning the 2020 US Census project and our engagement with that effort.
- 10/18 We had a negotiations meeting with the team representing the bargaining unit.
- 10/19 Carmela, Sarah, and I shared information at a meeting of the Faculty.
- 10/22 I attended the Junction City High School CTE Event.
- 10/22 I attended the Manhattan City Commission meeting regarding the annual economic development report to the city.

## Employer Needs &amp; Response:

- 10/2 I participated on a workforce panel at the Kansas Manufacturing Council conference in Manhattan.
- 10/3 I met with administrators of the Geary County Hospital along with representatives from Cloud Community College and Theresa Bramlage (chairperson of the hospital board).
- 10/7-8 Morgen Stoecklein, Sarah Phillips, Chris Boxberger, and I attended the Kansas Workforce Innovations Conference in Wichita.
- 10/10 I participated in the KEEP program at Ft. Riley, to share about employment opportunities.
- 10/23 I attended the GMEP meeting.
- 10/25 We hosted a teleconference with the representatives of the Career Academy in Lincoln, NE.
- 10/28 We hosted a meeting to discuss strategy and workforce objectives with representatives of Flint Hills Job Corps.

## Resource Development:

- 10/3 I met with Greg Nichols, President of Salina-Tech, and Steve Kearney, lobbyist for the Kansas Technical Colleges to prepare a request for a tax credit bill to share with appropriate members of The Kansas State Legislature.
- 10/3 Tracy and I met with Lyle Butler to provide updates on our efforts and our needs for resources.
- 10/10 Josh Gfeller, Andrew Caponera, and I met with John Schwartz of FES to discuss that company's approach to organizational lighting and energy savings.
- 10/11 Carmela, Sarah, and I toured the AIB lab building (which is for sale).
- 10/16 Greg and Katie from the KSU Foundation met with Tracy and I about our programs.



National Accrediting Agency  
for Clinical Laboratory Sciences

*A NON-PROFIT ORGANIZATION*

October 31, 2019

James D. Genandt  
President  
Manhattan Area Technical College  
3136 Dickens Ave.  
Manhattan, KS 66503

Dear President Genandt:

Enclosed is the NAACLS Board of Directors official accreditation award for your MLT program from the September 26-27, 2019 meeting.

The Board of Directors' based the award length on the continuing accreditation review process that included a site visit of your program during spring 2019.

NAACLS granted your program an extension of accreditation for 1 year. NAACLS has deducted the extension from the accreditation award. Accreditation for your program will continue until October 31, 2028. As a result, your program will commence the continuing accreditation process with submission of the Self-Study Report on October 1, 2027 and the scheduling of a site visit during spring 2027. We provide this information to assist you in your program's administrative and financial planning.

This letter and the accompanying award represent formal accreditation by NAACLS. The NAACLS staff will forward the Certificate of Accreditation to the Program Director.

Sincerely,

A handwritten signature in black ink that reads "William H. Hunt". The signature is written in a cursive, flowing style.

William H. Hunt, MBA, MLS(ASCP)<sup>cm</sup>  
President, NAACLS Board of Directors

cc: Marcella Fickbohm, MS, MT(ASCP), Program Director  
Marilyn Mahan, MAEd, Vice President of Instruction

Enclosure: NAACLS Board of Directors' Accreditation Award

## **NAACLS BOARD OF DIRECTORS' ACCREDITATION AWARD**

The Medical Laboratory Technician Program of **Manhattan Area Technical College** in **Manhattan, KS**, is awarded **Continuing Accreditation for ten (10) years minus 1 year for a previous extension of accreditation.**

A Year 5 Interim Report must be submitted to the NAACLS office no later than **October 1, 2023**. The Interim Report must include the following:

1. Summary of last five years of annual reporting
2. Narrative on how outcomes measures are analyzed and used in program assessment and continuous quality improvement of the program (outcomes measures that cannot be quantitatively analyzed are to be included in this narrative). The results of program outcomes measures and assessment must include findings from graduate and employer feedback and be:
  - Reflected in ongoing curriculum development, resource acquisition/allocation, and program modification.
  - Analyzed to demonstrate the effectiveness of any changes implemented.
3. Narrative summary of changes, if any, that occurred within the program since the previous award. These could include but are not limited to changes in resources, education delivery modes, relevant partnerships, or other.

Programs that are required to provide an Annual Report Action Plan as part of NAACLS' Annual Reporting process (refer to the *NAACLS Guide to Accreditation and Approval*) must submit additional required materials as part of the "Year 5 Interim Report".

*An unsatisfactory "Year 5 Interim Report" will result in a requested Progress Report within six to twelve months, possible probationary accreditation, and possible elimination of a ten year accreditation award after the next review.*

*Failure to submit the required report by the due date may result in Administrative Probation.*

Marcella Fickbohm, MS, MT(ASCP) is recognized as Program Director.

*William H. Hunt*

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William H. Hunt, MBA, MLS(ASCP)<sup>cm</sup>  
President, NAACLS Board of Directors

*Dianne M. Cearlock*

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Dianne M. Cearlock, PhD  
Chief Executive Officer

**September 26-27, 2019**



**October 29, 2019**

**To: MATC Board of Directors**  
**From: Carmela Jacobs, Vice President of Operations**  
**Re: Recommendation – Janitorial Services**

### **Background Information**

Manhattan Area Technical College is comprised of a main building and eleven ancillary facilities, totaling approximately 81,000 square feet. College programs require a variety of environments, ranging from, but not limited to, medically clinical to industrial to business office space. Accordingly, the janitorial service to maintain the facilities must be trained and supervised in multiple types of cleaning processes.

### **Current and Future Considerations**

Providing clean, well maintained facilities is essential to the learning environment, and our mission to provide quality technical and general education. A substandard environment not only affects the learning environment, but also public perception of the quality of education provided.

The previous contracted janitorial service was with All-Star Services, and consisted of three custodians, with support from specialists for carpet and window cleaning. On June 30, 2019, the College terminated the contract with All-Star in favor of hiring a staff custodial employee. The employee hired resigned after approximately one month. The College then contacted several janitorial agencies to determine who could provide custodial services on short notice. C&R Services (a division of Marta's Cleaning Service, located in Manhattan, KS) was able to step in and provide the needed services on short notice. We entered into a temporary contract with C&R Services, set to expire October 30, 2019. The College would like to extend their contract through June 30, 2019.

### **Fiscal Implications**

The annual contract fee for All-Star Services was \$73,200. C&R Services presented an annual quote of \$54,840. The financial impact is significantly less than All-Star Services: a savings of \$18,360. The College has been able to utilize the savings to invest in, and upgrade, custodial products and supplies (i.e. a contract with Cintas that provides vacuums, cleaners, rags, etc.).

### **Recommendation**

Administration respectfully requests the Board approve this extension in service contract for custodial services to be effective for the period of November 1, 2019 – June 30, 2020.