

WESTERN IOWA TECH COMMUNITY COLLEGE
SIOUX CITY, IOWA

INDEPENDENT AUDITORS' REPORTS
BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTAL INFORMATION
SCHEDULE OF FINDINGS
AND QUESTIONED COSTS

JUNE 30, 2004

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WESTERN IOWA TECH COMMUNITY COLLEGE

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
Board of Directors (<u>After September, 2003 Election</u>)		
Dr. Robert Rasmus	President	2004
Russell Wray	Vice President	2006
Deborah Cook	Member	2004
Derrick Franck	Member	2005
Curt Grigg	Member	2005
Michael Hunter	Member	2006
Norman Lang	Member	2006
William Lyle	Member	2005
Eldon Schroder	Member	2005

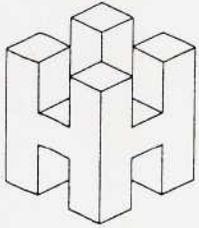
Board of Directors
(Before September, 2003 Election)

Dr. Robert Rasmus	President	2004
Russell Wray	Vice President	2003
Deborah Cook	Member	2004
Derrick Franck	Member	2005
Curt Grigg	Member	2005
Norman Lang	Member	2004
William Lyle	Member	2005
Wanda Schwier	Member	2003
Eldon Schroder	Member	2005

Community College

Dr. Robert E. Dunker	President
Troy A. Jasman	Executive Director of Administrative Services and Chief Financial Officer
Brenda S. Bradley	Board Secretary/Treasurer and Executive Director of Human Resources

WESTERN IOWA TECH COMMUNITY COLLEGE



HENJES, CONNER,
WILLIAMS & GRIMSLEY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

800 FRANCES BUILDING
505 FIFTH STREET
P.O. BOX 1528
SIOUX CITY, IOWA 51102

PH. (712) 277-3931
(800) 274-3931
FAX (712) 233-3431

INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Western Iowa Tech Community College
Sioux City, Iowa

We have audited the accompanying statement of net assets, and the related statements of revenues, expenses and changes in net assets and cash flows, of WESTERN IOWA TECH COMMUNITY COLLEGE, as of and for the year ended June 30, 2004. These financial statements are the responsibility of Community College management. Our responsibility is to express an opinion on these basic financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Western Iowa Tech Community College at June 30, 2004, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our reports dated September 1, 2004, on our consideration of Western Iowa Tech Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 4 through 10 and 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Government Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the statement of net assets, and the related statements of revenues, expenses and changes in net assets and cash flows, which collectively comprise Western Iowa Tech Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2003 (none of which are presented herein), and expressed unqualified opinions on those financial statements. The supplemental information, included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by the U. S. Office of Management and Budget (OMB) Circular A-133, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Henry C. Conner
Williams & Ginsley, L.L.P.
Certified Public Accountants

Sioux City, Iowa
September 1, 2004



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**Western Iowa Tech
Community College**
4647 Stone Avenue
P.O. Box 5199
Sioux City, IA 51102-5199
712-274-6400
800-352-4649
Fax: 712-274-6412
www.witcc.com

■
**Cherokee Campus
& Conference Center**
Denison Campus
Ida Grove Center
Le Mars Center
Mapleton Center
Sioux City Campus

MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Western Iowa Tech Community College provides this Management's Discussion and Analysis of the Community College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2004. We would encourage the reader to consider this information in conjunction with the Community College's financial statements which follow.

FINANCIAL HIGHLIGHTS

- Operating revenues increased 5.6%, or approximately \$1,107,245, from fiscal year 2003 (FY03). Tuition and fees, New Jobs Training (NJTP), auxiliary enterprises and miscellaneous revenues increased while federal revenues decreased slightly.
- Operating expenses were 2.5%, or approximately \$752,036, more in FY04 than in FY03. Liberal arts and sciences, vocational technical, cooperative services, student services, learning resources, general institution and auxiliary enterprises increased, while adult education, administration and physical plant decreased.
- Non-operating revenue decreased 6.5%, or approximately \$896,446, from FY03 mainly due to a reduction in property tax offset by an increase in state appropriations.
- The Community College's net assets increased 15.4%, or approximately \$2,631,422 from FY03.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements and other information as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides management's analytical overview of the Community College's financial activities.

The basic financial statements consist of a statement of net assets, statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the Community College as a whole and present an overall view of the Community College's finances.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with a comparison of the College's budget for the year.

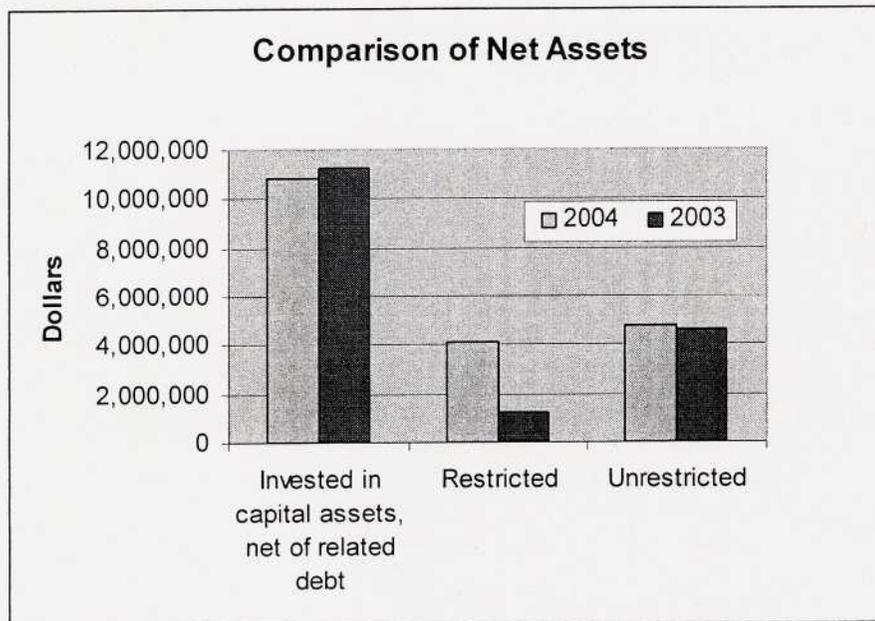
Other supplementary information provides detailed information about the individual funds. In addition, the schedule of expenditures of federal awards provides details of various programs benefiting the College.

REPORTING THE COLLEGE AS A WHOLE

The Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities and net assets of the Community College as a whole, as of June 30, 2004 which is the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the Community College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the Community College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the Community College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

	Net Assets	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Current assets	\$24,514,647	\$22,027,909
Capital assets, net of accumulated depreciation	15,695,575	12,080,760
Other assets	<u>689,793</u>	<u>306,863</u>
Total assets	<u>40,900,015</u>	<u>34,415,532</u>
Current liabilities	11,259,973	10,087,662
Non-current liabilities	<u>9,923,235</u>	<u>7,242,485</u>
Total liabilities	<u>21,183,208</u>	<u>17,330,147</u>
Net assets:		
Invested in capital assets, net of related debt	10,870,575	11,245,760
Restricted	4,094,558	1,267,152
Unrestricted	<u>4,751,674</u>	<u>4,572,473</u>
Total net assets	<u>19,716,807</u>	<u>17,085,385</u>
 Total Liabilities and Net Assets	 <u>\$40,900,015</u>	 <u>\$34,415,532</u>



The largest portion of the Community College's net assets (55%) is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (21%) includes resources that are subject to external restrictions. The remaining net assets (24%) are the unrestricted net assets that can be used to meet the Community College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

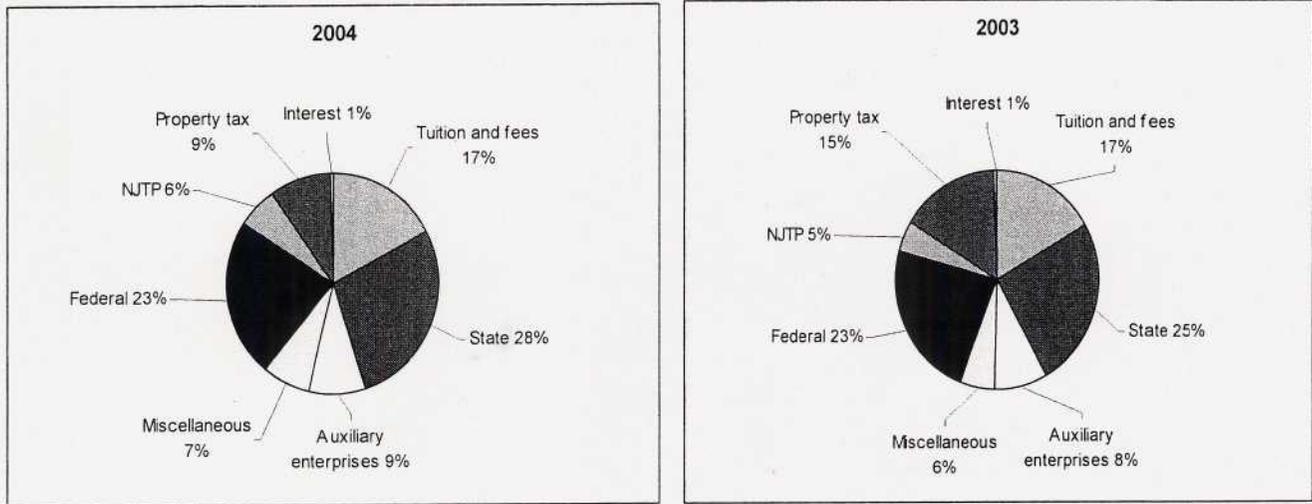
Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the Community College, both operating and non-operating, and the expenses paid by the Community College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the Community College.

In general, a public community college, such as Western Iowa Tech Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Operating revenues are received for providing goods and services to the students, customers and constituencies of the Community College. Operating expenses are those expenses paid to acquire or produce the goods and services provided in return for the operating revenues and to carry out the mission of the Community College. Non-operating revenues are revenues received for which goods and services are not directly provided. The utilization of capital assets is reflected in the financial statements as depreciation, which allocates the cost of an asset over its expected useful life.

	Changes in Net Assets	
	Year Ended <u>June 30, 2004</u>	Year Ended <u>June 30, 2003</u>
Operating revenue:		
Tuition and fees, net	\$ 5,807,741	\$ 5,651,595
Federal appropriations	7,788,142	7,837,206
Sales and services	126,436	109,510
Iowa Industrial New Jobs Training Program	2,064,372	1,577,803
Auxiliary enterprises	2,916,532	2,740,297
Miscellaneous	<u>2,014,933</u>	<u>1,694,500</u>
Total operating revenue	<u>20,718,156</u>	<u>19,610,911</u>
Total operating expenses	31,024,443	30,272,407
Operating loss	<u>(10,306,287)</u>	<u>(10,661,496)</u>
Non-operating revenues (expenses)		
State appropriations	9,355,305	8,421,172
Property tax	3,086,008	5,182,880
Interest income on investments	218,841	199,897
Gifts and Grants	276,107	77,224
Bad-Debt Recovery	20	1,056
Gain (Loss) on sale of capital assets	30,151	(15,458)
Interest on indebtedness	<u>(28,723)</u>	<u>(32,616)</u>
Net non-operating revenues	<u>12,937,709</u>	<u>13,834,155</u>
Increase in net assets	2,631,422	3,172,659
Net assets at the beginning of the year	<u>17,085,385</u>	<u>13,912,726</u>
Net assets at the end of the year	<u>\$19,716,807</u>	<u>\$17,085,385</u>

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year with an increase in the net assets at the end of the fiscal year.

Total Revenues by Source



In fiscal year 2004, operating revenues increased by approximately \$1,107,245 or 5.6%. The increase was a result of the following changes:

Tuition and fees, net of scholarship allowances, increased by approximately \$156,146 due to an increase in the number of students enrolled as well as a modest tuition increase.

Federal revenues decreased by \$49,064 due to a reduction in Carl Perkins funding.

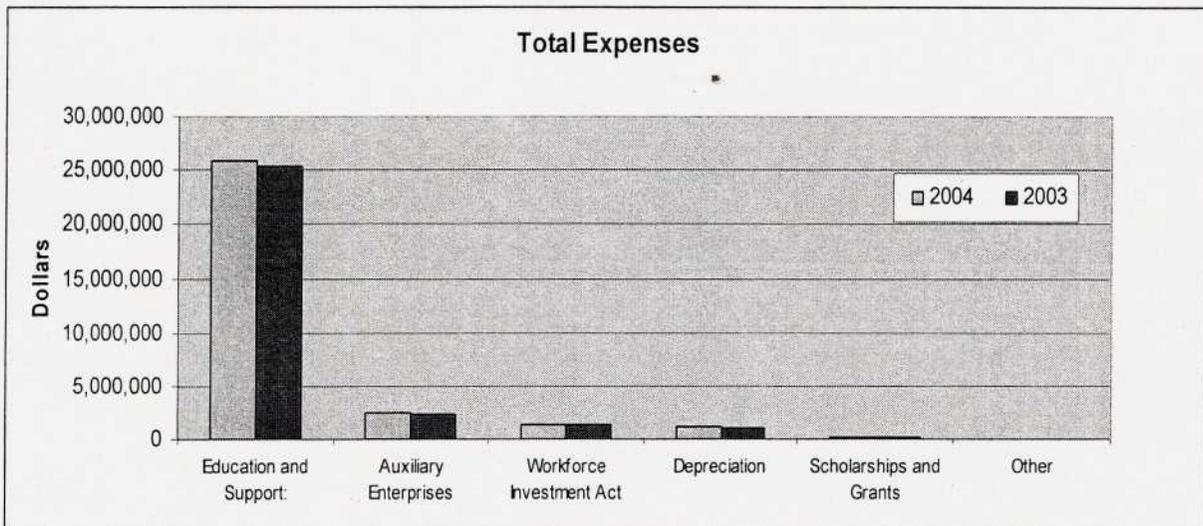
The New Jobs Training Program (NJTP) increased by \$486,569 due to the number of issues resulting in more withholdings.

Auxiliary enterprises revenue increased by approximately \$176,235 due mostly to additional students purchasing books and supplies.

Miscellaneous revenues increased by approximately \$320,433 due to the operating equipment maintenance program.

Operating Expenses

	Year Ended <u>June 30, 2004</u>	Year Ended <u>June 30, 2003</u>
Education and Support:		
Liberal Arts and Sciences	\$2,903,914	\$ 2,781,391
Vocational Technical	6,674,041	6,143,574
Adult Education	1,625,510	2,004,775
Cooperative Services	2,876,415	2,425,816
Administration	1,365,849	1,400,845
Student Services	1,369,335	1,368,664
Learning Resources	243,946	241,967
Physical Plant	3,742,990	3,981,079
General Institution	5,114,798	4,960,472
Auxiliary Enterprises	2,448,726	2,325,381
Scholarships and Grants	129,114	190,865
Workforce Investment Act	1,381,190	1,404,036
Loan Cancellations and Bad Debts	48	27
Depreciation	<u>1,148,567</u>	<u>1,043,515</u>
Total	<u>\$31,024,443</u>	<u>\$30,272,407</u>



In fiscal year 2004, operating expenses increased by approximately \$752,036 or 2.5%. The following factors explain some of the changes:

Liberal arts and sciences, vocational technical and adult education, the three functions relating to student instruction, increased approximately \$273,725. This was due to the increasing costs of salaries and benefits, materials, supplies and equipment needs.

Cooperative services increased by approximately \$450,599 as a result of increased payments to companies participating in the Iowa Industrial New Jobs Training Program. These expenses are dependent on the needs of the participating companies.

Auxiliary enterprises expenses before depreciation increased by approximately \$123,345 due mainly to the purchase of additional books for resale.

Statement of Cash Flows

A statement included in Western Iowa Tech Community College's basic financial statements is the Statement of Cash Flows. This Statement of Cash Flows is an important tool in helping users assess the Community College's ability to generate future net cash flows, its ability to meet its obligations as they come due and its need for external financing. The Statement of Cash Flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital and related financing and investing activities.

	Cash Flows	
	Year Ended <u>June 30, 2004</u>	Year Ended <u>June 30, 2003</u>
Cash provided (used) by:		
Operating Activities	\$(8,301,926)	\$ (9,275,094)
Non-capital Financing Activities	12,741,124	13,714,341
Capital and Related Financing Activities	(2,105,016)	(3,351,367)
Investing Activities	<u>104,829</u>	<u>153,158</u>
Net Increase in Cash	2,439,011	1,241,038
Cash at the beginning of the year	<u>15,024,961</u>	<u>13,783,923</u>
Cash at the end of the year	<u>\$17,463,972</u>	<u>\$15,024,961</u>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, local property tax received by the Community College and gifts and grants as well as agency fund receipts and disbursements. Cash used by capital and related financing activities represent the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

CAPITAL ASSETS

At June 30, 2004, the Community College had approximately \$15.7 million invested in capital assets, net of accumulated depreciation of \$18.8 million. Depreciation charges totaled \$1,148,567 for Fiscal Year 2004. Details of the capital assets are shown below.

	Capital Assets, Net, at Year End	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Land	\$ 444,784	\$ 444,784
Buildings	9,849,816	9,405,613
Construction in progress	3,890,761	1,152,112
Furniture and equipment	<u>1,510,214</u>	<u>1,078,251</u>
Total	<u>\$15,695,575</u>	<u>\$12,080,760</u>

Planned capital expenditures for the fiscal year to end June 30, 2005 and beyond include the completion of the new \$7.5 million classroom addition project building. The Community College will spend approximately \$750,000 on furniture and equipment for the new addition. More detailed information about the Community College's capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2004, the Community College had \$9.5 million in debt outstanding, an increase of \$2,655,000 from 2003. The table below summarizes these amounts by type.

	Outstanding Debt	
	<u>June 30, 2004</u>	<u>June 30, 2003</u>
Certificates payable	\$4,690,000	\$6,025,000
Bonds payable	680,000	835,000
Capital loan notes payable	<u>4,145,000</u>	<u>0</u>
Total	<u>\$9,515,000</u>	<u>\$6,860,000</u>

More detailed information about the Community College's outstanding debt is presented in Note 6 to the financial statements.

ECONOMIC FACTORS

Western Iowa Tech Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state, as well as the nation, continues to be a concern for Community College officials. Some of the realities that may potentially become challenges for the Community College to meet are:

State aid for fiscal year 2005 is expected to increase approximately \$175,219 over the prior year. This slight increase provides some relief toward increased costs.

Expenses will continue to increase. As the number of students increase, the costs associated with serving them will continue to increase. The increased cost of health insurance benefits continues to prove problematic in budgeting.

Facilities at the Community College will continue to require constant maintenance and upkeep as well as the increased costs for the new classroom addition project which is expected to be completed by January, 2005.

Technology continues to expand and current technology becomes outdated presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.

The Community College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Community College's ability to react to unknown issues.

CONTACTING THE COMMUNITY COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college merged area and our creditors with a general overview of the Community College's finances and to demonstrate the Community College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Western Iowa Tech Community College, 4647 Stone Avenue, Sioux City, Iowa 51106.

BASIC FINANCIAL STATEMENTS

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

JUNE 30, 2004

ASSETS

CURRENT ASSETS

Cash and Pooled Investments - Note 2	\$ 17,463,972
Receivables:	
Accounts (Less Allowance of \$168,168)	1,092,669
Property Tax	2,996,644
Pledges	158,825
Due from Other Governments	1,439,522
Inventories - Note 3	437,724
Prepaid Expenses	925,291

Total Current Assets

\$ 24,514,647

CAPITAL ASSETS

Capital Assets, Net of Accumulated Depreciation - Note 4	\$ 15,695,575
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OTHER ASSETS

Other Investments	\$ 420,895
Pledges Receivable	<u>268,898</u>

Total Other Assets

\$ 689,793

Total Assets

\$ 40,900,015

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable	\$ 2,131,024
Salaries and Benefits Payable	799,257
Accrued Interest	32,143
Deferred Revenue	4,203,669
Early Retirement Payable - Note 14	100,703
Compensated Absences	520,182
Deposits Refundable	12,700
Deposits Held in Custody for Others	1,219,342
Payable for Cost of Iowa Industrial New Jobs Training Programs	265,953
Certificates Payable - Note 6	1,120,000
Bonds Payable - Note 6	160,000
Notes Payable - Note 6	<u>695,000</u>
Total Current Liabilities	\$ 11,259,973

OTHER LIABILITIES

Early Retirement Payable - Note 14	\$ 1,309,681
Payable for Cost of Iowa Industrial New Jobs Training Programs	1,073,554
Certificates Payable - Note 6	3,570,000
Bonds Payable - Note 6	520,000
Notes Payable - Note 6	<u>3,450,000</u>
Total Other Liabilities	\$ <u>9,923,235</u>
Total Liabilities	\$ 21,183,208

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 10,870,575
Restricted	
Expendable:	
Scholarships and Grants	\$ 61
Loans	105,956
Debt Service	3,341,907
Cash Reserve	678,851
Other	<u>(32,217)</u>
Total Restricted Expendable	\$ 4,094,558
Unrestricted	\$ <u>4,751,674</u>
Total Net Assets	\$ <u>19,716,807</u>
Total Liabilities and Net Assets	\$ <u>40,900,015</u>

See Accompanying Notes to Financial Statements

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2004

OPERATING REVENUES:

Tuition and Fees, Net of Scholarship Allowances of \$4,334,084	\$ 5,807,741
Federal Appropriations	7,788,142
Sales and Services	126,436
Iowa Industrial New Jobs Training Program	2,064,372
Auxiliary Enterprises Revenue	2,916,532
Miscellaneous	<u>2,014,933</u>
 Total Operating Revenues	 \$ 20,718,156

OPERATING EXPENSES:

Education and Support:	
Liberal Arts and Sciences	\$ 2,903,914
Vocational Technical	6,674,041
Adult Education	1,625,510
Cooperative Services	2,876,415
Administration	1,365,849
Student Services	1,369,335
Learning Resources	243,946
Physical Plant	3,742,990
General Institution	5,114,798
Auxiliary Enterprises	2,448,726
Scholarships and Grants	129,114
Workforce Investment Act	1,381,190
Bad Debts and Collection Costs	48
Depreciation	<u>1,148,567</u>
 Total Operating Expenses	 \$ <u>31,024,443</u>
 Operating (Loss)	 \$ (10,306,287)

NON-OPERATING REVENUES (EXPENSES)

State Appropriations	\$ 9,355,305
Property Tax	3,086,008
Earnings on Investments	218,841
Gifts and Grants	276,107
Bad-Debt Recovery	20
Gain on Sale of Capital Assets	30,151
Interest on Indebtedness	<u>(28,723)</u>
 Net Non-operating Revenues	 \$ <u>12,937,709</u>
 Increase in Net Assets	 \$ 2,631,422
Net Assets Beginning of Year	<u>17,085,385</u>
 Net Assets End of Year	 \$ <u>19,716,807</u>

See Accompanying Notes to Financial Statements

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 6,057,827
Federal Appropriations	7,395,814
Iowa Industrial New Jobs Training Program	2,064,372
Payments to Employees for Salaries and Benefits	(18,758,874)
Payments to Suppliers for Goods and Services	(8,981,407)
Payments to NJTP Recipients	(966,777)
Scholarships	(129,114)
Auxiliary Enterprise Receipts	2,916,532
Other Receipts	<u>2,099,701</u>
Net Cash (Used) by Operating Activities	\$ (8,301,926)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	\$ 9,355,305
Property Tax	3,086,008
Gifts and Grants	276,107
Miscellaneous Agency Fund Receipts	782,876
Miscellaneous Agency Fund Disbursements	(<u>759,172</u>)
Net Cash Provided by Non-Capital Financing Activities	\$ 12,741,124

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	\$ (4,776,306)
Issuance of Debt	4,570,000
Principal Paid on Debt	(1,915,000)
Interest Paid on Debt	(26,785)
Proceeds from Sale of Capital Assets	<u>43,075</u>
Net Cash (Used) by Capital and Related Financing Activities	\$ (2,105,016)

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on Investments	\$ 218,841
Unrealized (Gain) on Investments	(65,433)
Purchase of Investments	(223,255)
Proceeds from Sale of Investments	<u>174,676</u>
Net Cash Provided by Investing Activities	\$ <u>104,829</u>

Net Increase in Cash and Cash Equivalents	\$ 2,439,011
Cash and Cash Equivalents - Beginning of Year	<u>15,024,961</u>
Cash and Cash Equivalents - End of Year	\$ <u>17,463,972</u>

See Accompanying Notes to Financial Statements

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2004

RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED)

BY OPERATING ACTIVITIES

Operating (Loss)	\$ (10,306,287)
Adjustments to Reconcile Operating (Loss) to Net	
Cash (Used) by Operating Activities:	
Depreciation	\$ 1,148,567
Bad Debts and Collection Costs	48
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	348,180
(Increase) in Due from Other Governments	(433,996)
(Increase) in Inventories	(61,275)
Decrease in Prepaid Expenses	199,768
Increase in Accounts Payable	526,669
(Decrease) in Salaries and Benefits Payable	(7,674)
(Decrease) in Deferred Operating Revenue	(98,094)
(Decrease) in Early Retirement Payable	(426,755)
(Decrease) in Compensated Absences	(3,333)
(Decrease) in Deposits Refundable	(900)
Increase in Payable for Cost of Iowa Industrial	
New Jobs Training Programs	<u>813,156</u>
Total Adjustments	\$ <u>2,004,361</u>
Net Cash (Used) by Operating Activities	\$ (<u>8,301,926</u>)

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Western Iowa Tech Community College is a publicly-assisted school, established and operated by Merged Area XII under the provisions of Chapter 260C of the Code of Iowa. Western Iowa Tech Community College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional, or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. The Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Western Iowa Tech Community College maintains facilities in Sioux City, Ida Grove, Cherokee, Denison, Mapleton, and LeMars, Iowa, and has its administrative offices in Sioux City, Iowa. Western Iowa Tech Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area XII.

The Community College's financial statements are prepared in conformity with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board.

- A. Reporting Entity - For financial reporting purposes, Western Iowa Tech Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the Community College. Western Iowa Tech Community College has no component units which meet the Governmental Accounting Standards Board criteria.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

Western Iowa Tech Community College participates in the Friends of FM90, which is a related organization for which the Community College is not financially accountable and its relationship with the Community College is such that exclusion does not cause the Community College's financial statements to be misleading.

- B. Basis of Presentation - GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following four net asset categories:

Invested in Capital Assets, Net of Related Debt - Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets.

Restricted Net Assets:

Nonexpendable - Net assets subject to externally-imposed stipulations that they be maintained permanently by the Community College, including the Community College's permanent endowment funds. Western Iowa Tech has no nonexpendable restricted net assets.

Expendable - Net assets whose use by the Community College is subject to externally-imposed stipulations that can be fulfilled by actions of the Community College, pursuant to those stipulations or that expire by the passage of time.

Unrestricted Net Assets - Net assets that are not subject to externally-imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Directors or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the Community College.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the Community College. The effect of interfund activity has been removed from these statements.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 -
(Cont.)

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- C. Measurement Focus and Basis of Accounting - For financial reporting purposes, Western Iowa Tech Community College is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the Community College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.
- D. Assets, Liabilities and Net Assets

Cash and Investments - Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

For purposes of the Statement of Cash Flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to a known amount of cash, and at the day of purchase, have a maturity date no longer than three months.

Property Tax Receivable - Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate county auditors. It represents taxes for the succeeding year certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the county auditors by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

Due from Other Governments - This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

Inventories - Inventories are valued at the lower of cost or market. Bookstore cost is determined using a percentage of retail (principally the first-in, first-out method). All other inventory costs are determined using the specific identification method. The cost is recorded as an expense at the time individual inventory items are consumed.

Capital Assets - Capital assets, which include land, buildings and improvements, and equipment and vehicles are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest costs on new construction are capitalized as required by accounting principles generally accepted in the United States of America.

Capital assets are defined by the Community College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Assets</u>	<u>Amount</u>
Land, Buildings and Improvements	\$ 25,000
Equipment and Vehicles	\$ 5,000

Depreciation is computed using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	30
Equipment	5 - 10
Vehicles	5

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

The Community College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements.

Salaries and Benefits Payable - Payroll and related expenses for instructors with annual contracts corresponding to the current academic year, which are payable in July and August, have been accrued as liabilities.

Deferred Revenue - Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the earnings process is not yet complete. Deferred revenue consists primarily of unspent grant proceeds, unearned administrative revenue and the succeeding year property tax receivable.

Compensated Absences - Community College employees accumulate a limited amount of earned but unused vacation benefits for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2004.

Payable for Cost of Iowa Industrial New Jobs Training Programs (NJTP) - This represents the amount that has been remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The payable amount is based on reimbursements received through June 30, 2004, less interest incurred on NJTP certificates and expenses incurred on NJTP projects to date.

Tuition and Fees - Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Summer Session - The Community College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the Community College Registrar.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

Auxiliary Enterprise Revenues - Auxiliary Enterprise revenues primarily represent revenues generated by the bookstore, parts department, cafeteria, and dormitories.

Operating and Non-Operating Activities - Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and investment income.

- E. Scholarship Allowances and Student Aid - Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans and funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total Community College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.
- F. Fundraising Expense - During the year ended June 30, 2004, KWIT-KOJI FM Radio conducted various fundraising activities. General institution operating expenses include \$52,906 related to fundraising.
- G. 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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 2 - CASH AND INVESTMENTS

The Community College's deposits in banks at June 30, 2004, were entirely covered by Federal depository insurance, government securities pledged by the banks as collateral on repurchase agreement accounts, or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The Community College's investments are categorized to give an indication of the level of risk assumed by the Community College at year end. The Community College's investments are all category 1, which means that the investments are insured or registered or the securities are held by the Community College or its agent in the Community College's name.

Investments held by Western Iowa Tech Community College Foundation at June 30, 2004, are as follows:

Mutual Funds	\$ 212,286
Certificates of Deposit	<u>208,609</u>
	\$ <u>420,895</u>

In addition, the Community College had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$3,649,249, pursuant to Rule 2a-7 under the Investment Company Act of 1940 and are not subject to risk categorization.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 3 - INVENTORIES

The Community College's inventories at June 30, 2004, are as follows:

Bookstore	\$	342,486
Cafeteria		10,650
Physical Plant		51,135
Other		<u>33,453</u>
 Total		 \$ <u>437,724</u>

Note 4 - CAPTIAL ASSETS

Capital assets activity for the year ended June 30, 2004, is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance End of Year</u>
Capital Assets				
Not Being				
Depreciated:				
Land	\$ 444,784			\$ 444,784
Construction in				
Progress	<u>1,152,112</u>	\$ <u>3,890,761</u>	\$ <u>1,152,112</u>	<u>3,890,761</u>
Total Capital				
Assets Not				
Being				
Depreciated	\$ 1,596,896	\$ 3,890,761	\$ 1,152,112	\$ 4,335,545
Capital Assets				
Being				
Depreciated:				
Buildings	\$ 24,124,816	\$ 1,152,112		\$ 25,276,928
Furniture and				
Equipment	<u>4,240,737</u>	<u>885,545</u>	\$ <u>215,545</u>	<u>4,910,737</u>
Total Capital				
Assets Being				
Depreciated	\$ 28,365,553	\$ 2,037,657	\$ 215,545	\$ 30,187,665
Less Accumulated				
Depreciation:				
Buildings	\$ 14,719,203	\$ 707,909		\$ 15,427,112
Furniture and				
Equipment	<u>3,162,486</u>	<u>440,658</u>	\$ <u>202,621</u>	<u>3,400,523</u>
	\$ <u>17,881,689</u>	\$ <u>1,148,567</u>	\$ <u>202,621</u>	\$ <u>18,827,635</u>
Net Capital				
Assets Being				
Depreciated	\$ <u>10,483,864</u>	\$ <u>889,090</u>	\$ <u>12,924</u>	\$ <u>11,360,030</u>
Net Capital				
Assets	\$ <u>12,080,760</u>	\$ <u>4,779,851</u>	\$ <u>1,165,036</u>	\$ <u>15,695,575</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 4 - CAPTIAL ASSETS

(Cont.) Additions to construction in progress include \$85,783 of capitalized interest.

Note 5 - ANTICIPATORY WARRANTS

During the year ended June 30, 2004, the Community College issued no anticipatory warrants.

Note 6 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2004, is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
Certificates Payable	\$ 6,025,000		\$ 1,335,000	\$ 4,690,000
Bonds Payable	835,000		155,000	680,000
Capital Loan Notes	<u> </u>	<u>\$ 4,570,000</u>	<u>425,000</u>	<u>4,145,000</u>
Total	<u>\$ 6,860,000</u>	<u>\$ 4,570,000</u>	<u>\$ 1,915,000</u>	<u>\$ 9,515,000</u>

Certificates Payable

In accordance with agreements dated between December 1, 1984 and June 1, 2002, the Community College issued certificates totaling \$21,245,000 with interest rates ranging from 3.10% to 9.40%. As of June 30, 2004, the outstanding balance of the certificates was \$4,690,000, with interest rates ranging from 4.25% to 7.35%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semi-annually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves, and in the case of default, from standby property tax.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 6 - LONG-TERM DEBT

(Cont.) The certificates will mature as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 1,120,000	\$ 255,385	\$ 1,375,385
2006	1,205,000	191,893	1,396,893
2007	795,000	124,495	919,495
2008	815,000	81,223	896,223
2009	375,000	37,518	412,518
2010 - 2012	<u>380,000</u>	<u>30,909</u>	<u>410,909</u>
Total	\$ <u>4,690,000</u>	\$ <u>721,423</u>	\$ <u>5,411,423</u>

Bonds Payable

The Community College has issued bonds for the purchase and construction of campus buildings as allowed by Section 260C.19 of the Code of Iowa. Details of the Community College's June 30, 2004, bonded indebtedness are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	3.25 %	\$ 160,000	\$ 24,460	\$ 184,460
2006	3.50	170,000	19,260	189,260
2007	3.70	170,000	13,310	183,310
2008	3.90	<u>180,000</u>	<u>7,020</u>	<u>187,020</u>
Total		\$ <u>680,000</u>	\$ <u>64,050</u>	\$ <u>744,050</u>

Capital Loan Notes Payable

The Community College has issued notes for the construction of the Kiser Building/Building B Link as allowed by Section 260C.19 of the Code of Iowa. Details of the Community College's June 30, 2004, notes payable are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005 ...	2.25 %	\$ 695,000	\$ 101,996	\$ 796,996
2006 ...	2.25	705,000	86,303	791,303
2007 ...	2.10 - 2.30	720,000	70,598	790,598
2008 ...	2.55 - 2.65	735,000	53,884	788,884
2009 ...	2.85 - 3.00	755,000	34,081	789,081
2010 ...	3.20 - 3.35	<u>535,000</u>	<u>11,097</u>	<u>546,097</u>
Total		\$ <u>4,145,000</u>	\$ <u>357,959</u>	\$ <u>4,502,959</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 7 - OPERATING LEASES

The Community College, as the operator of KWIT-KOJI FM Radio Station, leases tower and transmitter space to various other communications companies in the area. All of the leases are classified as operating leases. The estimated minimum rent receipts for the next five years are as follows:

Years Ending <u>June 30,</u>	<u>Amount</u>
2005	\$ 18,944
2006	19,202
2007	19,467
2008	<u>9,530</u>
Total	\$ <u>67,143</u>

The Community College has leased various pieces of office equipment, as well as various facilities within the area to house different divisions of the Community College. These leases have been classified as operating leases and accordingly, all rents are expensed as incurred. The leases expire between 2005 and 2012, and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year, as of June 30, 2004:

Years Ending <u>June 30,</u>	<u>Amount</u>
2005	\$ 20,346
2006	12,732
2007	5,906
2008	5,328
2009	<u>5,328</u>
Total	\$ <u>49,640</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 7 - OPERATING LEASES

(Cont.) Rent expenses for the year ended June 30, 2004, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$23,788.

Note 8 - IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

The Community College contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by state statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P. O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 3.70% of their annual covered salary and the Community College is required to contribute 5.75% of annual covered payroll. Contribution requirements are established by state statute. The Community College's contributions to IPERS for the years ended June 30, 2004, 2003, and 2002, were \$241,070, \$239,344, and \$260,851, respectively, equal to the required contributions for each year.

Note 9 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION -
COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)

The Community College contributes to the TIAA-CREF retirement program which is a defined contribution plan. TIAA administers the retirement plan for the Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible Community College employees must participate in a retirement plan from the date they are employed.

Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.70% and the Community College is required to contribute 5.75%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2004, were \$446,065 and \$287,033, respectively.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 10 - RISK POOL

The Community College is a member of the Insurance Management Program for Area Community Colleges (IMPACC), as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a risk-sharing pool whose six members include Iowa Community Colleges. The Program was incorporated in May, 1988, for the purpose of managing and funding insurance for its members. The Program provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omission and Community College Board legal liability, workers' compensation and employers' liability, crime insurance and fiduciary bonds and boiler and machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The Community College's contributions to the risk pool are recorded as prepaid expenses from its operating funds at the time of payment to the risk pool. The College amortizes the expense over the periods for which the pool is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$100,000 per claim for property and liability, \$50,000 for errors and omissions, and \$200,000 for workers' compensation. Excess insurance for workers' compensation is for statutory limits. Excess for property and liability lines is \$900,000 per occurrence, and \$950,000 for errors and omissions. There is additional excess above that for another \$10,000,000 per member. Property is insured with excess coverage over the self-insured retention of up to \$50,000,000 for boiler and machinery and up to \$101,000,000 for other property. Stop-gap loss protection is provided above the member's loss fund.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 10 - RISK POOL

(Cont.)

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The Community College does not report a liability for losses in excess of reinsurance unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2004, no liability has been recorded in the Community College's financial statements. As of June 30, 2004, settled claims have not exceeded the risk pool or reinsurance company coverage in any of the past three fiscal years.

Members agree to continue membership in the Program for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the by-laws, may withdraw from the Program. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

Note 11 - RELATED ORGANIZATIONS

Western Iowa Tech Community College Foundation is a non-profit corporation whose goal is to provide support to the Community College and students and whose financial activities are included in deposits held in custody for others in these financial statements. The governing board of this organization has members who are also officers of the Community College. However, these members do not comprise a majority in the Foundation's board.

Friends of FM-90 is a non-profit corporation whose purpose is to solicit and manage gifts of money for KWIT-KOJI FM Radio. The financial activities of Friends of FM-90 are not included in these financial statements.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 11 - RELATED ORGANIZATIONS

(Cont.) Significant financial data for the year ended June 30, 2004, follows:

	<u>Western Iowa Tech Community College Foundation</u>	<u>Friends of FM-90</u>
Total Assets	\$ 1,096,562	\$ 816,983
Total Liabilities	\$ 422	-
Total Equity	\$ 1,096,140	\$ 816,983
Total Revenues	\$ 457,108	\$ 495,023
Total Expenses	\$ 477,282	\$ 205,060
Community College In-Kind Support, Included in Revenues and Expenses Above	\$ 112,788	-
Due to the Community College	-	-
Due from the Community College	-	-
Contributions to the Community College	-	\$ 167,153
Scholarships	\$ 362,642	-

Foundation expenses include \$114,640 related to fundraising, while Friends of FM-90 expenses include special event expenses of \$199,572 that are also considered fundraising.

Note 12 - NEW JOBS TRAINING PROGRAMS

Western Iowa Tech Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area XII in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered 80 projects with 37 currently receiving project funding. The remaining 43 projects have been completed and the certificates have been paid off.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2004

Note 13 - IN-KIND CONTRIBUTIONS - KWIT-KOJI FM

Not included in the financial statements of the Community College are donated services for KWIT-KOJI FM Radio Station. The value of the in-kind contributions, calculated at estimated fair market value, was \$38,412 during the year ended June 30, 2004.

Note 14 - CONTINGENT LIABILITY - EARLY RETIREMENT

Full-time certified staff who will be 55 years of age through 63 years of age and who have at least ten years of service with the Community College are eligible for early retirement remuneration. Retirement will be effective subsequent to appropriate approval. For a staff member who accepts early retirement, the Community College will set aside funds to pay the retiree's single health insurance from the time of retirement until he/she reaches normal retirement age. The liability for all employees who have accepted early retirement is recorded in the statement of net assets. Early retirement is funded on a pay-as-you-go basis through property tax levies. The Community College's early retirement expense for the year ended June 30, 2004, was \$106,431. As of June 30, 2004, the potential liability, if all eligible employees accepted early retirement, has not been determined.

Note 15 - NET ASSET DEFICITS

The Community College has a deficit balance of \$32,217 in other restricted expendable. This deficit is attributable to higher insurance premiums and greater equipment needs than were foreseen during the budget process. The Community College intends to eliminate this deficit with future revenues.

Note 16 - SUBSEQUENT EVENT

On July 1, 2004, the Community College issued certificates totaling \$430,000 for NJTP projects for three companies in Merged Area XII. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning on June 1, 2006.

REQUIRED SUPPLEMENTARY INFORMATION

WESTERN IOWA TECH COMMUNITY COLLEGE

BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES

BUDGET AND ACTUAL

REQUIRED SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2004

<u>Funds/Levy</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Unrestricted	\$ 22,133,496	\$ 20,328,284	\$ 1,805,212
Restricted	\$ 9,413,246	\$ 5,637,011	
Unemployment	30,987	71,156	(40,169)
Tort Liability	66,583	56,718	9,865
Insurance	505,827	721,332	(215,505)
Early Retirement	194,202	106,431	87,771
Equipment Replacement	<u>169,534</u>	<u>200,780</u>	<u>(31,246)</u>
Total Restricted	\$ 10,380,379	\$ 4,932,652	\$ 5,447,727
Plant	\$ <u>10,260,051</u>	\$ <u>5,416,816</u>	\$ <u>4,843,235</u>
Total	\$ <u>42,773,926</u>	\$ <u>30,677,752</u>	\$ <u>12,096,174</u>

See Accompanying Note to
Required Supplementary Information

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

JUNE 30, 2004

The Board of Directors annually approves a budget designating the proposed expenditures for operation of the Community College on a basis consistent with accounting principles generally accepted in the United States of America. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Directors certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises Subgroup, Workforce Investment Act Accounts, Scholarships and Grants Accounts, Loan Funds, or Agency Funds.

The variance in the Unrestricted Fund is due to a concentrated effort by the Community College to reduce expenditures in the wake of significant cuts from the State of Iowa.

The variance in Restricted is due to the Community College administering fewer Iowa New Jobs Training Program projects than anticipated. The overages in Unemployment and Insurance are attributable to higher than expected premium increases, while the overage in Equipment Replacement is due to unforeseen equipment needs.

The variance in the Plant Fund is caused by fewer expenditures to date for the Community College's building addition.

SUPPLEMENTARY INFORMATION

WESTERN IOWA TECH COMMUNITY COLLEGE

SUPPLEMENTARY INFORMATION

JUNE 30, 2004

Supplementary information of the Community College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenue and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds - The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund - The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services and sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the Community College.

Restricted Fund - The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

Loan Funds - The Loan Funds are used to account for loans to students, and are financed primarily by the Federal government.

Plant Funds - The Plant Funds are used to account for transactions relating to investment in the Community College properties, and consist of the following self-balancing subfunds:

Unexpended - This subfund is used to account for the unexpended resources derived from various sources for the acquisition or construction of plant assets.

Retirement of Indebtedness - This subfund is used to account for the accumulation of resources for principal and interest payments on plant indebtedness.

Investment in Plant - This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds - The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

Schedules presented in supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in fund balances is a statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

WESTERN IOWA TECH COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 2004

<u>ASSETS</u>	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Cash and Investments:			
Cash and Pooled Investments	\$ 7,842,987	\$ 5,411,343	\$ 105,956
Other Investments			
Receivables:			
Accounts (Less Allowance of \$168,168)	755,751	329,211	
Property Tax	1,060,801	875,828	
Pledges			
Due from Other Funds	1,402,734	2,937,490	
Due from Other Governments	377,613	636,885	
Inventories	437,724		
Prepaid Expenses	246,786	678,505	
Capital Assets:			
Land			
Buildings			
Construction in Progress			
Furniture and Equipment			
Accumulated Depreciation			
Total Assets	\$ <u>12,124,396</u>	\$ <u>10,869,262</u>	\$ <u>105,956</u>

<u>Plant Funds</u>					
<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>	<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
\$ 123,493	\$ 3,341,907		\$ 638,286 420,895		\$ 17,463,972 420,895
			7,707		1,092,669
1,060,015					2,996,644
				\$ 427,723	427,723
1,385,841			118 425,024	(5,726,183)	-
					1,439,522
					437,724
					925,291
		\$ 444,784			444,784
		25,276,928			25,276,928
		3,890,761			3,890,761
		4,910,737			4,910,737
				(18,827,635)	(18,827,635)
<u>\$ 2,569,349</u>	<u>\$ 3,341,907</u>	<u>\$ 34,523,210</u>	<u>\$ 1,492,030</u>	<u>\$ (24,126,095)</u>	<u>\$ 40,900,015</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 2004

<u>LIABILITIES AND FUND BALANCE</u>	<u>Current Funds</u>		<u>Loan Funds</u>
<u>LIABILITIES</u>	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
Accounts Payable	\$ 946,464	\$ 364,918	
Salaries and Benefits Payable	791,302	7,955	
Accrued Interest		21,282	
Due to Other Funds	4,663,900	633,915	
Deferred Revenue	1,230,182	1,650,277	
Early Retirement Payable		1,410,384	
Compensated Absences	415,853	104,329	
Deposits Refundable	12,700		
Deposits Held in Custody for Others			
Payable for Cost of Iowa Industrial New Jobs Training Programs		1,339,507	
Certificates Payable		4,690,000	
Bonds Payable			
Notes Payable			
Total Liabilities	\$ 8,060,401	\$ 10,222,567	-
 <u>FUND BALANCE</u>			
Invested in Capital Assets, Net of Related Debt			
Fund Balances (Deficits):			
Restricted:			
Expendable:			
Scholarships and Grants		\$ 61	
Loans			\$ 105,956
Debt Service			
Cash Reserve		678,851	
Other		(32,217)	
Unrestricted	\$ 2,548,338		
Auxiliary Enterprises	1,515,657		
Total Fund Balance	\$ 4,063,995	\$ 646,695	\$ 105,956
Total Liabilities and Fund Balance	\$ 12,124,396	\$ 10,869,262	\$ 105,956

SCHEDULE 1
(Cont.)

<u>Plant Funds</u>					
<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>	<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
\$ 810,794			\$ 8,848		\$ 2,131,024
					799,257
10,861					32,143
			428,368	\$ (5,726,183)	-
1,060,015			263,195		4,203,669
					1,410,384
					520,182
					12,700
			791,619	427,723	1,219,342
					1,339,507
					4,690,000
		\$ 680,000			680,000
		<u>4,145,000</u>			<u>4,145,000</u>
\$ 1,881,670	-	\$ 4,825,000	\$ 1,492,030	\$ (5,298,460)	\$ 21,183,208
		\$ 29,698,210		\$ (18,827,635)	\$ 10,870,575
					61
					105,956
	\$ 3,341,907				3,341,907
					678,851
					(32,217)
\$ 687,679					3,236,017
					<u>1,515,657</u>
\$ 687,679	\$ 3,341,907	\$ 29,698,210	-	\$ (18,827,635)	\$ 19,716,807
\$ 2,569,349	\$ 3,341,907	\$ 34,523,210	\$ 1,492,030	\$ (24,126,095)	\$ 40,900,015

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Current Funds</u>		<u>Loan</u>
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Funds</u>
<u>REVENUES</u>			
General:			
State Appropriations	\$ 7,915,740	\$ 1,439,565	
Tuition and Fees	10,141,825		
Property Tax	1,141,508	802,992	
Federal Appropriations	897,947	6,834,417	
Sales and Services	126,436		
Earnings on Investments	91,528	42,605	\$ 555
Iowa Industrial New Jobs Training Program		2,064,372	
Increase in Plant Investment Due to Plant Expenditures (Including \$367,996 in Current Fund Expenditures)			
Increase in Plant Investment Due to Retirement of Debt			
Miscellaneous	1,680,860	354,170	
Gifts and Grants			1,981
Gain on Disposal of Capital Assets			
Bad-Debt Recovery			20
	\$ 21,995,844	\$ 11,538,121	\$ 2,556
Auxiliary Enterprises:			
Federal Appropriations	\$ 15,208		
Sales and Services	2,879,304		
Interest on Investments	54		
Miscellaneous	37,228		
	\$ 2,931,794	-	-
Total Revenues	\$ 24,927,638	\$ 11,538,121	\$ 2,556
<u>EXPENDITURES</u>			
Education and Support:			
Liberal Arts and Sciences	\$ 2,835,777	\$ 89,431	
Vocational Technical	6,411,602	481,956	
Adult Education	1,432,410	196,099	
Cooperative Services	329,063	2,547,352	
Administration	1,322,868	42,981	
Student Services	1,354,428	19,343	
Learning Resources	281,885	21,354	
Physical Plant	2,005,330	757,416	
General Institution	4,354,921	776,720	
Total Education and Support	\$ 20,328,284	\$ 4,932,652	-

<u>Plant Funds</u>				
<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>	<u>Adjustments</u>	<u>Total</u>
				\$ 9,355,305
			\$ (4,334,084)	5,807,741
\$ 1,141,508				3,086,008
40,570				7,772,934
				126,436
	\$ 84,099			218,787
				2,064,372
		\$ 4,776,306	(4,776,306)	-
		580,000	(580,000)	-
22,978			(43,075)	2,014,933
274,126				276,107
			30,151	30,151
				<u>20</u>
\$ 1,479,182	\$ 84,099	\$ 5,356,306	\$ (9,703,314)	\$ 30,752,794
				\$ 15,208
				2,879,304
				54
				<u>37,228</u>
				\$ <u>2,931,794</u>
\$ 1,479,182	\$ 84,099	\$ 5,356,306	\$ (9,703,314)	\$ 33,684,588
			\$ (21,294)	\$ 2,903,914
			(219,517)	6,674,041
			(2,999)	1,625,510
				2,876,415
				1,365,849
			(4,436)	1,369,335
			(59,293)	243,946
\$ 1,118,431			(138,187)	3,742,990
			<u>(16,843)</u>	<u>5,114,798</u>
\$ 1,118,431	-	-	\$ (462,569)	\$ 25,916,798

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2004

	Current Funds		Loan Funds
	Unrestricted	Restricted	
<u>EXPENDITURES</u> - (Continued)			
Auxiliary Enterprises	\$ 2,449,999		
Scholarships and Grants		\$ 4,463,198	
Workforce Investment Act		1,395,269	
Bad Debts and Collection Costs			\$ 48
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Interest on Indebtedness			
Depreciation			
Total Expenditures and Other Deductions	\$ <u>22,778,283</u>	\$ <u>10,791,119</u>	\$ <u>48</u>
Excess (Deficiency) of Revenues and Other Additions Over Expenditures and Other Deductions	\$ 2,149,355	\$ 747,002	\$ 2,508
<u>TRANSFERS</u>			
Mandatory Transfers	(184,110)		
Non-Mandatory Transfers	(<u>1,493,617</u>)	(<u>1,138,356</u>)	
Net	\$ 471,628	\$(391,354)	\$ 2,508
Fund Balances Beginning of Year	3,592,367	1,038,049	103,448
Fund Balances End of Year	\$ <u>4,063,995</u>	\$ <u>646,695</u>	\$ <u>105,956</u>

SCHEDULE 2
(Cont.)

Plant Fund				
<u>Unexpended</u>	Retirement of <u>Indebtedness</u>	Investment <u>in Plant</u>	<u>Adjustments</u>	<u>Total</u>
			\$ (1,273)	\$ 2,448,726
			(4,334,084)	129,114
			(14,079)	1,381,190
				48
\$ 4,298,385			(4,298,385)	-
	\$ 580,000		(580,000)	-
		\$ 215,545	(215,545)	-
	28,723			28,723
			<u>1,148,567</u>	<u>1,148,567</u>
\$ <u>5,416,816</u>	\$ <u>608,723</u>	\$ <u>215,545</u>	\$ (<u>8,757,368</u>)	\$ <u>31,053,166</u>
\$ (3,937,634)	\$ (524,624)	\$ 5,140,761	\$ (945,946)	\$ 2,631,422
	184,110			
<u>3,645,207</u>	<u>3,556,766</u>	(<u>4,570,000</u>)		-
\$ (292,427)	\$ 3,216,252	\$ 570,761	\$ (945,946)	\$ 2,631,422
<u>980,106</u>	<u>125,655</u>	<u>29,127,449</u>	(<u>17,881,689</u>)	<u>17,085,385</u>
\$ <u>687,679</u>	\$ <u>3,341,907</u>	\$ <u>29,698,210</u>	\$ (<u>18,827,635</u>)	\$ <u>19,716,807</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

UNRESTRICTED FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

EDUCATION AND SUPPORT

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Education</u>			
	<u>Liberal Arts and Sciences</u>	<u>Vocational Technical</u>	<u>Adult Education</u>	<u>Cooperative Services</u>
<u>REVENUES</u>				
State Appropriations	\$ 226,550	\$ 3,767,490	\$ 829,484	
Tuition and Fees	4,295,331	4,015,123	1,028,096	\$ 301,304
Property Tax				
Federal Appropriations	6,121	546,387	244,785	
Sales and Services				35,792
Interest on Investments				
Miscellaneous	<u>1,287</u>	<u>12,940</u>	<u>81,353</u>	<u>278,044</u>
	\$ 4,529,289	\$ 8,341,940	\$ 2,183,718	\$ 615,140
Allocation of Support Services	<u>1,625,361</u>	<u>3,701,669</u>	<u>998,727</u>	<u> </u>
Total Revenues	\$ 6,154,650	\$ 12,043,609	\$ 3,182,445	\$ 615,140
<u>EXPENDITURES</u>				
Salaries and Benefits	\$ 2,740,123	\$ 5,186,186	\$ 1,111,338	\$ 277,564
Services	14,581	357,594	156,351	580
Materials and Supplies	59,480	573,709	126,893	44,277
Travel	21,593	95,709	28,088	6,642
Plant Asset Acquisitions		73,263		
Collection Costs		<u>125,141</u>	<u>9,740</u>	
	\$ 2,835,777	\$ 6,411,602	\$ 1,432,410	\$ 329,063
Allocation of Support Services	<u>2,394,566</u>	<u>5,453,490</u>	<u>1,471,376</u>	<u> </u>
Total Expenditures	\$ 5,230,343	\$ 11,865,092	\$ 2,903,786	\$ 329,063
Excess of Revenues Over Expenditures	\$ 924,307	\$ 178,517	\$ 278,659	\$ 286,077
<u>TRANSFERS</u>				
Non-Mandatory Transfers	<u> </u>	<u>(366,429)</u>	<u>(8,452)</u>	<u> </u>
Net	\$ <u>924,307</u>	\$ <u>(187,912)</u>	\$ <u>270,207</u>	\$ <u>286,077</u>
Fund Balance Beginning of Year				
Fund Balance End of Year				

Note: The support services allocations are based on the percentage of contact hours reported.

General Adminis- tration	Support				General Insti- tution	Education and Support Total
	Student Services	Learning Resources	Physical Plant			
\$ 98,599	\$ 544,774	\$ 271,657	\$ 1,113,720	\$ 1,063,466	\$ 7,915,740	
28,525	473,446				10,141,825	
			1,141,508		1,141,508	
13,166	53,351	7,024	4,858	22,255	897,947	
	49,343		12,202	29,099	126,436	
91,528					91,528	
<u>269,958</u>	<u>24,333</u>	<u>806</u>	<u>43,075</u>	<u>969,064</u>	<u>1,680,860</u>	
\$ 501,776	\$ 1,145,247	\$ 279,487	\$ 2,315,363	\$ 2,083,884	\$ 21,995,844	
(<u>501,776</u>)	(<u>1,145,247</u>)	(<u>279,487</u>)	(<u>2,315,363</u>)	(<u>2,083,884</u>)	<u>-</u>	
-	-	-	-	-	\$ 21,995,844	
\$ 1,029,683	\$ 1,209,245	\$ 168,867	\$ 1,042,454	\$ 2,977,803	\$ 15,743,263	
190,720	83,738	22,142	759,314	1,086,023	2,671,043	
29,239	45,474	52,812	202,786	246,851	1,381,521	
72,688	15,971	125	776	44,244	285,836	
		37,939			111,202	
<u>538</u>					<u>135,419</u>	
\$ 1,322,868	\$ 1,354,428	\$ 281,885	\$ 2,005,330	\$ 4,354,921	\$ 20,328,284	
(<u>1,322,868</u>)	(<u>1,354,428</u>)	(<u>281,885</u>)	(<u>2,005,330</u>)	(<u>4,354,921</u>)	<u>-</u>	
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ <u>20,328,284</u>	
-	-	-	-	-	\$ 1,667,560	
\$ (<u>5,502</u>)	\$ (<u>25,000</u>)	\$ (<u>1,062</u>)	\$ (<u>1,150,000</u>)	\$ <u>19,671</u>	(<u>1,536,774</u>)	
\$ (<u>5,502</u>)	\$ (<u>25,000</u>)	\$ (<u>1,062</u>)	\$ (<u>1,150,000</u>)	\$ <u>19,671</u>	\$ 130,786	
.....	.....	.....	.....	.....	<u>2,417,552</u>
.....	.....	.....	.....	.....	\$ <u>2,548,338</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

UNRESTRICTED FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

AUXILIARY ENTERPRISES

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Bookstore</u>	<u>Parts Depart- ment</u>	<u>Cafeteria</u>
<u>REVENUES</u>			
Federal Appropriations	\$ 3,220		\$ 2,999
Sales and Services	2,144,936	\$ 43,858	303,570
Interest on Investments			
Miscellaneous	<u>17,645</u>		
Total Revenues	\$ 2,165,801	\$ 43,858	\$ 306,569
<u>EXPENDITURES</u>			
Salaries and Benefits	\$ 141,068	\$ 12,403	\$ 142,016
Services	15,624	150	7
Materials and Supplies	15,549	6,178	4,177
Travel	2,541		419
Plant Asset Acquisitions			
Cost of Goods Sold	1,650,346	22,876	173,783
Bad Debts and Collection Costs		<u>416</u>	
Total Expenditures	\$ <u>1,825,128</u>	\$ <u>42,023</u>	\$ <u>320,402</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 340,673	\$ 1,835	\$ (13,833)
<u>TRANSFERS</u>			
Mandatory Transfers	(50,000)		
Non-Mandatory Transfers			<u>5,502</u>
Net	\$ 290,673	\$ 1,835	\$ (8,331)
Fund Balance (Deficit) Beginning of Year.....	<u>913,720</u>	(<u>1,536</u>)	<u>8,334</u>
Fund Balance End of Year	\$ <u>1,204,393</u>	\$ <u>299</u>	\$ <u>3</u>

<u>Vocational Servicing Accounts</u>	<u>Passport to Adventure</u>	<u>Dormitories</u>	<u>Other</u>	<u>Total</u>
		\$ 8,989		\$ 15,208
\$ 3,893	\$ 12,509	353,230	\$ 17,308	2,879,304
	44		10	54
	<u>1,585</u>	<u>7,998</u>	<u>10,000</u>	<u>37,228</u>
\$ 3,893	\$ 14,138	\$ 370,217	\$ 27,318	\$ 2,931,794
	\$ 523	\$ 87,348		\$ 383,358
	11,663	97,472	\$ 2,456	127,372
\$ 484	1,469	47,233	5,677	80,767
	60	165		3,185
		1,273		1,273
				1,847,005
		<u>6,623</u>		<u>7,039</u>
\$ 484	\$ 13,715	\$ 240,114	\$ 8,133	\$ 2,449,999
\$ 3,409	\$ 423	\$ 130,103	\$ 19,185	\$ 481,795
		(134,110)		(184,110)
			<u>37,655</u>	<u>43,157</u>
\$ 3,409	\$ 423	\$ (4,007)	\$ 56,840	\$ 340,842
<u>44,850</u>	<u>5,663</u>	<u>20,557</u>	<u>183,227</u>	<u>1,174,815</u>
\$ <u>48,259</u>	\$ <u>6,086</u>	\$ <u>16,550</u>	\$ <u>240,067</u>	\$ <u>1,515,657</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

RESTRICTED FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Scholarship and Grants</u>	<u>Equipment Replacement</u>	<u>Cash Reserve</u>	<u>Tort Liability</u>
<u>REVENUES</u>				
State Appropriations				
Property Tax		\$ 169,099		\$ 63,435
Federal Appropriations	\$ 4,463,198			
Earnings on Investments	26			
Iowa Industrial New Jobs Training Program				
Miscellaneous				
Total Revenues	\$ 4,463,224	\$ 169,099	-	\$ 63,435
<u>EXPENDITURES</u>				
Salaries and Benefits				
Services				\$ 56,718
Materials and Supplies				
Travel				
Plant Asset Acquisitions		\$ 200,780		
Interest on Indebtedness				
Awards to Subrecipients				
Federal Pell Grant Program	\$ 4,364,171			
Federal Supplemental Educational Opportunity Grant (FSEOG)	99,027			
Total Expenditures	\$ 4,463,198	\$ 200,780	-	\$ 56,718
Excess (Deficiency) of Revenues Over Expenditures	\$ 26	\$ (31,681)	-	\$ 6,717
<u>TRANSFERS</u>				
Non-Mandatory Transfers				
Net	\$ 26	\$ (31,681)	-	\$ 6,717
Fund Balance (Deficit)				
Beginning of Year	35	11,679	\$ 678,851	3,195
Fund Balance (Deficit)				
End of Year	61	(20,002)	\$ 678,851	\$ 9,912

<u>Insurance</u>	<u>Unemployment Compensation</u>	<u>Early Retirement</u>	<u>Trio</u>	<u>Workforce Investment Act</u>	<u>Iowa Industrial New Jobs Training Program</u>	<u>Other</u>	<u>Total</u>
						\$ 1,439,565	\$ 1,439,565
\$ 487,654	\$ 48,416	\$ 34,388	\$ 742,231	\$ 1,378,852		250,136	802,992
					\$ 42,409	170	6,834,417
							42,605
					2,064,372		2,064,372
			285			353,885	354,170
\$ 487,654	\$ 48,416	\$ 34,388	\$ 742,516	\$ 1,378,852	\$ 2,106,781	\$ 2,043,756	\$ 11,538,121
\$ 33,833	\$ 71,156	\$ 106,431	\$ 513,591	\$ 830,804		\$ 638,676	\$ 2,194,491
687,499			158,967	57,179	\$ 1,779,933	146,914	2,887,210
			40,379	10,660		89,826	140,865
			11,498	21,807		57,203	90,508
				14,079		12,400	227,259
				460,740	326,848		326,848
							460,740
							4,364,171
							99,027
\$ <u>721,332</u>	\$ <u>71,156</u>	\$ <u>106,431</u>	\$ <u>724,435</u>	\$ <u>1,395,269</u>	\$ <u>2,106,781</u>	\$ <u>945,019</u>	\$ <u>10,791,119</u>
\$ (233,678)	\$ (22,740)	\$ (72,043)	\$ 18,081	\$ (16,417)	-	\$ 1,098,737	\$ 747,002
			(18,081)			(1,120,275)	(1,138,356)
\$ (233,678)	\$ (22,740)	\$ (72,043)	-	\$ (16,417)	-	\$ (21,538)	\$ (391,354)
<u>58,568</u>	<u>(25,551)</u>	<u>261,098</u>		<u>(40,445)</u>		<u>90,619</u>	<u>1,038,049</u>
\$ <u>(175,110)</u>	\$ <u>(48,291)</u>	\$ <u>189,055</u>	<u>-</u>	\$ <u>(56,862)</u>	<u>-</u>	\$ <u>69,081</u>	\$ <u>646,695</u>

AGENCY FUNDS

SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS

FOR THE YEAR ENDED JUNE 30, 2004

	<u>Retraining Grants</u>	<u>Foundation</u>	<u>Other</u>	<u>Total</u>
Balance Beginning of Year	-	\$ 650,916	\$ 116,999	\$ 767,915
<u>ADDITIONS</u>				
State Appropriations	\$ 269,651			\$ 269,651
Tuition and Fees			\$ 47,251	47,251
Earnings on Investments		\$ 49,602	153	49,755
Gifts and Grants		332,395		332,395
Miscellaneous	_____	_____	<u>83,824</u>	<u>83,824</u>
Total Additions	\$ 269,651	\$ 381,997	\$ 131,228	\$ 782,876
<u>DEDUCTIONS</u>				
Services	\$ 269,651	\$ 115	\$ 25,966	\$ 295,732
Materials and Supplies		1,738	91,259	92,997
Travel			7,501	7,501
Other	_____	<u>362,642</u>	<u>300</u>	<u>362,942</u>
Total Deductions	\$ <u>269,651</u>	\$ <u>364,495</u>	\$ <u>125,026</u>	\$ <u>759,172</u>
Net	_____ -	\$ <u>17,502</u>	\$ <u>6,202</u>	\$ <u>23,704</u>
Balance End of Year	===== -	\$ <u>668,418</u>	\$ <u>123,201</u>	\$ <u>791,619</u>

SCHEDULE OF CREDIT AND CONTACT HOURS

FOR THE YEAR ENDED JUNE 30, 2004

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	36,962		36,962	641,168		641,168
Vocational Education	65,787		65,787	1,460,224		1,460,224
Adult Education/ Continuing Education				368,705	25,270	393,975
Cooperative Programs/Services.....						
Related Services and Activities						
Total	<u>102,749</u>	<u>-</u>	<u>102,749</u>	<u>2,470,097</u>	<u>25,270</u>	<u>2,495,367</u>

SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES

	<u>Years Ended June 30,</u>			
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Local (Property Tax).....	\$ 3,086,007	\$ 5,182,880	\$ 3,391,504	\$ 3,247,429
State	9,355,305	8,421,172	8,484,112	9,245,552
Federal	<u>7,788,142</u>	<u>7,837,206</u>	<u>7,358,290</u>	<u>6,467,518</u>
Total	\$ <u>20,229,454</u>	\$ <u>21,441,258</u>	\$ <u>19,233,906</u>	\$ <u>18,960,499</u>

SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION

FOR THE LAST FOUR YEARS

	Years Ended June 30,			
	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
REVENUES:				
State Appropriations	\$ 9,355,305	\$ 8,421,172	\$ 8,484,112	\$ 9,245,552
Tuition and Fees	10,141,825	9,754,265	8,932,348	7,560,492
Property Tax	1,944,500	4,068,354	2,285,603	2,167,533
Federal Appropriations	7,747,572	7,772,361	7,319,243	6,467,518
Sales and Services	126,436	109,510	108,449	88,611
Earnings on Investments	134,187	196,851	318,428	653,241
Iowa Industrial New Jobs				
Training Program	2,064,372	1,577,803	1,660,658	822,692
Auxiliary Enterprises	2,916,532	2,740,297	2,600,176	2,425,994
Miscellaneous	<u>2,035,030</u>	<u>1,734,604</u>	<u>1,828,871</u>	<u>1,596,454</u>
Total Revenues	\$ <u>36,465,759</u>	\$ <u>36,375,217</u>	\$ <u>33,537,888</u>	\$ <u>31,028,087</u>
EXPENDITURES:				
Liberal Arts and Sciences	\$ 2,925,208	\$ 2,805,884	\$ 2,552,187	\$ 2,211,760
Vocational Technical	6,893,558	6,646,855	6,705,029	6,206,829
Adult Education	1,628,509	2,055,200	1,931,591	2,097,352
Cooperative Services	2,876,415	2,425,816	2,563,541	1,890,412
Administration	1,365,849	1,400,845	1,528,087	1,393,164
Student Services	1,373,771	1,368,664	1,361,324	1,356,604
Learning Resources	303,239	277,658	273,076	344,679
Physical Plant	2,762,746	2,397,831	2,171,925	2,374,882
General Institution	5,131,641	5,058,715	7,229,694	5,065,321
Auxiliary Enterprises	2,449,999	2,335,679	2,230,191	2,058,626
Scholarships and Grants	4,463,198	4,291,822	3,469,183	2,639,782
Workforce Investment Act	1,395,269	1,431,312	1,821,472	1,890,360
Job Training Partnership				
Act	—	—	—	<u>1,905</u>
Total Expenditures	\$ <u>33,569,402</u>	\$ <u>32,496,281</u>	\$ <u>33,837,300</u>	\$ <u>29,531,676</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Direct:			
U. S. Department of Education:			
Student Financial Aid - Cluster:			
Federal Supplemental			
Educational Opportunity Grant			
(FSEOG)	84.007	\$ 99,027	
Federal Family Education Loans	84.032		\$ 6,241,107
Federal Work Study Program (FWS)	84.033	173,549	
Federal Pell Grant Program	84.063*	4,364,171	
Federal Pell Grant Program -			
Administration	84.063*	<u>9,650</u>	
		\$ 4,646,397	\$ 6,241,107
Higher Education - TRIO - Student			
Support Services	84.042A	232,965	
Higher Education - TRIO - Talent			
Search	84.044A	219,598	
Higher Education - TRIO - Upward			
Bound	84.047A	285,227	
Business and International			
Education Projects	84.153A	43,734	
U. S. Department of Commerce:			
Public Telecommunications			
Facilities Program	11.550	40,570	
Environmental Protection Agency:			
Brownfield Pilots Cooperative			
Agreements	66.811	9,489	
Occupational Safety and Health			
Administration:			
Susan Harwood - Training Grant			
Program	17.502	<u>157,215</u>	
Total Direct		\$ 5,635,195	\$ 6,241,107
Indirect:			
U. S. Department of Labor:			
Indirect Through Iowa Workforce			
Development:			
Workforce Investment Act			
(WIA) Adult Program	17.258	\$ 148,169	
WIA Youth Activities	17.259	158,596	
Employment and Training			
Assistance - Dislocated			
Workers	17.260	572,245	

See Accompanying Notes to Schedule of Expenditures of Federal Awards

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2004

<u>Grantor/Program</u>	<u>CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Indirect: (Continued)			
U. S. Department of Education:			
Indirect Through the Iowa			
Department of Education:			
Adult Education - State			
Administered Basic Grant			
Program	84.002	\$ 238,832	
Vocational Education - Basic			
Grants to States:			
Title II-B, Adult Training			
and Retraining	84.048A	506,241	
Indirect Through Iowa Workforce			
Development:			
Rehabilitation Services			
Demonstration and Training			
Programs	84.235	104,064	
U. S. Department of Health and Human			
Services:			
Indirect Through Iowa Workforce			
Development:			
Temporary Assistance for			
Needy Families	93.558	389,168	
National Science Foundation:			
Indirect Through the Midwest Center			
for Information Technology:			
Education and Human Resources	47.076	<u>39,697</u>	
Total Indirect		\$ <u>2,157,012</u>	-
Total		\$ <u>7,792,207</u>	\$ <u>6,241,107</u>

* Total expenditures for CFDA Number 84.063 were \$4,373,821.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

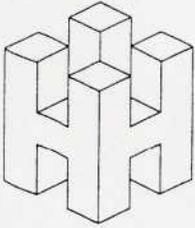
FOR THE YEAR ENDED JUNE 30, 2004

Basis of Presentation - The accompanying Schedule of Expenditures of Federal Awards includes the Federal grant activity of Western Iowa Tech Community College and is presented on the modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local

Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Subrecipients - Western Iowa Tech Community College provided Federal awards to subrecipients, as follows:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Provided</u>
Business and International Education Projects	84.153A	\$ <u>18,032</u>



HENJES, CONNER,
WILLIAMS & GRIMSLEY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

800 FRANCES BUILDING
505 FIFTH STREET
P.O. BOX 1528
SIOUX CITY, IOWA 51102

PH. (712) 277-3931
(800) 274-3931
FAX (712) 233-3431

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Directors
Western Iowa Tech Community College
Sioux City, Iowa

We have audited the statement of net assets, and the related statements of revenues, expenses, and changes in net assets and cash flows, of WESTERN IOWA TECH COMMUNITY COLLEGE, as of and for the year ended June 30, 2004, and have issued our report thereon dated September 1, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Western Iowa Tech Community College's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the Community College's operations for the year ended June 30, 2004, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Community College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Prior year statutory comments have been resolved, except 04-IV-K.

Internal Control Over Financial Reporting

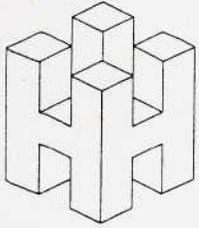
In planning and performing our audit, we considered Western Iowa Tech Community College's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Western Iowa Tech Community College and other parties to whom Western Iowa Tech Community College may report. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Western Iowa Tech Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Hedges, Conner,
Williams & Gimsby, L.L.P.
Certified Public Accountants

Sioux City, Iowa
September 1, 2004



HENJES, CONNER,
WILLIAMS & GRIMSLEY, L.L.P.

CERTIFIED PUBLIC ACCOUNTANTS

800 FRANCES BUILDING
505 FIFTH STREET
P.O. BOX 1528
SIOUX CITY, IOWA 51102

PH. (712) 277-3931
(800) 274-3931
FAX (712) 233-3431

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE

To the Board of Directors
Western Iowa Tech Community College
Sioux City, Iowa

Compliance

We have audited the compliance of WESTERN IOWA TECH COMMUNITY COLLEGE with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major Federal programs for the year ended June 30, 2004. Western Iowa Tech Community College's major Federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major Federal programs is the responsibility of Western Iowa Tech Community College's management. Our responsibility is to express an opinion on Western Iowa Tech Community College's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, Chapter 11 of the Code of Iowa, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Community College's compliance with those requirements.

In our opinion, Western Iowa Tech Community College complied, in all material respects, with the requirements referred to above that are applicable to its major Federal programs for the year ended June 30, 2004.

Internal Control Over Compliance

The management of Western Iowa Tech Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to Federal programs. In planning and performing our audit, we considered the Community College's internal control over compliance with requirements that could have a direct and material effect on a major Federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major Federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Western Iowa Tech Community College and other parties to whom Western Iowa Tech Community College may report, including Federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Hedges, Conner,
Williams & Ginsley, C.P.A.*
Certified Public Accountants

Sioux City, Iowa
September 1, 2004

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2004

Part I: Summary of the Independent Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses involving the internal control over financial reporting and its operation were noted.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No reportable conditions in internal control over major programs were disclosed by the audit of the financial statements. No material weaknesses were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
- Student Financial Aid (Cluster of Programs), Including
 - CFDA Number 84.007 Federal Supplemental Educational Opportunity Grant (FSEOG)
 - CFDA Number 84.032 Federal Family Education Loans
 - CFDA Number 84.033 Federal Work Study Program (FWS)
 - CFDA Number 84.063 Federal Pell Grant Program
 - CFDA Number 17.258 Workforce Investment Act Adult Program
 - CFDA Number 93.558 Temporary Assistance for Needy Families
 - CFDA Number 17.260 Employment and Training Assistance - Dislocated Workers
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Western Iowa Tech Community College qualified as a low-risk auditee.

WESTERN IOWA TECH COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

Part II: Findings Related to the General Purpose Financial Statements:

No instances of noncompliance or reportable conditions relating to the financial statements were noted.

WESTERN IOWA TECH COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

Part III: Findings and Questioned Costs for Federal Awards:

No instances of noncompliance or reportable conditions relating to Federal Awards were noted.

WESTERN IOWA TECH COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2004

Part IV: Other Findings Related to Required Statutory Reporting:

- 04-IV-A Official Depositories - Official depositories have been adopted by the Board. The maximum deposit amounts were not exceeded during the year ended June 30, 2004.
- 04-IV-B Certified Budget - Expenditures in total for the year ended June 30, 2004, did not exceed the amounts budgeted.
- Although certain funds exceeded the total expenditures budget, no budget amendment was required because the budget amendment form includes expenditures for funds in total only. Since the total was within the budget, no budget amendment was prepared.
- 04-IV-C Questionable Disbursements - No expenditures that did not meet the requirements of public purpose as defined in the Attorney General's opinion, dated April 25, 1979, were noted.
- 04-IV-D Travel Expense - No expenditures of Community College money for travel expenses of spouses of Community College officials or employees were noted. No travel advances to Community College officials or employees were noted.
- 04-IV-E Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.
- 04-IV-F Bond Coverage - Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- 04-IV-G Board Minutes - No transactions were found that we believe should have been approved in the Board minutes, but were not.

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2004

- 04-IV-H Publication - The Community College published a statement showing the receipts and disbursements of all funds for the fiscal year 2004, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Code of Iowa.
- 04-IV-I Deposits and Investments - No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the Community College's investment policy were noted.
- 04-IV-J Credit and Contact Hours - Eligible credit and contact hours reported to the Iowa Department of Education by the Community College were supported by detailed records maintained by the Community College.
- 04-IV-K Workforce Investment Act (WIA) and Temporary Assistance for Needy Families (TANF) Compliance - During testing of sixty participant files, we noted eight participants' files that were either missing required documentation or contained required documentation that was not signed.
- Recommendation - We recommend that counselors utilize the checklist of required documentation to insure that participant files are maintained in accordance with program guidelines and contain all required forms. In addition, the department should consider internal file reviews on a quarterly, or more frequent basis.
- Response and Corrective Action Planned - Recommendation accepted.
- Conclusion - Response accepted.

WESTERN IOWA TECH COMMUNITY COLLEGE

CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2004

<u>Comment</u> <u>Number</u>	<u>Comment Title</u>	<u>Corrective</u> <u>Action Plan</u>	<u>Contact Person,</u> <u>Title</u> <u>Phone Number</u>	<u>Anticipated</u> <u>Date of</u> <u>Completion</u>
---------------------------------	----------------------	---	---	---

There were no instances of noncompliance or reportable conditions relating to Federal Awards noted. Thus, no corrective actions need to be taken.

WESTERN IOWA TECH COMMUNITY COLLEGE

SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS

FOR THE YEAR ENDED JUNE 30, 2004

<u>Reference</u>	<u>Comment Title</u>	<u>Status</u>	<u>If not Corrected, Provide Planned Corrective Action or Other Explanation</u>
No instances of noncompliance or reportable conditions relating to Federal awards were noted in the prior year.			