

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS  
ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

INDEPENDENT AUDITORS' REPORT

YEAR ENDED JUNE 30, 2006

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KWIT-KOJI FM RADIO

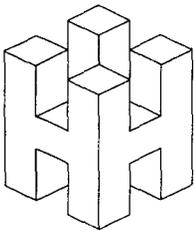
A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Directors</u>		
Dr. Robert Rasmus	President	2007
Russell Wray	Vice President	2006
Deborah Cook	Member	2007
Derrick Franck	Member	2008
Curt Grigg	Member	2008
Michael Hunter	Member	2006
Norman Lang	Member	2007
William Lyle	Member	2008
Eldon Schroder	Member	2008

Community College

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



HENJES, CONNER &  
WILLIAMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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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, cash flows and functional expenses, of KWIT-KOJI FM RADIO, a public telecommunications entity operated by Western Iowa Tech Community College, and its discretely presented component unit, as of and for the year ended June 30, 2006. These financial statements are the responsibility of Community College officials. 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 and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 KWIT-KOJI FM Radio, a public telecommunications entity operated by Western Iowa Tech Community College, and its discretely presented component unit at June 30, 2006, 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.

KWIT-KOJI FM Radio has not presented management's discussion and analysis which introduces the basic financial statements by presenting certain financial information as well as management's analytical insights on that information that the Governmental Accounting Standards Board has determined necessary to supplement, although not required to be part of, the basic financial statements.

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, cash flows and functional expenses, which collectively comprise KWIT-KOJI FM Radio'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, 2005, (none of which are presented herein), and expressed unqualified opinions on those financial statements.

*Henry, Conner + Williams, P.C.*

Certified Public Accountants

Sioux City, Iowa  
August 31, 2006

**FINANCIAL STATEMENTS**

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

JUNE 30, 2006

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CURRENT ASSETS</u>		
Cash .....	\$ 383,564	\$ 43,913
Pledges Receivable .....	2,179	
Grant Receivable .....	<u>20,924</u>	
Total Current Assets .....	\$ 406,667	\$ 43,913
<u>OTHER ASSETS</u>		
Endowment Investments - Note 3 .....		\$ 933,024
Capital Assets, Net of Accumulated Depreciation - Note 4 .....	\$ <u>558,827</u>	
Total Other Assets .....	\$ <u>558,827</u>	\$ <u>933,024</u>
Total Assets .....	\$ <u>965,494</u>	\$ <u>976,937</u>
<u>CURRENT LIABILITIES</u>		
Salaries and Benefits Payable .....	\$ 9,283	
Compensated Absences .....	16,239	
Deferred Income .....	<u>5,000</u>	
Total Current Liabilities .....	\$ 30,522	-
<u>NET ASSETS</u>		
Invested in Capital Assets .....	\$ 518,258	
Restricted:		
Non-Expendable .....		\$ 250,000
Expendable .....	40,569	726,937
Unrestricted .....	<u>376,145</u>	
Total Net Assets .....	\$ <u>934,972</u>	\$ <u>976,937</u>
Total Liabilities and Net Assets .....	\$ <u>965,494</u>	\$ <u>976,937</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

EXHIBIT B

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2006

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>OPERATING REVENUES</u>		
Corporation for Public Broadcasting Support ....	\$ 175,929	
Rental of Facilities .....	28,346	
Donated Materials and Services .....	22,630	
Gifts and Contributions .....		\$ 166,672
Other Operating Revenues .....	<u>60,144</u>	
Total Operating Revenues .....	\$ 287,049	\$ 166,672
<u>OPERATING EXPENSES</u>		
Program Services:		
Programming and Production .....	\$ 366,848	\$ 2,373
Broadcasting .....	95,124	
Program Information .....	<u>5,819</u>	
	\$ 467,791	\$ 2,373
Management and General .....	<u>180,796</u>	
Total Operating Expenses .....	\$ 648,587	\$ 2,373
Operating Income (Loss) .....	\$ (361,538)	\$ 164,299
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State Support .....	\$ 224,214	
College Support - Direct .....	53,791	
College Support - Indirect .....	130,284	
Corporation for Public Broadcasting Grants .....	47,174	
Investment Income, Net of Investment Expense of \$7,208 .....		\$ 43,908
Gifts from Friends of FM 90 .....	108,679	
Payments to KWIT-KOJI .....		(108,679)
Equipment .....	( 8,708)	
Donated Facilities .....	<u>(130,284)</u>	
Net Non-Operating Revenues (Expenses) ...	\$ 425,150	\$ ( 64,771)
Change in Net Assets .....	\$ 63,612	\$ 99,528
Net Assets - Beginning of Year .....	<u>871,360</u>	<u>877,409</u>
Net Assets - End of Year .....	\$ <u>934,972</u>	\$ <u>976,937</u>

See Accompanying Notes to Financial Statements

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2006

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Cash Operating Grants Received from the Corporation for Public Broadcasting .....	\$ 175,929	
Rental Receipts .....	28,346	
Cash Received from Donors and Others .....	59,944	\$ 166,672
Cash Payments to Employees and Others .....	(583,759)	( 2,373)
Net Cash Provided (Used) by Operating Activities .....	\$(319,540)	\$ 164,299
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>		
Cash Received from State Support .....	\$ 224,214	
Cash Received from Gifts from Friends of FM 90 ..	108,679	
Cash Paid for Gifts to KWIT-KOJI .....	_____	\$(108,679)
Net Cash Provided (Used) by Non-Capital Financing Activities .....	\$ 332,893	\$(108,679)
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>		
Cash Received from Corporation for Public Broadcasting Grants .....	\$ 21,250	_____
Net Cash Provided by Capital and Related Financing Activities .....	\$ 21,250	-
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Cash Received from Investment Income .....		\$ 54,106
Cash Paid for Investment Expenses .....		( 7,208)
Cash Paid for Purchase of Investments .....	_____	( 96,360)
Net Cash (Used) by Investing Activities ..	_____	\$( 49,462)
Net Increase in Cash and Cash Equivalents ..	\$ 34,603	\$ 6,158
Cash and Cash Equivalents - June 30, 2005 .....	<u>348,961</u>	<u>37,755</u>
Cash and Cash Equivalents - June 30, 2006 .....	\$ <u>383,564</u>	\$ <u>43,913</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

EXHIBIT C

(Cont.)

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2006

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	<u>KWIT-KOJI FM Radio</u>	<u>Component Unit Friends of FM 90</u>
<u>RECONCILIATION OF OPERATING INCOME (LOSS) TO</u>		
<u>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</u>		
Operating Income (Loss) .....	\$(361,538)	\$ 164,299
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation .....	\$ 41,574	
(Increase) in Pledges Receivable .....	( 200)	
Decrease in Salaries and Benefits Payable ..	112	
Increase in Compensated Absences .....	<u>512</u>	
Total Adjustments .....	\$ <u>41,998</u>	<u>-</u>
Net Cash Provided (Used) by Operating Activities .....	\$( <u>319,540</u> )	\$ <u>164,299</u>
 <u>SUPPLEMENTAL SCHEDULE OF SIGNIFICANT</u>		
<u>NON-CASH ACTIVITIES</u>		
College Support - Indirect .....	\$ <u>130,284</u>	<u>-</u>
Donated Materials and Services .....	\$ <u>22,630</u>	<u>-</u>

See Accompanying Notes to Financial Statements

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Program Services</u>			
	<u>Programming and Production</u>	<u>Broadcasting</u>	<u>Program Information</u>	<u>Total Program Services</u>
Salaries, Related Payroll Costs and Fringe				
Benefits .....	\$ 184,516	\$ 59,606		\$ 244,122
Professional Services ...				-
Memberships .....	151,791			151,791
Communications .....				-
Utilities .....				-
Postage .....		820		820
Data Processing .....				-
Other Services .....	4,545	3,215		7,760
Materials and Supplies ..	1,465	1,470		2,935
Periodicals .....	315			315
Lease Expense .....				-
Equipment .....	391	96		487
Travel and Meeting Expense .....	729	2,507		3,236
Donated Personal Services of Volunteers .....	1,215			1,215
Donated Professional Services .....			\$ 5,819	5,819
Donated Materials and Facilities .....	14,660			14,660
Depreciation .....	<u>7,221</u>	<u>27,410</u>	<u>          </u>	<u>34,631</u>
 Total Operating Expenses ....	 \$ <u>366,848</u>	 \$ <u>95,124</u>	 \$ <u>5,819</u>	 \$ <u>467,791</u>

<u>Supporting Services</u> <u>Management</u> <u>and</u> <u>General</u>	<u>Total</u> <u>Expenses</u>
\$ 96,564	\$ 340,686
5,398	5,398
-	151,791
535	535
38,777	38,777
4,035	4,855
11,457	11,457
1,385	9,145
4,746	7,681
192	507
5,328	5,328
2,804	3,291
1,696	4,932
-	1,215
936	6,755
-	14,660
<u>6,943</u>	<u>41,574</u>
\$ <u>180,796</u>	\$ <u>648,587</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

KWIT-KOJI FM Radio is a non-profit, non-commercial radio station and an affiliate of the National Public Radio Network. The Radio Station operates with a power of 100,000 watts, including a repeater station. Emphasis is placed on service to eighteen counties in northwest Iowa. KWIT-KOJI FM Radio is operated by, and the financial activity is included in the financial statements of, Western Iowa Tech Community College, Sioux City, Iowa.

A. Reporting Entity

The financial statements of KWIT-KOJI FM Radio include the discrete presentation of Friends of FM-90 (Friends), a legally separate, tax-exempt component unit of the Radio Station. Friends acts primarily as a fund-raising organization to supplement the resources that are available to the Radio Station in support of its programming. Although the Radio Station does not control the timing or amount of receipts from Friends, the majority of resources, or income thereon, that Friends holds and invests are restricted to the activities of the Radio Station by the donors.

During the year ended June 30, 2006, Friends distributed \$108,679 to KWIT-KOJI for unrestricted programming purposes.

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 Radio Station, including permanent endowment funds.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

Restricted Net Assets

Expendable

Net assets whose use by the Radio Station is subject to externally - imposed stipulations that can be fulfilled by actions of the Radio Station, 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.

GASB Statement No. 35 also requires the Statements of Net Assets, Revenues, Expenses and Changes in Net Assets, Cash Flows and Functional Expenses be reported on a consolidated basis. The effect of interfund activity has been removed from these statements.

C. Measurement Focus and Basis of Accounting

For financial reporting purposes, the Radio Station 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 Radio Station 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. State support 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

The following accounting policies are followed in preparing the statement of net assets:

Investments - Investments are stated at fair value.

Capital Assets - Capital assets, which include buildings, radio tower, furniture and equipment, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at fair market value at the date of donation. Depreciation expense is recorded on capital assets using the straight-line method over their estimated useful lives. For the year ended June 30, 2006, depreciation expense was \$41,574.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

D. Assets, Liabilities and Net Assets (Cont.)

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. Capital assets are defined by the Radio Station as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of two years.

Compensated Absences - Radio Station 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 of the appropriate fund. These liabilities have been computed based on current rates of pay.

E. In-Kind Contributions

Donated personal services of volunteers, professional services and materials are recorded as revenue and expenditures in the accompanying statement of revenues, expenditures and changes in fund balances at estimated fair value.

Donated facilities from Western Iowa Tech Community College consist of office and studio space together with related occupancy costs and are recorded as revenue and expenditures at estimated fair rental values. Administrative support from Western Iowa Tech Community College consists of allocated financial and administrative costs and certain other expenses incurred by the College on behalf of the Radio Station.

Total recorded in-kind contributions for June 30, 2006, are as follows:

Donated Professional Services of Volunteers:	
Voluntary Services .....	\$ 1,215
Donated Professional Services and Programs:	
Advertising and Contracted Services .....	6,755
Donated Materials and Facilities:	
Compact Discs, Other Materials and Equipment .....	14,660
College Facilities .....	<u>130,284</u>
	<u>\$ 152,914</u>

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
(Cont.)

F. 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.

G. Allowance for Doubtful Accounts

The allowance for doubtful accounts is maintained at a balance which, in the opinion of management, is adequate to reflect pledges receivable at their net realizable value. No allowance is considered necessary at June 30, 2006.

Note 2 - CASH AND CASH EQUIVALENTS

The Radio Station's deposits in the bank accounts of Western Iowa Tech Community College at June 30, 2006, were entirely covered by the Federal Depository Insurance Corporation, 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.

For purposes of the Statement of Cash Flows, the Radio Station considers all unrestricted short term debt securities purchased with a maturity of three months or less to be cash equivalents.

Note 3 - ENDOWMENT INVESTMENTS

The Friends of FM 90 Endowment was established by a contributor to benefit the arts organization within the Siouxland Community. This contribution and its earnings were fully restricted until the principal reached \$250,000. Because the principal has surpassed \$250,000, interest earned may now be withdrawn for Radio Station activities. The investments are recorded at market. A summary of the investments is as follows:

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 3 - ENDOWMENT INVESTMENTS  
(Cont.)

	<u>Cost</u>	<u>Market</u>
Wells Fargo Cash Investment Money Market .....	\$ 10,750	\$ 10,750
Federal Home Loan Bank at 5.875%, Maturing 11-15-07 (AAA) .....	25,022	25,117
Wells Fargo Intermediate Government Income Fund .....	48,579	46,225
Wells Fargo Index Fund .....	88,156	96,780
Wells Fargo Equity Income Fund ...	182,286	156,937
Wells Fargo Large Company Growth Fund .....	121,523	122,313
Midcap S & P Depository Receipts ..	27,902	41,751
Oakmark International Fund .....	33,839	53,853
Federal Home Loan Bank at 4.75%, Maturing 1-05-11 (AAA) .....	25,023	24,172
Federal Home Loan Bank at 5.00%, Maturing 5-17-11 (AAA) .....	10,068	9,722
Federal Home Loan Mortgage Corporation at 5.75%, Maturing 4-15-08 (AAA) .....	24,728	25,110
Federal National Mortgage Association 6.375%, Maturing 6-15-09 (AAA) ..	25,632	25,625
Merrill Lynch & Co. Medium Term Note at 4.50%, Maturing 11-4-10 (AA3) ..	25,201	23,984
Wells Fargo Advantage Total Return Bond Fund .....	126,902	120,106
Hawkeye Community College NJTP Bonds at 5.65%, Maturing 6-1-11 (AA3) ..	25,589	24,112
NASDAQ 100 Shares .....	10,415	11,631
S & P Depository Receipts .....	10,415	12,723
I Shares Funds .....	<u>85,402</u>	<u>102,113</u>
Total .....	\$ <u>907,432</u>	\$ <u>933,024</u>

Interest Rate Risk: The Radio Station, as a part of Western Iowa Tech Community College, has an investment policy that limits the investment of operating funds (funds expected to be expended in the current budget year or within fifteen months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the Radio Station.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 3 - ENDOWMENT INVESTMENTS

(Cont.)

Credit Risk: The endowment investments that were rated by Moody's Investors Service at June 30, 2006, have their ratings denoted in parentheses above. The remaining investments have either not been rated or are not exposed to custodial credit risk.

Concentration of Credit Risk: The Radio Station's policy is to diversify its investments by limiting investments in prime bankers acceptances or commercial paper to no more than 10% of its portfolio maturities. At June 30, 2006, the following investment types exceeded 5% of the total endowment investment portfolio:

Wells Fargo Index Fund  
Wells Fargo Equity Income Fund  
Wells Fargo Large Company Growth Fund  
Oakmark International Fund  
Wells Fargo Advantage Total Return Bond Fund  
I Shares Funds

Note 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006, is as follows:

	Balance Beginning <u>of Year</u>	<u>Additions</u>	<u>Deletions</u>	Balance End <u>of Year</u>
Buildings	\$ 286,625			\$ 286,625
Radio Tower	554,047	\$ 16,767		570,814
Furniture and Equipment	<u>273,982</u>	<u>28,318</u>	\$(86,732)	<u>215,568</u>
	\$ 1,114,654	\$ 45,085	\$(86,732)	\$ 1,073,007
Accumulated Depreciation	( 559,338)	(41,574)	86,732	( 514,180)
Net Capital Assets	\$ <u>555,316</u>	\$ <u>3,511</u>	<u>-</u>	\$ <u>558,827</u>

Beginning of the year balances have been restated to reflect \$25,625 of fully-depreciated furniture and equipment not previously reported.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
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NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 5 - OPERATING LEASES

The 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 remainder of the lease terms are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2007 .....	\$ 24,368
2008 .....	<u>10,760</u>
Total .....	\$ <u>35,128</u>

The Radio Station also leases tower space from which its repeater station, KOJI, transmits. This lease expires June 3, 2012. The future minimum lease payments required by the Radio Station for the lease term are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2007 .....	\$ 5,328
2008 .....	5,328
2009 .....	5,328
2010 .....	5,328
2011 .....	5,328
2012 .....	<u>4,884</u>
	\$ <u>31,524</u>

Total lease expense for the year ended June 30, 2006, was \$5,328.

Note 6 - IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

Western Iowa Tech Community College contributes to the Iowa Public Employees Retirement System (IPERS) on behalf of KWIT-KOJI FM Radio. IPERS 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.

KWIT-KOJI FM RADIO

A PUBLIC TELECOMMUNICATIONS ENTITY OPERATED BY  
WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

- Note 6 - IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)  
(Cont.) 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 payroll. Contribution requirements are established by state statute. The Community College's contributions to IPERS for the years ended June 30, 2006, 2005 and 2004, were \$2,765, \$2,901, and \$2,909, respectively, equal to the required contributions for each year.
- Note 7 - TEACHERS INSURANCE AND ANNUITY ASSOCIATION -  
COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)  
Western Iowa Tech Community College contributes to the TIAA-CREF retirement program, a defined contribution plan, on behalf of KWIT-KOJI FM Radio. 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 KWIT-KOJI FM Radio's employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2006, were \$12,547 and \$8,074, respectively.
- Note 8 - FUNDRAISING EXPENSES  
During the year ended June 30, 2006, the Radio Station conducted various fundraising activities. Management and general expenses listed in Exhibit D, totaling \$28,492, are related to fundraising.
- Note 9 - CONTINGENCY  
The National Telecommunications and Information Administration, as the federal grantor of funds to KWIT-KOJI FM Radio, holds a 10-year reversionary interest in the digital equipment purchased by the Radio Station during the year ended June 30, 2004. The period of interest expires June 30, 2014. Accordingly, the Radio Station has \$40,569 of expendable restricted net assets.