

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, 2006

C O N T E N T S

		<u>Page</u>
Officials		1
Independent Auditors' Report		2 - 3
Management's Discussion and Analysis		4 - 10
Basic Financial Statements:	<u>Exhibit</u>	
Statement of Net Assets	A	11 - 12
Statement of Revenues, Expenses and Changes in Net Assets	B	13
Statement of Cash Flows	C	14 - 15
Notes to Financial Statements		16 - 31
Required Supplementary Information:		
Budgetary Comparison Schedule of Expenditures - Budget and Actual		32
Note to Required Supplementary Information - Budgetary Reporting		33
Other Supplementary Information:	<u>Schedule</u>	
Introduction to Other Supplementary Information		34 - 35
Balance Sheet - All Funds	1	36 - 39
Schedule of Revenues, Expenditures and Changes in Fund Balance - All Funds	2	40 - 43
Unrestricted Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances - Education and Support	3	44 - 45
Schedule of Revenues, Expenditures and Changes in Fund Balances - Auxiliary Enterprises	4	46 - 47
Restricted Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances	5	48 - 49
Agency Funds:		
Schedule of Changes in Deposits Held in Custody for Others	6	50
Schedule of Credit and Contact Hours	7	51
Schedule of Tax and Intergovernmental Revenues	8	52
Schedule of Current Fund Revenues by Source and Expenditures by Function	9	53
Schedule of Expenditures of Federal Awards	10	54 - 56

C O N T E N T S
(Cont.)

	<u>Page</u>
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>	57 - 58
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133	59 - 60
Schedule of Findings and Questioned Costs	61 - 65

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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, 2005 Election</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

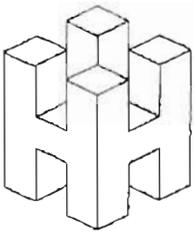
Board of Directors
(Before September, 2005 Election)

Dr. Robert Rasmus	President	2007
Russell Wray	Vice President	2006
Deborah Cook	Member	2007
Derrick Franck	Member	2005
Curt Grigg	Member	2005
Michael Hunter	Member	2006
Norman Lang	Member	2007
William Lyle	Member	2005
Eldon Schroder	Member	2005

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

WESTERN IOWA TECH COMMUNITY COLLEGE



HENJES, CONNER &
WILLIAMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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505 FIFTH STREET
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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 and cash flows, of WESTERN IOWA TECH COMMUNITY COLLEGE, as of and for the year ended June 30, 2006. 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 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 Western Iowa Tech Community College 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.

In accordance with Government Auditing Standards, we have also issued our report dated August 31, 2006, 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 grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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 Governmental 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. 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 financial statements that 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, 2005, (none of which are presented herein), and expressed unqualified opinions on those financial statements. Other supplementary 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 basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Henjes, Conner + Williams, P.C.

Certified Public Accountants

Sioux City, Iowa
August 31, 2006



Community College

Western Iowa Tech

Community College

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www.witcc.com

Cherokee Campus
& Conference Center

Denison Campus

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, 2006. 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 14.4%, or approximately \$3,222,077, from fiscal year 2005 (FY05). Tuition and fees, Iowa industrial New Jobs Training Program (NJTP) and miscellaneous revenues increased while federal appropriations, sales and services and auxiliary enterprises revenues decreased.
- Operating expenses were 17.8%, or approximately \$5,769,874, more in FY06 than in FY05. Liberal arts and sciences, vocational technical, adult education, cooperative services, administration, student services, learning resources, general institution and depreciation increased while physical plant, auxiliary enterprises, scholarships and grants, workforce investment act and bad debts and collection costs decreased.
- Net non-operating revenue increased 11.0%, or approximately \$1,309,496, from FY05 mainly due to an increase in state appropriations, property tax and earnings on investments offset by an increase in interest on indebtedness.
- The Community College's net assets increased 2.8%, or approximately \$601,031 from FY05.

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.

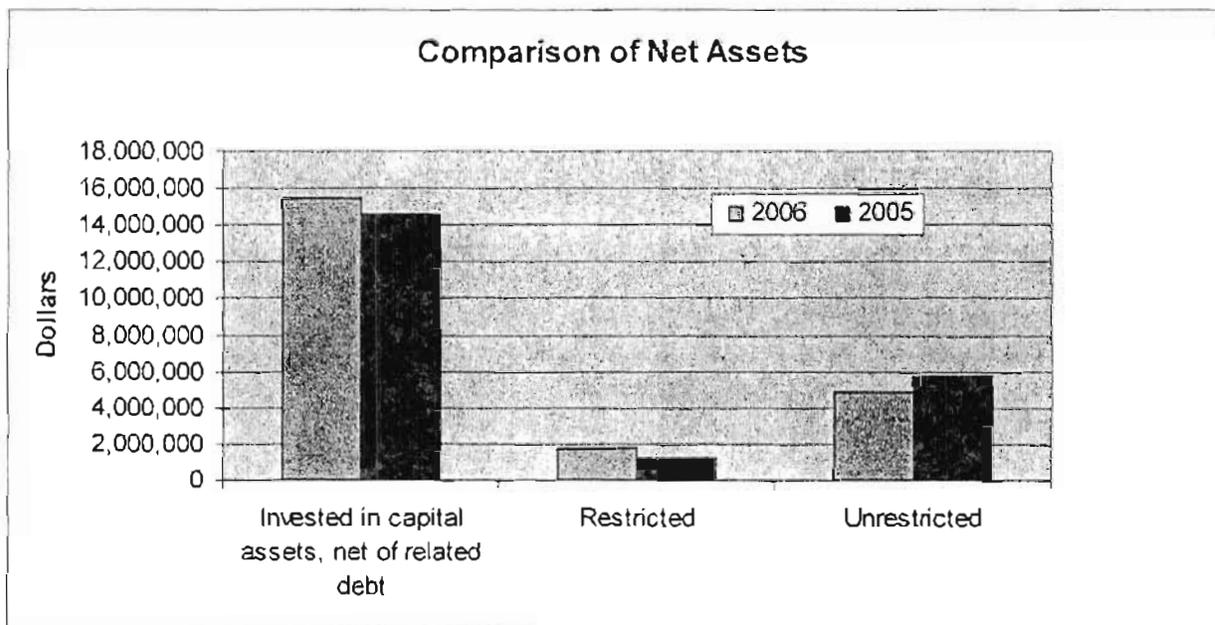
Other supplementary information provides detailed information about the individual funds. In addition, the schedule of expenditures of federal awards provides details of various programs benefiting the College.

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, 2006 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, 2006</u>	<u>June 30, 2005</u>
Current assets	\$27,902,518	\$29,345,114
Capital assets, net of accumulated depreciation	18,609,088	18,576,242
Other assets	<u>1,144,904</u>	<u>930,501</u>
Total assets	<u>47,656,510</u>	<u>48,851,857</u>
Current liabilities	12,899,983	13,369,473
Non-current liabilities	<u>12,599,357</u>	<u>13,926,245</u>
Total liabilities	<u>25,499,340</u>	<u>27,295,718</u>
Net assets:		
Invested in capital assets, net of related debt	15,514,088	14,606,242
Restricted	1,794,176	1,191,015
Unrestricted	<u>4,848,906</u>	<u>5,758,882</u>
Total net assets	<u>22,157,170</u>	<u>21,556,139</u>
Total Liabilities and Net Assets	<u>\$47,656,510</u>	<u>\$48,851,857</u>



The largest portion of the Community College's net assets (70%) 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 (8%) includes resources that are subject to external restrictions. The remaining net assets (22%) 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

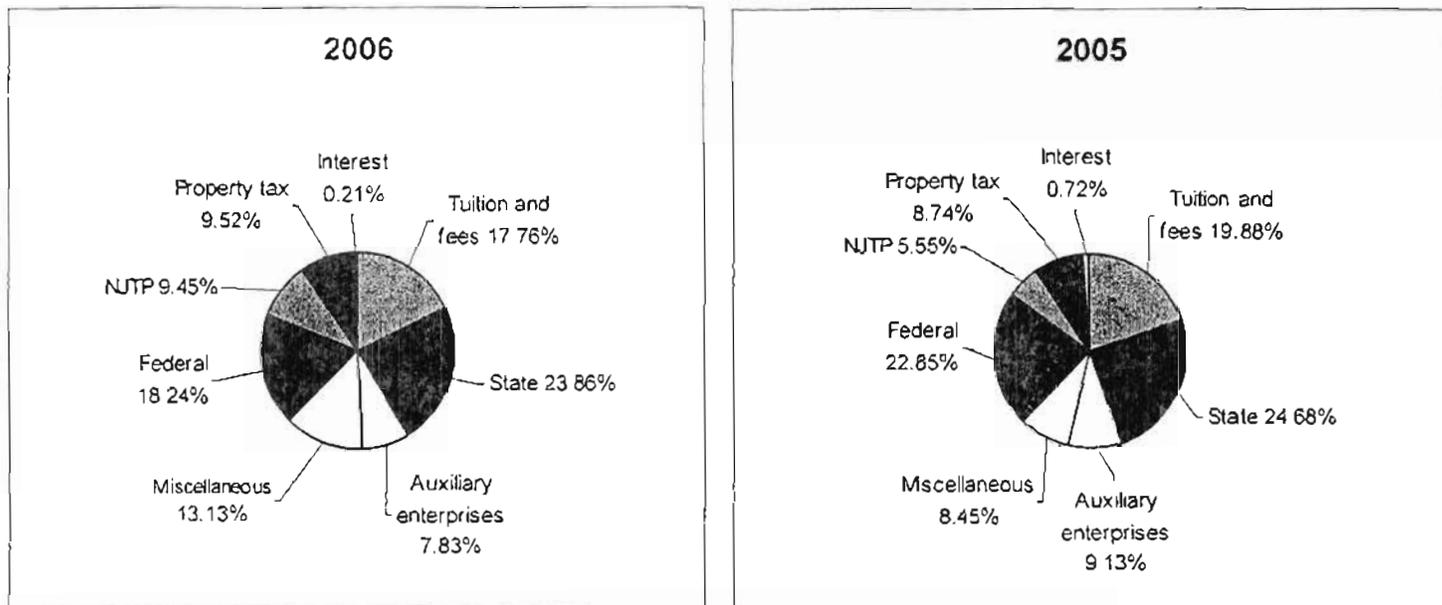
Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the Community College, both operating and non-operating, and 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, 2006</u>	Year Ended <u>June 30, 2005</u>
Operating revenue:		
Tuition and fees, net	\$ 6,903,126	\$ 6,823,085
Federal appropriations	7,086,963	7,844,205
Sales and services	106,525	127,471
Iowa Industrial New Jobs Training Program	3,672,907	1,903,622
Auxiliary enterprises	3,043,086	3,135,438
Miscellaneous	<u>4,823,299</u>	<u>2,580,008</u>
Total operating revenue	<u>25,635,906</u>	<u>22,413,829</u>
Total operating expenses	38,259,704	32,489,830
Operating loss	<u>(12,623,798)</u>	<u>(10,076,001)</u>
Non-operating revenues (expenses)		
State appropriations	9,270,872	8,473,661
Property tax	3,698,263	3,002,078
Earnings on investments	719,116	306,906
Gifts and Grants	159,415	197,443
Bad-Debt Recovery	0	0
Gain (Loss) on sale of capital assets	14,205	(3,876)
Interest on indebtedness	<u>(637,042)</u>	<u>(60,879)</u>
Net non-operating revenues	<u>13,224,829</u>	<u>11,915,333</u>
Increase in net assets	601,031	1,839,332
Net assets at the beginning of the year	<u>21,556,139</u>	<u>19,716,807</u>
Net assets at the end of the year	<u>\$22,157,170</u>	<u>\$21,556,139</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 2006, operating revenues increased by approximately \$3,222,077 or 14.4%. The increase was a result of the following changes:

Tuition and fees, net of scholarship allowances, increased by approximately \$80,041 due to a modest tuition increase offset by a slight decline in enrollment.

Federal revenues decreased by \$757,242 due to decreases in the federal work study program and the federal Pell grant program as well as a lower federal appropriation for the purchase of equipment and Carl Perkins funding.

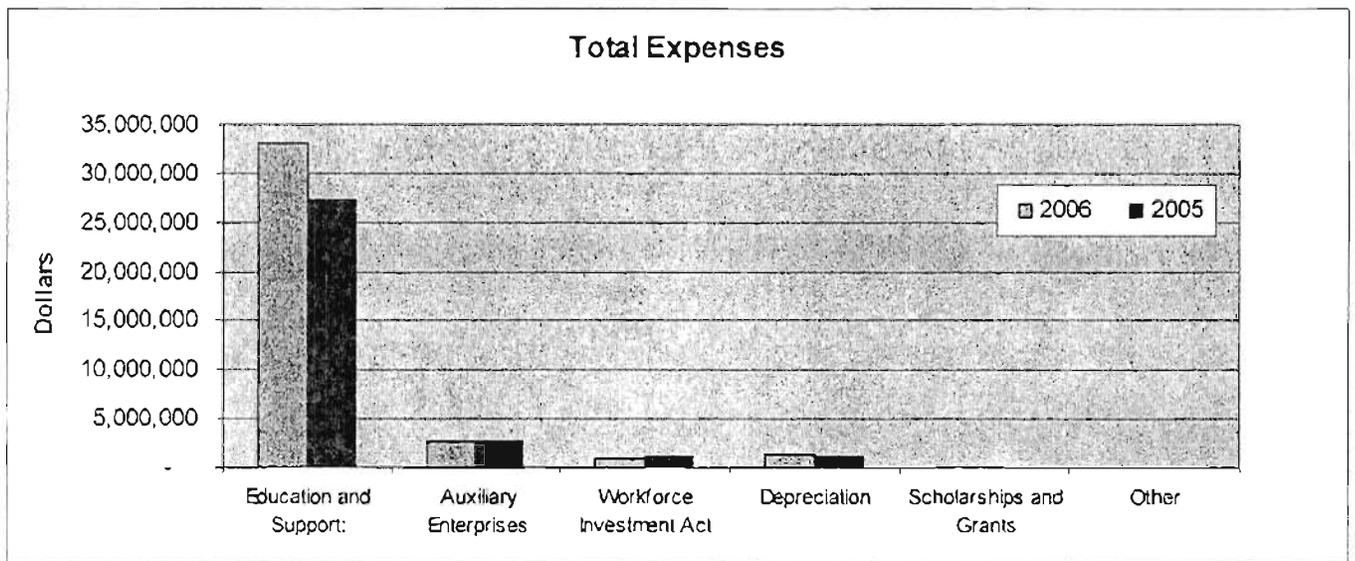
The Iowa Industrial New Jobs Training Program (NJTP) increased by \$1,769,285 mainly due to a new issue in the previous year.

Auxiliary enterprises revenue decreased by approximately \$92,352 due mostly to fewer students purchasing books and supplies.

Miscellaneous revenues increased by approximately \$2,243,291 due to the New Jobs Training Program (NJTP). Additional information is presented in Note 12 to the financial statements.

Operating Expenses

	Year Ended <u>June 30, 2006</u>	Year Ended <u>June 30, 2005</u>
Education and Support:		
Liberal Arts and Sciences	\$3,208,417	\$ 3,098,353
Vocational Technical	7,082,725	6,735,889
Adult Education	1,778,051	1,742,618
Cooperative Services	6,697,364	2,756,645
Administration	1,476,720	1,421,744
Student Services	1,565,086	1,483,739
Learning Resources	280,611	264,414
Physical Plant	4,339,198	4,360,313
General Institution	6,652,908	5,395,787
Auxiliary Enterprises	2,613,278	2,715,114
Scholarships and Grants	160,410	205,401
Workforce Investment Act	1,053,859	1,123,894
Bad Debts and Collection Costs	4	17
Depreciation	<u>1,351,073</u>	<u>1,185,902</u>
Total	<u>\$38,259,704</u>	<u>\$32,489,830</u>



In fiscal year 2006, operating expenses increased by approximately \$5,769,874 or 17.8%. 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 \$492,333. This was due to the increasing costs of salaries and benefits, materials, supplies and equipment needs.

Cooperative services increased by approximately \$3,940,719 as a result of increased training expenditures associated with the recent issuance of a New Jobs Training Program issue. These expenses are dependent on the needs of the participating companies.

General institution expenses increased by approximately \$1,257,121 due mainly to the increase of expenses related to the implementation of the early retirement program.

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, 2006</u>	Year Ended <u>June 30, 2005</u>
Cash provided (used) by:		
Operating Activities	\$(12,068,545)	\$(10,333,734)
Non-capital Financing Activities	11,789,430	11,794,724
Capital and Related Financing Activities	(2,292,937)	1,783,666
Investing Activities	<u>680,071</u>	<u>(33,276)</u>
Net Increase (Decrease) in Cash	(1,891,981)	3,211,380
Cash at the beginning of the year	<u>20,675,352</u>	<u>17,463,972</u>
Cash at the end of the year	<u>\$18,783,371</u>	<u>\$20,675,352</u>

Cash used by operating activities includes tuition and fees, grants and contracts, New Jobs Training Program (NJTP), and auxiliary enterprise, net of payments to employees, suppliers and to NJTP recipients. 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 provided 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 used by investing activities includes investment income received as well as investment activities.

CAPITAL ASSETS

At June 30, 2006, the Community College had approximately \$18.6 million invested in capital assets, net of accumulated depreciation of \$20.7 million. Depreciation charges totaled \$1,351,073 for Fiscal Year 2006. Details of the capital assets are shown below.

	Capital Assets, Net, at Year End	
	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Land	\$ 480,784	\$ 444,784
Buildings	16,102,544	16,276,991
Construction in progress	0	28,480
Furniture and equipment	<u>2,025,760</u>	<u>1,825,987</u>
Total	<u>\$18,609,088</u>	<u>\$18,576,242</u>

Planned capital expenditures for the fiscal year to end June 30, 2007 and beyond include the start of construction of the Institute for Preparedness building. This project will be funded with state funds. The Community College will spend approximately \$6.2 million on the construction of this facility. The College also expects to begin construction on a \$6.5 million student dormitory in the fall of 2007. Funding is expected to come from a dormitory revenue bond. More detailed information about the Community College's capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2006, the Community College had \$13.6 million in debt outstanding, a decrease of \$1,755,000 from 2005. The table below summarizes these amounts by type.

	Outstanding Debt	
	<u>June 30, 2006</u>	<u>June 30, 2005</u>
Certificates payable	\$10,540,000	\$11,420,000
Bonds payable	350,000	520,000
Capital loan notes payable	<u>2,745,000</u>	<u>3,450,000</u>
Total	<u>\$13,635,000</u>	<u>\$15,390,000</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 2007 is expected to increase approximately \$571,387 over the prior year. This increase provides some relief toward increased costs.

Expenses will continue to increase. Costs associated with serving students 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 was completed 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 voters in the College's merged area passed an additional six cent equipment levy which is expected to provide nearly \$320,000 per year for the next ten years. The first collection of this tax levy was in fiscal year 2006.

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 as well as a slight decline in enrollment for the fall semester.

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.

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BASIC FINANCIAL STATEMENTS

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

JUNE 30, 2006

ASSETS

CURRENT ASSETS

Cash and Pooled Investments - Note 2	\$ 18,783,371
Receivables:	
Accounts (Net of Allowance of \$145,695)	1,376,340
Property Tax	3,915,003
Pledges	142,449
Iowa Industrial New Jobs Training Program	69,358
Due from Other Governments	843,797
Inventories - Note 3	759,633
Prepaid Expenses	2,012,567
	<hr/>
Total Current Assets	\$ 27,902,518

CAPITAL ASSETS

Capital Assets, Net of Accumulated Depreciation - Note 4	\$ 18,609,088
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OTHER ASSETS

Other Investments - Note 2	\$ 800,122
Receivables:	
Pledges	67,302
Iowa Industrial New Jobs Training Program	<u>277,480</u>
	<hr/>
Total Other Assets	\$ 1,144,904

	<hr/>
Total Assets	\$ <u>47,656,510</u>

LIABILITIES AND NET ASSETSCURRENT LIABILITIES

Accounts Payable	\$ 846,280
Salaries and Benefits Payable	1,148,514
Accrued Interest	45,517
Deferred Revenue	6,142,955
Early Retirement Payable - Note 14	165,041
Compensated Absences	472,449
Deposits Refundable	10,000
Deposits Held in Custody for Others	1,279,227
Certificates Payable - Note 6	1,900,000
Bonds Payable - Note 6	170,000
Notes Payable - Note 6	<u>720,000</u>
 Total Current Liabilities	 \$ 12,899,983

OTHER LIABILITIES

Early Retirement Payable - Note 14	\$ 1,754,357
Certificates Payable - Note 6	8,640,000
Bonds Payable - Note 6	180,000
Notes Payable - Note 6	<u>2,025,000</u>
 Total Other Liabilities	 \$ <u>12,599,357</u>
 Total Liabilities	 \$ 25,499,340

NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 15,514,088
Restricted	
Expendable:	
Scholarships and Grants	\$ 94
Loans	120,408
Debt Service	1,581,730
Cash Reserve	678,851
Other	(<u>586,907</u>)
 Total Restricted Expendable	 \$ 1,794,176
Unrestricted	\$ <u>4,848,906</u>
 Total Net Assets	 \$ <u>22,157,170</u>
 Total Liabilities and Net Assets	 \$ <u>47,656,510</u>

See Accompanying Notes to Financial Statements

STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2006

OPERATING REVENUES:

Tuition and Fees, Net of Scholarship Allowances of \$3,897,695	\$ 6,903,126
Federal Appropriations	7,086,963
Sales and Services	106,525
Iowa Industrial New Jobs Training Program	3,672,907
Auxiliary Enterprises Revenue	3,043,086
Miscellaneous	<u>4,823,299</u>
Total Operating Revenues	\$ 25,635,906

OPERATING EXPENSES:

Education and Support:	
Liberal Arts and Sciences	\$ 3,208,417
Vocational Technical	7,082,725
Adult Education	1,778,051
Cooperative Services	6,697,364
Administration	1,476,720
Student Services	1,565,086
Learning Resources	280,611
Physical Plant	4,339,198
General Institution	6,652,908
Auxiliary Enterprises	2,613,278
Scholarships and Grants	160,410
Workforce Investment Act	1,053,859
Bad Debts and Collection Costs	4
Depreciation	<u>1,351,073</u>
Total Operating Expenses	\$ 38,259,704
Operating (Loss)	\$(12,623,798)

NON-OPERATING REVENUES (EXPENSES)

State Appropriations	\$ 9,270,872
Property Tax	3,698,263
Earnings on Investments	719,116
Gifts and Grants	159,415
Gain on Sale of Capital Assets	14,205
Interest on Indebtedness	(<u>637,042</u>)
Net Non-Operating Revenues	\$ <u>13,224,829</u>
Increase in Net Assets	\$ 601,031
Net Assets Beginning of Year	<u>21,556,139</u>
Net Assets End of Year	\$ <u>22,157,170</u>

See Accompanying Notes to Financial Statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 6,535,493
Federal Appropriations	7,085,145
Iowa Industrial New Jobs Training Program	3,326,069
Payments to Employees for Salaries and Benefits	(20,070,818)
Payments to Suppliers for Goods and Services	(9,794,940)
Payments to NJTP Recipients	(6,961,994)
Scholarships	(160,410)
Auxiliary Enterprise Receipts	3,043,086
Other Receipts	<u>4,929,824</u>
Net Cash (Used) by Operating Activities	\$(12,068,545)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	\$ 9,270,872
Property Tax	3,698,263
Gifts and Grants	102,075
Issuance of Debt	715,000
Principal Paid on Debt	(1,595,000)
Interest Paid on Debt	(540,095)
Agency Receipts	793,676
Agency Disbursements	(<u>655,361</u>)
Net Cash Provided by Non-Capital Financing Activities	\$ 11,789,430

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	\$(1,448,073)
Principal Paid on Debt	(875,000)
Interest Paid on Debt	(105,563)
Proceeds from Sale of Capital Assets	<u>135,699</u>
Net Cash (Used) by Capital and Related Financing Activities	\$(2,292,937)

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on Investments	\$ 719,116
Unrealized (Gain) on Investments	(20,163)
Purchase of Investments	(530,199)
Proceeds from Sale of Investments	<u>511,317</u>
Net Cash Provided by Investing Activities	\$ <u>680,071</u>

Net (Decrease) in Cash and Cash Equivalents	\$(1,891,981)
Cash and Cash Equivalents - Beginning of Year	<u>20,675,352</u>
Cash and Cash Equivalents - End of Year	\$ <u>18,783,371</u>

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Donated Land	\$ <u>36,000</u>
Donated Equipment	\$ <u>21,340</u>

See Accompanying Notes to Financial Statements

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2006

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

Operating (Loss)	\$(12,623,798)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:	
Depreciation	\$ 1,351,073
Bad Debts and Collection Costs	4
Changes in Assets and Liabilities:	
(Increase) in Accounts Receivable	(265,580)
(Increase) in Receivable from Iowa Industrial New Jobs Training Program	(346,838)
(Increase) in Due from Other Governments	(1,818)
(Increase) in Inventories	(114,082)
Decrease in Prepaid Expenses	170,921
Increase in Accounts Payable	22,406
Increase in Salaries and Benefits Payable	41,722
(Decrease) in Deferred Operating Revenue	(102,053)
Increase in Early Retirement Payable	845,698
(Decrease) in Compensated Absences	(23,030)
(Decrease) in Deposits Refundable	(2,500)
(Decrease) in Payable for Cost of Iowa Industrial New Jobs Training Program	(<u>1,020,670</u>)
Total Adjustments	\$ <u>555,253</u>
Net Cash (Used) by Operating Activities	..... \$(<u>12,068,545</u>)

See Accompanying Notes to Financial Statements

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

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.

These financial statements present Western Iowa Tech Community College and its component unit, Western Iowa Tech Community College Foundation.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

Western Iowa Tech Community College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of providing support to the Community College and scholarships for its students. Because the Foundation provides benefits exclusively to the Community College, its financial activities are included in deposits held in custody for others in these financial statements, and its assets are blended with those of the Community College. Significant financial data for the Foundation for the year ended June 30, 2006, is as follows:

Total Assets	.....	\$ 1,173,787
Total Liabilities	.....	\$ 2,597
Total Net Assets	.....	\$ 1,171,190
Total Revenues	.....	\$ 460,717
Total Expenses	.....	\$ 450,724

Foundation revenues and expenses include \$115,735 of in-kind support from the Community College, which has been eliminated in these financial statements. Foundation expenses include \$124,579 related to fundraising and \$326,145 in scholarships.

- 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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

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.

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 Pooled 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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

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

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.

Receivable for Iowa Industrial New Jobs Training Programs (NJTP) - This represents the amount to be 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 receivable amount is based on expenditures incurred through June 30, 2006, on NJTP projects, including interest incurred on NJTP certificates less revenues received to date.

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. No interest costs were capitalized since there were no qualifying assets.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

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>
Buildings and Improvements ..	30
Equipment	5 - 10
Vehicles	5

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, as have payroll and related expenses for the portion of June salaries paid in July.

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, 2006.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

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.

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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

F. Fundraising Expense - During the year ended June 30, 2006, KWIT-KOJI FM Radio conducted various fundraising activities. General institution operating expenses include \$28,492 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.

Note 2 - CASH AND INVESTMENTS

The Community College's deposits in banks at June 30, 2006, 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.

Included in the Community College's cash and pooled investments is \$9,984,922 which is designated for specific purposes, such as the Iowa Industrial New Jobs Training Program and student scholarships to be awarded by the Western Iowa Tech Community College Foundation.

Investments are stated at fair value. Mutual funds traded on a national exchange are valued at the last reported sales price.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 2 - CASH AND INVESTMENTS

(Cont.)

Investments held by Western Iowa Tech Community College Foundation at June 30, 2006, are as follows:

Mutual Funds	\$ 510,407
Certificates of Deposit	246,752
Money Market Funds	24,627
Government Securities	<u>18,336</u>
	\$ <u>800,122</u>

In addition, the Community College had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$4,380,989, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Interest Rate Risk: The Community College's investment policy 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 Community College.

Credit Risk: The Community College's investments in the Iowa Schools Joint Investment Trust at June 30, 2006, were rated AAA by Moody's Investors Service. The investment in Money Market Funds has not been rated, the investment in open-end Mutual Funds is not exposed to custodial credit risk, and the non-negotiable Certificates of Deposit do not meet the disclosure requirements of GASB No. 3, as amended by No. 40.

Concentration of Credit Risk: The Community College'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. At June 30, 2006, the Community College's investment in Mutual Funds is 9.9% of its total investments.

Note 3 - INVENTORIES

The Community College's inventories at June 30, 2006, are as follows:

Bookstore	\$ 689,471
Cafeteria	12,146
Physical Plant	27,009
Other	<u>31,007</u>
Total	\$ <u>759,633</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2006, 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	\$ 36,000		\$ 480,784
Construction in Progress	<u>28,480</u>	<u> </u>	\$ <u>28,480</u>	<u> </u>
Total Capital Assets Not Being Depreciated..	\$ 473,264	\$ 36,000	\$ 28,480	\$ 480,784
Capital Assets Being Depreciated:				
Buildings ...	\$ 32,449,395	\$ 811,310	\$ 112,113	\$ 33,148,592
Furniture and Equipment ...	<u>5,135,733</u>	<u>686,583</u>	<u>182,829</u>	<u>5,639,487</u>
Total Capital Assets Being Depreciated..	\$ 37,585,128	\$ 1,497,893	\$ 294,942	\$ 38,788,079
Less Accumulated Depreciation:				
Buildings ...	\$ 16,172,404	\$ 877,381	\$ 3,737	\$ 17,046,048
Furniture and Equipment ...	<u>3,309,746</u>	<u>473,692</u>	<u>169,711</u>	<u>3,613,727</u>
	\$ <u>19,482,150</u>	\$ <u>1,351,073</u>	\$ <u>173,448</u>	\$ <u>20,659,775</u>
Net Capital Assets Being Depreciated..	\$ <u>18,102,978</u>	\$ <u>146,820</u>	\$ <u>121,494</u>	\$ <u>18,128,304</u>
Net Capital Assets	\$ <u>18,576,242</u>	\$ <u>182,820</u>	\$ <u>149,974</u>	\$ <u>18,609,088</u>

Note 5 - ANTICIPATORY WARRANTS

During the year ended June 30, 2006, the Community College issued no anticipatory warrants.

Note 6 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2006, is as follows:

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 6 - LONG-TERM DEBT
(Cont.)

	<u>Balance</u> <u>Beginning</u> <u>of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>End</u> <u>of Year</u>
Certificates Payable	\$ 11,420,000	\$ 715,000	\$ 1,595,000	\$ 10,540,000
Bonds Payable	520,000		170,000	350,000
Capital Loan Notes	<u>3,450,000</u>		<u>705,000</u>	<u>2,745,000</u>
Total	\$ <u>15,390,000</u>	\$ <u>715,000</u>	\$ <u>2,470,000</u>	\$ <u>13,635,000</u>

Certificates Payable

In accordance with agreements dated between December 1, 1984 and June 1, 2006, the Community College issued certificates totaling \$29,810,000 with interest rates ranging from 3.10% to 9.40%. As of June 30, 2006, the outstanding balance of the certificates was \$10,540,000, with interest rates ranging from 3.30% 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.

The certificates will mature as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 1,900,000	\$ 495,603	\$ 2,395,603
2008	1,850,000	408,183	2,258,183
2009	1,160,000	320,353	1,480,353
2010	940,000	265,693	1,205,693
2011	885,000	222,040	1,107,040
2012 - 2016	<u>3,805,000</u>	<u>468,033</u>	<u>4,273,033</u>
Total	\$ <u>10,540,000</u>	\$ <u>2,179,905</u>	\$ <u>12,719,905</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 6 - LONG-TERM DEBT

(Cont.)

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, 2006, 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>
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>350,000</u>	\$ <u>20,330</u>	\$ <u>370,330</u>

Capital Loan Notes Payable

The Community College has issued notes for the construction of the Advanced Sciences Building as allowed by Section 260C.19 of the Code of Iowa. Details of the Community College's June 30, 2006, 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>
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>2,745,000</u>	\$ <u>169,660</u>	\$ <u>2,914,660</u>

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 duration of the leases 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>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 7 - OPERATING LEASES

(Cont.)

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 2006 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, 2006:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2007	\$ 12,258
2008	12,258
2009	12,258
2010	12,258
2011	11,392
2012	<u>5,328</u>
Total	\$ 65,752

Rent expenses for the year ended June 30, 2006, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$95,986.

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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 8 - 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 covered 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 \$264,096, \$245,671, and \$241,070, 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, 2006, were \$482,435 and \$310,437, respectively.

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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 10 - RISK POOL

(Cont.)

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 \$200,000 per claim for property and liability, \$100,000 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 \$800,000 per occurrence, and \$900,000 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 \$250,000,000 for other property. Stop-gap loss protection is provided above the member's loss fund.

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, 2006, no liability has been recorded in the Community College's financial statements. As of June 30, 2006, 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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 11 - RELATED ORGANIZATIONS

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.

Significant financial data for Friends of FM-90 for the year ended June 30, 2006, follows:

Total Assets	\$ 976,937
Total Liabilities	-
Total Net Assets	\$ 976,937
Total Revenues	\$ 210,580
Total Expenses	\$ 2,373
Contributions to the Community College	\$ 108,679

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 91 projects with 36 currently receiving project funding. The remaining 55 projects have been completed and the certificates have been paid off.

Program parameters specify that the Community College is entitled to retain any interest earned by NJTP funds in excess of the amount required to provide training and retire the certificates. During the year ended June 30, 2006, the Community College recognized \$410,939 of miscellaneous revenue from excess interest.

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 \$22,630 during the year ended June 30, 2006.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2006

Note 14 - EARLY RETIREMENT PAYABLE

During the year ended June 30, 2006, the Community College offered voluntary early retirement remuneration to full-time employees who were at least 54 years old and had at least fifteen years of continuous service with the Community College. Employees electing early retirement will receive a one-time cash payment based on their annualized salary at their retirement date, and will receive health insurance coverage until normal retirement age. The liability for early retirement is reflected in the statement of net assets. The Community College's voluntary early retirement policy terminated on June 30, 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, 2006

<u>Funds/Levy</u>	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual</u>	<u>Variance Between Actual and Amended Budget</u>
Unrestricted	\$ 23,560,697	\$ 23,560,697	\$ 22,546,036	\$ 1,014,661
Restricted	\$ 10,605,095	\$ 13,106,644	\$ 8,381,405	\$ 4,725,239
Unemployment	61,248	61,248	32,554	28,694
Tort Liability ..	82,170	82,170	79,043	3,127
Insurance	707,202	707,202	711,734	(4,532)
Early Retirement ..	223,210	223,210	1,107,837	(884,627)
Equipment Replacement ...	<u>480,542</u>	<u>480,542</u>	<u>292,253</u>	<u>188,289</u>
Total Restricted ..	\$ 12,159,467	\$ 14,661,016	\$ 10,604,826	\$ 4,056,190
Plant	\$ <u>7,351,711</u>	\$ <u>7,351,711</u>	\$ <u>1,932,928</u>	\$ <u>5,418,783</u>
Total	\$ <u>43,071,875</u>	\$ <u>45,573,424</u>	\$ <u>35,083,790</u>	\$ <u>10,489,634</u>

See Accompanying Note to
Required Supplementary Information and
Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING

JUNE 30, 2006

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 continuing, concentrated effort by the Community College to reduce expenditures. The variance in Restricted is due to the Community College administering fewer Iowa New Jobs Training Program projects than anticipated. The overage in Insurance is attributable to higher than expected premium increases and the overage in Early Retirement is due to a significant number of employees electing early retirement during the short time the policy was offered.

The variance in the Plant Fund is caused by fewer expenditures than anticipated for the Community College's building and remodeling projects.

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OTHER SUPPLEMENTARY INFORMATION

WESTERN IOWA TECH COMMUNITY COLLEGE

OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2006

Other 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 other 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.

The Community College has several individual fund deficits in the restricted fund group at June 30, 2006. These deficits are attributable to current and prior years' unexpected expenditures exceeding revenue. The Community College intends to eliminate these deficits with future revenues.

Certain items from prior years have been reclassified to enhance comparability with current year information.

WESTERN IOWA TECH COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 2006

<u>ASSETS</u>	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Cash and Investments:			
Cash and Pooled Investments	\$ 6,808,201	\$ 9,540,236	\$ 119,408
Other Investments			
Receivables:			
Accounts (Net of Allowance of \$145,695)	1,087,782	272,008	1,000
Property Tax	1,128,010	1,658,983	
Pledges			
Iowa Industrial New Jobs Training Program		346,838	
Due from Other Funds	1,383,317	3,414,544	
Due from Other Governments	351,341	71,661	
Inventories	759,633		
Prepaid Expenditures	269,194	1,743,373	
Capital Assets:			
Land			
Buildings			
Furniture and Equipment			
Accumulated Depreciation			
Total Assets	\$ <u>11,787,478</u>	\$ <u>17,047,643</u>	\$ <u>120,408</u>

<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
\$ 289,110	\$ 1,581,730		\$ 444,686 800,122		\$ 18,783,371 800,122
1,128,010			15,550		1,376,340 3,915,003
				\$ 209,751	209,751
427,471			41,883 420,795	(5,267,215)	346,838 -
		\$ 480,784			843,797 759,633
		33,148,592			2,012,567
		5,639,487			480,784
				(20,659,775)	33,148,592
					5,639,487
					(20,659,775)
<u>\$ 1,844,591</u>	<u>\$ 1,581,730</u>	<u>\$ 39,268,863</u>	<u>\$ 1,723,036</u>	<u>\$ (25,717,239)</u>	<u>\$ 47,656,510</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 2006

<u>LIABILITIES AND FUND BALANCE</u>	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
<u>LIABILITIES</u>			
Accounts Payable	\$ 639,710	\$ 70,937	
Salaries and Benefits Payable	1,069,327	79,187	
Accrued Interest		38,210	
Due to Other Funds	4,119,744	704,251	
Deferred Revenue	1,252,811	3,539,077	
Early Retirement Payable	22,304	1,897,094	
Compensated Absences	385,600	86,849	
Deposits Refundable	10,000		
Deposits Held in Custody for Others ..			
Certificates Payable		10,540,000	
Bonds Payable			
Notes Payable			
 Total Liabilities	 \$ 7,499,496	 \$ 16,955,605	 -
 <u>FUND BALANCE</u>			
Invested in Capital Assets, Net of Related Debt			
Fund Balances (Deficits):			
Restricted:			
Expendable:			
Scholarships and Grants		\$ 94	
Loans			\$ 120,408
Debt Service			
Cash Reserve		678,851	
Other		(586,907)	
Unrestricted	\$ 2,742,999		
Auxiliary Enterprises	<u>1,544,983</u>		
 Total Fund Balance	 \$ 4,287,982	 \$ 92,038	 \$ 120,408
Total Liabilities and Fund Balance	\$ 11,787,478	\$ 17,047,643	\$ 120,408

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>
\$ 126,046			\$ 9,587		\$ 846,280
					1,148,514
7,307					45,517
22,304			420,916	\$(5,267,215)	-
1,128,010			223,057		6,142,955
					1,919,398
					472,449
					10,000
			1,069,476	209,751	1,279,227
					10,540,000
		\$ 350,000			350,000
		<u>2,745,000</u>			<u>2,745,000</u>
\$ 1,283,667	-	\$ 3,095,000	\$ 1,723,036	\$(5,057,464)	\$ 25,499,340
		\$ 36,173,863		\$(20,659,775)	\$ 15,514,088
					94
					120,408
	\$ 1,581,730				1,581,730
					678,851
					(586,907)
\$ 560,924					3,303,923
					<u>1,544,983</u>
\$ 560,924	\$ 1,581,730	\$ 36,173,863	-	\$(20,659,775)	\$ 22,157,170
\$ 1,844,591	\$ 1,581,730	\$ 39,268,863	\$ 1,723,036	\$(25,717,239)	\$ 47,656,510

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
<u>REVENUES</u>			
General:			
State Appropriations	\$ 8,697,337	\$ 455,535	
Tuition and Fees	10,800,821		
Property Tax	1,074,738	1,548,799	
Federal Appropriations	768,527	6,304,443	
Sales and Services	106,525		
Earnings on Investments	278,816	387,835	\$ 4,107
Iowa Industrial New Jobs Training Program		3,672,907	
Increase in Plant Investment Due to Plant Expenditures (Including \$556,673 in Current Fund Expenditures)			
Increase in Plant Investment Due to Retirement of Debt			
Miscellaneous	2,095,218	2,863,780	
Gifts and Grants			5,256
Gain on Disposal of Capital Assets ..			
	\$ 23,821,982	\$ 15,233,299	\$ 9,363
Auxiliary Enterprises:			
State Appropriations	\$ 2,400		
Federal Appropriations	13,993		
Sales and Services	3,066,752		
Interest on Investments	146		
Miscellaneous	(23,666)		
	\$ 3,059,625	-	-
 Total Revenues	 \$ 26,881,607	 \$ 15,233,299	 \$ 9,363

EXPENDITURES

Education and Support:

Liberal Arts and Sciences	\$ 3,164,122	\$ 129,788	
Vocational Technical	6,864,962	561,909	
Adult Education	1,585,819	224,096	
Cooperative Services	359,845	6,337,519	
Administration	1,476,720		
Student Services	1,556,997	41,001	
Learning Resources	312,478	7,294	
Physical Plant	2,578,936	740,074	
General Institution	4,646,157	2,029,848	

Total Education and Support ... \$ 22,546,036 \$ 10,071,529 -

<u>Plant Funds</u>				
<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>	<u>Adjustments</u>	<u>Total</u>
\$ 115,600				\$ 9,268,472
			\$(3,897,695)	6,903,126
1,074,726				3,698,263
				7,072,970
				106,525
	\$ 48,212			718,970
				3,672,907
		\$ 2,644,401	(2,644,401)	-
		875,000	(875,000)	-
			(135,699)	4,823,299
118,159		36,000		159,415
<u>118,159</u>	<u>48,212</u>	<u>36,000</u>	<u>14,205</u>	<u>14,205</u>
\$ 1,308,485	\$ 48,212	\$ 3,555,401	\$(7,538,590)	\$ 36,438,152
				\$ 2,400
				13,993
				3,066,752
				146
				(23,666)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ <u>3,059,625</u>
\$ 1,308,485	\$ 48,212	\$ 3,555,401	\$(7,538,590)	\$ 39,497,777
			\$(85,493)	\$ 3,208,417
			(344,146)	7,082,725
			(31,864)	1,778,051
				6,697,364
				1,476,720
			(32,912)	1,565,086
			(39,161)	280,611
\$ 772,518		\$ 1,174,988	(927,318)	4,339,198
<u>772,518</u>	<u>-</u>	<u>1,174,988</u>	<u>(23,097)</u>	<u>6,652,908</u>
\$ 772,518	-	\$ 1,174,988	\$(1,483,991)	\$ 33,081,080

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
<u>EXPENDITURES - (Continued)</u>			
Auxiliary Enterprises	\$ 2,613,278		
Scholarships and Grants		\$ 4,058,105	
Workforce Investment Act		1,053,859	
Bad Debts and Collection Costs ..			\$ 4
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Interest on Indebtedness		533,297	
Depreciation			
Total Expenditures and Other Deductions	\$ 25,159,314	\$ 15,716,790	\$ 4
Excess (Deficiency) of Revenues and Other Additions Over Expenditures and Other Deductions	\$ 1,722,293	\$(483,491)	\$ 9,359
<u>TRANSFERS</u>			
Mandatory Transfers	\$(439,260)	-	-
Non-Mandatory Transfers	\$(1,204,809)	\$(173,140)	-
Net	\$ 78,224	\$(656,631)	\$ 9,359
Fund Balances Beginning of Year	4,209,758	748,669	111,049
Fund Balances End of Year	\$ 4,287,982	\$ 92,038	\$ 120,408

SCHEDULE 2
(Cont.)

<u>Plant Fund</u>				
<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>	<u>Adjustments</u>	<u>Total</u>
				\$ 2,613,278
			\$(3,897,695)	160,410
				1,053,859
				4
\$ 1,160,410			(1,160,410)	-
	\$ 875,000		(875,000)	-
		\$ 294,942	(294,942)	-
	103,745			637,042
			<u>1,351,073</u>	<u>1,351,073</u>
\$ <u>1,932,928</u>	\$ <u>978,745</u>	\$ <u>1,469,930</u>	\$(<u>6,360,965</u>)	\$ <u>38,896,746</u>
\$(624,443)	\$(930,533)	\$ 2,085,471	\$(1,177,625)	\$ 601,031
-	\$ 439,260	-	-	-
\$(<u>363,757</u>)	\$ <u>1,741,706</u>	-	-	-
\$(988,200)	\$ 1,250,433	\$ 2,085,471	\$(1,177,625)	\$ 601,031
<u>1,549,124</u>	<u>331,297</u>	<u>34,088,392</u>	<u>(19,482,150)</u>	<u>21,556,139</u>
\$ <u>560,924</u>	\$ <u>1,581,730</u>	\$ <u>36,173,863</u>	\$(<u>20,659,775</u>)	\$ <u>22,157,170</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, 2006

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
REVENUES				
State Appropriations ..	\$ 248,154	\$ 4,143,633	\$ 910,816	
Tuition and Fees	4,708,260	4,230,286	1,077,968	\$ 323,146
Property Tax				
Federal Appropriations ..	3,572	419,275	269,526	
Sales and Services				16,994
Interest on Investments ..				
Miscellaneous	100	27,700	76,512	316,651
	\$ 4,960,086	\$ 8,820,894	\$ 2,334,822	\$ 656,791
Allocation of Support Services .	2,003,436	3,913,116	1,132,837	_____
Total Revenues ..	\$ 6,963,522	\$ 12,734,010	\$ 3,467,659	\$ 656,791
EXPENDITURES				
Salaries and Benefits ..	\$ 3,069,405	\$ 5,749,715	\$ 1,311,063	\$ 324,856
Services	17,881	381,538	143,683	110
Materials and Supplies .	60,476	407,007	105,519	26,014
Travel	16,360	90,500	26,480	8,865
Plant Asset Acquisitions .		94,799		
Collection Costs (Recoveries)		141,403	(926)	_____
	\$ 3,164,122	\$ 6,864,962	\$ 1,585,819	\$ 359,845
Allocation of Support Services .	3,004,360	5,868,122	1,698,806	_____
Total Expenditures ..	\$ 6,168,482	\$ 12,733,084	\$ 3,284,625	\$ 359,845
Excess of Revenues Over Expenditures .	\$ 795,040	\$ 926	\$ 183,034	\$ 296,946
TRANSFERS				
Non-Mandatory Transfers .	_____	(355,226)	52,523	_____
Net	\$ 795,040	\$ (354,300)	\$ 235,557	\$ 296,946
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	Student Services	Support			General Insti- tution	Education and Support Total
		Learning Resources	Physical Plant			
\$ 108,267	\$ 597,336	\$ 298,293	\$ 1,223,098	\$ 1,167,740	\$ 8,697,337	
3,570	457,591				10,800,821	
			1,074,738		1,074,738	
9,540	44,027	8,725	961	12,901	768,527	
	49,453		9,252	30,826	106,525	
278,816					278,816	
<u>509,505</u>	<u>36,063</u>	<u>135</u>	<u>136,403</u>	<u>992,149</u>	<u>2,095,218</u>	
\$ 909,698	\$ 1,184,470	\$ 307,153	\$ 2,444,452	\$ 2,203,616	\$ 23,821,982	
(909,698)	(1,184,470)	(307,153)	(2,444,452)	(2,203,616)	-	
-	-	-	-	-	\$ 23,821,982	
\$ 1,138,740	\$ 1,413,085	\$ 193,104	\$ 1,105,044	\$ 2,936,215	\$ 17,241,227	
238,705	78,767	25,298	1,202,492	1,335,222	3,423,696	
25,162	46,499	54,855	269,474	334,138	1,329,144	
74,174	18,646	60	1,926	40,582	277,593	
		39,161			133,960	
(<u>61</u>)					<u>140,416</u>	
\$ 1,476,720	\$ 1,556,997	\$ 312,478	\$ 2,578,936	\$ 4,646,157	\$ 22,546,036	
(1,476,720)	(1,556,997)	(312,478)	(2,578,936)	(4,646,157)	-	
-	-	-	-	-	\$ 22,546,036	
-	-	-	-	-	\$ 1,275,946	
\$ (16,871)	\$ (23,900)	-	\$ (980,097)	\$ 60,956	(1,262,615)	
\$ (16,871)	\$ (23,900)	-	\$ (980,097)	\$ 60,956	\$ 13,331	
.....	.....	.....	.....	.....	<u>2,729,668</u>
.....	.....	.....	.....	.....	\$ <u>2,742,999</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, 2006

	<u>Bookstore</u>	<u>Parts Depart- ment</u>	<u>Cafeteria</u>
<u>REVENUES</u>			
State Appropriations			
Federal Appropriations			\$ 9,975
Sales and Services	\$ 2,324,760	\$ 48,286	328,318
Interest on Investments			
Miscellaneous	(45,341)	_____	2,057
Total Revenues	\$ 2,279,419	\$ 48,286	\$ 340,350
<u>EXPENDITURES</u>			
Salaries and Benefits	\$ 147,659	\$ 14,264	\$ 162,961
Services	25,648		590
Materials and Supplies	18,608	7,382	4,972
Travel			
Cost of Goods Sold	1,747,217	30,117	188,187
Bad Debts and Collection Costs	1,881	961	_____
Total Expenditures	\$ 1,941,013	\$ 52,724	\$ 356,710
Excess (Deficiency) of Revenues Over Expenditures	\$ 338,406	\$(4,438)	\$(16,360)
<u>TRANSFERS</u>			
Mandatory Transfers	(300,000)		
Non-Mandatory Transfers	_____	_____	16,359
Net	\$ 38,406	\$(4,438)	\$ 1
Fund Balance Beginning of Year	1,154,033	2,087	3
Fund Balance (Deficit) End of Year	\$ 1,192,439	\$(2,351)	\$ 2

<u>Vocational Servicing Accounts</u>	<u>Passport to Adventure</u>	<u>Dormitories</u>	<u>Other</u>	<u>Total</u>
		\$ 2,400		\$ 2,400
		4,018		13,993
\$ 1,676	\$ 6,160	344,215	\$ 13,337	3,066,752
	134		12	146
	<u>1,506</u>	<u>7,210</u>	<u>10,902</u>	(<u>23,666</u>)
\$ 1,676	\$ 7,800	\$ 357,843	\$ 24,251	\$ 3,059,625
	\$ 299	\$ 88,945		\$ 414,128
	10,282	89,556	\$ 1,893	127,969
\$ 2,395	770	55,875	7,049	97,051
	37			37
				1,965,521
		<u>5,730</u>		<u>8,572</u>
\$ <u>2,395</u>	\$ <u>11,388</u>	\$ <u>240,106</u>	\$ <u>8,942</u>	\$ <u>2,613,278</u>
\$ (719)	\$ (3,588)	\$ 117,737	\$ 15,309	\$ 446,347
		(139,260)		(439,260)
	<u>512</u>		<u>40,935</u>	<u>57,806</u>
\$ (719)	\$ (3,076)	\$ (21,523)	\$ 56,244	\$ 64,893
<u>45,974</u>	<u>3,076</u>	(<u>18,266</u>)	<u>293,183</u>	<u>1,480,090</u>
\$ 45,255	<u>-</u>	\$ (<u>39,789</u>)	\$ <u>349,427</u>	\$ <u>1,544,983</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

RESTRICTED FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Scholarship and Grants</u>	<u>Equipment Replacement</u>	<u>Cash Reserve</u>	<u>Tort Liability</u>
<u>REVENUES</u>				
State Appropriations				
Property Tax		\$ 472,863		\$ 89,006
Federal Appropriations ..	\$ 4,058,105			
Earnings on Investments ..	12			
Iowa Industrial New Jobs Training Program				
Miscellaneous				
Total Revenues ...	\$ 4,058,117	\$ 472,863	-	\$ 89,006
<u>EXPENDITURES</u>				
Salaries and Benefits ...				
Services				\$ 79,043
Materials and Supplies ..				
Travel				
Plant Asset Acquisitions ..		\$ 292,253		
Interest on Indebtedness ..				
Awards to Subrecipients ..				
Federal Pell Grant Program .	\$ 3,964,963			
Federal Supplemental Educational Opportunity Grant (FSEOG)	93,142			
Total Expenditures ..	\$ 4,058,105	\$ 292,253	-	\$ 79,043
Excess (Deficiency) of Revenues Over Expenditures ...	\$ 12	\$ 180,610	-	\$ 9,963
<u>TRANSFERS</u>				
Non-Mandatory Transfers ..				
Net	\$ 12	\$ 180,610	-	\$ 9,963
Fund Balance (Deficit)				
Beginning of Year	82	18,152	\$ 678,851	(7,124)
Fund Balance (Deficit)				
End of Year	\$ 94	\$ 198,762	\$ 678,851	\$ 2,839

<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>
			\$ 2,693		
\$ 908,766	\$ 77,644	\$ 520	705,259	\$ 1,074,803	\$ 382,885
					3,672,907
					2,418,829
\$ 908,766	\$ 77,644	\$ 520	\$ 707,952	\$ 1,074,803	\$ 6,474,621
\$ 50,703	\$ 32,554	\$ 1,107,837	\$ 518,989	\$ 705,769	
661,031			91,255	25,020	\$ 5,941,324
			45,833	17,748	
			11,291	16,012	
					533,297
			677	289,310	
\$ <u>711,734</u>	\$ <u>32,554</u>	\$ <u>1,107,837</u>	\$ <u>668,045</u>	\$ <u>1,053,859</u>	\$ <u>6,474,621</u>
\$ 197,032	\$ 45,090	\$(1,107,317)	\$ 39,907	\$ 20,944	-
			(39,907)		
\$ 197,032	\$ 45,090	\$(1,107,317)	-	\$ 20,944	-
(183,764)	(5,059)	236,976	-	(52,275)	-
\$ <u>13,268</u>	\$ <u>40,031</u>	\$ (<u>870,341</u>)	-	\$ (<u>31,331</u>)	-

<u>Other</u>	<u>Total</u>
452,842	\$ 455,535
	1,548,799
466,276	6,304,443
4,938	387,835
	3,672,907
<u>444,951</u>	<u>2,863,780</u>
1,369,007	\$ 15,233,299
864,001	\$ 3,279,853
174,931	6,972,604
34,023	97,604
36,474	63,777
129,310	421,563
	533,297
	289,987
	3,964,963
	<u>93,142</u>
<u>1,238,739</u>	\$ <u>15,716,790</u>
130,268	\$ (483,491)
<u>133,233)</u>	(<u>173,140)</u>
2,965)	\$ (656,631)
<u>62,830</u>	<u>748,669</u>
<u>59,865</u>	\$ <u>92,038</u>

AGENCY FUNDS

SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS

FOR THE YEAR ENDED JUNE 30, 2006

	<u>Retraining Grants</u>	<u>Foundation</u>	<u>Other</u>	<u>Total</u>
Balance Beginning of Year ...	-	\$ 816,207	\$ 114,954	\$ 931,161
<u>ADDITIONS</u>				
State Appropriations ...	\$ 188,692			\$ 188,692
Tuition and Fees			\$ 48,415	48,415
Earnings on Investments ..		\$ 61,317	898	62,215
Gifts and Grants		421,849		421,849
Miscellaneous	<u>6,683</u>		<u>65,822</u>	<u>72,505</u>
Total Additions ...	\$ 195,375	\$ 483,166	\$ 115,135	\$ 793,676
<u>DEDUCTIONS</u>				
Services	\$ 188,585	\$ 8,789	\$ 59,757	\$ 257,131
Materials and Supplies ..	6,790	402	60,995	68,187
Travel			3,897	3,897
Other		<u>326,146</u>		<u>326,146</u>
Total Deductions ..	\$ <u>195,375</u>	\$ <u>335,337</u>	\$ <u>124,649</u>	\$ <u>655,361</u>
Net	<u>-</u>	\$ <u>147,829</u>	\$ (<u>9,514</u>)	\$ <u>138,315</u>
Balance End of Year	<u>-</u>	\$ <u>964,036</u>	\$ <u>105,440</u>	\$ <u>1,069,476</u>

SCHEDULE OF CREDIT AND CONTACT HOURSFOR THE YEAR ENDED JUNE 30, 2006

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences ...	40,417		40,417	695,656		695,656
Vocational Education	62,038		62,038	1,358,947		1,358,947
Adult Education/ Continuing Education			-	368,555	24,895	393,450
Cooperative Programs/Services...			-			-
Related Services and Activities ...			-			-
Total	<u>102,455</u>	<u>-</u>	<u>102,455</u>	<u>2,423,158</u>	<u>24,895</u>	<u>2,448,053</u>

SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES

	Years Ended June 30,			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Local (Property Tax)..	\$ 3,698,263	\$ 3,002,078	\$ 3,086,008	\$ 5,182,880
State	9,270,872	8,473,661	9,355,305	8,421,172
Federal	<u>7,086,963</u>	<u>7,800,208</u>	<u>7,788,142</u>	<u>7,837,206</u>
Total	\$ <u>20,056,098</u>	\$ <u>19,275,947</u>	\$ <u>20,229,455</u>	\$ <u>21,441,258</u>

SCHEDULE OF CURRENT FUND REVENUES BY SOURCE
AND EXPENDITURES BY FUNCTION

FOR THE LAST FOUR YEARS

	<u>Years Ended June 30,</u>			
	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
REVENUES:				
State Appropriations	\$ 9,155,272	\$ 8,473,661	\$ 9,355,305	\$ 8,421,172
Tuition and Fees	10,800,821	11,142,572	10,141,825	9,754,265
Property Tax	2,623,537	1,938,989	1,944,500	4,068,354
Federal Appropriations ...	7,086,963	7,666,784	7,747,572	7,772,361
Sales and Services	106,525	127,471	126,436	109,510
Earnings on Investments ...	666,651	277,322	134,187	196,851
Iowa Industrial New Jobs				
Training Program	3,672,907	1,903,622	2,064,372	1,577,803
Auxiliary Enterprises	3,043,232	3,135,438	2,916,532	2,740,297
Miscellaneous	<u>4,958,998</u>	<u>2,589,956</u>	<u>2,035,030</u>	<u>1,734,604</u>
 Total Revenues	 \$ <u>42,114,906</u>	 \$ <u>37,255,815</u>	 \$ <u>36,465,759</u>	 \$ <u>36,375,217</u>
 EXPENDITURES:				
Liberal Arts and Sciences ..	\$ 3,293,910	\$ 3,164,724	\$ 2,925,208	\$ 2,805,884
Vocational Technical	7,426,871	6,944,050	6,893,558	6,646,855
Adult Education	1,809,915	1,774,306	1,628,509	2,055,200
Cooperative Services	6,697,364	2,458,362	2,549,567	2,016,823
Administration	1,476,720	1,421,744	1,365,849	1,400,845
Student Services	1,597,998	1,485,412	1,373,771	1,368,664
Learning Resources	319,772	297,428	303,239	277,658
Physical Plant	3,319,010	2,984,886	2,762,746	2,397,831
General Institution	6,676,005	5,553,734	5,131,641	5,058,715
Auxiliary Enterprises	2,613,278	2,725,916	2,449,999	2,335,679
Scholarships and Grants ..	4,058,105	4,524,888	4,463,198	4,291,822
Workforce Investment Act ..	1,053,859	1,079,897	1,395,269	1,431,312
Interest on Indebtedness ...	<u>533,297</u>	<u>298,283</u>	<u>326,848</u>	<u>408,993</u>
 Total Expenditures ...	 \$ <u>40,876,104</u>	 \$ <u>34,713,630</u>	 \$ <u>33,569,402</u>	 \$ <u>32,496,281</u>

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2006

<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	\$ 75,625	
Federal Family Education Loans .	84.032		\$ 6,339,956
Federal Work Study Program (FWS) .	84.033	133,430	
Federal Pell Grant Program	84.063*	3,964,963	
Federal Pell Grant Program -			
Administration	84.063*	<u>8,375</u>	
		\$ 4,182,393	\$ 6,339,956
TRIO Cluster:			
Student Support Services	84.042	\$ 261,562	
Talent Search	84.044	240,833	
Upward Bound	84.047	<u>199,185</u>	
		\$ 701,580	-
Fund for the Improvement of			
Postsecondary Education			
	84.116	\$ 119,040	
Higher Education - Institutional			
Aid - Title III	84.031	\$ 204,121	
Occupational Safety and Health			
Administration:			
Susan Harwood Training Grant			
Program	17.502	\$ <u>126,434</u>	
Total Direct		\$ 5,333,568	\$ 6,339,956
Indirect:			
U. S. Department of Labor:			
Indirect Through Iowa Workforce			
Development:			
Workforce Investment Act			
(WIA) Adult Program	17.258	\$ 163,864	
WIA Youth Activities	17.259	199,835	
WIA Dislocated Workers	17.260	268,123	
WIA Incentive Grants	17.267	41,776	

See Accompanying Note to Schedule of Expenditures of Federal Awards

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2006

<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 Grant			
Program	84.002	\$ 267,974	
Vocational Education - Basic			
Grants to States	84.048	\$ 398,445	
U. S. Department of Health and Human			
Services:			
Indirect Through Iowa Workforce			
Development:			
Temporary Assistance for			
Needy Families	93.558	\$ 396,697	
National Science Foundation:			
Indirect Through the Midwest Center			
for Information Technology:			
Education and Human Resources .	47.076	\$ 16,681	
Total Indirect		\$ 1,753,395	-
Total		\$ 7,086,963	\$ 6,339,956

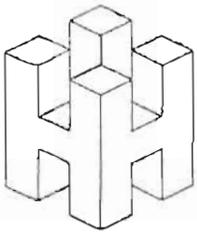
* Total expenditures for CFDA Number 84.063 were \$3,973,338.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2006

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.

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HENJES, CONNER &
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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the accompanying financial statements of WESTERN IOWA TECH COMMUNITY COLLEGE, as of and for the year ended June 30, 2006, as listed in the table of contents and have issued our report thereon dated August 31, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 an opinion 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 that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud 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.

Compliance and Other Matters

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 grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted an immaterial matter that is described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

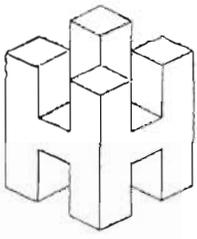
Comments involving statutory and other legal matters about the Community College's operations for the year ended June 30, 2006, are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Community College. Since our audit was based on tests 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.

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.

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.

Henjes, Conner + Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
August 31, 2006



HENJES, CONNER &
WILLIAMS, P.C.

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

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, 2006. 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, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Those standards, and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about Western Iowa Tech 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 Western Iowa Tech 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, 2006.

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 Western Iowa Tech 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 caused by error or fraud 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.

Henjes, Conner + Williams, P.C.

Certified Public Accountants

Sioux City, Iowa
August 31, 2006

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

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, 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
 - TRIO Cluster, Including
 - CFDA Number 84.042 Student Support Services
 - CFDA Number 84.044 Talent Search
 - CFDA Number 84.047 Upward Bound
 - CFDA Number 84.048 Vocational Education - Basic Grants to States
 - CFDA Number 93.558 Temporary Assistance for Needy Families
- (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, 2006

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

None reported.

WESTERN IOWA TECH COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2006

Part III: Findings and Questioned Costs for Federal Awards:

None reported.

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-06 Certified Budget - Expenditures in total for the year ended June 30, 2006, did not exceed the amounts budgeted.
- IV-B-06 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.
- IV-C-06 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.
- IV-D-06 Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.
- IV-E-06 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.
- IV-F-06 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes, but were not.
- IV-G-06 Publication - The Community College published a statement showing the receipts and disbursements of all funds for the fiscal year 2006, 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.
- IV-H-06 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.
- IV-I-06 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.

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2006

IV-J-06 TRIO Reporting - In comparing information reported by the various TRIO programs to supporting documentation maintained by TRIO staff, we noted numerous small variances. Discussions with staff indicate that information is often summarized manually from electronic documentation, creating errors, or changed manually without subsequently updating the supporting documentation.

Recommendation - While the variances noted did not affect TRIO compliance, we recommend that procedures be revised to allow report preparation to be done electronically, with no manual calculations or adjustments, so reports are reflective of supporting documentation maintained by the programs.

Response - Recommendation accepted.

Conclusion - Response accepted.