

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, 2007

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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, 2006 Election</u> )		
Dr. Robert Rasmus	President	2007
Russell Wray	Vice President	2009
Deborah Cook	Member	2007
Derrick Franck	Member	2008
Curt Grigg	Member	2008
Michael Hunter	Member	2009
Norman Lang	Member	2007
William Lyle	Member	2008
Eldon Schroder	Member	2008

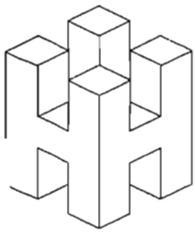
Board of Directors  
(Before September, 2006 Election)

Dr. Robert Rasmus	President	2007
Russell Wray	Vice President	2006
Deborah Cook	Member	2007
Derrick Franck	Member	2008
Curt Grigg	Member	2008
Michael Hunter	Member	2006
Norman Lang	Member	2007
William Lyle	Member	2008
Eldon Schroder	Member	2008

Community College

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

WESTERN IOWA TECH COMMUNITY COLLEGE



HENJES, CONNER &  
WILLIAMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying statement of net assets, and the related statements of revenues, expenses and changes in net assets and cash flows, of WESTERN IOWA TECH COMMUNITY COLLEGE, as of and for the year ended June 30, 2007. 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, 2007, 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 November 30, 2007, 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, 2006, (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  
November 30, 2007



■  
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■  
Cherokee Campus  
& Conference Center  
Denison Campus  
Le Mars Center  
Newton 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, 2007. We would encourage the reader to consider this information in conjunction with the Community College's financial statements which follow.

### FINANCIAL HIGHLIGHTS

- Operating revenues decreased 14.1%, or approximately \$3,619,432, from fiscal year 2006 (FY06). Federal appropriation, sales and services and auxiliary enterprises revenues increased while tuition and fees, Iowa industrial New Jobs Training Program (NJTP) and miscellaneous revenues decreased.
- Operating expenses were 8.1%, or approximately \$3,114,910, less in FY07 than in FY06. Vocational technical, adult education, administration, physical plant, auxiliary enterprises, scholarships and grants, workforce investment act and depreciation increased while liberal arts and sciences, cooperative services, student services, learning resources, general institution, and bad debts and collection costs decreased.
- Net non-operating revenue increased 8.4%, or approximately \$1,116,253, from FY06 mainly due to an increase in state appropriations, property tax, earnings on investments as well as a decrease in interest on indebtedness.
- The Community College's net assets increased 5.5%, or approximately \$1,212,762 from FY06.

### 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.

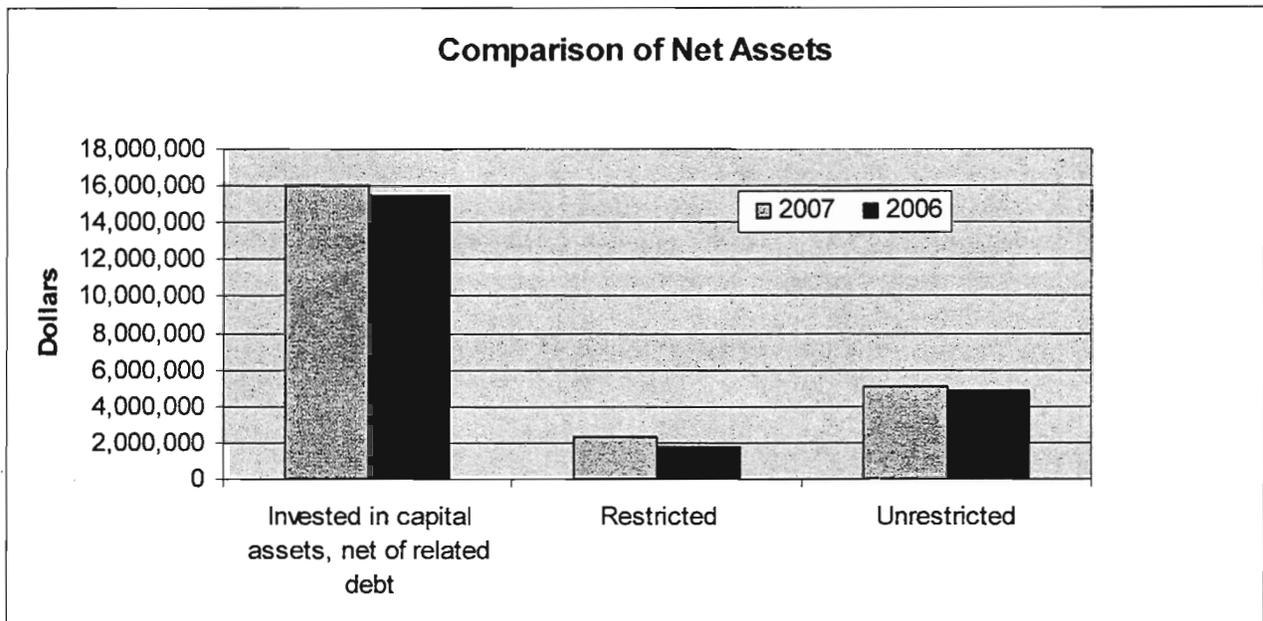
Other supplementary information provides detailed information about the individual funds. In addition, the schedule of expenditures of federal awards provides details of various programs benefiting the College.

## 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, 2007 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.

	<b>Net Assets</b>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Current assets	\$29,621,950	\$27,902,518
Capital assets, net of accumulated depreciation	18,272,340	18,609,088
Other assets	<u>1,158,294</u>	<u>1,144,904</u>
Total assets	<u>49,052,584</u>	<u>47,656,510</u>
Current liabilities	14,757,919	12,899,983
Non-current liabilities	<u>10,924,733</u>	<u>12,599,357</u>
Total liabilities	<u>25,682,652</u>	<u>25,499,340</u>
Net assets:		
Invested in capital assets, net of related debt	16,067,340	15,514,088
Restricted	2,268,366	1,794,176
Unrestricted	<u>5,034,226</u>	<u>4,848,906</u>
Total net assets	<u>23,369,932</u>	<u>22,157,170</u>
 Total Liabilities and Net Assets	 <u>\$49,052,584</u>	 <u>\$47,656,510</u>



The largest portion of the Community College's net assets (69%) 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 (10%) includes resources that are subject to external restrictions. The remaining net assets (21%) 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

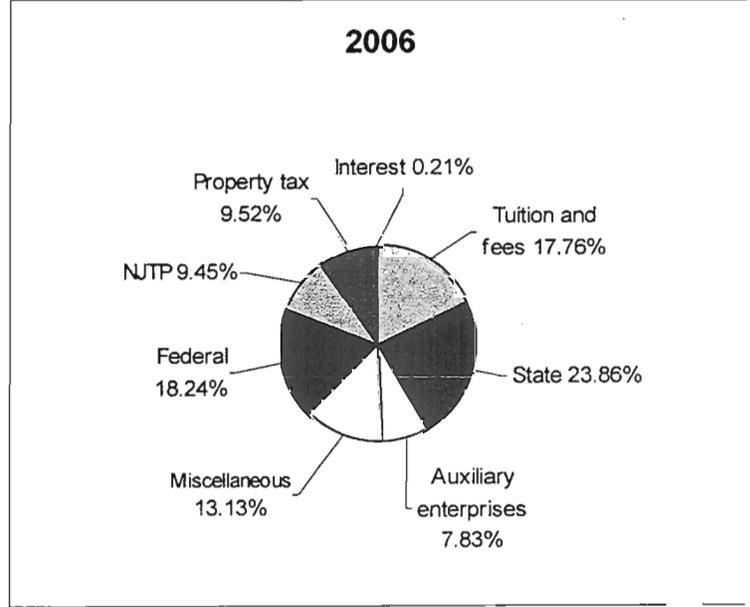
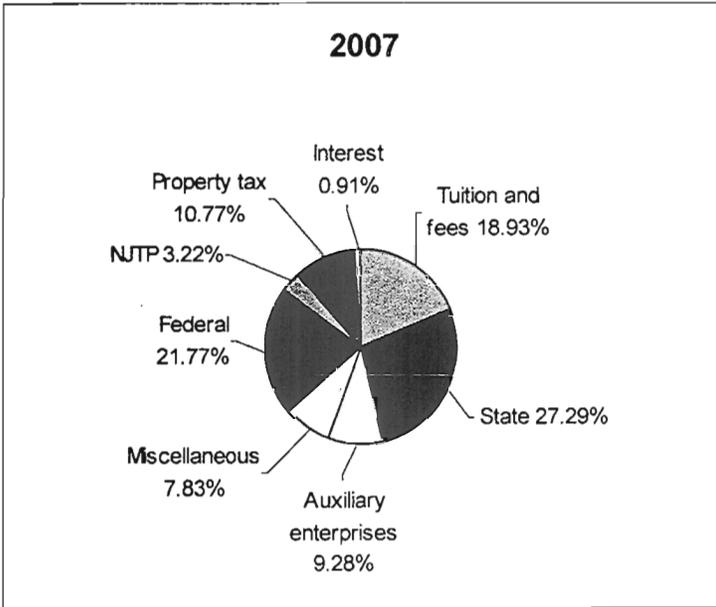
Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues received by the Community College, both operating and non-operating, and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

	<b>Changes in Net Assets</b>	
	Year Ended <u>June 30, 2007</u>	Year Ended <u>June 30, 2006</u>
Operating revenue:		
Tuition and fees, net	\$6,881,639	\$ 6,903,126
Federal appropriations	7,914,908	7,086,963
Sales and services	121,751	106,525
Iowa Industrial New Jobs Training Program	1,171,738	3,672,907
Auxiliary enterprises	3,374,540	3,043,086
Miscellaneous	<u>2,551,898</u>	<u>4,823,299</u>
Total operating revenue	<u>22,016,474</u>	<u>25,635,906</u>
Total operating expenses	35,144,794	38,259,704
Operating loss	<u>(13,128,320)</u>	<u>(12,623,798)</u>
Non-operating revenues (expenses)		
State appropriations	9,921,957	9,270,872
Property tax	3,916,092	3,698,263
Earnings on investments	902,877	719,116
Gifts and Grants	144,986	159,415
Gain (Loss) on sale of capital assets	28,641	14,205
Interest on indebtedness	<u>(573,471)</u>	<u>(637,042)</u>
Net non-operating revenues	<u>14,341,082</u>	<u>13,224,829</u>
Increase in net assets	1,212,762	601,031
Net assets at the beginning of the year	<u>22,157,170</u>	<u>21,556,139</u>
Net assets at the end of the year	<u>23,369,932</u>	<u>\$22,157,170</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 2007, operating revenues decreased by approximately \$3,619,432 or 14.1%. The decrease was a result of the following changes:

Tuition and fees, net of scholarship allowances, decreased by approximately \$21,487 due to a modest tuition increase offset by a decline in enrollment.

Federal revenues increased by \$827,945 mainly due to an increase in Workforce Investment Act as well as slight increases in the federal work study program and in the federal grant programs.

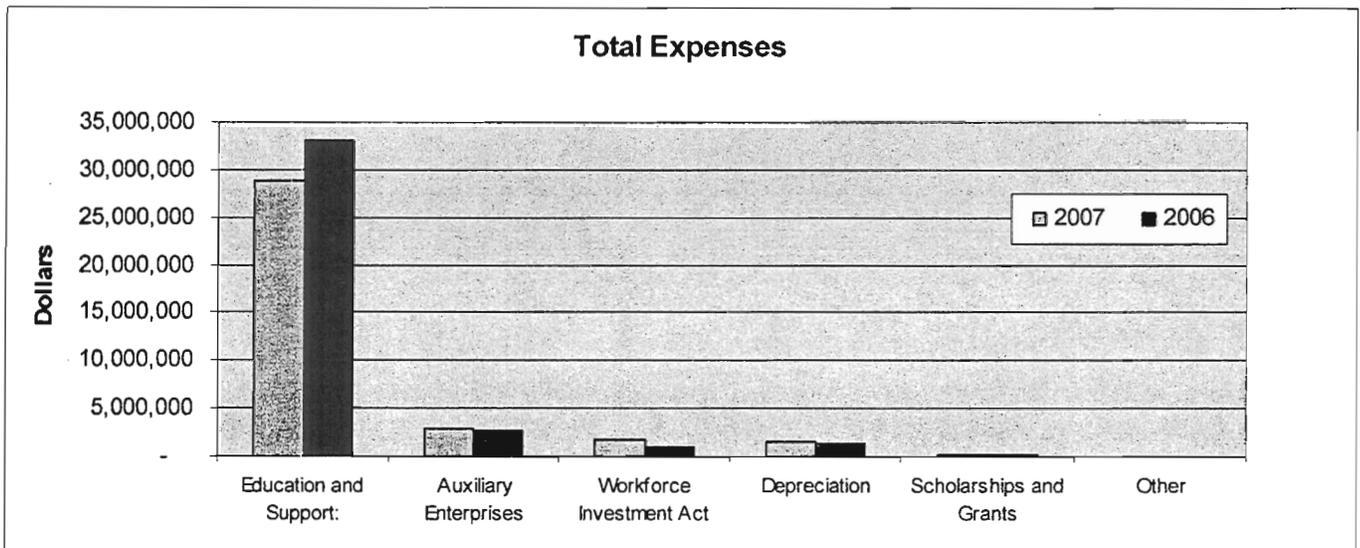
The Iowa Industrial New Jobs Training Program (NJTP) decreased by \$2,501,169 mainly due to not having as large of a new issue as in the previous year.

Auxiliary enterprises revenue increased by approximately \$331,454 due mostly to an increase in students purchasing books and supplies as well as increased dormitory occupancy.

Miscellaneous revenues decreased by approximately \$2,271,401 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, 2007</u>	Year Ended <u>June 30, 2006</u>
<b>Education and Support:</b>		
Liberal Arts and Sciences	\$2,851,262	\$ 3,208,417
Vocational Technical	7,463,560	7,082,725
Adult Education	2,004,817	1,778,051
Cooperative Services	1,927,432	6,697,364
Administration	1,668,920	1,476,720
Student Services	1,548,750	1,565,086
Learning Resources	269,115	280,611
Physical Plant	5,132,800	4,339,198
General Institution	5,996,195	6,652,908
Auxiliary Enterprises	2,951,213	2,613,278
Scholarships and Grants	160,720	160,410
Workforce Investment Act	1,691,515	1,053,859
Bad Debts and Collection Costs	( 283)	4
Depreciation	<u>1,478,778</u>	<u>1,351,073</u>
<b>Total</b>	<u>\$35,144,794</u>	<u>\$38,259,704</u>



In fiscal year 2007, operating expenses decreased by approximately \$3,114,910 or 8.1%. 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 \$250,446. This was due to the increasing costs of salaries and benefits, materials, supplies and equipment needs.

Cooperative services decreased by approximately \$4,769,932 as a result of decreased training expenditures associated with the New Jobs Training Program bond issues. These expenses are dependent on the needs of the participating companies.

General institution expenses decreased by approximately \$656,713 due mainly to the decrease of expenses related to the implementation of the early retirement program in prior years.

## 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.

	<b>Cash Flows</b>	
	Year Ended <u>June 30, 2007</u>	Year Ended <u>June 30, 2006</u>
Cash provided (used) by:		
Operating Activities	\$(9,950,996)	\$(12,068,545)
Non-capital Financing Activities	12,935,516	11,789,430
Capital and Related Financing Activities	(2,064,296)	(2,292,937)
Investing Activities	<u>565,456</u>	<u>680,071</u>
Net Increase (Decrease) in Cash	1,485,680	(1,891,981)
Cash at the beginning of the year	<u>18,783,371</u>	<u>20,675,352</u>
Cash at the end of the year	<u>\$20,269,051</u>	<u>\$18,783,371</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, 2007, the Community College had approximately \$18.3 million invested in capital assets, net of accumulated depreciation of \$22.0 million. Depreciation charges totaled \$1,478,778 for Fiscal Year 2007. Details of the capital assets are shown below.

	<b>Capital Assets, Net, at Year End</b>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
Land	\$ 480,784	\$ 480,784
Buildings	15,371,532	16,102,544
Construction in progress	487,830	0
Furniture and equipment	<u>1,932,194</u>	<u>2,025,760</u>
Total	<u>\$18,272,340</u>	<u>\$18,609,088</u>

Planned capital expenditures for the fiscal year to end June 30, 2008 and beyond include the completion 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 complete the construction on a \$9.0 million student dormitory in the fall of 2008. 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, 2007, the Community College had \$12.0 million in debt outstanding, a decrease of \$1,635,000 from 2006. The table below summarizes these amounts by type.

	<b>Outstanding Debt</b>	
	<u>June 30, 2007</u>	<u>June 30, 2006</u>
NJTP certificates payable	\$9,795,000	\$10,540,000
Bonds payable	180,000	350,000
Capital loan notes payable	<u>2,025,000</u>	<u>2,745,000</u>
Total	<u>\$12,000,000</u>	<u>\$13,635,000</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 2008 is expected to increase approximately \$662,174 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.

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash and Pooled Investments - Note 2 .....	\$ 20,269,051
Receivables:	
Accounts (Net of Allowance of \$173,182) .....	1,232,401
Property Tax .....	4,109,124
Pledges .....	80,259
Due from Other Governments .....	906,885
Inventories - Note 3 .....	980,924
Prepaid Expenses .....	2,043,306

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Total Current Assets .....

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\$ 29,621,950

CAPITAL ASSETS

Capital Assets, Net of Accumulated Depreciation - Note 4 . \$ 18,272,340

OTHER ASSETS

Other Investments - Note 2 .....

Pledges Receivable .....

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\$ 1,137,543

20,751

Total Other Assets .....

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\$ 1,158,294

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Total Assets .....

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\$ 49,052,584

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET ASSETS

JUNE 30, 2007

ASSETS

CURRENT ASSETS

Cash and Pooled Investments - Note 2 .....	\$ 20,269,051
Receivables:	
Accounts (Net of Allowance of \$173,182) .....	1,232,401
Property Tax .....	4,109,124
Pledges .....	80,259
Due from Other Governments .....	906,885
Inventories - Note 3 .....	980,924
Prepaid Expenses .....	2,043,306

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Total Current Assets .....

---

\$ 29,621,950

CAPITAL ASSETS

Capital Assets, Net of Accumulated Depreciation - Note 4 . \$ 18,272,340

OTHER ASSETS

Other Investments - Note 2 .....

Pledges Receivable .....

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Total Other Assets .....

---

\$ 1,158,294

---

Total Assets .....

---

\$ 49,052,584

LIABILITIES AND NET ASSETSCURRENT LIABILITIES

## Payables:

Accounts .....	\$ 1,785,833
Iowa Industrial New Jobs Training Program .....	369,154
Salaries and Benefits Payable .....	1,169,018
Accrued Interest .....	39,478
Deferred Revenue .....	6,302,127
Early Retirement Payable - Note 14 .....	365,382
Compensated Absences .....	564,207
Deposits Refundable .....	11,150
Deposits Held in Custody for Others .....	1,386,570
Certificates Payable - Note 6 .....	1,850,000
Bonds Payable - Note 6 .....	180,000
Notes Payable - Note 6 .....	<u>735,000</u>
Total Current Liabilities .....	\$ 14,757,919

OTHER LIABILITIES

Iowa Industrial New Jobs Training Program Payable .....	\$ 538,685
Early Retirement Payable - Note 14 .....	1,151,048
Certificates Payable - Note 6 .....	7,945,000
Notes Payable - Note 6 .....	<u>1,290,000</u>
Total Other Liabilities .....	\$ <u>10,924,733</u>
Total Liabilities .....	\$ 25,682,652

NET ASSETS

Invested in Capital Assets, Net of Related Debt .....	\$ 16,067,340
Restricted	
Expendable:	
Scholarships and Grants .....	\$ 112
Loans .....	130,774
Debt Service .....	2,388,335
Cash Reserve .....	678,851
Other .....	( <u>929,706</u> )
Total Restricted Expendable .....	\$ 2,268,366
Unrestricted .....	\$ <u>5,034,226</u>
Total Net Assets .....	\$ <u>23,369,932</u>
Total Liabilities and Net Assets .....	\$ <u>49,052,584</u>

See Accompanying Notes to Financial Statements

STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2007

OPERATING REVENUES:

Tuition and Fees, Net of Scholarship Allowances of \$3,952,518 .....	\$ 6,881,639
Federal Appropriations .....	7,914,908
Sales and Services .....	121,751
Iowa Industrial New Jobs Training Program .....	1,171,738
Auxiliary Enterprises Revenue .....	3,374,540
Miscellaneous .....	<u>2,551,898</u>
 Total Operating Revenues .....	 \$ 22,016,474

OPERATING EXPENSES:

Education and Support:	
Liberal Arts and Sciences .....	\$ 2,851,262
Vocational Technical .....	7,463,560
Adult Education .....	2,004,817
Cooperative Services .....	1,927,432
Administration .....	1,668,920
Student Services .....	1,548,750
Learning Resources .....	269,115
Physical Plant .....	5,132,800
General Institution .....	5,996,195
Auxiliary Enterprises .....	2,951,213
Scholarships and Grants .....	160,720
Workforce Investment Act .....	1,691,515
Bad Debts and Collection Costs (Recoveries) .....	( 283)
Depreciation .....	<u>1,478,778</u>
 Total Operating Expenses .....	 \$ <u>35,144,794</u>
 Operating (Loss) .....	 \$(13,128,320)

NON-OPERATING REVENUES (EXPENSES)

State Appropriations .....	\$ 9,921,957
Property Tax .....	3,916,092
Earnings on Investments .....	902,877
Gifts and Grants .....	144,986
Gain on Sale of Capital Assets .....	28,641
Interest on Indebtedness .....	( 573,471)
 Net Non-Operating Revenues .....	 \$ <u>14,341,082</u>
 Increase in Net Assets .....	 \$ 1,212,762
Net Assets Beginning of Year .....	<u>22,157,170</u>
 Net Assets End of Year .....	 \$ <u>23,369,932</u>

See Accompanying Notes to Financial Statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees .....	\$ 6,990,912
Federal Appropriations .....	7,851,820
Iowa Industrial New Jobs Training Program .....	1,171,738
Payments to Employees for Salaries and Benefits .....	(20,164,254)
Payments to Suppliers for Goods and Services .....	(11,766,170)
Receipts from NJTP Recipients .....	77,489
Scholarships .....	( 160,720)
Auxiliary Enterprise Receipts .....	3,374,540
Other Receipts .....	<u>2,673,649</u>
Net Cash (Used) by Operating Activities .....	\$( 9,950,996)

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations .....	\$ 9,921,957
Property Tax .....	3,916,092
Gifts and Grants .....	121,986
Issuance of Debt .....	1,155,000
Principal Paid on Debt .....	( 1,900,000)
Interest Paid on Debt .....	( 495,603)
Agency Receipts .....	872,608
Agency Disbursements .....	( <u>656,524</u> )
Net Cash Provided by Non-Capital Financing Activities .....	\$ 12,935,516

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets .....	\$( 1,127,648)
Principal Paid on Debt .....	( 890,000)
Interest Paid on Debt .....	( 83,907)
Proceeds from Sale of Capital Assets .....	<u>37,259</u>
Net Cash (Used) by Capital and Related Financing Activities .....	\$( 2,064,296)

CASH FLOWS FROM INVESTING ACTIVITIES

Earnings on Investments .....	\$ 902,877
Unrealized (Gain) on Investments .....	( 66,589)
Purchase of Investments .....	( 560,547)
Proceeds from Sale of Investments .....	<u>289,715</u>

Net Cash Provided by Investing Activities .....

\$ 565,456

Net Increase in Cash and Cash Equivalents .....

\$ 1,485,680

Cash and Cash Equivalents - Beginning of Year .....

18,783,371

Cash and Cash Equivalents - End of Year .....

\$ 20,269,051

NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES

Donated Equipment .....	\$ <u>23,000</u>
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See Accompanying Notes to Financial Statements

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2007

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

BY OPERATING ACTIVITIES

Operating (Loss)	.....	\$(13,128,320)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:		
Depreciation	.....	\$ 1,478,778
Bad Debts and Collection Costs (Recoveries)	.....	( 283)
Changes in Assets and Liabilities:		
Decrease in Accounts Receivable	.....	144,222
Decrease in Receivable from Iowa Industrial New Jobs Training Program	.....	346,838
(Increase) in Due from Other Governments	.....	( 63,088)
(Increase) in Inventories	.....	( 221,291)
(Increase) in Prepaid Expenses	.....	( 30,739)
Decrease in Accounts Payable	.....	939,553
Increase in Salaries and Benefits Payable	.....	20,504
(Decrease) in Deferred Operating Revenue	.....	( 34,949)
(Decrease) in Early Retirement Payable	.....	( 402,968)
Increase in Compensated Absences	.....	91,758
Increase in Deposits Refundable	.....	1,150
Increase in Payable for Cost of Iowa Industrial New Jobs Training Program	.....	<u>907,839</u>
Total Adjustments	.....	\$ <u>3,177,324</u>
Net Cash (Used) by Operating Activities	.....	\$( <u>9,950,996</u> )

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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, 2007

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, 2007, is as follows:

Total Assets	.....	\$ 1,271,380
Total Liabilities	.....	\$ 2,064
Total Net Assets	.....	\$ 1,269,316
Total Revenues	.....	\$ 594,268
Total Expenses	.....	\$ 496,142

Foundation revenues and expenses include \$104,341 of in-kind support from the Community College, which has been eliminated in these financial statements. Foundation expenses include \$104,024 related to fundraising and \$392,118 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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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, 2007

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.

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.

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

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

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.

Payable for Iowa Industrial New Jobs Training Programs (NJTP) - This represents the amount that has been remitted to the Community College for training projects entered into between the Community College and employers under the provisions of Chapter 260E of the Code of Iowa. The payable amount is based on reimbursements received through June 30, 2007, on NJTP projects, less interest incurred on NJTP certificates and expenses incurred on NJTP projects to date.

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, 2007.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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, 2007

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

F. Fundraising Expense - During the year ended June 30, 2007, KWIT-KOJI FM Radio conducted various fundraising activities. General institution operating expenses include \$43,327 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, 2007, 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 \$9,699,702 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, 2007

Note 2 - CASH AND INVESTMENTS

(Cont.)

Investments held by Western Iowa Tech Community College Foundation at June 30, 2007, are as follows:

Mutual Funds .....	\$ 593,303
Certificates of Deposit .....	315,504
Money Market Funds .....	210,160
Government Securities .....	<u>18,576</u>
	\$ <u>1,137,543</u>

In addition, the Community College had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$3,903,551, 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, 2007, 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, 2007, the Community College's investment in Mutual Funds is 11.8% of its total investments.

Note 3 - INVENTORIES

The Community College's inventories at June 30, 2007, are as follows:

Bookstore .....	\$ 903,752
Cafeteria .....	17,518
Physical Plant .....	27,109
Other .....	<u>32,545</u>
Total .....	\$ <u>980,924</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2007, 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 .....	\$ 480,784			\$ 480,784
Construction in				
Progress .....	-	\$ 487,830		<u>487,830</u>
Total Capital				
Assets Not				
Being				
Depreciated..	\$ 480,784	\$ 487,830	-	\$ 968,614
Capital Assets				
Being				
Depreciated:				
Buildings and				
Other				
Structures ..	\$ 33,148,592	\$ 158,790		\$ 33,307,382
Furniture and				
Equipment ...	<u>5,639,487</u>	<u>504,028</u>	\$ <u>158,862</u>	<u>5,984,653</u>
Total Capital				
Assets Being				
Depreciated..	\$ 38,788,079	\$ 662,818	\$ 158,862	\$ 39,292,035
Less Accumulated				
Depreciation:				
Buildings ...	\$ 17,046,048	\$ 889,802		\$ 17,935,850
Furniture and				
Equipment ...	<u>3,613,727</u>	<u>588,976</u>	\$ <u>150,244</u>	<u>4,052,459</u>
	\$ <u>20,659,775</u>	\$ <u>1,478,778</u>	\$ <u>150,244</u>	\$ <u>21,988,309</u>
Net Capital				
Assets Being				
Depreciated..	\$ <u>18,128,304</u>	\$ ( <u>815,960</u> )	\$ <u>8,618</u>	\$ <u>17,303,726</u>
Net Capital				
Assets ....	\$ <u>18,609,088</u>	\$ ( <u>328,130</u> )	\$ <u>8,618</u>	\$ <u>18,272,340</u>

Note 5 - ANTICIPATORY WARRANTS

During the year ended June 30, 2007, the Community College issued no anticipatory warrants.

Note 6 - LONG-TERM DEBT

A summary of long-term debt for the year ended June 30, 2007, is as follows:

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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	\$ 10,540,000	\$ 1,155,000	\$ 1,900,000	\$ 9,795,000
Bonds Payable	350,000		170,000	180,000
Capital Loan Notes	<u>2,745,000</u>		<u>720,000</u>	<u>2,025,000</u>
Total	.. \$ <u>13,635,000</u>	\$ <u>1,155,000</u>	\$ <u>2,790,000</u>	\$ <u>12,000,000</u>

Certificates Payable

In accordance with agreements dated between December 1, 1984 and June 1, 2007, the Community College issued certificates totaling \$30,965,000 with interest rates ranging from 3.10% to 9.40%. As of June 30, 2007, the outstanding balance of the certificates was \$9,795,000, 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>
2008	\$ 1,850,000	\$ 464,295	\$ 2,314,295
2009	1,295,000	376,465	1,671,465
2010	1,140,000	314,717	1,454,717
2011	1,005,000	261,785	1,266,785
2012	1,060,000	215,613	1,275,613
2013 - 2017	<u>3,445,000</u>	<u>374,645</u>	<u>3,819,645</u>
Total	.. \$ <u>9,795,000</u>	\$ <u>2,007,520</u>	\$ <u>11,802,520</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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, 2007, bonded indebtedness are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2008 .....	3.90 %	\$ <u>180,000</u>	\$ <u>7,020</u>	\$ <u>187,020</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, 2007, 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>
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>2,025,000</u>	\$ <u>99,062</u>	\$ <u>2,124,062</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>Year Ending</u> <u>June 30,</u>	<u>Amount</u>
2008 .....	\$ <u>10,760</u>
Total .....	\$ <u>10,760</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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 2007 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, 2007:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2008 .....	\$ 85,440
2009 .....	85,440
2010 .....	61,047
2011 .....	11,393
2012 .....	<u>5,329</u>
Total .....	\$ <u>248,649</u>

Rent expenses for the year ended June 30, 2007, for all operating leases, except those with terms of a month or less that were not renewed, totaled \$93,342.

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, 2007

- 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, 2007, 2006, and 2005, were \$248,145, \$264,096, and \$245,671, 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, 2007, were \$498,712 and \$320,910, 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.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

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 property and liability lines is \$800,000 per occurrence, errors and omissions is \$900,000, and workers' compensation is \$150,000. There is additional excess above that for another \$9,000,000 per member. Property is insured with excess coverage over the self-insured retention of up to \$250,000,000. 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, 2007, no liability has been recorded in the Community College's financial statements. As of June 30, 2007, 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, 2007

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, 2007, follows:

Total Assets	.....	\$ 1,227,643
Total Liabilities	.....	-
Total Net Assets	.....	\$ 1,227,643
Total Revenues	.....	\$ 391,618
Total Expenses	.....	\$ 2,794
Contributions to the Community College	.....	\$ 138,118

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 94 projects with 37 currently receiving project funding. The remaining 57 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, 2007, the Community College recognized \$446,567 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 \$22,557 during the year ended June 30, 2007.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2007

Note 14 - EARLY RETIREMENT PAYABLE

The early retirement payable reflected on the statement of net assets represents the Community College's liability for remuneration and health insurance coverage for all employees who had accepted early retirement under a policy formerly offered by the Community College. Early retirement is funded on a pay-as-you-go basis through property tax levies. The Community College's voluntary early retirement policy terminated on June 30, 2006.

Note 15 - COMMITMENTS AND CONTINGENCIES

During the year ended June 30, 2007, the Community College entered arbitration with United Electrical, Radio and Machine Workers of America regarding the layoff of custodial staff in April, 2006. Arbitration was settled on July 6, 2007, with the Community College liable for back pay and benefits. Management of the Community College has estimated the portion of the liability attributable to the year ended June 30, 2007, and has included that estimate in Physical Plant operating expenses and accounts payable in these financial statements. Determination of the total liability, however, has not yet been made, as related information is still being collected.

Effective July 1, 2007, the Community College's required contributions to IPERS and TIAA-CREF both increased to 6.05% of annual covered payroll.

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, 2007

<u>Funds/Levy</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Between Actual and Budget</u>
Unrestricted .....	\$ 23,806,742	\$ 23,310,369	\$ 496,373
Restricted .....	\$ 14,917,062	\$ 3,706,287	\$ 11,210,775
Unemployment .....	52,883	54,802	( 1,919)
Tort Liability .....	84,011	96,858	( 12,847)
Insurance .....	711,672	1,330,735	( 619,063)
Early Retirement .....	336,976	6,811	330,165
Equipment Replacement ..	<u>504,937</u>	<u>587,442</u>	( <u>82,505</u> )
Total Restricted ..	\$ 16,607,541	\$ 5,782,935	\$ 10,824,606
Plant .....	\$ <u>7,358,353</u>	\$ <u>1,375,241</u>	\$ <u>5,983,112</u>
Total .....	\$ <u>47,772,636</u>	\$ <u>30,468,545</u>	\$ <u>17,304,091</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, 2007

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 overages in Unemployment and Tort Liability are attributable to the arbitration entered into by the Community College regarding the layoff of custodial staff in April, 2006. The overage in Insurance is due to changes in allowable insurance reimbursements through IMPACC, resulting in increased premiums. The variance in Early Retirement is as expected, as the levy was specified to partially cover deficits from prior years. The overage in Equipment Replacement is attributable to unforeseen equipment needs.

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

OTHER SUPPLEMENTARY INFORMATION

WESTERN IOWA TECH COMMUNITY COLLEGE

OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2007

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, 2007. These deficits are attributable to current and prior years' unexpected expenditures exceeding revenue. The Community College intends to eliminate these deficits with future revenues.

WESTERN IOWA TECH COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 2007

<u>ASSETS</u>	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
Cash and Investments:			
Cash and Pooled Investments .....	\$ 7,816,237	\$ 9,300,280	\$ 129,385
Other Investments .....			
Receivables:			
Accounts (Net of Allowance of \$173,182) .....	760,588	397,059	1,389
Property Tax .....	1,131,259	1,846,606	
Pledges .....			
Due from Other Funds .....	681,493	3,454,127	
Due from Other Governments .....	276,486	163,697	
Inventories .....	980,924		
Prepaid Expenditures .....	362,433	1,680,873	
Capital Assets:			
Land .....			
Buildings and Other Structures ...			
Furniture and Equipment .....			
Construction in Process .....			
Accumulated Depreciation .....			
Total Assets .....	\$ <u>12,009,420</u>	\$ <u>16,842,642</u>	\$ <u>130,774</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>			
\$ 253,968	\$ 2,388,335		\$ 380,846 1,137,543		\$ 20,269,051 1,137,543
51,649			21,716		1,232,401
1,131,259					4,109,124
				\$ 101,010	101,010
321,752				( 4,457,372)	-
			466,702		906,885
					980,924
					2,043,306
		\$ 480,784			480,784
		33,307,382			33,307,382
		5,984,653			5,984,653
		487,830			487,830
				(21,988,309)	(21,988,309)
<u>\$ 1,758,628</u>	<u>\$ 2,388,335</u>	<u>\$ 40,260,649</u>	<u>\$ 2,006,807</u>	<u>\$ (26,344,671)</u>	<u>\$ 49,052,584</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 2007

<u>LIABILITIES AND FUND BALANCE</u>	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
<u>LIABILITIES</u>			
Payables:			
Accounts .....	\$ 1,202,791	\$ 350,120	
Iowa Industrial New Jobs Training Program .....		907,839	
Salaries and Benefits Payable .....	1,077,888	91,130	
Accrued Interest .....		34,015	
Due to Other Funds .....	3,315,218	656,292	
Deferred Revenue .....	1,279,042	3,652,164	
Early Retirement Payable .....		1,516,430	
Compensated Absences .....	473,812	90,395	
Deposits Refundable .....	11,150		
Deposits Held in Custody for Others ..			
Certificates Payable .....		9,795,000	
Bonds Payable .....			
Notes Payable .....			
Total Liabilities .....	\$ 7,359,901	\$ 17,093,385	-
 <u>FUND BALANCE</u>			
Invested in Capital Assets, Net of Related Debt .....			
Fund Balances (Deficits):			
Restricted:			
Expendable:			
Scholarships and Grants .....		\$ 112	
Loans .....			\$ 130,774
Debt Service .....			
Cash Reserve .....		678,851	
Other .....		( 929,706)	
Unrestricted .....	\$ 2,809,226		
Auxiliary Enterprises .....	1,840,293		
Total Fund Balance .....	\$ 4,649,519	\$ ( 250,743)	\$ 130,774
Total Liabilities and Fund Balance .....	\$ 12,009,420	\$ 16,842,642	\$ 130,77

SCHEDULE 1  
(Cont.)

Plant Funds					
Unexpended	Retirement of Indebtedness	Investment in Plant	Agency Funds	Adjustments	Total
\$ 220,266			\$ 12,656		\$ 1,785,833
					907,839
					1,169,018
5,463					39,478
16,933			468,929	\$( 4,457,372)	-
1,131,259			239,662		6,302,127
					1,516,430
					564,207
					11,150
			1,285,560	101,010	1,386,570
					9,795,000
		\$ 180,000			180,000
		<u>2,025,000</u>			<u>2,025,000</u>
\$ 1,373,921	-	\$ 2,205,000	\$ 2,006,807	\$( 4,356,362)	\$ 25,682,652
		\$ 38,055,649		\$(21,988,309)	\$ 16,067,340
					112
					130,774
	\$ 2,388,335				2,388,335
					678,851
					( 929,706)
\$ 384,707					3,193,933
					<u>1,840,293</u>
\$ 384,707	\$ 2,388,335	\$ 38,055,649	-	\$(21,988,309)	\$ 23,369,932
\$ 1,758,628	\$ 2,388,335	\$ 40,260,649	\$ 2,006,807	\$(26,344,671)	\$ 49,052,584

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2007

	Current Funds		Loan Funds
	Unrestricted	Restricted	
<b><u>REVENUES</u></b>			
General:			
State Appropriations .....	\$ 9,263,004	\$ 491,183	
Tuition and Fees .....	10,834,157		
Property Tax .....	1,128,438	1,659,216	
Federal Appropriations .....	806,416	7,108,492	
Sales and Services .....	121,751		
Earnings on Investments .....	353,395	455,743	\$ 5,345
Iowa Industrial New Jobs Training Program .....		1,171,738	
Increase in Plant Investment Due to Plant Expenditures (Including \$733,288 in Current Fund Expenditures) .....			
Increase in Plant Investment Due to Retirement of Debt .....			
Miscellaneous .....	2,011,299	577,858	
Gifts and Grants .....			4,738
Gain on Disposal of Capital Assets ..			
	\$ 24,518,460	\$ 11,464,230	\$ 10,083
Auxiliary Enterprises:			
State Appropriations .....			
Federal Appropriations .....	\$ 20,382		
Sales and Services .....	3,364,970		
Interest on Investments .....	10		
Miscellaneous .....	( 10,822)		
	\$ 3,374,540	-	-
Total Revenues .....	\$ 27,893,000	\$ 11,464,230	\$ 10,083
<b><u>EXPENDITURES</u></b>			
Education and Support:			
Liberal Arts and Sciences .....	\$ 3,264,947	\$ 173,757	
Vocational Technical .....	6,667,055	860,838	
Adult Education .....	1,767,302	237,515	
Cooperative Services .....	372,252	1,555,180	
Administration .....	1,668,920		
Student Services .....	1,532,557	16,193	
Learning Resources .....	300,938		
Physical Plant .....	2,784,540	1,367,379	
General Institution .....	4,951,858	1,080,665	
Total Education and Support ...	\$ 23,310,369	\$ 5,291,527	-

<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
\$ 167,770			\$ (3,952,518)	\$ 9,921,957
1,128,438				6,881,639
				3,916,092
				7,914,908
				121,751
	\$ 88,394			902,877
				1,171,738
		\$ 1,819,892	(1,819,892)	-
		890,000	( 890,000)	-
			( 37,259)	2,551,898
117,248		23,000		144,986
<u>117,248</u>		<u>23,000</u>	<u>28,641</u>	<u>28,641</u>
\$ 1,413,456	\$ 88,394	\$ 2,732,892	\$(6,671,028)	\$ 33,556,487
				\$ 20,382
				3,364,970
				10
				( 10,822)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	\$ 3,374,540
\$ 1,413,456	\$ 88,394	\$ 2,732,892	\$(6,671,028)	\$ 36,931,027
			\$( 587,442)	\$ 2,851,262
			( 64,333)	7,463,560
				2,004,817
				1,927,432
				1,668,920
				1,548,750
			( 31,823)	269,115
\$ 413,381		\$ 692,244	( 124,744)	5,132,800
<u>413,381</u>		<u>692,244</u>	<u>36,328</u>	<u>5,996,195</u>
\$ 413,381	-	\$ 692,244	\$( 844,670)	\$ 28,862,851

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Current Funds</u>		<u>Loan Funds</u>
	<u>Unrestricted</u>	<u>Restricted</u>	
<u>EXPENDITURES</u> - (Continued)			
Auxiliary Enterprises .....	\$ 2,951,213		
Scholarships and Grants .....		\$ 4,113,238	
Workforce Investment Act .....		1,704,877	
Bad Debts and Collection Costs (Recoveries) .....			\$( 283)
Plant Asset Acquisitions .....			
Retirement of Indebtedness .....			
Disposal of Plant Assets .....			
Interest on Indebtedness .....		491,408	
Depreciation .....			
Total Expenditures and Other Deductions .....	\$ <u>26,261,582</u>	\$ <u>11,601,050</u>	\$( <u>283</u> )
Excess (Deficiency) of Revenues and Other Additions Over Expenditures and Other Deductions .....	\$ 1,631,418	\$( 136,820)	\$ 10,366
 <u>TRANSFERS</u>			
Mandatory Transfers .....	( 183,310)		
Non-Mandatory Transfers .....	( <u>1,086,571</u> )	( <u>205,961</u> )	
Net .....	\$ 361,537	\$( 342,781)	\$ 10,366
Fund Balances Beginning of Year .....	<u>4,287,982</u>	<u>92,038</u>	<u>120,408</u>
Fund Balances End of Year .....	\$ <u>4,649,519</u>	\$( <u>250,743</u> )	\$ <u>130,774</u>

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>
				\$ 2,951,213
			\$( 3,952,518)	160,720
			( 13,362)	1,691,515
				( 283)
\$ 961,860			( 961,860)	-
	\$ 890,000		( 890,000)	-
		\$ 158,862	( 158,862)	-
	82,063			573,471
<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>1,478,778</u>	<u>1,478,778</u>
\$ <u>1,375,241</u>	\$ <u>972,063</u>	\$ <u>851,106</u>	\$( <u>5,342,494</u> )	\$ <u>35,718,265</u>
\$ 38,215	\$( 883,669)	\$ 1,881,786	\$( 1,328,534)	\$ 1,212,762
	\$ 183,310			-
( <u>214,432</u> )	<u>1,506,964</u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
\$( 176,217)	\$ 806,605	\$ 1,881,786	\$( 1,328,534)	\$ 1,212,762
<u>560,924</u>	<u>1,581,730</u>	<u>36,173,863</u>	<u>(20,659,775)</u>	<u>22,157,170</u>
\$ <u>384,707</u>	\$ <u>2,388,335</u>	\$ <u>38,055,649</u>	\$( <u>21,988,309</u> )	\$ <u>23,369,932</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, 2007

	<u>Education</u>			
	<u>Liberal Arts and Sciences</u>	<u>Vocational Technical</u>	<u>Adult Education</u>	<u>Cooperative Services</u>
<u>REVENUES</u>				
State Appropriations ..	\$ 264,386	\$ 4,409,068	\$ 970,740	
Tuition and Fees .....	4,864,321	4,216,182	988,176	\$ 322,732
Property Tax .....				
Federal Appropriations ..	7,786	414,862	292,317	
Sales and Services ....			11,415	22,686
Interest on Investments ..				
Miscellaneous .....	20	7,559	59,184	333,162
	\$ 5,136,513	\$ 9,047,671	\$ 2,321,832	\$ 678,580
Allocation of Support Services .	<u>2,398,174</u>	<u>3,776,940</u>	<u>1,158,750</u>	
Total Revenues ..	\$ 7,534,687	\$ 12,824,611	\$ 3,480,582	\$ 678,580
<u>EXPENDITURES</u>				
Salaries and Benefits ..	\$ 3,139,836	\$ 5,573,376	\$ 1,447,264	\$ 333,770
Services .....	53,745	406,326	139,866	564
Materials and Supplies .	58,761	425,614	133,285	30,929
Travel .....	12,605	64,848	43,671	6,989
Plant Asset Acquisitions .		53,110		
Collection Costs .....		143,781	3,216	
	\$ 3,264,947	\$ 6,667,055	\$ 1,767,302	\$ 372,252
Allocation of Support Services .	<u>3,675,092</u>	<u>5,787,989</u>	<u>1,775,732</u>	
Total Expenditures ..	\$ 6,940,039	\$ 12,455,044	\$ 3,543,034	\$ 372,252
Excess of Revenues Over Expenditures .	\$ 594,648	\$ 369,567	\$ ( 62,452)	\$ 306,328
<u>TRANSFERS</u>				
Non-Mandatory Transfers .		( 350,673)	135,894	
Net .....	\$ 594,648	\$ 18,894	\$ 73,442	\$ 306,328
Fund Balance Beginning of Year .....				
Fund Balance End of Year .....				

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

Support					Education and Support Total
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	
\$ 115,390	\$ 638,037	\$ 317,918	\$ 1,302,881	\$ 1,244,584	\$ 9,263,004
4,393	438,353				10,834,157
			1,128,438		1,128,438
11,718	58,055	8,146	1,808	11,724	806,416
	44,067		11,792	31,791	121,751
353,395					353,395
<u>581,397</u>	<u>43,932</u>	<u>227</u>	<u>37,541</u>	<u>948,277</u>	<u>2,011,299</u>
\$ 1,066,293	\$ 1,222,444	\$ 326,291	\$ 2,482,460	\$ 2,236,376	\$ 24,518,460
<u>1,066,293</u>	<u>1,222,444</u>	<u>326,291</u>	<u>2,482,460</u>	<u>2,236,376</u>	<u>-</u>
-	-	-	-	-	\$ 24,518,460
\$ 1,228,580	\$ 1,371,273	\$ 199,689	\$ 743,482	\$ 3,134,216	\$ 17,171,486
356,375	90,934	18,509	1,746,543	1,445,995	4,258,857
29,646	53,862	49,887	291,755	330,459	1,404,198
54,319	16,488	1,030	2,760	41,188	243,898
		31,823			84,933
					<u>146,997</u>
\$ 1,668,920	\$ 1,532,557	\$ 300,938	\$ 2,784,540	\$ 4,951,858	\$ 23,310,369
<u>1,668,920</u>	<u>1,532,557</u>	<u>300,938</u>	<u>2,784,540</u>	<u>4,951,858</u>	<u>-</u>
-	-	-	-	-	\$ 23,310,369
-	-	-	-	-	\$ 1,208,091
\$ ( 22,694 )	\$ ( 22,601 )	-	\$ ( 911,877 )	\$ 30,087	( 1,141,864 )
\$ ( 22,694 )	\$ ( 22,601 )	-	\$ ( 911,877 )	\$ 30,087	\$ 66,227
.....	.....	.....	.....	.....	<u>2,742,999</u>
.....	.....	.....	.....	.....	\$ <u>2,809,226</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, 2007

	<u>Bookstore</u>	<u>Parts Depart- ment</u>	<u>Cafeteria</u>
<u>REVENUES</u>			
Federal Appropriations .....	\$ 4,807		\$ 6,912
Sales and Services .....	2,498,038	\$ 131,334	344,469
Interest on Investments .....			
Miscellaneous .....	( 36,369)	217	643
 Total Revenues .....	 \$ 2,466,476	 \$ 131,551	 \$ 352,024
 <u>EXPENDITURES</u>			
Salaries and Benefits .....	\$ 150,193	\$ 15,239	\$ 157,204
Services .....	29,750		14,595
Materials and Supplies .....	39,834	8	10,052
Travel .....	86		
Cost of Goods Sold .....	1,975,841	123,490	196,263
Bad Debts and Collection Costs .....		686	
 Total Expenditures .....	 \$ 2,195,704	 \$ 139,423	 \$ 378,114
 Excess (Deficiency) of Revenues Over Expenditures .....	 \$ 270,772	 \$( 7,872)	 \$( 26,090)
 <u>TRANSFERS</u>			
Mandatory Transfers .....	( 50,000)		
Non-Mandatory Transfers .....	( 10,186)		26,088
 Net .....	 \$ 210,586	 \$( 7,872)	 \$( 2)
 Fund Balance Beginning of Year .....	 1,192,439	 ( 2,351)	 2
 Fund Balance (Deficit) End of Year .....	 \$ 1,403,025	 \$( 10,223)	 -

Vocational Servicing <u>Accounts</u>	<u>Dormitories</u>	<u>Other</u>	<u>Total</u>
	\$ 8,663		\$ 20,382
\$ 1,219	375,855	\$ 14,055	3,364,970
		10	10
<u>270</u>	<u>13,566</u>	<u>10,851</u>	( <u>10,822</u> )
\$ 1,489	\$ 398,084	\$ 24,916	\$ 3,374,540
	\$ 66,157		\$ 388,793
	111,761	\$ 3,806	159,912
\$ 3,463	37,330	4,119	94,806
		2,422	2,508
			2,295,594
<u>          </u>	<u>8,914</u>	<u>          </u>	<u>9,600</u>
\$ <u>3,463</u>	\$ <u>224,162</u>	\$ <u>10,347</u>	\$ <u>2,951,213</u>
\$ ( 1,974)	\$ 173,922	\$ 14,569	\$ 423,327
	(133,310)		( 183,310)
<u>          </u>	<u>          </u>	<u>39,391</u>	<u>55,293</u>
\$ ( 1,974)	\$ 40,612	\$ 53,960	\$ 295,310
<u>45,255</u>	( <u>39,789</u> )	<u>349,427</u>	<u>1,544,983</u>
\$ <u>43,281</u>	\$ <u>823</u>	\$ <u>403,387</u>	\$ <u>1,840,293</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

RESTRICTED FUND

FOR THE YEAR ENDED JUNE 30, 2007

	<u>Scholarship and Grants</u>	<u>Equipment Replacement</u>	<u>Cash Reserve</u>	<u>Tort Liability</u>
<u>REVENUES</u>				
State Appropriations .....				
Property Tax .....		\$ 501,524		\$ 80,820
Federal Appropriations ..	\$ 4,113,238			
Earnings on Investments ..	18			
Iowa Industrial New Jobs Training Program .....				
Miscellaneous .....				
Total Revenues ...	\$ 4,113,256	\$ 501,524	-	\$ 80,820
<u>EXPENDITURES</u>				
Salaries and Benefits ...				
Services .....				\$ 96,858
Materials and Supplies ..				
Travel .....				
Plant Asset Acquisitions ..		\$ 587,442		
Interest on Indebtedness ..				
Awards to Subrecipients ..				
Federal Pell Grant Program .	\$ 4,034,763			
Federal Supplemental Educational Opportunity Grant (FSEOG) .....	66,500			
Federal Academic Competitiveness Grants .	11,975			
Total Expenditures ..	\$ 4,113,238	\$ 587,442	-	\$ 96,858
Excess (Deficiency) of Revenues Over Expenditures ...	\$ 18	\$( 85,918)	-	\$(16,038)
<u>TRANSFERS</u>				
Non-Mandatory Transfers ..				
Net .....	\$ 18	\$( 85,918)	-	\$(16,038)
Fund Balance (Deficit)				
Beginning of Year .....	94	198,762	\$ 678,851	2,839
Fund Balance (Deficit)				
End of Year .....	\$ 112	\$ 112,844	\$ 678,851	\$(13,199)

<u>Insurance</u>	<u>Unemployment Compensation</u>	<u>Early Retirement</u>	<u>Title III</u>	<u>TRIO</u>	<u>Workforce Investment Act</u>
\$ 681,159	\$ 47,144	\$ 348,569	\$ 348,333	\$ 727,194	\$ 1,706,133
_____	_____	_____	_____	_____	_____
\$ 681,159	\$ 47,144	\$ 348,569	\$ 348,333	\$ 727,194	\$ 1,706,133
\$ 60,214	\$ 54,802	\$ 6,811	\$ 185,637	\$ 530,945	\$ 679,350
1,270,521			63,758	87,607	48,317
			51,088	39,071	43,229
			11,522	6,470	11,730
			36,328		13,362
				33,014	908,889
_____	_____	_____	_____	_____	_____
\$ 1,330,735	\$ 54,802	\$ 6,811	\$ 348,333	\$ 697,107	\$ 1,704,877
\$ ( 649,576)	\$ ( 7,658)	\$ 341,758	-	\$ 30,087	\$ 1,256
_____	_____	_____	_____	( 30,087)	_____
\$ ( 649,576)	\$ ( 7,658)	\$ 341,758	-	-	\$ 1,256
_____	_____	_____	_____	_____	_____
13,268	40,031	(870,341)	_____	_____	( 31,331)
\$ ( 636,308)	\$ 32,373	\$ (528,583)	_____	_____	\$ ( 30,075)

SCHEDULE 5

Iowa Industrial New Jobs Training Program	<u>Other</u>	<u>Total</u>
	\$ 491,183	\$ 491,183
		1,659,216
	213,594	7,108,492
\$ 446,567	9,158	455,743
1,171,738		1,171,738
<u>50,291</u>	<u>527,567</u>	<u>577,858</u>
\$ 1,668,596	\$ 1,241,502	\$ 11,464,230
	\$ 795,510	\$ 2,313,269
\$ 1,177,188	124,009	2,868,258
	32,056	165,444
	29,453	59,175
	11,223	648,355
491,408		491,408
		941,903
		4,034,763
		66,500
		<u>11,975</u>
\$ 1,668,596	\$ <u>992,251</u>	\$ <u>11,601,050</u>
-	\$ 249,251	\$( 136,820)
	( <u>175,874</u> )	( <u>205,961</u> )
-	\$ 73,377	\$( 342,781)
-	<u>59,865</u>	<u>92,038</u>
-	\$ <u>133,242</u>	\$( <u>250,743</u> )

SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERSFOR THE YEAR ENDED JUNE 30, 2007

	<u>Retraining Grants</u>	<u>Foundation</u>	<u>Other</u>	<u>Total</u>
Balance Beginning of Year ...	-	\$ 964,036	\$ 105,440	\$ 1,069,476
 <u>ADDITIONS</u>				
State Appropriations ...	\$ 151,887			\$ 151,887
Tuition and Fees .....			\$ 45,928	45,928
Earnings on Investments .		\$ 123,939	1,054	124,993
Gifts and Grants .....		474,729		474,729
Miscellaneous .....			<u>75,071</u>	<u>75,071</u>
Total Additions ...	\$ 151,887	\$ 598,668	\$ 122,053	\$ 872,608
 <u>DEDUCTIONS</u>				
Services .....	\$ 151,887	\$ 195	\$ 55,219	\$ 207,301
Materials and Supplies .		20	54,225	54,245
Travel .....			2,860	2,860
Other .....		<u>392,118</u>		<u>392,118</u>
Total Deductions ..	\$ <u>151,887</u>	\$ <u>392,333</u>	\$ <u>112,304</u>	\$ <u>656,524</u>
Net .....	<u>-</u>	\$ <u>206,335</u>	\$ <u>9,749</u>	\$ <u>216,084</u>
Balance End of Year .....	<u>-</u>	\$ <u>1,170,371</u>	\$ <u>115,189</u>	\$ <u>1,285,560</u>

## SCHEDULE OF CREDIT AND CONTACT HOURS

FOR THE YEAR ENDED JUNE 30, 2007

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences ...	44,293		44,293	786,877		786,877
Vocational Education .....	57,330		57,330	1,238,830		1,238,830
Adult Education/ Continuing Education .....			-	351,401	29,700	381,101
Cooperative Programs/Services...			-			-
Related Services and Activities ...			-			
Total ....	<u>101,623</u>	<u>-</u>	<u>101,623</u>	<u>2,377,108</u>	<u>29,700</u>	<u>2,406,808</u>

SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES

	<u>Years Ended June 30,</u>			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Local (Property Tax)..	\$ 3,916,092	\$ 3,698,263	\$ 3,002,078	\$ 3,086,008
State .....	9,921,957	9,270,872	8,473,661	9,355,305
Federal .....	<u>7,935,290</u>	<u>7,086,963</u>	<u>7,800,208</u>	<u>7,788,142</u>
Total ....	\$ <u>21,773,339</u>	\$ <u>20,056,098</u>	\$ <u>19,275,947</u>	\$ <u>20,229,455</u>

SCHEDULE OF CURRENT FUND REVENUES BY SOURCE  
AND EXPENDITURES BY FUNCTION

FOR THE LAST FOUR YEARS

	<u>Years Ended June 30,</u>			
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
<b><u>REVENUES:</u></b>				
State Appropriations .....	\$ 9,754,187	\$ 9,155,272	\$ 8,473,661	\$ 9,355,305
Tuition and Fees .....	10,834,157	10,800,821	11,142,572	10,141,825
Property Tax .....	2,787,654	2,623,537	1,938,989	1,944,500
Federal Appropriations ...	7,935,290	7,086,963	7,666,784	7,747,572
Sales and Services .....	121,751	106,525	127,471	126,436
Earnings on Investments ...	809,138	666,651	277,322	134,187
Iowa Industrial New Jobs				
Training Program .....	1,171,738	3,672,907	1,903,622	2,064,372
Auxiliary Enterprises ....	3,354,158	3,043,232	3,135,438	2,916,532
Miscellaneous .....	2,589,157	4,958,998	2,589,956	2,035,030
 Total Revenues .....	 \$ <u>39,357,230</u>	 \$ <u>42,114,906</u>	 \$ <u>37,255,815</u>	 \$ <u>36,465,75</u>
 <b><u>EXPENDITURES:</u></b>				
Liberal Arts and Sciences ..	\$ 3,438,704	\$ 3,293,910	\$ 3,164,724	\$ 2,925,208
Vocational Technical .....	7,527,893	7,426,871	6,944,050	6,893,558
Adult Education .....	2,004,817	1,809,915	1,774,306	1,628,509
Cooperative Services .....	1,927,432	6,697,364	2,458,362	2,549,567
Administration .....	1,668,920	1,476,720	1,421,744	1,365,849
Student Services .....	1,548,750	1,597,998	1,485,412	1,373,771
Learning Resources .....	300,938	319,772	297,428	303,239
Physical Plant .....	4,151,919	3,319,010	2,984,886	2,762,746
General Institution .....	6,032,523	6,676,005	5,553,734	5,131,641
Auxiliary Enterprises ....	2,951,213	2,613,278	2,725,916	2,449,999
Scholarships and Grants ..	4,113,238	4,058,105	4,524,888	4,463,198
Workforce Investment Act ..	1,704,877	1,053,859	1,079,897	1,395,269
Interest on Indebtedness ...	491,408	533,297	298,283	326,848
 Total Expenditures ...	 \$ <u>37,862,632</u>	 \$ <u>40,876,104</u>	 \$ <u>34,713,630</u>	 \$ <u>33,569,402</u>

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2007

<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	\$ 69,825	
Federal Family Education Loans .	84.032		\$ 6,331,481
Federal Work Study Program (FWS) .	84.033	154,095	
Federal Pell Grant Program ....	84.063*	4,034,763	
Federal Pell Grant Program -			
Administration .....	84.063*	8,985	
Academic Competitiveness Grants ..	84.375	<u>11,975</u>	
		\$ 4,279,643	\$ 6,331,481
TRIO Cluster:			
Student Support Services .....	84.042	\$ 273,940	
Talent Search .....	84.044	250,999	
Upward Bound .....	84.047	<u>199,083</u>	
		\$ 724,022	-
Higher Education - Institutional			
Aid - Title III .....	84.031	\$ 348,333	
U. S. Department of Labor:			
Advanced Manufacturing Industry			
Project .....	17.261	\$ 79,337	
Occupational Safety and Health			
Administration:			
Susan Harwood Training Grant			
Program .....	17.502	\$ <u>59,392</u>	
Total Direct .....		\$ 5,490,727	\$ 6,331,481
Indirect:			
U. S. Department of Labor:			
Indirect Through Iowa Workforce			
Development:			
Workforce Investment Act (WIA)			
Cluster:			
WIA Adult Program .....	17.258	\$ 132,586	
WIA Youth Activities ....	17.259	199,135	
WIA Dislocated Workers ..	17.260	897,624	
WIA Incentive Grants ....	17.267	<u>35,136</u>	
		\$ 1,264,481	

See Accompanying Note to Schedule of Expenditures of Federal Awards

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDSFOR THE YEAR ENDED JUNE 30, 2007

<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	\$ 289,764	
Vocational Education - Basic			
Grants to States .....	84.048	\$ 378,675	
U. S. Department of Labor:			
Indirect Through the Iowa			
Department of Education:			
Family Literacy Incentive			
Grant .....	17.267	\$ 64,415	
Indirect Through the Midwest			
Training and Employment			
Coalition .....	N/A	\$ 1,386	
U. S. Department of Health and Human			
Services:			
Indirect Through Iowa Workforce			
Development:			
Temporary Assistance for			
Needy Families .....	93.558	\$ 436,778	
National Science Foundation:			
Indirect Through the Midwest Center			
for Information Technology:			
Education and Human Resources .	47.076	\$ 9,064	
Total Indirect .....		\$ 2,444,563	-
Total .....		\$ 7,935,290	\$ 6,331,481

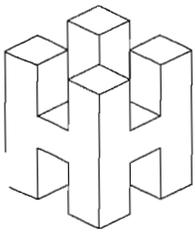
\* Total expenditures for CFDA Number 84.063 were \$4,043,748.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2007

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, 2007, as listed in the table of contents and have issued our report thereon dated , 2007. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Western Iowa Tech Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Western Iowa Tech Community College's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects Western Iowa Tech Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of Western Iowa Tech Community College's financial statements that is more than inconsequential will not be prevented or detected by Western Iowa Tech Community College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Western Iowa Tech Community College's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

#### 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 or other matters that are required to be reported un Government Auditing Standards.

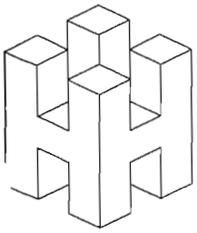
We noted certain other matters that we reported to management of Western Iowa Tech Community College in a separate communication dated November 30, 2007.

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.

*Henry, Conner + Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
November 30, 2007



HENJES, CONNER &  
WILLIAMS, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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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, 2007. 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, 2007.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Western Iowa Tech Community College's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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  
November 30, 2007

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED JUNE 30, 2007

Part I: Summary of the Independent Auditors' Results:

- (a) An unqualified opinion was issued on the financial statements.
- (b) No significant deficiencies in 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 significant deficiencies in internal control over major programs were disclosed by the audit of the financial statements.
- (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
    - CFDA Number 84.375 Academic Competitiveness Grants
  - TRIO Cluster, Including
    - CFDA Number 84.042 Student Support Services
    - CFDA Number 84.044 Talent Search
    - CFDA Number 84.047 Upward Bound
  - Workforce Investment Act (WIA) Cluster, Including:
    - CFDA Number 17.258 WIA Adult Program
    - CFDA Number 17.259 WIA Youth Activities
    - CFDA Number 17.260 WIA Dislocated Workers
    - CFDA Number 17.267 WIA Incentive Grants
  - CFDA Number 84.031 Title III Strengthening Institutions Program
  - 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, 2007

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, 2007

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, 2007

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-07     Certified Budget - Expenditures in total for the year ended June 30, 2007, did not exceed the amounts budgeted.
- IV-B-07     Questionable Disbursements - No expenditures we believe did not meet the requirements of public purpose as defined in the Attorney General's opinion, dated April 25, 1979, were noted.
- IV-C-07     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-07     Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.
- IV-E-07     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-07     Board Minutes - No transactions were found that we believe should have been approved in the Board minutes, but were not.
- IV-G-07     Publication - The Community College published a statement showing the receipts and disbursements of all funds for the fiscal year 2007, 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-07     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-07     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.