

WESTERN IOWA TECH COMMUNITY COLLEGE  
SIOUX CITY, IOWA

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

JUNE 30, 2012

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WESTERN IOWA TECH COMMUNITY COLLEGE

OFFICIALS

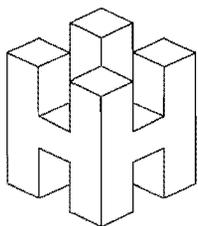
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Directors</u> (After September, 2011 Election)		
Dr. Robert Rasmus	President	2015
Russell Wray	Vice President	2013
Deborah Cook	Member	2013
Derrick Franck	Member	2015
Curt Grigg	Member	2015
Michael Hunter	Member	2013
Neal Adler	Member	2013
William Lyle	Member	2015
Eldon Schroder	Member	2015

<u>Board of Directors</u> (Before September, 2011 Election)		
Dr. Robert Rasmus	President	2011*
Russell Wray	Vice President	2013
Deborah Cook	Member	2013
Derrick Franck	Member	2011
Curt Grigg	Member	2011
Michael Hunter	Member	2013
Neal Adler	Member	2013
William Lyle	Member	2011
Eldon Schroder	Member	2011

Community College

Dr. Terry Murrell	President
Troy A. Jasman	Vice President of Finance and Administrative Services
Brenda S. Bradley	Board Secretary/Treasurer and Executive Director of Human Resources

\* Board term lengthened or shortened per the Community College's transition plan for changing Board terms from 3 to 4 years in accordance with House File 2620 of the Code of Iowa.



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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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 financial statements of WESTERN IOWA TECH COMMUNITY COLLEGE, Sioux City, Iowa, as of and for the year ended June 30, 2012, which comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of Western Iowa Tech Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards 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 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, 2012, and the changes in financial position and cash flows for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated October 29, 2012, 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.

U.S. generally accepted accounting principles require Management's Discussion and Analysis on pages 4 through 10 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the required supplementary information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming an opinion on the financial statements that 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 nine years ended June 30, 2011, (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of Western Iowa Tech Community College's management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in our audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Henges, Connor & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
October 29, 2012



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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of Western Iowa Tech Community College provides this Management's Discussion and Analysis of the Community College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We would encourage the reader to consider this information in conjunction with the Community College's financial statements which follow.

### FINANCIAL HIGHLIGHTS

- Operating revenues increased 2.7%, or \$678,935, from fiscal year 2011 (FY11). Tuition and fees net, sales and services, Iowa Industrial New Jobs Training Program (NJTP), auxiliary enterprises and miscellaneous revenues increased while federal appropriation decreased.
- Operating expenses were 1.1%, or \$561,386, less in FY12 than in FY11. Liberal arts and sciences, adult education, administration, student services, physical plant, general institution, auxiliary enterprises, workforce investment act and bad debts and collection costs decreased while vocational technical, cooperative services, learning resources, scholarships and grants and depreciation increased.
- Net non-operating revenue decreased 5.3%, or \$1,434,093, from FY11 mainly due to a decrease in Pell grant, property tax, earnings on investments, gifts and grants, and loss on sale of capital assets offset by an increase in state appropriations and interest on indebtedness.
- The Community College's net assets increased 5.9%, or \$2,414,417 from FY11.

### 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.

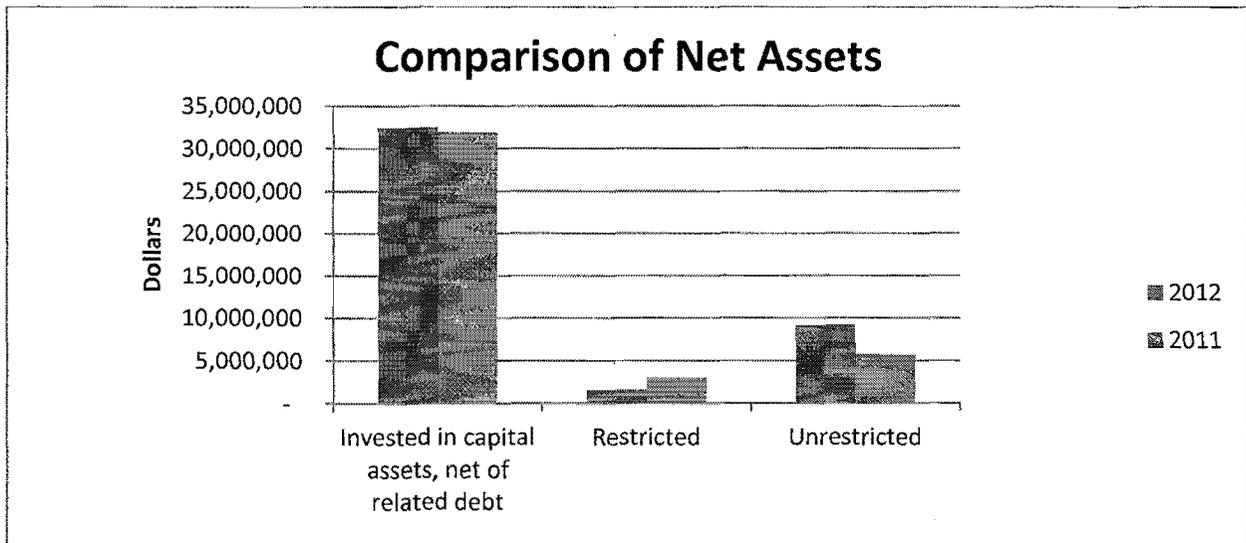
Other supplementary information provides a comparison of the College's budget for the year and detailed information about the individual funds. In addition, the schedule of expenditures of federal awards provides details of various programs benefiting the College.

**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, 2012 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, 2012</u>	<u>June 30, 2011</u>
Current assets	\$41,065,126	\$40,645,462
Non-current assets	<u>42,695,083</u>	<u>42,582,840</u>
Total assets	<u>83,760,209</u>	<u>83,228,302</u>
Current liabilities	21,143,753	23,263,489
Non-current liabilities	<u>19,573,300</u>	<u>19,336,074</u>
Total liabilities	<u>40,717,053</u>	<u>42,599,563</u>
Net assets:		
Invested in capital assets, net of related debt	32,420,115	31,912,688
Restricted	1,511,006	3,004,942
Unrestricted	<u>9,112,035</u>	<u>5,711,109</u>
Total net assets	<u>43,043,156</u>	<u>40,628,739</u>
Total Liabilities and Net Assets	<u>\$83,760,209</u>	<u>\$83,228,302</u>



The largest portion of the Community College’s net assets (75%) 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 (4%) 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.

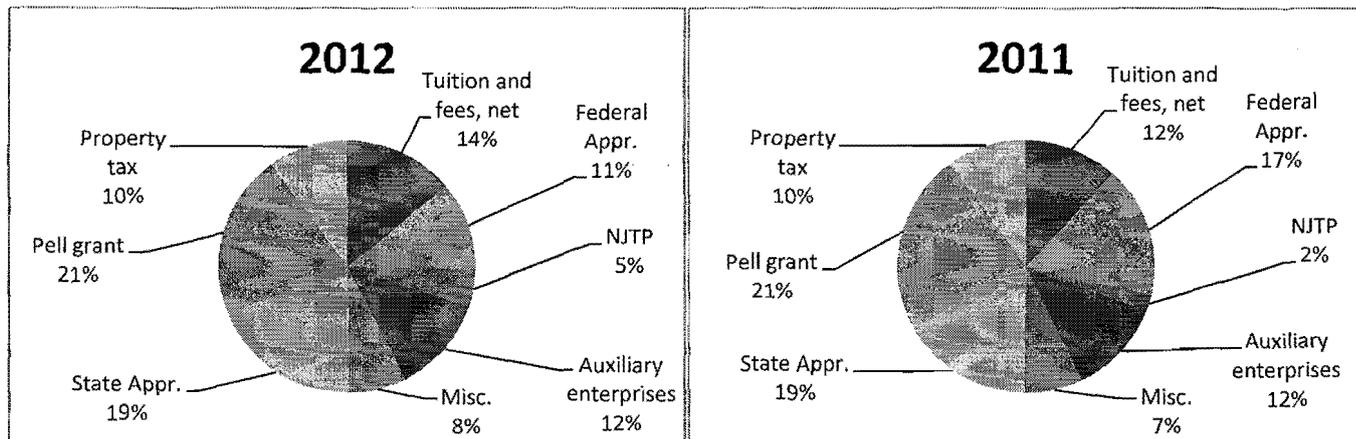
In general, a public community college, such as Western Iowa Tech Community College, will report an operating loss since the financial reporting model classifies state appropriations, Pell grants, and property tax as non-operating revenues. Operating revenues are received for providing goods and services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

#### Changes in Net Assets

	Year Ended <u>June 30, 2012</u>	Year Ended <u>June 30, 2011</u>
Operating revenue:		
Tuition and fees, net	\$7,298,222	\$6,220,060
Federal appropriations	5,926,162	8,978,638
Sales and services	140,381	136,351
Iowa Industrial New Jobs Training Program	2,592,414	1,131,312
Auxiliary enterprises	6,374,606	6,315,554
Miscellaneous	<u>3,560,979</u>	<u>2,431,914</u>
Total operating revenue	<u>25,892,764</u>	<u>25,213,829</u>
Total operating expenses	49,012,341	49,573,727
Operating loss	<u>(23,119,577)</u>	<u>(24,359,898)</u>
Non-operating revenues (expenses)		
State appropriations	9,965,396	9,924,624
Pell Grant	11,074,074	11,223,882
Property tax	5,206,420	5,208,564
Earnings on investments	78,555	113,188
Gifts and Grants	56,048	1,257,810
Gain (Loss) on sale of capital assets	( 5,062)	( 5,631)
Interest on indebtedness	<u>( 841,437)</u>	<u>( 754,350)</u>
Net non-operating revenues	<u>25,533,994</u>	<u>26,968,087</u>
Increase in net assets	2,414,417	2,608,189
Net assets at the beginning of the year	<u>40,628,739</u>	<u>38,020,550</u>
Net assets at the end of the year	<u>\$43,043,156</u>	<u>\$40,628,739</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 2012, operating revenues increased \$678,935 or 2.7%. The increase was a result of the following changes:

Tuition and fees, net of scholarship allowances, increased \$1,078,162 due to a modest tuition increase paired with an increase in enrollment offset by Pell Grant awards.

Federal revenues decreased \$3,052,476 mainly due to the expiration of several federal grants.

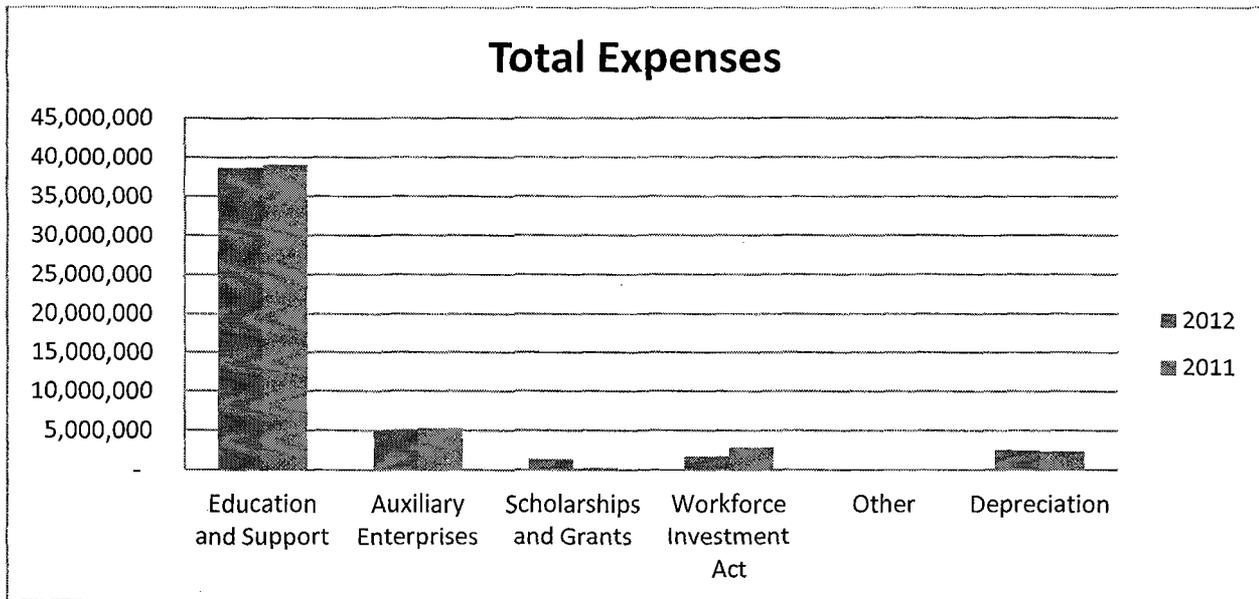
The Iowa Industrial New Jobs Training Program (NJTP) increased \$1,461,102 mainly due to having a larger bond issue than the previous year.

Auxiliary enterprises revenue increased \$59,052 due mostly to an increase in students purchasing books and supplies.

Miscellaneous revenues increased \$1,129,065 due to the New Jobs Training Program (NJTP). Additional information is presented in Note 14 to the financial statements.

## Operating Expenses

	Year Ended June 30, 2012	Year Ended June 30, 2011
<b>Education and Support:</b>		
Liberal Arts and Sciences	\$4,235,426	\$4,383,776
Vocational Technical	9,701,564	9,684,204
Adult Education	2,392,660	2,982,328
Cooperative Services	4,155,709	1,594,767
Administration	1,911,018	2,309,095
Student Services	2,081,765	2,206,297
Learning Resources	327,752	311,830
Physical Plant	5,795,990	6,388,718
General Institution	8,007,922	9,102,112
Auxiliary Enterprises	5,005,179	5,309,513
Scholarships and Grants	1,306,263	251,566
Workforce Investment Act	1,640,182	2,799,503
Bad Debts and Collection Costs	0	47
Depreciation	<u>2,450,911</u>	<u>2,249,971</u>
<b>Total</b>	<b><u>\$49,012,341</u></b>	<b><u>\$49,573,727</u></b>



In fiscal year 2012, operating expenses decreased \$561,386 or 1.1%. The following factors explain some of the changes:

Liberal arts and sciences, vocational technical and adult education, the three functions relating to student instruction, decreased \$720,658. Cooperative Services increased \$2,560,942 due to the New Jobs Training Program. Physical plant and general institution decreased \$1,686,918. This decrease is mainly attributable the Student Center building project in Fiscal year 2011.

Auxiliary enterprises decreased \$304,334 as a result of a lower cost of goods sold for the Bookstore operation.

## 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, 2012</u>	Year Ended <u>June 30, 2011</u>
Cash provided (used) by:		
Operating Activities	\$(21,430,589)	\$(19,663,626)
Non-capital Financing Activities	26,816,345	31,448,898
Capital and Related Financing Activities	( 3,407,769)	( 7,228,005)
Investing Activities	<u>170,231</u>	<u>( 178,735)</u>
Net Increase (Decrease) in Cash	2,148,218	4,378,532
Cash at the beginning of the year	<u>25,405,797</u>	<u>21,027,265</u>
Cash at the end of the year	<u>\$27,554,015</u>	<u>\$25,405,797</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, Pell grant, local property tax received by the Community College and gifts and grants as well as agency fund receipts and disbursements. Cash used by capital and related financing activities represent the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash used by investing activities includes investment income received as well as investment activities.

### **CAPITAL ASSETS**

At June 30, 2012, the Community College had approximately \$40.2 million invested in capital assets, net of accumulated depreciation of \$31.4 million. Depreciation charges totaled \$2,450,911 for Fiscal Year 2012. Details of the capital assets are shown below.

	<b>Capital Assets, Net, at Year End</b>	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Land	\$ 813,453	\$ 813,453
Buildings	35,464,745	30,323,090
Construction in progress	430,283	5,220,645
Furniture and equipment	<u>3,521,634</u>	<u>3,515,500</u>
Total	<u>\$40,230,115</u>	<u>\$39,872,688</u>

Planned capital expenditures for the fiscal year to end June 30, 2013 and beyond includes the completion of a new main entrance to the Community College. This project will be funded from the Plant Fund property tax. The Community College will spend approximately \$604,000 for the construction of the entrance. The College also expects to begin construction on a \$8.5 million student dormitory in the spring of 2013. 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, 2012, the Community College had \$21.4 million in debt outstanding, an increase of \$705,000 from 2011. The table below summarizes these amounts by type.

	<b>Outstanding Debt</b>	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
NJTP certificates payable	\$13,600,000	\$12,745,000
Bonds payable	<u>7,810,000</u>	<u>7,960,000</u>
Total	<u>\$21,410,000</u>	<u>\$20,705,000</u>

More detailed information about the Community College's outstanding debt is presented in Note 7 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 2013 is expected to increase approximately \$679,773 over the prior year. This increase provides some relief toward increased costs.

The College experienced an enrollment decline for the fall of 2012 with a decrease in credit hours of approximately 8.0% from the previous fall semester. This is mainly attributable to the enrollment spike that the College experienced with the closure of a major employer and the retraining services provided the last two years.

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.

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

The Community College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the Community College's ability to react to unknown issues as well as the decrease 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, 2012

ASSETS

CURRENT ASSETS

Cash and Pooled Investments - Note 2	\$ 27,554,015
Receivables:	
Accounts (Net of Allowance of \$953,363)	2,637,248
Property Tax	5,509,530
Pledges	188,285
Due from Other Governments	1,453,484
Prepaid Expenses	2,698,716
Inventories - Note 3	1,023,848

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Total Current Assets	\$ 41,065,126
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NONCURRENT ASSETS

Restricted Cash and Pooled Investments	\$ 568,765
Other Investments - Note 2	1,682,658
Pledges Receivable	213,545
Capital Assets, Net of Accumulated Depreciation/Amortization - Note 4	40,230,115

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Total Noncurrent Assets	\$ 42,695,083
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Total Assets	<u>\$ 83,760,209</u>
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LIABILITIES AND NET ASSETSCURRENT LIABILITIES

## Payables:

Accounts	\$ 2,418,827
Iowa Industrial New Jobs Training Program	3,359,253
Salaries and Benefits Payable	1,153,449
Accrued Interest	63,371
Deferred Revenue	8,378,389
Early Retirement Payable - Note 16	266,251
Compensated Absences	696,617
Deposits Refundable	54,490
Deposits Held in Custody for Others	2,461,069
Current Portion of Capital Lease Obligation - Note 9	77,037
Certificates Payable - Note 7	2,060,000
Bonds Payable - Note 7	155,000
	<hr/>
Total Current Liabilities	\$ 21,143,753

NONCURRENT LIABILITIES

Early Retirement Payable - Note 16	\$ 332,751
Capital Lease Obligations, Net of Current Portion - Note 9	45,549
Certificates Payable - Note 7	11,540,000
Bonds Payable - Note 7	7,655,000
	<hr/>
Total Noncurrent Liabilities	\$ 19,573,300

Total Liabilities	\$ 40,717,053
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NET ASSETS

Invested in Capital Assets, Net of Related Debt	\$ 32,420,115
Restricted	
Expendable:	
Scholarships and Grants	\$ 522
Loans	171,242
Debt Service	1,053,846
Cash Reserve	678,851
Other	(393,455)
Total Restricted Expendable	\$ 1,511,006
Unrestricted	<hr/> 9,112,035
	<hr/>
Total Net Assets	\$ 43,043,156
	<hr/>
Total Liabilities and Net Assets	\$ 83,760,209

See Accompanying Notes to Financial Statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETSFOR THE YEAR ENDED JUNE 30, 2012OPERATING REVENUES

Tuition and Fees, Net of Scholarship Allowances of \$9,890,191	\$ 7,298,222
Federal Appropriations	5,926,162
Sales and Services	140,381
Iowa Industrial New Jobs Training Program	2,592,414
Auxiliary Enterprises Revenue	6,374,606
Miscellaneous	3,560,979
	<hr/>
Total Operating Revenues	\$ 25,892,764

OPERATING EXPENSES

Education and Support:	
Liberal Arts and Sciences	\$ 4,235,426
Vocational Technical	9,703,900
Adult Education	2,392,660
Cooperative Services	4,155,709
Administration	1,911,018
Student Services	2,081,765
Learning Resources	327,752
Physical Plant	5,795,990
General Institution	8,005,586
Auxiliary Enterprises	5,005,179
Scholarships and Grants	1,306,263
Workforce Investment Act	1,640,182
Depreciation/Amortization	2,450,911
	<hr/>
Total Operating Expenses	\$ 49,012,341
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Operating (Loss)	\$ (23,119,577)

NON-OPERATING REVENUES (EXPENSES)

State Appropriations	\$ 9,965,396
Pell Grant	11,074,074
Property Tax	5,206,420
Earnings on Investments	78,555
Gifts and Grants	56,048
Loss on Sale of Capital Assets	(5,062)
Interest on Indebtedness	(841,437)
	<hr/>
Net Non-Operating Revenues	\$ 25,533,994
	<hr/>
Increase in Net Assets	\$ 2,414,417
	<hr/>
Net Assets Beginning of Year	40,628,739
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Net Assets End of Year	\$ 43,043,156

See Accompanying Notes to Financial Statements

STATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2012CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and Fees	\$ 8,498,643
Federal Appropriations	7,176,442
Iowa Industrial New Jobs Training Program	2,592,414
Payments to Employees for Salaries and Benefits	(24,636,230)
Payments to Suppliers for Goods and Services	(20,924,905)
Receipts from NJTP Recipients	(2,906,656)
Scholarships	(1,306,263)
Auxiliary Enterprise Receipts	6,374,606
Other Receipts	3,701,360
Net Cash (Used) by Operating Activities	<u>\$ (21,430,589)</u>

CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES

State Appropriations	\$ 9,965,396
Pell Grant	11,074,074
Property Tax	5,206,420
Gifts and Grants	56,048
Proceeds from Issuance of Debt	2,740,000
Principal Paid on Debt	(1,885,000)
Interest Paid on Debt	(475,805)
Agency Receipts	1,542,983
Agency Disbursements	(1,407,771)
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 26,816,345</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Acquisition of Capital Assets	\$ (2,813,400)
Addition to Restricted Cash	(696)
Principal Paid on Debt	(233,708)
Interest Paid on Debt	(359,965)
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ (3,407,769)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Gain on Investments	\$ 95,915
Purchase of Investments	(121,174)
Proceeds from Sale of Investments	195,490
Net Cash Provided by Investing Activities	<u>\$ 170,231</u>

Net Increase in Cash and Cash Equivalents	\$ 2,148,218
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Cash and Cash Equivalents - Beginning of Year	<u>25,405,797</u>
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Cash and Cash Equivalents - End of Year	<u><u>\$ 27,554,015</u></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, 2012

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

Operating (Loss)	\$ (23,119,577)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:	
Depreciation/Amortization	\$ 2,450,911
(Increase) Decrease in:	
Accounts Receivable	1,115,266
Due from Other Governments	1,250,280
Inventories	(290,844)
Prepaid Expenses	(35,049)
Increase (Decrease) in:	
Accounts Payable	(2,520,288)
Salaries and Benefits Payable	(5,151)
Deferred Operating Revenue	85,155
Early Retirement Payable	(808,599)
Compensated Absences	(9,066)
Deposits Refundable	(1,390)
Payable for Cost of Iowa Industrial New Jobs Training Program	457,763
Total Adjustments	<u>\$ 1,688,988</u>
Net Cash (Used) by Operating Activities	<u><u>\$ (21,430,589)</u></u>

See Accompanying Notes to Financial Statements

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Western Iowa Tech Community College is a publicly supported 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 campuses in Sioux City, 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 U.S. generally accepted accounting principles 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 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, 2012, is as follows:

Total Assets .....	\$ 2,368,502
Total Liabilities .....	\$ 14,499
Total Net Assets .....	\$ 2,354,003
Total Revenues .....	\$ 935,745
Total Expenses .....	\$ 946,670

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

Foundation revenues and expenses include \$178,118 of in-kind support from the Community College, which has been eliminated in these financial statements. Foundation expenses include \$192,212 related to fundraising, \$700,810 in scholarships and \$53,648 in charitable contributions.

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

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

Restricted Net Assets:

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

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

Unrestricted Net Assets - Net assets 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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

The College applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

D. Assets, Liabilities and Net Assets

Cash, Restricted 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.

Cash and Cash Equivalents that are externally restricted to make debt service payments, maintain sinking or reserved funds or to purchase or construct capital or other restricted assets, are classified as restricted.

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.

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 Auditor 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.

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. No interest costs were capitalized since there were no qualifying assets.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Depreciation/amortization 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, 2012 on NJTP projects, less interest incurred on NJTP certificates and expenses incurred to date.

Salaries and Benefits Payable - Payroll and related expenses for teachers with annual contracts corresponding to the current school 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 assets have not been spent for their intended purpose. 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 hours 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, 2012.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 course start date for all summer session student registrations as of the end of the fiscal year.

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.

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, pell grants, property tax and interest 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, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total Community College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.
- F. Fundraising Expense - During the year ended June 30, 2012, KWIT-KOJI FM Radio conducted various fundraising activities. General institution operating expenses include \$36,958 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, 2012, 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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 2 - CASH AND INVESTMENTS  
(Cont.)

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 \$15,477,508 which is restricted 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.

Investments held by Western Iowa Tech Community College Foundation at June 30, 2012, are as follows:

Money Markets .....	\$ 5,026
Certificates of Deposit .....	131,231
U.S. Government Agencies .....	21,400
Equity Securities .....	124,995
Corporate Bonds .....	55,144
Mutual Funds .....	<u>1,344,862</u>
	<u>\$ 1,682,658</u>

In addition, the Community College had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$15,379, 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 15 months of receipt) to 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, 2012, 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.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 3 - INVENTORIES

The Community College's inventories at June 30, 2012, are as follows:

Bookstore (Merchandise Held for Resale) .....	\$ 998,412
Cafeteria (Supplies and Materials) .....	<u>25,436</u>
	<u>\$ 1,023,848</u>

Note 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2012, 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 .....	\$ 813,453	-	-	\$ 813,453
Construction in Progress .....	<u>5,220,645</u>	\$ <u>430,283</u>	\$ <u>5,220,645</u>	<u>430,283</u>
Total Capital Assets Not Being Depreciated .....	\$ 6,034,098	\$ 430,283	\$ 5,220,645	\$ 1,243,736
Capital Assets Being Depreciated:				
Buildings and Other Structures .....	\$ 53,130,874	\$ 6,682,816	-	\$ 59,813,690
Furniture and Equipment .....	<u>9,692,511</u>	<u>920,946</u>	\$ <u>42,750</u>	<u>10,570,707</u>
Total Capital Assets Being Depreciated ..	\$ 62,823,385	\$ 7,603,762	\$ 42,750	\$ 70,384,397
Less Accumulated Depreciation:				
Buildings .....	\$ 22,807,784	\$ 1,541,161	-	\$ 24,348,945
Furniture and Equipment .....	<u>6,177,011</u>	<u>909,750</u>	\$ <u>37,688</u>	<u>7,049,073</u>
Total Accumulated Depreciation .....	\$ <u>28,984,795</u>	\$ <u>2,450,911</u>	\$ <u>37,688</u>	\$ <u>31,398,018</u>
Net Capital Assets Being Depreciated ...	\$ <u>33,838,590</u>	\$ <u>5,152,851</u>	\$ <u>5,062</u>	\$ <u>38,986,379</u>
Net Capital Assets ...	\$ <u>39,872,688</u>	\$ <u>5,583,134</u>	\$ <u>5,225,707</u>	\$ <u>40,230,115</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 5 - SECURITY INSTITUTE AGREEMENTS

Intergovernmental Agencies

In 2009, the Community College entered into an intergovernmental agreement to form a seven member commission to build and operate a tri-governmental security institute.

The purpose of the institute is to (1) establish the Regional Institute for Preparedness Agency, (2) through the Agency, to apply for grants and other funds from the State of Iowa which the State has made available for the construction of a new Regional Preparedness Building Facility on the Sioux City Campus of the College, (3) to provide space within the building for the purpose of conducting training classes for the first responders and other related training, (4) to provide space within the building to house the 911 emergency dispatching employees and equipment who operate under the control and direction of the Woodbury County Information and Communication Commission, (5) to provide space within the building to house the emergency operations center and its equipment, and (6) to establish joint operational guidelines and procedures for use of the building by the different entities who will occupy the building.

The building is owned by the Community College but subject to use by the City of Sioux City and Woodbury County as described above. The term of the above agreement and the existence of the commission is twenty years.

Third Party Agreements

The Community College has also contracted with a third party to construct and finish a secure unit consisting of approximately 4,600 square feet of space on the lower level of the building described above. The \$2.0 million dollar cost to construct and finish the unit was paid by the third party, on behalf of the Community College. In turn, the Community College has agreed to allow exclusive use of this portion of the facility for an initial term of 10 years with options to extend the initial term for up to 5 additional 10 year renewal terms, which management believes is likely. At the end of the initial and all renewal terms, or on the 60<sup>th</sup> anniversary of the agreement, the Community College shall have the right and option to take control and exercise exclusive use of the Facility from the third party. The Community College, however, is the legal owner of the constructed space.

There are no payments as part of this agreement as the third party desires a backup server facility for their telecommunications and computer information systems data and the Community College is engaged in providing vocational education services to area students including networking, telecommunications, and information security. The Community College will take advantage of the educational opportunities to provide job training and instruction for its students through the shared use of equipment and technology in the facility area of the building in cooperation with the third party.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 6 - ANTICIPATORY WARRANTS

Anticipatory warrants are warrants which are legally drawn on College funds but are not paid for lack of funds, in accordance with Chapter 74 of the Code of Iowa. During the year ended June 30, 2012, the Community College issued no anticipatory warrants.

Note 7 - CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2012, is as follows:

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance End of Year</u>
Certificates Payable ...	\$ 12,745,000	\$ 2,740,000	\$ 1,885,000	\$ 13,600,000
Bonds Payable .....	<u>7,960,000</u>	<u>-</u>	<u>150,000</u>	<u>7,810,000</u>
	<u>\$ 20,705,000</u>	<u>\$ 2,740,000</u>	<u>\$ 2,035,000</u>	<u>\$ 21,410,000</u>

Certificates Payable

In accordance with agreements dated between December 1, 1984 and June 30, 2012, the Community College issued certificates totaling \$46,825,000 with interest rates ranging from 0.50% to 9.80% per annum. The debt was incurred to fund the development and training costs related 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 semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding tax, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013 .....	\$ 2,060,000	\$ 448,331	\$ 2,508,331
2014 .....	2,265,000	379,061	2,644,061
2015 .....	2,250,000	302,185	2,552,185
2016 .....	1,415,000	222,081	1,637,081
2017 .....	1,365,000	179,131	1,544,131
2018 - 2022 .....	<u>4,245,000</u>	<u>333,776</u>	<u>4,578,776</u>
	<u>\$ 13,600,000</u>	<u>\$ 1,864,565</u>	<u>\$ 15,464,565</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 7 - CHANGES IN LONG-TERM LIABILITIES

(Cont.) Bonds Payable

The Community College has issued bonds dated February 1, 2008, for the purchase and construction of Bur Oak Suites as allowed by Section 260C.19 of the Code of Iowa. As such, the Community College has pledged the related housing revenue to payment of the bonds.

Details of the Community College's June 30, 2012, 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>
2013 .....	3.70 %	\$ 155,000	\$ 351,253	\$ 506,253
2014 .....	3.80	160,000	345,517	505,517
2015 .....	3.90	170,000	339,438	509,438
2016 .....	4.00	175,000	332,807	507,807
2017 .....	4.10	185,000	325,807	510,807
2018-2022 .....	4.20-4.55	1,075,000	1,502,863	2,577,863
2023-2027 .....	4.60	<u>5,890,000</u>	<u>270,940</u>	<u>6,160,940</u>
		\$ <u>7,810,000</u>	\$ <u>3,468,625</u>	\$ <u>11,278,625</u>

Note 8 - 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. These leases have been classified as operating leases. The estimated minimum rent receipts for the duration of the leases are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2013 .....	\$ 35,675
2014 .....	13,781
2015 .....	13,781
2016 .....	13,781
2017 .....	1,149
2018 and Thereafter .....	<u>-</u>
	\$ <u>78,167</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 8 - 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 2013 and 2015, 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, 2012:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2013 .....	\$ 32,711
2014 .....	11,425
2015 .....	<u>4,285</u>
	\$ <u>48,421</u>

Rent expenses for the year ended June 30, 2012, for all operating leases, except those with terms of a month or less which were not renewed, totaled \$79,121.

Note 9 - CAPITAL LEASE

The Community College is the lessee of equipment under two capital leases expiring in 2015. The assets and liabilities under the capital leases are recorded at the lower of the present value of the minimum lease payments or the fair value of the asset. The assets are depreciated over their productive life. Depreciation of assets under capital leases is included in depreciation expense. The following is a summary of property held under the capital lease:

Equipment .....	\$ 292,147
Less: Accumulated Depreciation .....	( <u>101,757</u> )
	\$ <u>190,390</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 9 - CAPITAL LEASE

(Cont.) Future minimum lease payments under the capital lease, as of June 30, 2012, for each of the next five years and in the aggregate are:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2013 .....	\$ 83,146
2014 .....	36,283
2015 .....	<u>12,094</u>
Total Future Minimum Lease Payments .....	\$ <u>131,523</u>
Less: Amounts Representing Interest .....	( <u>8,937</u> )
Present Value of Net Future Minimum Lease Payments .....	\$ <u>122,586</u>
Less: Current Obligation .....	( <u>77,037</u> )
 Net Long-Term Obligation .....	 \$ <u>45,549</u>

Payments under these agreements for the year ended June 30, 2012 totaled \$94,484.

Note 10 - IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 5.38% of their annual covered salary and the Community College is required to contribute 8.07% of annual covered salary. Contribution requirements are established by state statute. The Community College's contributions to IPERS for the years ended June 30, 2012, 2011, and 2010, were \$437,216, \$429,204, and \$347,120, respectively, equal to the required contributions for each year.

Note 11 - 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 5.38% and the Community College is required to contribute 8.07%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2012, were \$665,182 and \$443,454, respectively.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 12 - 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 five members are 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, boiler and machinery and foreign travel. There have been no reductions in insurance coverage from prior years.

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

The Community College's contributions to the risk pool are recorded as prepaid expense 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, except for errors and omissions which have a retention of \$100,000. Excess insurance for all lines is \$800,000 per occurrence, except for errors and omissions which is \$900,000 and workers compensation which is \$300,000. 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. Flood and earthquake exposures are covered in the property program each having \$16,000,000 limits. Also covered is employee fidelity up to \$1,000,000 having a deductible of \$10,000 per member and boiler and machinery coverage up to \$100,000,000 with a deductible of \$5,000 per member loss, as well as foreign travel coverage with limits of \$1,000,000. 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 such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2012, no liability has been recorded in the Community College's financial statements. As of June 30, 2012, 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, 2012

Note 13 - 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 FM90 for the year ended June 30, 2012, follows:

Total Assets .....	\$ 1,269,797
Total Liabilities .....	-
Total Net Assets .....	\$ 1,269,797
Total Revenues .....	\$ 111,362
Investment Loss .....	\$( 36,608)
Total Expenses .....	\$ 18,478
Contributions to the Community College .....	\$ 130,580

Note 14 - NEW JOBS TRAINING PROGRAMS

The 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 tax, budgeted reserves and in the case of default, from standby property tax. Since inception, the Community College has administered 118 projects with 38 currently receiving project funding. The remaining 80 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, 2012, the Community College recognized \$0 of miscellaneous revenue from excess interest.

Note 15 - 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 \$23,617 during the year ended June 30, 2012.

Note 16 - 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 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 was terminated on June 30, 2011.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2012

Note 17 - COMMITMENTS AND CONTINGENCIES

The Community College is currently involved in certain legal matters which are being defended and handled in the ordinary course of business. The liability, if any, associated with these matters is not determinable at June 30, 2012. The College's attorney and insurance carrier are defending the lawsuits, and it is the opinion of management that their resolution will not have a material effect on the Community College's financial position.

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 estimated the portion of the liability attributable to the year ended June 30, 2007, and included that estimate in operating expenses in its prior year financial statements. An estimated liability relating to the last individual is included in accounts payable at June 30, 2012, as related information is still being collected for that individual.

Effective July 1, 2012, the Community College's required contributions to IPERS and TIAA-CREF both increased to 8.67% of annual covered payroll.

Note 18 - SUBSEQUENT EVENT

The Community College has evaluated all subsequent events through October 29, 2012, the date the financial statements were available to be issued.

WESTERN IOWA TECH COMMUNITY COLLEGE

OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2012

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 accounts:

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

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

Investment in Plant - This account 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.

The Budgetary Comparison Schedule of Expenditures – Budget and Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since the Community College uses Business-Type Activities reporting, this budgetary comparison information is included as other supplementary information.

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 schedule 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, 2012. These deficits are attributable to current and prior years' unexpected expenditures exceeding revenue. The Community College intends to eliminate these deficits with future revenues.

BUDGETARY COMPARISON SCHEDULE OF EXPENDITURESBUDGET TO ACTUALFOR THE YEAR ENDED JUNE 30, 2012

<u>Funds/Levy</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Between Actual and Budget</u>
Unrestricted	\$ 29,103,244	\$ 28,300,630	\$ 802,614
Restricted	\$ 17,550,000	\$ 8,049,745	\$ 9,500,255
Unemployment	57,956	82,709	(24,753)
Tort Liability	228,498	200,812	27,686
Insurance	1,188,966	1,182,593	6,373
Early Retirement	-	55,584	(55,584)
Equipment Replacement	602,554	659,990	(57,436)
Total Restricted	\$ 19,627,974	\$ 10,231,433	\$ 9,396,541
Plant	\$ 12,355,745	\$ 3,373,065	\$ 8,982,680
Total	<u>\$ 61,086,963</u>	<u>\$ 41,905,128</u>	<u>\$ 19,181,835</u>

NOTE TO BUDGETARY REPORTING

JUNE 30, 2012

The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the Community College on a basis consistent with U.S. generally accepted accounting principles. 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, Scholarships and Grants Accounts, Loan Funds, and Agency Funds.

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

WESTERN IOWA TECH COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 2012

<u>ASSETS</u>	<u>Current Funds</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
Cash and Investments:			
Cash and Pooled Investments	\$ 10,652,678	\$ 14,811,403	\$ 170,242
Other Investments			
Receivables:			
Accounts (Net of Allowance of \$953,363)	1,647,166	977,782	1,000
Property Tax	1,433,133	2,643,264	
Pledges			
Due from Other Funds	3,136,564	3,052,018	
Due from Other Governments	578,323	113,557	
Prepaid Expenditures	278,791	2,416,901	
Inventories	1,023,848		
Restricted Cash and Pooled Investments	518,765		
Capital Assets:			
Land			
Buildings and Other Structures			
Furniture and Equipment			
Construction in Process			
Accumulated Depreciation			
Total Assets	<u>\$ 19,269,268</u>	<u>\$ 24,014,925</u>	<u>\$ 171,242</u>

SCHEDULE 2

<u>Unexpended</u>	<u>Plant Funds</u>		<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
\$ 199,220	\$ 1,053,846		\$ 666,626 1,682,658		\$ 27,554,015 1,682,658
			11,300		2,637,248
1,433,133					5,509,530
				401,830	401,830
574,194			24,092	(6,786,868)	-
			761,604		1,453,484
3,024					2,698,716
					1,023,848
50,000					568,765
		813,453			813,453
		59,813,690			59,813,690
		10,570,707			10,570,707
		430,283			430,283
				(31,398,018)	(31,398,018)
<u>\$ 2,259,571</u>	<u>\$ 1,053,846</u>	<u>\$ 71,628,133</u>	<u>\$ 3,146,280</u>	<u>\$ (37,783,056)</u>	<u>\$ 83,760,209</u>

See Accompanying Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

BALANCE SHEET

JUNE 30, 2012

<u>LIABILITIES AND FUND BALANCE</u>	<u>Current Funds</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
<u>LIABILITIES</u>			
Payables:			
Accounts	1,443,112	355,231	
Iowa Industrial New Jobs Training Program		3,359,253	
Salaries and Benefits Payable	1,090,196	63,253	
Accrued Interest		34,100	
Due to Other Funds	5,280,873	536,943	
Deferred Revenue	1,631,267	5,060,166	
Early Retirement Payable		599,002	
Compensated Absences	575,558	121,059	
Deposits Refundable	54,490		
Deposits Held in Custody for Others			
Capital Lease Obligation			
Certificates Payable		13,600,000	
Bonds Payable			
Total Liabilities	\$ 10,075,496	\$ 23,729,007	\$ -
 <u>FUND BALANCE</u>			
Invested in Capital Assets, Net of Related Debt			
Fund Balances (Deficits):			
Restricted			
Expendable:			
Scholarships and Grants		522	
Loans			171,242
Debt Service			
Cash Reserve		678,851	
Other		(393,455)	
Unrestricted	4,318,381		
Auxiliary Enterprises	4,875,391		
Total Fund Balance	\$ 9,193,772	\$ 285,918	\$ 171,242
Total Liabilities and Fund Balance	\$ 19,269,268	\$ 24,014,925	\$ 171,242

SCHEDULE 2  
(Cont.)

Unexpended	Plant Funds		Agency Funds	Adjustments	Total
	Retirement of Indebtedness	Investment in Plant			
584,879			35,605		\$ 2,418,827
					3,359,253
					1,153,449
29,271					63,371
171,439			797,613	(6,786,868)	-
1,433,133			253,823		8,378,389
					599,002
					696,617
					54,490
			2,059,239	401,830	2,461,069
122,586					122,586
					13,600,000
		7,810,000			7,810,000
<u>\$ 2,341,308</u>	<u>\$ -</u>	<u>\$ 7,810,000</u>	<u>\$ 3,146,280</u>	<u>\$ (6,385,038)</u>	<u>\$ 40,717,053</u>
		63,818,133		(31,398,018)	32,420,115
					522
					171,242
	1,053,846				1,053,846
					678,851
					(393,455)
(81,737)					4,236,644
					4,875,391
<u>\$ (81,737)</u>	<u>\$ 1,053,846</u>	<u>\$ 63,818,133</u>	<u>\$ -</u>	<u>\$ (31,398,018)</u>	<u>\$ 43,043,156</u>
<u>\$ 2,259,571</u>	<u>\$ 1,053,846</u>	<u>\$ 71,628,133</u>	<u>\$ 3,146,280</u>	<u>\$ (37,783,056)</u>	<u>\$ 83,760,209</u>

See Accompanying Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

<u>REVENUES</u>	<u>Current Funds</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
General:			
State Appropriations	\$ 9,314,600	\$ 594,036	
Tuition and Fees	17,112,943	75,470	
Property Tax	1,352,908	2,500,604	
Federal Appropriations	669,520	16,330,716	
Sales and Services	140,381		
Earnings on Investments	44,362	20,136	\$ 2,195
Iowa Industrial New Jobs Training Program		2,592,414	
Increase in Plant Investment Due to Plant Expenditures (Including \$725,351 in Current Fund Expenditures)			
Increase in Plant Investment Due to Retirement of Debt			
Miscellaneous	1,598,890	1,957,081	5,008
Gifts and Grants			
Loss on Disposal of Capital Assets			
	<u>\$ 30,233,604</u>	<u>\$ 24,070,457</u>	<u>\$ 7,203</u>
Auxiliary Enterprises:			
Federal Appropriations	\$ 16,197		
Sales and Services	6,294,047		
Interest on Investments	709		
Miscellaneous	63,653		
	<u>\$ 6,374,606</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenues	\$ 36,608,210	\$ 24,070,457	\$ 7,203
<u>EXPENDITURES</u>			
Education and Support:			
Liberal Arts and Sciences	\$ 4,212,288	58,757	
Vocational Technical	8,413,194	1,862,163	
Adult Education	2,077,257	356,812	
Cooperative Services	289,323	3,866,412	
Administration	1,677,866	234,930	
Student Services	1,887,882	194,587	
Learning Resources	335,022	8,116	
Physical Plant	3,123,185	1,387,789	
General Institution	6,284,613	1,779,945	
Total Education and Support	\$ 28,300,630	\$ 9,749,511	\$ -

SCHEDULE 3

Unexpended	Plant Funds		Adjustments	Total
	Retirement of Indebtedness	Investment in Plant		
\$ 56,760				\$ 9,965,396
			(9,890,191)	7,298,222
1,352,908				5,206,420
				17,000,236
				140,381
	11,862			78,555
				2,592,414
		2,936,769	(2,936,769)	-
		150,000	(150,000)	-
56,048				3,560,979
				56,048
			(5,062)	(5,062)
<u>\$ 1,465,716</u>	<u>\$ 11,862</u>	<u>\$ 3,086,769</u>	<u>\$ (12,982,022)</u>	<u>\$ 45,893,589</u>
				\$ 16,197
				6,294,047
				709
				63,653
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,374,606</u>
\$ 1,465,716	\$ 11,862	\$ 3,086,769	\$ (12,982,022)	\$ 52,268,195
			(35,619)	\$ 4,235,426
			(571,457)	9,703,900
			(41,409)	2,392,660
			(26)	4,155,709
			(1,778)	1,911,018
			(704)	2,081,765
			(15,386)	327,752
738,581		123,369	423,066	5,795,990
			(58,972)	8,005,586
<u>\$ 738,581</u>	<u>\$ -</u>	<u>\$ 123,369</u>	<u>\$ (302,285)</u>	<u>\$ 38,609,806</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Current Funds</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
<u>EXPENDITURES - (Continued)</u>			
Auxiliary Enterprises	\$ 5,005,179		
Scholarships and Grants		\$ 11,196,454	
Workforce Investment Act		1,640,182	
Bad Debts and Collection Costs			
Plant Asset Acquisitions			
Retirement of Indebtedness			
Disposal of Plant Assets			
Interest on Indebtedness		481,922	
Depreciation			
Total Expenditures and Other Deductions	\$ 33,305,809	\$ 23,068,069	\$ -
Excess (Deficiency) of Revenues and Other Additions Over Expenditures and Other Deductions	\$ 3,302,401	\$ 1,002,388	\$ 7,203
<u>TRANSFERS</u>			
Mandatory Transfers	(506,619)		
Non-Mandatory Transfers	(1,423,237)	(318,161)	
Net	\$ 1,372,545	\$ 684,227	\$ 7,203
Fund Balances (Deficit) Beginning of Year	7,821,227	(398,309)	164,039
Fund Balances (Deficit) End of Year	<u>\$ 9,193,772</u>	<u>\$ 285,918</u>	<u>\$ 171,242</u>

SCHEDULE 3  
(Cont.)

Unexpended	Plant Funds		Adjustments	Total
	Retirement of Indebtedness	Investment in Plant		
				\$ 5,005,179
			(9,890,191)	1,306,263
				1,640,182
				-
2,634,484			(2,634,484)	-
	150,000		(150,000)	-
		42,750	(42,750)	-
	359,515			841,437
			2,450,911	2,450,911
<u>\$ 3,373,065</u>	<u>\$ 509,515</u>	<u>\$ 166,119</u>	<u>\$ (10,568,799)</u>	<u>\$ 49,853,778</u>
\$ (1,907,349)	\$ (497,653)	\$ 2,920,650	\$ (2,413,223)	\$ 2,414,417
	506,619			-
3,935,730	(2,194,332)			-
<u>\$ 2,028,381</u>	<u>\$ (2,185,366)</u>	<u>\$ 2,920,650</u>	<u>\$ (2,413,223)</u>	<u>\$ 2,414,417</u>
(2,110,118)	3,239,212	60,897,483	(28,984,795)	40,628,739
<u>\$ (81,737)</u>	<u>\$ 1,053,846</u>	<u>\$ 63,818,133</u>	<u>\$ (31,398,018)</u>	<u>\$ 43,043,156</u>

See Accompanying Independent Auditors' Report

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, 2012

	<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				
Tuition and Fees	\$ 8,844,684	\$ 6,061,785	\$ 1,416,357	\$ 336,956
Property Tax				
Federal Appropriations	6,501	375,763	218,443	
Sales and Services			3,250	19,983
Interest on Indebtedness				
Miscellaneous	1,477	38,309	74,435	250,256
Total Revenues	\$ 8,852,662	\$ 6,475,857	\$ 1,712,485	\$ 607,195
<u>EXPENDITURES</u>				
Salaries and Benefits	4,112,214	6,713,555	1,515,510	236,486
Services	61,330	601,319	315,884	17,440
Materials and Supplies	30,404	548,021	215,963	28,469
Plant Asset Acquisitions		47,844		
Travel	8,340	73,738	22,860	6,928
Collection Costs		428,717	7,040	
Awards to Subrecipients				
Total Expenditures	\$ 4,212,288	\$ 8,413,194	\$ 2,077,257	\$ 289,323
Excess of Revenues Over (Under)				
Expenditures	\$ 4,640,374	\$ (1,937,337)	\$ (364,772)	\$ 317,872
<u>TRANSFERS</u>				
Non-Mandatory Transfers	(140,238)	(458,823)	247,137	
Net	\$ 4,500,136	\$ (2,396,160)	\$ (117,635)	\$ 317,872
Fund Balance Beginning of Year				
Fund Balance End of Year				

Support					
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Education and Support Total
\$ 9,022,743			\$ 3,272	\$ 288,585	\$ 9,314,600
5,014	\$ 448,147				17,112,943
			1,352,908		1,352,908
9,530	45,560	\$ 7,058	519	6,146	669,520
	50,187		29,094	37,867	140,381
44,362					44,362
285,941	34,014	30	155,557	758,871	1,598,890
\$ 9,367,590	\$ 577,908	\$ 7,088	\$ 1,541,350	\$ 1,091,469	\$ 30,233,604
1,280,235	1,534,774	211,337	1,000,899	3,480,916	\$ 20,085,926
314,916	220,128	21,843	1,511,369	2,356,860	5,421,089
28,011	113,983	89,825	609,431	392,162	2,056,269
		11,486			59,330
54,913	18,997	531	1,486	43,119	230,912
(209)					435,548
				11,556	11,556
\$ 1,677,866	\$ 1,887,882	\$ 335,022	\$ 3,123,185	\$ 6,284,613	\$ 28,300,630
\$ 7,689,724	\$ (1,309,974)	\$ (327,934)	\$ (1,581,835)	\$ (5,193,144)	1,932,974
	(24,696)		(1,219,194)	4,189	(1,591,625)
\$ 7,689,724	\$ (1,334,670)	\$ (327,934)	\$ (2,801,029)	\$ (5,188,955)	\$ 341,349
					3,977,032
					\$ 4,318,381

WESTERN IOWA TECH COMMUNITY COLLEGE

UNRESTRICTED FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

AUXILIARY ENTERPRISES

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Bookstore</u>	<u>Parts Department</u>	<u>Cafeteria</u>
<u>REVENUES</u>			
Federal Appropriations	\$ 4,197		\$ 6,838
Sales and Services	3,934,012	\$ 211,865	1,026,003
Interest on Indebtedness			
Miscellaneous	11,201	59	12,015
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 3,949,410	\$ 211,924	\$ 1,044,856
 <u>EXPENDITURES</u>			
Salaries and Benefits	\$ 171,871	\$ 16,572	\$ 136,397
Services	73,647		224,672
Materials and Supplies	23,034	450	65,713
Plant	1,778		
Travel	1,168		1,529
Cost of Goods Sold	2,954,795	193,286	581,702
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 3,226,293	\$ 210,308	\$ 1,010,013
 Excess (Deficiency) of Revenues Over			
Expenditures	\$ 723,117	\$ 1,616	\$ 34,843
 <u>TRANSFERS</u>			
Mandatory Transfers			
Non-Mandatory Transfers			
	<hr/>	<hr/>	<hr/>
Net	\$ 723,117	\$ 1,616	\$ 34,843
Fund Balance (Deficit) Beginning of Year	2,529,022	4,778	189,612
	<hr/>	<hr/>	<hr/>
Fund Balance (Deficit) End of Year	\$ 3,252,139	\$ 6,394	\$ 224,455
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

SCHEDULE 5

Vocational Servicing Accounts	Dormitories	Other	Total
	\$ 5,162		\$ 16,197
\$ 50	1,098,662	\$ 23,455	6,294,047
	695	14	709
	22,703	17,675	63,653
\$ 50	\$ 1,127,222	\$ 41,144	\$ 6,374,606
	\$ 158,857	\$ 9,689	\$ 493,386
	214,941	21,238	534,498
	59,047	91,773	240,017
			1,778
	3,020		5,717
			3,729,783
\$ -	\$ 435,865	\$ 122,700	\$ 5,005,179
\$ 50	\$ 691,357	\$ (81,556)	\$ 1,369,427
	(506,619)		(506,619)
	3,600	164,788	168,388
\$ 50	\$ 188,338	\$ 83,232	\$ 1,031,196
32,014	322,786	765,983	3,844,195
\$ 32,064	\$ 511,124	\$ 849,215	\$ 4,875,391

See Accompanying Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

RESTRICTED FUND

FOR THE YEAR ENDED JUNE 30, 2012

	<u>Scholarship and Grants</u>	<u>Equipment Replacement</u>	<u>Cash Reserve</u>
<u>REVENUES</u>			
State Appropriations			
Tuition and Fees			
Property Tax		\$ 601,295	
Federal Appropriations	\$ 11,196,454		
Earnings on Investments	93		
Iowa Industrial New Jobs Training Program			
Miscellaneous			
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 11,196,547	\$ 601,295	\$ -
 <u>EXPENDITURES</u>			
Salaries and Benefits			
Services			
Materials and Supplies			
Plant Asset Acquisitions		\$ 659,990	
Travel			
Interest on Indebtedness			
Awards to Subrecipients			
Federal Pell Grant Program	\$ 11,074,074		
Federal Supplemental Educational Opportunity Grant (FSEOG)	121,818		
Federal Academic Competitiveness Grants	562		
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 11,196,454	\$ 659,990	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 93	\$ (58,695)	\$ -
 <u>TRANSFERS</u>			
Non-Mandatory Transfers	-		
	<hr/>	<hr/>	<hr/>
Net	\$ 93	\$ (58,695)	\$ -
Fund Balance (Deficit) Beginning of Year	429	74,432	678,851
	<hr/>	<hr/>	<hr/>
Fund Balance (Deficit) End of Year	\$ 522	\$ 15,737	\$ 678,851
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Tort Liability	Insurance	Unemployment Compensation	Early Retirement	TRiO	Workforce Investment Act	Iowa Industrial New Jobs Training Program	Project Prosper	Other	Total
								\$ 594,036	\$ 594,036
								75,470	75,470
\$ 293,565	\$ 1,162,018	\$ 49,433	\$ 394,293						2,500,604
				\$ 991,808	\$ 1,651,720		\$ 1,262,710	1,228,024	16,330,716
						\$ 20,041		2	20,136
						2,592,414			2,592,414
				30		1,235,261	10	721,780	1,957,081
\$ 293,565	\$ 1,162,018	\$ 49,433	\$ 394,293	\$ 991,838	\$ 1,651,720	\$ 3,847,716	1,262,720	\$ 2,619,312	\$ 24,070,457
\$ 200,812	\$ 28,537	\$ 82,709	\$ 55,584	\$ 718,798	\$ 825,970		\$ 537,856	\$ 984,648	\$ 3,234,102
	1,154,056			108,417	174,002	\$ 3,364,419	329,025	953,185	6,283,916
				33,758	23,091		41,890	35,940	134,679
					4,253				664,243
				19,217	12,226		5,775	46,097	83,315
						481,922			481,922
				40,624	600,640		348,174		989,438
									11,074,074
									121,818
									562
\$ 200,812	\$ 1,182,593	\$ 82,709	\$ 55,584	\$ 920,814	\$ 1,640,182	\$ 3,846,341	\$ 1,262,720	\$ 2,019,870	\$ 23,068,069
\$ 92,753	\$ (20,575)	\$ (33,276)	\$ 338,709	\$ 71,024	\$ 11,538	\$ 1,375	-	\$ 599,442	\$ 1,002,388
				(71,024)				(247,137)	(318,161)
\$ 92,753	\$ (20,575)	\$ (33,276)	\$ 338,709	\$ -	\$ 11,538	\$ 1,375	-	\$ 352,305	\$ 684,227
(66,873)	(27,915)	25,251	(1,199,711)	-	(6,127)	-	-	123,354	(398,309)
\$ 25,880	\$ (48,490)	\$ (8,025)	\$ (861,002)	\$ -	\$ 5,411	\$ 1,375	-	\$ 475,659	\$ 285,918

See Accompanying Independent Auditors' Report

SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERSAGENCY FUNDSFOR THE YEAR ENDED JUNE 30, 2012

	<u>Retraining Grants</u>	<u>Foundation</u>	<u>Other</u>	<u>Total</u>
Balance Beginning of Year	\$ 38,347	\$ 1,797,064	\$ 88,616	\$ 1,924,027
<u>ADDITIONS</u>				
State Appropriations	\$ 263,162			\$ 263,162
Tuition and Fees			\$ 139,172	139,172
Federal Appropriations			798	798
Earnings (Loss) on Investments		\$ 25,458	3	25,461
Gifts and Grants		900,998		900,998
Miscellaneous	2,823	1,597	208,972	213,392
Total Additions	\$ 265,985	\$ 928,053	\$ 348,945	\$ 1,542,983
<u>DEDUCTIONS</u>				
Services	\$ 304,330	\$ 14,473	\$ 35,348	\$ 354,151
Materials and Supplies		15	291,956	291,971
Travel			7,191	7,191
Donation		53,648		53,648
Other		700,810		700,810
Total Deductions	\$ 304,330	\$ 768,946	\$ 334,495	\$ 1,407,771
Net	\$ (38,345)	\$ 159,107	\$ 14,450	\$ 135,212
Balance End of Year	<u>\$ 2</u>	<u>\$ 1,956,171</u>	<u>\$ 103,066</u>	<u>\$ 2,059,239</u>

See Accompanying Independent Auditors' Report

SCHEDULE OF CREDIT AND CONTACT HOURSFOR THE YEAR ENDED JUNE 30, 2012

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible For Aid	Total	Eligible for Aid	Not Eligible For Aid	Total
Arts and Sciences	51,210		51,210	900,866		900,866
Vocational Education	60,801		60,801	1,245,060		1,245,060
Adult Education/ Continuing Education			-	488,542	25,022	513,564
Cooperative Programs/ Services			-			-
Related Services and Activities			-			-
Total	<u>112,011</u>	<u>-</u>	<u>112,011</u>	<u>2,634,468</u>	<u>25,022</u>	<u>2,659,490</u>

WESTERN IOWA TECH COMMUNITY COLLEGE  
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES  
FOR THE LAST TEN YEARS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Local (Property Tax)	\$ 5,206,420	\$ 5,208,564	\$ 4,995,062	\$ 4,796,578
State	9,965,396	9,924,624	9,497,293	12,771,514
Federal	<u>17,016,433</u>	<u>20,230,794</u>	<u>17,208,782</u>	<u>10,076,967</u>
Total	<u>\$ 32,188,249</u>	<u>\$ 35,363,982</u>	<u>\$ 31,701,137</u>	<u>\$ 27,645,059</u>

SCHEDULE 9

YEARS ENDED JUNE 30,					
<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
\$ 4,116,197	\$ 3,916,092	\$ 3,698,263	\$ 3,002,078	\$ 3,086,007	\$ 5,182,880
10,709,902	9,921,957	9,270,872	8,473,661	9,355,305	8,421,172
8,524,100	7,935,290	7,086,963	7,800,208	7,788,142	7,837,206
<u>\$ 23,350,199</u>	<u>\$ 21,773,339</u>	<u>\$ 20,056,098</u>	<u>\$ 19,275,947</u>	<u>\$ 20,229,454</u>	<u>\$ 21,441,258</u>

See Accompanying Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

FOR THE LAST TEN YEARS

	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
<u>REVENUES</u>				
State Appropriations	9,908,636	9,810,044	9,497,293	12,656,445
Tuitions and Fees	17,188,413	17,294,197	15,370,565	12,264,649
Property Tax	3,853,512	3,918,882	3,763,703	3,621,344
Federal Appropriations	17,016,433	20,230,794	17,208,782	10,076,967
Sales and Services	140,381	136,351	146,295	117,104
Earnings on Investments	65,207	81,801	78,929	192,349
Iowa Industrial New Jobs Training Program	2,592,414	1,131,312	1,411,410	1,241,317
Auxiliary Enterprises	6,357,700	6,286,331	5,526,531	4,459,829
Miscellaneous	3,555,971	2,426,769	3,160,304	3,540,966
 Total Revenues	 <u>\$ 60,678,667</u>	 <u>\$ 61,316,481</u>	 <u>\$ 56,163,812</u>	 <u>\$ 48,170,970</u>
 <u>EXPENDITURES</u>				
Liberal Arts and Sciences	4,271,045	4,430,927	4,042,897	3,980,539
Vocational Technical	10,275,357	10,657,696	8,851,547	7,886,823
Adult Education	2,434,069	3,084,861	3,046,384	2,926,465
Cooperative Services	4,155,735	1,594,767	2,804,446	3,248,611
Administration	1,912,796	2,309,035	1,735,794	1,696,747
Student Services	2,082,469	2,251,059	1,884,318	1,821,919
Learning Resources	343,138	348,653	375,403	335,525
Physical Plant	4,510,974	4,551,567	4,012,449	3,803,634
General Institution	8,064,558	9,495,373	8,108,521	7,914,354
Auxiliary Enterprises	5,005,179	5,309,513	4,361,093	3,717,389
Scholarships and Grants	11,196,454	11,325,703	9,462,137	5,223,567
Workforce Investment Act	1,640,182	2,799,503	1,240,032	1,168,458
Interest on Indebtedness	481,922	393,045	458,593	477,651
 Total Expenditures	 <u>\$ 56,373,878</u>	 <u>\$ 58,551,702</u>	 <u>\$ 50,383,614</u>	 <u>\$ 44,201,682</u>

YEARS ENDED JUNE 30,

2008	2007	2006	2005	2004	2003
10,559,746	9,754,187	9,155,272	8,473,661	9,355,305	8,421,172
11,100,584	10,834,157	10,800,821	11,142,572	10,141,825	9,754,265
2,982,270	2,787,654	2,623,537	1,938,989	1,944,500	4,068,354
8,524,100	7,935,290	7,086,963	7,666,784	7,747,572	7,772,361
98,934	121,751	106,525	127,471	126,436	109,510
558,060	809,138	666,651	277,322	134,187	196,851
3,104,955	1,171,738	3,672,907	1,903,622	2,064,372	1,577,803
3,566,745	3,354,158	3,043,232	3,135,438	2,916,532	2,740,297
5,122,112	2,589,157	4,958,998	2,589,956	2,035,030	1,734,604
<u>\$ 45,617,506</u>	<u>\$ 39,357,230</u>	<u>\$ 42,114,906</u>	<u>\$ 37,255,815</u>	<u>\$ 36,465,759</u>	<u>\$ 36,375,217</u>
3,643,430	3,438,704	3,293,910	3,164,724	2,925,208	2,805,884
8,407,204	7,527,893	7,426,871	6,944,050	6,893,558	6,646,855
2,034,962	2,004,817	1,809,915	1,774,306	1,628,509	2,055,200
6,500,618	1,927,432	6,697,364	2,458,362	2,549,567	2,016,823
1,804,641	1,668,920	1,476,720	1,421,744	1,365,849	1,400,845
1,759,810	1,548,750	1,597,998	1,485,412	1,373,771	1,368,664
336,368	300,938	319,772	297,428	303,239	277,658
3,823,678	4,151,919	3,319,010	2,984,886	2,762,746	2,397,831
6,106,456	6,032,523	6,676,005	5,553,734	5,131,641	5,058,715
3,061,656	2,951,213	2,613,278	2,725,916	2,449,999	2,335,679
4,394,709	4,113,238	4,058,105	4,524,888	4,463,198	4,291,822
1,446,775	1,704,877	1,053,859	1,079,897	1,395,269	1,431,312
470,187	491,408	533,297	298,283	326,848	408,993
<u>\$ 43,790,494</u>	<u>\$ 37,862,632</u>	<u>\$ 40,876,104</u>	<u>\$ 34,713,630</u>	<u>\$ 33,569,402</u>	<u>\$ 32,496,281</u>

See Accompanying Independent Auditors' Report

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDSFOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor/Program</u>	<u>Agency or Pass-Through Number</u>	<u>Federal 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)	N/A	84.007	\$ 127,909	
Federal Family Education Loans	N/A	84.032		\$ 13,385,723
Federal Work Study Program (FWS)	N/A	84.033	87,039	
Federal Pell Grant Program	N/A	84.063(a)	11,074,074	
Federal Pell Grant Program-Administration	N/A	84.063(a)	17,940	
Academic Competitiveness Grants	N/A	84.375	562	
			<u>\$ 11,307,524</u>	
TRiO Cluster:				
Student Support Services	N/A	84.042	\$ 467,956	
Talent Search	N/A	84.044	247,325	
Upward Bound	N/A	84.047	276,557	
			<u>\$ 991,838</u>	
Programs of Study	N/A	84.048	\$ 4,985	
Community Based Job Training Program:				
The Security Institute	N/A	17.269	\$ 626,850	
National Science Foundation:				
Science, Technology, Engineering, and				
Mathematics Education	N/A	47.076	\$ 138,394	
U.S. Department of Labor:				
ARRA-Worker Training and Placement Program	N/A	17.275	\$ 1,262,720	
Occupational Safety and Health Administration:				
Susan Harwood Training Grant Program	N/A	17.502	\$ 101,043	
U.S. Department of Transportation:				
Commercial Motor Vehicle Operator Training	N/A	20.235	<u>\$ 119,807</u>	
Total Direct			\$ 14,553,161	<u>\$ 13,385,723</u>

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

<u>Grantor/Program</u>	<u>Agency or Pass-Through Number</u>	<u>Federal CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Indirect:				
U.S. Department of Health and Human Services:				
Indirect Through Iowa Workforce				
Development:				
Temporary Assistance for Needy Families	9-W-14-FN-0	93.558	\$ 268,719	
U.S. Department of Labor:				
Indirect Through Iowa Workforce				
Development:				
Workforce Investment Act (WIA) Cluster:				
WIA Adult Program	7-W-17-FR-0	17.258(b)	\$ 132,742	
WIA Youth Activities	7-W-17-FR-0	17.259(c)	165,830	
WIA Incentive Grants	7-W-17-FR-0	17.267(d)	86,766	
WIA National Emergency Grants	7-W-17-FR-0	17.277	645,994	
WIA Dislocated Workers	7-W-17-FR-0	17.278(e)	339,000	
			\$ 1,370,332	
U.S. Department of Education:				
Indirect Through the Iowa Department				
of Education:				
Adult Education - State Grant Program		84.002	\$ 218,359	
Vocational Education - Basic Grants				
to States	12-97-9912	84.048	\$ 357,419	
Adult Literacy Grant	G-ALW2-10-012	17.267(d)	\$ 30,353	
Indirect Through Youth Build:				
National Farmworker Jobs Program	YB-19263-09-60-A-1	17.274	\$ 20,800	
U.S. Department of State:				
Indirect Through CCID – Kirkwood				
Community College:				
Academic Exchange Programs -				
Undergraduate Programs		19.009	\$ 107,729	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDSFOR THE YEAR ENDED JUNE 30, 2012

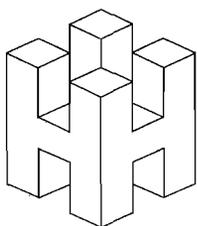
<u>Grantor/Program</u>	<u>Agency or Pass-Through Number</u>	<u>Federal CFDA Number</u>	<u>Program Expenditures</u>	<u>New Loans and New Loan Guarantees</u>
Indirect (Cont.):				
Small Business Administration:				
Indirect Through Iowa State University:				
Small Business Development Centers	435-08-02; 435-08-6	59.037	\$ 85,046	
	109-08-65; 109-08-69			
Total Indirect			<u>\$ 2,458,757</u>	<u>-</u>
Total			<u>\$17,011,918</u>	<u>\$13,385,723</u>

- (a) Total expenditures for CFDA Number 84.063 were \$11,092,014
- (b) Total expenditures for CFDA Number 17.258 were \$132,742
- (c) Total expenditures for CFDA Number 17.259 were \$165,830
- (d) Total expenditures for CFDA Number 17.267 were \$117,119
- (e) Total expenditures for CFDA Number 17.278 were \$339,000

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2012

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 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.



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL  
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN  
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, Sioux City, Iowa, as of and for the year ended June 30, 2012, which comprise the Community College's basic financial statements listed in the table of contents, and have issued our report thereon dated October 29, 2012. We conducted our audit in accordance with U.S. generally accepted standards, 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

The management of Western Iowa Tech Community College is responsible for establishing and maintaining effective 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined previously.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of Western Iowa Tech Community College's financial statements will not be prevented or detected and corrected on a timely basis.

### 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 under Government Auditing Standards.

Comments involving statutory and other legal matters about the Community College's operations for the year ended June 30, 2012 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Community College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

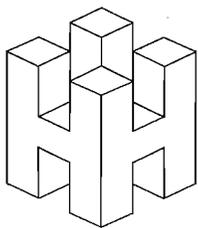
We noted certain matters that we reported to management of Western Iowa Tech Community College in a separate communication dated October 29, 2012.

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 and 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.

*Hauger, Conner & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
October 29, 2012



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT  
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON  
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 WESTERN IOWA TECH COMMUNITY COLLEGE's compliance with the types of compliance requirements described in U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of Western Iowa Tech Community College's major federal programs for the year ended June 30, 2012. 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 U.S. generally accepted auditing standards, 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 non-compliance 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 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

### Internal Control Over Compliance

The management of Western Iowa Tech Community College is responsible for establishing and maintaining effective internal control over compliance with the 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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct non-compliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material non-compliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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, and is not intended to be and should not be used by anyone other than these specified parties.

*Haugen, Loren & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
October 29, 2012

WESTERN IOWA TECH COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Part I: Summary of the Independent Auditors' Results:

Financial Statements

Type of Auditor's Report Issued:	Unqualified	
Internal Control Over Financial Reporting:		
Material Weakness(es) Identified?	___ Yes	___ <u>X</u> No
Significant Deficiencies Identified Not Considered to be Material Weakness(es)?	___ Yes	___ <u>X</u> None Reported
Noncompliance Material to Financial Statements Noted?	___ Yes	___ <u>X</u> No

Federal Awards

Internal Control Over Major Programs:		
Material Weakness(es) Identified?	___ Yes	___ <u>X</u> No
Significant Deficiencies Identified Not Considered to be Material Weakness(es)?	___ Yes	___ <u>X</u> None Reported
Type of Auditor's Report Issued on Compliance for Major Programs:	Unqualified	
Any Audit Findings Disclosed That are Required to be Reported in Accordance With Section 510(a) of Circular A-133?	___ Yes	___ <u>X</u> No

Major Programs

- 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
- Workforce Investment Act (WIA) Cluster, Including:
  - CFDA Number 17.258 WIA Adult Program
  - CFDA Number 17.259 WIA Youth Activities
  - CFDA Number 17.267 WIA Incentive Grants
  - CFDA Number 17.277 WIA National Emergency Grants
  - CFDA Number 17.278 WIA Dislocated Workers
- CFDA Number 17.267 Adult Literacy
- CFDA Number 17.275 Worker Training and Placement Programs
- CFDA Number 47.076 Science, Technology, Engineering, and Mathematics Education
- CFDA Number 84.002 Adult Education - State Grant Program
- CFDA Number 84.048 Vocational Education - Basic Grants to States

Dollar threshold used to distinguish between Type A and Type B programs: \$ 300,000

Auditee Qualified as Low-Risk Auditee? \_\_\_ X Yes      \_\_\_ No

WESTERN IOWA TECH COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

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, 2012

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, 2012

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-11 Certified Budget - Expenditures in total for the year ended June 30, 2012, did not exceed the amounts budgeted.
- IV-B-11 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-11 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-11 Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.
- IV-E-11 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 ensure the coverage is adequate for current operations.
- IV-F-11 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-11 Publication - The Community College published a statement showing the receipts and disbursements of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-11 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-11 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, except one out of 23 credit courses that met more than the approved contact hours.

Recommendation - The College should verify credit courses are meeting for the approved contact hours and develop procedures to ensure the report submitted to the Iowa Department of Education reconciles to the supporting detailed records.

Response - Recommendation accepted.

Conclusion - Response accepted.

WESTERN IOWA TECH COMMUNITY COLLEGE  
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

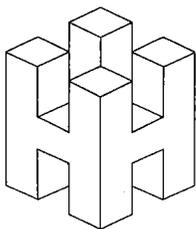
<u>Comment Number</u>	<u>Comment Title</u>	<u>Corrective Action Plan</u>	<u>Contact Person, Title Phone Number</u>	<u>Anticipated Date of Completion</u>
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There were no instances of noncompliance or reportable conditions relating to Federal Awards reported. Thus, no corrective actions need to be taken.

WESTERN IOWA TECH COMMUNITY COLLEGE  
SUMMARY SCHEDULE OF PRIOR FEDERAL AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

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



**HENJES, CONNER &  
WILLIAMS, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

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

We have audited the financial statements of WESTERN IOWA TECH COMMUNITY COLLEGE for the year ended June 30, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and, if applicable, *Government Auditing Standards* and OMB Circular A-133, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 30, 2012. Professional standards require that we provide you with the following information related to our audit.

Significant Audit Findings

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Western Iowa Tech Community College are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the Community College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the allowance for doubtful accounts, the fair value of investments, the depreciable lives of capital assets and the liability for early retirement. We evaluated the key factors and assumptions used to develop these estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure(s) affecting the financial statements were:

The disclosures of Scholarship Allowances and Student Aid in Note 1, Cash and Investments in Note 2, Capital Assets in Note 4, Long-Term Debt in Note 7, Risk Pool in Note 12, and Commitments and Contingencies in Note 17 to the financial statements.

The disclosures in the financial statements are neutral, consistent, and clear.

### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The attached schedule summarizes uncorrected misstatements of the financial statements. Management has determined that their effects are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. In addition, the following material misstatements detected as a result of audit procedures were corrected by management:

There were three audit adjustments made to the original trial balance presented to us to begin our audit. The entries primarily related to year end adjustment of the payable for Iowa New Jobs Training Programs and to properly reflect Job Training Partners activity for the year. The volume of audit entries remained consistent with prior years. By comparison, management posts over 2,000 entries to the Community College's 23,000 accounts during the year, in addition to transactions numbering in the hundreds of thousands.

Several report entries were made to the Community College's internal financial information to adhere to governmental reporting standards. Those entries were to reflect the difference in capitalization policy, to remove plant fund acquisitions and principal payments from the statement of revenues, expenses and changes in net assets, to record depreciation expense, and to adjust to full accrual.

### *Non-Financial Audit Findings*

There were two findings that did not result in audit adjustments. The first finding related to the Pell grant disbursement date uploaded to the Department of Education's Common Origination & Disbursement website. The second finding related to a course that met more than the approved contact hours.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 29, 2012.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Community College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Community College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

*Other Matters*

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Western Iowa Tech Community College and is not intended to be and should not be used by anyone other than these specified parties.

*Angus, Connor & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
October 29, 2012

Passed Adjusting Journal Entries  
 Western Iowa Tech  
 June 30, 2012

PAJE No.	Account Description	W/P Ref	Account Number	Asset	Liability	Equity	Revenue Expense
201	CONTROL : DUE FROM FEDERAL FUNDS	C-11	01-0-0000-61-1450	5,970.57			
201	CONTROL : DUE FROM STUDENTS		01-0-0000-00-1430	-5,970.57			
To pass on adjustment for draw downs.							
PAJE Totals By Classification				0.00	0.00	0.00	0.00
Classification Totals Before PAJE				131,236,258.61	-41,451,222.18	-87,592,834.88	-2,192,201.55