

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, 2013

C O N T E N T S

		<u>Page</u>
Officials .....		1
Independent Auditors' Report .....		2 - 3
Management's Discussion and Analysis .....		4 - 10
Basic Financial Statements: .....	<u>Exhibit</u>	
Statement of Net Position .....	A	11 - 12
Statement of Revenues, Expenses and Changes in Net Position ....	B	13
Statement of Cash Flows .....	C	14 - 15
Notes to Financial Statements .....		16 - 33
Required Supplementary Information:		
Schedule of Funding Progress for the Retiree Health Plan .....		34
Other Supplementary Information: <span style="float: right;"><u>Schedule</u></span>		
Introduction to Other Supplementary Information .....		35 - 36
Budgetary Comparison Schedule of Expenditures- Budget to		
Actual .....	1	37
Note to Budgetary Reporting .....		38
Statement of Net Position - All Funds .....	2	39 - 42
Schedule of Revenues, Expenditures and Changes in Net Position		
- All Funds .....	3	43 - 46
Unrestricted Fund:		
Schedule of Revenues, Expenditures and Changes in Net		
Position - Education and Support .....	4	47 - 48
Schedule of Revenues, Expenditures and Changes in Net		
Position - Auxiliary Enterprises .....	5	49 - 50
Schedule of Revenues, Expenditures and Changes in Net		
Position - Restricted Fund .....	6	51 - 52
Schedule of Changes in Deposits Held in Custody for Others .....	7	53
Schedule of Credit and Contact Hours .....	8	54
Schedule of Tax and Intergovernmental Revenues .....	9	55 - 56
Schedule of Current Fund Revenues by Source and Expenditures		
by Function .....	10	57 - 58
Schedule of Expenditures of Federal Awards .....	11	59 - 61
Independent Auditors' Report on Internal Control Over Financial		
Reporting and on Compliance and Other Matters Based on an Audit		
of Financial Statements Performed in Accordance With <u>Government</u>		
<u>Auditing Standards</u> .....		62 - 63
Independent Auditors' Report on Compliance for Each Major Program		
and on Internal Control Over Compliance Required by OMB		
Circular A-133 .....		64 - 65
Schedule of Findings and Questioned Costs .....		66 - 69

WESTERN IOWA TECH COMMUNITY COLLEGE

OFFICIALS

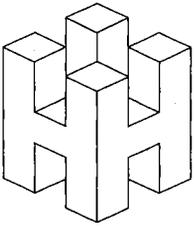
<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<u>Board of Directors</u> <u>(After September, 2012 Election)</u>		
Dr. Robert Rasmus	President	2015
Russell Wray	Vice President	2013
Deborah Cook	Member	2013
Derrick Franck	Member	2015
Curt Grigg	Member	2015
Michael Hunter	Member	2013
Neal Adler	Member	2013
William Lyle	Member	2015
Eldon Schroder	Member	2015

Board of Directors  
(Before September, 2012 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

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



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

CERTIFIED PUBLIC ACCOUNTANTS

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

PH. (712) 277-3931  
(800) 274-3931  
FAX (712) 253-3431

INDEPENDENT AUDITORS' REPORT

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

**Report on the Financial Statements**

We have audited the accompanying financial statements of WESTERN IOWA TECH COMMUNITY COLLEGE, Sioux City, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of the component unit were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Community College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Community College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Western Iowa Tech Community College and its discretely presented component unit as of June 30, 2013, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require management's discussion and analysis and the schedule of funding progress for the retiree health plan on pages 4-10 and 34 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 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 auditing standards generally accepted in the United States of America, 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 information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Western Iowa Tech Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2012, (which are not presented herein) and expressed unqualified opinions on those financial statements. The 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.

The supplementary information is the responsibility of Western Iowa Tech Community College's management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2013, on our consideration of Western Iowa Tech Community College's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Western Iowa Tech Community College's internal control over financial reporting and compliance.

*Henjes, Corn & Williams P.C.*  
Certified Public Accountants

Sioux City, Iowa  
November 25, 2013



Community College

Western Iowa Tech  
Community College

4647 Stone Avenue

P.O. Box 5199

Sioux City, IA 51102-5199

712-274-6400

800-352-4649

Fax: 712-274-6412

www.witcc.edu

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, 2013. We would encourage the reader to consider this information in conjunction with the Community College's financial statements which follow.

### FINANCIAL HIGHLIGHTS

- Operating revenues decreased 17.9%, or \$4,628,179, from fiscal year 2012 (FY12). Tuition and fees net and sales and services increased while federal appropriations, Iowa Industrial New Jobs Training Program, auxiliary enterprises and miscellaneous revenues decreased.
- Operating expenses were 6.4%, or \$3,112,255, less in FY13 than in FY12. Liberal arts and sciences, adult education, student services, physical plant, auxiliary enterprises, bad debts and collection costs, fundraising expenses and depreciation increased while vocational technical, cooperative services, administration, learning resources, general institution, scholarships and grants, and workforce investment act decreased.
- Net non-operating revenue increased 3.1%, or \$796,516, from FY12 mainly due to an increase in state appropriations, property tax, gifts and grants, and loss on sale of capital assets offset by an decrease in Pell grant, earnings on investments and interest on indebtedness.
- The Community College's net position increased 3.9%, or \$1,695,009 from FY12.

### 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 Position, a Statement of Revenues, Expenses and Changes in Net Position and a Statement of Cash Flows. These provide information about the activities of the Community College as a whole and present an overall view of the Community College's finances.

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

Required Supplementary Information presents the Schedule of Funding Progress for the Retiree Health Plan.

Supplementary information provides detailed information about the individual funds. The Budgetary Comparison Schedule of Expenditures – Budget to Actual further explains and supports the financial statements with a comparison of the College's budget for the year. The Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

*Western Iowa Tech Community College... "The Best Place to Start"*

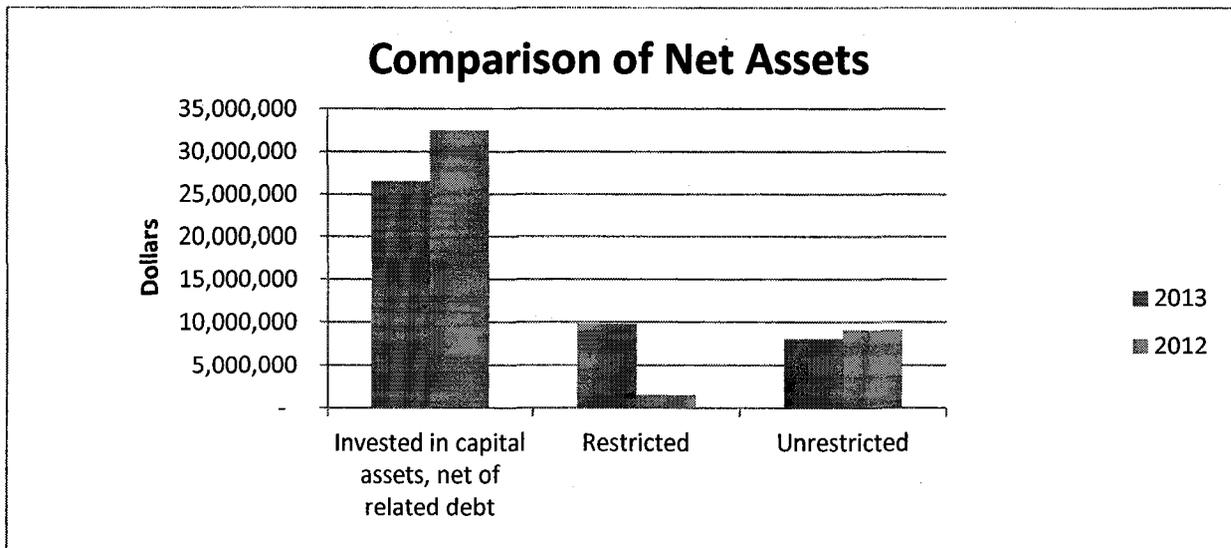
## REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

### The Statement of Net Position

The Statement of Net Positions presents the assets, liabilities and net position of the Community College as a whole, as of June 30, 2013 which is the end of the fiscal year. The Statement of Net Position 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 Position includes year-end information concerning current and non-current assets, current and non-current liabilities and net position (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 position. This statement is also a good source for readers to determine how much the Community College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

### Net Position

	June 30, 2013	June 30, 2012
Current assets	\$48,395,791	\$41,065,126
Non-current assets	44,302,518	42,695,083
Total assets	<u>92,698,309</u>	<u>83,760,209</u>
Current liabilities	20,381,506	21,143,753
Non-current liabilities	27,980,939	19,573,300
Total liabilities	<u>48,362,445</u>	<u>40,717,053</u>
Net position:		
Net investment in capital assets	26,458,515	32,420,115
Restricted	9,776,195	1,511,006
Unrestricted	8,101,154	9,112,035
Total net position	<u>44,335,864</u>	<u>43,043,156</u>
Total Liabilities and Net Position	<u>\$92,698,309</u>	<u>\$83,760,209</u>



The largest portion of the Community College's net position (60%) 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 position (22%) includes resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The remaining net position

(18%) is the unrestricted net position which can be used to meet the Community College's obligations as they come due.

### Statement of Revenues, Expenses and Changes in Net Position

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

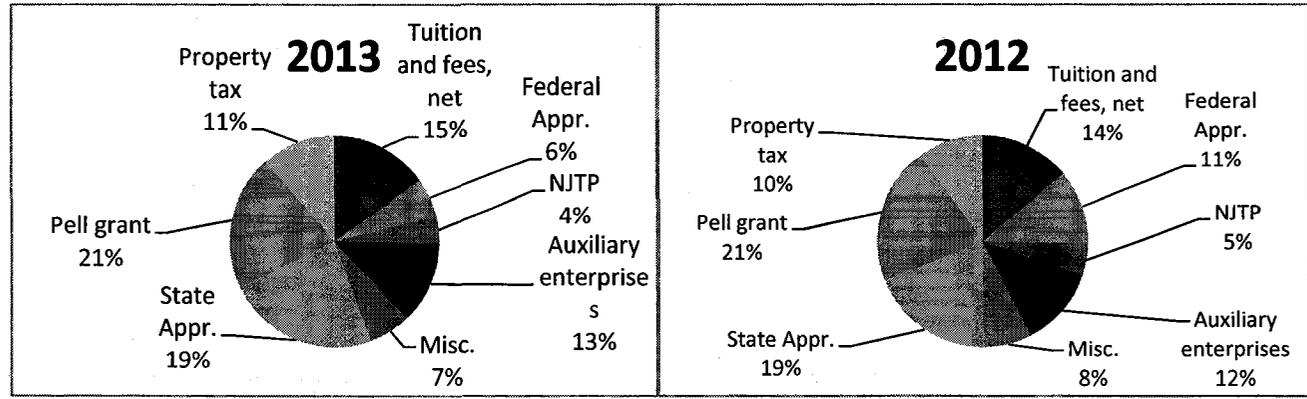
In general, a public community college, such as Western Iowa Tech Community College, will report an operating loss since the financial reporting model classifies state appropriations, Pell grants, and property tax as non-operating revenues. Operating revenues are received for providing goods and services 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/amortization, which allocates the cost of an asset over its expected useful life.

#### Changes in Net Position

	Year Ended <u>June 30, 2013</u>	Year Ended <u>June 30, 2012</u>
Operating revenue:		
Tuition and fees, net	\$7,352,917	\$7,298,222
Federal appropriations	2,929,797	5,926,162
Sales and services	159,567	140,381
Iowa Industrial New Jobs Training Program	1,997,450	2,592,414
Auxiliary enterprises	6,064,417	6,374,606
Miscellaneous	<u>2,760,437</u>	<u>3,560,979</u>
Total operating revenue	<u>21,264,585</u>	<u>25,892,764</u>
Total operating expenses	<u>45,900,086</u>	<u>49,012,341</u>
Operating loss	(24,635,501)	(23,119,577)
Non-operating revenues (expenses)		
State appropriations	11,353,767	9,965,396
Pell Grant	10,098,956	11,074,074
Property tax	5,522,076	5,206,420
Earnings on investments	68,313	78,555
Gifts and Grants	169,675	56,048
Gain (Loss) on sale of capital assets	( 68,333)	( 5,062)
Interest on indebtedness	<u>( 813,944)</u>	<u>( 841,437)</u>
Net non-operating revenues	<u>26,330,510</u>	<u>25,533,994</u>
Change in net position	1,695,009	2,414,417
Net position at the beginning of the year	43,043,156	40,628,739
Prior period restatement -- note 20	<u>(402,301)</u>	<u>-</u>
Net position beginning of Year -- restated	<u>42,640,855</u>	<u>40,628,739</u>
Net position at the end of the year	<u>\$44,335,864</u>	<u>\$43,043,156</u>

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

**Total Revenues by Source**



In fiscal year 2013, operating revenues decreased \$4,628,179 or 17.9%. The decrease was a result of the following changes:

Tuition and fees, net of scholarship allowances, increased \$54,695 due to a modest tuition increase.

Federal revenues decreased \$2,996,365 mainly due to the expiration of several federal grants.

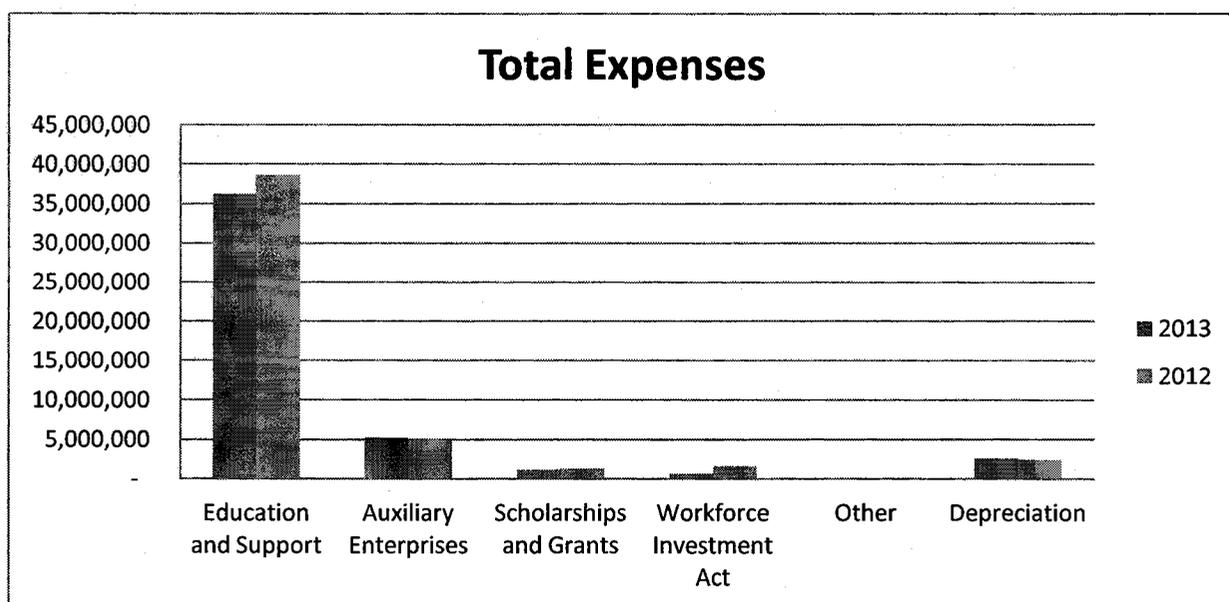
The Iowa Industrial New Jobs Training Program decreased \$594,964 mainly due to having a smaller bond issue than the previous year.

Auxiliary enterprises revenue decreased \$310,189 due mostly to a decrease in students purchasing books and supplies.

Miscellaneous revenues decreased \$800,542 due to the New Jobs Training Program. Additional information is presented in Note 14 to the financial statements.

## Operating Expenses

	Year Ended June 30, 2013	Year Ended June 30, 2012
Education and Support:		
Liberal Arts and Sciences	\$4,394,877	\$4,235,426
Vocational Technical	8,933,028	9,703,900
Adult Education	2,556,797	2,392,660
Cooperative Services	2,621,542	4,155,709
Administration	1,772,636	1,911,018
Student Services	2,213,966	2,081,765
Learning Resources	282,046	327,752
Physical Plant	6,061,929	5,795,990
General Institution	7,363,965	8,005,586
Auxiliary Enterprises	5,245,205	5,005,179
Scholarships and Grants	1,147,595	1,306,263
Workforce Investment Act	674,457	1,640,182
Bad Debts and Collection Costs	202	0
Fundraising Expenses	41,164	0
Depreciation	<u>2,590,677</u>	<u>2,450,911</u>
<b>Total</b>	<b><u>\$45,900,086</u></b>	<b><u>\$49,012,341</u></b>



In fiscal year 2013, operating expenses decreased \$3,112,255 or 6.3%. 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 \$447,284. Cooperative Services decreased \$1,534,167 due to the New Jobs Training Program. General institution decreased \$641,621. This decrease is mainly attributable to fewer grants.

Auxiliary enterprises increased \$240,026 as a result of increased 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.

### Cash Flows

	Year Ended <u>June 30, 2013</u>	Year Ended <u>June 30, 2012</u>
Cash provided (used) by:		
Operating Activities	\$(20,061,655)	\$(21,430,589)
Non-capital Financing Activities	26,078,913	26,816,345
Capital and Related Financing Activities	2,322,923	( 3,407,769)
Investing Activities	<u>67,514</u>	<u>170,231</u>
Net Increase (Decrease) in Cash	8,407,695	2,148,218
Cash at the beginning of the year	27,554,015	25,405,797
Prior period restatement – note 20	<u>( 272,714)</u>	<u>-</u>
Cash at the beginning of the year – restated	<u>27,281,301</u>	<u>25,405,797</u>
Cash at the end of the year	<u>\$35,688,996</u>	<u>\$27,554,015</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 AND DEBT ADMINISTRATION

At June 30, 2013, the Community College had approximately \$43.0 million invested in capital assets, net of accumulated depreciation of \$33.7 million. Depreciation charges totaled \$2,590,677 for Fiscal Year 2013. Details of the capital assets are shown below.

#### Capital Assets, Net, at Year End

	<u>June 30, 2013</u>	<u>June 30, 2012</u>
Land	\$ 813,453	\$ 813,453
Buildings	35,362,305	35,464,745
Construction in progress	3,566,598	430,283
Furniture and equipment	<u>3,231,159</u>	<u>3,521,634</u>
Total	<u>\$42,973,515</u>	<u>\$40,230,115</u>

Planned capital expenditures for the fiscal year to end June 30, 2014 and beyond includes the completion of a new \$8.1 million student dormitory to be completed for fall of 2014. Funding is from a dormitory revenue bond. The College will also complete a renovation for property purchased in fall of 2013. Renovation costs are estimated at \$120,000. This project will be funded from state funding. More detailed information about the Community College's capital assets is presented in Note 4 to the financial statements.

## **DEBT**

At June 30, 2013, the Community College had \$29.8 million in debt outstanding, an increase of \$8,249,751 from 2012. The table below summarizes these amounts by type.

	<b>Outstanding Debt</b>	
	<u>June 30, 2013</u>	<u>June 30, 2012</u>
NJTP certificates payable	\$13,065,000	\$13,600,000
Capital lease	202,337	122,586
Bonds payable	<u>16,515,000</u>	<u>7,810,000</u>
Total	<u>\$29,782,337</u>	<u>\$21,532,586</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 2014 is expected to increase approximately \$810,614 over the prior year. This increase provides some relief toward increased costs.

The College experienced an enrollment decline for the fall of 2013 with a decrease in credit hours of approximately 3.5% 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 over the last few 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 POSITION

JUNE 30, 2013

ASSETS

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
<u>CURRENT ASSETS</u>		
Cash and Pooled Investments - Note 2	\$ 35,688,996	\$ 218,743
Receivables:		
Accounts (Net of Allowance of \$1,269,904)	2,370,920	794
Property Tax	5,557,247	
Pledges		188,285
Due from Other Governments	1,242,207	
Prepaid Expenses	2,615,508	
Inventories - Note 3	920,913	
	<hr/>	<hr/>
Total Current Assets	\$ 48,395,791	\$ 407,822
<u>NONCURRENT ASSETS</u>		
Restricted Cash and Pooled Investments - Note 2	\$ 1,087,753	
Other Investments - Note 2		\$ 2,026,021
Pledges Receivable		132,982
Unamortized Bond Issuance Costs	241,250	
Capital Assets, Net of Accumulated Depreciation - Note 4	42,973,515	
	<hr/>	<hr/>
Total Noncurrent Assets	\$ 44,302,518	\$ 2,159,003
	<hr/>	<hr/>
Total Assets	\$ 92,698,309	\$ 2,566,825

LIABILITIES AND NET POSITION

	<u>PRIMARY GOVERNMENT</u>	<u>COMPONENT UNIT</u>
<u>CURRENT LIABILITIES</u>		
Payables:		
Accounts	\$ 2,771,235	
Iowa Industrial New Jobs Training Program	4,431,145	
Salaries and Benefits Payable	1,106,870	\$ 3,651
Accrued Interest	72,303	
Deferred Revenue	8,494,550	
Early Retirement Payable - Note 17	234,715	
Compensated Absences	633,354	
Deposits Refundable	50,892	
Deposits Held in Custody for Others	78,339	
Current Portion of Capital Lease Obligation - Note 9	88,103	
Certificates Payable - Note 7	2,420,000	
	<hr/>	
Total Current Liabilities	\$ 20,381,506	\$ 3,651
<u>NONCURRENT LIABILITIES</u>		
Early Retirement Payable - Note 17	\$ 138,008	
Capital Lease Obligations, Net of Current Portion - Note 9	114,234	
Certificates Payable - Note 7	10,645,000	
Bonds Payable - Note 7	16,515,000	
Net OPEB Liability - Note 12	568,697	
	<hr/>	
Total Noncurrent Liabilities	\$ 27,980,939	\$ -
	<hr/>	
Total Liabilities	\$ 48,362,445	\$ 3,651
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 26,458,515	
Restricted		
Nonexpendable:		
Scholarships and Grants		\$ 509,799
Expendable:		
Scholarships and Grants	\$ 601	\$ 1,081,362
Loans	183,305	
Debt Service	9,269,808	
Cash Reserve	678,851	
Other	(356,370)	321,267
Total Restricted Expendable	<hr/>	<hr/>
	\$ 9,776,195	\$ 1,402,629
Unrestricted	<hr/>	<hr/>
	\$ 8,101,154	\$ 650,746
	<hr/>	
Total Net Position	\$ 44,335,864	\$ 2,563,174
	<hr/>	
Total Liabilities and Net Position	<hr/>	<hr/>
	\$ 92,698,309	\$ 2,566,825

See Accompanying Notes to Financial Statements

## STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

	PRIMARY GOVERNMENT	COMPONENT UNIT
<u>OPERATING REVENUES</u>		
Tuition and Fees, Net of Scholarship Allowances of \$9,054,131	\$ 7,352,917	
Federal Appropriations	2,929,797	
Sales and Services	159,567	
Iowa Industrial New Jobs Training Program	1,997,450	
Auxiliary Enterprises Revenue	6,064,417	
Contributions and Pledges, Net of Doubtful Pledges of \$0	-	837,181
Miscellaneous	2,760,437	
Total Operating Revenues	\$ 21,264,585	\$ 837,181
<u>OPERATING EXPENSES</u>		
Education and Support:		
Liberal Arts and Sciences	\$ 4,394,877	
Vocational Technical	8,933,028	
Adult Education	2,556,797	
Cooperative Services	2,621,542	
Administration	1,772,636	
Student Services	2,213,966	
Learning Resources	282,046	
Physical Plant	6,061,929	
General Institution	7,363,965	
Auxiliary Enterprises	5,245,205	
Scholarships and Grants	1,147,595	
Workforce Investment Act	674,457	
Bad Debts and Collections Costs	202	
Fundraising Expenses	41,164	198,199
Depreciation/Amortization	2,590,677	
Total Operating Expenses	\$ 45,900,086	\$ 198,199
Operating Income (Loss)	\$ (24,635,501)	\$ 638,982
<u>NON-OPERATING REVENUES (EXPENSES)</u>		
State Appropriations	\$ 11,353,767	
Pell Grant	10,098,956	
Property Tax	5,522,076	
Earnings on Investments	68,313	248,009
Gifts and Grants	169,675	182,184
Scholarships to Western Iowa Tech Community College Students	-	(821,294)
Loss on Sale of Capital Assets	(68,333)	
Interest on Indebtedness	(813,944)	
Miscellaneous	-	(38,710)
Net Non-Operating Revenues	\$ 26,330,510	\$ (429,811)
Change in Net Position	\$ 1,695,009	\$ 209,171
Net Position Beginning of Year	43,043,156	-
Prior Period Restatement - Note 20	(402,301)	2,354,003
Net Position Beginning of Year - Restated	\$ 42,640,855	\$ 2,354,003
Net Position End of Year	\$ 44,335,864	\$ 2,563,174

See Accompanying Notes to Financial Statements

STATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2013

	<u>PRIMARY GOVERNMENT</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>	
Tuition and Fees	\$ 7,687,487
Federal Appropriations	3,141,074
Iowa Industrial New Jobs Training Program	1,997,450
Payments to Employees for Salaries and Benefits	(23,930,190)
Payments to Suppliers for Goods and Services	(16,029,661)
Payments to NJTP Recipients	(764,641)
Scholarships	(1,147,595)
Auxiliary Enterprise Receipts	6,064,417
Other Receipts	2,920,004
Net Cash (Used) by Operating Activities	<u>\$ (20,061,655)</u>
<u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u>	
State Appropriations	\$ 11,353,767
Pell Grant	10,098,956
Property Tax	5,522,076
Gifts and Grants	112,175
Proceeds from Issuance of Debt	1,525,000
Principal Paid on Debt	(2,060,000)
Interest Paid on Debt	(448,332)
Agency Receipts	509,438
Agency Disbursements	(534,167)
Net Cash Provided by Non-Capital Financing Activities	<u>\$ 26,078,913</u>
<u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u>	
Acquisition of Capital Assets	\$ (5,344,909)
Addition to Restricted Cash	(518,988)
Proceeds from Issuance of Debt	16,682,994
Bond Issuance Costs Paid	(241,250)
Principal Paid on Debt	(7,898,244)
Interest Paid on Debt	(356,680)
Net Cash (Used) by Capital and Related Financing Activities	<u>\$ 2,322,923</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>	
Gain on Investments	\$ 67,514
Net Cash Provided by Investing Activities	<u>\$ 67,514</u>
Net Increase in Cash and Cash Equivalents	\$ 8,407,695
Cash and Cash Equivalents - Beginning of Year	27,554,015
Prior Period Restatement - Note 20	(272,714)
Cash and Cash Equivalents - Beginning of Year - Restated	<u>27,281,301</u>
Cash and Cash Equivalents - End of Year	<u>\$ 35,688,996</u>

See Accompanying Notes to Financial Statements

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2013

	<u>PRIMARY GOVERNMENT</u>
<u>RECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED) BY OPERATING ACTIVITIES</u>	
Operating (Loss)	\$ (24,635,501)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:	
Depreciation/Amortization	\$ 2,590,677
(Increase) Decrease in:	
Receivables	266,328
Due from Other Governments	211,277
Prepaid Expenses	83,208
Inventories	102,935
Increase (Decrease) in:	
Accounts Payable	352,408
Payable for Cost of Iowa Industrial New Jobs Training Program	1,071,892
Salaries and Benefits Payable	(46,579)
Deferred Revenue	68,444
Early Retirement Payable	(226,279)
Compensated Absences	(63,263)
Deposits Refundable	(3,598)
Other Postemployment Benefits	166,396
Total Adjustments	<u>\$ 4,573,846</u>
Net Cash (Used) by Operating Activities	<u><u>\$ (20,061,655)</u></u>

See Accompanying Notes to Financial Statements

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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 accounting principles generally accepted in the United States of America as prescribed by the Governmental Accounting Standards Board.

- A. Reporting Entity - For financial reporting purposes, Western Iowa Tech Community College has included all funds, organizations, agencies, boards, commissions and authorities. The Community College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the Community College are such that exclusion would cause the Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the Community College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to or impose specific financial burdens on the Community College.

These financial statements present Western Iowa Tech Community College (the primary government) and its component unit, Western Iowa Tech Community College Foundation. The component unit is included in the Community College's reporting entity because of the significance of its financial relationship with the Community College.

Discrete Component Unit - Western Iowa Tech Community College Foundation is a legally separate not-for-profit foundation. The Foundation was established for the purpose of providing support to the Community College and scholarships for its students. Although the Community College does not control the timing or amount of receipts from the Foundation, the resources held are used for the benefit of Western Iowa Tech Community College and its students.

The Foundation is a non-profit organization which reports under accounting standards established by the Financial Accounting Standards Board (FASB). The Foundation's financial statements were prepared in accordance with the provisions of FASB No. 117, *Financial Statements of Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the Community College's financial reporting for these differences. The Foundation reports net assets, which is equivalent to net position reported by the Community College.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.)

- 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 position (previously referred to as net assets) categories/components:

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

Restricted Net Position:

Nonexpendable - Net position 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 position.

Expendable - Net position 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 Position - Net position 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 position is designated for academic and general programs of the Community College.

GASB Statement No. 35 also requires the Statements of Net Position, Revenues, Expenses and Changes in Net Position 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, 2013

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Cash, Cash Equivalents, 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, 2013

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, 2013 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.

Unearned Revenue - Unearned 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. Unearned 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, 2013.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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 Position, 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. 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, CASH EQUIVALENT AND POOLED INVESTMENTS

The Community College's deposits in banks at June 30, 2013, 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, 2013

Note 2 - CASH, CASH EQUIVALENTS AND POOLED 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 \$15,773,304 which is restricted for specific purposes, such as the Iowa Industrial New Jobs Training Program.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

The Community College had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$15,380, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Investments held by the Community College's component unit at June 30, 2013, are as follows:

Money Markets .....	\$	89,228
Certificates of Deposit .....		81,356
Equity Securities .....		167,880
Corporate Bonds .....		53,194
Mutual Funds .....		<u>1,634,363</u>
	\$	<u>2,026,021</u>

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, 2013, were rated AAAM by Standard & Poor's Financial Services. The Community college's component unit's 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, 2013

Note 3 - INVENTORIES

The Community College's inventories at June 30, 2013, are as follows:

Bookstore (Merchandise Held for Resale) .....	\$	897,773
Cafeteria (Supplies and Materials) .....		<u>23,140</u>
	\$	<u>920,913</u>

Note 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2013, is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
<b>Capital Assets Not Being Depreciated:</b>				
Land .....	\$ 813,453			\$ 813,453
Construction in Progress .....	<u>430,283</u>	\$ <u>3,217,540</u>	\$ <u>81,225</u>	<u>3,566,598</u>
Total Capital Assets Not Being Depreciated .....	\$ 1,243,736	\$ 3,217,540	\$ 81,225	\$ 4,380,051
<b>Capital Assets Being Depreciated:</b>				
Buildings and Other Structures ..	\$ 59,813,690	\$ 1,534,863		\$ 61,348,553
Furniture and Equipment .....	<u>10,570,707</u>	<u>731,231</u>	\$ <u>371,185</u>	<u>10,930,753</u>
Total Capital Assets Being Depreciated .....	\$ 70,384,397	\$ 2,266,094	\$ 371,185	\$ 72,279,306
<b>Less Accumulated Depreciation:</b>				
Buildings and Other Structures ..	\$ 24,348,945	\$ 1,637,303		\$ 25,986,248
Furniture and Equipment .....	<u>7,049,073</u>	<u>953,374</u>	\$ <u>302,853</u>	<u>7,699,594</u>
Total Accumulated Depreciation .....	\$ <u>31,398,018</u>	\$ <u>2,590,677</u>	\$ <u>302,853</u>	\$ <u>33,685,842</u>
Total Capital Assets Being Depreciated, Net .....	\$ <u>38,986,379</u>	\$( <u>324,583</u> )	\$ <u>68,332</u>	\$ <u>38,593,464</u>
Capital Assets, Net .....	\$ <u>40,230,115</u>	\$ <u>2,892,957</u>	\$ <u>149,557</u>	\$ <u>42,973,515</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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.

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. The warrants bear interest at rates in effect at the time the warrants are first presented for redemption.

During the year ended June 30, 2013, the Community College issued no anticipatory warrants.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 7 - CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2013, is as follows:

	<u>Capital Lease</u>	<u>Certificates Payable</u>	<u>Bonds Payable</u>	<u>Net OPEB Liability</u>	<u>Total</u>
Balance at 06/30/12 ..	\$ 122,586	\$ 13,600,000	\$ 7,810,000	\$ -	\$21,532,586
Prior Period Restatement					
- Note 20 .....	-	-	-	402,301	402,301
Balance at 06/30/12					
- Restated .....	\$ 122,586	\$ 13,600,000	\$ 7,810,000	\$ 402,301	\$21,934,887
Additions .....	167,994	1,525,000	16,515,000	345,113	18,553,107
Reductions .....	88,243	2,060,000	7,810,000	178,717	10,136,960
Balance at 06/30/13 ..	\$ <u>202,337</u>	\$ <u>13,065,000</u>	\$ <u>16,515,000</u>	\$ <u>568,697</u>	\$ <u>30,351,034</u>
Current Obligation ...	\$ <u>88,103</u>	\$ <u>2,420,000</u>	\$ -	\$ -	\$ <u>2,508,103</u>

Certificates Payable

In accordance with agreements dated between December 1, 1984 and June 30, 2013, the Community College issued certificates totaling \$48,350,000 with interest rates ranging from 0.45% 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>
2014 .....	\$ 2,420,000	\$ 399,254	\$ 2,819,254
2015 .....	2,400,000	322,805	2,722,805
2016 .....	1,565,000	241,876	1,806,876
2017 .....	1,510,000	197,876	1,707,876
2018 .....	1,400,000	152,966	1,552,966
2019 - 2023 .....	<u>3,770,000</u>	<u>250,075</u>	<u>4,020,075</u>
	\$ <u>13,065,000</u>	\$ <u>1,564,852</u>	\$ <u>14,629,852</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 7 - CHANGES IN LONG-TERM LIABILITIES

(Cont.) Bonds Payable

The Community College 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. On May 29, 2013, the Community College issued bonds to refinance the 2008 issued bonds. As such, the Community College has pledged the related housing revenue to payment of the bonds.

Details of the Community College's June 30, 2013, 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>
2014 .....	- %	-	\$ 146,009	\$ 146,009
2015 .....	0.70-0.75	\$ 460,000	144,398	604,398
2016 .....	0.80-0.85	570,000	140,727	710,727
2017 .....	0.75-1.00	580,000	136,078	716,078
2018 .....	1.10-1.25	585,000	130,495	715,495
2019-2023 .....	1.25-2.15	3,055,000	517,285	3,572,285
2024-2027 .....	2.15-3.00	<u>2,785,000</u>	<u>175,138</u>	<u>2,960,138</u>
		<u>\$ 8,035,000</u>	<u>\$ 1,390,130</u>	<u>\$ 9,425,130</u>

The Community College issued bonds dated May 29, 2013, for the purchase and construction of Prairie Place 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, 2013, 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>
2014 .....	- %	-	\$ 319,804	\$ 319,804
2015 .....	-	-	318,038	318,038
2016 .....	-	-	318,037	318,037
2017 .....	-	-	318,038	318,038
2018 .....	-	-	318,037	318,037
2019-2023 .....	-	-	1,590,188	1,590,188
2024-2028 .....	4.00	\$ 575,000	1,585,187	2,160,187
2029-2033 .....	4.00-3.50	3,595,000	1,172,100	4,767,100
2034-2038 .....	3.50-3.75	<u>4,310,000</u>	<u>456,163</u>	<u>4,766,163</u>
		<u>\$ 8,480,000</u>	<u>\$ 6,395,592</u>	<u>\$ 14,875,592</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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>
2014 .....	\$ 36,394
2015 .....	14,072
2016 .....	14,072
2017 .....	1,173
2018 .....	-
2019 and Thereafter .....	-
	<u>\$ 65,711</u>

The Community College has leased various pieces of office equipment, as well as various facilities within the area to house different divisions of the Community College. These leases have been classified as operating leases and accordingly, all rents are expensed as incurred. The leases expire between 2014 and 2018, 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, 2013:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2014 .....	\$ 57,635
2015 .....	50,495
2016 .....	37,283
2017 .....	10,501
2018 .....	2,625
2019 and Thereafter .....	-
	<u>\$ 158,539</u>

Rent expenses for the year ended June 30, 2013, for all operating leases, except those with terms of a month or less which were not renewed, totaled \$146,954.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 9 - CAPITAL LEASE

The Community College is the lessee of equipment under two capital leases expiring in 2014 and 2016. 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 .....	\$ 193,241
Less: Accumulated Depreciation .....	( 34,887)
	<u>\$ 158,354</u>

Future minimum lease payments under the capital lease, as of June 30, 2013, for each of the next five years and in the aggregate are:

<u>Years Ending</u> <u>June 30,</u>	<u>Amount</u>
2014 .....	\$ 95,551
2015 .....	68,339
2016 .....	<u>44,451</u>
Total Future Minimum Lease Payments .....	\$ 208,341
Less: Amounts Representing Interest .....	( 6,004)
Present Value of Net Future Minimum Lease Payments .....	\$ 202,337
Less: Current Obligation .....	( 88,103)
Net Long-Term Obligation .....	<u>\$ 114,234</u>

Payments under these agreements for the year ended June 30, 2013 totaled \$97,963.

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 5.78% of their annual covered salary and the Community College is required to contribute 8.67% of annual covered salary. Contribution requirements are established by state statute. The Community College's contributions to IPERS for the years ended June 30, 2013, 2012, and 2011, were \$481,041, \$437,216, and \$429,204, respectively, equal to the required contributions for each year.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

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 5.78% and the Community College is required to contribute 8.67%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2013, were \$698,530 and \$465,686, respectively.

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The Community College operates a single-employer health benefit plan with provides medical/prescription drug benefits for employees, retirees and their spouses. There are 211 active and 21 retired members in the plan. Retired participants must be age 55 or older at retirement. The plan does not issue a publicly available financial report.

The medical/prescription drug benefits are provided through a fully-insured plan with Wellmark. Retirees under age 65 pay the same premium for the medical/prescription drug benefits as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the Community College. The Community College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The Community College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table show the components of the Community College's annual OPEB cost for the year ended June 30, 2013, the amount actually contributed to the plan and changes in the Community College's net OPEB obligation:

Annual Required Contribution .....	\$ 345,113
Interest on Net OPEB Obligation .....	-
Adjustment to Annual Required Contribution .....	-
Annual OPEB Cost .....	\$ 345,113
Contributions Made .....	( 178,717)
Increase in Net OPEB Obligation .....	\$ 166,396
Net OPEB Obligation Beginning of Year .....	\$ -
Prior Period Restatement – Note 20 .....	402,301
Net OPEB Obligation Beginning of Year – Restated .....	\$ 402,301
Expected Net OPEB Obligation End of Year .....	\$ 568,697

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(Cont.) For calculation of the net OPEB obligation, the actuary has set the transition date as July 1, 2012. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the Community College contributed \$178,717 to the medical plan. Plan members eligible for benefits contributed \$87,498 or 33% of the premium costs.

The Community College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2013 are summarized as follows:

<u>Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2011 – Restated	\$ 262,487	68.09%	\$ 313,495
June 30, 2012 - Restated	\$ 267,523	66.80%	\$ 402,301
June 30, 2013	\$ 345,113	51.79%	\$ 568,697

Funded Status and Funding Progress – As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$1,613,719, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$1,613,719. The covered payroll (annual payroll of active employees covered by the plan) was \$10,964,166 and the ratio of the UAAL to covered payroll was 14.72%. As of June 30, 2013, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumption about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the notes to financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2012 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial value of assets is to be equal to the fair market value of assets. The actuarial assumptions include a 2.50% investment return. The projected annual medical trend (inflation) rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table, applied on a gender-specific basis. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 13 - 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, foreign travel and identity theft protection. 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, omissions and employee benefits liability which have a retention of \$100,000. Excess insurance for all lines is \$800,000 per occurrence, except for errors, omissions and employee benefit liability 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, boiler and machinery coverage up to \$100,000,000 with a deductible of \$5,000 per member loss, foreign travel coverage with limits of \$1,000,000, as well as identity theft protection up to \$50,000 with a deductible of \$1,000 per member loss. 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, 2013, no liability has been recorded in the Community College's financial statements. As of June 30, 2013, 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, 2013

Note 14 - 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, 2013, follows:

Total Assets .....	\$	1,371,711
Total Liabilities .....		-
Total Net Assets .....	\$	1,371,711
Total Revenues .....	\$	124,039
Investment Gain .....	\$	148,220
Total Expenses .....	\$	6,235
Contributions to the Community College .....	\$	164,110

Note 15 - 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 125 projects with 45 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, 2013, the Community College did not recognize any miscellaneous revenue from excess interest.

Note 16 - 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 \$25,797 during the year ended June 30, 2013.

Note 17 - EARLY RETIREMENT PAYABLE

The early retirement payable reflected on the statement of net position 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, 2013

Note 18 - SEGMENT REPORTING

A segment is an identifiable activity reported as a stand-alone entity for which one or more revenue bond issues are outstanding. A segment has a specifically identifiable revenue stream pledged in support of revenue bonds and has related expenses, assets, and liabilities required by an external party to be accounted for separately. The Community College has one segment meeting the reporting requirements of GASB Statement No. 35. The segment is the Residence System. The Community College is required to present the following condensed statements: Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position and Statement of Cash Flows for the segment.

Dormitory revenue bonds were issued for the construction of two residence halls. The bonds are payable from the net rents, profits and income derived from operation of the system. The primary source of revenue is dormitory room rental.

<u>Condensed Statement of Net Position</u>	<u>Residence System</u>
<u>Assets:</u>	
Current Assets .....	\$ 7,111,937
NonCurrent Assets .....	1,329,002
Capital Assets, Net of Accumulated Depreciation .....	11,675,112
Total Assets .....	\$ <u>20,116,051</u>
<u>Liabilities:</u>	
Current Liabilities .....	\$ 89,881
Noncurrent Liabilities .....	16,515,000
Total Liabilities .....	\$ <u>16,604,881</u>
<u>Net Position:</u>	
Net Investment in Capital Assets .....	\$( 4,839,888)
Restricted .....	8,351,058
Total Net Position .....	\$ <u>3,511,170</u>
<u>Condensed Statement of Revenues, Expenses and Changes in Net Position</u>	
<u>Operating Revenue:</u>	
Sales and Services .....	\$ 1,086,072
Operating Expenses .....	( 469,442)
Depreciation .....	( 358,313)
Operating Income .....	\$ 258,317
<u>Nonoperating Revenues (Expenses):</u>	
Investment Income .....	\$ 969
Interest on Indebtedness .....	( 361,014)
Net Nonoperating Revenues (Expenses) .....	\$( 360,045)
Change in Net Position .....	\$( 101,728)
Net Position Beginning of Year .....	3,612,898
Net Position End of Year .....	\$ <u>3,511,170</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2013

Note 18 - SEGMENT REPORTING

(Cont.)

Condensed Statement of Cash Flows

Net Cash Provided by Operating Activities .....	\$ 612,928
Net Cash Provided by Capital and Related Financing Sources .....	4,716,753
Net Cash Provided by Investing Activities .....	969
Net Increase in Cash and Cash Equivalents .....	\$ 5,330,650
Cash and Cash Equivalents Beginning of Year .....	1,777,959
Cash and Cash Equivalents End of Year .....	\$ <u>7,108,609</u>

Note 19 - 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, 2013. 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, 2013, as related information is still being collected for that individual.

Effective July 1, 2013, the Community College's required contributions to IPERS and TIAA-CREF both increased to 8.93% of annual covered payroll.

Note 20 - PRIOR PERIOD RESTATEMENT

Component Unit - During the year ended June 30, 2013, the Community College implemented GASB Statement No. 61, *The Financial Reporting Entity*, which resulted in a change of presentation related to its relationship with Western Iowa Tech Community College Foundation from a blended component unit to a discretely presented component unit. Agency Fund beginning funds held for others decreased \$1,956,171 to \$103,068. Discretely Presented Component Unit beginning net assets increased \$2,354,003. Prior to the year ended June 30, 2013, the Community College's component unit recorded pledges receivable as an adjustment to the other supplementary information, resulting in the additional \$397,832 increase in net assets over the decrease in funds held for others.

Other Post-Employment Benefits - During the year ended June 30, 2013, the Community College implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. Beginning net position were restated to accrue the June 30, 2012 net OPEB obligation of \$402,301.

Note 21 - SUBSEQUENT EVENT

The Community College has evaluated all subsequent events through November 25, 2013, the date the financial statements were available to be issued.

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
(IN THOUSANDS)

REQUIRED SUPPLEMENTARY INFORMATION

<u>Year Ended June 30,</u>	<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Accrued Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded Ratio (a / b)</u>	<u>Covered Payroll (c)</u>	<u>UAAL as a Percentage of Covered Payroll ((b - a) / c)</u>
2013	July 1, 2012	-	\$ 1,614	\$ 1,614	0.0%	10,964	14.7%

See Note 12 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

See Note 20 in the accompanying Notes to Financial Statements for a prior period restatement disclosure.

WESTERN IOWA TECH COMMUNITY COLLEGE

OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2013

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, net position, 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 supplementary information.

Schedules presented in supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The schedule of revenues, expenditures and changes in net position 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, 2013. 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, 2013

<u>Funds/Levy</u>	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Between Actual and Budget</u>
Unrestricted	\$ 32,107,229	\$ 28,995,280	\$ 3,111,949
Restricted	\$ 16,150,000	\$ 4,388,835	\$ 11,761,165
Unemployment	55,920	62,929	(7,009)
Tort Liability	206,836	197,842	8,994
Insurance	1,251,978	1,607,558	(355,580)
Early Retirement	-	36,297	(36,297)
Equipment Replacement	640,546	632,398	8,148
Total Restricted	\$ 18,305,280	\$ 6,925,859	\$ 11,379,421
Plant	\$ 10,441,229	\$ 5,946,828	\$ 4,494,401
Total	<u>\$ 60,853,738</u>	<u>\$ 41,867,967</u>	<u>\$ 18,985,771</u>

NOTE TO BUDGETARY REPORTING

JUNE 30, 2013

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

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Investment Act, 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

STATEMENT OF NET POSITION

JUNE 30, 2013

<u>ASSETS</u>	<u>Current Funds</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
Cash and Investments:			
Cash and Pooled Investments	\$ 10,617,306	\$ 15,400,661	\$ 182,305
Receivables:			
Accounts (Net of Allowance of \$1,269,904)	1,266,693	1,103,227	1,000
Property Tax	1,474,486	2,608,275	
Due from Other Funds	6,632,456	3,928,214	
Due from Other Governments	386,309	263,034	
Prepaid Expenditures	306,539	2,305,945	
Inventories	920,913		
Restricted Cash and Pooled Investments	1,037,753		
Unamortized Bond Issuance Costs			
Capital Assets:			
Land			
Buildings and Other Structures			
Furniture and Equipment			
Construction in Process			
Accumulated Depreciation			
 Total Assets	 <u>\$ 22,642,455</u>	 <u>\$ 25,609,356</u>	 <u>\$ 183,305</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>			
\$ 86,922	\$ 9,028,558		\$ 373,244		\$ 35,688,996
					2,370,920
1,474,486					5,557,247
1,226,351			667	(11,787,688)	-
			592,864		1,242,207
3,024					2,615,508
					920,913
50,000					1,087,753
				241,250	241,250
		813,453			813,453
		61,348,553			61,348,553
		10,930,753			10,930,753
		3,566,598			3,566,598
				(33,685,842)	(33,685,842)
<u>\$ 2,840,783</u>	<u>\$ 9,028,558</u>	<u>\$ 76,659,357</u>	<u>\$ 966,775</u>	<u>\$ (45,232,280)</u>	<u>\$ 92,698,309</u>

See Accompanying Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET POSITION

JUNE 30, 2013

<u>LIABILITIES AND NET POSITION</u>	<u>Current Funds</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
<u>LIABILITIES</u>			
Payables:			
Accounts	1,284,001	643,488	
Iowa Industrial New Jobs Training Program		4,431,145	
Salaries and Benefits Payable	1,046,742	60,128	
Accrued Interest		33,271	
Due to Other Funds	8,121,480	915,462	
Deferred Revenue	1,650,054	5,118,207	
Early Retirement Payable		372,723	
Compensated Absences	555,201	78,153	
Deposits Refundable	50,892		
Deposits Held in Custody for Others			
Capital Lease Obligation			
Certificates Payable		13,065,000	
Bonds Payable			
Net OPEB Liability			
Total Liabilities	\$ 12,708,370	\$ 24,717,577	\$ -
 <u>NET POSITION</u>			
Net Investment in Capital Assets			
Restricted:			
Expendable:			
Scholarships and Grants		601	
Loans			183,305
Debt Service			
Cash Reserve		678,851	
Other		212,327	
Unrestricted	4,584,162		
Auxiliary Enterprises	5,349,923		
Total Net Position	\$ 9,934,085	\$ 891,779	\$ 183,305
Total Liabilities and Net Position	\$ 22,642,455	\$ 25,609,356	\$ 183,305

SCHEDULE 2  
(Cont.)

<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>			
824,791			18,955		\$ 2,771,235
					4,431,145
					1,106,870
39,032					72,303
2,133,068			617,678	(11,787,688)	-
1,474,486			251,803		8,494,550
					372,723
					633,354
					50,892
			78,339	-	78,339
202,337					202,337
					13,065,000
		16,515,000			16,515,000
				568,697	568,697
<u>\$ 4,673,714</u>	<u>\$ -</u>	<u>\$ 16,515,000</u>	<u>\$ 966,775</u>	<u>\$ (11,218,991)</u>	<u>\$ 48,362,445</u>
		60,144,357		(33,685,842)	26,458,515
					601
					183,305
	9,028,558			241,250	9,269,808
					678,851
				(568,697)	(356,370)
(1,832,931)					2,751,231
					5,349,923
<u>\$(1,832,931)</u>	<u>\$ 9,028,558</u>	<u>\$ 60,144,357</u>	<u>\$ -</u>	<u>\$ (34,013,289)</u>	<u>\$ 44,335,864</u>
<u>\$ 2,840,783</u>	<u>\$ 9,028,558</u>	<u>\$ 76,659,357</u>	<u>\$ 966,775</u>	<u>\$ (45,232,280)</u>	<u>\$ 92,698,309</u>

See Accompanying Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

<u>REVENUES</u>	<u>Current Funds</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
General:			
State Appropriations	\$ 10,001,198	\$ 1,076,612	
Tuition and Fees	16,406,978	70	
Property Tax	1,436,397	2,649,282	
Federal Appropriations	743,212	12,285,541	
Sales and Services	159,567		
Earnings on Investments	34,285	18,709	\$ 6,657
Iowa Industrial New Jobs Training Program		1,997,450	
Increase in Plant Investment Due to Plant Expenditures (Including \$782,297 in Current Fund Expenditures)			
Increase in Plant Investment Due to Retirement of Debt			
Miscellaneous	1,679,013	1,075,816	5,608
Gifts and Grants			
Loss on Disposal of Capital Assets			
	<u>\$ 30,460,650</u>	<u>\$ 19,103,480</u>	<u>\$ 12,265</u>
Auxiliary Enterprises:			
Federal Appropriations	\$ 4,986		
Sales and Services	5,910,603		
Interest on Investments	593		
Miscellaneous	148,235		
	<u>\$ 6,064,417</u>	<u>\$ -</u>	<u>\$ -</u>
Total Revenues	<u>\$ 36,525,067</u>	<u>\$ 19,103,480</u>	<u>\$ 12,265</u>
<u>EXPENDITURES</u>			
Education and Support:			
Liberal Arts and Sciences	\$ 4,341,325	28,985	
Vocational Technical	8,461,495	847,458	
Adult Education	2,293,100	378,458	
Cooperative Services	321,916	2,297,558	
Administration	1,761,874	-	
Student Services	2,180,488	18,560	
Learning Resources	291,713	4,216	
Physical Plant	3,085,041	1,780,236	
General Institution	6,258,328	1,122,885	
Total Education and Support	<u>\$ 28,995,280</u>	<u>\$ 6,478,356</u>	<u>\$ -</u>

SCHEDULE 3

Unexpended	Plant Funds		Adjustments	Total
	Retirement of Indebtedness	Investment in Plant		
\$ 275,957				\$ 11,353,767
			(9,054,131)	7,352,917
1,436,397				5,522,076
				13,028,753
	8,662			159,567
				68,313
				1,997,450
		6,036,406	(6,036,406)	-
		155,000	(155,000)	-
112,175		57,500		2,760,437
			(68,333)	169,675
				(68,333)
<u>\$ 1,824,529</u>	<u>\$ 8,662</u>	<u>\$ 6,248,906</u>	<u>\$ (15,313,870)</u>	<u>\$ 42,344,622</u>
				\$ 4,986
				5,910,603
				593
				148,235
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,064,417</u>
\$ 1,824,529	\$ 8,662	\$ 6,248,906	\$ (15,313,870)	\$ 48,409,039
			24,567	\$ 4,394,877
			(375,925)	8,933,028
			(114,761)	2,556,797
			2,068	2,621,542
			10,762	1,772,636
			14,918	2,213,966
			(13,883)	282,046
412,371		691,497	92,784	6,061,929
			23,916	7,405,129
<u>\$ 412,371</u>	<u>\$ -</u>	<u>\$ 691,497</u>	<u>\$ (335,554)</u>	<u>\$ 36,241,950</u>

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Current Funds</u>		
	<u>Unrestricted</u>	<u>Restricted</u>	<u>Loan Funds</u>
<u>EXPENDITURES - (Continued)</u>			
Auxiliary Enterprises	\$ 5,245,205		
Scholarships and Grants		\$ 10,201,726	
Workforce Investment Act		674,457	
Bad Debts and Collection Costs			202
Plant Asset Acquisitions			
Retirement of Indebtedness			
Bond Issuance Costs			
Disposal of Plant Assets			
Interest on Indebtedness		447,503	
Depreciation			
	<u>\$ 34,240,485</u>	<u>\$ 17,802,042</u>	<u>\$ 202</u>
Excess (Deficiency) of Revenues and Other Additions Over Expenditures and Other Deductions	\$ 2,284,582	\$ 1,301,438	\$ 12,063
<u>TRANSFERS</u>			
Mandatory Transfers	(503,097)		
Non-Mandatory Transfers	(1,041,172)	(695,577)	
Net	\$ 740,313	\$ 605,861	\$ 12,063
Net Position (Deficit) Beginning of Year	9,193,772	285,918	171,242
Prior Period Restatement - Note 20	-	-	-
Net Position (Deficit) Beginning of Year - Restated	<u>9,193,772</u>	<u>285,918</u>	<u>171,242</u>
Net Position (Deficit) End of Year	<u>\$ 9,934,085</u>	<u>\$ 891,779</u>	<u>\$ 183,305</u>

SCHEDULE 3  
(Cont.)

<u>Unexpended</u>	<u>Plant Funds Retirement of Indebtedness</u>	<u>Investment in Plant</u>	<u>Adjustments</u>	<u>Total</u>
				\$ 5,245,205
			(9,054,131)	1,147,595
				674,457
				202
5,534,457			(5,534,457)	-
	155,000		(155,000)	-
	241,250		(241,250)	-
		371,185	(371,185)	-
	366,441			813,944
			2,590,677	2,590,677
<u>\$ 5,946,828</u>	<u>\$ 762,691</u>	<u>\$ 1,062,682</u>	<u>\$ (13,100,900)</u>	<u>\$ 46,714,030</u>
\$ (4,122,299)	\$ (754,029)	\$ 5,186,224	\$ (2,212,970)	\$ 1,695,009
2,371,105	8,728,741	(8,860,000)		(503,097)
				503,097
<u>\$ (1,751,194)</u>	<u>\$ 7,974,712</u>	<u>\$ (3,673,776)</u>	<u>\$ (2,212,970)</u>	<u>\$ 1,695,009</u>
(81,737)	1,053,846	63,818,133	(31,398,018)	43,043,156
-	-	-	(402,301)	(402,301)
<u>(81,737)</u>	<u>1,053,846</u>	<u>63,818,133</u>	<u>(31,800,319)</u>	<u>42,640,855</u>
<u>\$ (1,832,931)</u>	<u>\$ 9,028,558</u>	<u>\$ 60,144,357</u>	<u>\$ (34,013,289)</u>	<u>\$ 44,335,864</u>

See Accompanying Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

UNRESTRICTED FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

EDUCATION AND SUPPORT

FOR THE YEAR ENDED JUNE 30, 2013

	<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	\$ 8,404,881	\$ 5,502,717	\$ 1,680,414	\$ 383,154
Property Tax				
Federal Appropriations	7,928	407,510	237,167	
Sales and Services			4,100	38,007
Interest on Indebtedness				
Miscellaneous		30,330	98,861	307,942
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 8,412,809	\$ 5,940,557	\$ 2,020,542	\$ 729,103
<u>EXPENDITURES</u>				
Salaries and Benefits	4,222,928	6,859,923	1,706,241	260,024
Services	70,344	571,240	286,706	9,175
Materials and Supplies	38,128	461,420	243,086	49,619
Plant Asset Acquisitions		125,655		
Travel	9,925	66,894	17,424	3,098
Collection Costs		376,363	39,643	
Awards to Subrecipients				
	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 4,341,325	\$ 8,461,495	\$ 2,293,100	\$ 321,916
Excess of Revenues Over (Under)				
Expenditures	\$ 4,071,484	\$ (2,520,938)	\$ (272,558)	\$ 407,187
<u>TRANSFERS</u>				
Non-Mandatory Transfers	(133,416)	(496,425)	280,544	
	<hr/>	<hr/>	<hr/>	<hr/>
Net	\$ 3,938,068	\$ (3,017,363)	\$ 7,986	\$ 407,187
Net Position Beginning of Year				
Net Position End of Year				

Support					
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Education and Support Total
\$ 9,681,320			\$ 10,179	\$ 309,699	\$ 10,001,198
4,785	\$ 431,027				16,406,978
			1,436,397		1,436,397
5,232	43,008	\$ 7,984	21,951	12,432	743,212
	49,939		29,944	37,577	159,567
34,285					34,285
185,523	29,214	56	92,579	934,508	1,679,013
\$ 9,911,145	\$ 553,188	\$ 8,040	\$ 1,591,050	\$ 1,294,216	\$ 30,460,650
1,361,669	1,875,974	181,562	1,002,079	3,454,160	\$ 20,924,560
321,006	207,123	15,514	1,511,403	2,363,346	5,355,857
14,759	90,657	79,310	568,157	407,363	1,952,499
		15,327	5,139	3,552	149,673
64,110	6,734		(1,737)	25,357	191,805
330					416,336
				4,550	4,550
\$ 1,761,874	\$ 2,180,488	\$ 291,713	\$ 3,085,041	\$ 6,258,328	\$ 28,995,280
\$ 8,149,271	\$ (1,627,300)	\$ (283,673)	\$ (1,493,991)	\$ (4,964,112)	1,465,370
	(25,000)		(814,227)	(11,064)	(1,199,588)
\$ 8,149,271	\$ (1,652,300)	\$ (283,673)	\$ (2,308,218)	\$ (4,975,176)	\$ 265,782
					4,318,381
					\$ 4,584,163

WESTERN IOWA TECH COMMUNITY COLLEGE

UNRESTRICTED FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

AUXILIARY ENTERPRISES

FOR THE YEAR ENDED JUNE 30, 2013

	<u>Bookstore</u>	<u>Parts Department</u>	<u>Cafeteria</u>
<u>REVENUES</u>			
Federal Appropriations	\$ 336		\$ 632
Sales and Services	3,640,986	\$ 186,463	1,001,542
Interest on Indebtedness			
Miscellaneous	59,414		9,904
	<hr/>	<hr/>	<hr/>
Total Revenues	\$ 3,700,736	\$ 186,463	\$ 1,012,078
 <u>EXPENDITURES</u>			
Salaries and Benefits	\$ 183,839	\$ 17,249	\$ 129,518
Services	50,543		250,856
Materials and Supplies	30,972	117	4,000
Plant	66		
Travel			642
Cost of Goods Sold	3,156,338	164,651	656,241
	<hr/>	<hr/>	<hr/>
Total Expenditures	\$ 3,421,758	\$ 182,017	\$ 1,041,257
Excess (Deficiency) of Revenues Over Expenditures	\$ 278,978	\$ 4,446	\$ (29,179)
 <u>TRANSFERS</u>			
Mandatory Transfers			
Non-Mandatory Transfers			30,000
	<hr/>	<hr/>	<hr/>
Net	\$ 278,978	\$ 4,446	\$ 821
Net Position Beginning of Year	3,252,139	6,394	224,455
	<hr/>	<hr/>	<hr/>
Net Position End of Year	<u>\$ 3,531,117</u>	<u>\$ 10,840</u>	<u>\$ 225,276</u>

SCHEDULE 5

Vocational Servicing Accounts	Dormitories	Other	Total
	\$ 4,018		\$ 4,986
	1,061,005	\$ 20,607	5,910,603
	577	16	593
	21,049	57,868	148,235
\$ -	\$ 1,086,649	\$ 78,491	\$ 6,064,417
	\$ 176,189	\$ 9,981	\$ 516,776
	231,163	10,529	543,091
7,321	50,707	106,040	199,157
			66
	1,185	4,558	6,385
2,500			3,979,730
\$ 9,821	\$ 459,244	\$ 131,108	\$ 5,245,205
\$ (9,821)	\$ 627,405	\$ (52,617)	\$ 819,212
	(503,097)		(503,097)
7,000		121,416	158,416
\$ (2,821)	\$ 124,308	\$ 68,799	\$ 474,531
32,064	511,124	849,215	4,875,391
\$ 29,243	\$ 635,432	\$ 918,014	\$ 5,349,922

See Accompanying Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

RESTRICTED FUND

FOR THE YEAR ENDED JUNE 30, 2013

	Scholarship and Grants	Equipment Replacement	Cash Reserve
<u>REVENUES</u>			
State Appropriations			
Tuition and Fees			
Property Tax		\$ 638,395	
Federal Appropriations	\$ 10,201,726		
Earnings on Investments	79		
Iowa Industrial New Jobs Training Program			
Miscellaneous			
Total Revenues	\$ 10,201,805	\$ 638,395	\$ -
 <u>EXPENDITURES</u>			
Salaries and Benefits			
Services			
Materials and Supplies			
Plant Asset Acquisitions		\$ 632,398	
Travel			
Interest on Indebtedness			
Awards to Subrecipients			
Federal Pell Grant Program	\$ 10,098,956		
Federal Supplemental Educational Opportunity Grant (FSEOG)	102,770		
Total Expenditures	\$ 10,201,726	\$ 632,398	\$ -
Excess (Deficiency) of Revenues Over Expenditures	\$ 79	\$ 5,997	\$ -
 <u>TRANSFERS</u>			
Non-Mandatory Transfers			
Net	\$ 79	\$ 5,997	\$ -
Net Position (Deficit) Beginning of Year	522	15,737	678,851
Net Position (Deficit) End of Year	\$ 601	\$ 21,734	\$ 678,851

Tort Liability	Insurance	Unemployment Compensation	Early Retirement	TRiO	Workforce Investment Act	Iowa Industrial New Jobs Training Program	ACE Infrastructure	Other	Total
							\$ 711,057	\$ 365,555 70	\$ 1,076,612 70
\$ 181,988	\$ 1,370,110	\$ 52,052	\$ 406,737	\$ 1,002,868	\$ 674,457			406,490	2,649,282
						\$ 18,630			12,285,541
						1,997,450			18,709
						429,650		646,166	1,997,450
									1,075,816
\$ 181,988	\$ 1,370,110	\$ 52,052	\$ 406,737	\$ 1,002,868	\$ 674,457	\$ 2,445,730	\$ 711,057	\$ 1,418,281	\$ 19,103,480
\$ 197,842	\$ 31,128 1,576,430	\$ 62,929	\$ 36,297	\$ 775,143 94,124 28,918	\$ 437,696 47,584 13,780	\$ 1,836,533		\$ 809,540 186,521 1,693 160 37,755	\$ 2,152,733 3,939,034 44,391 632,558 72,680
				27,609	7,316	447,503			447,503
				28,107	168,081			115,229	311,417
									10,098,956
									102,770
\$ 197,842	\$ 1,607,558	\$ 62,929	\$ 36,297	\$ 953,901	\$ 674,457	\$ 2,284,036	\$ -	\$ 1,150,898	\$ 17,802,042
\$ (15,854)	\$ (237,448)	\$ (10,877)	\$ 370,440	\$ 48,967	\$ -	\$ 161,694	711,057	\$ 267,383	\$ 1,301,438
				(48,967)			(366,666)	(279,944)	(695,577)
\$ (15,854)	\$ (237,448)	\$ (10,877)	\$ 370,440	\$ -	\$ -	\$ 161,694	344,391	\$ (12,561)	\$ 605,861
25,880	(48,490)	(8,025)	(861,002)	-	5,411	1,375	-	475,659	285,918
\$ 10,026	\$ (285,938)	\$ (18,902)	\$ (490,562)	\$ -	\$ 5,411	\$ 163,069	344,391	\$ 463,098	\$ 891,779

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SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERSAGENCY FUNDSFOR THE YEAR ENDED JUNE 30, 2013

	<u>Retraining Grants</u>	<u>Foundation</u>	<u>Other</u>	<u>Total</u>
Balance Beginning of Year	\$ 2	\$ 1,956,171	\$ 103,066	\$ 2,059,239
Prior Period Restatement - Note 20	-	(1,956,171)	-	(1,956,171)
Balance Beginning of Year - Restated	\$ 2	\$ -	\$ 103,066	\$ 103,068
<u>ADDITIONS</u>				
State Appropriations	\$ 160,144			\$ 160,144
Tuition and Fees			\$ 127,183	127,183
Federal Appropriations			(3,956)	(3,956)
Earnings (Loss) on Investments			1	1
Miscellaneous	12,588		213,478	226,066
<u>DEDUCTIONS</u>				
Services	\$ 172,732		\$ 58,409	\$ 231,141
Materials and Supplies			142,741	142,741
Travel			160,285	160,285
Total Deductions	\$ 172,732	\$ -	\$ 361,435	\$ 534,167
Net	\$ -	\$ -	\$ (24,729)	\$ (24,729)
Balance End of Year	\$ 2	\$ -	\$ 78,337	\$ 78,339

SCHEDULE OF CREDIT AND CONTACT HOURSFOR THE YEAR ENDED JUNE 30, 2013

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible For Aid	Total	Eligible for Aid	Not Eligible For Aid	Total
Arts and Sciences	51,967		51,967	913,264		913,264
Vocational Education	54,367		54,367	1,126,462		1,126,462
Adult Education/ Continuing Education			-	539,210	46,523	585,733
Cooperative Programs/ Services			-			-
Related Services and Activities			-			-
Total	<u>106,334</u>	<u>-</u>	<u>106,334</u>	<u>2,578,936</u>	<u>46,523</u>	<u>2,625,459</u>

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

	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Local (Property Tax)	\$ 5,522,076	\$ 5,206,420	\$ 5,208,564	\$ 4,995,062
State	11,353,767	9,965,396	9,924,624	9,497,293
Federal	<u>13,033,739</u>	<u>17,016,433</u>	<u>20,230,794</u>	<u>17,208,782</u>
Total	<u>\$ 29,909,582</u>	<u>\$ 32,188,249</u>	<u>\$ 35,363,982</u>	<u>\$ 31,701,137</u>

SCHEDULE 9

YEARS ENDED JUNE 30,					
<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
\$ 4,796,578	\$ 4,116,197	\$ 3,916,092	\$ 3,698,263	\$ 3,002,078	\$ 3,086,007
12,771,514	10,709,902	9,921,957	9,270,872	8,473,661	9,355,305
10,076,967	8,524,100	7,935,290	7,086,963	7,800,208	7,788,142
<u>\$ 27,645,059</u>	<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>

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>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
<b><u>REVENUES</u></b>				
State Appropriations	11,077,810	9,908,636	9,810,044	9,497,293
Tuitions and Fees	16,407,048	17,188,413	17,294,197	15,370,565
Property Tax	4,085,679	3,853,512	3,918,882	3,763,703
Federal Appropriations	13,033,739	17,016,433	20,230,794	17,208,782
Sales and Services	159,567	140,381	136,351	146,295
Earnings on Investments	53,587	65,207	81,801	78,929
Iowa Industrial New Jobs				
Training Program	1,997,450	2,592,414	1,131,312	1,411,410
Auxiliary Enterprises	6,058,838	6,357,700	6,286,331	5,526,531
Miscellaneous	2,754,829	3,555,971	2,426,769	3,160,304
Total Revenues	<u>\$ 55,628,547</u>	<u>\$ 60,678,667</u>	<u>\$ 61,316,481</u>	<u>\$ 56,163,812</u>
<b><u>EXPENDITURES</u></b>				
Liberal Arts and Sciences	4,370,310	4,271,045	4,430,927	4,042,897
Vocational Technical	9,308,953	10,275,357	10,657,696	8,851,547
Adult Education	2,671,558	2,434,069	3,084,861	3,046,384
Cooperative Services	2,619,474	4,155,735	1,594,767	2,804,446
Administration	1,761,874	1,912,796	2,309,035	1,735,794
Student Services	2,199,048	2,082,469	2,251,059	1,884,318
Learning Resources	295,929	343,138	348,653	375,403
Physical Plant	4,865,277	4,510,974	4,551,567	4,012,449
General Institution	7,381,213	8,064,558	9,495,373	8,108,521
Auxiliary Enterprises	5,245,205	5,005,179	5,309,513	4,361,093
Scholarships and Grants	10,201,726	11,196,454	11,325,703	9,462,137
Workforce Investment Act	674,457	1,640,182	2,799,503	1,240,032
Interest on Indebtedness	447,503	481,922	393,045	458,593
Total Expenditures	<u>\$ 52,042,527</u>	<u>\$ 56,373,878</u>	<u>\$ 58,551,702</u>	<u>\$ 50,383,614</u>

SCHEDULE 10

YEARS ENDED JUNE 30,					
2009	2008	2007	2006	2005	2004
12,656,445	10,559,746	9,754,187	9,155,272	8,473,661	9,355,305
12,264,649	11,100,584	10,834,157	10,800,821	11,142,572	10,141,825
3,621,344	2,982,270	2,787,654	2,623,537	1,938,989	1,944,500
10,076,967	8,524,100	7,935,290	7,086,963	7,666,784	7,747,572
117,104	98,934	121,751	106,525	127,471	126,436
192,349	558,060	809,138	666,651	277,322	134,187
1,241,317	3,104,955	1,171,738	3,672,907	1,903,622	2,064,372
4,459,829	3,566,745	3,354,158	3,043,232	3,135,438	2,916,532
3,540,966	5,122,112	2,589,157	4,958,998	2,589,956	2,035,030
<u>\$ 48,170,970</u>	<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>
3,980,539	3,643,430	3,438,704	3,293,910	3,164,724	2,925,208
7,886,823	8,407,204	7,527,893	7,426,871	6,944,050	6,893,558
2,926,465	2,034,962	2,004,817	1,809,915	1,774,306	1,628,509
3,248,611	6,500,618	1,927,432	6,697,364	2,458,362	2,549,567
1,696,747	1,804,641	1,668,920	1,476,720	1,421,744	1,365,849
1,821,919	1,759,810	1,548,750	1,597,998	1,485,412	1,373,771
335,525	336,368	300,938	319,772	297,428	303,239
3,803,634	3,823,678	4,151,919	3,319,010	2,984,886	2,762,746
7,914,354	6,106,456	6,032,523	6,676,005	5,553,734	5,131,641
3,717,389	3,061,656	2,951,213	2,613,278	2,725,916	2,449,999
5,223,567	4,394,709	4,113,238	4,058,105	4,524,888	4,463,198
1,168,458	1,446,775	1,704,877	1,053,859	1,079,897	1,395,269
477,651	470,187	491,408	533,297	298,283	326,848
<u>\$ 44,201,682</u>	<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>

See Accompanying Independent Auditors' Report

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

Grantor/Program	Agency or Pass-Through Number	Federal CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
Direct:				
U.S. Department of Education:				
Student Financial Aid Cluster:				
Federal Supplemental Educational				
Opportunity Grant (FSEOG)	N/A	84.007	\$ 107,908	
Federal Direct Student Loans	N/A	84.268		\$ 11,981,078
Federal Work Study Program (FWS)	N/A	84.033	97,584	
Federal Pell Grant Program	N/A	84.063(a)	10,098,956	
Federal Pell Grant Program-Administration	N/A	84.063(a)	15,425	
			<u>\$ 10,319,873</u>	
TRiO Cluster:				
Student Support Services	N/A	84.042	\$ 503,430	
Talent Search	N/A	84.044	240,257	
Upward Bound	N/A	84.047	259,181	
			<u>\$ 1,002,868</u>	
Programs of Study	N/A	84.048(b)	\$ 8,183	
National Science Foundation:				
Science, Technology, Engineering, and				
Mathematics Education	N/A	47.076	\$ 42,287	
Occupational Safety and Health Administration:				
Susan Harwood Training Grant Program	N/A	17.502	\$ 86,978	
U.S. Department of Labor:				
Advanced Manufacturing Industry Project	N/A	17.261	\$ 93,913	
U.S. Department of Transportation:				
Commercial Motor Vehicle Operator Training	N/A	20.235	\$ 49,568	
			<u>\$ 11,603,670</u>	<u>\$ 11,981,078</u>
Total Direct				
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	\$ 48,785	

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDSFOR THE YEAR ENDED JUNE 30, 2013

<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.):				
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	\$ 157,973	
WIA Youth Activities	7-W-17-FR-0	17.259	196,837	
WIA Dislocated Workers	7-W-17-FR-0	17.278	<u>315,823</u>	
			<u>\$ 670,633</u>	
U.S. Department of Education:				
Indirect Through the Iowa Department of Education:				
Adult Education - State Grant Program		84.002	\$ 235,076	
Vocational Education - Basic Grants to States	12-97-9912	84.048(b)	\$ 376,849	
Indirect Through Sioux City Community Schools:				
Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)	N/A	84.334	\$ 40,000	
Small Business Administration:				
Indirect Through Iowa State University:				
Small Business Development Centers	435-08-02; 435-08-69 109-08-65; 109-08-69	59.037	<u>\$ 49,775</u>	
Total Indirect			<u>\$ 1,421,118</u>	<u>\$ -</u>
Total			<u>\$ 13,024,788</u>	<u>\$ 11,981,078</u>

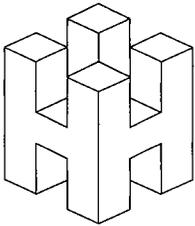
(a) Total expenditures for CFDA Number 84.063 were \$10,114,381

(b) Total expenditures for CFDA Number 84.048 were \$385,032

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2013

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

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

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

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WESTERN IOWA TECH COMMUNITY COLLEGE, Sioux City, Iowa, as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the Community College's basic financial statements, and have issued our report thereon dated November 25, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Western Iowa Tech Community College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions 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. Accordingly, we do not express an opinion on the effectiveness of Western Iowa Tech Community College's internal control.

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 that a material misstatement of the Community College's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Western Iowa Tech Community College's financial statements are free from 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, 2013 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 November 25, 2013.

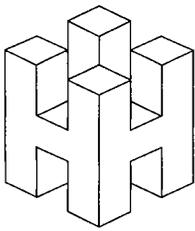
### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Community College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Community College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

*Henry C. Corner & Williams, P.C.*  
Certified Public Accountants

Sioux City, Iowa  
November 25, 2013



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

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P.O. BOX 1528  
SIOUX CITY, IOWA 51102

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited WESTERN IOWA TECH COMMUNITY COLLEGE's compliance with the types of compliance requirements described in the 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, 2013. Western Iowa Tech Community College's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

**Auditors' Responsibility**

Our responsibility is to express an opinion on compliance for each of Western Iowa Tech Community College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Western Iowa Tech Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Western Iowa Tech Community College's compliance.

**Opinion on Each Major Federal Program**

In our opinion, Western Iowa Tech Community College complied, in all material respects, with the types of compliance 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, 2013.

## Report on Internal Control Over Compliance

Management of Western Iowa Tech Community College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Western Iowa Tech Community College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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.

*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, noncompliance 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 noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

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

Sioux City, Iowa  
November 25, 2013

WESTERN IOWA TECH COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

Part I: Summary of the Independent Auditors' Results:

Financial Statements

Type of Auditor's Report Issued:	Unmodified	
Internal Control Over Financial Reporting:		
Material Weakness(es) Identified?	___ Yes	<u>X</u> No
Significant Deficiencies Identified?	___ 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?	___ Yes	<u>X</u> None Reported
Type of Auditor's Report Issued on Compliance for Major Programs:	Unmodified	
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 84.268 Federal Direct Student Loans
  - CFDA Number 84.033 Federal Work Study Program (FWS)
  - CFDA Number 84.063 Federal Pell Grant Program
- Workforce Investment Act (WIA) Cluster, Including:
  - CFDA Number 17.258 WIA Adult Program
  - CFDA Number 17.259 WIA Youth Activities
  - CFDA Number 17.278 WIA Dislocated Workers
- TRiO Cluster, Including:
  - CFDA Number 84.042 Student Support Services
  - CFDA Number 84.044 Talent Search
  - CFDA Number 84.047 Upward Bound

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, 2013

Part II: Findings Related to the Financial Statements:

None reported

WESTERN IOWA TECH COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

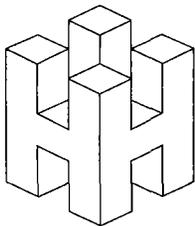
Part III: Findings and Questioned Costs for Federal Awards:

None reported.

WESTERN IOWA TECH COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-13 Certified Budget - Expenditures in total for the year ended June 30, 2013, did not exceed the amounts budgeted.
- IV-B-13 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-13 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-13 Business Transactions - No business transactions between the Community College and Community College officials or employees were noted.
- IV-E-13 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-13 Board Minutes - No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-13 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-13 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-13 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.



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

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

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

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, 2013. 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, 2013. 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, 2013. 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 and other post-employment benefits. 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. 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 position, to record depreciation expense and other post-employment benefits, 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 November 25, 2013.

### *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.

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

Sioux City, Iowa  
November 25, 2013

Passed Adjusting Journal Entries  
 Western Iowa Tech  
 June 30, 2013

PAJE No.	Account Description	W/P Ref	Account Number	Asset	Liability	Equity	Revenue Expense
201	CONTROL : DUE FROM FEDERAL FUNDS	C-11	01-0-0000-81-1450	5,970.57			
201	CONTROL : DUE FROM STUDENTS		01-0-0000-00-1410	-5,970.57			
To pass on adjustment for draw downs.							
202	CONTROL : DUE FROM STUDENTS	C-2/3	01-0-0000-00-1410	5,550.00			
202	PELL : DUE FROM SCHOLARSHIP		01-0-0040-00-1750	-5,550.00			
To pass on adjustment for Pell applied incorrectly to student account.							
PAJE Totals By Classification				0.00	0.00	0.00	0.00
Classification Totals Before PAJE				150,378,532.27	-56,010,500.29	-95,226,619.03	858,587.05