

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, 2014

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WESTERN IOWA TECH COMMUNITY COLLEGE

OFFICIALS

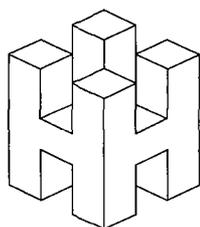
| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|----------------------------------------------------------------------|----------------|---------------------|
| <u>Board of Directors</u> <u>(After September, 2013 Election)</u> | | |
| Dr. Robert Rasmus | President | 2015 |
| Russell Wray | Vice President | 2017 |
| Deborah Cook | Member | 2017 |
| Derrick Franck | Member | 2015 |
| Curt Grigg | Member | 2015 |
| Michael Hunter | Member | 2017 |
| Neal Adler | Member | 2017 |
| William Lyle | Member | 2015 |
| Eldon Schroder | Member | 2015 |

Board of Directors
(Before September, 2013 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 Dean of Quality and 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) 233-3431

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, 2014, 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 U.S. generally accepted accounting principles. 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with U.S. generally accepted accounting principles.

Other Matters

Required Supplementary Information

U.S. generally accepted accounting principles 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 U.S. generally accepted auditing standards, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the 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, 2013, (which are not presented herein) and expressed unmodified opinions on those financial statements. The supplementary information included in Schedules I 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 U.S. generally accepted auditing standards. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2014, 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.

Henzel, Connor & Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
November 4, 2014



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, 2014. We would encourage the reader to consider this information in conjunction with the Community College's financial statements which follow.

FINANCIAL HIGHLIGHTS

- Operating revenues increased 20.8%, or \$4,417,638, from fiscal year 2013 (FY13). Tuition and fees net, federal appropriations, Iowa Industrial New Jobs Training Program, and miscellaneous revenues increase while sales and services and auxiliary enterprises revenues decreased.
- Operating expenses were 10.4%, or \$4,766,257, more in FY14 than in FY13. Vocational technical, adult education, cooperative services, administration, student services, physical plant, general institution, fundraising expenses and depreciation increased while liberal arts and sciences, learning resources, auxiliary enterprises, scholarships and grants, workforce investment act and bad debts and collection costs decreased.
- Net non-operating revenue increased 5.3%, or \$1,385,703, from FY13 mainly due to an increase in state appropriations, property tax, and earnings on investments offset by a decrease in Pell grant, gifts and grants, loss on sale of capital assets and interest on indebtedness.
- The Community College's net position increased 5.6%, or \$2,490,843 from FY13.

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.

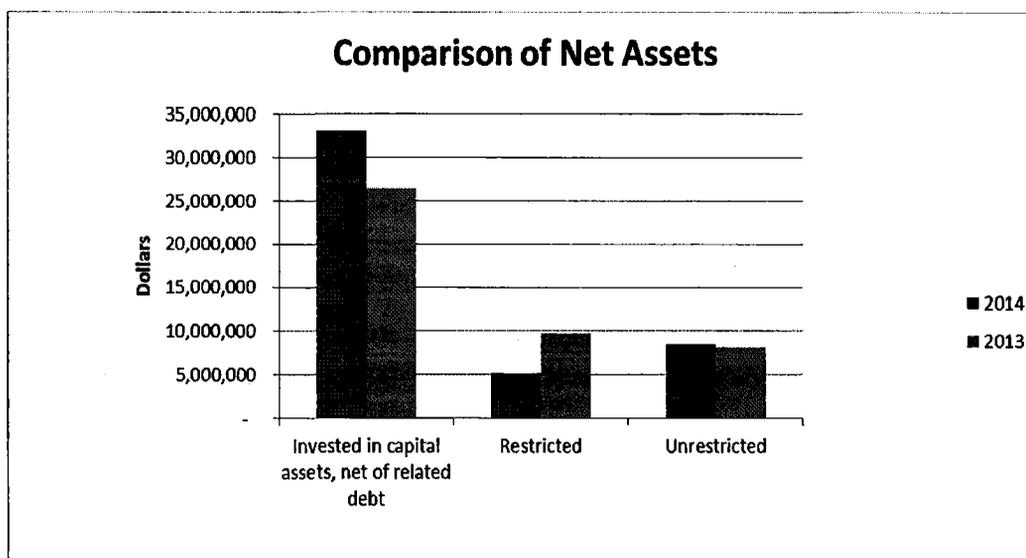
Western Iowa Tech Community College... "The Best Place to Start"

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, 2014 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 | |
|----------------------------------------|-------------------------|-----------------------------------|
| | <u>June 30, 2014</u> | <u>Restated June 30, 2013</u> |
| Current assets | \$44,378,266 | \$48,395,791 |
| Non-current assets | <u>50,753,052</u> | <u>44,302,518</u> |
| Total assets | <u>95,131,318</u> | <u>92,698,309</u> |
| Current liabilities | 15,426,358 | 14,824,259 |
| Non-current liabilities | <u>26,938,389</u> | <u>27,980,939</u> |
| Total liabilities | <u>42,364,747</u> | <u>42,805,198</u> |
| Deferred inflows of resources | 5,939,864 | 5,557,247 |
| Net position: | | |
| Net investment in capital assets | 33,150,296 | 26,458,515 |
| Restricted | 5,238,120 | 9,776,195 |
| Unrestricted | <u>8,438,291</u> | <u>8,101,154</u> |
| Total net position | <u>46,826,707</u> | <u>44,335,864</u> |
| Total Liabilities and Net Position | <u>\$95,131,318</u> | <u>\$92,698,309</u> |



The largest portion of the Community College's net position (71%) 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 (11%) 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.

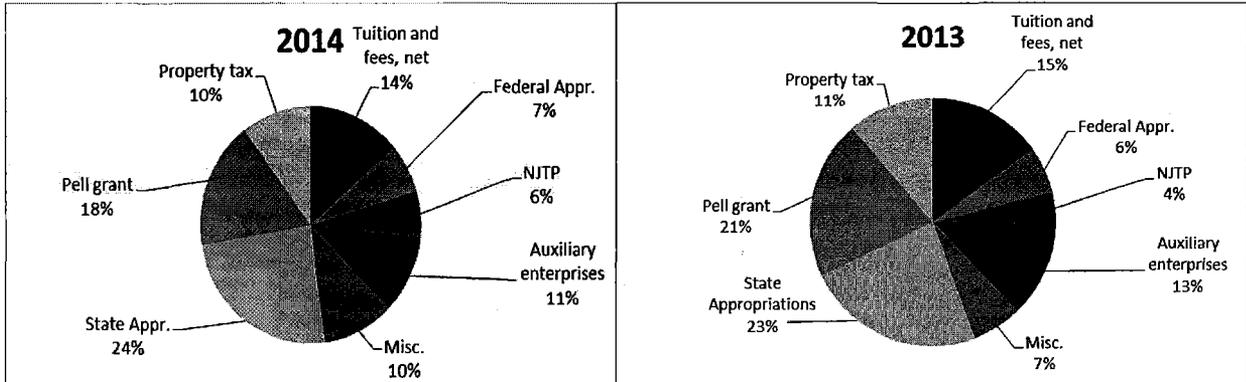
In general, a public community college, such as Western Iowa Tech Community College, will report an operating loss since the financial reporting model classifies state appropriations, Pell grants, and property tax as non-operating revenues. Operating revenues are received for providing goods and services 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 June 30, 2014 | Year Ended June 30, 2013 |
|-------------------------------------------|-----------------------------|-----------------------------|
| Operating revenue: | | |
| Tuition and fees, net | \$7,388,174 | \$7,352,917 |
| Federal appropriations | 3,592,430 | 2,929,797 |
| Sales and services | 132,312 | 159,567 |
| Iowa Industrial New Jobs Training Program | 3,389,613 | 1,997,450 |
| Auxiliary enterprises | 5,824,393 | 6,064,417 |
| Miscellaneous | <u>5,355,301</u> | <u>2,760,437</u> |
| Total operating revenue | <u>25,682,223</u> | <u>21,264,585</u> |
| Total operating expenses | 50,666,343 | 45,900,086 |
| Operating loss | <u>(24,984,120)</u> | <u>(24,635,501)</u> |
| Non-operating revenues (expenses) | | |
| State appropriations | 13,179,506 | 11,353,767 |
| Pell Grant | 9,438,527 | 10,098,956 |
| Property tax | 5,524,254 | 5,522,076 |
| Earnings on investments | 81,331 | 68,313 |
| Gifts and Grants | 72,751 | 169,675 |
| Gain (Loss) on sale of capital assets | (34,957) | (68,333) |
| Interest on indebtedness | <u>(545,199)</u> | <u>(813,944)</u> |
| Net non-operating revenues | <u>27,716,213</u> | <u>26,330,510</u> |
| Change in net position | 2,732,093 | 1,695,009 |
| Net position at the beginning of the year | 44,335,864 | 43,043,156 |
| Prior period restatement – note 20 | <u>(241,250)</u> | <u>(402,301)</u> |
| Net position beginning of Year – restated | 44,094,614 | 42,640,855 |
| Net position at the end of the year | <u>\$46,826,707</u> | <u>\$44,335,864</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 2014, operating revenues increased \$4,417,638 or 20.8%. The increase was a result of the following changes:

Tuition and fees, net of scholarship allowances, increased \$35,257 due to a modest tuition increase.

Federal revenues increased \$662,633 mainly due to new federal grants.

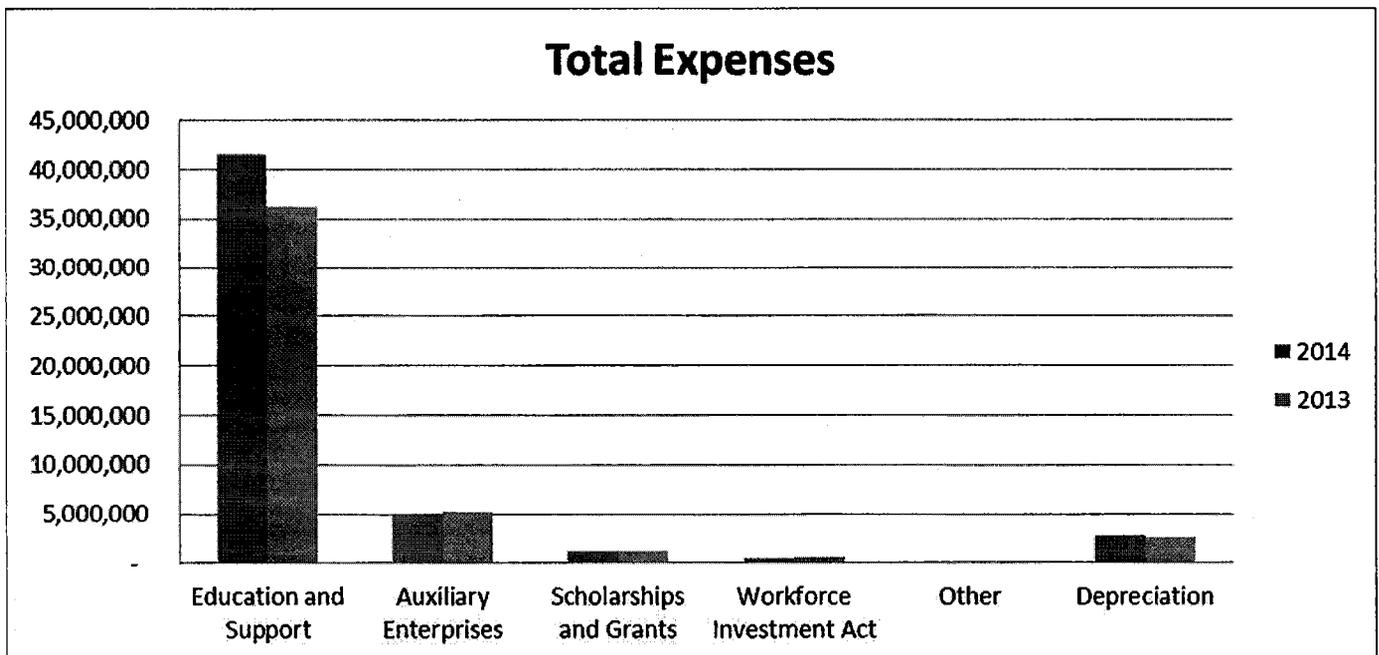
The Iowa Industrial New Jobs Training Program increased \$1,392,163 mainly due to having a larger bond issue than the previous year.

Auxiliary enterprises revenue decreased \$240,024 due mostly to a decrease in students purchasing books and supplies.

Miscellaneous revenues increased \$2,594,864 due to the New Jobs Training Program. Additional information is presented in Note 14 to the financial statements.

Operating Expenses

| | Year Ended June 30, 2014 | Year Ended June 30, 2013 |
|--------------------------------|-----------------------------|-----------------------------|
| Education and Support: | | |
| Liberal Arts and Sciences | \$4,366,976 | \$4,394,877 |
| Vocational Technical | 9,221,315 | 8,933,028 |
| Adult Education | 2,596,005 | 2,556,797 |
| Cooperative Services | 6,372,184 | 2,621,542 |
| Administration | 1,991,180 | 1,772,636 |
| Student Services | 2,315,630 | 2,213,966 |
| Learning Resources | 276,631 | 282,046 |
| Physical Plant | 6,323,845 | 6,061,929 |
| General Institution | 8,024,382 | 7,363,965 |
| Auxiliary Enterprises | 4,864,556 | 5,245,205 |
| Scholarships and Grants | 1,115,027 | 1,147,595 |
| Workforce Investment Act | 488,786 | 674,457 |
| Bad Debts and Collection Costs | - | 202 |
| Fundraising Expenses | 44,735 | 41,164 |
| Depreciation | <u>2,665,091</u> | <u>2,590,677</u> |
| Total | <u>\$50,666,343</u> | <u>\$45,900,086</u> |



In fiscal year 2014, operating expenses increased \$4,766,257 or 10.4%. The following factors explain some of the changes:

Liberal arts and sciences, vocational technical and adult education, the three functions relating to student instruction, increased \$299,594. Cooperative Services increased \$3,750,642 due to the New Jobs Training Program. General institution increased \$660,417. This increase is mainly attributable to new grants.

Auxiliary enterprises decreased \$380,649 as a result of decreased 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, 2014</u> | Year Ended <u>June 30, 2013</u> |
|------------------------------------------|------------------------------------|------------------------------------|
| Cash provided (used) by: | | |
| Operating Activities | \$(23,564,541) | \$(20,061,655) |
| Non-capital Financing Activities | 27,452,861 | 26,078,913 |
| Capital and Related Financing Activities | (9,623,853) | 2,322,923 |
| Investing Activities | <u>81,331</u> | <u>67,514</u> |
| Net Increase (Decrease) in Cash | (5,654,202) | 8,407,695 |
| Cash at the beginning of the year | 35,688,996 | 27,554,015 |
| Prior period restatement – note 20 | <u>-</u> | <u>(272,714)</u> |
| Cash at the end of the year | <u>\$30,034,794</u> | <u>\$35,688,996</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, 2014, the Community College had approximately \$49.7 million invested in capital assets, net of accumulated depreciation of \$36.2 million. Depreciation charges totaled \$2,665,091 for Fiscal Year 2014. Details of the capital assets are shown below.

Capital Assets, Net, at Year End

| | <u>June 30, 2014</u> | <u>June 30, 2013</u> |
|--------------------------|----------------------|----------------------|
| Land | \$ 854,907 | \$ 813,453 |
| Buildings | 45,653,068 | 35,362,305 |
| Construction in progress | 205,276 | 3,566,598 |
| Furniture and equipment | <u>2,952,045</u> | <u>3,231,159</u> |
| Total | <u>\$49,665,296</u> | <u>\$42,973,515</u> |

Planned capital expenditures for the fiscal year to end June 30, 2015 and beyond includes the completion of Phase II of the Culinary Arts Program theory lab and bakery to be completed for spring of 2015. Funding is existing College resources. The College will begin Phase III of the Culinary Arts Program production kitchen to be completed for fall 2015. Construction costs are estimated at \$750,000. This project will be funded from existing College funds. More detailed information about the Community College's capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2014, the Community College had \$29.3 million in debt outstanding, a decrease of \$453,218 from 2013. The table below summarizes these amounts by type.

| | Outstanding Debt | |
|---------------------------|-------------------------|-----------------------------------|
| | <u>June 30, 2014</u> | <u>Restated June 30, 2013</u> |
| NJTP certificates payable | \$12,700,000 | \$13,065,000 |
| Capital lease | 114,119 | 202,337 |
| Bonds payable | <u>16,515,000</u> | <u>16,515,000</u> |
| Total | <u>\$29,329,119</u> | <u>\$29,782,337</u> |

More detailed information about the Community College's outstanding debt is presented in Note 7 to the financial statements.

The Community College called and redeemed \$2.32 million of NJTP certificates payable in September, 2014.

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 2015 is expected to increase approximately \$382,408 over the prior year. This increase provides some relief toward increased costs.

The College experienced an enrollment increase for the fall of 2014 with an increase in credit hours of approximately 0.9% from the previous fall semester. This is mainly attributable to the enrollment increase in the College Now high school market.

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, 2014

ASSETS

| | <u>PRIMARY GOVERNMENT</u> | <u>COMPONENT UNIT</u> |
|----------------------------------------------------------|-------------------------------|---------------------------|
| <u>CURRENT ASSETS</u> | | |
| Cash and Pooled Investments - Note 2 | \$ 30,034,794 | \$ 394,751 |
| Receivables: | | |
| Accounts (Net of Allowance of \$976,415) | 3,585,246 | 3,060 |
| Property Tax | 5,939,864 | |
| Pledges | | 118,274 |
| Due from Other Governments | 1,195,680 | |
| Prepaid Expenses | 2,705,845 | |
| Inventories - Note 3 | 916,837 | |
| | <hr/> | <hr/> |
| Total Current Assets | \$ 44,378,266 | \$ 516,085 |
| <u>NONCURRENT ASSETS</u> | | |
| Restricted Cash and Pooled Investments - Note 2 | \$ 1,087,756 | |
| Other Investments - Note 2 | | \$ 2,413,973 |
| Pledges Receivable | | 106,496 |
| Capital Assets, Net of Accumulated Depreciation - Note 4 | 49,665,296 | |
| | <hr/> | <hr/> |
| Total Noncurrent Assets | \$ 50,753,052 | \$ 2,520,469 |
| | <hr/> | <hr/> |
| Total Assets | \$ 95,131,318 | \$ 3,036,554 |

LIABILITIES AND NET POSITION

| | <u>PRIMARY GOVERNMENT</u> | <u>COMPONENT UNIT</u> |
|------------------------------------------------------------|-------------------------------|---------------------------|
| <u>CURRENT LIABILITIES</u> | | |
| Payables: | | |
| Accounts | \$ 3,932,668 | |
| Iowa Industrial New Jobs Training Program | 2,984,565 | |
| Salaries and Benefits Payable | 1,197,745 | \$ 2,718 |
| Accrued Interest | 69,445 | |
| Early Retirement Payable - Note 17 | 66,113 | |
| Advances from Others | 3,153,102 | |
| Compensated Absences | 694,830 | |
| Deposits Refundable | 54,100 | |
| Deposits Held in Custody for Others | 85,416 | |
| Current Portion of Capital Lease Obligation - Note 9 | 68,374 | |
| Certificates Payable - Note 7 | 2,660,000 | |
| Bonds Payable - Note 7 | 460,000 | |
| | <hr/> | |
| Total Current Liabilities | \$ 15,426,358 | \$ 2,718 |
| <u>NONCURRENT LIABILITIES</u> | | |
| Early Retirement Payable - Note 17 | \$ 62,734 | |
| Capital Lease Obligations, Net of Current Portion - Note 9 | 45,745 | |
| Certificates Payable - Note 7 | 10,040,000 | |
| Bonds Payable - Note 7 | 16,055,000 | |
| Net OPEB Liability - Note 12 | 734,910 | |
| | <hr/> | |
| Total Noncurrent Liabilities | \$ 26,938,389 | \$ - |
| | <hr/> | |
| Total Liabilities | \$ 42,364,747 | \$ 2,718 |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Unavailable Property Tax Revenue | \$ 5,939,864 | |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | \$ 33,150,296 | |
| Restricted | | |
| Nonexpendable: | | |
| Scholarships and Grants | | \$ 547,350 |
| Expendable: | | |
| Scholarships and Grants | 679 | 1,586,823 |
| Loans | 207,026 | |
| Debt Service | 4,243,419 | |
| Cash Reserve | 678,851 | |
| Other | 108,145 | 224,770 |
| Unrestricted | 8,438,291 | 674,893 |
| | <hr/> | |
| Total Net Position | \$ 46,826,707 | \$ 3,033,836 |
| | <hr/> | |
| Total Liabilities and Net Position | \$ 95,131,318 | \$ 3,036,554 |
| | <hr/> <hr/> | |

See Accompanying Notes to Financial Statements

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITIONFOR THE YEAR ENDED JUNE 30, 2014

| | <u>PRIMARY GOVERNMENT</u> | <u>COMPONENT UNIT</u> |
|----------------------------------------------------------------|-------------------------------|---------------------------|
| <u>OPERATING REVENUES</u> | | |
| Tuition and Fees, Net of Scholarship Allowances of \$8,409,659 | \$ 7,388,174 | |
| Federal Appropriations | 3,592,430 | |
| Sales and Services | 132,312 | |
| Iowa Industrial New Jobs Training Program | 3,389,613 | |
| Auxiliary Enterprises Revenue | 5,824,393 | |
| Contributions and Pledges, Net of Doubtful Pledges of \$0 | - | 1,109,743 |
| Miscellaneous | 5,355,301 | |
| Total Operating Revenues | <u>\$ 25,682,223</u> | <u>\$ 1,109,743</u> |
| <u>OPERATING EXPENSES</u> | | |
| Education and Support: | | |
| Liberal Arts and Sciences | \$ 4,366,976 | |
| Vocational Technical | 9,221,315 | |
| Adult Education | 2,596,005 | |
| Cooperative Services | 6,372,184 | |
| Administration | 1,991,180 | |
| Student Services | 2,315,630 | |
| Learning Resources | 276,631 | |
| Physical Plant | 6,323,845 | |
| General Institution | 8,024,382 | |
| Auxiliary Enterprises | 4,864,556 | |
| Scholarships and Grants | 1,115,027 | |
| Workforce Investment Act | 488,786 | |
| Bad Debts and Collections Costs | - | |
| Fundraising Expenses | 44,735 | 169,964 |
| Depreciation/Amortization | 2,665,091 | |
| Total Operating Expenses | <u>\$ 50,666,343</u> | <u>\$ 169,964</u> |
| Operating Income (Loss) | <u>\$ (24,984,120)</u> | <u>\$ 939,779</u> |
| <u>NON-OPERATING REVENUES (EXPENSES)</u> | | |
| State Appropriations | \$ 13,179,506 | |
| Pell Grant | 9,438,527 | |
| Property Tax | 5,524,254 | |
| Earnings on Investments | 81,331 | 316,076 |
| Gifts and Grants | 72,751 | 170,670 |
| Scholarships to Western Iowa Tech Community College Students | - | (921,227) |
| Loss on Sale of Capital Assets | (34,957) | |
| Interest on Indebtedness | (545,199) | |
| Miscellaneous | - | (34,636) |
| Net Non-Operating Revenues | <u>\$ 27,716,213</u> | <u>\$ (469,117)</u> |
| Change in Net Position | <u>\$ 2,732,093</u> | <u>\$ 470,662</u> |
| Net Position Beginning of Year | 44,335,864 | 2,563,174 |
| Prior Period Adjustment - Note 20 | (241,250) | - |
| Net Position Beginning of Year - Restated | <u>44,094,614</u> | <u>2,563,174</u> |
| Net Position End of Year | <u>\$ 46,826,707</u> | <u>\$ 3,033,836</u> |

See Accompanying Notes to Financial Statements

STATEMENT OF CASH FLOWSFOR THE YEAR ENDED JUNE 30, 2014

| | <u>PRIMARY GOVERNMENT</u> |
|-----------------------------------------------------------------|-------------------------------|
| <u>CASH FLOWS FROM OPERATING ACTIVITIES</u> | |
| Tuition and Fees | \$ 6,389,647 |
| Federal Appropriations | 3,638,957 |
| Iowa Industrial New Jobs Training Program | 3,389,613 |
| Payments to Employees for Salaries and Benefits | (24,679,480) |
| Payments to Suppliers for Goods and Services | (15,609,267) |
| Payments to NJTP Recipients | (6,890,990) |
| Scholarships | (1,115,027) |
| Auxiliary Enterprise Receipts | 5,824,393 |
| Other Receipts | 5,487,613 |
| Net Cash (Used) by Operating Activities | <u>\$ (23,564,541)</u> |
| <u>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</u> | |
| State Appropriations | \$ 13,179,506 |
| Pell Grant | 9,438,527 |
| Property Tax | 5,524,254 |
| Gifts and Grants | 67,751 |
| Proceeds from Issuance of Debt | 2,055,000 |
| Principal Paid on Debt | (2,420,000) |
| Interest Paid on Debt | (399,254) |
| Agency Receipts | 532,601 |
| Agency Disbursements | (525,524) |
| Net Cash Provided by Non-Capital Financing Activities | <u>\$ 27,452,861</u> |
| <u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</u> | |
| Acquisition of Capital Assets | \$ (9,386,829) |
| Addition to Restricted Cash | (3) |
| Principal Paid on Debt | (88,218) |
| Interest Paid on Debt | (148,803) |
| Net Cash (Used) by Capital and Related Financing Activities | <u>\$ (9,623,853)</u> |
| <u>CASH FLOWS FROM INVESTING ACTIVITIES</u> | |
| Gain on Investments | \$ 81,331 |
| Net Cash Provided by Investing Activities | <u>\$ 81,331</u> |
| Net (Decrease) in Cash and Cash Equivalents | \$ (5,654,202) |
| Cash and Cash Equivalents - Beginning of Year | <u>35,688,996</u> |
| Cash and Cash Equivalents - End of Year | <u><u>\$ 30,034,794</u></u> |

See Accompanying Notes to Financial Statements

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2014

PRIMARY
GOVERNMENTRECONCILIATION OF OPERATING (LOSS) TO NET CASH (USED)
BY OPERATING ACTIVITIES

| | |
|------------------------------------------------------------------------------------------|-----------------|
| Operating (Loss) | \$ (24,984,120) |
| Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities: | |
| Depreciation/Amortization | \$ 2,665,091 |
| (Increase) Decrease in: | |
| Receivables | (1,214,326) |
| Due from Other Governments | 46,527 |
| Prepaid Expenses | (90,337) |
| Inventories | 4,076 |
| Increase (Decrease) in: | |
| Accounts Payable | 1,161,433 |
| Payable for Cost of Iowa Industrial New Jobs Training Program | (1,446,580) |
| Salaries and Benefits Payable | 90,875 |
| Deferred Revenue | 215,799 |
| Early Retirement Payable | (243,876) |
| Compensated Absences | 61,476 |
| Deposits Refundable | 3,208 |
| Other Postemployment Benefits | 166,213 |
| Total Adjustments | \$ 1,419,579 |
| Net Cash (Used) by Operating Activities | \$ (23,564,541) |

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Western Iowa Tech Community College is a publicly supported school established and operated by Merged Area XII under the provisions of Chapter 260C of the Code of Iowa. Western Iowa Tech Community College offers programs of adult and continuing education, lifelong learning, community education and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. The Community College also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Western Iowa Tech Community College maintains campuses in Sioux City, Cherokee, Denison, Mapleton, and LeMars, Iowa, and has its administrative offices in Sioux City, Iowa. Western Iowa Tech Community College is governed by a Board of Directors whose members are elected from each director district within Merged Area XII.

The Community College's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

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

These financial statements present Western Iowa Tech Community College (the primary government) and its component unit, Western Iowa Tech Community College Foundation. The component unit discussed below 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, 2014

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 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, 2014

Note 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Cont.) D. Assets, Liabilities, Deferred Inflows of Resources 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. The amount of interest capitalized during construction of Prairie Place dorms was \$319,510 for the year ended June 30, 2014.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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, 2014 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.

Advances from Others – Advances from others represents tuition and fees received in the current fiscal year, but the revenues will not be earned until the following fiscal year.

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, 2014.

Deferred Inflows of Resources – Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 EQUIVALENTS AND POOLED INVESTMENTS

The Community College's deposits in banks at June 30, 2014, 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, 2014

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 \$15,467,755 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 \$15,381, pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Investments held by the Community College's component unit at June 30, 2014, are as follows:

| | | |
|-------------------------|----|------------------|
| Money Markets | \$ | 6,086 |
| Equity Securities | | 245,400 |
| Corporate Bonds | | 53,697 |
| Mutual Funds | | <u>2,108,790</u> |
| | \$ | <u>2,413,973</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, 2014, 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 and the investment in open-end Mutual Funds is not exposed to custodial credit risk.

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, 2014

Note 3 - INVENTORIES

The Community College's inventories at June 30, 2014, are as follows:

| | |
|------------------------------------------------------------|-------------------|
| Bookstore (Merchandise Held for Resale) | \$ 861,786 |
| Cafeteria (Supplies and Materials) | 22,557 |
| Information Technology (Merchandise Held for Resale) | <u>32,494</u> |
| | <u>\$ 916,837</u> |

Note 4 - CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014, is as follows:

| | <u>Balance Beginning of Year</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance End of Year</u> |
|---------------------------------------------------|------------------------------------------|----------------------|---------------------|--------------------------------|
| Capital Assets Not Being Depreciated: | | | | |
| Land | \$ 813,453 | \$ 41,454 | | \$ 854,907 |
| Construction in Progress | <u>3,566,598</u> | <u>205,276</u> | \$ <u>3,566,598</u> | <u>205,276</u> |
| Total Capital Assets Not Being Depreciated | \$ 4,380,051 | \$ 246,730 | \$ 3,566,598 | \$ 1,060,183 |
| Capital Assets Being Depreciated: | | | | |
| Buildings and Other Structures .. | \$ 61,348,553 | \$ 11,946,182 | | \$ 73,294,735 |
| Furniture and Equipment | <u>10,930,753</u> | <u>765,515</u> | \$ <u>187,820</u> | <u>11,508,448</u> |
| Total Capital Assets Being Depreciated | \$ 72,279,306 | \$ 12,711,697 | \$ 187,820 | \$ 84,803,183 |
| Less Accumulated Depreciation: | | | | |
| Buildings and Other Structures .. | \$ 25,986,248 | \$ 1,655,419 | | \$ 27,641,667 |
| Furniture and Equipment | <u>7,699,594</u> | <u>1,009,672</u> | \$ <u>152,863</u> | <u>8,556,403</u> |
| Total Accumulated Depreciation | \$ <u>33,685,842</u> | \$ <u>2,665,091</u> | \$ <u>152,863</u> | \$ <u>36,198,070</u> |
| Total Capital Assets Being Depreciated, Net | \$ <u>38,593,464</u> | \$ <u>10,046,606</u> | \$ <u>34,957</u> | \$ <u>48,605,113</u> |
| Capital Assets, Net | \$ <u>42,973,515</u> | \$ <u>10,293,336</u> | \$ <u>3,601,555</u> | \$ <u>49,665,296</u> |

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 60th 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 Community 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, 2014, the Community College issued no anticipatory warrants.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Note 7 - CHANGES IN LONG-TERM LIABILITIES

A summary of changes in long-term liabilities for the year ended June 30, 2014, 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 06/30/13 .. | \$ 202,337 | \$ 13,065,000 | \$ 16,515,000 | \$ 568,697 | \$ 30,351,034 |
| Additions | - | 2,055,000 | | 315,563 | 2,370,563 |
| Reductions | (88,218) | (2,420,000) | | (149,350) | (2,657,568) |
| Balance at 06/30/14 .. | <u>\$ 114,119</u> | <u>\$ 12,700,000</u> | <u>\$ 16,515,000</u> | <u>\$ 734,910</u> | <u>\$ 30,064,029</u> |
| Current Obligation ... | <u>\$ 68,374</u> | <u>\$ 2,660,000</u> | <u>\$ 460,000</u> | <u>-</u> | <u>\$ 3,188,374</u> |

Certificates Payable

In accordance with agreements dated between December 1, 1984 and June 30, 2014, the Community College issued certificates totaling \$50,405,000 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> |
|----------------------------------|----------------------|---------------------|---------------------|
| 2015 | \$ 2,660,000 | \$ 370,105 | \$ 3,030,105 |
| 2016 | 1,775,000 | 285,189 | 2,060,189 |
| 2017 | 1,715,000 | 236,989 | 1,951,989 |
| 2018 | 1,595,000 | 187,979 | 1,782,979 |
| 2019 | 1,345,000 | 139,945 | 1,484,945 |
| 2020 - 2024 | <u>3,610,000</u> | <u>227,530</u> | <u>3,837,530</u> |
| | <u>\$ 12,700,000</u> | <u>\$ 1,447,737</u> | <u>\$14,147,737</u> |

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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, 2014, bonded indebtedness are as follows:

| <u>Year Ending June 30,</u> | <u>Interest Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|--------------------------|---------------------|---------------------|---------------------|
| 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 | 1.25-1.50 | 590,000 | 123,369 | 713,369 |
| 2020-2024 | 1.55-2.15 | 3,115,000 | 461,047 | 3,576,047 |
| 2025-2027 | 2.15-3.00 | <u>2,135,000</u> | <u>108,007</u> | <u>2,243,007</u> |
| | | \$ <u>8,035,000</u> | \$ <u>1,244,121</u> | \$ <u>9,279,121</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, 2014, bonded indebtedness are as follows:

| <u>Year Ending June 30,</u> | <u>Interest Rate</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|---------------------------------|--------------------------|---------------------|---------------------|----------------------|
| 2015 | - | | \$ 318,038 | \$ 318,038 |
| 2016 | - | | 318,037 | 318,037 |
| 2017 | - | | 318,038 | 318,038 |
| 2018 | - | | 318,037 | 318,037 |
| 2019 | - | | 318,038 | 318,038 |
| 2020-2024 | - | | 1,590,187 | 1,590,187 |
| 2025-2029 | 4.00 | \$ 1,240,000 | 1,555,588 | 2,795,588 |
| 2030-2034 | 3.50-4.00 | 3,730,000 | 1,037,387 | 4,767,387 |
| 2035-2038 | 2.15-3.00 | <u>3,510,000</u> | <u>302,438</u> | <u>3,812,438</u> |
| | | \$ <u>8,480,000</u> | \$ <u>6,075,788</u> | \$ <u>14,555,788</u> |

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 June 30,</u> | <u>Amount</u> |
|----------------------------------|------------------|
| 2015 | \$ 37,028 |
| 2016 | 14,367 |
| 2017 | 1,197 |
| 2018 | - |
| 2019 | - |
| 2020 and Thereafter | <u>-</u> |
| | <u>\$ 52,592</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 2021, 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, 2014:

| <u>Years Ending June 30,</u> | <u>Amount</u> |
|----------------------------------|-------------------|
| 2015 | \$ 65,494 |
| 2016 | 52,282 |
| 2017 | 25,500 |
| 2018 | 17,625 |
| 2019 | 15,000 |
| 2020 and Thereafter | <u>22,500</u> |
| | <u>\$ 198,401</u> |

Rent expenses for the year ended June 30, 2014, for all operating leases, except those with terms of a month or less which were not renewed, totaled \$91,270.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Note 9 - CAPITAL LEASE

The Community College is the lessee of equipment under two capital leases expiring in 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 | (73,535) |
| | <u>\$ 119,706</u> |

Future minimum lease payments under the capital lease, as of June 30, 2014, for each of the next five years and in the aggregate are:

| <u>Years Ending</u> <u>June 30,</u> | <u>Amount</u> |
|----------------------------------------------------------|------------------|
| 2015 | \$ 72,656 |
| 2016 | <u>44,451</u> |
| Total Future Minimum Lease Payments | \$ 117,107 |
| Less: Amounts Representing Interest | (2,988) |
| Present Value of Net Future Minimum Lease Payments | \$ 114,119 |
| Less: Current Obligation | (68,374) |
| Net Long-Term Obligation | <u>\$ 45,745</u> |

Payments under these agreements for the year ended June 30, 2014 totaled \$95,551.

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 5.95% of their annual covered salary and the Community College is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The Community College's contributions to IPERS for the years ended June 30, 2014, 2013, and 2012, were \$542,271, \$481,041, and \$437,216, respectively, equal to the required contributions for each year.

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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 5.95% and the Community College is required to contribute 8.93%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2014, were \$759,055 and \$505,754, respectively.

Note 12 - OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description – The Community College operates a single-employer health benefit plan which 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 shows the components of the Community College's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the Community College's net OPEB obligation:

| | |
|--------------------------------------------------|-------------------|
| Annual Required Contribution | \$ 325,521 |
| Interest on Net OPEB Obligation | 4,160 |
| Adjustment to Annual Required Contribution | (14,118) |
| Annual OPEB Cost | \$ 315,563 |
| Contributions Made | (149,350) |
| Increase in Net OPEB Obligation | \$ 166,213 |
| Net OPEB Obligation Beginning of Year | \$ 568,697 |
| Expected Net OPEB Obligation End of Year | \$ <u>734,910</u> |

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

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, 2014.

For the year ended June 30, 2014, the Community College contributed \$149,350 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, 2014 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, 2012 - Restated | \$ 267,523 | 66.80% | \$ 402,301 |
| June 30, 2013 | \$ 345,113 | 51.79% | \$ 568,697 |
| June 30, 2014 | \$ 315,563 | 47.33% | \$ 734,910 |

Funded Status and Funding Progress - As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, 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 \$10,756,045 and the ratio of the UAAL to covered payroll was 15.0%. As of June 30, 2014, 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, 2014

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 group self-insurance program 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, property and inland marine, wrongful acts and educators' legal liability, workers compensation and employer's liability, crime and employee fidelity, equipment breakdown (boiler and machinery), foreign liability and cyber liability. 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. The Community 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 \$100,000 per occurrence for wrongful acts and educators' legal liability, \$250,000 per occurrence for workers compensation and employer's liability and \$200,000 per occurrence for most other claims. Excess insurance is \$800,000 per occurrence for property, general and automobile liability, \$900,000 per occurrence for educators' legal liability and \$300,000 per occurrence for workers compensation. For liability claims there is additional excess above that for another \$10,000,000 per occurrence. Property is insured with excess coverage over the self-insured retention and underlying layer of up to \$250,000,000 per occurrence. 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 \$10,000 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 Program'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, 2014, no liability has been recorded in the Community College's financial statements. As of June 30, 2014, settled claims have not exceeded the Program's 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, 2014

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, 2014, follows:

| | |
|----------------------------------------------|--------------|
| Total Assets | \$ 1,525,117 |
| Total Liabilities | - |
| Total Net Assets | \$ 1,525,117 |
| Total Revenues | \$ 129,451 |
| Investment Gain | \$ 170,449 |
| Total Expenses | \$ 6,214 |
| Contributions to the Community College | \$ 140,280 |

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 131 projects with 48 currently receiving project funding. The remaining 83 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, 2014, 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 \$31,057 during the year ended June 30, 2014.

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, 2014

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 | \$ 871,147 |
| NonCurrent Assets | 1,087,755 |
| Capital Assets, Net of Accumulated Depreciation | <u>18,092,961</u> |
| Total Assets | \$ <u>20,051,863</u> |
| <u>Liabilities:</u> | |
| Current Liabilities | \$ 571,270 |
| Noncurrent Liabilities | <u>16,055,000</u> |
| Total Liabilities | \$ <u>16,626,270</u> |
| <u>Net Position:</u> | |
| Net Investment in Capital Assets | \$ 1,577,961 |
| Restricted | <u>1,847,632</u> |
| Total Net Position | \$ <u>3,425,593</u> |
| <u>Condensed Statement of Revenues, Expenses and Changes in Net Position</u> | |
| <u>Operating Revenue:</u> | |
| Sales and Services | \$ 1,275,999 |
| Operating Expenses | (606,389) |
| Depreciation | (<u>368,658</u>) |
| Operating Income | \$ 300,952 |
| <u>Nonoperating Revenues (Expenses):</u> | |
| Investment Income | \$ 596 |
| Interest on Indebtedness | (<u>145,875</u>) |
| Net Nonoperating Revenues (Expenses) | \$(<u>145,279</u>) |
| Change in Net Position | \$ 155,673 |
| Net Position Beginning of Year | \$ 3,511,170 |
| Prior Period Adjustment - Note 20 | (<u>241,250</u>) |
| Net Position Beginning of Year - Restated | \$ <u>3,269,920</u> |
| Net Position End of Year | \$ <u>3,425,593</u> |

WESTERN IOWA TECH COMMUNITY COLLEGE

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2014

Note 18 - SEGMENT REPORTING

(Cont.)

Condensed Statement of Cash Flows

| | |
|----------------------------------------------------------------|-------------------|
| Net Cash Provided by Operating Activities | \$ 692,046 |
| Net Cash (Used) by Capital and Related Financing Sources | (6,932,814) |
| Net Cash Provided by Investing Activities | 596 |
| Net Decrease in Cash and Cash Equivalents | \$(6,240,172) |
| Cash and Cash Equivalents Beginning of Year | <u>7,108,609</u> |
| Cash and Cash Equivalents End of Year | <u>\$ 868,437</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, 2014. 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.

Note 20 - PRIOR PERIOD RESTATEMENT

During the year ended June 30, 2014, the Community College implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. Beginning net position was restated to expense unamortized bond issuance costs of \$241,250.

Note 21 - SUBSEQUENT EVENT

In September 2014, the Community College redeemed New Jobs Training Program multiple issue 2005, 2006, 2007 and 2008 certificates payable for \$2,353,663, comprised of \$2,320,000 principal and \$33,663 interest.

The Community College has evaluated all subsequent events through November 4, 2014, the date the financial statements were available to be issued.

Note 22 - PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 68, *Accounting and Financial Reporting for Pensions - an Amendment of GASB No. 27*. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the Community College's proportionate share of the employee pension fund.

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% |
| 2014 | July 1, 2012 | - | \$ 1,614 | \$ 1,614 | 0.0% | 10,756 | 15.0% |

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.

WESTERN IOWA TECH COMMUNITY COLLEGE

OTHER SUPPLEMENTARY INFORMATION

JUNE 30, 2014

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, 2014. 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, 2014

| <u>Funds/Levy</u> | <u>Original and Final Budget</u> | <u>Actual</u> | <u>Variance Between Actual and Budget</u> |
|-----------------------|------------------------------------------|----------------------|-------------------------------------------------------|
| Unrestricted | \$ 31,798,586 | \$ 28,933,637 | \$ 2,864,949 |
| Restricted | \$ 17,250,000 | \$ 9,765,149 | \$ 7,484,851 |
| Unemployment | 53,857 | 23,543 | 30,314 |
| Tort Liability | 229,024 | 214,518 | 14,506 |
| Insurance | 1,314,792 | 1,598,025 | (283,233) |
| Early Retirement | - | (21,351) | 21,351 |
| Equipment Replacement | 658,927 | 245,517 | 413,410 |
| Total Restricted | \$ 19,506,600 | \$ 11,825,401 | \$ 7,681,199 |
| Plant | \$ 15,982,586 | \$ 9,711,240 | \$ 6,271,346 |
| Total | <u>\$ 67,287,772</u> | <u>\$ 50,470,278</u> | <u>\$ 16,817,494</u> |

NOTE TO BUDGETARY REPORTINGJUNE 30, 2014

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 negative in the Early Retirement actual column is due to employees dropping insurance coverage which reduced the early retirement health insurance liability from its original calculation. The variance in Insurance is due to higher claims than anticipated. The variance in Equipment Replacement is due to timing of the start of a new program.

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, 2014

| <u>ASSETS</u> | <u>Current Funds</u> | | |
|---------------------------------------------|--------------------------|--------------------------|-----------------------|
| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Loan Funds</u> |
| Cash and Investments: | | | |
| Cash and Pooled Investments | \$ 9,980,086 | \$ 15,070,418 | \$ 206,026 |
| Receivables: | | | |
| Accounts (Net of Allowance of \$976,415) | 2,297,470 | 1,286,776 | 1,000 |
| Property Tax | 1,524,091 | 2,891,682 | |
| Due from Other Funds | 7,296,494 | 4,118,507 | |
| Due from Other Governments | 338,687 | 119,231 | |
| Prepaid Expenditures | 422,379 | 2,280,442 | |
| Inventories | 916,837 | | |
| Restricted Cash and Pooled Investments | 1,037,756 | | |
| Capital Assets: | | | |
| Land | | | |
| Buildings and Other Structures | | | |
| Furniture and Equipment | | | |
| Construction in Process | | | |
| Accumulated Depreciation | | | |
| Total Assets | <u>\$ 23,813,800</u> | <u>\$ 25,767,056</u> | <u>\$ 207,026</u> |

SCHEDULE 2

| <u>Plant Funds</u> | | | | | |
|---------------------|---------------------------------------|--------------------------------|-------------------------|------------------------|----------------------|
| <u>Unexpended</u> | <u>Retirement of Indebtedness</u> | <u>Investment in Plant</u> | <u>Agency Funds</u> | <u>Adjustments</u> | <u>Total</u> |
| \$ 136,829 | \$ 4,243,419 | | \$ 398,016 | | \$ 30,034,794 |
| | | | | | 3,585,246 |
| 1,524,091 | | | | | 5,939,864 |
| 1,338,876 | | | 40,030 | (12,793,907) | - |
| | | | 737,762 | | 1,195,680 |
| 3,024 | | | | | 2,705,845 |
| | | | | | 916,837 |
| 50,000 | | | | | 1,087,756 |
| | | 854,907 | | | 854,907 |
| | | 73,294,735 | | | 73,294,735 |
| | | 11,508,448 | | | 11,508,448 |
| | | 205,276 | | | 205,276 |
| | | | | (36,198,070) | (36,198,070) |
| <u>\$ 3,052,820</u> | <u>\$ 4,243,419</u> | <u>\$ 85,863,366</u> | <u>\$ 1,175,808</u> | <u>\$ (48,991,977)</u> | <u>\$ 95,131,318</u> |

See Accompanying Independent Auditors' Report

WESTERN IOWA TECH COMMUNITY COLLEGE

STATEMENT OF NET POSITION

JUNE 30, 2014

| <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 | 1,511,537 | 1,532,500 | |
| Iowa Industrial New Jobs Training Program | | 2,984,565 | |
| Salaries and Benefits Payable | 1,064,886 | 132,859 | |
| Accrued Interest | | 30,842 | |
| Due to Other Funds | 8,218,503 | 979,166 | |
| Advances from Others | 143,210 | 2,719,029 | |
| Early Retirement Payable | | 128,847 | |
| Compensated Absences | 549,849 | 144,981 | |
| Deposits Refundable | 54,100 | | |
| Deposits Held in Custody for Others | | | |
| Capital Lease Obligation | | | |
| Certificates Payable | | 12,700,000 | |
| Bonds Payable | | | |
| Net OPEB Liability | | | |
| | <hr/> | <hr/> | <hr/> |
| Total Liabilities | \$ 11,542,085 | \$ 21,352,789 | \$ - |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Succeeding Year Property Tax | 1,524,091 | 2,891,682 | |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | | | |
| Restricted: | | | |
| Expendable: | | | |
| Scholarships and Grants | | 679 | |
| Loans | | | 207,026 |
| Debt Service | | | |
| Cash Reserve | | 678,851 | |
| Other | | 843,055 | |
| Unrestricted | 4,657,490 | | |
| Auxiliary Enterprises | 6,090,134 | | |
| | <hr/> | <hr/> | <hr/> |
| Total Net Position | \$ 10,747,624 | \$ 1,522,585 | \$ 207,026 |
| Total Liabilities and Net Position | <u>\$ 23,813,800</u> | <u>\$ 25,767,056</u> | <u>\$ 207,026</u> |

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> | | | |
| 880,609 | | | 8,022 | | \$ 3,932,668 |
| | | | | | 2,984,565 |
| | | | | | 1,197,745 |
| 38,603 | | | | | 69,445 |
| 2,804,731 | | | 791,507 | (12,793,907) | - |
| | | | 290,863 | | 3,153,102 |
| | | | | | 128,847 |
| | | | | | 694,830 |
| | | | | | 54,100 |
| | | | 85,416 | | 85,416 |
| 114,119 | | | | | 114,119 |
| | | | | | 12,700,000 |
| | | 16,515,000 | | | 16,515,000 |
| | | | | 734,910 | 734,910 |
| <u>\$ 3,838,062</u> | <u>\$ -</u> | <u>\$ 16,515,000</u> | <u>\$ 1,175,808</u> | <u>\$ (12,058,997)</u> | <u>\$ 42,364,747</u> |
| 1,524,091 | | | | | 5,939,864 |
| | | 69,348,366 | | (36,198,070) | 33,150,296 |
| | | | | | 679 |
| | | | | | 207,026 |
| | 4,243,419 | | | | 4,243,419 |
| | | | | | 678,851 |
| | | | | (734,910) | 108,145 |
| (2,309,333) | | | | | 2,348,157 |
| | | | | | 6,090,134 |
| <u>\$ (2,309,333)</u> | <u>\$ 4,243,419</u> | <u>\$ 69,348,366</u> | <u>\$ -</u> | <u>\$ (36,932,980)</u> | <u>\$ 46,826,707</u> |
| <u>\$ 3,052,820</u> | <u>\$ 4,243,419</u> | <u>\$ 85,863,366</u> | <u>\$ 1,175,808</u> | <u>\$ (48,991,977)</u> | <u>\$ 95,131,318</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, 2014

| <u>REVENUES</u> | <u>Current Funds</u> | | |
|-----------------------------------------------------------------------------------------------------------|----------------------|----------------------|-------------------|
| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Loan Funds</u> |
| General: | | | |
| State Appropriations | \$ 10,801,898 | \$ 2,377,608 | |
| Tuition and Fees | 15,796,167 | 1,666 | |
| Property Tax | 1,465,387 | 2,593,480 | |
| Federal Appropriations | 153,589 | 12,877,368 | |
| Sales and Services | 132,312 | | |
| Earnings on Investments | 30,504 | 17,213 | \$ 16,846 |
| Iowa Industrial New Jobs Training Program | | 3,389,613 | |
| Increase in Plant Investment Due to Plant Expenditures (Including \$669,605 in Current Fund Expenditures) | | | |
| Increase in Plant Investment Due to Retirement of Debt | | | |
| Miscellaneous | 1,822,661 | 3,525,765 | 6,875 |
| Gifts and Grants | | | |
| Loss on Disposal of Capital Assets | | | |
| | <u>\$ 30,202,518</u> | <u>\$ 24,782,713</u> | <u>\$ 23,721</u> |
| Auxiliary Enterprises: | | | |
| Federal Appropriations | \$ 8,092 | | |
| Sales and Services | 5,745,162 | | |
| Interest on Investments | 20 | | |
| Miscellaneous | 71,119 | | |
| | <u>\$ 5,824,393</u> | <u>\$ -</u> | <u>\$ -</u> |
| Total Revenues | \$ 36,026,911 | \$ 24,782,713 | \$ 23,721 |
| <u>EXPENDITURES</u> | | | |
| Education and Support: | | | |
| Liberal Arts and Sciences | \$ 4,260,752 | 80,697 | |
| Vocational Technical | 8,314,339 | 1,418,094 | |
| Adult Education | 1,820,769 | 886,265 | |
| Cooperative Services | 375,607 | 5,994,195 | |
| Administration | 1,985,641 | - | |
| Student Services | 2,284,386 | 33,011 | |
| Learning Resources | 283,673 | 3,865 | |
| Physical Plant | 3,420,023 | 1,782,198 | |
| General Institution | 6,188,447 | 1,910,297 | |
| Total Education and Support | \$ 28,933,637 | \$ 12,108,622 | \$ - |

SCHEDULE 3

| Unexpended | Plant Funds | | Adjustments | Total |
|---------------------|-------------------------------|------------------------|------------------------|----------------------|
| | Retirement of Indebtedness | Investment in Plant | | |
| | | | | \$ 13,179,506 |
| | | | (8,409,659) | 7,388,174 |
| 1,465,387 | | | | 5,524,254 |
| | | | | 13,030,957 |
| | | | | 132,312 |
| | 16,768 | | | 81,331 |
| | | | | 3,389,613 |
| | | 11,439,410 | (11,439,410) | - |
| | | | | - |
| | | | | 5,355,301 |
| 67,751 | | 5,000 | | 72,751 |
| | | | (34,957) | (34,957) |
| <u>\$ 1,533,138</u> | <u>\$ 16,768</u> | <u>\$ 11,444,410</u> | <u>\$ (19,884,026)</u> | <u>\$ 48,119,242</u> |
| | | | | \$ 8,092 |
| | | | | 5,745,162 |
| | | | | 20 |
| | | | | 71,119 |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 5,824,393</u> |
| \$ 1,533,138 | \$ 16,768 | \$ 11,444,410 | \$ (19,884,026) | \$ 53,943,635 |
| | | | 25,527 | \$ 4,366,976 |
| | | | (511,118) | 9,221,315 |
| | | | (111,029) | 2,596,005 |
| | | | 2,382 | 6,372,184 |
| | | | 5,539 | 1,991,180 |
| | | | (1,767) | 2,315,630 |
| | | | (10,907) | 276,631 |
| 517,637 | | 2,052,581 | (1,448,594) | 6,323,845 |
| | | | (29,627) | 8,069,117 |
| <u>\$ 517,637</u> | <u>\$ -</u> | <u>\$ 2,052,581</u> | <u>\$ (2,079,594)</u> | <u>\$ 41,532,883</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, 2014

| | <u>Current Funds</u> | | |
|--------------------------------------------------------------------------------------------|----------------------|-------------------|-------------------|
| | <u>Unrestricted</u> | <u>Restricted</u> | <u>Loan Funds</u> |
| <u>EXPENDITURES - (Continued)</u> | | | |
| Auxiliary Enterprises | \$ 4,864,556 | | |
| Scholarships and Grants | | \$ 9,524,686 | |
| Workforce Investment Act | | 488,786 | |
| Bad Debts and Collection Costs | | | |
| Plant Asset Acquisitions | | | |
| Retirement of Indebtedness | | | |
| Disposal of Plant Assets | | | |
| Interest on Indebtedness | | 396,825 | |
| Depreciation | | | |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures and Other Deductions | \$ 33,798,193 | \$ 22,518,919 | \$ - |
| | | | |
| Excess (Deficiency) of Revenues and Other Additions Over Expenditures and Other Deductions | \$ 2,228,718 | \$ 2,263,794 | \$ 23,721 |
| | | | |
| <u>TRANSFERS</u> | | | |
| Mandatory Transfers | (466,385) | | |
| Non-Mandatory Transfers | (948,794) | (1,632,988) | |
| | <hr/> | <hr/> | <hr/> |
| Net | \$ 813,539 | \$ 630,806 | \$ 23,721 |
| | | | |
| Net Position (Deficit) Beginning of Year | 9,934,085 | 891,779 | 183,305 |
| Prior Period Restatement - Note 20 | - | - | - |
| | <hr/> | <hr/> | <hr/> |
| Net Position (Deficit) Beginning of Year - Restated | 9,934,085 | 891,779 | 183,305 |
| | <hr/> | <hr/> | <hr/> |
| Net Position (Deficit) End of Year | \$ 10,747,624 | \$ 1,522,585 | \$ 207,026 |

SCHEDULE 3
(Cont.)

| <u>Unexpended</u> | <u>Plant Funds</u> | | <u>Adjustments</u> | <u>Total</u> |
|-----------------------|---------------------------------------|--------------------------------|------------------------|----------------------|
| | <u>Retirement of Indebtedness</u> | <u>Investment in Plant</u> | | |
| | | | | \$ 4,864,556 |
| | | | (8,409,659) | 1,115,027 |
| | | | | 488,786 |
| | | | | - |
| 9,193,603 | | | (9,193,603) | - |
| | | | - | - |
| | | 187,820 | (187,820) | - |
| | 148,374 | | | 545,199 |
| | | | 2,665,091 | 2,665,091 |
| <u>\$ 9,711,240</u> | <u>\$ 148,374</u> | <u>\$ 2,240,401</u> | <u>\$ (17,205,585)</u> | <u>\$ 51,211,542</u> |
| | | | | |
| \$ (8,178,102) | \$ (131,606) | \$ 9,204,009 | \$ (2,678,441) | \$ 2,732,093 |
| | | | | (466,385) |
| <u>7,701,700</u> | <u>(4,653,533)</u> | | | <u>466,385</u> |
| \$ (476,402) | \$ (4,785,139) | \$ 9,204,009 | \$ (2,678,441) | \$ 2,732,093 |
| (1,832,931) | 9,028,558 | 60,144,357 | (34,013,289) | 44,335,864 |
| - | - | - | (241,250) | (241,250) |
| <u>(1,832,931)</u> | <u>9,028,558</u> | <u>60,144,357</u> | <u>(34,254,539)</u> | <u>44,094,614</u> |
| | | | | |
| <u>\$ (2,309,333)</u> | <u>\$ 4,243,419</u> | <u>\$ 69,348,366</u> | <u>\$ (36,932,980)</u> | <u>\$ 46,826,707</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, 2014

| | <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 | \$ 7,718,055 | \$ 5,671,483 | \$ 1,524,472 | \$ 401,077 |
| Property Tax | | | | |
| Federal Appropriations | 10,752 | 37,877 | 1,006 | |
| Sales and Services | | | 4,400 | 32,565 |
| Interest on Indebtedness | | | | |
| Miscellaneous | 67,867 | 13,826 | 169,792 | 348,832 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Revenues | \$ 7,796,674 | \$ 5,723,186 | \$ 1,699,670 | \$ 782,474 |
| <u>EXPENDITURES</u> | | | | |
| Salaries and Benefits | 4,053,814 | 6,958,831 | 1,123,801 | 307,707 |
| Services | 84,363 | 583,470 | 315,353 | 18,813 |
| Materials and Supplies | 104,609 | 424,761 | 329,061 | 43,365 |
| Plant Asset Acquisitions | 7,180 | 37,556 | | |
| Travel | 10,786 | 35,266 | 23,720 | 5,722 |
| Collection Costs | | 274,455 | 28,834 | |
| Awards to Subrecipients | | | | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total Expenditures | \$ 4,260,752 | \$ 8,314,339 | \$ 1,820,769 | \$ 375,607 |
| Excess of Revenues Over (Under) | | | | |
| Expenditures | \$ 3,535,922 | \$ (2,591,153) | \$ (121,099) | \$ 406,867 |
| <u>TRANSFERS</u> | | | | |
| Non-Mandatory Transfers | (221,760) | (473,649) | 472,376 | |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Net | \$ 3,314,162 | \$ (3,064,802) | \$ 351,277 | \$ 406,867 |
| 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 |
| \$ 10,467,022 | | | | \$ 334,876 | \$ 10,801,898 |
| 4,806 | \$ 476,274 | | | | 15,796,167 |
| | | | 1,465,387 | | 1,465,387 |
| 8,511 | 68,319 | \$ 9,483 | | 17,641 | 153,589 |
| | 48,548 | | 9,438 | 37,361 | 132,312 |
| 30,504 | | | | | 30,504 |
| 173,399 | 49,342 | 192 | 122,073 | 877,338 | 1,822,661 |
| <u>\$ 10,684,242</u> | <u>\$ 642,483</u> | <u>\$ 9,675</u> | <u>\$ 1,596,898</u> | <u>\$ 1,267,216</u> | <u>\$ 30,202,518</u> |
| 1,483,988 | 1,987,138 | 172,760 | 1,060,503 | 3,452,442 | \$ 20,600,984 |
| 410,648 | 194,541 | 17,089 | 1,754,987 | 2,210,820 | 5,590,084 |
| 14,462 | 84,739 | 81,433 | 595,867 | 471,556 | 2,149,853 |
| | | 12,301 | 5,690 | 24,237 | 86,964 |
| 61,944 | 17,968 | 90 | 2,976 | 26,354 | 184,826 |
| 14,599 | | | | 88 | 317,976 |
| | | | | 2,950 | 2,950 |
| <u>\$ 1,985,641</u> | <u>\$ 2,284,386</u> | <u>\$ 283,673</u> | <u>\$ 3,420,023</u> | <u>\$ 6,188,447</u> | <u>\$ 28,933,637</u> |
| \$ 8,698,601 | \$ (1,641,903) | \$ (273,998) | \$ (1,823,125) | \$ (4,921,231) | 1,268,881 |
| | (25,000) | | (930,588) | (16,933) | (1,195,554) |
| <u>\$ 8,698,601</u> | <u>\$ (1,666,903)</u> | <u>\$ (273,998)</u> | <u>\$ (2,753,713)</u> | <u>\$ (4,938,164)</u> | <u>\$ 73,327</u> |
| | | | | | 4,584,163 |
| | | | | | <u>\$ 4,657,490</u> |

WESTERN IOWA TECH COMMUNITY COLLEGE

UNRESTRICTED FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION

AUXILIARY ENTERPRISES

FOR THE YEAR ENDED JUNE 30, 2014

| | <u>Bookstore</u> | <u>Parts Department</u> | <u>Cafeteria</u> |
|------------------------------------------------------|------------------|-----------------------------|------------------|
| <u>REVENUES</u> | | | |
| Federal Appropriations | \$ 6,210 | | \$ 410 |
| Sales and Services | 3,262,878 | \$ 168,312 | 1,027,341 |
| Interest on Indebtedness | | | |
| Miscellaneous | 482 | 23 | 30,697 |
| | <hr/> | <hr/> | <hr/> |
| Total Revenues | \$ 3,269,570 | \$ 168,335 | \$ 1,058,448 |
| | | | |
| <u>EXPENDITURES</u> | | | |
| Salaries and Benefits | \$ 225,208 | \$ 16,974 | \$ 150,419 |
| Services | 41,326 | | 258,022 |
| Materials and Supplies | 20,775 | 950 | 14,138 |
| Plant | (66) | | 6,500 |
| Travel | 358 | | 292 |
| Cost of Goods Sold | 2,395,785 | 157,161 | 610,904 |
| Bad Debts and Collection Costs (Recoveries) | | | |
| | <hr/> | <hr/> | <hr/> |
| Total Expenditures | \$ 2,683,386 | \$ 175,085 | \$ 1,040,275 |
| | | | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 586,184 | \$ (6,750) | \$ 18,173 |
| | | | |
| <u>TRANSFERS</u> | | | |
| Mandatory Transfers | | | |
| Non-Mandatory Transfers | (200,000) | | 17,373 |
| | <hr/> | <hr/> | <hr/> |
| Net | \$ 386,184 | \$ (6,750) | \$ 35,546 |
| | | | |
| Net Position Beginning of Year | 3,531,117 | 10,840 | 225,276 |
| | <hr/> | <hr/> | <hr/> |
| Net Position End of Year | \$ 3,917,301 | \$ 4,090 | \$ 260,822 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

SCHEDULE 5

| Vocational Servicing Accounts | Dormitories | Other | Total |
|-------------------------------------|--------------|--------------|--------------|
| | \$ 1,472 | | \$ 8,092 |
| \$ 200 | 1,056,459 | \$ 229,972 | 5,745,162 |
| | 3 | 17 | 20 |
| | 18,068 | 21,849 | 71,119 |
| \$ 200 | \$ 1,076,002 | \$ 251,838 | \$ 5,824,393 |
| | \$ 248,022 | \$ 4,849 | \$ 645,472 |
| | 271,603 | 18,178 | 589,129 |
| 8,718 | 43,939 | 125,792 | 214,312 |
| 15,030 | | | 21,464 |
| | 582 | 23,444 | 24,676 |
| | | 205,778 | 3,369,628 |
| | (125) | | (125) |
| \$ 23,748 | \$ 564,021 | \$ 378,041 | \$ 4,864,556 |
| \$ (23,548) | \$ 511,981 | \$ (126,203) | \$ 959,837 |
| | (466,385) | | (466,385) |
| | 200,000 | 229,387 | 246,760 |
| \$ (23,548) | \$ 245,596 | \$ 103,184 | \$ 740,212 |
| 29,243 | 635,432 | 918,014 | 5,349,922 |
| \$ 5,695 | \$ 881,028 | \$ 1,021,198 | \$ 6,090,134 |

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, 2014

| | <u>Scholarship and Grants</u> | <u>Equipment Replacement</u> | <u>Cash Reserve</u> |
|---------------------------------------------------------------|-----------------------------------|----------------------------------|-------------------------|
| <u>REVENUES</u> | | | |
| State Appropriations | | | |
| Tuition and Fees | | | |
| Property Tax | | \$ 651,287 | |
| Federal Appropriations | \$ 9,524,686 | | |
| Earnings on Investments | 78 | | |
| Iowa Industrial New Jobs Training Program | | | |
| Miscellaneous | | | |
| | | | |
| Total Revenues | \$ 9,524,764 | \$ 651,287 | \$ - |
| <u>EXPENDITURES</u> | | | |
| Salaries and Benefits | | | |
| Services | | | |
| Materials and Supplies | | | |
| Plant Asset Acquisitions | | \$ 245,517 | |
| Travel | | | |
| Interest on Indebtedness | | | |
| Awards to Subrecipients | | | |
| Federal Pell Grant Program | \$ 9,438,527 | | |
| Federal Supplemental Educational Opportunity Grant (FSEOG) | 86,159 | | |
| | | | |
| Total Expenditures | \$ 9,524,686 | \$ 245,517 | \$ - |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 78 | \$ 405,770 | \$ - |
| <u>TRANSFERS</u> | | | |
| Non-Mandatory Transfers | | | |
| | | | |
| Net | \$ 78 | \$ 405,770 | \$ - |
| Net Position (Deficit) Beginning of Year | 601 | 21,734 | 678,851 |
| Net Position (Deficit) End of Year | <u>\$ 679</u> | <u>\$ 427,504</u> | <u>\$ 678,851</u> |

| Tort Liability | Insurance | Unemployment Compensation | Early Retirement | TRiO | Workforce Investment Act | Iowa Industrial New Jobs Training Program | ACE Infrastructure | Title III | Other | Total |
|----------------|------------------------|---------------------------|------------------|--------------------------------|--------------------------------|-------------------------------------------|--------------------|-----------------------------------------------------|---------------------------------------------------------|-----------------------------------------------------------------------------------------------|
| | | | | | | | \$ 961,781 | | \$ 1,415,827 1,666 | \$ 2,377,608 1,666 |
| \$ 219,132 | \$ 1,237,709 | \$ 33,293 | \$ 452,059 | \$ 984,421 | \$ 488,008 | | | 679,846 | 1,200,407 | 2,593,480 |
| | | | | 6,980 | 778 | \$ 17,135 3,389,613 2,816,538 | | 200 | 701,269 | 12,877,368 17,213 3,389,613 3,525,765 |
| \$ 219,132 | \$ 1,237,709 | \$ 33,293 | \$ 452,059 | \$ 991,401 | \$ 488,786 | \$ 6,223,286 | \$ 961,781 | \$ 680,046 | \$ 3,319,169 | \$ 24,782,713 |
| \$ 214,518 | \$ 35,812 1,562,213 | \$ 23,543 | \$ (21,351) | \$ 785,181 98,266 23,441 | \$ 346,014 40,710 11,234 | \$ 5,444,410 | | \$ 214,418 93,586 334,328 24,066 13,648 | \$ 1,957,882 269,151 244,767 291,594 94,233 | \$ 3,341,499 7,722,854 613,770 561,177 129,928 396,825 228,180 9,438,527 |
| | | | | 16,941 30,071 | 5,106 85,722 | 396,825 | | | 112,387 | 86,159 |
| \$ 214,518 | \$ 1,598,025 | \$ 23,543 | \$ (21,351) | \$ 953,900 | \$ 488,786 | \$ 5,841,235 | \$ - | \$ 680,046 | \$ 2,970,014 | \$ 22,518,919 |
| \$ 4,614 | \$ (360,316) | \$ 9,750 | \$ 473,410 | \$ 37,501 | \$ - | \$ 382,051 | 961,781 | \$ - | \$ 349,155 | \$ 2,263,794 |
| | | | | (37,501) | | | (1,099,999) | | (495,488) | (1,632,988) |
| \$ 4,614 | \$ (360,316) | \$ 9,750 | \$ 473,410 | \$ - | \$ - | \$ 382,051 | (138,218) | \$ - | \$ (146,333) | \$ 630,806 |
| 10,026 | (285,938) | (18,902) | (490,562) | - | 5,411 | 163,069 | 344,391 | - | 463,098 | 891,779 |
| \$ 14,640 | \$ (646,254) | \$ (9,152) | \$ (17,152) | \$ - | \$ 5,411 | \$ 545,120 | 206,173 | \$ - | \$ 316,765 | \$ 1,522,585 |

See Accompanying Independent Auditors' Report

SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERSAGENCY FUNDSFOR THE YEAR ENDED JUNE 30, 2014

| | <u>Retraining Grants</u> | <u>Other</u> | <u>Total</u> |
|---------------------------|------------------------------|------------------|------------------|
| Balance Beginning of Year | \$ 2 | \$ 78,337 | \$ 78,339 |
| <u>ADDITIONS</u> | | | |
| State Appropriations | \$ 103,805 | | \$ 103,805 |
| Tuition and Fees | | \$ 108,410 | 108,410 |
| Federal Appropriations | | 3,159 | 3,159 |
| Earnings on Investments | | 1 | 1 |
| Miscellaneous | | 317,226 | 317,226 |
| Total Additions | \$ 103,805 | \$ 428,796 | \$ 532,601 |
| <u>DEDUCTIONS</u> | | | |
| Services | \$ 103,805 | \$ 41,881 | \$ 145,686 |
| Materials and Supplies | | 135,434 | 135,434 |
| Travel | | 244,404 | 244,404 |
| Total Deductions | \$ 103,805 | \$ 421,719 | \$ 525,524 |
| Net | \$ - | \$ 7,077 | \$ 7,077 |
| Balance End of Year | <u>\$ 2</u> | <u>\$ 85,414</u> | <u>\$ 85,416</u> |

SCHEDULE OF CREDIT AND CONTACT HOURSFOR THE YEAR ENDED JUNE 30, 2014

| Category | Credit Hours | | | Contact Hours | | |
|------------------------------------------|---------------------|----------------------------|----------------|---------------------|----------------------------|------------------|
| | Eligible for Aid | Not Eligible For Aid | Total | Eligible for Aid | Not Eligible For Aid | Total |
| Arts and Sciences | 55,531 | | 55,531 | 968,104 | | 968,104 |
| Vocational Education | 55,502 | | 55,502 | 1,163,720 | | 1,163,720 |
| Adult Education/ Continuing Education | | | - | 472,326 | 36,250 | 508,576 |
| Cooperative Programs/ Services | | | - | | | - |
| Related Services and Activities | | | - | | | - |
| Total | <u>111,033</u> | <u>-</u> | <u>111,033</u> | <u>2,604,150</u> | <u>36,250</u> | <u>2,640,400</u> |

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

| | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|
| Local (Property Tax) | \$ 5,524,254 | \$ 5,522,076 | \$ 5,206,420 | \$ 5,208,564 |
| State | 13,179,506 | 11,353,767 | 9,965,396 | 9,924,624 |
| Federal | <u>13,039,049</u> | <u>13,033,739</u> | <u>17,016,433</u> | <u>20,230,794</u> |
| Total | <u>\$ 31,742,809</u> | <u>\$ 29,909,582</u> | <u>\$ 32,188,249</u> | <u>\$ 35,363,982</u> |

SCHEDULE 9

| YEARS ENDED JUNE 30, | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| <u>2010</u> | <u>2009</u> | <u>2008</u> | <u>2007</u> | <u>2006</u> | <u>2005</u> |
| \$ 4,995,062 | \$ 4,796,578 | \$ 4,116,197 | \$ 3,916,092 | \$ 3,698,263 | \$ 3,002,078 |
| 9,497,293 | 12,771,514 | 10,709,902 | 9,921,957 | 9,270,872 | 8,473,661 |
| 17,208,782 | 10,076,967 | 8,524,100 | 7,935,290 | 7,086,963 | 7,800,208 |
| <u>\$ 31,701,137</u> | <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> |

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>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> |
|---------------------------|----------------------|----------------------|----------------------|----------------------|
| <u>REVENUES</u> | | | | |
| State Appropriations | 13,179,506 | 11,077,810 | 9,908,636 | 9,810,044 |
| Tuitions and Fees | 15,797,833 | 16,407,048 | 17,188,413 | 17,294,197 |
| Property Tax | 4,058,867 | 4,085,679 | 3,853,512 | 3,918,882 |
| Federal Appropriations | 13,039,049 | 13,033,739 | 17,016,433 | 20,230,794 |
| Sales and Services | 132,312 | 159,567 | 140,381 | 136,351 |
| Earnings on Investments | 47,737 | 53,587 | 65,207 | 81,801 |
| Iowa Industrial New Jobs | | | | |
| Training Program | 3,389,613 | 1,997,450 | 2,592,414 | 1,131,312 |
| Auxiliary Enterprises | 5,816,281 | 6,058,838 | 6,357,700 | 6,286,331 |
| Miscellaneous | 5,348,426 | 2,754,829 | 3,555,971 | 2,426,769 |
| | | | | |
| Total Revenues | <u>\$ 60,809,624</u> | <u>\$ 55,628,547</u> | <u>\$ 60,678,667</u> | <u>\$ 61,316,481</u> |
| | | | | |
| <u>EXPENDITURES</u> | | | | |
| Liberal Arts and Sciences | 4,341,449 | 4,370,310 | 4,271,045 | 4,430,927 |
| Vocational Technical | 9,732,433 | 9,308,953 | 10,275,357 | 10,657,696 |
| Adult Education | 2,707,034 | 2,671,558 | 2,434,069 | 3,084,861 |
| Cooperative Services | 6,369,802 | 2,619,474 | 4,155,735 | 1,594,767 |
| Administration | 1,985,641 | 1,761,874 | 1,912,796 | 2,309,035 |
| Student Services | 2,317,397 | 2,199,048 | 2,082,469 | 2,251,059 |
| Learning Resources | 287,538 | 295,929 | 343,138 | 348,653 |
| Physical Plant | 5,202,221 | 4,865,277 | 4,510,974 | 4,551,567 |
| General Institution | 8,098,744 | 7,381,213 | 8,064,558 | 9,495,373 |
| Auxiliary Enterprises | 4,864,556 | 5,245,205 | 5,005,179 | 5,309,513 |
| Scholarships and Grants | 9,524,686 | 10,201,726 | 11,196,454 | 11,325,703 |
| Workforce Investment Act | 488,786 | 674,457 | 1,640,182 | 2,799,503 |
| Interest on Indebtedness | 396,825 | 447,503 | 481,922 | 393,045 |
| | | | | |
| Total Expenditures | <u>\$ 56,317,112</u> | <u>\$ 52,042,527</u> | <u>\$ 56,373,878</u> | <u>\$ 58,551,702</u> |

SCHEDULE 10

YEARS ENDED JUNE 30,

| 2010 | 2009 | 2008 | 2007 | 2006 | 2005 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 9,497,293 | 12,656,445 | 10,559,746 | 9,754,187 | 9,155,272 | 8,473,661 |
| 15,370,565 | 12,264,649 | 11,100,584 | 10,834,157 | 10,800,821 | 11,142,572 |
| 3,763,703 | 3,621,344 | 2,982,270 | 2,787,654 | 2,623,537 | 1,938,989 |
| 17,208,782 | 10,076,967 | 8,524,100 | 7,935,290 | 7,086,963 | 7,666,784 |
| 146,295 | 117,104 | 98,934 | 121,751 | 106,525 | 127,471 |
| 78,929 | 192,349 | 558,060 | 809,138 | 666,651 | 277,322 |
| 1,411,410 | 1,241,317 | 3,104,955 | 1,171,738 | 3,672,907 | 1,903,622 |
| 5,526,531 | 4,459,829 | 3,566,745 | 3,354,158 | 3,043,232 | 3,135,438 |
| 3,160,304 | 3,540,966 | 5,122,112 | 2,589,157 | 4,958,998 | 2,589,956 |
| <u>\$ 56,163,812</u> | <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> |
| 4,042,897 | 3,980,539 | 3,643,430 | 3,438,704 | 3,293,910 | 3,164,724 |
| 8,851,547 | 7,886,823 | 8,407,204 | 7,527,893 | 7,426,871 | 6,944,050 |
| 3,046,384 | 2,926,465 | 2,034,962 | 2,004,817 | 1,809,915 | 1,774,306 |
| 2,804,446 | 3,248,611 | 6,500,618 | 1,927,432 | 6,697,364 | 2,458,362 |
| 1,735,794 | 1,696,747 | 1,804,641 | 1,668,920 | 1,476,720 | 1,421,744 |
| 1,884,318 | 1,821,919 | 1,759,810 | 1,548,750 | 1,597,998 | 1,485,412 |
| 375,403 | 335,525 | 336,368 | 300,938 | 319,772 | 297,428 |
| 4,012,449 | 3,803,634 | 3,823,678 | 4,151,919 | 3,319,010 | 2,984,886 |
| 8,108,521 | 7,914,354 | 6,106,456 | 6,032,523 | 6,676,005 | 5,553,734 |
| 4,361,093 | 3,717,389 | 3,061,656 | 2,951,213 | 2,613,278 | 2,725,916 |
| 9,462,137 | 5,223,567 | 4,394,709 | 4,113,238 | 4,058,105 | 4,524,888 |
| 1,240,032 | 1,168,458 | 1,446,775 | 1,704,877 | 1,053,859 | 1,079,897 |
| 458,593 | 477,651 | 470,187 | 491,408 | 533,297 | 298,283 |
| <u>\$ 50,383,614</u> | <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> |

See Accompanying Independent Auditors' Report

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDSFOR THE YEAR ENDED JUNE 30, 2014

| <u>Grantor/Program</u> | <u>Agency or Pass-Through Number</u> | <u>Federal CFDA Number</u> | <u>Program Expenditures</u> | <u>New Loans and New Loan Guarantees</u> |
|--------------------------------------------------|----------------------------------------------|------------------------------------|---------------------------------|--------------------------------------------------|
| Direct: | | | | |
| U.S. Department of Education: | | | | |
| Student Financial Aid Cluster: | | | | |
| Federal Supplemental Educational | | | | |
| Opportunity Grant (FSEOG) | N/A | 84.007 | \$ 89,507 | |
| Federal Direct Student Loans | N/A | 84.268 | | \$ 10,332,825 |
| Federal Work Study Program (FWS) | N/A | 84.033 | 145,224 | |
| Federal Pell Grant Program | N/A | 84.063(a) | 9,438,527 | |
| Federal Pell Grant Program-Administration | N/A | 84.063(a) | 14,550 | |
| | | | <u>\$ 9,687,808</u> | |
| Higher Education - Institutional Aid - Title III | N/A | 84.031 | \$ 679,846 | |
| TRiO Cluster: | | | | |
| Student Support Services | N/A | 84.042 | \$ 498,936 | |
| Talent Search | N/A | 84.044 | 234,122 | |
| Upward Bound | N/A | 84.047 | 251,363 | |
| | | | <u>\$ 984,421</u> | |
| Programs of Study | N/A | 84.048(b) | \$ 11,816 | |
| Occupational Safety and Health Administration: | | | | |
| Susan Harwood Training Grant Program | N/A | 17.502 | \$ 158,543 | |
| U.S. Department of Labor: | | | | |
| Advanced Manufacturing Industry Project | N/A | 17.261 | \$ 215,591 | |
| Total Direct | | | \$ 11,738,025 | \$ 10,332,825 |
| Indirect: | | | | |
| U.S. Department of Health and Human Services: | | | | |
| Indirect Through Iowa Workforce | | | | |
| Development: | | | | |
| Workforce Investment Act (WIA) Cluster: | | | | |
| WIA Adult Program | 7-W-17-FR-0 | 17.258 | \$ 125,028 | |
| WIA Youth Activities | 7-W-17-FR-0 | 17.259 | 176,132 | |
| WIA Dislocated Workers | 7-W-17-FR-0 | 17.278 | 185,407 | |
| | | | <u>\$ 486,567</u> | |
| U.S. Department of Transportation: | | | | |
| Indirect Through Iowa State University: | | | | |
| Business Development Program Phase I | 474-08-01 | 20.205 | \$ 1,364 | |

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

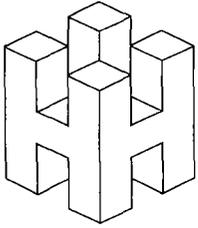
| <u>Grantor/Program</u> | <u>Agency or Pass-Through Number</u> | <u>Federal CFDA Number</u> | <u>Program Expenditures</u> | <u>New Loans and New Loan Guarantees</u> |
|-------------------------------------------------------------------------------|----------------------------------------------|------------------------------------|---------------------------------|--------------------------------------------------|
| Indirect (Cont.): | | | | |
| U.S. Department of Education: | | | | |
| Indirect Through the Iowa Department of Education: | | | | |
| Adult Education - State Grant Program | | 84.002 | \$ 232,797 | |
| Vocational Education - Basic Grants to States | 12-97-9912 | 84.048(b) | \$ 440,385 | |
| Indirect Through Sioux City Community Schools: | | | | |
| Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) | N/A | 84.334 | \$ 30,742 | |
| 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 | \$ 103,421 | |
| Total Indirect | | | <u>\$ 1,295,276</u> | <u>\$ -</u> |
| Total | | | <u>\$ 13,033,301</u> | <u>\$ 10,332,825</u> |

- (a) Total expenditures for CFDA Number 84.063 were \$9,453,077
- (b) Total expenditures for CFDA Number 84.048 were \$452,201

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2014

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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of WESTERN IOWA TECH COMMUNITY COLLEGE, Sioux City, Iowa, as of and for the year ended June 30, 2014, 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 4, 2014.

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 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, 2014 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 4, 2014.

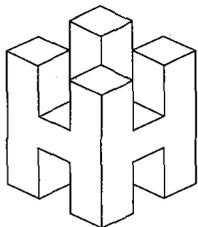
Purpose of this Report

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.

Henja, Coon & Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
November 4, 2014



**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 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, 2014. 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, 2014.

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.

Hinges, Cannon & Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
November 4, 2014

WESTERN IOWA TECH COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

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
- Vocational Education Cluster, Including:
 - CFDA Number 84.048 Basic Grants to States
 - CFDA Number 84.048 Programs of Study
- CFDA Number 17.502 Susan Harwood Training Grant Program
- CFDA Number 84.031 Higher Education – Institutional Aid – Title III

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, 2014

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, 2014

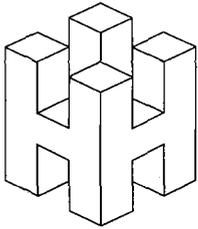
Part III: Findings and Questioned Costs for Federal Awards:

None reported.

WESTERN IOWA TECH COMMUNITY COLLEGE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2014

Part IV: Other Findings Related to Required Statutory Reporting:

- IV-A-13 Certified Budget - Expenditures in total for the year ended June 30, 2014, 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.**

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

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, 2014. 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 August 15, 2014. 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, 2014. 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 19 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.

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 4, 2014.

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.

Henzes, Connor & Williams, P.C.
Certified Public Accountants

Sioux City, Iowa
November 4, 2014

Passed Adjusting Journal Entries
 Western Iowa Tech
 June 30, 2014

| PAJE No. | Account Description | W/P Ref | Account Number | Asset | Liability | Equity | Revenue Expense |
|-------------------------------------------------------------------------|----------------------------------|---------|-------------------|----------------|----------------|-----------------|-----------------|
| 201 | CONTROL : DUE FROM STUDENTS | C-2 | 01-0-0000-00-1410 | 10,781.78 | | | |
| 201 | CONTROL : RESIDENT TUITION | | 01-1-0000-00-4110 | | | | -10,781.78 |
| To pass on adjusting student accounts receivable to actual at 06/30/14. | | | | | | | |
| 202 | CONTROL : DUE FROM FEDERAL FUNDS | C-10 | 01-0-0000-81-1450 | -12,138.43 | | | |
| 202 | CONTROL : DUE FROM STUDENTS | | 01-0-0000-00-1410 | 12,138.43 | | | |
| To pass on adjustment for draw downs. | | | | | | | |
| PAJE Totals By Classification | | | | 10,781.78 | 0.00 | 0.00 | -10,781.78 |
| Classification Totals Before PAJE | | | | 156,342,278.38 | -56,422,799.38 | -102,778,688.00 | 2,859,209.00 |