

# Iowa Valley Community College District

Financial and Compliance Report

06.30.2005

**McGladrey & Pullen**  
Certified Public Accountants

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# Iowa Valley Community College District

## Officials

Name	Title	Term Expires
<b>Board of Directors</b>		
Beryl Wellborn	President	2005
Larry Johnson	Vice President	2007
J. William Grove	Member	2005
Conrad DeJardin	Member	2007
Jane Jech	Member	2005
Delbert Kellogg	Member	2006
Yvonne Mallory	Member	2006
<b>Area School</b>		
Dr. Tim Wynes	President	
Roger Groteluschen	Vice President - Finance and Facilities Management and Board Treasurer	
Barbara Jennings	Board Secretary	

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditor's Report

To the Board of Directors  
Iowa Valley Community College District  
Marshalltown, Iowa

We have audited the accompanying basic financial statements of Iowa Valley Community College District (District), Marshalltown, Iowa, as of and for the year ended June 30, 2005, as listed in the table of contents. These basic financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We did not audit the financial statements of the aggregate discretely presented component units which represents 100% of the assets and revenues of the aggregate discretely presented component units. Those financial statements are unaudited.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards and provisions require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The discretely presented component units were not audited in accordance with the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the financial position of Iowa Valley Community College District as of June 30, 2005, except for the aggregate discretely presented component units which are unaudited as of June 30, 2005, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 18, 2005 on our consideration of Iowa Valley Community College District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grants, agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and the Budgetary Comparison Schedule of Expenditures are not a required part of the basic financial statements, but are supplementary information required by the accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements of the District that collectively comprise the District's basic financial statements. The schedules listed in the table of contents as supplementary information, as well as the accompanying schedule of expenditures of federal awards as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 18, 2005

## Iowa Valley Community College District

### Management's Discussion and Analysis Year Ended June 30, 2005

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Management of Iowa Valley Community College District (the District) provides this Management's Discussion and Analysis of the District's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2005. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

#### Financial Highlights

- District operating revenues increased 5%, or approximately \$900,000, as compared to fiscal year 2004. The increase resulted primarily from an increase in tuition revenue, prior to the scholarship adjustment, of approximately \$1,000,000. This was offset by a decline in revenue under the Iowa Industrial Jobs Training Program of approximately \$600,000 resulting from a reduction in activity by participating companies. This corresponds with a reduction in NJTP expenses and a decrease to NJTP receivables.
- In fiscal year 2004, District operating revenues increased 36%, or approximately \$4,400,000, as compared to fiscal year 2003. The increase resulted primarily from increases in revenue under the Iowa Industrial Jobs Training Program of approximately \$1,600,000, allocation of scholarships of \$1,200,000, and \$822,000 in auxiliary revenues from the new housing program.
- District operating expenses increased 1%, or approximately \$200,000, as compared to fiscal year 2004.
- In fiscal year 2004, District operating expenses increased 24%, or approximately \$5,300,000, as compared to fiscal year 2003. Cooperative services increased \$1,200,000 as compared to fiscal year 2003, due to increases in NJTP on the job training. Administration expenses also increased 46%, or approximately \$798,929, primarily as a result of increases in insurance, early retirements, and bad debts. The increase in operating expenses is also due to the additional housing program in auxiliary enterprises.
- The District's net assets increased 3%, or approximately \$600,000, from fiscal year 2004.
- The District's net assets increased 16% in fiscal year 2004, or approximately \$2,500,000, from fiscal year 2003.

#### Using this Annual Report

The 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 an analytical overview of the District's financial activities.

The basic financial statements consist of a statement of net assets, a statement of revenues, expenses, and changes in net assets and a statement of cash flows. These provide information about the activities of the District as a whole and present an overall view of the District's finances.

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

Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.

Iowa Valley Community College District

Management's Discussion and Analysis  
Year Ended June 30, 2005

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## Reporting the District as a Whole

### The Statement of Net Assets

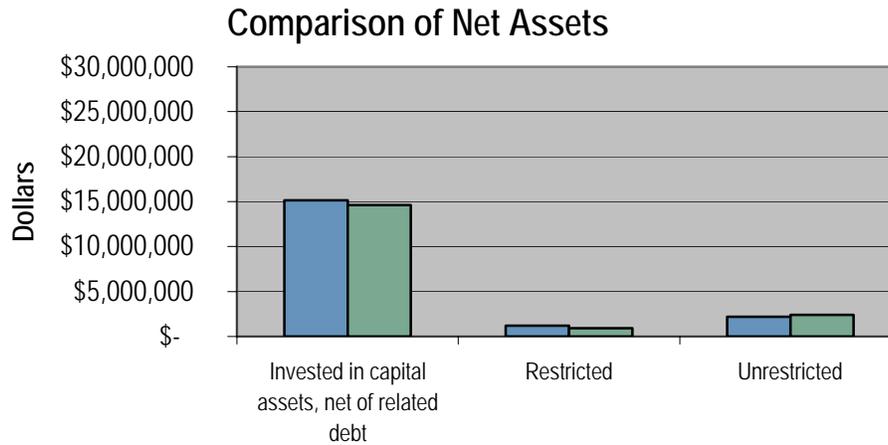
The Statement of Net Assets presents the assets, liabilities, and net assets of the District, as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the District to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and noncurrent assets, current and noncurrent liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the District's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the District owes to outside vendors and creditors. The statement presents the available assets that can be used to satisfy those liabilities.

Net Assets	June 30,	
	2005	2004
Current assets	\$ 14,765,948	\$ 14,470,926
Other assets	2,652,936	2,918,271
Capital assets, net of accumulated depreciation	21,050,469	21,222,954
<b>Total assets</b>	<b>38,469,353</b>	<b>38,612,151</b>
Current liabilities	8,679,936	8,897,808
Noncurrent liabilities	11,245,276	11,756,587
<b>Total liabilities</b>	<b>19,925,212</b>	<b>20,654,395</b>
Net assets:		
Invested in capital assets, net of related debt	15,139,693	14,612,706
Restricted	1,209,950	923,017
Unrestricted	2,194,498	2,422,033
<b>Total net assets</b>	<b>\$ 18,544,141</b>	<b>\$ 17,957,756</b>

Iowa Valley Community College District

Management's Discussion and Analysis  
Year Ended June 30, 2005

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The largest portion of the College's net assets (82%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (6%) includes resources that are subject to external restrictions. The remaining net assets (12%) are the unrestricted net assets that can be used to meet the District's obligations as they come due.

Fiscal Year 2005: The District did not experience any significant new debt or capital asset additions.

Fiscal Year 2004: The District's debt increased a net \$535,528 for additional borrowing for capital investment and the Iowa Industrial New Jobs Training Program.

Capital assets increased \$2,978,349, primarily for the contribution of dormitories.

Iowa Valley Community College District

Management's Discussion and Analysis  
Year Ended June 30, 2005

**Statement of Revenues, Expenses and Changes in Net Assets**

Changes in total net assets as reflected on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues of the District, both operating and nonoperating, and the expenses incurred by the District, operating and nonoperating, and any other revenues, expenses, gains and losses of the District.

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

Changes in Net Assets	Year Ended June 30,	
	2005	2004
Operating revenues:		
Tuition and fees	\$ 6,125,050	\$ 5,506,340
Federal appropriations	4,852,550	4,516,260
Iowa Industrial New Jobs Training Program	1,342,059	1,939,398
Auxiliary enterprise revenue	2,890,678	2,679,985
Miscellaneous	2,337,232	2,050,986
Nonoperating revenues and transfers:		
State appropriations	7,795,039	7,126,657
Property tax	3,128,290	2,962,046
Interest income on investments	245,555	183,218
Transfers from agency fund	124,968	345,190
Capital contributions	-	3,279,558
<b>Total revenues</b>	<b>28,841,421</b>	<b>30,589,638</b>
Operating expenses	27,464,271	27,276,226
Interest on indebtedness	748,539	813,694
Loss on sale of capital assets	42,226	-
<b>Total expenses</b>	<b>28,255,036</b>	<b>28,089,920</b>
<b>Increase in net assets</b>	<b>586,385</b>	<b>2,499,718</b>
Net assets:		
Beginning	17,957,756	15,458,038
Ending	<b>\$ 18,544,141</b>	<b>\$ 17,957,756</b>

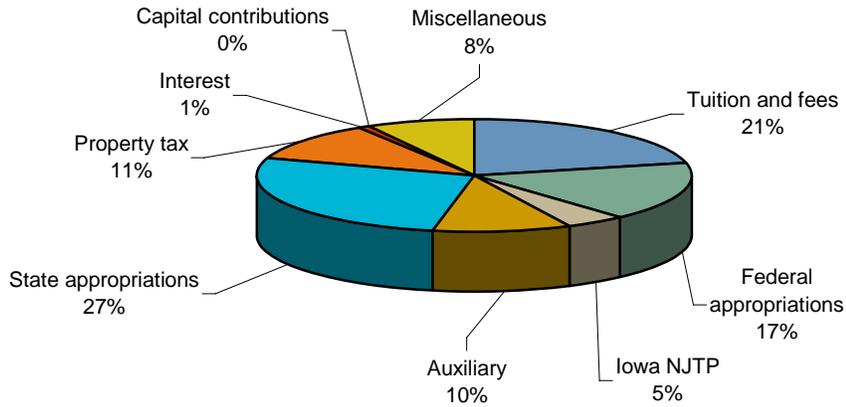
Iowa Valley Community College District

Management's Discussion and Analysis  
Year Ended June 30, 2005

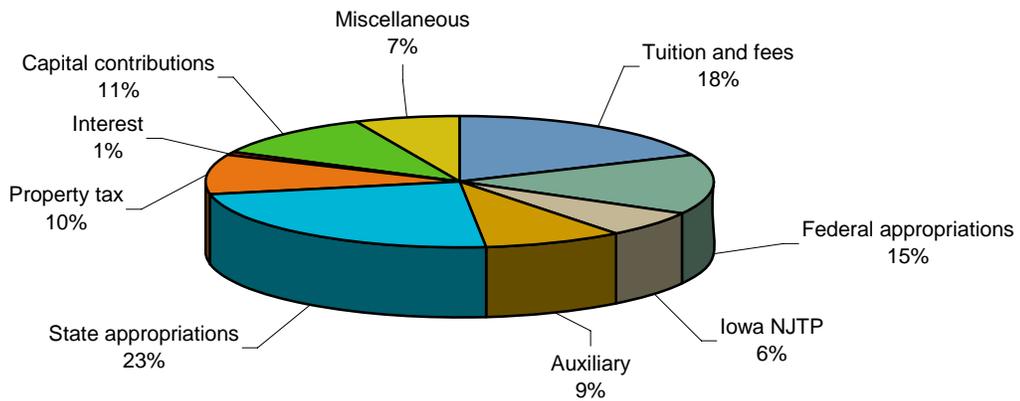
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Total Revenues by Source

2005



2004



Iowa Valley Community College District

Management's Discussion and Analysis  
Year Ended June 30, 2005

In fiscal year 2005, operating revenues increased by approximately \$900,000 (5%). The increase was a result of the following changes:

- Iowa Industrial New Jobs Training revenues decreased approximately \$600,000 due to less training activity.
- Tuition and fees, prior to the scholarship adjustment, increased by approximately \$1,000,000 due to a 10% increase in the number of credit hours and a 7% increase in the tuition rate charged per credit hour for resident students.

In fiscal year 2004, operating revenues increased by approximately \$4,400,000 (36%). The increase was a result of the following changes:

- Iowa Industrial New Jobs Training revenues increased approximately \$1,600,000 due to more training activity.
- Tuition and fees, prior to the scholarship adjustment, increased by approximately \$1,200,000 due to a 10% increase in the number of credit hours and a 9.88% increase in the tuition rate charged per credit hour for resident students.
- The \$822,133 increase in auxiliary enterprises revenue was principally the result of the new housing program.

**Operating Expenses**

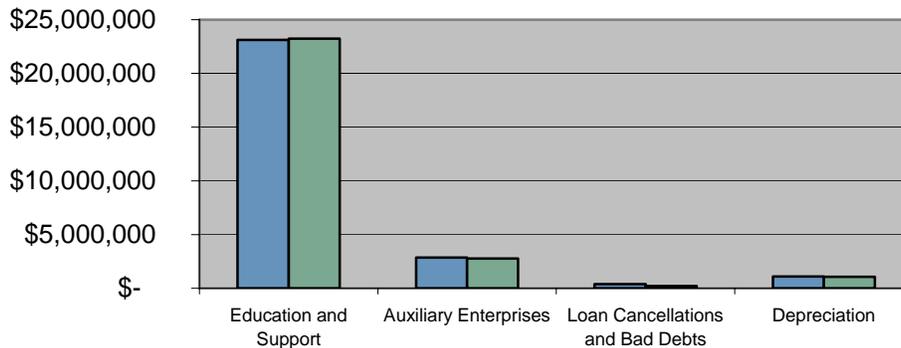
	Year Ended June 30,	
	2005	2004
Education and support:		
Liberal arts and sciences	\$ 5,298,045	\$ 4,778,346
Vocational technical	2,910,730	2,652,016
Adult education	4,178,452	4,131,395
Cooperative services	844,616	1,589,717
Administration	2,335,069	2,523,549
Student services	2,299,578	1,860,245
Learning resources	489,855	476,914
Physical plant	2,499,506	2,861,956
General institution	2,244,919	2,356,293
Auxiliary enterprises	2,867,435	2,791,677
Loan cancellations and bad debts	388,767	196,313
Depreciation	1,107,299	1,057,805
<b>Total operating expenses</b>	<b>\$ 27,464,271</b>	<b>\$ 27,276,226</b>

Iowa Valley Community College District

Management's Discussion and Analysis  
Year Ended June 30, 2005

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**Total Expenses**



In fiscal year 2005, operating expenses increased by approximately \$200,000. The following factors explain some of the changes:

- Liberal arts and sciences, vocational technical, and adult education, the three functions relating to student instruction, increased approximately \$800,000. This was due to an increase in student services.
- Cooperative services decreased by approximately \$700,000 as a result of fewer payments made to the companies participating in the Iowa Industrial New Jobs Training Program. These expenses are dependent on the needs of the participating companies.

In fiscal year 2004, operating expenses increased by approximately \$5,300,000. The following factors explain some of the changes:

- Liberal arts and sciences, vocational technical, and adult education, the three functions relating to student instruction, increased approximately \$1,400,000. This was due to an increase in student services.
- Cooperative services increased by approximately \$1,200,000 as a result of more payments made to the companies participating in the Iowa Industrial New Jobs Training Program. These expenses are dependent on the needs of the participating companies.
- Expenses for administration services increased \$798,929 primarily as a result of increases in insurance, early retirements, and bad debts.

Iowa Valley Community College District

Management's Discussion and Analysis  
Year Ended June 30, 2005

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**Statement of Cash Flows**

A statement included in Iowa Valley Community College District's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping users to assess the District's ability to generate 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, noncapital financing, capital financing, and investing activities.

<b>Cash Flows</b>	Year Ended June 30,	
	2005	2004
Cash provided by (used in):		
Operating activities	\$ (8,911,687)	\$ (9,484,362)
Noncapital financing activities	11,150,483	10,058,849
Capital and related financing activities	(2,080,300)	(1,031,764)
Investing activities	245,555	6,765,908
<b>Net increase in cash</b>	<b>404,051</b>	<b>6,308,631</b>
Cash:		
Beginning	9,328,246	3,019,615
Ending	<u>\$ 9,732,297</u>	<u>\$ 9,328,246</u>

Cash used in operating activities includes tuition, fees, grants, and contracts, net of payments to employees and to suppliers. Cash provided by noncapital financing activities includes state appropriations and local property taxes received by the District. Cash used in capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt, and the purchase of capital assets. Cash provided by investing activities includes investment income received and the net change in pooled investments.

**Capital Assets**

At June 30, 2005, the District had approximately \$34,500,000 invested in capital assets, net of accumulated depreciation of \$13,500,000. Depreciation charges totaled \$1,100,000 for fiscal year 2005. Details of capital assets are shown below.

At June 30, 2004, the District had approximately \$33,700,000 invested in capital assets, net of accumulated depreciation of \$12,400,000. Depreciation charges totaled \$1,057,805 for fiscal year 2004. Details of capital assets are shown below.

<b>Capital Assets, Net</b>	June 30,	
	2005	2004
Land	\$ 1,115,708	\$ 1,115,708
Buildings	18,565,533	18,609,338
Improvements other than buildings	540,520	552,399
Equipment and vehicles	828,708	945,509
<b>Totals</b>	<b>\$ 21,050,469</b>	<b>\$ 21,222,954</b>

More detailed information about the District's capital assets is presented in the notes to the basic financial statements.

## Iowa Valley Community College District

### Management's Discussion and Analysis Year Ended June 30, 2005

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#### Debt

At June 30, 2005, the District had \$13,155,776 in debt outstanding. This represents a decrease of approximately \$369,472 from 2004.

At June 30, 2004, the District had \$13,525,248 in debt outstanding. This represents an increase of approximately \$535,528 from 2003. The table below summarizes these amounts by type.

Outstanding Debt	June 30,	
	2005	2004
Certificates payable	\$ 7,245,000	\$ 6,915,000
Notes payable and revenue bonds	5,910,776	6,610,248
	<u>\$ 13,155,776</u>	<u>\$ 13,525,248</u>

More detailed information about the District's outstanding debt is presented in the notes to the basic financial statements.

#### Economic Factors

Iowa Valley Community College District experienced a reduction in the fund 1 general operating fund net assets unrestricted of \$367,030 which is a 22.36% reduction of fund balance. While the State economy appears to show signs of recovery, the reduction in net assets unrestricted remains a concern for the fiscal year 05/06 budget and beyond.

Economic factors and trends that continue to draw a great deal of scrutiny by the College are:

**State Appropriations** increased only \$127,308 for 04/05. Even with a \$380,205 increase for 05/06 or 5.5%, the College receives less state aid than fiscal year 00/01 by \$22,723.

**Property Valuations** decreased \$220,914,690 or 6.9% for the 04/05 collection year.

**Property Tax** from the .2025 fixed rate levy comprised only 3.48% of general operating fund revenue in fiscal year 04/05.

**Tuition and Fee Revenue** collections in the unrestricted general operating fund were up and are now the largest source of revenue for the fund, representing 48.98 % of the total revenues. While it is a significant amount of revenue, it is difficult to predict and budget due to the many variables which impact actual enrollment and the tuition and fees generated. Continued tuition rate increases (6.32% for FY 05/06) create hardships for individuals seeking a college education and access to life long learning opportunities.

**Student Enrollment** has been trending upward in recent years only to experience a sharp drop at Iowa Valley for the 05/06 fiscal year. In spite of aggressive admissions and marketing efforts, a 5% reduction in enrollment for 05/06 has forced a reduction budgeted expense and has caused open positions to remain vacant. The College must continue to be aggressive in recruiting and retaining students. The impact of enrollment on the fiscal condition of the College is significant and immediate.

## Iowa Valley Community College District

### Management's Discussion and Analysis Year Ended June 30, 2005

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**Industrial New Jobs Training (260E) Projects** have provided valuable resources for area business and industry for the expansion and training of their labor forces. With the downturn of the economy in recent years it has become increasingly difficult for area businesses and industries to meet long term debt obligation commitments for the 260E projects. This is an area of concern that is continually monitored by the College.

**Labor** costs to include health insurance continue to represent approximately 70% of expenditure in the unrestricted general operating fund. Labor costs increase as a result of the collective bargaining negotiated settlement trend and have recently averaged from 4.5% to 5% per year.

**Utility** costs also are on the rise primarily from increased rates. A year in which the usage is above average combined with double digit rate increases not to mention the effect of any new construction can cause the utility expense to grow beyond resources in spite of energy conservation efforts. The utility costs are funded by the fixed rate plant levy and for Iowa Valley utility expense has grown to totally utilize the intended tax resource leaving no funds for maintenance. Those maintenance and repair facility expenses then fall on the unrestricted general operating fund.

### Contacting the District's Financial Management

This financial report is designed to provide our customers, taxpayers in the Community College District and our creditors with a general overview of the District's finances and to demonstrate the District's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Valley Community College District, 3702 South Center Street, Marshalltown, Iowa, 50158.

Iowa Valley Community College District

Statement of Net Assets

June 30, 2005

<b>Assets</b>	Primary Institution
<hr/>	
Current Assets:	
Cash and short-term pooled investments	\$ 9,732,297
Receivables:	
Accounts, net of allowance of \$1,236,151	1,016,890
Property tax	3,004,698
Due from other governments	583,285
Inventories	248,349
Prepaid expenses	180,429
<b>Total current assets</b>	<hr/> <b>14,765,948</b> <hr/>
Noncurrent Assets:	
Receivables, Iowa Industrial New Jobs Training Program	2,486,250
Prepaid expenses	166,686
Capital assets:	
Land	1,115,708
Buildings	28,812,867
Improvements other than buildings	725,890
Equipment and vehicles	3,865,527
Accumulated depreciation	<u>(13,469,523)</u>
<b>Total noncurrent assets</b>	<hr/> <b>21,050,469</b> <hr/> <b>23,703,405</b> <hr/>
<b>Total assets</b>	<hr/> <b>\$ 38,469,353</b> <hr/>

See Notes to Basic Financial Statements.

<b>Liabilities and Net Assets</b>	Primary Institution
Current Liabilities:	
Accounts payable	\$ 540,998
Salaries and benefits payable	1,301,255
Compensated absences	283,007
Accrued interest on notes and certificates payable	103,711
Deferred revenue:	
Succeeding year property tax	2,966,490
Other	812,476
Early retirement payable	165,453
Deposits held in custody for others	397,074
Certificates payable	1,505,000
Notes payable and revenue bonds	604,472
<b>Total current liabilities</b>	<u>8,679,936</u>
Noncurrent Liabilities:	
Early retirement payable	198,972
Certificates payable	5,740,000
Notes payable and revenue bonds	5,306,304
<b>Total noncurrent liabilities</b>	<u>11,245,276</u>
<b>Total liabilities</b>	<u>19,925,212</u>
Net Assets:	
Invested in capital assets, net of related debt	15,139,693
Restricted for:	
Nonexpendable, cash reserve	264,342
Expendable:	
Loans	208
Plant	(171,328)
Iowa Industrial New Jobs Training Program	461,002
Early retirement	(124,212)
Other	779,938
Unrestricted	2,194,498
<b>Total net assets</b>	<u>18,544,141</u>
<b>Total liabilities and net assets</b>	<u>\$ 38,469,353</u>

Iowa Valley Community College District

Statement of Revenues, Expenses, and Changes in Net Assets  
Year Ended June 30, 2005

	Primary Institution
<hr/>	
Revenues:	
Operating revenues:	
Tuition and fees, net of scholarship allowances of \$3,001,540	\$ 6,125,050
Federal appropriations	4,852,550
Iowa Industrial New Jobs Training Program	1,342,059
Auxiliary enterprises revenue	2,890,678
Miscellaneous	2,337,232
<b>Total operating revenues</b>	<u>17,547,569</u>
Expenses:	
Operating expenses:	
Education and support:	
Liberal arts and sciences	5,298,045
Vocational technical	2,910,730
Adult education	4,178,452
Cooperative services	844,616
Administration	2,335,069
Student services	2,299,578
Learning resources	489,855
Physical plant	2,499,506
General institution	2,244,919
Auxiliary enterprises	2,867,435
Loan cancellations and bad debts	388,767
Depreciation	1,107,299
<b>Total operating expenses</b>	<u>27,464,271</u>
<b>Operating (loss)</b>	<u>(9,916,702)</u>
Nonoperating revenues (expenses):	
State appropriations	7,795,039
Property tax	3,128,290
Investment earnings	245,555
Loss on disposition of capital assets	(42,226)
Interest on indebtedness	(748,539)
<b>Net nonoperating revenues</b>	<u>10,378,119</u>
<b>Change in net assets</b>	461,417
Transfers from agency fund	124,968
<b>Total change in net assets</b>	<u>586,385</u>
Net assets:	
Beginning of year	17,957,756
Ending	<u>\$ 18,544,141</u>

See Notes to Basic Financial Statements.

Iowa Valley Community College District

Statement of Cash Flows  
Year Ended June 30, 2005

	Primary Institution
<hr/>	
Cash Flows from Operating Activities:	
Cash received from tuition and fees	\$ 6,027,560
Cash received from federal appropriations	4,981,593
Cash received from Iowa Industrial New Jobs Training Program	1,496,274
Payments to employees for salaries and benefits	(15,084,362)
Payments to suppliers for goods and services	(11,560,662)
Auxiliary enterprise receipts	2,890,678
Other receipts	2,337,232
<b>Net cash (used in) operating activities</b>	<u>(8,911,687)</u>
Cash Flows from Noncapital Financing Activities:	
Transfers from agency funds	124,968
State appropriations	7,795,039
Property tax	3,101,493
Miscellaneous Agency Fund receipts	1,065,521
Miscellaneous Agency Fund disbursements	(936,538)
<b>Net cash provided by noncapital financing activities</b>	<u>11,150,483</u>
Cash Flows from Capital and Related Financing Activities:	
Proceeds from issuance of debt	1,950,000
Acquisition of capital assets	(977,040)
Principal paid on debt	(2,319,472)
Interest paid	(733,788)
<b>Net cash (used in) capital and related financing activities</b>	<u>(2,080,300)</u>
Cash Flows Provided by Investing Activities,	
interest from investments	<u>245,555</u>
<b>Net increase in cash and short-term pooled investments</b>	404,051
Cash and short-term pooled investments:	
Beginning	<u>9,328,246</u>
Ending	<u>\$ 9,732,297</u>

(Continued)

Iowa Valley Community College District

Statement of Cash Flows (Continued)

Year Ended June 30, 2005

	Primary Institution
Reconciliation of operating loss to net cash (used in) operating activities, operating loss	<u>\$ (9,916,702)</u>
Adjustments to reconcile operating loss to net cash provided by operating activities, depreciation	<u>1,107,299</u>
Changes in assets and liabilities:	
Increase in accounts receivable	(97,490)
Decrease in Iowa Industrial New Jobs Training Program	154,215
Decrease in due from other governments	117,125
Decrease in inventories	23,588
Decrease in prepaid expenses	59,114
Decrease in accounts payable	(153,207)
Increase in salaries and benefits payable	192,907
Decrease in early retirement payable	(420,386)
Increase in compensated absences	9,932
Increase in other deferred revenue	11,918
<b>Total adjustments</b>	<u>(102,284)</u>
 <b>Net cash (used in) operating activities</b>	 <u><u>\$ (8,911,687)</u></u>

See Notes to Basic Financial Statements.

Iowa Valley Community College District

Combining Statement of Net Assets - Component Units - Foundations (Unaudited)

December 31, 2004

Assets	Marshalltown Community College District Foundation	Ellsworth College Foundation	Total
Current Assets:			
Cash and short-term pooled investments	\$ 337,582	\$ 357,838	\$ 695,420
Noncurrent Assets:			
Investments	1,788,213	1,659,387	3,447,600
Capital assets	289,250	278,400	567,650
<b>Total assets</b>	<b>\$ 2,415,045</b>	<b>\$ 2,295,625</b>	<b>\$ 4,710,670</b>
<b>Liabilities and Net Assets</b>			
Net Assets:			
Restricted for scholarships and fellowships	\$ 2,077,463	\$ 1,859,646	\$ 3,937,109
Unrestricted	337,582	435,979	773,561
<b>Total net assets</b>	<b>\$ 2,415,045</b>	<b>\$ 2,295,625</b>	<b>\$ 4,710,670</b>

See Notes to Basic Financial Statements.

Iowa Valley Community College District

Combining Statement of Revenues, Expenses, and Changes in Net Assets -  
Component Units - Foundations (Unaudited)  
Year Ended December 31, 2004

	Marshalltown Community College District Foundation	Ellsworth College Foundation	Total
Revenues:			
Operating revenues:			
Contributions	\$ 75,309	\$ 467,100	\$ 542,409
Special events and grants	106,358	81,897	188,255
<b>Total operating revenues</b>	<b>181,667</b>	<b>548,997</b>	<b>730,664</b>
Expenses:			
Operating expenses:			
Scholarships and grants	187,257	191,212	378,469
Miscellaneous	41,647	-	41,647
Administration	121,537	203,013	324,550
<b>Total operating expenses</b>	<b>350,441</b>	<b>394,225</b>	<b>744,666</b>
<b>Operating income (loss)</b>	<b>(168,774)</b>	<b>154,772</b>	<b>(14,002)</b>
Nonoperating revenues, investment earnings	307,112	154,597	461,709
<b>Increase in net assets</b>	<b>138,338</b>	<b>309,369</b>	<b>447,707</b>
Net assets:			
Beginning	2,276,707	1,986,256	4,262,963
Ending	<u>\$ 2,415,045</u>	<u>\$ 2,295,625</u>	<u>\$ 4,710,670</u>

See Notes to Basic Financial Statements.

## Iowa Valley Community College District

### Notes to Basic Financial Statements

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#### Note 1. Reporting Entity, Discretely Presented Component Units, and Significant Accounting Policies

##### Reporting entity:

The Iowa Valley Community College District (the District) is a publicly supported, post-secondary, two-year institution established and operated as an area community college by Merged Area VI, as provided in Chapter 260C of the Code of Iowa. The District 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. It also offers up to two years of vocational or technical education, as well as training or retraining to persons who are preparing to enter the labor market. The District maintains campuses in Marshalltown, Iowa Falls, and Grinnell, Iowa and has its administrative offices in Marshalltown.

In fulfilling the responsibilities assigned to it by law, the District offers a comprehensive educational program and support services to fulfill local and state needs. The District serves primarily students from the state of Iowa.

Accounting principles generally accepted in the United States of America require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In addition, the GASB issued Statement No. 39, *Determining Whether Certain Organizations are Component Units*, which sets forth additional criteria to determine whether certain organizations for which the District is not financially accountable should be reported as component units based on the nature and significance of their relationship with the District. These criteria include (1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the District or its constituents, (2) the District being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the District, and (3) the economic resources received or held by an individual organization that the District is entitled to, or has the ability to otherwise access, are significant to the District.

The District is considered to be a primary government and has included Marshalltown Community College District Foundation and Ellsworth College Foundation as discretely presented component units in their basic financial statements due to the nature of their relationship with the District.

##### Discretely presented component units:

Marshalltown Community College Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Marshalltown Community College, a part of Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Marshalltown Community College.

## Iowa Valley Community College District

### Notes to Basic Financial Statements

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#### Note 1. Reporting Entity, Discretely Presented Component Units, and Significant Accounting Policies (Continued)

Ellsworth College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of providing scholarships to students and other support for the benefit of Ellsworth Community College, a part of the Iowa Valley Community College District. The Foundation is governed by a separate Board of Directors. Although the District does not control the timing or amount of receipts from the Foundation, the majority of the resources that are held are used for the benefit of Ellsworth Community College.

The discretely presented component units operate on a December 31, 2004 year-end. Separate unaudited financial statements can be obtained at Iowa Valley Community College District, 3702 S. Center Street, Marshalltown, Iowa 50158.

#### Significant accounting policies:

Financial statement presentation: The basic financial statements (i.e., the statements of net assets, revenues, expenses, and changes in net assets, and cash flows) report information on all of the activities of the District. All material interfund activity has been removed from these statements.

Measurement focus and basis of accounting: For financial reporting purposes, the District is considered a special-purpose government engaged only in business-type activities as defined in GASB Statement No. 35. Accordingly, the basic financial statements of the District 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.

Accounting standards: The District follows Governmental Accounting Standards Board (GASB) pronouncements as well as following all Financial Accounting Board Statements and Interpretations, Accounting Principles Board Opinion and Accounting Research Bulletins of the Committee on Accounting Procedures issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Cash and short-term pooled investments: For purposes of the statement of cash flows, all short-term deposits or cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily converted to known amount of cash and at the date of purchase, have a maturity no longer than three months.

Investments: Investments are stated at their fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. The District invests in the Iowa Schools Investment Trust which is a common law trust established under Iowa law and is administered by an appointed investment management company. The fair value of the position in the trust is the same as the value of the shares.

Iowa Valley Community College District

Notes to Basic Financial Statements

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**Note 1. Reporting Entity, Discretely Presented Component Units, and Significant Accounting Policies (Continued)**

Property tax receivable: Property tax receivable is recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Directors to the appropriate County Auditors. The succeeding year property tax receivable represents taxes 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 March 15 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP): This represents the amount to be remitted to the District for training projects entered into between the District and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2005 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Due from other governments: This represents state aid, grants and reimbursements due from the state of Iowa and grants and reimbursements due from the federal government.

Inventories: Inventories are valued at lower of cost (first-in, first-out method) or market. The cost is recorded as an expenditure at the time individual inventory items are consumed.

Capital assets: Capital assets, which include land, buildings, improvements other than buildings, equipment and vehicles, and construction-in-process are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

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

The District defines capital assets as assets with initial, individual costs in excess \$5,000.

Depreciation is computed using the straight-line method over the following estimated useful lives:

	<u>Years</u>
Buildings and improvements other than buildings	20 - 40
Equipment	10 - 20
Vehicles	5

The District does not recognize depreciation on capital assets currently under construction. Depreciation will commence upon completion of the project based on the applicable asset category and estimated useful life. The District does not capitalize or depreciate library books. The collection is unencumbered, held for public education, protected, cared for and preserved, and the proceeds from the sale of library books, if any, are not material to the District.

## Iowa Valley Community College District

### Notes to Basic Financial Statements

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#### Note 1. Reporting Entity, Discretely Presented Component Units, and Significant Accounting Policies (Continued)

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.

Deferred revenue: Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose restriction. Deferred revenue consists of unspent grant proceeds and the succeeding year property tax receivable.

Compensated absences: District employees accumulate a limited amount of earned but unused vacation for subsequent use. Earned, but unused vacation is paid to the employee upon termination, death, or retirement. Amounts representing the cost of compensated absences are recorded as compensated absences. These liabilities have been computed based on rates of pay in effect at June 30, 2005.

Accrued interest payable: Interest on long-term bonded indebtedness is recorded as a liability when the interest is payable.

Auxiliary enterprises revenues and expenses: Auxiliary enterprises revenues and expenses primarily represent revenues generated and expenses associated with bookstore, cafeteria, athletics, and housing.

Summer session: The District 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: Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses.

Income taxes: The District is exempt from federal income taxes under the provisions of Section 115 of the Internal Revenue Code as a political subdivision of the State of Iowa. As such, the District is subject to federal income taxes only on any net unrelated business income under the provisions of Section 511 of the Internal Revenue Code.

Operating and nonoperating activities: Operating activities, as reported in the statement of revenues, expenses and changes in net assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Nonoperating activities include state appropriations, property tax, investment earnings, and interest expense.

Transfers: Transfers from agency funds were primarily composed of amounts from student fees used in support of athletics.

Use of estimates: The preparation of financial statements in conformity with U.S. accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Iowa Valley Community College District

Notes to Basic Financial Statements

**Note 1. Reporting Entity, Discretely Presented Component Units, and Significant Accounting Policies (Continued)**

Net assets: Net assets are classified according to restrictions or availability of assets for satisfaction of District obligations. Invested in capital assets, net of related debt represents the net value of capital assets less the debt incurred to acquire or construct the assets and the borrowed resources not yet expended, but restricted for capital purchases. Restricted net assets represent the amounts segregated for specific purposes as allowed by the Code of Iowa, bond covenants, donors, or outside agencies. All remaining net assets are unrestricted for legal purposes, but may be designated for specific purposes. The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Scholarship allowances and student aid: 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 revenue. 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.

**Note 2. Cash and Pooled Investments**

Interest rate risk: As a means of limiting its exposure to fair value losses arising from rising interest rates, the District's investment policy limits operating funds portfolio to maturities of less than 397 days.

As of June 30, 2005, the District had the following investments:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1 to 5	6 to 10	More Than 10
Iowa Schools Joint Investment Trust	\$ 83,311	\$ 83,311	\$ -	\$ -	\$ -

Credit risk: The District 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.

Concentration of credit risk: The District's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The District's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities, and obtain a reasonable rate of return. The policy does not allow the District to invest in reverse purchase agreements, futures, or options.

Iowa Valley Community College District

Notes to Basic Financial Statements

**Note 2. Cash and Pooled Investments (Continued)**

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. It is the District's policy to require that time deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default.

As of June 30, 2005, the District's carrying amount of deposits excluding \$4,450 of petty cash totaled \$9,644,536 with a bank balance of \$10,049,465. The District's cash and deposits (money market accounts and certificates of deposit) as of June 30, 2005 were entirely covered by federal depository insurance 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 ensure there will be no loss of public funds.

The District invests in the Iowa Schools Joint Investment Trust, which is not subject to risk categorization. The balance as of June 30, 2005 was \$83,311.

Excluded from the cash and investment amount, disclosed immediately above, are cash and investments of \$4,143,020 which belong to the component units of the District. Investments of the component units consist principally of U.S. Treasury notes, corporate securities, agencies, equities, and mutual funds. Disclosures for interest rate risk, credit risk, concentration of credit risk, and custodial credit risk for the component units are not available.

**Note 3. Capital Assets**

A summary of the changes in capital assets for the year ended June 30, 2005 is as follows:

	Balance June 30, 2004	Additions	Deletions	Balance June 30, 2005
Capital assets not being depreciated, land	\$ 1,115,708	\$ -	\$ -	\$ 1,115,708
Capital assets being depreciated:				
Buildings	28,045,682	767,185	-	28,812,867
Improvements other than buildings	722,447	3,443	-	725,890
Equipment and vehicles	3,778,510	206,412	119,395	3,865,527
<b>Total capital assets being depreciated</b>	<b>32,546,639</b>	<b>977,040</b>	<b>119,395</b>	<b>33,404,284</b>
Less accumulated depreciation for:				
Buildings	9,436,344	810,990	-	10,247,334
Improvements other than buildings	164,097	21,273	-	185,370
Equipment and vehicles	2,838,952	275,036	77,169	3,036,819
<b>Total accumulated depreciation</b>	<b>12,439,393</b>	<b>1,107,299</b>	<b>77,169</b>	<b>13,469,523</b>
<b>Total capital assets being depreciated, net</b>	<b>20,107,246</b>	<b>(130,259)</b>	<b>42,226</b>	<b>19,934,761</b>
<b>Capital assets, net</b>	<b>\$ 21,222,954</b>	<b>\$ (130,259)</b>	<b>\$ 42,226</b>	<b>\$ 21,050,469</b>

Iowa Valley Community College District

Notes to Basic Financial Statements

**Note 4. Changes in Noncurrent Liabilities**

A summary of changes in noncurrent liabilities for the year ended June 30, 2005 is as follows:

	Compensated Absences	Early Retirement Payable	Certificates Payable	Notes Payable and Revenue Bonds	Total
Balance, beginning	\$ 273,075	\$ 784,811	\$ 6,915,000	\$ 6,610,248	\$ 14,583,134
Additions	283,007	4,184	1,950,000	-	2,237,191
Reductions	273,075	424,570	1,620,000	699,472	3,017,117
Balance, ending	283,007	364,425	7,245,000	5,910,776	13,803,208
Less current portion	283,007	165,453	1,505,000	604,472	2,557,932
<b>Total noncurrent liabilities</b>	<b>\$ -</b>	<b>\$ 198,972</b>	<b>\$ 5,740,000</b>	<b>\$ 5,306,304</b>	<b>\$ 11,245,276</b>

**Notes payable and revenue bonds:**

The District has issued notes payable and revenue bonds for the purchase and construction of District properties as allowed by Section 260C.19 of the Code of Iowa. Details of scheduled maturities for the District's June 30, 2005 notes payable and revenue bonds are as follows:

	Principal	Interest	Total
Year ending June 30:			
2006	\$ 604,472	\$ 297,809	\$ 902,281
2007	119,472	282,446	401,918
2008	124,472	278,278	402,750
2009	129,472	273,230	402,702
2010	139,472	269,292	408,764
2011 - 2015	748,416	1,234,306	1,982,722
2016 - 2020	4,045,000	552,053	4,597,053
	<b>\$ 5,910,776</b>	<b>\$ 3,187,414</b>	<b>\$ 9,098,190</b>

Iowa Valley Community College District

Notes to Basic Financial Statements

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**Note 4. Changes in Noncurrent Liabilities (Continued)**

Notes payable and revenue bonds consisted of the following principal balances as of June 30, 2005:

Note payable dated February 1, 2003, with an interest rate of 7%. Interest is paid semiannually, while principal payments are due annually, with a maturity date of February 1, 2013. Certain land is collateral for the debt.	\$ 115,776
Dormitory revenue bonds dated October 1, 2002, with interest rates between 2.75% and 5.30%. Interest is payable semiannually, while principal payments are due annually, with a maturity date of May 1, 2018. The real estate, dormitory facilities, and related personal property are collateral for the debt.	2,520,000
Student housing revenue bonds dated May 1, 1999, with interest rates between 4.35% and 5.85%. Interest is payable semiannually, while principal payments are due annually, with a maturity date of May 1, 2019. The real estate, student housing facilities, and related personal property are collateral for the debt.	1,110,000
Dormitory revenue bonds dated May 1, 2001, with interest rates between 4.25% and 5.75%. Interest is payable semiannually, while principal payments are due annually, with a maturity date of May 1, 2016. The real estate, dormitory facilities, and related personal property are collateral for the debt.	1,665,000
Capital loan note dated June 1, 2004, with an interest rate of 2.95%. Interest payments are due semiannually, with semi-annual principal payments commencing December 1, 2005, and a maturity date of June 1, 2007.	500,000
	<u>\$ 5,910,776</u>

Iowa Valley Community College District

Notes to Basic Financial Statements

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Note 4. Changes in Noncurrent Liabilities (Continued)

Certificates payable:

Pursuant to agreements dated from July 1988 to June 2005, the District issued certificates totaling \$7,245,000 at June 30, 2005 with net interest rates ranging from 3.25% to 8.5% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa. Iowa Industrial New Jobs Transfer Program (NJTP's) purpose is to provide tax-aided training for employees of industries which are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits, from withholding taxes, incremental property taxes, and, in the case of default, standby property taxes collected pursuant to Chapter 260E.

The certificates will mature as follows:

	Principal	Interest	Total
Year ending June 30:			
2006	\$ 1,505,000	\$ 410,465	\$ 1,915,465
2007	1,090,000	327,778	1,417,778
2008	1,015,000	266,968	1,281,968
2009	870,000	209,388	1,079,388
2010	820,000	159,480	979,480
2011 - 2015	1,945,000	213,112	2,158,112
	<u>\$ 7,245,000</u>	<u>\$ 1,587,191</u>	<u>\$ 8,832,191</u>

Since inception, the District has administered 114 projects, with 27 currently receiving project funding. Of the remaining projects, 59 have been completed and closed and 28 have been completed with only repayment of the certificates left. In cases where projects exceed the budgeted amounts, the District intends to obtain additional withholding revenue from the companies.

## Iowa Valley Community College District

### Notes to Basic Financial Statements

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#### Note 5. Operating Leases

The District leases certain property under operating leases that expire at varying dates. Most of the operating leases provide the District with the option to renew the lease at the fair rental value at the end of the initial lease term. Generally, management expects that the leases will be renewed or replaced by other leases in the normal course of business. Minimum payments for operating leases having initial or remaining noncancelable terms in excess of one year are as follows:

Year ending June 30:	
2006	\$ 365,000
2007	423,000
2008	410,000
2009	215,000
2010	156,000
	<u>\$ 1,569,000</u>

Total rent expense for all operating leases was \$532,160 for the year ended June 30, 2005.

#### Note 6. Iowa Public Employees Retirement System (IPERS)

The District 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 (State). 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 3.70% of their annual covered salary, and the District is required to contribute 5.75% of annual payroll. Contribution requirements are established by State statute. The District's contribution to IPERS for the years ended June 30, 2005, 2004, and 2003 were \$300,889, \$289,631, and \$275,200, respectively, equal to the required contribution each year.

#### Note 7. Teachers Insurance and Annuity Association, College Retirement Equities Fund (TIAA-CREF)

The District contributes to the Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF) retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the District. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible District 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, each employee is to contribute 3.70% and the District is required to contribute 5.75%. The District's contribution to TIAA-CREF for the year ended June 30, 2005 was \$290,418, equal to the required contribution for the year. The employees' contribution to TIAA-CREF for the year ended June 30, 2005 was \$188,750, equal to the required contribution for the year.

## Iowa Valley Community College District

### Notes to Basic Financial Statements

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#### **Note 8. Early Retirement**

Staff who are at least half-time and who are age fifty-seven or older and have at least eleven years of continuous service with the District are eligible for early retirement remuneration. Retirement will begin at the end of the employee's contract. A staff member who accepts early retirement will receive cash benefits in thirty-six equal monthly installments beginning July 15 of the following fiscal year. The liability at June 30, 2005 for those employees electing early retirement was \$364,425 and is recorded in general restricted funds. Payment of the liability in future years will be funded by property tax revenue.

The District's early retirement expense for the year ended June 30, 2005, including insurance costs, was \$4,184.

#### **Note 9. Risk Pool**

The District is a member in the Insurance Management Program for Area Community Colleges (IMPACC) as allowed by Chapter 504A of the Code of Iowa. IMPACC (Program) is a risk-sharing pool whose members include Iowa Community Colleges. IMPACC was incorporated in May 1988 for the purpose of managing and funding insurance for its members and to provide general liabilities, automobile liability, automobile physical damage, public official bonds, property and inland marine, errors and omissions and School Board legal liability, workers' compensation and employers liability, crime insurance, fiduciary bonds, and boiler and machinery insurance coverage for its member colleges. There have been no reductions in insurance coverage from prior years.

The members' annual contributions are to fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund IMPACC's general and administrative expenses, claims, claim expenses, and reinsurance expenses due and payable in the current year. The District's contributions to the risk-sharing pool are recognized as expenditures at the time of payment. The District's total contributions to IMPACC for the year ended June 30, 2005 were \$144,887.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self-insured retention of \$200,000 per property/liability, \$100,000 for error/omissions, and \$200,000 for workers' compensation. The policy limit per occurrence is \$800,000 for property/liability, \$900,000 for errors/omissions, and \$150,000 for workers' compensation. Excess insurance for workers' compensation is for statutory limits. Excess for all other lines is \$10,000,000 per occurrence. Property is insured with excess coverage over the self-insured retention of up to \$50,000,000 for boiler and machinery and up to \$101,000,000 for other property. Stop gap loss protection is provided above the member's loss fund.

In the event any claim or series of claims exceed the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The District does not report a liability for losses in excess of reinsurance unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2005, no liability has been recorded by the District. Settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

Members agree to continue membership for a period of not less than three full years. After such period, a member who has given sufficient notice, in compliance with the bylaws, may withdraw. Upon withdrawal, payments for all claims and claims expenses for the years of membership continue until all claims for those years are settled.

## Iowa Valley Community College District

### Notes to Basic Financial Statements

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#### Note 10. Accounting Change

For the year ended June 30, 2005, the District implemented Governmental Accounting Standards Board Statement No. 40, *Deposit and Investment Risk Disclosures*. This Statement established and modified disclosure requirements related to investment risks related to credit risk, concentration of credit risk, interest rate risk, and foreign currency risk. As an element of interest rate risk, this Statement required certain disclosures of investments that have fair values that are highly sensitive to changes in interest rates. This Statement also established and modified disclosure requirements for deposit risks.

#### Note 11. New Pronouncements

The Governmental Accounting Standards Board (GASB) has issued several Statements not yet implemented by the District. The Statements which might impact the District are as follows:

Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, issued November 2003, will be effective for the District beginning with its year ending June 30, 2006. This Statement requires governments to report the effects of capital asset impairment in their financial statements when it occurs and requires all governments to account for insurance recoveries in the same manner.

Statement No. 43, *Financial Reporting for Postemployment Benefit Plans Other than Pension Plans*, issued April 2004, will be effective for the District beginning with its year ending June 30, 2008. This Statement establishes uniform financial reporting standards for other postemployment benefit plans (OPEB plans) and supersedes existing guidance.

Statement No. 45, *Accounting and Financial Reporting by Employers for Postretirement Benefits Other than Pensions*, issued June 2004, will be effective for the District beginning with its year ending June 30, 2009. This Statement establishes standards for the measurement, recognition and display of other postemployment benefits expenses and related liabilities or assets, note disclosures and if applicable, required supplementary information in the financial reports.

Statement No. 46, *Net Assets Restricted by Enabling Legislation*, an amendment of GASB 34, issued December 2004, will be effective for the District beginning with its year ending June 30, 2006. This Statement establishes and modifies requirements related to restrictions of net assets resulting from enabling legislation.

Statement No. 47, *Accounting for Termination Benefits*, issued June 2005, will be effective for the District with its year beginning June 30, 2006. This Statement establishes accounting standards for termination benefits. In financial statements prepared on the accrual basis of accounting, employers should recognize a liability and expense for voluntary termination benefits (early retirement incentives) when the offer is accepted and the amount can be estimated. A liability for involuntary termination benefits (severance benefits) should be recognized when a plan of termination has been approved by those with the authority to commit the government to the plan, the plan has been communicated to the employees, and the amount can be estimated.

The District's management has not yet determined the effect these Statements will have on the District's financial statements.

Iowa Valley Community College District

Budgetary Comparison Schedule of Expenditures - Budget and Actual  
 Required Supplementary Information  
 Year Ended June 30, 2005

Funds/Levy	Original Budget	Actual	Variance Between Actual and Amended Budget
Unrestricted	\$ 20,000,000	\$ 18,126,184	\$ 1,873,816
Restricted	10,358,679	1,388,816	8,969,863
Unemployment	20,194	4,919	15,275
Insurance	912,000	806,808	105,192
Early retirement	624,000	4,184	619,816
Equipment replacement	647,482	209,509	437,973
Cash reserve	-	-	-
Standby	114,617	-	114,617
	<u>12,676,972</u>	<u>2,414,236</u>	<u>10,262,736</u>
Plant	5,502,800	1,946,336	3,556,464
	<u>\$ 38,179,772</u>	<u>\$ 22,486,756</u>	<u>\$ 15,693,016</u>

See Note to Required Supplementary Information on Budgetary Reporting.

**Iowa Valley Community College District**

**Note to Required Supplementary Information  
Budgetary Reporting  
Year Ended June 30, 2005**

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The Board of Directors annually prepares a budget designating the proposed expenditures for operation of the District 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 statutory prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Workforce Investment Act accounts, Iowa Code 260F Jobs Training, scholarships and grants account, Loan Funds, and Agency Funds.

Iowa Valley Community College District

Balance Sheet - All Funds  
June 30, 2005

	Current Funds	
	General Unrestricted Funds	General Restricted Funds
<b>Assets</b>		
Current Assets:		
Cash and short-term pooled investments	\$ 2,556,136	\$ 6,893,033
Receivables:		
Accounts, net of allowance of \$1,236,151	738,536	211,468
Property tax	662,897	1,695,120
Iowa Industrial New Jobs Training Program	-	2,486,250
Due from other governments	146,060	431,225
Inventories	248,349	-
Prepaid expenses	346,978	137
Capital assets:		
Land	-	-
Buildings	-	-
Improvements other than buildings	-	-
Equipment and vehicles	-	-
Accumulated depreciation	-	-
<b>Total assets</b>	<b>\$ 4,698,956</b>	<b>\$ 11,717,233</b>
<b>Liabilities:</b>		
Current Liabilities:		
Accounts payable	\$ 293,110	\$ 175,049
Salaries and benefits payable	1,291,831	9,020
Accrued interest on notes and certificates payable	-	51,209
Deferred revenue:		
Succeeding year property tax	644,716	1,677,058
Other	10,953	800,521
Early retirement payable	-	364,425
Deposits held in custody for others	-	-
Compensated absences	263,848	13,881
Certificates payable	-	7,245,000
Notes payable and revenue bond	-	-
<b>Total liabilities</b>	<b>2,504,458</b>	<b>10,336,163</b>
Fund Balances:		
Invested in capital assets, net of related debt	-	-
Restricted:		
Nonexpendable, cash reserve	-	264,342
Expendable:		
Loans	-	-
Plant	-	-
Iowa Industrial New Jobs Training Program	-	461,002
Early retirement	-	(124,212)
Other	-	779,938
Unrestricted	2,194,498	-
<b>Total fund balances</b>	<b>2,194,498</b>	<b>1,381,070</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,698,956</b>	<b>\$ 11,717,233</b>

See Note to Supplementary Information.

Nonoperating Funds					
Loan Funds	Plant Funds	Agency Funds	Adjustments	Total	
\$ 3,979	\$ (66,906)	\$ 346,055	\$ -	\$ 9,732,297	
-	-	66,886	-	1,016,890	
-	646,681	-	-	3,004,698	
-	-	-	-	2,486,250	
-	6,000	-	-	583,285	
-	-	-	-	248,349	
-	-	-	-	347,115	
-	1,115,708	-	-	1,115,708	
-	28,812,867	-	-	28,812,867	
-	725,890	-	-	725,890	
-	3,865,527	-	-	3,865,527	
-	-	-	(13,469,523)	(13,469,523)	
<u>\$ 3,979</u>	<u>\$ 35,105,767</u>	<u>\$ 412,941</u>	<u>\$ (13,469,523)</u>	<u>\$ 38,469,353</u>	
\$ 3,771	\$ 59,885	\$ 9,183	\$ -	\$ 540,998	
-	-	404	-	1,301,255	
-	52,502	-	-	103,711	
-	644,716	-	-	2,966,490	
-	-	1,002	-	812,476	
-	-	-	-	364,425	
-	-	397,074	-	397,074	
-	-	5,278	-	283,007	
-	-	-	-	7,245,000	
-	5,910,776	-	-	5,910,776	
<u>3,771</u>	<u>6,667,879</u>	<u>412,941</u>	<u>-</u>	<u>19,925,212</u>	
-	28,609,216	-	(13,469,523)	15,139,693	
-	-	-	-	264,342	
208	-	-	-	208	
-	(171,328)	-	-	(171,328)	
-	-	-	-	461,002	
-	-	-	-	(124,212)	
-	-	-	-	779,938	
-	-	-	-	2,194,498	
<u>208</u>	<u>28,437,888</u>	<u>-</u>	<u>(13,469,523)</u>	<u>18,544,141</u>	
<u>\$ 3,979</u>	<u>\$ 35,105,767</u>	<u>\$ 412,941</u>	<u>\$ (13,469,523)</u>	<u>\$ 38,469,353</u>	

Iowa Valley Community College District

Schedule of Revenues, Expenditures, and Changes in Net Assets  
Year Ended June 30, 2005

	Current Funds		
	General Unrestricted Funds	General Restricted Funds	Total
<b>Operating revenues:</b>			
Tuition and fees	\$ 9,115,728	\$ 10,862	\$ 9,126,590
Federal appropriations	269,231	4,583,319	4,852,550
Iowa Industrial New Jobs Training Program	-	1,342,059	1,342,059
State appropriations	6,918,909	384,677	7,303,586
Property tax	644,121	1,842,602	2,486,723
Auxiliary enterprises revenue	2,890,678	-	2,890,678
Interest income from investments	167,987	68,410	236,397
Expended for plant assets, including \$244,613 in current operating fund expenditures	-	-	-
Miscellaneous	1,536,565	406,904	1,943,469
<b>Total revenues and other additions</b>	<b>21,543,219</b>	<b>8,638,833</b>	<b>30,182,052</b>
<b>Expenditures and other deductions:</b>			
<b>Education and support:</b>			
Liberal arts and sciences	5,278,325	19,720	5,298,045
Vocational technical	2,528,467	382,263	2,910,730
Adult education	2,990,551	1,187,901	4,178,452
Cooperative services	-	844,616	844,616
Administration	1,398,594	1,025,422	2,424,016
Student services	1,818,270	481,308	2,299,578
Learning resources	489,855	-	489,855
Physical plant	1,766,127	-	1,766,127
General institution	1,855,995	393,959	2,249,954
Scholarships and grants	-	3,001,540	3,001,540
<b>Total education and support</b>	<b>18,126,184</b>	<b>7,336,729</b>	<b>25,462,913</b>
Auxiliary enterprises	3,040,619	-	3,040,619
Loan cancellations and bad debts	-	-	-
Depreciation	-	-	-
Loss on disposition of capital assets	-	-	-
Interest on indebtedness	-	417,851	417,851
Expended for plant assets	-	-	-
<b>Total expenditures and other deductions</b>	<b>21,166,803</b>	<b>7,754,580</b>	<b>28,921,383</b>
Transfers among funds, including \$124,968 from agency fund	(603,951)	(75,575)	(679,526)
<b>Net increase (decrease) for the year</b>	<b>(227,535)</b>	<b>808,678</b>	<b>581,143</b>
<b>Fund balances:</b>			
Beginning	2,422,033	572,392	2,994,425
Ending	\$ 2,194,498	\$ 1,381,070	\$ 3,575,568

See Note to Supplementary Information.

Nonoperating Funds				
Loan				
Funds	Plant Funds	Adjustments	Total	
\$ -	\$ -	\$ (3,001,540)	\$ 6,125,050	
-	-	-	4,852,550	
-	-	-	1,342,059	
-	491,453	-	7,795,039	
-	641,567	-	3,128,290	
-	-	-	2,890,678	
-	9,158	-	245,555	
-	977,040	(977,040)	-	
387,869	58,894	(53,000)	2,337,232	
387,869	2,178,112	(4,031,580)	28,716,453	
-	-	-	5,298,045	
-	-	-	2,910,730	
-	-	-	4,178,452	
-	-	-	844,616	
-	-	(88,947)	2,335,069	
-	-	-	2,299,578	
-	-	-	489,855	
-	763,826	(30,447)	2,499,506	
-	-	(5,035)	2,244,919	
-	-	(3,001,540)	-	
-	763,826	(3,125,969)	23,100,770	
-	-	(173,184)	2,867,435	
388,767	-	-	388,767	
-	-	1,107,299	1,107,299	
-	119,395	(77,169)	42,226	
-	330,688	-	748,539	
-	732,427	(732,427)	-	
388,767	1,946,336	(3,001,450)	28,255,036	
(5,656)	810,150	-	124,968	
(6,554)	1,041,926	(1,030,130)	586,385	
6,762	27,395,962	(12,439,393)	17,957,756	
\$ 208	\$ 28,437,888	\$ (13,469,523)	\$ 18,544,141	

Iowa Valley Community College District

Schedule of Revenues, Expenditures, and Changes in Net Assets  
 Unrestricted Fund  
 Year Ended June 30, 2005

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
<b>Revenues:</b>				
Tuition and fees	\$ 5,096,139	\$ 2,493,021	\$ 1,403,382	\$ -
Federal appropriations	31,952	64,475	129,830	-
State appropriations	-	-	-	-
Property tax	-	-	-	-
Interest income from investments	-	-	-	-
Miscellaneous	31,381	108,689	250,658	-
	<u>5,159,472</u>	<u>2,666,185</u>	<u>1,783,870</u>	<u>-</u>
Allocation of support services	4,654,938	1,761,626	2,175,089	-
<b>Total revenues</b>	<u>9,814,410</u>	<u>4,427,811</u>	<u>3,958,959</u>	<u>-</u>
<b>Expenditures:</b>				
Salaries and benefits	4,847,009	2,294,091	2,318,466	-
Services	295,611	74,731	357,780	-
Materials and supplies	65,266	112,225	159,571	-
Travel	34,631	36,650	36,914	-
Expended for plant assets	-	-	-	-
Miscellaneous	35,808	10,770	117,820	-
	<u>5,278,325</u>	<u>2,528,467</u>	<u>2,990,551</u>	<u>-</u>
Allocation of support services	3,970,750	1,502,700	1,855,391	-
<b>Total expenditures</b>	<u>9,249,075</u>	<u>4,031,167</u>	<u>4,845,942</u>	<u>-</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	565,335	396,644	(886,983)	-
Transfers, nonmandatory	(232,523)	6,719	141,768	-
<b>Net change in fund balances</b>	<u>\$ 332,812</u>	<u>\$ 403,363</u>	<u>\$ (745,215)</u>	<u>\$ -</u>
<b>Fund balances:</b>				
Beginning				
Ending				

See Note to Supplementary Information.

Support						Education and Support Total
Administration	Student Services	Learning Resources	Physical Plant	General Institution		
\$ -	\$ 59,555	\$ -	\$ -	\$ -	\$ -	\$ 9,052,097
2,954	19,367	4,438	1,373	3,819		258,208
6,918,909	-	-	-	-		6,918,909
644,121	-	-	-	-		644,121
167,987	-	-	-	-		167,987
626,510	27,856	15,010	94,380	5,374		1,159,858
8,360,481	106,778	19,448	95,753	9,193		18,201,180
(8,360,481)	(106,778)	(19,448)	(95,753)	(9,193)		-
-	-	-	-	-		18,201,180
881,040	1,644,783	374,358	22,180	793,839		13,175,766
174,278	88,927	12,910	1,661,888	935,782		3,601,907
34,250	73,388	99,436	55,648	49,490		649,274
21,458	11,156	3,151	1,867	26,454		172,281
-	-	-	24,544	5,035		29,579
287,568	16	-	-	45,395		497,377
1,398,594	1,818,270	489,855	1,766,127	1,855,995		18,126,184
(1,398,594)	(1,818,270)	(489,855)	(1,766,127)	(1,855,995)		-
-	-	-	-	-		18,126,184
-	-	-	-	-		74,996
2,265	52,745	-	(413,000)	(12,000)		(454,026)
\$ 2,265	\$ 52,745	\$ -	\$ (413,000)	\$ (12,000)		(379,030)
						1,653,401
						\$ 1,274,371

Iowa Valley Community College District

Schedule of Revenues, Expenditures, and Changes in Net Assets  
 Auxiliary Enterprises  
 Year Ended June 30, 2005

	Bookstore	Cafeteria/ Vending
Revenues:		
Tuition and fees	\$ -	\$ -
Federal appropriations	1,991	515
Sales and services	1,294,763	446,621
Miscellaneous	542	41,179
<b>Total revenues</b>	<u>1,297,296</u>	<u>488,315</u>
Expenditures and other deductions:		
Salaries and benefits	129,155	800
Services	5,209	394,786
Materials and supplies	994	5,105
Travel	2,217	-
Expended for plant assets	-	-
Purchases for resale	980,441	-
Miscellaneous	22,982	10,279
<b>Total expenditures and other deductions</b>	<u>1,140,998</u>	<u>410,970</u>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	156,298	77,345
Transfers among funds, nonmandatory	<u>(174,540)</u>	<u>(626)</u>
<b>Net change in fund balances</b>	(18,242)	76,719
Fund balances (deficit):		
Beginning	306,758	25,331
Ending	<u>\$ 288,516</u>	<u>\$ 102,050</u>

See Note to Supplementary Information.

Athletics	Housing	Other	Total
\$ -	\$ -	\$ 63,631	\$ 63,631
-	824	7,693	11,023
4,987	1,133,784	10,523	2,890,678
162,923	4,940	167,123	376,707
167,910	1,139,548	248,970	3,342,039
6,111	185,166	43,772	365,004
35,713	292,913	11,211	739,832
19,780	43,920	75,135	144,934
5,505	1,466	5,990	15,178
-	-	167,497	167,497
-	-	-	980,441
494,605	67,505	32,362	627,733
561,714	590,970	335,967	3,040,619
(393,804)	548,578	(86,997)	301,420
376,339	(376,850)	25,752	(149,925)
(17,465)	171,728	(61,245)	151,495
35,093	(11,454)	412,904	768,632
\$ 17,628	\$ 160,274	\$ 351,659	\$ 920,127

Iowa Valley Community College District

Schedule of Revenues, Expenditures, and Changes in Net Assets

Restricted Fund

Year Ended June 30, 2005

	Insurance	Unemployment Compensation	Early Retirement	Equipment Replacement
<b>Revenues and other additions:</b>				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Federal appropriations	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-
State appropriations	-	-	-	-
Property tax	941,111	6,284	562,990	285,127
Interest income from investments	-	-	-	-
Miscellaneous	10,000	-	-	-
<b>Total revenues and other additions</b>	<b>951,111</b>	<b>6,284</b>	<b>562,990</b>	<b>285,127</b>
<b>Expenditures and other deductions:</b>				
Salaries and benefits	10,489	4,919	4,184	-
Services	793,802	-	-	32,432
Materials and supplies	-	-	-	171,402
Travel	-	-	-	-
Expended for plant assets	-	-	-	5,675
Interest on indebtedness	-	-	-	-
Scholarships and grants	-	-	-	-
Miscellaneous	2,517	-	-	-
<b>Total expenditures and other deductions</b>	<b>806,808</b>	<b>4,919</b>	<b>4,184</b>	<b>209,509</b>
<b>Excess (deficiency) of revenues over (under) expenditures</b>	<b>144,303</b>	<b>1,365</b>	<b>558,806</b>	<b>75,618</b>
<b>Transfers among funds:</b>				
Nonmandatory transfers in	-	-	-	6,185
Nonmandatory transfers (out)	-	-	-	-
	-	-	-	6,185
<b>Net change in fund balances</b>	<b>144,303</b>	<b>1,365</b>	<b>558,806</b>	<b>81,803</b>
<b>Fund balances (deficit):</b>				
Beginning	(12,824)	18,158	(683,018)	232,257
Ending	\$ 131,479	\$ 19,523	\$ (124,212)	\$ 314,060

See Note to Supplementary Information.

Cash Reserve	Iowa Industrial New Jobs Training Program	Workforce Investment Act and Promise Jobs	Scholarships	Other	Total
\$ -	\$ -	\$ -	\$ -	\$ 10,862	\$ 10,862
-	-	923,506	3,028,194	631,619	4,583,319
-	1,342,059	-	-	-	1,342,059
-	-	31,817	-	352,860	384,677
-	47,090	-	-	-	1,842,602
-	61,059	-	-	7,351	68,410
-	269,524	1,087	-	126,293	406,904
-	1,719,732	956,410	3,028,194	1,128,985	8,638,833
-	-	590,826	4,864	710,763	1,326,045
-	844,615	44,369	-	352,115	2,067,333
-	-	38,350	-	255,936	465,688
-	-	9,209	-	10,592	19,801
-	-	-	-	5,165	10,840
-	417,851	-	-	-	417,851
-	-	-	3,001,540	-	3,001,540
-	-	273,522	115,198	54,245	445,482
-	1,262,466	956,276	3,121,602	1,388,816	7,754,580
-	457,266	134	(93,408)	(259,831)	884,253
-	41,416	246	138,576	323,878	510,301
-	(507,919)	-	(25,151)	(52,806)	(585,876)
-	(466,503)	246	113,425	271,072	(75,575)
-	(9,237)	380	20,017	11,241	808,678
264,342	470,239	91,760	2,334	189,144	572,392
\$ 264,342	\$ 461,002	\$ 92,140	\$ 22,351	\$ 200,385	\$ 1,381,070

Iowa Valley Community College District

Schedule of Changes in Deposits Held in Custody for Others  
 Agency Funds  
 Year Ended June 30, 2005

	Student Clubs and Organizations
Balances, beginning of year	<u>\$ 162,151</u>
Additions:	
Tuition and fees	294,875
State appropriations	-
Sales and services	1,200
Interest income from investments	4,513
Miscellaneous	51,636
Transfers in	155,214
<b>Total additions</b>	<u>507,438</u>
Deductions:	
Salaries and benefits	-
Services	6,807
Materials and supplies	5,507
Travel	107
Miscellaneous	175,813
Transfers out	294,849
<b>Total deductions</b>	<u>483,083</u>
<b>Net additions and deductions</b>	<u>24,355</u>
Balances, end of year	<u><u>\$ 186,506</u></u>

See Note to Supplementary Information.

Iowa Small Business New Jobs Training Program	Other	Total
<u>\$ 241,306</u>	<u>\$ (135,366)</u>	<u>\$ 268,091</u>
-	-	294,875
151,203	-	151,203
-	86,942	88,142
-	-	4,513
-	296,601	348,237
-	23,337	178,551
<u>151,203</u>	<u>406,880</u>	<u>1,065,521</u>
-	180,804	180,804
132,765	38,756	178,328
-	3,124	8,631
-	3,793	3,900
-	85,543	261,356
-	8,670	303,519
<u>132,765</u>	<u>320,690</u>	<u>936,538</u>
<u>18,438</u>	<u>86,190</u>	<u>128,983</u>
<u>\$ 259,744</u>	<u>\$ (49,176)</u>	<u>\$ 397,074</u>

## Iowa Valley Community College District

### Note to Supplementary Information Year Ended June 30, 2005

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Statements presented in the supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting, except for depreciation. The schedule of revenues, expenditures, and changes in fund balances is the statement of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses. In order to ensure observance of limitations and restrictions placed on the use of the resources available to the District, the accounts of the District are maintained in accordance with the principles of "fund accounting". This is the procedure by which resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund; however, in the financial statements, funds that have similar characteristics have been combined into fund groups. Accordingly, all financial transactions are accounted for and reported by fund group. Within each fund group, fund balances restricted by outside sources are so indicated and are distinguished from unrestricted funds allocated for specific purposes by action of the governing board. Externally restricted funds may only be utilized in accordance with the purposes established by the source of such funds and are in contrast with unrestricted funds over which the governing board retains full control to use in achieving any of its institutional purposes.

All gains and losses arising from the sale, collection, or other disposition of investments and other noncash assets are accounted for in the fund which owned such assets. Ordinary revenue derived from investments, receivables, and the like, is accounted for in the fund owning such assets.

The District utilizes the following fund groups:

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 District and consist of the following:

Unrestricted Fund: The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the District. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges, and the expenditures for plant assets that are not paid from other funds.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide noninstructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the District. In addition, it accounts for activities which provide instructional and laboratory experiences for students and which incidentally create goods and services that may be sold to students, faculty, staff, and the general public.

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.

The scholarships and grants subgroup accounts for resources available for awards to students which are not in payment of services rendered to the District and which will not require repayment to the District.

The District has agreements with various businesses under the Iowa Industrial New Jobs Training Program (NJTP). The District administers the program, with the revenues and expenditures being restricted by the State for use in this program. The District is accounting for the activity of the NJTP in the Restricted Current Funds.

Iowa Valley Community College District

Note to Supplementary Information  
Year Ended June 30, 2005

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Loan Funds: The Loan Funds are used to account for loans to students.

Plant Funds: The Plant Funds are used to account for transactions relating to investment in the District's properties, and consist of the following self-balancing subfunds:

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

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

Investment in plant: This subfund is used to account for the excess of the carrying value of plant assets over the related liabilities.

Agency Funds: The Agency Funds are used to account for assets held by the District in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities. Transactions of the Agency Funds represent charges or credits to the individual asset and liability accounts and do not involve measurement of revenues or expenditures.

Iowa Valley Community College District

Schedule of Credit and Contact Hours  
Year Ended June 30, 2005

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and sciences	51,810	-	51,810	965,780	-	965,780
Vocational preparatory	15,238	-	15,238	365,492	-	365,492
Adult/continuing education	-	-	-	377,571	73,703 *	451,274
Cooperative programs/services	-	-	-	-	-	-
Related services and activities	-	-	-	-	53,955	53,955
	<u>67,048</u>	<u>-</u>	<u>67,048</u>	<u>1,708,843</u>	<u>127,658</u>	<u>1,836,501</u>

\* Includes 240 hour adjustment of 24,535 hours.

Iowa Valley Community College District

Comparison of Taxes and Intergovernmental Revenues  
Years Ended June 30, 2005, 2004, 2003, and 2002

	2005	2004	2003	2002
Local property tax	\$ 3,128,290	\$ 2,962,046	\$ 2,898,755	\$ 2,702,670
State	7,795,039	7,126,657	7,125,664	7,006,700
Federal	4,852,550	4,516,260	3,902,052	3,725,161
	<u>\$ 15,775,879</u>	<u>\$ 14,604,963</u>	<u>\$ 13,926,471</u>	<u>\$ 13,434,531</u>

Iowa Valley Community College District

Schedule of Current Fund Revenues by Source and Expenditures by Function  
Last Four Years

	2005	2004	2003	2002
<b>Revenues:</b>				
Tuition and fees	\$ 9,126,590	\$ 8,130,581	\$ 6,942,235	\$ 6,727,919
Federal appropriations	4,852,550	4,516,260	3,902,052	3,721,633
Iowa Industrial New Jobs Training Program	1,342,059	1,939,398	375,201	2,121,775
State appropriations	7,303,586	7,084,777	6,938,093	7,006,700
Property tax	2,486,723	2,278,392	2,208,736	2,044,957
Interest income from investments	236,397	174,599	239,436	356,277
Auxiliary enterprises revenue	2,890,678	2,679,985	1,857,872	1,923,574
Miscellaneous	1,943,469	1,801,028	1,662,394	1,172,242
	<u>\$ 30,182,052</u>	<u>\$ 28,605,020</u>	<u>\$ 24,126,019</u>	<u>\$ 25,075,077</u>
<b>Expenditures:</b>				
Liberal arts and sciences	\$ 5,298,045	\$ 4,786,346	\$ 4,373,634	\$ 3,795,864
Vocational technical	2,910,730	2,652,016	2,192,762	2,355,122
Adult education	4,178,452	4,131,395	3,639,400	3,616,279
Cooperative services	844,616	1,589,717	354,934	1,797,075
Administration	2,424,016	2,657,872	1,795,928	2,762,986
Student services	2,299,578	1,860,245	1,399,234	1,490,028
Learning resources	489,855	476,914	435,542	428,048
Physical plant	1,766,127	1,745,092	1,691,470	1,563,891
General institution	2,249,954	2,364,679	1,920,873	1,881,398
Auxiliary enterprises	3,040,619	2,798,672	2,054,617	1,815,941
Computer services	-	-	-	7,440
Scholarships and grants	3,001,540	2,624,241	2,581,607	2,539,760
Interest on indebtedness	417,851	452,965	489,912	600,617
	<u>\$ 28,921,383</u>	<u>\$ 28,140,154</u>	<u>\$ 22,929,913</u>	<u>\$ 24,654,449</u>

Iowa Valley Community College District

Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Name	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures	New Loans
U.S. Department of Education:				
Direct programs:				
Federal Pell Grant	N/A	84.063	\$ 2,794,155	\$ -
Federal Supplemental Educational Opportunity Grant	N/A	84.007	138,897	-
Federal Work-Study	N/A	84.033	93,874	-
Passed through lending institutions,				
Federal Family Education Loan Program (Note 2)	N/A	84.032	-	4,814,060
<b>Total student financial assistance cluster</b>			<b>3,026,926</b>	<b>4,814,060</b>
Passed through Iowa Department of Education:				
Vocational education:				
Carl Perkins	IIC	84.048A	158,655	-
Entitlement - Nontraditional Sex Equity	IIC	84.048A	7,000	-
Tech Prep Curriculum Development	III	84.243A	67,047	-
Community Technology Grant	V341A30363	84.341A	21,501	-
Strengthening Institutions Title III	P031A030086	84.031A	321,540	-
Teacher training	N/A	84.002	2,012	-
Adult basic education	N/A	84.002	112,191	-
ESL	N/A	84.002	14,916	-
Passed through Iowa Department of Vocational Rehabilitation Services, TAP				
	05 TAP-07	84.126	38,898	-
	04 TAP-08	84.126	17,148	-
<b>Total U.S. Department of Education</b>			<b>3,787,834</b>	<b>4,814,060</b>
U.S. Department of Labor:				
Passed through Iowa Workforce Development:				
Job Training Partnership Act (JTPA), Transition Planning	I-W-06-FR-0	17.720	5,000	-
Workforce Investment Act (WIA):				
Adult Formula and Statewide	I-W-06-FR-0	17.258	142,467	-
Youth and Statewide	I-W-06-FR-0	17.259	50,506	-
Dislocated Worker	I-W-06-FR-0	17.260	264,711	-
<b>Total Workforce Investment Act cluster</b>			<b>457,684</b>	<b>-</b>
Employment Services	I-W-06-FR-0	17.207	19,048	-
Unemployment Insurance Large Office and Small Office	I-W-06-FR-0	17.225	16,855	-
Disability Navigator	I-W-06-FR-0	17.266	1,792	-
Passed through Iowa Department of Education,				
Mine Safety Health Administration	N/A	17.602	46,784	-
<b>Total U.S. Department of Labor</b>			<b>\$ 547,163</b>	<b>\$ -</b>

(Continued)

Iowa Valley Community College District

Schedule of Expenditures of Federal Awards (Continued)  
 Year Ended June 30, 2005

Federal Grantor/Pass-Through Grantor/Program Name	Pass-Through Entity Identifying Number	Federal CFDA Number	Federal Expenditures	New Loans
U.S. Department of Health and Human Services:				
Passed through Iowa Workforce Development, Job Opportunities and Basic Skills Training (Promise Jobs)	I-W-06-FR-0	93.558	\$ 407,578	\$ -
Passed through Iowa Department of Public Health, Enhanced Learning Resource	5885NW09	93.888	2,500	-
<b>Total U.S. Department of Health and Human Services</b>			<u>410,078</u>	<u>-</u>
U.S. Federal Mediation and Conciliation Service:				
Passed through Iowa Workforce Development, Job Training Partnership Act (JTPA), Labor Management	I-W-06-FR-0	34.002	15,549	-
			<u>\$ 4,760,624</u>	<u>\$ 4,814,060</u>

See Notes to Schedule of Expenditures of Federal Awards.

## Iowa Valley Community College District

### Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2005

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#### **Notes 1. Basis of Presentation**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Iowa Valley Community College District and is presented on the accrual basis of accounting. The information in 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.

#### **Note 2. Student Financial Assistance**

The District is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program, and accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the District under this program as of June 30, 2005.

Iowa Valley Community College District

Summary Schedule of Prior Audit Findings  
Year Ended June 30, 2005

Comment	Corrective Action
<u>Reportable conditions:</u>	
04-II-A: Inadequate segregation of duties over payroll cycle.	<u>Uncorrected.</u> See current year finding at 05-II-A.
04-II-B: Inadequate segregation of duties over disbursement cycle.	<u>Uncorrected.</u> See current year finding at 05-II-B.
<u>Statutory reporting:</u>	
IV-H-04: Untimely publication of District receipts and disbursements.	<u>Corrected.</u> Client implemented internal procedures to ensure they meet state guidelines.
IV-J-04: Contact hours reported did not agree to class schedule.	<u>Uncorrected.</u> For contact hours, see current year funding at IV-J-05.

# McGladrey & Pullen

Certified Public Accountants

## **Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with Government Auditing Standards**

The Board of Directors  
Iowa Valley Community College District  
Marshalltown, Iowa

We have audited the financial statements of Iowa Valley Community College District as of and for the year ended June 30, 2005, and have issued our report thereon dated November 18, 2005. The discretely presented component units' financial statements were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not extend to the discretely presented component units. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Iowa Valley Community College District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Iowa Valley Community College District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as Items 05-II-A and 05-II-B.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness. We noted certain matters which have been reported to management of the District in a separate letter dated November 18, 2005.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Iowa Valley Community College District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We also noted certain immaterial instances of noncompliance that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs. Comments involving statutory and other legal matters about Iowa Valley Community College District's operations for the year ended June 30, 2005 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of Iowa Valley Community College District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 18, 2005

# McGladrey & Pullen

Certified Public Accountants

## Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

The Board of Directors  
Iowa Valley Community College District  
Marshalltown, Iowa

### Scope of this Report

We did not audit the compliance with the requirements of laws, regulations, contracts, and grants of the discretely presented component units, and accordingly, this report does not extend to the discretely presented component units. Iowa Valley Community College District's basic financial statements include the financial statements of Ellsworth Community College Foundation and Marshalltown Community College Foundation, discretely presented component units, which are unaudited.

### Compliance

We have audited the compliance of Iowa Valley Community College District with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement*, that are applicable to each of its major federal programs for the year ended June 30, 2005. The Iowa Valley Community College District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Iowa Valley Community College District's management. Our responsibility is to express an opinion on the Iowa Valley Community College District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Iowa Valley Community College District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Iowa Valley Community College District's compliance with those requirements.

In our opinion, Iowa Valley Community College District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Items 05-III-A and 05-III-B.

## Internal Control Over Compliance

The management of Iowa Valley Community College District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Iowa Valley Community College District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over compliance which we have reported to management of the District in a separate letter dated November 18, 2005.

This report is intended solely for the information and use of the Board of Directors, management, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*McGladrey & Pullen, LLP*

Davenport, Iowa  
November 18, 2005

Iowa Valley Community College District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005

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I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness identified?        Yes   X   No
- Reportable condition identified that is not considered to be a material weakness?   X   Yes        None Reported

Noncompliance material to financial statements noted?        Yes   X   No

Federal Awards

Internal control over major programs:

- Material weakness identified?        Yes   X   No
- Reportable condition identified that is not considered to be a material weakness?        Yes   X   None Reported

Type of auditor's report issued on compliance for major programs: Unqualified

- Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?   X   Yes        No

Identification of major programs:

CFDA Number	Name of Federal Program
84.007	Federal Supplemental Educational Opportunity Grants (SEOG)
84.032	Federal Family Education Loans (FFEL)
84.033	Federal Work-Study Program (FWS)
84.063	Federal Pell Grant Program
84.031A	Strengthening Institutions Title III

Iowa Valley Community College District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005

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

Auditee qualified as low-risk auditee?  X  Yes   No

**II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

(A) Reportable Conditions in Internal Control

**05-II-A**

Finding: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: The Payroll Clerk inputs new employee file maintenance, inputs time cards, prints payroll checks, and delivers payroll checks to department heads. However, the District does perform an independent review of Federal Work Study wages to ensure total wages paid to individuals do not exceed the award amount.

Criteria: A system of internal control contemplates an adequate segregation of duties. An adequate segregation of duties requires that no one individual shall handle a transaction from inception to completion.

Recommendation: We recommend the District look for ways to strengthen internal controls by realigning or reassigning duties where practical.

Response and Corrective Action Plan: Management will work with staff to consider changes to these duty assignments.

**05-II-B**

Finding: A good internal control contemplates an adequate segregation of duties so that no one individual handles a transaction from its inception to its completion.

Condition: The Accounts Payable Clerk and others can enter invoices, generate checks and also collect cash, and perform reconciliation functions.

Criteria: A system of internal control contemplates an adequate segregation of duties. An adequate segregation of duties requires that no one individual shall handle a transaction from inception to completion.

Recommendation: We recommend the District look for ways to strengthen internal controls by realigning or reassigning duties where practical.

Response and Corrective Action Plan: Management will work with staff to consider changes to these duty assignments.

(B) Compliance Findings

None.

Iowa Valley Community College District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005

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III. Findings and Questioned Costs for Federal Awards

05-III-A

U.S. Department of Education  
Student Financial Aid Cluster (CFDA 84.007, 84.032, 84.033, 84.063)  
Award Year 2004-2005

Finding: The District did not make the graduation and transfer out rates available by July 1.

Condition: The District is not providing the required graduation and transfer rates of enrolled and prospective students.

Questioned Costs: None

Criteria: Per 34 CFR 668.45, the institution must annually prepare the completion or graduation rate of its undergraduate students. These rates must be made available no later than the July 1 immediately following the 12-month period ending August 31 during which 150% of the normal time for completion of graduation has elapsed for all of the students.

Recommendation: We recommend that the District prepare this information timely and make it available to all enrolled and prospective students by July 1.

Response and Corrective Action Plan: Management is in the process of determining how to distribute the completion of graduation rates.

05-III-B

U.S. Department of Education  
Federal Perkins Loan Program (CFDA 84.038)  
Award Year 2003-2004

Finding: The District did not file the final Perkins program compliance audit. The audit procedures have been completed; however, the report is still under discussion.

Condition: The District is required to file the final Perkins program compliance audit.

Questioned Costs: None

Criteria: The U.S. Department of Education's School Liquidation Procedures – Liquidation Procedures for Institutions Ending Participation in the Federal Perkins Loan Program (Dear Partner, Colleague Letter doc0297) requires that the program compliance audit must be submitted to the Department within 90 days of the end of the Institution's participation in the program.

Recommendation: The District should file the final Perkins program compliance audit.

Response and Corrective Action Plan: Management is in the process of approving the final Perkins program compliance audit and will file the audit upon approval.

Iowa Valley Community College District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005

**IV. Other Findings Related to Required Statutory Reporting**

- IV-A-05      Official Depositories – Official depositories have been adopted by the Board. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2005.
  
- IV-B-05      Certified Budget – Expenditures for the year ended June 30, 2005 did not exceed the amounts budgeted.
  
- IV-C-05      Questionable Disbursements – No expenditures that did not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
  
- IV-D-05      Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
  
- IV-E-05      Business Transactions – No business transactions between the District and District officials or employees were noted.
  
- IV-F-05      Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
  
- IV-G-05      Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
  
- IV-H-05      Publication – The District published a statement showing the receipt and disbursement 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-I-05      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 District’s investment policy were noted.
  
- IV-J-05      Credit and Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the District were supported by detailed records maintained by the District, except for the following:

Category	Contact Hours Reported	Total Per Supporting Documentation	Difference
Adult/Continuing Education - Leisure and Recreational Activities	54	43	11
Adult/Continuing Education - Family and Consumer Sciences/Human Services	10	7	3

Iowa Valley Community College District

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2005

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Recommendation: The District should verify that the number of contact hours reported for each noncredit course agrees to the class schedule.

Response: The District will investigate discrepancies between course schedule and contact hours, and methods for verifying data in the continuing education registration software.

Conclusion: Response accepted.

IV-K-05 Tuition – The District failed to comply with Chapter 260C.14(12) of the Iowa Code that requires the District to not exceed the lowest tuition rate per semester, or the equivalent, charged by an institution of higher education under the state board of regents for a full-time Iowa resident student.

Recommendation: The District should continue to be aware of all applicable statutes of the Iowa Code.

Response: The District will monitor that the tuition charged to resident students does not exceed the lowest tuition rate per semester charged by an institution of higher education.

Conclusion: Response accepted.

## Iowa Valley Community College District

### Corrective Action Plan Year Ended June 30, 2005

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
<b>Reportable Conditions:</b>				
05-II-A	Inadequate segregation of duties over the payroll cycle.	See corrective action plan at 05-II-A.	Roger Groteluschen Vice President of Finance and Facilities	June 2006
05-II-B	Inadequate segregation of duties over the disbursements cycle.	See corrective action plan at 05-II-B.	Roger Groteluschen Vice President of Finance and Facilities	June 2006
<b>Compliance:</b>				
05-III-A	Completion or graduation rates were not provided to enrolled and prospective students.	See corrective action plan at 05-III-A.	Roger Groteluschen Vice President of Finance and Facilities	June 2006
05-III-B	The final Perkins program compliance audit has not been completed and filed.	See corrective action plan at 05-III-B.	Roger Groteluschen Vice President of Finance and Facilities	June 2006
<b>Statutory Reporting:</b>				
IV-J-05	Contact hours reported did not agree to class schedule.	See corrective action plan at IV-J-05.	Roger Groteluschen Vice President of Finance and Facilities	June 2006
IV-K-05	Tuition charged exceeded limits set by the state board of regents.	See corrective action plan at IV-K-05.	Roger Groteluschen Vice President of Finance and Facilities	June 2006