Iowa Valley Community College District

Financial and Compliance Report

06.30.2007

McGladrey & Pullen
Certified Public Accountants

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Iowa Valley Community College District

Officials

Name	Title	Term Expires
Board of Directors		
Conrad DeJardin	President	2007
Larry Johnson	Vice President	2007
Ingvert Appel	Member	2008
Jane Jech	Member	2008
Paul Pohlson	Member	2008
Delbert Kellogg	Member	2009
Yvonne Mallory	Member	2009
Area School		
Dr. Tim Wynes	Chancellor	
Dan Gillen	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, 2007, 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 represent 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, 2007, except for the aggregate discretely presented component units which are unaudited as of June 30, 2007, and the respective changes in financial position and cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 24, 2008 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, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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Management's Discussion and Analysis on pages 4 through 13 and the Budgetary Comparison Schedule of Expenditures on pages 35 and 36 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
March 24, 2008

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, 2007. We encourage readers to consider this information in conjunction with the District's financial statements, which follow.

Financial Highlights

- District operating revenues increased 2%, or approximately $300,000, as compared to fiscal year 2006. The increase resulted primarily from an increase in tuition and auxiliary enterprise revenue.
- In fiscal year 2006, District operating revenues increased 2%, or approximately $300,000, as compared to fiscal year 2005. The increase resulted primarily from an increase in tuition revenue and miscellaneous income.
- District operating expenses decreased 2%, or approximately $700,000, as compared to fiscal year 2006. The decrease was due mainly to decreases in administrative costs relating primarily to a decrease in the liability for future early retirement costs.
- In fiscal year 2006, District operating expenses increased 9%, or approximately $2,500,000, as compared to fiscal year 2005.
- The District's net assets remained consistent with the net asset balances, from fiscal year 2006.
- In fiscal year 2006, the District's net assets decreased 2%, or approximately $400,000, from fiscal year 2005.

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.

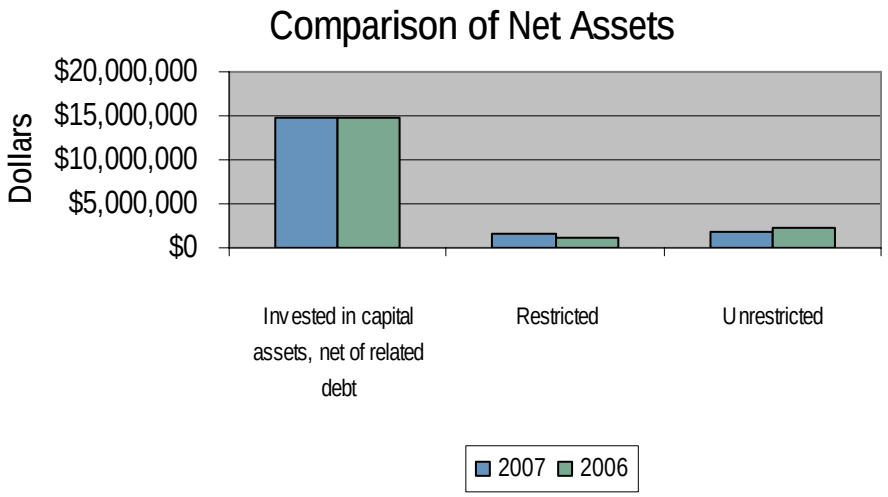
Required supplementary information further explains and supports the financial statements with a comparison of the District's budget for the year.

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.

	June 30,	
Net Assets	2007	2006
Current assets	$ 36,769,844	$ 16,007,024
Other assets	1,589,770	2,355,482
Capital assets, net of accumulated depreciation	23,609,200	20,357,334
Total assets	61,968,814	38,719,840
Current liabilities	15,453,306	8,953,674
Noncurrent liabilities	28,278,710	11,591,305
Total liabilities	43,732,016	20,544,979
Net assets:		
Invested in capital assets, net of related debt	14,790,095	14,801,030
Restricted	1,619,259	1,097,352
Unrestricted	1,827,444	2,276,479
Total net assets	$ 18,236,798	$ 18,174,861



The largest portion of the District's net assets (81%) 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 (9%) includes resources that are subject to external restrictions. The remaining net assets (10%) are the unrestricted net assets that can be used to meet the District's obligations as they come due.

Fiscal Year 2007: The District issued $20,000,000 in general obligation bonds dated February 1, 2007. There are several projects in process at year-end which are being funded by these proceeds.

Fiscal Year 2006: The District did not experience any significant new debt or capital asset additions.

Statement of Revenues, Expenses and Changes in Net Assets

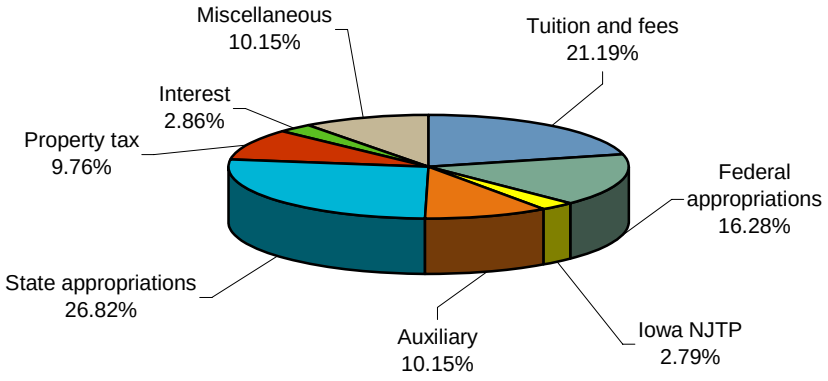
Changes in total net assets as reflected on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses and Changes in Net Assets. The purpose of the statement is to present the revenues of the District, both operating and nonoperating, and the expenses incurred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

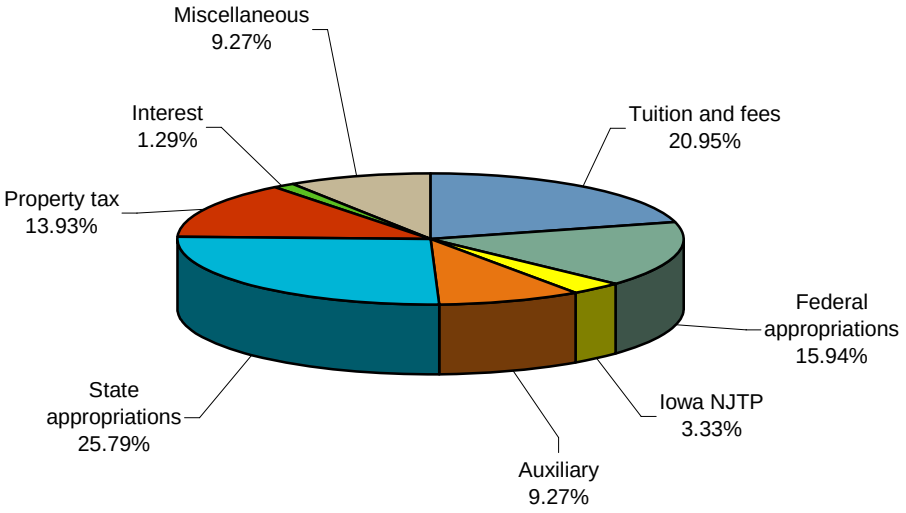
	Year Ended June 30,	
Changes in Net Assets	2007	2006
Operating revenues:		
Tuition and fees	$ 6,458,860	$ 6,296,445
Federal appropriations	4,961,791	4,817,427
Iowa Industrial New Jobs Training Program	849,651	1,000,696
Auxiliary enterprise revenue	3,094,615	2,785,620
Miscellaneous	2,811,341	2,956,041
Nonoperating revenues and transfers:		
State appropriations	8,173,972	7,796,195
Property tax	2,974,441	4,185,012
Interest income on investments	872,967	386,534
Transfers from agency fund	138,723	128,158
Total revenues and transfers	30,336,361	30,352,128
Operating expenses	29,305,719	30,021,597
Interest on indebtedness	968,705	713,786
(Gain) loss on sale of capital assets	-	(13,975)
Total expenses	30,274,424	30,721,408
Increase (decrease) in net assets	61,937	(369,280)
Net assets:		
Beginning	18,174,861	18,544,141
Ending	$ 18,236,798	$ 18,174,861

Total Revenues by Source

2007



2006



In fiscal year 2007, operating revenues increased by approximately $300,000. The increase was a result of the following changes:

- Tuition and fees, prior to the scholarship adjustment, increased by approximately $100,000 (due to a 5% increase in tuition rate coupled with a decrease in contact hours). Auxiliary enterprise revenue increased approximately $300,000.

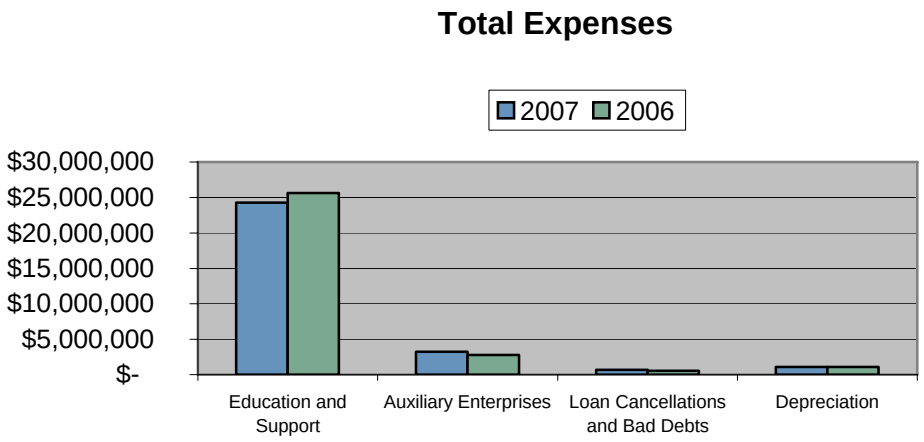
- Iowa Industrial New Job Training revenues decreased approximately $200,000 and miscellaneous operating revenue decreased approximately $100,000.

In fiscal year 2006, operating revenues increased by approximately $300,000. The increase was a result of the following changes:

- Tuition and fees, prior to the scholarship adjustment, increased by approximately $200,000 (due to a 5% increase in tuition rate coupled with a decrease in credit hours). Miscellaneous operating revenue increased approximately $600,000.

- Iowa Industrial New Job Training revenues decreased approximately $400,000 and auxiliary enterprise revenue decreased approximately $100,000.

Operating Expenses	Year Ended June 30,	
	2007	2006
Education and support:		
Liberal arts and sciences	$ 5,704,349	$ 5,587,359
Vocational technical	2,764,019	2,787,184
Adult education	4,357,449	4,547,769
Cooperative services	722,804	716,523
Administration	2,583,714	3,899,999
Student services	2,505,632	2,429,067
Learning resources	502,383	500,043
Physical plant	2,589,795	2,803,855
General institution	2,538,482	2,348,596
Auxiliary enterprises	3,257,506	2,793,974
Loan cancellations and bad debts	696,922	520,363
Depreciation	1,082,664	1,086,865
Total operating expenses	$ 29,305,719	$ 30,021,597



In fiscal year 2007, operating expenses decreased by approximately $700,000. The following factors explain some of the changes:

- Administration decreased approximately $1,300,000 relating primarily to a decrease in the early retirement liability.

In fiscal year 2006, operating expenses increased by approximately $2,500,000. The following factors explain some of the changes:

- Adult education increased approximately $400,000 due primarily to an increase in business and industry training provided during the year.

- Administration increased approximately $1,600,000 for future early retirement costs.

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.

Cash Flows	Year Ended June 30, 2007	Year Ended June 30, 2006
Cash provided by (used in):		
Operating activities	$ (10,388,902)	$ (9,787,726)
Noncapital financing activities	11,768,376	11,012,490
Capital and related financing activities	15,615,720	(2,310,031)
Investing activities	872,967	386,534
Net increase (decrease) in cash	17,868,161	(698,733)
Cash:		
Beginning	9,033,564	9,732,297
Ending	$ 26,901,725	$ 9,033,564

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, 2007, the District had approximately $39,000,000 invested in capital assets, net of accumulated depreciation of $15,500,000. Depreciation charges totaled $1,100,000 for fiscal year 2007. Details of capital assets are shown below.

At June 30, 2006, the District had approximately $35,000,000 invested in capital assets, net of accumulated depreciation of $14,500,000. Depreciation charges totaled $1,100,000 for fiscal year 2006. Details of capital assets are shown below.

Capital Assets, Net	June 30, 2007	June 30, 2006
Land	$ 1,978,260	$ 1,115,708
Construction in progress	2,297,527	9,675
Buildings	17,260,801	17,878,660
Improvements other than buildings	575,798	595,199
Equipment and vehicles	1,496,814	758,092
Totals	$ 23,609,200	$ 20,357,334

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

Debt

At June 30, 2007, the District had $30,501,832 in debt outstanding. This represents an increase of approximately $18,500,000 from 2006.

At June 30, 2006, the District had $11,961,304 in debt outstanding. This represents a decrease of approximately $1,200,000 from 2005.

	June 30,	
Outstanding Debt	2007	2006
Certificates payable	$ 5,315,000	$ 6,405,000
Notes payable and revenue bonds	25,186,832	5,556,304
	$ 30,501,832	$ 11,961,304

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 an increase in the fund 1 unrestricted general operating fund net assets unrestricted of $127,654. This is a slight improvement from the previous fiscal year's increase in unrestricted general operating fund net assets of approximately $82,000.

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

State Appropriations increased approximately $380,000 in fiscal year 2007, an increase of 5%. The amount is projected to increase to $471,844 in fiscal year 2008 and $428,500 in fiscal year 2009.

Property Valuations increased approximately $40,000,000 or 1% for the 2008 collection year. For the 2009 collection year, the increase is $194,168,729 or 5.74%.

Property Tax from the .2025 fixed rate levy comprised only 2% of general operating fund revenue in fiscal year 2007.

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 41% 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 (5% for fiscal year 2008) create hardships for individuals seeking a college education and access to life long learning opportunities.

Student Enrollment had been trending upward in recent years only to experience a sharp drop at Iowa Valley for fiscal year 2006. Enrollment for fiscal year 2007 had a slight increase for credit hours and hopefully will signal a return to an upward trend. The District must continue to be aggressive in recruiting and retaining students. The impact of enrollment on the fiscal condition of the District is significant and immediate.

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 District.

Labor costs to include health insurance continue to represent 74% of expenditures 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 5.0% 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, 2007

Assets	Primary Institution
Current Assets:	
Cash and short-term pooled investments	$ 26,901,725
Receivables:	
Accounts, net of allowance of $1,628,953	1,874,057
Property tax	6,369,829
Due from other governments	1,318,930
Inventories	188,541
Prepaid expenses	116,762
Total current assets	36,769,844
Noncurrent Assets:	
Receivables, Iowa Industrial New Jobs Training Program	1,589,770
Capital assets:	
Nondepreciable:	
Land	1,978,260
Construction in progress	2,297,527
Depreciable:	
Buildings	29,164,824
Improvements other than buildings	807,835
Equipment and vehicles	4,865,937
Accumulated depreciation	(15,505,183)
Total noncurrent assets	25,198,970
Total assets	$ 61,968,814

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Institution
Current Liabilities:	
Accounts payable	$ 3,065,216
Salaries and benefits payable	991,583
Accrued interest on notes and certificates payable	386,283
Deferred revenue:	
Succeeding year property tax	5,529,555
Other	1,268,485
Early retirement payable	437,655
Compensated absences	291,552
Certificates payable	1,095,000
Notes payable, revenue and general obligation bonds	1,804,472
Deposits held in custody for others	583,505
Total current liabilities	15,453,306
Noncurrent Liabilities:	
Early retirement payable	676,350
Certificates payable	4,220,000
Notes payable, revenue and general obligation bonds	23,382,360
Total noncurrent liabilities	28,278,710
Total liabilities	43,732,016
Net Assets:	
Invested in capital assets, net of related debt	14,790,095
Restricted for:	
Nonexpendable, cash reserve	264,342
Expendable, restricted for education and support	1,354,917
Unrestricted	1,827,444
Total net assets	18,236,798
Total liabilities and net assets	$ 61,968,814

Iowa Valley Community College District

Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2007

	Primary Institution
Revenues:	
Operating revenues:	
Tuition and fees, net of scholarship allowances of $2,850,073	$ 6,458,860
Federal appropriations	4,961,791
Iowa Industrial New Jobs Training Program	849,651
Auxiliary enterprises revenue	3,094,615
Miscellaneous	2,811,341
Total operating revenues	18,176,258
Expenses:	
Operating expenses:	
Education and support:	
Liberal arts and sciences	5,704,349
Vocational technical	2,764,019
Adult education	4,357,449
Cooperative services	722,804
Administration	2,583,714
Student services	2,505,632
Learning resources	502,383
Physical plant	2,589,795
General institution	2,538,482
Auxiliary enterprises	3,257,506
Loan cancellations and bad debts	696,922
Depreciation	1,082,664
Total operating expenses	29,305,719
Operating (loss)	(11,129,461)
Nonoperating revenues (expenses):	
State appropriations	8,173,972
Property tax	2,974,441
Investment earnings	872,967
Interest on indebtedness	(968,705)
Net nonoperating revenues	11,052,675
Change in net assets	(76,786)
Transfers from agency fund	138,723
Total change in net assets	61,937
Net assets:	
Beginning	18,174,861
Ending	$ 18,236,798

See Notes to Basic Financial Statements.

Iowa Valley Community College District

Statement of Cash Flows
Year Ended June 30, 2007

	Primary Institution
Cash Flows from Operating Activities:	
Cash received from tuition and fees	$ 6,211,082
Cash received from federal appropriations	4,435,410
Cash received from Iowa Industrial New Jobs Training Program	1,559,797
Payments to employees for salaries and benefits	(16,531,387)
Payments to suppliers for goods and services	(11,969,760)
Auxiliary enterprise receipts	3,094,615
Other receipts	2,811,341
Net cash (used in) operating activities	(10,388,902)
Cash Flows from Noncapital Financing Activities:	
Transfers from agency funds	138,723
State appropriations	8,173,972
Property tax	3,381,644
Miscellaneous Agency Fund receipts	923,256
Miscellaneous Agency Fund disbursements	(849,219)
Net cash provided by noncapital financing activities	11,768,376
Cash Flows from Capital and Related Financing Activities:	
Proceeds from issuance of debt	20,000,000
Acquisition of capital assets	(2,260,693)
Principal paid on debt	(1,459,472)
Interest paid	(664,115)
Net cash provided by capital and related financing activities	15,615,720
Cash Flows Provided by Investing Activities, interest from investments	872,967
Net increase in cash and short-term pooled investments	17,868,161
Cash and short-term pooled investments:	
Beginning	9,033,564
Ending	$ 26,901,725

(Continued)

Iowa Valley Community College District

Statement of Cash Flows (Continued)
Year Ended June 30, 2007

	Primary Institution
Reconciliation of operating loss to net cash (used in) operating activities, operating loss	$ (11,129,461)
Adjustments to reconcile operating loss to net cash (used in) operating activities, depreciation	1,082,664
Changes in assets and liabilities:	
(Increase) in accounts receivable	(247,778)
Decrease in Iowa Industrial New Jobs Training Program	710,146
(Increase) in due from other governments	(776,021)
Decrease in inventories	118,782
Decrease in prepaid expenses	70,555
Increase in accounts payable	95,082
(Decrease) in salaries and benefits payable	(67,370)
(Decrease) in early retirement payable	(534,660)
Increase in compensated absences	39,519
Increase in other deferred revenue	249,640
Total adjustments	(342,105)
Net cash (used in) operating activities	$ (10,388,902)
Supplemental Schedule of Noncash Capital and Related Financing Activities, accounts payable for acquisition of capital assets	$ 2,073,837

See Notes to Basic Financial Statements.

Iowa Valley Community College District

Combining Statement of Net Assets - Component Units - Foundations (Unaudited)
December 31, 2006

Assets	Marshalltown Community College District Foundation	Ellsworth College Foundation	Total
Current Assets:			
Cash and short-term pooled investments	$ 302,402	$ 598,268	$ 900,670
Noncurrent Assets:			
Investments	2,058,380	1,795,286	3,853,666
Capital assets	289,250	278,400	567,650
Total assets	$ 2,650,032	$ 2,671,954	$ 5,321,986
Liabilities and Net Assets			
Net Assets:			
Restricted for scholarships and fellowships	$ 2,347,630	$ 1,963,526	$ 4,311,156
Unrestricted	302,402	708,428	1,010,830
Total net assets	$ 2,650,032	$ 2,671,954	$ 5,321,986

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, 2006

	Marshalltown Community College District Foundation	Ellsworth College Foundation	Total
Revenues:			
Operating revenues:			
Contributions	$ 86,063	$ 100,172	$ 186,235
Special events and grants	333,932	475,636	809,568
Total operating revenues	419,995	575,808	995,803
Expenses:			
Operating expenses:			
Scholarships and grants	215,868	267,434	483,302
Miscellaneous	50,162	10,706	60,868
Administration	129,232	254,927	384,159
Total operating expenses	395,262	533,067	928,329
Operating income	24,733	42,741	67,474
Nonoperating revenues, investment earnings	160,200	215,338	375,538
Increase in net assets	184,933	258,079	443,012
Net assets:			
Beginning	2,465,099	2,413,875	4,878,974
Ending	$ 2,650,032	$ 2,671,954	$ 5,321,986

See Notes to Basic Financial Statements.

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.

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, 2006 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.

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, 2007 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:

	Years
Buildings and improvements other than buildings	20 - 40
Equipment	5 - 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.

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 as of June 30, 2007.

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

Deposits held in custody for others: These deposits consist primarily of funds for student organizations and 260F agreements.

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 regular summer sessions are recorded in the appropriate fiscal year. Revenues and expenses for internet summer sessions are recorded in the current 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 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.

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. The District had unspent bond proceeds of $16,367,727 as of June 30, 2007. 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: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. 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, 2007, the District had the following investments:

		Investment Maturities (in Months)			
Investment Type	Fair Value	Less Than 1	1 to 5	6 to 10	More Than 10
Iowa Schools Joint Investment Trust	$ 67,592	$ 67,592	$ -	$ -	$ -

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. 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.

Note 2. Cash and Pooled Investments (Continued)

As of June 30, 2007, the District's investments were rated as follows:

Investment Type	Moody Investor Services
Iowa Schools Joint Investment Trust	Aaa

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. The District did not have any investments in any one issuer that represents 5% or more of total District investments: money market funds and mutual funds are excluded from this consideration given the District does not "hold" the underlying investments.

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, 2007, the District's carrying amount of deposits, excluding $3,940 of petty cash, totaled $26,830,193 with a bank balance of $27,578,455. The District's cash and deposits (money market accounts and certificates of deposit) as of June 30, 2007 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, 2007 was $67,592.

Excluded from the cash and investment amount, disclosed immediately above, are cash and investments of $4,754,336 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, 2007 is as follows:

	Balance June 30, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated:				
Land	$ 1,115,708	$ 862,552	$ -	$ 1,978,260
Construction in progress	9,675	2,287,852	-	2,297,527
Total capital assets not being depreciated	1,125,383	3,150,404	-	4,275,787
Capital assets being depreciated:				
Buildings	28,949,848	214,976	-	29,164,824
Improvements other than buildings	803,878	3,957	-	807,835
Equipment and vehicles	3,900,744	965,193	-	4,865,937
Total capital assets being depreciated	33,654,470	1,184,126	-	34,838,596
Less accumulated depreciation for:				
Buildings	11,071,188	832,835	-	11,904,023
Improvements other than buildings	208,679	23,358	-	232,037
Equipment and vehicles	3,142,652	226,471	-	3,369,123
Total accumulated depreciation	14,422,519	1,082,664	-	15,505,183
Total capital assets being depreciated, net	19,231,951	101,462	-	19,333,413
Capital assets, net	$ 20,357,334	$ 3,251,866	$ -	$ 23,609,200

Note 4. Changes in Noncurrent Liabilities

A summary of changes in noncurrent liabilities for the year ended June 30, 2007 is as follows:

	Compensated Absences	Early Retirement Payable	Certificates Payable	Notes Payable, Revenue and General Obligation Bonds	Total
Balance, beginning	$ 252,033	$ 1,648,665	$ 6,405,000	$ 5,556,304	$ 13,862,002
Additions	291,552	78,332	-	20,000,000	20,369,884
Reductions	252,033	612,992	1,090,000	369,472	2,324,497
Balance, ending	291,552	1,114,005	5,315,000	25,186,832	31,907,389
Less current portion	291,552	437,655	1,095,000	1,804,472	3,628,679
Total noncurrent liabilities	$ -	$ 676,350	$ 4,220,000	$ 23,382,360	$ 28,278,710

Notes payable, revenue and general obligation bonds:

The District has issued notes payable, revenue and general obligation 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, 2007 notes payable, revenue and general obligation bonds are as follows:

	Principal	Interest	Total
Year ending June 30:			
2008	$ 1,804,472	$ 1,293,612	$ 3,098,084
2009	1,869,472	975,930	2,845,402
2010	1,944,472	911,092	2,855,564
2011	2,019,472	840,742	2,860,214
2012	2,099,472	765,741	2,865,213
2013 - 2017	12,879,472	2,436,888	15,316,360
2018 - 2021	2,570,000	180,937	2,750,937
	$ 25,186,832	$ 7,404,942	$ 32,591,774

Note 4. Changes in Noncurrent Liabilities (Continued)

Notes payable, revenue and general obligation bonds consisted of the following principal balances as of June 30, 2007:

Note payable dated February 1, 2003, with an interest rate of 7%. Interest is paid semiannually, while principal payments of $14,472 are due annually, with a maturity date of February 1, 2013. Certain land is collateral for the debt.	$ 86,832
Dormitory revenue bonds dated October 1, 2002, with interest rates between 3.90% and 5.30%. Interest is payable semiannually, while principal payments in varying amounts 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.	2,430,000
Student housing revenue bonds dated May 1, 1999, with interest rates between 5.15% and 5.85%. Interest is payable semiannually, while principal payments in varying amounts 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.	1,065,000
Dormitory revenue bonds dated May 1, 2001, with interest rates between 5.25% and 5.75%. Interest is payable semiannually, while principal payments in varying amounts 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.	1,605,000
General obligation bonds dated February 1, 2007, with interest rates between 3.5% and 4%. Interest is payable semiannually, while principal payments in varying amounts are due annually, with a maturity date of June 1, 2017. All real estate, personal property, revenues, resources and credit of the District are collateral for the debt.	20,000,000
	$ 25,186,832

Note 4. Changes in Noncurrent Liabilities (Continued)

Certificates payable:

Pursuant to agreements dated from July 1988 to June 2007, the District has outstanding certificates totaling $5,315,000 at June 30, 2007 with net interest rates ranging from 4.1% 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 Training 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:			
2008	$ 1,095,000	$ 309,663	$ 1,404,663
2009	945,000	247,137	1,192,137
2010	890,000	192,555	1,082,555
2011	685,000	140,353	825,353
2012	590,000	101,497	691,497
2013 - 2016	1,110,000	113,700	1,223,700
	$ 5,315,000	$ 1,104,905	$ 6,419,905

Since inception, the District has administered 119 projects, with 31 currently receiving project funding. Of the remaining projects, 65 have been completed and closed and 23 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.

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:		
2008	$	477,256
2009		156,237
2010		156,237
2011		157,768
	$	947,498

Total rent expense for all operating leases was $539,671 for the year ended June 30, 2007.

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. 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 contributions to IPERS for the years ended June 30, 2007, 2006 and 2005 were $319,155, $308,737 and $300,889, 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, 2007 was $312,893, equal to the required contribution for the year. The employees' contribution to TIAA-CREF for the year ended June 30, 2007 was $199,616, equal to the required contribution for the year.

Note 8. Early Retirement

The District approved an Early Retirement Incentive Plan (ERIP) effective November 9, 2006. The plan expired on June 30, 2007.

To be eligible for ERIP, an employee must be employed full-time and be 55 years of age with 10 or more years of continuous service with the District. Retirement is to begin at the end of the employee's contract. Participation must be approved by the administrative office.

An employee approved for participation in the program will receive the following incentives:

1. Early Retirement Incentive lump-sum cash severance amount of up to 50% of the employee's annual salary during the year of the request.

2. The employee's single deductible health insurance premium shall be paid on a monthly basis for 120 months or until the retiree becomes eligible for Medicare.

The employee receives the cash benefits in 36 equal installments commencing on July 15, 2007. The lump-sum payment liability is $528,569 and is recorded as early retirement payable.

The current year cost to the District was $78,332, including 31 participants in the health insurance plan. The liability for the participation in the health plan is $585,436 and is recorded as early retirement payable. This portion of the liability will be paid over the next nine years. The liability was calculated using the District's share of health premiums at the time of retirement to estimate costs.

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, 2007 were $651,100.

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 $9,000,000 per occurrence. Property is insured with excess coverage over the self-insured retention of up to $50,000,000 for boiler and machinery, $1,000,000 for crime, $2,000,000 for crime related to IMPACC and up to $250,000,000 for other property. Stop gap loss protection is provided above the member's loss fund.

Note 9. Risk Pool (Continued)

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, 2007, 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.

Note 10. 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. 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 supercedes 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. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, issued September 2006, will be effective for the District beginning with its year ending June 30, 2008. This Statement establishes accounting and financial reporting standards for transactions in which a government receives, or is entitled to, resources in exchange for future cash flows generated by collecting specific receivables or specific future revenues. It also provides disclosure requirements for a government that pledges or commits future cash flows from a specific revenue source. In addition this Statement establishes accounting and financial reporting standards for intra-entity transfers of assets and future revenues.

Statement No. 49*, Accounting and Financial Reporting for Pollution Remediation Obligations,* issued November 2006, will be effective for the District beginning with its year ending June 30, 2009. This Statement addresses accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities, such as site assessments and cleanups. This Statement requires the government to estimate the components of expected pollution remediation outlays and determine whether the outlays for those components should be accrued as a liability or, if appropriate, capitalized when goods and services are acquired.

Note 10. New Pronouncements (Continued)

Statement No. 50, *Pension Disclosures,* an amendment of GASB Statement Nos. 25 and 27, issued May 2007, will be effective for the District beginning with its year ending June 30, 2008. This Statement more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits.

Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, issued July 2007, will be effective for the District beginning with its year ending June 30, 2010. This Statement provides guidance regarding how to identify, account for and report intangible assets. The Statement characterizes an intangible asset as an asset that lacks physical substance, is nonfinancial in nature and has an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, computer software, water rights, timber rights, patents and trademarks. This Statement provides that intangible assets be classified as capital assets (except for those explicitly excluded from the scope of the new standard, such as capital leases). Relevant authoritative guidance for capital assets should be applied to these intangible assets.

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

Note 11. Commitments, Contingencies and Subsequent Events

On September 12, 2006, voters approved a bond referendum for Iowa Valley Community College District up to a maximum of $35,000,000. The proceeds will be used to improve or expand current campus facilities. As of June 30, 2007, $20,000,000 of these bonds has been issued.

As of June 30, 2007, the District has construction commitments of approximately $11,000,000 to complete various buildings, parking lots and other projects on the District campuses. There are additional architect and engineering contracts that are signed and the amount of these contracts will be 7% of the general construction costs. As of March 24, 2008, the District has signed additional construction commitments of approximately $9,000,000.

On October 1, 2007, dormitory revenue bonds were issued for $2,155,000. The proceeds will be used for the construction, acquisition, improvement and equipping of student dormitories and related facilities.

Iowa Valley Community College District

Required Supplementary Information
Budgetary Comparison Schedule of Expenditures - Budget and Actual
Year Ended June 30, 2007

Funds/Levy	Original and Final Budget	Actual	Variance Between Actual and Amended Budget
Unrestricted	$ 20,000,000	$ 18,938,070	$ 1,061,930
Restricted	7,625,999	1,532,537	6,093,462
Unemployment	6,000	6,261	(261)
Insurance	997,499	961,888	35,611
Early retirement	-	78,332	(78,332)
Equipment replacement	710,851	137,920	572,931
Cash reserve	-	-	-
Standby	220,937	-	220,937
	9,561,286	2,716,938	6,844,348
Plant	5,000,000	5,546,017	(546,017)
Bond and interest	567,820	362,595	205,225
	$ 35,129,106	$ 27,563,620	$ 7,565,486

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, 2007

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, 2007

	Current Funds	
	General Unrestricted Funds	General Restricted Funds
Assets		
Current Assets:		
Cash and short-term pooled investments	$ 3,091,984	$ 4,978,871
Receivables:		
Accounts, net of allowance of $1,628,953	1,091,504	660,374
Property tax	662,592	2,475,431
Iowa Industrial New Jobs Training Program	-	1,589,770
Due from other governments	36,736	1,276,438
Inventories	188,541	-
Prepaid expenses	69,070	-
Capital assets:		
Nondepreciable:		
Land	-	-
Construction in progress	-	-
Depreciable:		
Buildings	-	-
Improvements other than buildings	-	-
Equipment and vehicles	-	-
Accumulated depreciation	-	-
Total assets	$ 5,140,427	$ 10,980,884
Liabilities		
Current Liabilities:		
Accounts payable	$ 826,804	$ 110,429
Salaries and benefits payable	968,431	7,298
Accrued interest on notes and certificates payable	-	25,671
Deferred revenue:		
Succeeding year property tax	653,044	1,644,705
Other	7,470	1,261,015
Early retirement payable	-	1,114,005
Deposits held in custody for others	-	-
Compensated absences	280,545	7,713
Certificates payable	-	5,315,000
Notes payable, revenue and general obligation bonds	-	-
Total liabilities	2,736,294	9,485,836
Fund Balances:		
Invested in capital assets, net of related debt	-	-
Restricted:		
Nonexpendable, cash reserve	-	264,342
Expendable:		
Plant	-	-
Iowa Industrial New Jobs Training Program	-	369,829
Other	-	985,088
Unrestricted	2,404,133	(124,211)
Total fund balances	2,404,133	1,495,048
Total liabilities and fund balances	$ 5,140,427	$ 10,980,884

See Note to Supplementary Information.

Nonoperating Funds				
Loan Funds	Plant Funds	Agency Funds	Adjustments	Total
$ 5,271	$ 18,314,608	$ 510,991	$ -	$ 26,901,725
-	3,000	119,179	-	1,874,057
-	3,231,806	-	-	6,369,829
-	-	-	-	1,589,770
-	-	5,756	-	1,318,930
-	-	-	-	188,541
-	47,692	-	-	116,762
-	1,978,260	-	-	1,978,260
-	2,297,527	-	-	2,297,527
-	29,164,824	-	-	29,164,824
-	807,835	-	-	807,835
-	4,865,937	-	-	4,865,937
-	-	-	(15,505,183)	(15,505,183)
$ 5,271	$ 60,711,489	$ 635,926	$ (15,505,183)	$ 61,968,814
$ 5,271	$ 2,073,837	$ 48,875	$ -	$ 3,065,216
-	15,602	252	-	991,583
-	360,612	-	-	386,283
-	3,231,806	-	-	5,529,555
-	-	-	-	1,268,485
-	-	-	-	1,114,005
-	-	583,505	-	583,505
-	-	3,294	-	291,552
-	-	-	-	5,315,000
-	25,186,832	-	-	25,186,832
5,271	30,868,689	635,926	-	43,732,016
-	30,295,278	-	(15,505,183)	14,790,095
-	-	-	-	264,342
-	-	-	-	-
-	-	-	-	369,829
-	-	-	-	985,088
-	(452,478)	-	-	1,827,444
-	29,842,800	-	(15,505,183)	18,236,798
$ 5,271	$ 60,711,489	$ 635,926	$ (15,505,183)	$ 61,968,814

Iowa Valley Community College District

Schedule of Revenues, Expenditures and Changes in Fund Balances
Year Ended June 30, 2007

	Current Funds		
	General Unrestricted Funds	General Restricted Funds	Total
Operating revenues:			
Tuition and fees, net of scholarship allowances of $2,850,073	$ 9,282,939	$ 25,994	$ 9,308,933
Federal appropriations	269,680	4,692,111	4,961,791
Iowa Industrial New Jobs Training Program	-	849,651	849,651
State appropriations	7,703,031	373,346	8,076,377
Property tax	678,310	1,606,867	2,285,177
Auxiliary enterprises revenue	3,094,615	-	3,094,615
Interest income from investments	314,636	153,588	468,224
Expended for plant assets, including $260,776 in current operating fund expenditures	-	-	-
Miscellaneous	1,555,641	425,378	1,981,019
Total revenues and other additions	22,898,852	8,126,935	31,025,787
Expenditures and other deductions:			
Education and support:			
Liberal arts and sciences	5,689,310	15,039	5,704,349
Vocational technical	2,536,228	227,791	2,764,019
Adult education	2,839,857	1,517,592	4,357,449
Cooperative services	-	722,804	722,804
Administration	1,425,213	1,184,401	2,609,614
Student services	1,973,029	532,603	2,505,632
Learning resources	502,383	-	502,383
Physical plant	1,790,134	2,000	1,792,134
General institution	2,181,916	432,448	2,614,364
Scholarships and grants	-	2,850,073	2,850,073
Total education and support	18,938,070	7,484,751	26,422,821
Auxiliary enterprises	3,257,506	-	3,257,506
Loan cancellations and bad debts	-	-	-
Depreciation	-	-	-
Interest on indebtedness	-	362,595	362,595
Expended for plant assets	-	-	-
Total expenditures and other deductions	22,195,576	7,847,346	30,042,922
Transfers among funds, including $138,723 from agency fund	(575,622)	(307,594)	(883,216)
Net increase (decrease) for the year	127,654	(28,005)	99,649
Fund balances:			
Beginning	2,276,479	1,523,053	3,799,532
Ending	$ 2,404,133	$ 1,495,048	$ 3,899,181

See Note to Supplementary Information.

Nonoperating Funds			
Loan Funds	Plant Funds	Adjustments	Total
$ -	$ -	$ (2,850,073)	$ 6,458,860
-	-	-	4,961,791
-	-	-	849,651
-	97,595	-	8,173,972
-	689,264	-	2,974,441
-	-	-	3,094,615
-	404,743	-	872,967
-	4,334,530	(4,334,530)	-
813,324	42,898	(25,900)	2,811,341
813,324	5,569,030	(7,210,503)	30,197,638
-	-	-	5,704,349
-	-	-	2,764,019
-	-	-	4,357,449
-	-	-	722,804
-	-	(25,900)	2,583,714
-	-	-	2,505,632
-	-	-	502,383
-	866,153	(68,492)	2,589,795
-	-	(75,882)	2,538,482
-	-	(2,850,073)	-
-	866,153	(3,020,347)	24,268,627
-	-	-	3,257,506
813,324	-	(116,402)	696,922
-	-	1,082,664	1,082,664
-	606,110	-	968,705
-	4,073,754	(4,073,754)	-
813,324	5,546,017	(6,127,839)	30,274,424
-	1,021,939	-	138,723
-	1,044,952	(1,082,664)	61,937
-	28,797,848	(14,422,519)	18,174,861
$ -	$ 29,842,800	$ (15,505,183)	$ 18,236,798

Iowa Valley Community College District

Schedule of Revenues, Expenditures and Changes in Fund Balances
Unrestricted Funds
Year Ended June 30, 2007

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
Tuition and fees	$ 5,109,855	$ 2,509,428	$ 1,391,482	$ -
Federal appropriations	47,690	8,302	152,226	-
State appropriations	1,882	550	-	-
Property tax	-	-	-	-
Interest income from investments	-	-	-	-
Miscellaneous	26,235	38,920	194,426	-
	5,185,662	2,557,200	1,738,134	-
Allocation of support services	5,508,928	1,756,646	2,568,528	-
Total revenues	10,694,590	4,313,846	4,306,662	-
Expenditures:				
Salaries and benefits	5,086,207	2,291,092	2,086,794	-
Services	178,634	115,708	494,568	-
Materials and supplies	59,793	103,841	204,681	-
Travel	29,749	25,587	31,966	-
Expended for plant assets	-	-	-	-
Miscellaneous	334,927	-	21,848	-
	5,689,310	2,536,228	2,839,857	-
Allocation of support services	4,410,164	1,406,280	2,056,231	-
Total expenditures	10,099,474	3,942,508	4,896,088	-
Excess (deficiency) of revenues over (under) expenditures	595,116	371,338	(589,426)	-
Transfers, nonmandatory	(114,755)	28,575	4,267	-
Net change in fund balances	$ 480,361	$ 399,913	$ (585,159)	$ -
Fund balances:				
Beginning				
Ending				

See Note to Supplementary Information.

Support					
Administration	Student Services	Learning Resources	Physical Plant	General Institution	Education and Support Total
$ -	$ 71,620	$ -	$ -	$ 128,272	$ 9,210,657
6,076	26,787	9,429	189	5,876	256,575
7,697,799	2,293	-	-	-	7,702,524
678,310	-	-	-	-	678,310
314,636	-	-	-	-	314,636
765,126	24,147	14,205	86,963	2,374	1,152,396
9,461,947	124,847	23,634	87,152	136,522	19,315,098
(9,461,947)	(124,847)	(23,634)	(87,152)	(136,522)	-
-	-	-	-	-	19,315,098
915,843	1,794,101	387,594	31,485	1,354,463	13,947,579
292,035	75,809	12,557	1,651,944	491,780	3,313,035
33,196	80,490	99,506	81,364	210,239	873,110
23,446	15,727	2,726	2,549	40,804	172,554
-	-	-	22,792	37,696	60,488
160,693	6,902	-	-	46,934	571,304
1,425,213	1,973,029	502,383	1,790,134	2,181,916	18,938,070
(1,425,213)	(1,973,029)	(502,383)	(1,790,134)	(2,181,916)	-
-	-	-	-	-	18,938,070
-	-	-	-	-	377,028
97,000	1,818	(1,649)	(389,583)	32,555	(341,772)
$ 97,000	$ 1,818	$ (1,649)	$ (389,583)	$ 32,555	35,256
					1,264,643
					$ 1,299,899

Iowa Valley Community College District

Schedule of Revenues, Expenditures and Changes in Fund Balances
Auxiliary Enterprises
Year Ended June 30, 2007

	Bookstore	Cafeteria/ Vending
Revenues:		
Tuition and fees	$ -	$ -
Federal appropriations	8,889	854
State appropriations	-	-
Sales and services	1,249,541	474,920
Miscellaneous	1,693	-
Total revenues	1,260,123	475,774
Expenditures and other deductions:		
Salaries and benefits	150,375	854
Services	11,168	395,150
Materials and supplies	33,407	2,801
Travel	2,345	-
Expended for plant assets	-	-
Purchases for resale	1,012,819	-
Miscellaneous	19,676	14,912
Total expenditures and other deductions	1,229,790	413,717
Excess (deficiency) of revenues over (under) expenditures	30,333	62,057
Transfers among funds, nonmandatory	(101,151)	(27,905)
Net change in fund balances	(70,818)	34,152
Fund balances:		
Beginning	318,348	127,516
Ending	$ 247,530	$ 161,668

See Note to Supplementary Information.

Athletics	Housing	Other	Total
$ -	$ 5,615	$ 66,667	$ 72,282
-	348	3,014	13,105
507	-	-	507
1,720	1,239,624	128,810	3,094,615
182,647	-	218,905	403,245
184,874	1,245,587	417,396	3,583,754
2,936	205,873	44,760	404,798
37,801	395,817	25,495	865,431
6,018	36,208	212,116	290,550
5,383	141	3,319	11,188
-	10,152	-	10,152
-	-	-	1,012,819
489,683	89,215	49,082	662,568
541,821	737,406	334,772	3,257,506
(356,947)	508,181	82,624	326,248
381,994	(490,305)	3,517	(233,850)
25,047	17,876	86,141	92,398
19,434	220,025	326,513	1,011,836
$ 44,481	$ 237,901	$ 412,654	$ 1,104,234

Iowa Valley Community College District

Schedule of Revenues, Expenditures and Changes in Fund Balances
Restricted Fund
Year Ended June 30, 2007

	Insurance	Unemployment Compensation	Early Retirement	Equipment Replacement
Revenues and other additions:				
Tuition and fees	$ -	$ -	$ -	$ -
Federal appropriations	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-
State appropriations	-	-	-	-
Property tax	1,000,874	-	78,333	306,343
Interest income from investments	-	-	-	-
Miscellaneous	-	-	-	1,500
Total revenues and other additions	1,000,874	-	78,333	307,843
Expenditures and other deductions:				
Salaries and benefits	-	6,261	78,332	-
Services	949,160	-	-	6,107
Materials and supplies	-	-	-	131,813
Travel	-	-	-	-
Expended for plant assets	-	-	-	-
Interest on indebtedness	-	-	-	-
Scholarships and grants	-	-	-	-
Miscellaneous	12,728	-	-	-
Total expenditures and other deductions	961,888	6,261	78,332	137,920
Excess (deficiency) of revenues over (under) expenditures	38,986	(6,261)	1	169,923
Transfers among funds:				
Nonmandatory transfers in	-	-	-	2,830
Nonmandatory transfers (out)	-	-	-	(2,785)
	-	-	-	45
Net change in fund balances	38,986	(6,261)	1	169,968
Fund balances (deficit):				
Beginning	44,789	15,669	(124,212)	419,320
Ending	$ 83,775	$ 9,408	$ (124,211)	$ 589,288

See Note to Supplementary Information.

Cash Reserve	Iowa Industrial New Jobs Training Program	Workforce Investment Act and Promise Jobs	Scholarships	Other	Total
$ -	$ -	$ -	$ -	$ 25,994	$ 25,994
-	-	1,026,225	2,675,544	990,342	4,692,111
-	849,651	-	-	-	849,651
-	-	-	-	373,346	373,346
-	221,317	-	-	-	1,606,867
-	133,370	-	-	20,218	153,588
-	-	-	281,438	142,440	425,378
-	1,204,338	1,026,225	2,956,982	1,552,340	8,126,935
-	-	590,593	6,936	934,377	1,616,499
-	464,748	28,812	-	263,643	1,712,470
-	-	26,733	-	225,649	384,195
-	-	6,322	-	30,047	36,369
-	-	-	-	34,910	34,910
-	362,595	-	-	-	362,595
-	-	-	2,845,998	4,075	2,850,073
-	258,056	373,766	165,849	39,836	850,235
-	1,085,399	1,026,226	3,018,783	1,532,537	7,847,346
-	118,939	(1)	(61,801)	19,803	279,589
-	764,909	-	92,934	154,466	1,015,139
-	(1,007,516)	-	(12,800)	(299,632)	(1,322,733)
-	(242,607)	-	80,134	(145,166)	(307,594)
-	(123,668)	(1)	18,333	(125,363)	(28,005)
264,342	493,497	92,138	21,360	296,150	1,523,053
$ 264,342	$ 369,829	$ 92,137	$ 39,693	$ 170,787	$ 1,495,048

Iowa Valley Community College District

Schedule of Changes in Deposits Held in Custody for Others
Agency Funds
Year Ended June 30, 2007

	Student Clubs and Organizations
Balances, beginning of year	$ 183,446
Additions:	
Tuition and fees	115,359
State appropriations	-
Sales and services	-
Interest income from investments	4,155
Miscellaneous	31,405
Transfers in	106,035
Total additions	256,954
Deductions:	
Salaries and benefits	-
Services	1,558
Materials and supplies	-
Travel	244
Scholarships and grants	-
Miscellaneous	152,040
Transfers out	117,692
Total deductions	271,534
Net additions and deductions	(14,580)
Balances, end of year	$ 168,866

See Note to Supplementary Information.

Iowa Small Business New Jobs Training Program	Other	Total
$ 221,397	$ 104,625	$ 509,468
-	143,344	258,703
126,202	-	126,202
-	40,950	40,950
-	14,695	18,850
2,294	335,294	368,993
-	3,523	109,558
128,496	537,806	923,256
-	202,415	202,415
105,207	52,900	159,665
-	20,494	20,494
-	2,033	2,277
-	6,528	6,528
-	57,519	209,559
-	130,589	248,281
105,207	472,478	849,219
23,289	65,328	74,037
$ 244,686	$ 169,953	$ 583,505

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.

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, 2007

	Credit Hours			Contact Hours		
Category	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and sciences	49,524	-	49,524	864,676	-	864,676
Vocational preparatory	12,581	-	12,581	276,096	-	276,096
Adult/continuing education	-	-	-	341,901	61,385 *	403,286
Cooperative programs/services	-	-	-	-	-	-
Related services and activities	-	-	-	-	18,720	18,720
	62,105	-	62,105	1,482,673	80,105	1,562,778

* Includes 240 hour adjustment of 16,786 hours.

Iowa Valley Community College District

Comparison of Taxes and Intergovernmental Revenues
Years Ended June 30, 2007, 2006, 2005 and 2004

	2007	2006	2005	2004
Local property tax	$ 2,974,441	$ 4,185,012	$ 3,128,290	$ 2,962,046
State	8,173,972	7,796,195	7,795,039	7,126,657
Federal	4,961,791	4,817,427	4,852,550	4,516,260
	$ 16,110,204	$ 16,798,634	$ 15,775,879	$ 14,604,963

Iowa Valley Community College District

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

	2007	2006	2005	2004
Revenues:				
Tuition and fees	$ 9,308,933	$ 9,215,995	$ 9,126,590	$ 8,130,581
Federal appropriations	4,961,791	4,817,427	4,852,550	4,516,260
Iowa Industrial New Jobs Training Program	849,651	1,000,696	1,342,059	1,939,398
State appropriations	8,076,377	7,697,195	7,303,586	7,084,777
Property tax	2,285,177	3,534,365	2,486,723	2,278,392
Interest income from investments	468,224	372,736	236,397	174,599
Auxiliary enterprises	3,094,615	2,785,620	2,890,678	2,679,985
Miscellaneous	1,981,019	2,474,123	1,943,469	1,801,028
	$ 31,025,787	$ 31,898,157	$ 30,182,052	$ 28,605,020
Expenditures:				
Liberal arts and sciences	$ 5,704,349	$ 5,587,359	$ 5,298,045	$ 4,786,346
Vocational technical	2,764,019	2,787,184	2,910,730	2,652,016
Adult education	4,357,449	4,563,086	4,178,452	4,131,395
Cooperative services	722,804	716,523	844,616	1,589,717
Administration	2,609,614	4,004,208	2,424,016	2,657,872
Student services	2,505,632	2,429,067	2,299,578	1,860,245
Learning resources	502,383	500,043	489,855	476,914
Physical plant	1,792,134	1,814,962	1,766,127	1,745,092
General institution	2,614,364	2,363,806	2,249,954	2,364,679
Auxiliary enterprises	3,257,506	2,941,075	3,040,619	2,798,672
Scholarships and grants	2,850,073	2,919,550	3,001,540	2,624,241
Interest on indebtedness	362,595	407,133	417,851	452,965
	$ 30,042,922	$ 31,033,996	$ 28,921,383	$ 28,140,154

Iowa Valley Community College District

Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

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 Supplemental Educational Opportunity Grants (SEOG)	N/A	84.007	$ 165,592	$ -
Federal Family Education Loans (FFEL)	N/A	84.032	-	4,888,489
Federal Work-Study Program (FWS)	N/A	84.033	133,415	-
Federal Pell Grant Program	N/A	84.063	2,353,081	-
Federal Academic Competitiveness Grant Program (ACG)	N/A	84.375	20,550	-
Total student financial assistance cluster			2,672,638	4,888,489
Passed through Iowa Department of Education:				
Vocational education:				
Carl Perkins	IIC	84.048A	133,631	-
Entitlement - Nontraditional Students	35404	84.048A	5,000	-
Entitlement - Nontraditional Sex Equity	35605	84.048A	5,000	-
Tech Prep Curriculum Development	III	84.243A	66,920	-
Strengthening Institutions Title III	P031A030086	84.031A	327,859	-
iCreate Title III	P031A060238	84.031A	157,651	-
Funds for the improvement of postsecondary education	P116Z050160	84.116Z	110,615	-
Teacher training	N/A	84.002	2,075	-
Adult basic education	N/A	84.002	119,756	-
ESL	N/A	84.002	29,911	-
Total U.S. Department of Education			3,631,056	4,888,489
U.S. Department of Labor:				
Passed through Iowa Workforce Development:				
Workforce Investment Act (WIA):				
Adult Formula and Statewide	I-W-06-FR-0	17.258	268,958	-
Youth and Statewide	I-W-06-FR-0	17.259	121,245	-
Dislocated Worker	I-W-06-FR-0	17.260	202,797	-
Total Workforce Investment Act cluster			593,000	-
Disability Navigator	I-W-06-FR-0	17.266	157	-
WIA Bonus Literacy Grant	I-W-06-FR-0	17.267	10,514	-
Latham	AF147190560	17.261	113,294	-
Passed through Iowa Department of Education:				
Employment and Training Administration Pilots, Demonstrations, and Research Projects - New Iowan Center	I-W-16-FR-0	17.261	5,416	-
Mine Safety Health Administration	N/A	17.602	22,911	-
Family Literacy	N/A	17.267	26,771	-
Total U.S. Department of Labor			$ 772,063	$ -

(Continued)

Iowa Valley Community College District

Schedule of Expenditures of Federal Awards (Continued)
Year Ended June 30, 2007

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	$ 433,225	$ -
U.S. Department of Agriculture:				
Passed through Iowa State University				
Community Vitality Center	2005-45059-03207	10.500	5,164	-
			$ 4,841,508	$ 4,888,489

See Note to Schedule of Expenditures of Federal Awards.

Iowa Valley Community College District

Note to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2007

Note 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.

Iowa Valley Community College District

Summary Schedule of Prior Audit Findings
Year Ended June 30, 2007

Comment	Corrective Action
Reportable conditions:	
06-II-A: Inadequate segregation of duties over payroll cycle.	Uncorrected. See current year finding at 07-II-A.
06-II-B: Inadequate segregation of duties over receipts cycle.	Uncorrected. See current year finding at 07-II-B.
Compliance:	
06-III-A: Incorrect number of completed days used in calculating the percentage of payment period.	Corrected.
Statutory reporting:	
IV-J-06: Contact hours reported did not agree to class schedule.	Uncorrected. See current year finding at IV-J-07.

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, 2007, and have issued our report thereon dated March 24, 2008. 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 as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Iowa Valley Community College District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Iowa Valley Community College District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential, will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 07-II-A, 07-II-B and 07-II-C to be significant deficiencies in internal control over financial reporting.

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

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Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 07-II-C to be a material weakness.

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, 2007 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.

We noted certain matters that we reported to management of Iowa Valley Community College District in a separate letter dated March 24, 2008.

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
March 24, 2008

McGladrey & Pullen
Certified Public Accountants

Independent Auditors' Report
on Compliance with Requirements Applicable to
Each Major Program and on 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

Iowa Valley Community College District's basic financial statements include the financial statements of Ellsworth College Foundation and Marshalltown Community College Foundation, discretely presented component units, which are unaudited. 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.

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, 2007. 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 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.

As described in item 07-III-A in the accompanying schedule of findings and questioned costs, Iowa Valley Community College District did not comply with requirements regarding special tests and provisions that are applicable to its Federal Family Education Loans. Compliance with such requirements is necessary, in our opinion, for Iowa Valley Community College District to comply with requirements applicable to that program.

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In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2007.

Internal Control Over Compliance

The management of Iowa Valley Community College District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Iowa Valley Community College District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Iowa Valley Community College District's internal control over compliance.

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

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be a material weakness as defined above.

Iowa Valley Community College District's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Iowa Valley Community College District's response and, accordingly, we express no opinion on it.

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
March 24, 2008

Iowa Valley Community College District

Schedule of Findings and Questioned Costs
Year Ended June 30, 2007

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? X Yes ____ No
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? 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
- Significant deficiency(ies) identified that are not considered to be a material weakness(es)? ____ 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
84.375	Federal Academic Competitiveness Grant Program (ACG)
17.258	Workforce Investment Act (WIA) - Adult
17.259	Workforce Investment Act (WIA) - Youth
17.260	Workforce Investment Act (WIA) - Dislocated Worker
93.558	Job Opportunities and Basic Skills Training (Promise Jobs)

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) Significant Deficiencies in Internal Control

07-II-A

Finding: The District has an inadequate segregation of duties over the payroll transaction cycle.

Condition: 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. The District's 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.

Context: Pervasive to payroll transactions.

Effect: Misappropriation of assets or an undetected error in the financial statements could occur.

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.

07-II-B

Finding: The District has an inadequate segregation of duties over its cash receipts and billing cycle.

Condition: 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. The District's accounts receivable clerk and others can enter billings, generate checks and also collect cash, prepare deposits, post receipts, issues credits to students' accounts and perform reconciliation functions.

Context: Pervasive to the cash receipts and billing transactions.

Effect: Misappropriation of assets or an undetected error in the financial statements could occur.

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.

07-II-C

Finding: The post closing and financial reporting system did not identify material adjustments needed to comply with accounting principles generally accepted in the United States of America.

Condition: A system of financial reporting should address all major account balances to ensure all adjustments are made to balances at year-end. During our audit, several adjustments were required to be made to the trial balance in order to comply with accounting principles generally accepted in the United States of America as follows: the accrued interest on the new bond issuance was not recorded, costs relating to the purchase and construction of property and equipment were not capitalized, revenue on NJTP excess withholding was not properly deferred and prepaid insurance was not properly recorded at year-end.

Context: Pervasive to the financial statements as a whole.

Effect: Material misstatement of the financial statements could occur.

Recommendation: Given these items are more complex in nature, we recommend the District look for ways to improve its financial reporting system by assigning reconciliations and reviews to various individuals. We further recommend that given the complexity, the District consider the technical ability of those assigned these tasks to ensure the reviews are effective.

Response and Corrective Action Plan: The District agrees with the recommendation and will consider assigning reconciliations reviews accordingly.

(B) Compliance Findings

None.

III. Findings and Questioned Costs for Federal Awards

(A) Significant Deficiencies in Internal Control

None

(B) Compliance Findings

07-III-A

U.S. Department of Education
Federal Family Education Loans (CFDA 84.032)
Federal Award Year: 2007

Finding: The District did not return funds from refund calculations of Title IV funding within the required 45 days.

Condition: Funds were not returned timely.

Prevalence: The District was not in compliance with one of the 20 students selected for testing.

Criteria: The Department of Education requires organizations who receive student financial aid funding to calculate refunds in accordance with HEA, Section 484B 34 CFR 668.22.

Questioned costs: $427

Effect: Noncompliance with federal grant compliance requirements.

Recommendation: We recommend the District return funds timely after the refund calculation is performed to ensure delays do not occur.

Response and corrective action plan: The District will return funds within the regulatory guidelines.

IV. Other Findings Related to Required Statutory Reporting

IV-A-07 Official Depositories – Official depositories have been adopted by the Board. The maximum deposit amounts approved were not exceeded during the year ended June 30, 2007.

IV-B-07 Certified Budget – Expenditures for the year ended June 30, 2007 did not exceed the amounts budgeted.

IV-C-07 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-07 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-07 Business Transactions – No business transactions between the District and District officials or employees were noted.

IV-F-07 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-07 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-H-07 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-07 Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the District's investment policy were noted.

IV-J-07 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:

	Contact Hour Reported	Total Per Supporting Documentation	Difference
Adult Continuing Education – Education	2	22	(20)
Adult Continuing Education – Business, Mgt, Marketing & Related Support Services	7	5	2

	Contact Hour Reported	Total Per Supporting Documentation	Difference
Adult Continuing Education – Health Professions and Related Clinical Sciences	90	20	70
Arts and Sciences -- Radio and Television Broadcasting Technology	4	69	(65)
Arts and Sciences -- Manufacturing Technology	50	52	(2)
Arts and Sciences -- Criminal Justice/Police Science Technology	50	52	(2)
Arts and Sciences -- Accounting Management	50	52	(2)
Vocational Education -- Equine Science Technology	67	52	(15)
Vocational Education -- Industrial Equipment Maintenance Technology	84	103	(19)
Vocational Education -- Tool & Die Technology	100	103	(3)
Vocational Education -- Practical Nursing (LPN)	180	120	60
Vocational Education -- Apparel & Accessories Marketing Management	4	69	(65)

Recommendation – For non-credit courses, the District should verify that the number of contact hours reported for each non-credit course agrees to the class schedule. For credit contact hours, the District should monitor what is being entered for each class and educate the instructors of the need to accurately record credit contact hours.

Response – District will investigate discrepancies between course schedule and contact hours, and methods for verifying data in the continuing education and credit programs.

Conclusion – Response accepted.

Iowa Valley Community College District

Corrective Action Plan
Year Ended June 30, 2007

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
Significant Deficiencies in Internal Control over Financial Reporting:				
07-II-A	Inadequate segregation of duties over the payroll cycle.	See corrective action plan at 07-II-A.	Dan Gillen Vice President of Finance and Facilities	June 2008
07-II-B	Inadequate segregation of duties over the cash receipts and billing cycle.	See corrective action plan at 07-II-B.	Dan Gillen Vice President of Finance and Facilities	June 2008
07-II-C	Inadequate post closing and financial reporting process.	See corrective action plan at 07-II-C.	Dan Gillen Vice President of Finance and Facilities	June 2008
Compliance Findings:				
07-III-A	Title IV funds were not returned timely.	See corrective action plan at 07-III-A.	Dan Gillen Vice President of Finance and Facilities	June 2008
Statutory Reporting:				
IV-J-07	Contact hours reported did not agree to class schedule.	See corrective action plan at IV-J-07.	Dan Gillen Vice President of Finance and Facilities	June 2008