

**HAWKEYE COMMUNITY COLLEGE  
WATERLOO, IA**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT  
JUNE 30, 2008**

**PREPARED BY : BUSINESS SERVICES**

**HAWKEYE COMMUNITY COLLEGE  
1501 EAST ORANGE ROAD  
WATERLOO, IA 50704-8015  
[www.hawkeyecollege.edu](http://www.hawkeyecollege.edu)**

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## **INTRODUCTORY SECTION**



HAWKEYE  
COMMUNITY  
COLLEGE

January 28, 2009

To the Board of Trustees  
Hawkeye Community College

We are pleased to provide you with the Comprehensive Annual Financial Report (CAFR) of the Hawkeye Community College (the College) for the fiscal year ended June 30, 2008.

Iowa State law requires that all special-purpose local governments publish a complete set of financial statements presented in conformity with accounting principles and auditing standards generally accepted within the United States. Pursuant to that requirement, we hereby formally issue and transmit the comprehensive annual financial report to Hawkeye Community College for the fiscal year ended June 30, 2008.

This report consists of management's representations concerning the finances of Hawkeye Community College. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of Hawkeye Community College has established a comprehensive internal control framework that is designed both to protect the school's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Hawkeye Community College's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). The cost of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Williams & Company, P.C., a firm of licensed certified public accountants has audited the Hawkeye Community College's financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of Hawkeye Community College for the fiscal year ended June 30, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the Hawkeye Community College's financial statements for the fiscal year ended June 30, 2008, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Hawkeye Community College was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements involving the administration of federal awards. These reports are available in Hawkeye Community College's separately issued compliance report.

This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The CAFR is presented in three sections: Introductory, Financial, and Statistical. The introductory section includes this transmittal letter, the College's organizational chart, and a list of principal officers. The financial section includes Management's Discussion and Analysis (MD&A), the Independent auditor's report, and the basic financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The statistical section includes selected unaudited financial and demographic information, generally presented on a multi-year basis.

### **Reporting Entity**

The College is an independent reporting entity within the criteria established by generally accepted accounting principles (GAAP) and the Governmental Accounting Standards Board (GASB). In accordance with GASB Statement No. 14, the financial reporting entity consists of a primary government and a component unit. The College is a primary government because it is a special-purpose government that has a separately elected governing body, is legally separate, and is fiscally independent of other state and local governments. In accordance with GASB Statement No.39, the financial activity of the College Foundation is presented as a component unit of the College. The College is not included in any other governmental financial reporting entity.

### **Profile of Hawkeye Community College**

As a political subdivision of the State of Iowa, the College is subject to the oversight of the College's Governing Board of Trustees (the Board), which is comprised of nine elected members, representing each of the districts in Merged Area VII. These members are volunteers elected for four-year terms on a staggered basis. The Board is granted full authority from the Statutes of the State of Iowa to manage the business and educational needs of the College. The administrative staff is responsible for the daily operation of the College.

State appropriations are received based on Full Time Equivalent (FTE) enrollment and formula funding. The College exercises primary property tax levy authority for generation of funds for operating expenses, special revenue and capital project funds.

The College is committed to offering quality educational programs and services at a reasonable cost. The College provides a wide range of programs, including general academic, technical-vocational, student development services, continuing education, and community services.

### **Budget**

Hawkeye Community College maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Board. Activities of the general fund, special revenue funds, and capital projects fund are included in the annual appropriated budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the individual fund level. For the year ended June 30, 2008, Hawkeye Community College met certified budget expectations in the general fund, special revenue funds and capital projects fund.

Hawkeye Community College also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at the fiscal year's end. Hawkeye Community College is not required to use encumbrance accounting, and accordingly, commitments related to unperformed contracts for goods or services have not been recorded by Hawkeye Community College.

Annually, the Hawkeye Community College Board of Trustees adopts a budget and approves property tax rates for the general fund, special revenue funds, and capital projects funds in accordance with provisions outlined in the Statutes of the State of Iowa. The budgets are prepared on an accrual basis. During the fiscal year, monthly financial reports are prepared comparing the budget to actual receipts and disbursements of the various funds.

**Factors affecting financial condition**

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Hawkeye Community College operates.

**Local economy**

The economic condition and outlook of Hawkeye Community College has remained stable in recent years. The taxable valuation has been impacted by the state mandated rollback in taxable valuation. The taxable valuation is currently only 46.0% of the assessed valuation for residential property. Commercial property is taxed at 100.0% of the assessed valuation. The valuation of commercial property is approximately 50% of residential property. State appropriations and tuition revenue have increased since 2004 to offset inflationary factors.

For most of the Area VII counties, the economy is uncertain. Much of the area was declared a federal disaster area after an EF5 tornado struck on May 25, 2008, and floods raged through the area in June. This will impact future property tax revenues.

**Long-term financial planning**

Hawkeye Community College Administrative offices are located in Black Hawk County. In 2003, voters in Area VII passed a 10-year bond referendum. Property tax receipts will repay \$25 million of bonded General Obligation debt over a 10-year period.

The first use of the money was for additions and repairs to classroom buildings and College infrastructure. The second phase of the project included construction of the Brock Student Center. Planning and construction is underway for a Health Education and Services Center. Outreach facilities are being planned in three local communities. Community input, as well as professional analysis, has been taken into consideration for the overall plan of construction and remodeling.

**Cash management policies and practices**

Cash temporarily idle during the year was invested with local financial institutions in accordance with state mandated investment policies. Interest on investments resulted in earnings of \$1,777,915 as of June 30, 2008 for the college.

**Risk management**

The College maintains a full complement of insurance coverage in accordance with prudent business practices. Liability coverage is carried on a broad basis, including errors and omissions and wrongful acts. Property coverage is maintained on a replacement value basis with a schedule of values agreed upon between the carrier and the College. Additional information on the Hawkeye Community College risk management activity can be found in the notes to the financial statements.

**Financial Reporting**

This CAFR for the College was formulated with data from various sources including College and Foundation records, and the County Treasurer's and County Auditor's Offices of Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama. The statements present information on the financial condition of the College and whether resources were adequate to cover the costs of providing services during the reporting period. The College's CAFR will be distributed to the Board of Trustees and executive administration, federal and state agencies, and financial institutions, as well as others throughout the general public. Internal management reports are customized and provided to meet the information and decision-making needs at all levels of the organization and to aid management in the allocation of resources.

The Notes to the Financial Statements are an integral part of this CAFR and should be read in conjunction with the Financial Statements for a full understanding of the information presented therein.

## **GFOA Certificate of Achievement**

The Government Finance Officers Association of the United States and Canada (GFOA) awards a Certificate of Achievement for Excellence in Financial Reporting to entities that qualify. In order to be awarded a Certificate of Achievement, a governmental entity must publish an easily readable and efficient organized CAFR. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The College believes that the current CAFR meets the Certificate of Achievement Program's requirements and will be submitting it to GFOA to determine its eligibility for the college's first certificate.

### **Pension and other post employment benefits**

Hawkeye Community College contributes to the Iowa Public Employees Retirement System (IPERS) which is a cost-sharing multiple-employer defined benefit 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, IA, 50306-9117.

Employees may elect to participate in Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF), a defined contribution benefit plan instead of IPERS when they commence employment with the College.

Plan members are required to contribute 3.7% and the College contributes 5.75% of annual covered payroll. Contribution requirements are established by State statute. Additional information regarding IPERS and TIAA –CREF activity can be found in the notes to the financial statements.

### **Acknowledgements**

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated efforts of the Business Services staff of Hawkeye Community College. We would like to express our appreciation to all who assisted and contributed to this report with a special thanks to Williams & Company, P.C. Also, appreciation is expressed for the interest and support of the Board of Trustees in conducting the financial operation of the College in a most responsible and progressive manner.

Respectfully submitted,



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Galen Howsare  
Vice President Administration and Finance

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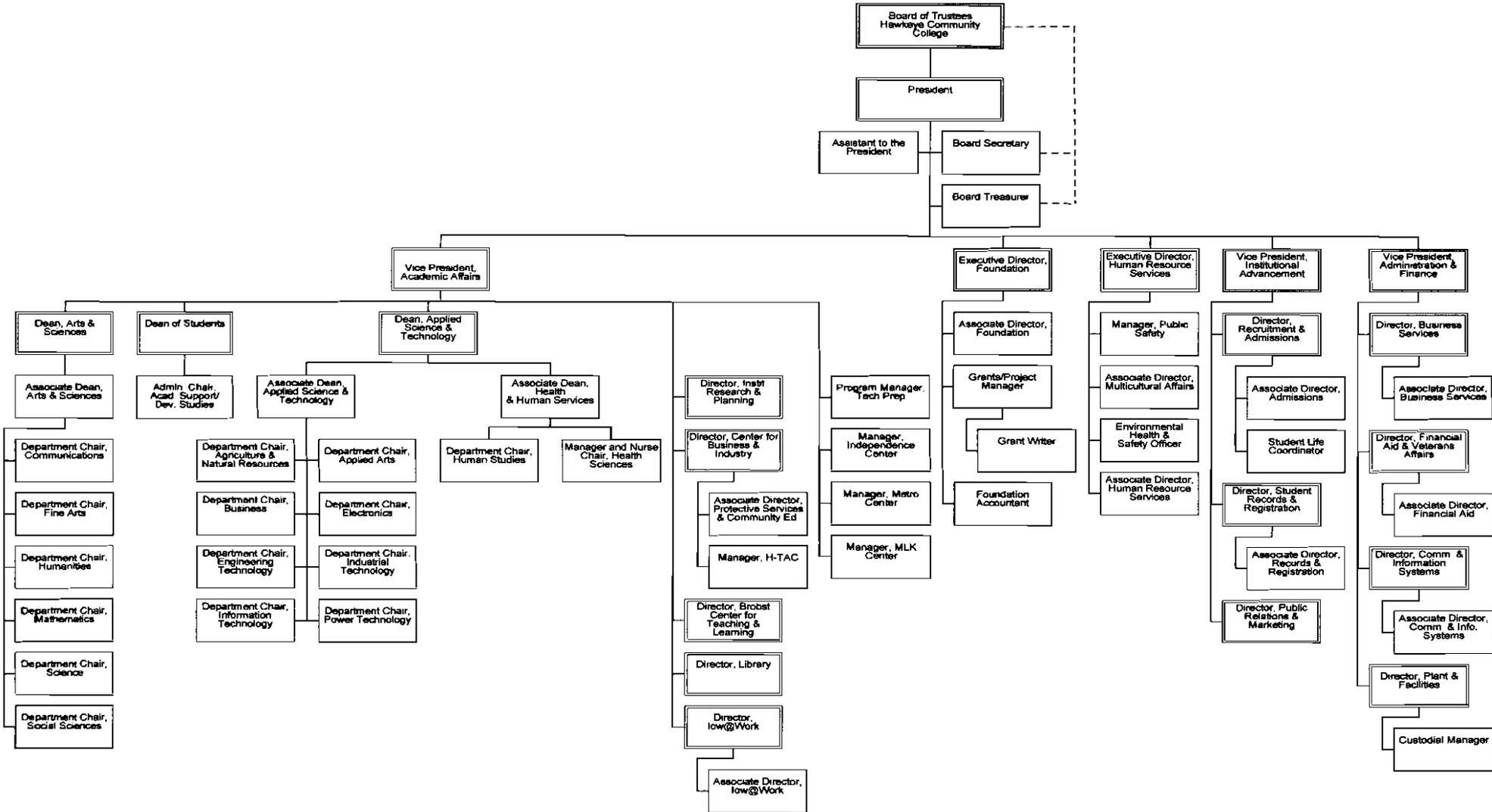
**HAWKEYE COMMUNITY COLLEGE  
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Trustees</b>		
Mark Birdnow	Chairperson	2009
Ruth Niemann	Vice Chairperson	2011
Dr. William Gronen	Member	2009
Dave Krejchi	Member	2009
Micalea Lorenz	Member	2011
Luane Lorenzen	Member	2009
Ronald McGregor	Member	2011
Casey McLaughlin	Member	2011
Donna Miller	Member	2009

**Community College  
(As of June 30, 2008)**

Greg Schmitz	President
Galen Howsare	Vice President, Administration and Finance
Denise Bouska	Board Treasurer
Donna McNulty	President Secretary
Denise Dunn	Board Secretary

# Hawkeye Community College November 1, 2008



**FINANCIAL SECTION**



Certified Public Accountants

## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Hawkeye Community College  
Waterloo, Iowa

We have audited the accompanying financial statements, listed as the Basic Financial Statements in the table of contents of this report, of Hawkeye Community College, Waterloo, Iowa, as of and for the year ended June 30, 2008. These financial statements are the responsibility of the Community College's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of Hawkeye Community College Foundation (the component unit of the Community College discussed in Note 1), which statements reflect total assets of \$4,084,172 and total operating revenues of \$814,866 for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to use and our opinion insofar as it relates to that unit is based on the report of the other auditor.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The financial statements of the Hawkeye Community College Foundation were not audited in accordance with *Government Auditing Standards*. 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 opinions.

In our opinion, based on our audit and the report of the other auditor, the financial statements referred to above present fairly, in all material respects, the respective financial position of Hawkeye Community College at June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 15, 2009, on our consideration of Hawkeye Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis and budgetary comparison information on pages 9 through 14 and 32 through 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquires of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

The accompanying Introductory Section and Statistical Information is presented for the purposes of additional analysis and is not a required part of the basic financial statements of Hawkeye Community College. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Hawkeye Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the year ended June 30, 2007 (which is not presented herein) and expressed unqualified opinions on those financial statements. We did not previously audit, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the three years ended June 30, 2006. Other supplemental information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our 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.

*Williams & Company, P.C.*

Certified Public Accountants

Spencer, Iowa  
January 15, 2009

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## MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED JUNE 30, 2008

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Management of Hawkeye Community College provides this Management's Discussion and Analysis of the college's annual financial statements. This narrative overview and analysis of the financial activities of Hawkeye Community College is for the fiscal year ended June 30, 2008. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

### FINANCIAL HIGHLIGHTS

- College operating revenues totaled \$25,837,894 for fiscal year 2008 and increased \$1,412,452, as compared to fiscal year 2007 operating revenues of \$24,425,442. The increase resulted primarily from an increase in Federal Appropriations and increases in revenue from Iowa Industrial New Jobs Training Program and Auxiliary operations.
- College operating expenses totaled \$40,203,525 for fiscal year 2008 and increased \$1,108,570, as compared to fiscal year 2007 operating expenses of \$39,094,955. The increase resulted primarily from increases in Cooperative Services, General Administrative and General Institutional expenditures
- The College's net assets increased 12.4%, or \$6,718,359, from the year ended 2007 including an adjustment from prior years of \$1,111,318 to correct the New Jobs Training Program accounts receivable balances.

### USING THE 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 College'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 College as a whole and present an overall view of the College's finances.

Notes to Financial Statements provide additional information 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 College's budget for the year.

Other Supplementary Information provides detailed information about the individual funds. In addition, the Schedule of Expenditures of Federal Awards provides details of various programs benefiting the College.

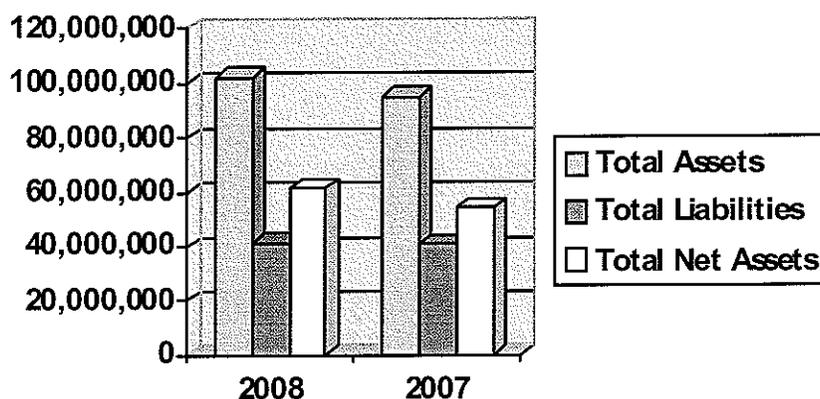
### REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES

#### The Statement of Net Assets

The statement of net assets presents the assets, liabilities and net assets of the College as a whole, as of the end of the fiscal year June 30, 2008. 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 College to the readers of the financial statements. The statement of net assets includes year-end information concerning current and non-current assets, current and non-current liabilities and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

## Net Assets

	June 30, 2008	June 30, 2007
Current and Other Assets	\$ 67,831,865	\$ 65,300,941
Capital Assets, Net of Accumulated Depreciation	34,344,321	29,448,601
Total Assets	102,176,186	94,749,542
Current Liabilities	17,935,414	22,093,891
Non-current Liabilities	23,214,105	18,347,343
Total Liabilities	41,149,519	40,441,234
Net Assets:		
Invested in Capital Assets, Net of Related Debt	23,192,105	22,864,090
Restricted	18,639,156	17,840,490
Unrestricted	19,195,406	13,603,728
Total Net Assets	\$ 61,026,667	\$ 54,308,308



### Comparison of Net Assets

A portion of the College's net assets (38.0%) is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the invested in capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (30.5%) includes resources that are subject to external restrictions. The remaining net assets (31.5%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

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

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

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

## Changes in Net Assets

	Year Ended June 30, 2008	Year Ended June 30, 2007
Operating Revenues:		
Tuition and Fees, net of scholarship allowances	\$ 8,859,742	\$ 9,064,604
Federal Appropriations	8,585,768	7,900,156
Iowa Industrial New Jobs Training Program	3,529,935	3,090,789
Auxiliary Enterprises Revenue, net of scholarships	2,925,066	2,469,717
Gifts and Grants	66,475	29,973
State of Iowa Offset Program Income	309,991	-
Miscellaneous	1,560,917	1,870,203
Total Operating Revenues	25,837,894	24,425,442
Total Operating Expenses	40,203,525	39,094,955
Operating Loss	(14,365,631)	(14,669,513)
Non-Operating Revenues (Expenses)		
State Appropriations	13,848,935	12,318,253
Property Taxes	5,509,468	6,759,565
Interest Income from Investments	1,777,915	2,290,173
Miscellaneous	9,260	27,000
Gain/(Loss) on Sale of Capital Assets	(15,452)	2,913
Interest on Indebtedness	(1,157,454)	(1,063,745)
Net Non-Operating Revenues	19,972,672	20,334,159
Increase in Net Assets	5,607,041	5,664,646
Net assets Beginning of Year	54,308,308	48,643,662
Prior Year Adjustments	1,111,318	-
Net assets Beginning of Year - Restated	55,419,626	48,643,662
Net Assets Ending of Year	\$ 61,026,667	\$ 54,308,308

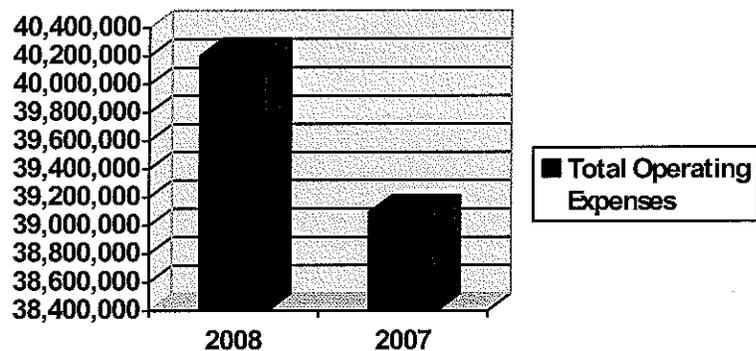
The statement of revenues, expenses and changes in net assets reflects a positive year, with increases in the net assets of \$5,607,041 for the current year and increases in net assets of \$1,111,318 from prior year adjustments

In fiscal year 2008, the major fluctuations in revenues were a result of the following changes:

- Tuition and Fee, net of scholarship allowances decreased \$204,862 due to decreases in enrollment and increases in scholarship support.
- Federal Appropriations increased \$685,612 due to increases in Pell Grants and other Federal support
- Iowa Industrial New Jobs Program revenues increased \$439,146 due to the timing of the projects and the variability of the revenue accounts. Overall revenue is influenced not only by the withholding revenues received from the companies, but also the amount of reimbursed expenses the company had throughout the year.

## Operating Expenses

	Year Ended June 30, 2008	Year Ended June 30, 2007
Education and Support:		
Liberal Arts and Sciences	\$ 5,835,808	\$ 6,041,749
Vocational Technical	7,973,474	7,778,343
Adult Education	2,121,382	2,366,688
Cooperative Services	4,992,297	4,690,637
General Administration	3,060,923	2,770,850
Student Services	2,215,574	2,065,897
Learning Resources	801,075	786,252
Physical Plant	2,991,807	3,241,463
General Institution	6,056,355	4,451,111
Sub-total	36,048,695	34,192,990
Auxiliary Enterprises	1,849,058	2,747,075
Scholarships and Grants	641,189	607,306
Depreciation Expense	1,664,583	1,547,584
<b>Total</b>	<b>\$ 40,203,525</b>	<b>\$ 39,094,955</b>



In fiscal year 2008, the major fluctuations in operating expenses were a result of the following factors:

- Expenditures for telephone upgrades, a new student ID system, student computer labs, and consultants for software and Grants and Contracts contributed to the \$1,605,244 increase in General Institutional costs.
- Cooperative expenditures increased \$301,660 primarily due to additional training dollars available for the issuance of additional New Jobs training certificates.

### Statement of Cash Flows

The statement of cash flows is an important tool in helping the users to assess the College's ability to generate future net cash flows, its ability to meet its obligations as they come due, and its need for external financing. The statement of cash flows presents information related to cash inflows and outflows, summarized by operating, non-capital financing, capital financing and investing activities.

## Cash Flows

	Year Ended June 30, 2008	Year Ended June 30, 2007
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (13,443,269)	\$ (10,140,362)
Non-Capital Financing Activities	19,358,402	19,078,000
Capital and Related Financing Activities	(3,118,764)	(773,928)
Investing Activities	(1,456,483)	(5,953,461)
Net Increase in Cash and Cash Equivalents	1,339,886	2,210,249
Cash and Cash Equivalents at Beginning of Year	8,917,471	6,707,222
Cash and Cash Equivalents at End of Year	<u>\$ 10,257,357</u>	<u>\$ 8,917,471</u>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations and local property taxes received by the College. Cash used by 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 earned.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2008, the College had \$55,897,762 invested in capital assets, which was net of accumulated depreciation of \$21,553,441. Depreciation expense totaled \$1,664,583 for fiscal year 2008. Details of the capital assets are shown below.

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

	June 30, 2008	June 30, 2007
Land	\$ 379,179	\$ 379,179
Construction in Progress	1,631,722	1,500,299
Capital Assets Not Depreciated	2,010,901	1,879,478
Buildings	24,039,704	19,882,761
Other Structures and Improvements	4,704,779	4,040,417
Furniture and Equipment	3,588,937	3,645,945
Capital Assets Depreciated	32,333,420	27,569,123
Total Capital Assets	<u>\$ 34,344,321</u>	<u>\$ 29,448,601</u>

Planned capital expenditures for the fiscal year ended June 30, 2008 and beyond includes renovation of Hawkeye Center, the Administrative building on the main campus, remodel of Butler Hall to improve technical training areas and classrooms, and leasehold improvements at three outreach facilities for classroom space. Additionally, the Black Hawk Hall remodel to add more classrooms and office space was completed in August 2008. Road improvements will be the main upgrade of infrastructure on campus. More detailed information about the College's capital assets is presented in Note 4 to the basic financial statements.

## Long-Term Debt

As of June 30, 2008, the College had \$27,635,000 in debt outstanding, an increase of \$5,550,000 from June 30, 2007. The table below summarizes these amounts by type.

### Outstanding Debt

	<u>Year Ended June 30, 2008</u>	<u>Year Ended June 30, 2007</u>
Certificate Payable	\$ 16,660,000	\$ 15,745,000
General Obligation Bonds	10,975,000	6,340,000
Total	<u>\$ 27,635,000</u>	<u>\$ 22,085,000</u>

More detailed information about the College's outstanding debt is presented in Note 5 to the basic financial statements.

## ECONOMIC FACTORS

Hawkeye Community College continued to improve its financial position during the current fiscal year. However, the current condition of the economy in the state continues to be a concern for College officials. Some of the realities that may potentially become challenges for the College to meet are:

- On December 18, 2008, the governor of the State of Iowa announced a 1.5% across the board budget reduction for the year ending June 30, 2009. This results in a decrease in state appropriations for the college of approximately \$200,000.
- Enrollment has declined slightly from FY 2008 to FY 2009 which will impact fee revenues.
- Salaries, wages and fringe benefits comprise 80% of annual Educational and Support expenditures. Providing competitive packages to attract and retain the best employees is an issue facing the college.
- Expenses continue to increase, especially the costs of travel, supplies and utilities.
- Facilities at the College require constant maintenance and upkeep at increasing costs.
- Technology continues to expand and current technology becomes quickly outdated presenting an ongoing challenge to maintain up to date technology at a reasonable cost.

The College anticipates the current fiscal year will be much like the last and will maintain a close watch over resources to maintain the College's ability to react to unknown issues.

## CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college, and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Hawkeye Community College, 1501 E. Orange Road, P.O. Box 8015, Waterloo, Iowa 50704-8015.

## **Basic Financial Statements**

**HAWKEYE COMMUNITY COLLEGE  
STATEMENT OF NET ASSETS  
JUNE 30, 2008**

	Primary Government	Component Unit
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 10,257,357	\$ 993,086
Pooled Investments	40,267,320	1,715,176
Receivables:		
Due from Others, Net of Allowance for Uncollectible		
Accounts of \$2,453,860	1,068,290	19,737
Accrued Interest	95,465	10,238
Property Taxes - Succeeding Year	7,057,000	-
Student Loans, Net of Allowance for Uncollectible		
Accounts of \$3,009	9,026	-
Loans Receivable, Net	-	68,222
Iowa Industrial New Jobs Training Program	909,990	-
Due From Other Governments	1,229,477	-
Prepaid Expenses	207,210	-
Inventories	314,165	-
Unamortized Bond Discount	44,605	-
	<u>61,459,905</u>	<u>2,806,459</u>
Total Current Assets		
Noncurrent Assets		
Pooled Investments	1,618,886	887,063
Receivables:		
Iowa Industrial New Jobs Training Program	4,525,378	-
Unamortized Bond Discount	227,696	-
Life Insurance Cash Value	-	14,809
Capital Assets:		
Land	379,179	375,841
Buildings	36,924,866	-
Construction in Progress	1,631,722	-
Other Structures and Improvements	7,661,384	-
Furniture and Equipment	9,300,611	-
Accumulated Depreciation	(21,553,441)	-
	<u>40,716,281</u>	<u>1,277,713</u>
Total Noncurrent Assets		
	<u>\$ 102,176,186</u>	<u>\$ 4,084,172</u>
<b>TOTAL ASSETS</b>		

**HAWKEYE COMMUNITY COLLEGE**  
**STATEMENT OF NET ASSETS**  
**JUNE 30, 2008**

	Primary Government	Component Unit
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 1,045,897	\$ 2,565
Salaries and Benefits Payable	1,708,185	-
Accrued Interest Payable	103,702	564
Deferred Revenue:		
Succeeding Year Property Tax	7,057,000	-
Other	1,286,725	-
Compensated Absences	624,797	-
Early Retirement Payable	406,883	-
Assets Held in Custody for Others	727,225	-
Certificates Payable	2,820,000	-
General Obligation School Bonds	2,155,000	-
Notes Payable	-	13,215
	17,935,414	16,344
Total Current Liabilities		
Noncurrent Liabilities		
Early Retirement Payable	554,105	-
Certificates Payable	13,840,000	-
General Obligation School Bonds	8,820,000	-
Notes Payable	-	50,055
	23,214,105	50,055
Total Noncurrent Liabilities		
	41,149,519	66,399
<b>TOTAL LIABILITIES</b>		
<b>NET ASSETS</b>		
Invested in Capital Assets, Net of Related Debt	23,192,105	312,571
Restricted:		
Nonexpendable:		
Endowment	-	904,156
Expendable:		
Scholarships, Departmental Programs, and Loans	72,567	399,831
Loans	44,564	1,037,576
Debt Service	852	-
Cash Reserve	366,380	-
Other	18,154,793	924,416
Unrestricted	19,195,406	439,223
	\$ 61,026,667	\$ 4,017,773
<b>TOTAL NET ASSETS</b>		

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**HAWKEYE COMMUNITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS**  
**YEAR ENDED JUNE 30, 2008**

	<u>Primary Government</u>	<u>Component Unit</u>
<b>REVENUES</b>		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$5,307,771	\$ 8,859,742	\$ -
Federal Appropriations	8,585,768	-
Iowa Industrial New Jobs Training Program	3,529,935	-
Gifts and Grants	66,475	771,270
Auxiliary Enterprises Revenue, net of scholarship allowances of \$310,954	2,925,066	-
State of Iowa Offset Program Income	309,991	-
Miscellaneous	1,560,917	43,596
<b>Total Operating Revenues</b>	<b>25,837,894</b>	<b>814,866</b>
<b>EXPENSES</b>		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	5,835,808	-
Vocational Technical	7,973,474	-
Adult Education	2,121,382	-
Cooperative Services	4,992,297	-
General Administration	3,060,923	-
Student Services	2,215,574	-
Learning Resources	801,075	-
Physical Plant	2,991,807	-
General Institution	6,056,355	-
Auxiliary Enterprises	1,849,058	-
Scholarships and Grants	641,189	167,540
Loan Cancellations and Bad Debts	-	208,859
Administrative and Collection Costs	-	171,948
Program Costs	-	53,234
Fundraising Expenses	-	19,756
Depreciation Expense	1,664,583	-
<b>Total Operating Expenses</b>	<b>40,203,525</b>	<b>621,337</b>
<b>Operating Income (Loss)</b>	<b>(14,365,631)</b>	<b>193,529</b>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	13,848,935	-
Property Taxes	5,509,468	-
Donated Capital Assets	9,260	-
Interest Income from Investments	1,777,915	(17,874)
Loss on Sale of Capital Assets	(15,452)	-
Interest on Indebtedness	(1,157,454)	-
<b>Net Non-Operating Revenues</b>	<b>19,972,672</b>	<b>(17,874)</b>
Increase in Net Assets	5,607,041	175,655
Net Assets Beginning of Year	54,308,308	3,842,118
Prior Year Adjustments	1,111,318	-
Net Assets Beginning of Year - Restated	55,419,626	3,842,118
<b>Net Assets End of Year</b>	<b>\$ 61,026,667</b>	<b>\$ 4,017,773</b>

See Accompanying Notes to Financial Statements

**HAWKEYE COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2008**

<b>Cash Flows from Operating Activities:</b>	
Tuition and Fees	\$ 15,621,407
Grants and Contracts	4,440,347
Iowa Industrial New Jobs Training Program	5,480,052
Payments to Employees	(24,779,565)
Payments to Suppliers	(18,744,558)
Payments to NJTP Recipients	(1,390,923)
Collection of Loans to Students	24,659
Auxiliary Enterprise Net Activity	140,816
Other Receipts	5,764,496
Miscellaneous Agency Fund Receipts	2,707,240
Miscellaneous Agency Fund Disbursements	<u>(2,707,240)</u>
Net Cash (Used) by Operating Activities	<u>(13,443,269)</u>
<b>Cash Flows from Non-Capital Financing Activities:</b>	
State Appropriations	13,848,934
Property Taxes	<u>5,509,468</u>
Net Cash Provided from Non-Capital Financing Activities	<u>19,358,402</u>
<b>Cash Flows from Capital and Related Financing Activities</b>	
Proceeds from Sale of Capital Assets	3,797
Purchases of Capital Assets	(6,563,643)
Proceeds from New Debt Issued	6,850,000
Principal Paid on Debt and Leases	(2,215,000)
Interest Paid on Debt and Leases	<u>(1,193,918)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(3,118,764)</u>
<b>Cash Flows from Investing Activities:</b>	
Proceeds from Sales and Maturities of Investments	10,652,488
Purchase of Investments	(13,971,163)
Interest on Investments	<u>1,862,192</u>
Net Cash (Used) by Investing Activities	<u>(1,456,483)</u>
<b>Net Increase in Cash</b>	1,339,886
<b>Cash at Beginning of Year</b>	<u>8,917,471</u>
<b>Cash at End of Year</b>	<u><u>\$ 10,257,357</u></u>

**HAWKEYE COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2008**

**Reconciliation of Operating Loss to Net Cash**

**(Used) by Operating Activities:**

Operating (Loss)	\$ (14,365,631)
Adjustments to Reconcile Operating Loss to Net Cash (Used) by Operating Activities:	
Depreciation	1,664,583
Changes in Assets and Liabilities:	
Increase in Due From Others	(2,251)
Decrease in Due From Students	625,265
Decrease in Notes Receivable	16,109
Increase in Due From Other Governments	(2,417,092)
Increase in Inventories	(105,691)
Increase in Prepaid Expenses	(193,375)
Decrease in Accounts Payable	(351,540)
Decrease in Salaries and Benefits Payable	(465,575)
Increase in Compensated Absences	53,524
Increase in Deferred Revenue	1,609,632
Decrease in Early Retirement Payable	(453,582)
Increase in NJTP Loans Payable	942,355
	<hr/>
Total Adjustments	922,362
	<hr/>
<b>Net Cash (Used) by Operating Activities</b>	<b>\$ (13,443,269)</b>

**Noncash, Capital and Related Financing Activities:**

The College received donated capital assets with a fair market value of \$9,260.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hawkeye Community College is a publicly supported school established and operated by Merged Area VII under the provisions of Chapter 260C of the Code of Iowa. Hawkeye Community College may offer 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. Hawkeye Community College may also offer up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Hawkeye Community College maintains seven sites throughout Waterloo, Cedar Falls, and Independence, Iowa, and has its administrative offices in Waterloo. Hawkeye Community College is governed by a Board of Trustees whose members are elected from each trustee district within Merged Area VII.

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

**A. Reporting Entity**

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

These financial statements present Hawkeye Community College (the primary government) and its component unit. The component unit discussed below is included in Hawkeye Community College's reporting entity because of the significance of its operational or financial relationship with the Community College. Certain disclosures about the component unit has been audited separately and a report has been issued under a separate cover. The audited financial statements are available at the College.

**Discrete Component Unit**

Hawkeye Community College Foundation is a non-profit corporation, whose purpose is to support the Community College through donations to provide scholarships to students, and for the enhancement and extension of facilities, equipment and services. The Foundation is governed by a Board of Trustees, two of which are appointed by the Board of Trustees of the Community College. The Foundation operates on a June 30 fiscal year end. The financial statements of Hawkeye Community College Foundation, Inc. can be obtained from: Business Services, Hawkeye Community College, 1501 E. Orange Road, P.O. Box 8015, Waterloo, IA 50704-8015.

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following four net asset categories:

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

Note 1 -- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Restricted Net Assets:

Nonexpendable – Net assets subject to externally imposed stipulations that they be maintained permanently by the College, including the College's permanent endowment funds.

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

Unrestricted Net Assets: Net assets that are not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the College.

GASB Statement No. 35 also requires the Statement of Net Assets, Revenues, Expenses, and Changes in Net Assets and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, Hawkeye Community College is considered a special-purpose government engaged only in business type activities as defined in GASB Statement No. 34. Accordingly, the basic financial statements of the College have been prepared using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the balance sheets:

Cash and Pooled Investments -- Investments are stated at fair value.

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

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.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories -- Inventories are valued at lower of cost (first-in, first-out method) or market, except for the livestock and grain from the farm operations, which is valued at market value. Inventories consist of supplies and materials held for consumption, livestock and merchandise held for resale. The cost is recorded as an expenditure at the time individual inventory items are consumed or sold.

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 Trustees to the appropriate County Auditors. The succeeding year property tax receivable represents taxes certified by the Board of Trustees 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 Trustees is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied.

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2008 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets -- Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the College), are reported. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful live in excess of two years. The College defines reportable capital assets as individual assets above \$ 5,000.

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

<u>Assets</u>	<u>Years</u>
Buildings and Other Structures and Improvements	25 - 50
Furniture and Equipment	3 - 10

The College does not capitalize or depreciate library books. The value of each book falls below the capital asset threshold and the balance was deemed immaterial to the financial statements

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 1 -- SUMMARY OF 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 -- When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for deferred revenue. Deferred revenue consists of succeeding year property tax receivable, tuitions deposits, tuition and fees for a portion of summer classes, fees and registration for fall, and unearned revenue on 260 E and F projects.

Compensated Absences -- College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use of for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2008.

Auxiliary Enterprise Revenues -- Auxiliary enterprise revenues primarily represent revenues generated by career education, adult education, farm operations, and food service.

Summer Session -- The Community College operates summer sessions during May, June, and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the summer session class schedule.

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.

Operating and Non-operating Activities -- Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net Assets, are transactions that result from exchange transactions, such as payments received for providing services and payments made for services or goods received. Non-operating activities include state appropriations, property tax and interest income.

**E. Scholarship Allowances and Student Aid**

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officer (NACUBO). Certain aid (loans and funds provided to students as awarded by third parties) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid that was provided to the student in the form of cash. Scholarship allowances represent the portion of aid provided to the student in the form of reduced tuition. Under the alternative method, these amounts are computed on a total College basis by allocating the cash payments to students, excluding payments for services, on the ratio of all aid to the aid not considered to be third party aid.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 2 – CASH AND POOLED INVESTMENTS**

The College's deposits in banks at June 30, 2008, 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 insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; 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. The College's investment policy additionally limits investments in commercial paper to obligations that mature within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services, with no more than five percent at the time of purchase placed in the second highest classification. At the time of purchase not more than ten percent of the investment portfolio can be in these investments and no more than five percent of the investment portfolio can be invested in the securities of a single issuer.

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

At June 30, 2008, the Community College had the following investments:

Current Pooled Investments		\$ 40,267,320	
Noncurrent Pooled Investments		1,618,886	
		<u>\$ 41,886,206</u>	
	Fair Value	<u>Investment Maturities (in years)</u>	
		Less than 1	1 to 5
Money Market Mutual Fund	\$ 39,411,635	\$ 39,411,635	\$ -
Certificates of Deposit	\$ 100,000	\$ 100,000	
U.S Government Securities	2,374,571	755,685	1,618,886
	<u>\$ 41,886,206</u>	<u>\$ 40,267,320</u>	<u>\$ 1,618,886</u>

Interest rate risk. The Community College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) in instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the Community College.

Credit risk. The Community College's investments in Money Market Mutual Funds are unrated.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 2 -- CASH AND POOLED INVESTMENTS (Continued)**

Concentration of credit risk. The College'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 allows for investments of up to 100% in interest bearing savings, money market and checking accounts, certificates of deposits, repurchase agreements, money market mutual funds, bonds, notes, certificates of indebtedness, treasury bills or other securities issued by the United States of America, its agencies and allowable instrumentalities; up to 10% in prime bankers' acceptances; and up to 10% in commercial paper. The policy does not allow the College to invest in futures, options or reverse purchase agreements.

Component Unit Investments. Investments are managed by the Foundation and external managers, in accordance with Board policy, and are stated at fair value. Fair value of the investments has been determined as of June 30. Values have not been adjusted for market fluctuations subsequent to June 30. Accounting principles generally accepted in the United States of America require adjustment of year end values only when the value has been permanently impaired. Management does not feel market fluctuations after year end have caused permanent impairment to its investment portfolio. A summary of the securities held at June 30, 2008 follows:

	Fair Value
Common Stocks	\$ 413,967
Common Stocks - Foreign	71,334
Corporate Bonds	49,524
U.S. Government Agency Bonds	538,476
Mutual Equity Funds	189,819
Mutual Equity Funds - Foreign	279,966
Mutual Income Funds	1,059,153
	\$ 2,602,239

**Note 3 -- LOANS RECEIVABLE (Component Unit)**

The Foundation, a component unit to the College, makes loans to students of the College to be used primarily for the cost of tuition and books. These loans generally become payable upon the student's completion of or withdrawal from higher education programs. The Tyson, Cedar Valley Corporation and John Deere loans become forgivable upon the completion of the program and two or three years of employment with the respective companies.

Loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible or forgivable amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to loans receivable. Interest rates and terms vary by program. Below is a summary of loans receivable:

	2008
Loans Receivable	\$ 518,410
Less Allowance for Uncollectible Loans	(3,085)
Less Allowance for Forgivable Loans	(447,103)
	\$ 68,222

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 4 -- INVENTORIES**

The Community College's inventories at June 30, 2008 are as follows:

Type	Amount
Supplies and Materials	\$ 36,438
Farm Operations	224,370
Merchandise Held for Resale	53,357
Total	\$ 314,165

**Note 5 -- CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 379,179	\$ -	\$ -	\$ 379,179
Construction in progress	1,500,299	1,245,788	1,114,365	1,631,722
Total capital assets not being depreciated	1,879,478	1,245,788	1,114,365	2,010,901
Capital assets being depreciated:				
Buildings	32,064,780	4,860,086	-	36,924,866
Other structures and improvements	6,994,100	799,793	132,509	7,661,384
Furniture and equipment	8,633,510	788,250	121,149	9,300,611
Total capital assets being depreciated	47,692,390	6,448,129	253,658	53,886,861
Less accumulated depreciation for:				
Buildings	12,182,019	703,143		12,885,162
Other structures and improvements	2,953,683	135,430	132,508	2,956,605
Furniture and equipment	4,987,565	826,010	101,901	5,711,674
Total accumulated depreciation	20,123,267	1,664,583	234,409	21,553,441
Total capital assets being depreciated, net	27,569,123	4,783,546	19,249	32,333,420
Capital assets, net	\$ 29,448,601	\$ 6,029,334	\$ 1,133,614	\$ 34,344,321

Furniture and Equipment of \$214,002 is included in the Agency Fund.

On June 30, 2008, the Community College has future construction commitments of \$2,240,818.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

Note 5 -- **CAPITAL ASSETS** (Continued)

Reconciliation of Investment in Capital Assets, Net of Related Debt:

Land	\$ 379,179
Buildings	36,924,866
Construction in Progress	1,631,722
Other Structures and Improvements	7,661,384
Furniture and Equipment	9,300,611
Accumulated Depreciation	<u>(21,553,441)</u>
Capital Assets (Net of Accumulated Depreciation)	34,344,321
Less: Agency Fund Assets	(214,002)
Add: Unamortized Bond Discount	36,786
Less: Bonds Payable	<u>(10,975,000)</u>
 Investment in Capital Assets, Net of Related Debt	 <u><u>\$ 23,192,105</u></u>

Capital Assets for the College's Foundation, a component unit, for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 379,179	\$ -	\$ -	\$ 379,179
Total capital assets not being depreciated	<u>\$ 379,179</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 379,179</u>

Note 6 -- **LONG-TERM DEBT**

A summary of changes in long-term debt for the year ended June 30, 2008 is as follows:

	Balance Beginning of Year	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Early Retirement Payable	\$ 1,414,570	\$ -	\$ (453,582)	\$ 960,988	\$ 406,883
Certificates Payable	15,745,000	3,370,000	(2,455,000)	16,660,000	2,820,000
Bonds Payable	6,340,000	6,850,000	(2,215,000)	10,975,000	2,155,000
Total Primary Government	<u>\$ 23,499,570</u>	<u>\$ 10,220,000</u>	<u>\$ (5,123,582)</u>	<u>\$ 28,595,988</u>	<u>\$ 5,381,883</u>
Component Unit:					
Notes Payable	\$ 75,710	\$ -	\$ (12,440)	\$ 63,270	\$ 13,215
Total Component Unit	<u>\$ 75,710</u>	<u>\$ -</u>	<u>\$ (12,440)</u>	<u>\$ 63,270</u>	<u>\$ 13,215</u>

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

Note 6 -- **LONG-TERM DEBT** (Continued)

Certificates Payable

In accordance with agreements dated between June 30, 1996 and June 30, 2008, the Community College issued certificates with a June 30, 2008 outstanding balance of \$16,660,000 with interest rates ranging from 3.25% to 7.90%. The debt was incurred 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). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semi-annually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves, and, in the case of default, from standby property taxes. During 2008, Hawkeye Community College recorded \$920,862 of interest expense from the certificates payable.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 2,820,000	\$ 900,875	\$ 3,720,875
2010	2,635,000	749,995	3,384,995
2011	2,405,000	607,538	3,012,538
2012	1,925,000	476,832	2,401,832
2013	1,705,000	374,282	2,079,282
2014-2018	<u>5,170,000</u>	<u>691,676</u>	<u>5,861,676</u>
Total	<u>\$ 16,660,000</u>	<u>\$ 3,801,198</u>	<u>\$ 20,461,198</u>

Bonds Payable

On October 1, 2006, Hawkeye Community College issued \$6,100,000 in general obligation school bonds, to finance the improvement of its Main Campus and construct, remodel, erect and equip buildings thereon, and construct, lease, or acquire and improve and equip new or existing facilities. Annual principal payments began June 1, 2007. Interest payments are due semi-annually each June and December. The capital loan notes will mature June 2012. The balance of the general obligation school bonds at June 30, 2008, was \$4,125,000.

On May 1, 2008, Hawkeye Community College issued \$6,850,000 in general obligation school bonds, to finance the improvement of its Main Campus and construct, remodel, erect and equip buildings thereon, and construct, lease, or acquire and improve and equip new or existing facilities. Annual principal payments will begin June 1, 2009. Interest payments are due semi-annually each June and December. The capital loan notes will mature June 2014. The balance of the general obligation school bonds at June 30, 2008, was \$6,850,000.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

Note 6 -- **LONG-TERM DEBT** (Continued)

Details of the Community College's June 30, 2008 bonded indebtedness maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 2,155,000	\$ 343,549	\$ 2,498,549
2010	2,495,000	266,517	2,761,517
2011	1,840,000	196,097	2,036,097
2012	1,685,000	139,258	1,824,258
2013	1,380,000	85,420	1,465,420
2014	<u>1,420,000</u>	<u>44,020</u>	<u>1,464,020</u>
Total	<u>\$ 10,975,000</u>	<u>\$ 1,074,861</u>	<u>\$ 12,049,861</u>

Notes Payable (Component Unit)

Notes payable in the College's Foundation, a component unit consists of a note payable to Regions Bank, with an interest rate of 5.35%, secured by farmland, payments of \$8,202, are due semi-annually each May and November, with the final payment due November 1, 2009. Details of the Endowment's Notes Payable are as follows:

Year Ending June 30,	Principal
2009	13,215
2010	<u>50,055</u>
Total	<u>\$ 63,270</u>

Note 7 -- **OPERATING LEASES**

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2008 and 2011 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 7 -- OPERATING LEASES (Continued)**

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2008:

Ending June 30,	Amount
2009	\$ 125,959
2010	50,580
2011	<u>8,667</u>
Total	<u>\$ 185,206</u>

Rents for the year ended June 30, 2008 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$161,406.

**Note 8 -- IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)**

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

Plan members are required to contribute 3.90% of their annual covered salary and Hawkeye Community College is required to contribute 6.05% of annual covered salary. Contribution requirements are established by state statute. Hawkeye Community College's contributions to IPERS for the years ended June 30, 2008, 2007, and 2006 were \$507,045, \$469,877, and \$463,111, respectively, equal to the required contribution for each year.

**Note 9 -- TEACHERS INSURANCE AND ANNUITY ASSOCIATION -- COLLEGE RETIREMENT EQUITIES FUND (TIAA-CREF)**

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for Hawkeye Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 3.90% and Hawkeye Community College is required to contribute 6.05%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2008, were \$636,772 and \$410,512, respectively.

**Note 10 -- RISK MANAGEMENT**

The Community College has secured insurance purchased from commercial insurance carriers to provide coverage and protection in the following categories: general liability, automobile liability, group excess liability, linebacker, pollution liability, professional services, property and inland marine, workers compensation and employers' liability, and crime insurance. There have been no reductions in insurance coverage from prior years. Settled claims resulting from the risks have not exceeded commercial insurance coverage in any of the past three years.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2008**

**Note 11 -- NEW JOBS TRAINING PROGRAMS**

Hawkeye Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Merged Area VII in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property tax. The Community College is currently administering 114 projects receiving project funding or in the repayment stage.

Hawkeye Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Merged Area VII in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. The Community College received funding for 35 projects during fiscal year 2008.

**Note 12 -- EARLY RETIREMENT PROGRAM**

The College had an early retirement plan which expired during the year ended June 30, 2006. Full-time and certain regular part-time staff, who were 55 or older and who had at least 10 years of continuous service with the College, were eligible to receive early retirement remuneration. Retirement was to begin at the earlier of the end of the employee's contract or when a suitable replacement is found, if so requested. A staff member who accepted early retirement had three options to choose from as to when the cash benefits were to be received. In addition, the College will continue to contribute monthly amounts toward the employee's health insurance premiums. There were 16 employees who elected early retirement during the year ended June 30, 2006.

At June 30, 2008, there were employees receiving medical coverage under this plan, with a total liability of \$960,988. The liability is calculated based on unadjusted premium amounts to be paid over the term of each employee's involvement in the plan. The Community College's early retirement expense for the year ended June 30, 2008 was \$72,443.

**Note 13 -- PRIOR PERIOD ADJUSTMENT**

In the financial statements for prior years, an error was made in the accounting for the New Jobs Training Projects and previously issued student loans. The error has been corrected and had the following effect on the beginning fund balance:

Beginning Net Assets, As Previously Stated	\$ 54,308,308
Prior Period Adjustment - New Jobs Training Projects	1,007,762
Prior Period Adjustment - Student Loans	<u>103,556</u>
Beginning Net Assets, As Restated	<u><u>\$ 55,419,626</u></u>

- During the fiscal year ended June 30, 2008, the College performed additional analysis on its accounting for New Jobs Training Projects and identified projects that had been closed during prior years, but was not reflected on the books.
- The College also performed additional analysis on its student loans accounts and cleaned up balances that should have been adjusted in prior years.

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**Required Supplementary Information**

**HAWKEYE COMMUNITY COLLEGE  
 BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES  
 BUDGET (NON-GAAP BASIS) AND ACTUAL - REQUIRED SUPPLEMENTAL INFORMATION  
 YEAR ENDED JUNE 30, 2008**

Funds/Levy	Original Budget	Amended Budget	Actual	Variance between Actual and Budget
Unrestricted	<u>\$ 28,838,734</u>	<u>\$ 28,838,734</u>	<u>\$ 29,311,111</u>	<u>\$ (472,377)</u>
Restricted	16,223,180	16,223,180	5,342,157	10,881,023
Early Retirement	642,665	642,665	72,443	570,222
Unemployment	25,639	25,639	31,269	(5,630)
Tort Liability	242,044	242,044	-	242,044
Insurance	307,102	307,102	517,461	(210,359)
Equipment Replacement	443,391	443,391	81,496	361,895
Total Restricted	<u>17,884,021</u>	<u>17,884,021</u>	<u>6,044,826</u>	<u>11,839,195</u>
Plant	4,237,976	8,975,000	6,425,983	2,549,017
Bonds and Interest	<u>6,522,963</u>	<u>6,522,963</u>	<u>2,451,592</u>	<u>4,071,371</u>
 Total	 <u>\$ 57,483,694</u>	 <u>\$ 62,220,718</u>	 <u>\$ 44,233,512</u>	 <u>\$ 17,987,206</u>

See Accompanying Independent Auditor's Report

**HAWKEYE COMMUNITY COLLEGE  
NOTE TO REQUIRED SUPPLEMENTAL INFORMATION – BUDGETARY REPORTING  
JUNE 30, 2008**

While the College reports financial position, results of operation and changes in net assets on the basis of generally accepted accounting principles (GAAP), the Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the Community College on a budgetary basis that is accrual basis with the exception of capital outlay and debt service payments. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Trustees certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

Budgets are not required to be adopted for the Auxiliary Enterprises subgroup, Scholarships and Grants Accounts, Loan Funds, Endowment Funds and Agency Funds.

The major differences between the budget basis and GAAP are as follows:

**Schedule of Expenditures**

	<u>Total Funds</u>
Budget Basis	\$ 61,204,070
Adjustments:	
Capital Outlay	(6,823,949)
Bond Proceeds	(6,850,000)
Debt Service Payments	(2,215,000)
Depreciation Expense	1,664,583
Loss on Sale of Asset	15,452
Scholarship Eliminations	<u>(5,618,725)</u>
GAAP Basis	<u>\$ 41,376,431</u>

## **Other Supplementary Information**

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO OTHER SUPPLEMENTARY INFORMATION  
JUNE 30, 2008**

Other supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. The various fund groups and their designated purposes are as follows:

Current Funds -- The Current Funds are utilized to account for those economic resources that are expendable for the purpose of performing the primary and supporting missions of the Community College and consist of the following:

Unrestricted Fund -- The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments, and which are supplemental to the educational and general objectives of the Community College.

Restricted Fund -- The Restricted Fund is used to account for resources that are available for the operation and support of the educational program but which are restricted as to their use by donors or outside agencies.

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

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

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

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

Agency Funds -- The Agency Funds are used to account for assets held by the Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

Statements presented in other supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. The statement of revenues, expenditures and changes in fund balances is a 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.

**HAWKEYE COMMUNITY COLLEGE  
COMBINING BALANCE SHEET  
JUNE 30, 2008**

	Current Funds	
	Unrestricted	Restricted
<b>ASSETS:</b>		
Cash and Investments	\$ 9,894,475	\$ 30,521,172
Receivables:		
Due From Others	934,946	133,344
Accrued Interest	8,665	65,120
Property Taxes - Succeeding Year	1,391,000	1,679,000
Student Loans	9,026	-
Iowa Industrial New Jobs Training Program	-	5,435,368
Due From Other Governments	780,255	403,714
Prepaid Expenses	207,210	-
Inventories	314,165	-
Unamortized Discounts	-	235,515
Capital Assets:		
Land	-	-
Buildings	-	-
Construction in Progress	-	-
Other Structures and Improvements	-	-
Furniture and Equipment	-	-
Accumulated Depreciation	-	-
	\$ 13,539,742	\$ 38,473,233
<b>LIABILITIES AND FUND EQUITY:</b>		
Liabilities:		
Accounts Payable	\$ 1,045,897	\$ -
Salaries and Benefits Payable	1,708,185	-
Accrued Interest Payable	-	75,073
Deferred Revenue:		
Succeeding Year Property Tax	1,391,000	1,679,000
Other	782,293	504,432
Early Retirement Payable	-	960,988
Compensated Absences	624,797	-
Assets Held in Custody For Others	-	-
Certificates Payable	-	16,660,000
General Obligation School Bonds	-	-
	5,552,172	19,879,493
Fund Balance:		
Invested in Capital Assets, Net of Related Debt	-	-
Restricted:		
Expendable:		
Scholarships	-	72,567
Loans	44,564	-
Debt Service	-	-
Cash Reserve	-	366,380
Other	-	18,154,793
Unrestricted	4,374,179	-
Auxiliary Enterprises	3,568,827	-
	7,987,570	18,593,740
	\$ 13,539,742	\$ 38,473,233

SCHEDULE 1

Unexpended	Plant Funds		Agency Funds	Adjustments	Total
	Retirement of Indebtedness	Investment in Plant			
\$ 11,214,693	\$ -	\$ -	\$ 513,223	\$ -	\$ 52,143,563
-	-	-	-	-	1,068,290
21,680	-	-	-	-	95,465
1,391,000	2,596,000	-	-	-	7,057,000
-	-	-	-	-	9,026
-	-	-	-	-	5,435,368
16,027	29,481	-	-	-	1,229,477
-	-	-	-	-	207,210
-	-	-	-	-	314,165
-	-	36,786	-	-	272,301
-	-	379,179	-	-	379,179
-	-	36,924,866	-	-	36,924,866
-	-	1,631,722	-	-	1,631,722
-	-	7,661,384	-	-	7,661,384
-	-	9,086,609	214,002	-	9,300,611
-	-	-	-	(21,553,441)	(21,553,441)
<u>\$ 12,643,400</u>	<u>\$ 2,625,481</u>	<u>\$ 55,720,546</u>	<u>\$ 727,225</u>	<u>\$ (21,553,441)</u>	<u>\$ 102,176,186</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,045,897
-	-	-	-	-	1,708,185
-	28,629	-	-	-	103,702
1,391,000	2,596,000	-	-	-	7,057,000
-	-	-	-	-	1,286,725
-	-	-	-	-	960,988
-	-	-	-	-	624,797
-	-	-	727,225	-	727,225
-	-	-	-	-	16,660,000
-	-	10,975,000	-	-	10,975,000
1,391,000	2,624,629	10,975,000	727,225	-	41,149,519
-	-	44,745,546	-	(21,553,441)	23,192,105
-	-	-	-	-	72,567
-	-	-	-	-	44,564
-	852	-	-	-	852
-	-	-	-	-	366,380
-	-	-	-	-	18,154,793
11,252,400	-	-	-	-	15,626,579
-	-	-	-	-	3,568,827
<u>11,252,400</u>	<u>852</u>	<u>44,745,546</u>	<u>-</u>	<u>(21,553,441)</u>	<u>61,026,667</u>
<u>\$ 12,643,400</u>	<u>\$ 2,625,481</u>	<u>\$ 55,720,546</u>	<u>\$ 727,225</u>	<u>\$ (21,553,441)</u>	<u>\$ 102,176,186</u>

**HAWKEYE COMMUNITY COLLEGE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**OTHER CHANGES IN FUND BALANCES (Continued)**  
**YEAR ENDED JUNE 30, 2008**

	Current Funds	
	Unrestricted	Restricted
<b>REVENUES AND OTHER ADDITIONS:</b>		
General:		
State Appropriations	\$ 12,295,354	\$ 1,412,020
Tuition and Fees	14,167,513	-
Property Taxes	1,314,249	438,992
Federal Appropriations	978,008	7,607,760
Gifts and Grants	-	41,215
Investment Earnings	454,922	1,028,210
Iowa Industrial New Jobs Training Program	-	3,529,935
Increase in Plant Investment Due to Donated Assets	-	-
Expended for Plant Facilities (Including \$509,764 charged to current funds)	-	-
Principal Retired	-	-
Proceeds from Sale of Bonds	-	-
State of Iowa Offset Program Income	309,991	-
Miscellaneous	285,914	1,255,733
	<u>29,805,951</u>	<u>15,313,865</u>
Auxiliary Enterprises		
Tuition and Fees	921,732	-
Sales and Services	1,742,374	-
Miscellaneous	571,914	-
	<u>3,236,020</u>	<u>-</u>
Total Revenues and Other Additions	<u>\$ 33,041,971</u>	<u>\$ 15,313,865</u>

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
\$ 141,561	\$ -	\$ -	\$ -	\$ 13,848,935
-	-	-	(5,307,771)	8,859,742
1,314,248	2,441,979	-	-	5,509,468
-	-	-	-	8,585,768
25,260	-	-	-	66,475
284,569	10,214	-	-	1,777,915
-	-	-	-	3,529,935
-	-	9,260	-	9,260
-	-	6,570,291	(6,570,291)	-
-	-	2,215,000	(2,215,000)	-
6,850,000	-	-	(6,850,000)	-
-	-	-	-	309,991
-	23,067	-	(3,797)	1,560,917
<u>8,615,638</u>	<u>2,475,260</u>	<u>8,794,551</u>	<u>(20,946,859)</u>	<u>44,058,406</u>
-	-	-	(310,954)	610,778
-	-	-	-	1,742,374
-	-	-	-	571,914
<u>-</u>	<u>-</u>	<u>-</u>	<u>(310,954)</u>	<u>2,925,066</u>
<u>\$ 8,615,638</u>	<u>\$ 2,475,260</u>	<u>\$ 8,794,551</u>	<u>\$ (21,257,813)</u>	<u>\$ 46,983,472</u>

**HAWKEYE COMMUNITY COLLEGE**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**OTHER CHANGES IN FUND BALANCES (Continued)**  
**YEAR ENDED JUNE 30, 2008**

	Current Funds	
	Unrestricted	Restricted
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>		
Educational and Support:		
Liberal Arts and Sciences	\$ 5,850,308	\$ -
Vocational Technical	8,225,880	-
Adult Education	2,121,382	-
Cooperative Services	-	4,992,297
General Administration	2,439,750	621,173
Student Services	2,215,574	-
Learning Resources	801,075	-
Physical Plant	2,961,248	81,496
General Institution	4,695,894	1,046,256
Total Education and Support	<u>29,311,111</u>	<u>6,741,222</u>
Auxiliary Enterprises	1,989,728	-
Scholarships and Grants	-	6,259,914
Plant Asset Acquisitions	-	-
Retirement of Indebtedness	-	-
Disposal of Plant Assets	-	-
Interest on Indebtedness	-	920,862
Issuance of Long-Term Debt	-	-
Depreciation	-	-
Loss on Sale of Capital Assets	-	-
Total Expenditures and Other Deductions	<u>31,300,839</u>	<u>13,921,998</u>
Excess of Revenues and Other Additions		
Over (Under) Expenditures and Other Deductions	1,741,132	1,391,867
<b>TRANSFERS:</b>		
Non-mandatory Transfers	<u>18,886</u>	<u>(2,014,537)</u>
Total Transfers	<u>18,886</u>	<u>(2,014,537)</u>
Net Increase (Decrease) for the Year	1,760,018	(622,670)
Fund Balance June 30, 2007	6,123,996	18,208,648
Prior Period Adjustment	103,556	1,007,762
Fund Balance June 30, 2007 - Restated	<u>6,227,552</u>	<u>19,216,410</u>
Fund Balance June 30, 2008	<u>\$ 7,987,570</u>	<u>\$ 18,593,740</u>

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
\$ -	\$ -	\$ -	\$ (14,500)	\$ 5,835,808
-	-	-	(252,406)	7,973,474
-	-	-	-	2,121,382
-	-	-	-	4,992,297
-	-	-	-	3,060,923
-	-	-	-	2,215,574
-	-	-	-	801,075
-	-	-	(50,937)	2,991,807
365,456	-	-	(51,251)	6,056,355
<u>365,456</u>	-	-	(369,094)	36,048,695
-	-	-	(140,670)	1,849,058
-	-	-	(5,618,725)	641,189
6,060,527	-	-	(6,060,527)	-
-	2,215,000	-	(2,215,000)	-
-	-	253,658	(253,658)	-
-	236,592	-	-	1,157,454
-	-	6,850,000	(6,850,000)	-
-	-	-	1,664,583	1,664,583
-	-	-	15,452	15,452
<u>6,425,983</u>	<u>2,451,592</u>	<u>7,103,658</u>	<u>(19,827,639)</u>	<u>41,376,431</u>
2,189,655	23,668	1,690,893	(1,430,174)	5,607,041
<u>1,978,110</u>	<u>(49,755)</u>	<u>67,296</u>	-	-
<u>1,978,110</u>	<u>(49,755)</u>	<u>67,296</u>	-	-
4,167,765	(26,087)	1,758,189	(1,430,174)	5,607,041
7,084,635	26,939	42,987,357	(20,123,267)	54,308,308
-	-	-	-	1,111,318
<u>7,084,635</u>	<u>26,939</u>	<u>42,987,357</u>	<u>(20,123,267)</u>	<u>55,419,626</u>
<u>\$ 11,252,400</u>	<u>\$ 852</u>	<u>\$ 44,745,546</u>	<u>\$ (21,553,441)</u>	<u>\$ 61,026,667</u>

**HAWKEYE COMMUNITY COLLEGE  
UNRESTRICTED FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
EDUCATION AND SUPPORT  
YEAR ENDED JUNE 30, 2008**

	Education		
	Liberal Arts and Sciences	Vocational Technical	Adult Education
<b>REVENUES:</b>			
State Appropriations	\$ -	\$ 77,216	\$ 1,072
Tuition and Fees	6,628,966	6,355,918	713,093
Property Taxes	-	-	-
Federal Appropriations	-	372,550	374,726
Investment Earnings	-	-	-
State Offset Program Income	-	-	-
Miscellaneous	-	37,267	17,754
	<u>6,628,966</u>	<u>6,842,951</u>	<u>1,106,645</u>
Allocation of Support Services	<u>5,818,385</u>	<u>7,398,988</u>	<u>2,010,015</u>
Total Revenues	12,447,351	14,241,939	3,116,660
<b>EXPENDITURES:</b>			
Salaries and Benefits	5,609,720	7,412,401	2,123,433
Services	88,592	200,874	(60,106)
Materials and Supplies	40,405	324,839	55,515
Travel	62,686	35,360	2,540
Expended for Plant Facilities	14,500	252,406	-
Miscellaneous	34,405	-	-
	<u>5,850,308</u>	<u>8,225,880</u>	<u>2,121,382</u>
Allocation of Support Services	<u>5,010,684</u>	<u>6,371,870</u>	<u>1,730,987</u>
Total Expenditures	10,860,992	14,597,750	3,852,369
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>\$ 1,586,359</u>	<u>\$ (355,810)</u>	<u>\$ (735,709)</u>
<b>TRANSFERS:</b>			
Non-mandatory Transfers	-	-	-
Total Transfers	-	-	-
Net Increase (Decrease) for the Year	<u>\$ 1,586,359</u>	<u>\$ (355,810)</u>	<u>\$ (735,709)</u>

Fund Balance June 30, 2007

Prior Period Adjustment

Fund Balance June 30, 2007 - Restated

Fund Balance June 30, 2008

Note: The support services allocations are based on the percentage of contact hours reported.

Support					
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Total
\$ -	\$ -	\$ 9,047	\$ -	\$ 12,208,019	\$ 12,295,354
-	469,336	-	-	200	14,167,513
1,314,249	-	-	-	-	1,314,249
11,230	-	-	-	219,502	978,008
454,922	-	-	-	-	454,922
309,991	-	-	-	-	309,991
(23,699)	30,104	123,100	2,515	98,873	285,914
2,066,693	499,440	132,147	2,515	12,526,594	29,805,951
(2,066,693)	(499,440)	(132,147)	(2,515)	(12,526,594)	-
-	-	-	-	-	29,805,951
1,344,281	1,878,880	513,664	1,266,422	2,513,288	22,662,089
237,874	199,295	81,641	1,567,215	1,333,929	3,649,314
131,556	113,055	203,877	125,774	776,720	1,771,741
61,998	24,344	1,893	1,837	51,442	242,100
-	-	-	-	16,064	282,970
664,041	-	-	-	4,451	702,897
2,439,750	2,215,574	801,075	2,961,248	4,695,894	29,311,111
(2,439,750)	(2,215,574)	(801,075)	(2,961,248)	(4,695,894)	-
-	-	-	-	-	29,311,111
\$ -	\$ -	\$ -	\$ -	\$ -	494,840
(2,819)	-	-	-	(45,350)	(48,169)
(2,819)	-	-	-	(45,350)	(48,169)
\$ (2,819)	\$ -	\$ -	\$ -	\$ (45,350)	446,671
					3,868,516
					103,556
					3,972,072
					\$ 4,418,743

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**HAWKEYE COMMUNITY COLLEGE  
CURRENT UNRESTRICTED FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
AUXILIARY ENTERPRISES  
YEAR ENDED JUNE 30, 2008**

	Career Education	Adult Education	Farm Operations	Food Service	Other	Total
<b>REVENUES:</b>						
Sales and Services	\$ 1,356,467	\$ -	\$ 218,634	\$ 28,971	\$ 138,302	\$ 1,742,374
Tuition and Fees	450	382,212	-	-	539,070	921,732
Miscellaneous	15,139	25,405	-	-	531,370	571,914
<b>Total Revenues</b>	<b>1,372,056</b>	<b>407,617</b>	<b>218,634</b>	<b>28,971</b>	<b>1,208,742</b>	<b>3,236,020</b>
<b>EXPENDITURES:</b>						
Salaries and Benefits	46,064	6,265	-	-	137,567	189,896
Services	169,702	13,829	35,288	488	154,466	373,773
Materials and Supplies	873,494	361,219	73,777	(12,223)	(213,778)	1,082,489
Cost of Goods Sold	155,719	-	-	51	-	155,770
Travel	8,862	14,394	-	-	3,872	27,128
Expended for Plant Facilities	3,022	-	28,050	-	109,598	140,670
Miscellaneous	50	-	-	-	19,952	20,002
<b>Total Expenditures</b>	<b>1,256,913</b>	<b>395,707</b>	<b>137,115</b>	<b>(11,684)</b>	<b>211,677</b>	<b>1,989,728</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	115,143	11,910	81,519	40,655	997,065	1,246,292
<b>TRANSFERS:</b>						
Non-mandatory Transfers	-	-	-	(52,023)	119,078	67,055
<b>Total Transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(52,023)</b>	<b>119,078</b>	<b>67,055</b>
Net Increase (Decrease) for the Year	115,143	11,910	81,519	(11,368)	1,116,143	1,313,347
Fund Balance June 30, 2007	1,187,363	726,377	53,466	87,197	201,077	2,255,480
Fund Balance June 30, 2008	<u>\$ 1,302,506</u>	<u>\$ 738,287</u>	<u>\$ 134,985</u>	<u>\$ 75,829</u>	<u>\$ 1,317,220</u>	<u>\$ 3,568,827</u>

**HAWKEYE COMMUNITY COLLEGE  
CURRENT RESTRICTED FUND  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2008**

	Scholarships and Grants	Early Retirement	Equipment Replacement	Insurance
<b>REVENUES:</b>				
State Appropriations	\$ 461,886	\$ -	\$ -	\$ 1,017
Property Taxes	-	1,672	194,704	237,036
Federal Appropriations and Grants	5,328,074	-	-	-
Scholarships, Grants, and Gifts	-	-	-	-
Interest on Investments	-	122,671	4,666	44,562
Iowa Industrial New Jobs Training Program	-	-	-	-
Miscellaneous	419,630	-	-	6,770
<b>Total Revenues</b>	<b>6,209,590</b>	<b>124,343</b>	<b>199,370</b>	<b>289,385</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>				
Salaries and Benefits	14,094	72,443	-	(12,465)
Services	-	-	-	526,871
Materials and Supplies	-	-	30,559	3,055
Travel	-	-	-	-
Expended for Plant Facilities	-	-	50,937	-
Interest on Indebtedness	-	-	-	-
Federal Pell Grant Program	5,094,819	-	-	-
Federal Supplemental Educational Opportunity Grant	158,261	-	-	-
Private Scholarships	992,740	-	-	-
Miscellaneous	-	-	-	-
<b>Total Expenditures and Other Deductions</b>	<b>6,259,914</b>	<b>72,443</b>	<b>81,496</b>	<b>517,461</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Deductions	(50,324)	51,900	117,874	(228,076)
<b>TRANSFERS:</b>				
Non-mandatory Transfers	2,819	-	(21,705)	-
<b>Total Transfers</b>	<b>2,819</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Increase (Decrease) for the Year</b>	<b>(47,505)</b>	<b>51,900</b>	<b>96,169</b>	<b>(228,076)</b>
Fund Balance June 30, 2007	120,072	2,294,627	192,646	400,468
Prior Period Adjustment	-	-	-	-
Fund Balance June 30, 2007 - Restated	120,072	2,294,627	192,646	400,468
<b>Fund Balance June 30, 2008</b>	<b>\$ 72,567</b>	<b>\$ 2,346,527</b>	<b>\$ 288,815</b>	<b>\$ 172,392</b>

Unemployment Compensation	Cash Reserve	Workforce Act and Other JTPA Programs	Iowa Industrial New Jobs Training Program	Economic Development	Contracted Training	Miscellaneous	Total
\$ -	\$ -	\$ -	\$ -	\$ 722,849	\$ 217,378	\$ 8,890	\$ 1,412,020
5,580	-	-	-	-	-	-	438,992
-	-	1,601,908	-	-	-	677,778	7,607,760
-	-	3,815	-	-	-	37,400	41,215
-	-	-	202,793	653,518	-	-	1,028,210
-	-	-	3,196,086	133,343	-	200,506	3,529,935
-	-	11,535	-	581,162	-	236,636	1,255,733
5,580	-	1,617,258	3,398,879	2,090,872	217,378	1,161,210	15,313,865
31,269	-	1,010,974	-	538,730	-	517,743	2,172,788
-	-	457,129	1,390,923	163,179	318,119	413,252	3,269,473
-	-	32,315	236,494	56,370	-	26,699	385,492
-	-	98,983	22,833	13,419	-	29,764	164,999
-	-	-	-	-	-	28,538	79,475
-	-	-	920,862	-	-	-	920,862
-	-	-	-	-	-	-	5,094,819
-	-	-	-	-	-	-	158,261
-	-	-	-	-	-	30,260	1,023,000
-	-	17,857	607,948	27,024	-	-	652,829
31,269	-	1,617,258	3,179,060	798,722	318,119	1,046,256	13,921,998
(25,689)	-	-	219,819	1,292,150	(100,741)	114,954	1,391,867
-	-	-	(155,000)	(1,840,651)	-	-	(2,014,537)
-	-	-	-	(1,840,651)	-	-	(2,014,537)
(25,689)	-	-	64,819	(548,501)	(100,741)	114,954	(622,670)
89,377	366,380	100	2,118,186	10,276,520	527,331	1,822,941	18,208,648
-	-	-	(594,364)	1,602,126	-	-	1,007,762
89,377	366,380	100	1,523,822	11,878,646	527,331	1,822,941	19,216,410
\$ 63,688	\$ 366,380	\$ 100	\$ 1,588,641	\$ 11,330,145	\$ 426,590	\$ 1,937,895	\$ 18,593,740

**HAWKEYE COMMUNITY COLLEGE  
AGENCY FUNDS  
COMBINING STATEMENT OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
YEAR ENDED JUNE 30, 2008**

	Student Organizations	Miscellaneous	Total
Balance June 30, 2007	\$ 33,021	\$ 411,433	\$ 444,454
<b>ADDITIONS:</b>			
State Appropriations and Grants	-	89,884	89,884
Tuition and Fees	291,409	-	291,409
Sales and Services	38,388	2,504,246	2,542,634
Miscellaneous	40,178	25,906	66,084
Total Additions	<u>369,975</u>	<u>2,620,036</u>	<u>2,990,011</u>
<b>DEDUCTIONS:</b>			
Salaries and Benefits	74,170	416,740	490,910
Services	55,441	112,594	168,035
Materials and Supplies	102,127	1,836,953	1,939,080
Travel	9,551	7,831	17,382
Miscellaneous	90,000	1,833	91,833
Total Deductions	<u>331,289</u>	<u>2,375,951</u>	<u>2,707,240</u>
Balance June 30, 2008	<u>\$ 71,707</u>	<u>\$ 655,518</u>	<u>\$ 727,225</u>

HAWKEYE COMMUNITY COLLEGE  
 SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
 YEAR ENDED JUNE 30, 2008

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	63,016	-	63,016	1,066,192	-	1,066,192
Vocational Preparatory	63,206	-	63,206	1,355,616	-	1,355,616
Adult Education	-	-	-	313,813	54,484	368,297
Related Services and Activities	-	-	-	-	17,520	17,520
Total	<u>126,222</u>	<u>-</u>	<u>126,222</u>	<u>2,735,621</u>	<u>72,004</u>	<u>2,807,625</u>

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES  
FOR THE LAST FOUR YEARS**

	Years Ended June 30,			
	2008	2007	2006	2005
Local (Property Tax)	\$ 5,509,468	\$ 6,759,565	\$ 6,584,025	\$ 6,056,036
State	13,848,935	12,318,253	12,001,695	10,597,041
Federal	<u>8,585,768</u>	<u>7,900,156</u>	<u>8,640,955</u>	<u>8,785,557</u>
Total	<u>\$ 27,944,171</u>	<u>\$ 26,977,974</u>	<u>\$ 27,226,675</u>	<u>\$ 25,438,634</u>

**HAWKEYE COMMUNITY COLLEGE  
CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
FOR THE LAST FIVE YEARS**

	Years Ended June 30,				
	2008	2007	2006	2005	2004
<b>Revenues:</b>					
State Appropriations	\$ 13,707,374	\$ 12,175,824	\$ 11,650,270	\$ 10,597,041	\$ 11,151,485
Tuition and Fees	14,167,513	13,689,822	13,120,651	12,378,473	11,859,508
Property Tax	1,753,241	3,168,865	3,099,872	2,585,590	3,231,443
Federal Appropriations	8,585,768	7,900,156	8,640,955	8,785,557	9,215,730
Interest on Investments	1,483,132	1,956,956	1,395,416	703,697	386,765
Iowa Industrial New Jobs Training Program	3,529,935	3,090,789	5,405,079	3,309,867	2,109,670
Auxiliary Enterprises	3,236,020	2,779,109	2,654,448	2,468,754	2,696,470
Miscellaneous	<u>1,892,853</u>	<u>1,943,426</u>	<u>1,462,271</u>	<u>1,170,881</u>	<u>994,822</u>
Total	<u>\$ 48,355,836</u>	<u>\$ 46,704,947</u>	<u>\$ 47,428,962</u>	<u>\$ 41,999,860</u>	<u>\$ 41,645,893</u>
<b>Expenditures:</b>					
Liberal Arts and Sciences	\$ 5,850,308	\$ 6,041,749	\$ 5,057,359	\$ 5,292,260	\$ 5,050,798
Vocational Technical	8,225,880	7,942,304	8,045,658	7,849,353	7,166,316
Adult Education	2,121,382	2,366,888	3,106,555	3,095,073	2,700,478
Cooperative Services	4,992,297	4,728,957	5,281,009	4,573,606	3,561,519
Administration	3,060,923	2,770,850	2,387,875	1,627,592	1,563,024
Student Services	2,215,574	2,065,897	2,114,127	1,891,325	1,420,694
Learning Resources	801,075	786,252	777,156	873,833	725,935
Physical Plant	3,042,744	3,419,172	3,137,263	3,045,993	3,082,672
General Institution	5,742,150	4,308,703	4,911,479	4,789,014	6,168,548
Auxiliary Enterprises	1,989,728	3,070,686	2,718,167	2,563,282	2,034,647
Scholarships and Grants	6,259,914	5,541,916	5,788,459	6,065,625	6,364,625
Loan Cancellations and Bad Debts	-	-	-	51,769	352,688
Interest on Indebtedness	<u>920,862</u>	<u>871,687</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 45,222,837</u>	<u>\$ 43,914,861</u>	<u>\$ 43,325,107</u>	<u>\$ 41,718,725</u>	<u>\$ 40,191,944</u>

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## STATISTICAL SECTION

TABLE I

**HAWKEYE COMMUNITY COLLEGE  
NET ASSETS BY COMPONENT  
FOR THE LAST SIX FISCAL YEARS (1)**

	2008	2007	2006	2005	2004	2003
Primary government:						
Invested in capital assets, net of related debt	\$ 23,192,105	\$ 22,864,090	\$ 24,667,357	\$ 20,039,435	\$ 13,019,753	\$ 18,965,975
Restricted						
Scholarships, Departmental Programs, Loans	72,567	120,072	15,140,378	12,649,639	10,710,346	9,885,941
Loans	44,564	(395,097)	-	-	-	-
Debt Service	852	26,939	-	-	-	-
Cash Reserve	366,380	366,380	-	-	-	-
Other	18,154,793	17,722,196	-	-	-	-
Unrestricted	19,195,406	13,603,728	8,835,927	9,365,567	14,800,433	7,840,840
Total primary government net assets	<u>\$ 61,026,667</u>	<u>\$ 54,308,308</u>	<u>\$ 48,643,662</u>	<u>\$ 42,054,641</u>	<u>\$ 38,530,532</u>	<u>\$ 36,692,756</u>

Source: Audited Financial Statements

Note (1): Beginning in fiscal year 2002/2003, the College implemented the reporting requirements of GASB Statement No. 35. Since prior years' financial information has not been restated, only the past six fiscal years are presented here.

**HAWKEYE COMMUNITY COLLEGE  
CHANGES IN NET ASSETS  
FOR THE LAST SIX FISCAL YEARS (1)**

	2008	2007	2006	2005	2004	2003
<b>REVENUES</b>						
Tuition and Fees,	\$ 14,167,513	\$ 13,689,822	\$ 13,120,651	\$ 12,378,473	\$ 11,859,508	\$ 10,735,110
Less: Scholarship Allowance	5,307,771	4,625,218	3,707,769	3,726,425	3,849,344	3,916,031
Net Tuition & Fees	8,859,742	9,064,604	9,412,882	8,652,048	8,010,164	6,819,079
Federal Appropriations	8,585,768	7,900,156	8,640,955	8,785,557	9,215,730	8,539,549
Iowa Industrial New Jobs Training Program	3,396,592	3,090,789	5,405,079	3,309,867	2,109,670	2,224,455
Auxiliary enterprises net of allowances	2,925,066	2,469,717	2,399,139	2,227,806	2,440,745	1,468,354
Gifts and Grants	66,475	29,973	-	-	-	-
State of Iowa Offset Program Income	309,991	-	-	-	-	-
Miscellaneous	1,694,260	1,870,203	1,464,771	1,205,778	994,822	1,064,133
<b>Total Operating Revenues</b>	<b>25,837,894</b>	<b>24,425,442</b>	<b>27,322,826</b>	<b>24,181,056</b>	<b>22,771,131</b>	<b>20,115,570</b>
<b>EXPENSES</b>						
<b>Operating Expenses</b>						
Education and Support						
Liberal Arts and Sciences	5,835,808	6,041,749	5,057,359	5,292,260	5,050,798	4,396,707
Vocational Technical	7,973,474	7,778,343	7,699,195	7,399,237	7,054,069	7,200,078
Adult Education	2,121,382	2,366,688	3,106,555	3,095,073	2,694,978	2,798,748
Cooperative Services	4,992,297	4,690,637	3,592,712	2,889,926	1,823,461	1,770,518
General Administration	3,060,923	2,770,850	2,387,875	1,627,592	1,563,024	1,554,547
Student Services	2,215,574	2,065,897	2,114,127	1,891,325	1,420,694	1,250,281
Learning Resources	801,075	786,252	707,466	873,833	725,935	731,110
Physical Plant	2,991,807	3,241,463	3,608,232	3,107,385	3,030,479	2,878,966
General Institution	6,056,355	4,451,111	4,846,020	4,519,376	6,133,866	3,887,399
Auxiliary Enterprises	1,849,058	2,747,075	2,591,077	2,303,069	1,976,122	1,907,388
Scholarships and Grants	641,189	607,306	1,825,381	2,098,252	2,259,556	463,030
Workforce Investment Act	-	-	1,678,086	1,683,680	1,738,058	2,231,896
Loan Cancellations & Bad Debts	-	-	-	51,769	352,688	226,029
Depreciation Expense	1,664,583	1,547,584	1,556,827	1,129,346	1,101,460	1,291,749
<b>Total Operating Expenses</b>	<b>40,203,525</b>	<b>39,094,955</b>	<b>40,770,912</b>	<b>37,962,123</b>	<b>36,925,188</b>	<b>32,588,446</b>
<b>Total Operating (Loss)</b>	<b>(14,365,631)</b>	<b>(14,669,513)</b>	<b>(13,448,086)</b>	<b>(13,781,067)</b>	<b>(14,154,057)</b>	<b>(12,472,876)</b>
<b>Nonoperating Revenues (Expenses)</b>						
State appropriations	13,848,935	12,318,253	12,001,695	10,597,041	11,151,485	11,157,848
Property Taxes	5,509,468	6,759,565	6,584,025	6,056,036	4,441,456	4,637,770
Donated Capital Assets	9,260	27,000	-	-	426,625	-
Investment Earnings	1,777,915	2,290,173	1,512,019	804,686	57,769	624,911
Gain on Sales of Capital Assets	-	2,913	-	-	-	-
Transfer from Agency	-	-	45,792	10,232	-	-
Interest on indebtedness	(1,157,454)	(1,063,745)	(66,625)	(132,400)	(30,049)	(112,416)
Loss on disposal of plant assets	(15,452)	-	(39,799)	(30,419)	(55,453)	-
<b>Net Nonoperating Revenues</b>	<b>19,972,672</b>	<b>20,334,159</b>	<b>20,037,107</b>	<b>17,305,176</b>	<b>15,991,833</b>	<b>16,308,113</b>
<b>Increase in Net Assets</b>	<b>5,607,041</b>	<b>5,664,646</b>	<b>6,589,021</b>	<b>3,524,109</b>	<b>1,837,776</b>	<b>3,835,237</b>
<b>Net Assets Beginning of Year</b>	<b>54,308,308</b>	<b>48,643,662</b>	<b>42,054,641</b>	<b>38,530,532</b>	<b>36,692,756</b>	<b>32,857,519</b>
Prior Year Adjustments	1,111,318	-	-	-	-	-
<b>Net Assets Beginning of Year - Restated</b>	<b>55,419,626</b>	<b>48,643,662</b>	<b>42,054,641</b>	<b>38,530,532</b>	<b>36,692,756</b>	<b>32,857,519</b>
<b>Net Assets End of Year</b>	<b>\$ 61,026,667</b>	<b>\$ 54,308,308</b>	<b>\$ 48,643,662</b>	<b>\$ 42,054,641</b>	<b>\$ 38,530,532</b>	<b>\$ 36,692,756</b>

Source: Audited Financial Statements

Note (1): Beginning in fiscal year 2002/2003, the College implemented the reporting requirements of GASB Statement No. 35. Since prior years' financial information has not been restated, only the past six fiscal years are presented here.

TABLE III

**HAWKEYE COMMUNITY COLLEGE  
FUND BALANCES  
FOR THE LAST SIX FISCAL YEARS (1)**

	2008	2007	2006	2005	2004	2003
Current Funds						
Invested in Capital Assets, Net of Related Debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	18,638,304	17,813,551	15,140,378	12,649,639	10,710,346	9,885,941
Unrestricted	7,943,006	6,519,093	6,402,180	4,783,667	6,431,593	5,802,049
Total Current Funds	<u>\$26,581,310</u>	<u>\$24,332,644</u>	<u>\$21,542,558</u>	<u>\$17,433,306</u>	<u>\$17,141,939</u>	<u>\$15,687,990</u>
Plant Funds						
Invested in Capital Assets, Net of Related Debt	\$23,192,105	\$22,864,090	\$24,667,357	\$20,039,435	\$13,019,753	\$18,965,975
Restricted	852	26,939	-	-	-	-
Unrestricted	11,252,400	7,084,635	2,433,747	4,581,900	8,368,840	2,038,791
Total Endowment Funds	<u>\$34,445,357</u>	<u>\$29,975,664</u>	<u>\$27,101,104</u>	<u>\$24,621,335</u>	<u>\$21,388,593</u>	<u>\$21,004,766</u>
Total						
Invested in Capital Assets, Net of Related Debt	\$23,192,105	\$22,864,090	\$24,667,357	\$20,039,435	\$13,019,753	\$18,965,975
Restricted	18,639,156	17,840,490	15,140,378	12,649,639	10,710,346	9,885,941
Unrestricted	19,195,406	13,603,728	8,835,927	9,365,567	14,800,433	7,840,840
Total Fund Balances	<u>\$61,026,667</u>	<u>\$54,308,308</u>	<u>\$48,643,662</u>	<u>\$42,054,641</u>	<u>\$38,530,532</u>	<u>\$36,692,756</u>

Source: Audited Financial Statements

Note (1): Beginning in fiscal year 2002/2003, the College implemented the reporting requirements of GASB Statement No. 35. Since prior years' financial information has not been restated, only the past six fiscal years are presented here.

TABLE IV

**HAWKEYE COMMUNITY COLLEGE  
REVENUES BY SOURCE  
FOR THE LAST SIX FISCAL YEARS (1)**

	2008	2007	2006	2005	2004	2003
Tuition and Fees	\$ 8,859,742	\$ 9,064,604	\$ 9,412,882	\$ 8,652,048	\$ 8,010,164	\$ 6,819,079
Property Taxes	5,509,468	6,759,565	6,584,025	6,056,036	4,441,456	4,637,770
State Appropriations	13,848,935	12,318,253	12,001,695	10,597,041	11,151,485	11,157,848
Federal Appropriations	8,585,768	7,900,156	8,640,955	8,785,557	9,215,730	8,539,549
Sales and Services	1,356,467	23,377	23,377	19,908	14,065	186,408
Investment Earnings	1,777,915	2,290,173	1,512,019	804,686	426,625	624,911
Iowa Industrial New Jobs Training Program	3,396,592	3,090,789	5,405,079	3,309,867	2,109,670	2,224,455
Increase in Plant Investment/Expenditures	9,260	-	-	-	57,769	-
Miscellaneous	3,639,325	4,376,429	3,840,533	3,413,676	3,421,502	2,346,079
	<u>\$46,983,472</u>	<u>\$45,823,346</u>	<u>\$47,420,565</u>	<u>\$41,638,819</u>	<u>\$38,848,466</u>	<u>\$36,536,099</u>

Source: Audited Financial Statements

Note (1): Beginning in fiscal year 2002/2003, the College implemented the reporting requirements of GASB Statement No. 35. Since prior years' financial information has not been restated, only the past six fiscal years are presented here.

TABLE V

**HAWKEYE COMMUNITY COLLEGE  
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(PER \$1000 OF TAXABLE VALUE)  
LAST TEN FISCAL YEARS**

Valuation Year	Taxes Payable	Hawkeye Community College	Counties		Cities/Towns Special Districts		School Districts	
			From	To	From	To	From	To
2007	2008/2009	1.00130	6.66809	9.75096	0.00350	16.16437	10.56253	17.46765
2006	2007/2008	0.82788	7.10571	7.47225	0.10671	12.17670	10.88956	14.88988
2005	2006/2007	1.04032	6.94651	7.23624	0.09652	13.64637	10.99751	15.07787
2004	2005/2006	1.06691	6.79392	7.09449	0.07736	12.41947	10.94685	15.51692
2003	2004/2005	0.99535	5.96496	6.84755	0.14975	12.87200	10.28574	13.44386
2002	2003/2004	0.74560	5.47010	5.61982	0.25172	14.37589	10.51059	12.04904
2001	2002/2003	0.78418	5.23065	5.43898	1.05855	16.84925	10.08874	12.89465
2000	2001/2002	0.69971	5.13197	5.75748	0.25183	15.88994	10.21928	11.76159
1999	2000/2001	0.69371	5.33920	5.67807	0.25632	12.77817	10.16222	12.94257
1998	1999/2000	0.71525	5.33920	5.73955	0.25746	8.10000	9.99520	13.75727

Source: County Auditors from Iowa Counties, Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama

TABLE VI

**HAWKEYE COMMUNITY COLLEGE  
PRINCIPAL PROPERTY TAXPAYERS AND THEIR ASSESSED VALUATIONS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayers	Type of Business	2008			1999		
		2007 Taxable Value	2008/2009 Taxes Levied	Percentage 2007 Taxable Value	1998 Taxable Value	Percentage 1998 Taxable Value	Percentage of Total Taxable Value
Target Corporation	Warehouse	\$ 49,753,981	\$ 1,836,796	0.724%	\$ -	0.00%	0.00%
Qwest Corporation	Communications	46,438,436	3,061,669	0.676%	-	0.00%	0.00%
GG and A Crossroads Center LP	Retail Mall	40,059,151	1,735,530	0.583%	-	0.00%	0.00%
College Square Mall Partners LLC	Retail Mall	35,628,972	1,257,558	0.519%	-	0.00%	0.00%
IOC Black Hawk County Inc	Gaming	31,310,700	1,356,512	0.456%	-	0.00%	0.00%
Alliance Pipeline	Utilities	33,640,572	865,157	0.490%	-	0.00%	0.00%
Deere and Company	Manufacturing	28,686,172	1,209,120	0.418%	100,748,300	4.71%	51.34%
Ferguson Enterprises Inc	Manufacturing	24,665,879	1,068,630	0.359%	-	0.00%	0.00%
IES Utilites	Utilities	20,526,111	563,776	0.299%	-	0.00%	0.00%
Interstate Power Company	Utilities	18,837,226	484,449	0.274%	-	0.00%	0.00%
Tyson	Meat Processing	-	-	0.000%	28,824,380	1.35%	14.69%
Equitable Life Insurance Soc of US	Life Insurance	-	-	0.000%	23,871,140	1.12%	12.17%
Bertch Cabinet	Manufacturing	-	-	0.000%	9,533,330	0.45%	4.86%
Friends of Faith Retirmt HMS Inc	Retirement Home	-	-	0.000%	6,364,776	0.30%	3.24%
Viking Pump	Manufacturing	-	-	0.000%	7,832,870	0.37%	3.99%
Hy Vee Food Stores Inc	Retail	-	-	0.000%	9,326,490	0.44%	4.75%
Albert Trostel & Sons Co	Tannery	-	-	0.000%	7,456,730	0.35%	3.80%
LXP ILP	Food Service	-	-	0.000%	2,265,940	0.11%	1.15%
		<u>\$ 329,547,200</u>	<u>\$ 13,439,197</u>	<u>4.797%</u>	<u>\$196,223,956</u>	<u>9.18%</u>	<u>100.00%</u>
	Total valuation	\$ 6,870,356,248					

Source: County Auditors from Iowa Counties, Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama

TABLE VII

**HAWKEYE COMMUNITY COLLEGE  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Valuation Year</u>	<u>Tax Levies Valuation Year</u>	<u>Tax Collected Fiscal Year</u>	<u>Percentage Collected</u>
2008	2006	\$ 5,687,831	\$ 5,509,468	96.86%
2007	2005	6,735,335	6,759,565	100.36%
2006	2004	6,793,389	6,584,025	96.92%
2005	2003	6,024,204	6,056,036	100.53%
2004	2002	4,458,455	4,441,456	99.62%
2003	2001	4,688,321	4,637,770	98.92%
2002	2000	4,125,748	3,909,413	94.76%
2001	1999	3,921,232	3,857,746	98.38%
2000	1998	3,695,186	3,679,679	99.58%
1999	1997	3,595,735	3,501,868	97.39%

Source: County Auditors from Iowa Counties, Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama

HAWKEYE COMMUNITY COLLEGE  
LEGAL DEBT LIMIT  
LAST TEN FISCAL YEARS

TABLE VIII

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Total assessed valuation, January 1	\$6,870,356,248	\$6,474,291,786	\$6,367,349,964	\$6,052,347,136	\$5,979,688,010	\$5,979,629,673	\$5,900,923,020	\$5,652,552,196	\$5,476,029,279	\$5,166,285,907
Debt limit 5% of total assessed value	343,517,812	323,714,589	318,367,498	302,617,357	298,984,401	298,981,484	295,046,151	282,627,610	273,801,464	258,314,295
Amount of debt applicable to debt limit, total general obligation bonded debt, June 30	6,340,000	2,240,509	4,421,427	7,296,324	1,450,000	2,100,000	2,735,000	3,335,000	3,915,000	4,470,000
Excess of debt limit over bonded debt outstanding, legal debt margin	337,177,812	321,474,080	313,946,071	295,321,033	297,534,401	296,881,484	292,311,151	279,292,610	269,886,464	253,844,295

Source: County Auditors from Iowa Counties, Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama and audited financial statements

**HAWKEYE COMMUNITY COLLEGE  
OUTSTANDING DEBT  
LAST TEN FISCAL YEARS**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Governmental and Total										
Revenue Bonds	\$ 16,660,000	\$ 15,745,000	\$ 14,700,000	\$ 13,886,610	\$ 11,920,910	\$ 11,179,500	\$ 9,598,010	\$ 8,066,270	\$ 8,080,430	\$ 8,270,960
General Obligations Bonds	10,975,000	6,340,000	2,210,000	4,421,427	6,566,324	-	-	745,000	-	-
Notes Payable	-	-	-	-	-	1,450,000	2,100,000	2,735,000	3,335,000	3,915,000
						-	-	-	1,485,000	2,170,000
<b>Total</b>	<b>\$ 27,635,000</b>	<b>\$ 22,085,000</b>	<b>\$ 16,910,000</b>	<b>\$ 18,308,037</b>	<b>\$ 18,487,234</b>	<b>\$ 12,629,500</b>	<b>\$ 11,698,010</b>	<b>\$ 11,546,270</b>	<b>\$ 12,900,430</b>	<b>\$ 14,355,960</b>
Personal Income	*N/A	104,650,635	98,207,890	93,204,363	90,435,812	83,920,279	82,398,008	79,456,044	*N/A	*N/A
Ratio of Debt to Personal Income	*N/A	0.2110	0.1722	0.1964	0.2044	0.1505	0.1420	0.1453	*N/A	*N/A
Ratio of Debt per Capita	*N/A	7.39	5.89	6.19	6.28	4.30	3.99	3.94	*N/A	*N/A
Ratio of Bonded Debt to Taxable Property Value	*N/A	0.0032	0.0026	0.00288	0.0031	0.0020	0.0018	0.0019	0.0022	0.0024

Source: County Auditors from Iowa Counties, Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama and audited financial statements

\* Ratio not available

**HAWKEYE COMMUNITY COLLEGE  
COMPUTATION OF DIRECT AND OVERLAPPING DEBT  
JUNE 30, 2008**

<u>Name of Governmental Unit</u>	<u>Total Gross Debt Outstanding</u>	<u>Percentage Applicable to Hawkeye Community College</u>	<u>Hawkeye Community College Share of Debt</u>
Black Hawk County	\$23,615,000	57.87%	13,666,001

Source: County Auditors from Iowa Counties, Benton, Black Hawk, Bremer, Buchanan, Butler, Chickasaw, Fayette, Floyd, Grundy and Tama

**HAWKEYE COMMUNITY COLLEGE  
STATE OF IOWA - TOTAL PERSONAL INCOME, POPULATION,  
PER CAPITA PERSONAL INCOME PER CALENDAR YEAR, UNEMPLOYMENT PERCENTAGE  
LAST TEN CALENDAR YEARS**

	2007	2006	2005	2004	2003	2002	2001	2000	1999	1998
Total Personal Income	\$ 104,650,635	\$ 98,207,890	\$ 93,204,363	\$ 90,435,812	\$ 83,920,279	\$ 82,398,008	\$ 79,456,044	*N/A	*N/A	*N/A
Population	2,988,046	2,972,566	2,955,587	2,946,009	2,935,991	2,931,084	2,930,031	*N/A	*N/A	*N/A
Per Capita Personal Income	\$ 35,023	\$ 33,038	\$ 31,535	\$ 30,698	\$ 28,583	\$ 28,112	\$ 27,118	\$ 26,556	\$ 23,682	\$ 22,243
Unemployment Percentage	3.8%	3.7%	4.6%	4.5%	4.5%	3.1%	3.1%	2.8%	*N/A	*N/A

Source: Iowa Workforce Development

\* Ratio not available

**HAWKEYE COMMUNITY COLLEGE  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND NINE YEARS AGO**

Current Year		
Rank	Name	Product/Service
1	Hy-Vee	Retail Trade
2	Wal-Mart	Retail Trade
3	University of Iowa	Educational Services
4	Deere & Co	Manufacturing
5	Rockwell Collins	Manufacturing
6	US Postal Service	Transportation
7	Principal Financial Group	Finance & Insurance
8	Tyson Fresh Meats	Manufacturing
9	Wells Fargo Bank	Finance & Insurance
10	Iowa State University	Educational Services

Nine Years Ago		
Rank	Name	Product/Service
1	Hy-Vee	Retail Trade
2	University of Iowa	Educational Services
3	Wal-Mart	Retail Trade
4	Deere & Co	Manufacturing
5	Rockwell Collins	Manufacturing
6	Principal Financial Group	Finance & Insurance
7	US Postal Service	Transportation
8	IPB	Manufacturing
9	Iowa State University	Educational Services
10	APAC	Telemarketing

Source: Iowa Workforce Development

Note: State of Iowa has ruled that information regarding the number of employees of a private employer is confidential so that information is not available

TABLE XIII

**HAWKEYE COMMUNITY COLLEGE  
EMPLOYEES BY FUNCTION AND STUDENTS PER FTE  
LAST FIVE FISCAL YEARS (1)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Non-faculty					
Full-time	200	204	202	196	191
Part-time	141	263	250	303	263
Temporary	59	16	82	14	30
Total Administration	<u>400</u>	<u>483</u>	<u>534</u>	<u>513</u>	<u>484</u>
Faculty					
Full-time	120	119	115	114	114
Part-time	35	35	44	42	42
Adjunct	35	177	207	52	20
Total Faculty	<u>190</u>	<u>331</u>	<u>366</u>	<u>208</u>	<u>176</u>
Total Employees	<u><u>590</u></u>	<u><u>814</u></u>	<u><u>900</u></u>	<u><u>721</u></u>	<u><u>660</u></u>

Source: College Reports

(1) The college converted to a new software system in 2004 so earlier information is not available.

**HAWKEYE COMMUNITY COLLEGE  
CAPITAL ASSETS BY MAJOR CLASS LESS ACCUMULATED DEPRECIATION  
FOR THE LAST TEN FISCAL YEARS**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Land	\$ 379,179	\$ 379,179	\$ 379,179	\$ 379,179	\$ 287,173	\$ 287,173	\$ 287,173	\$ 287,173	\$ 287,173	\$ 287,173
Construction in Progress	1,631,722	1,500,299	767,484	4,775,060	693,679	-	-	-	-	-
Capital Assets Not Depreciated	<u>2,010,901</u>	<u>1,879,478</u>	<u>1,146,663</u>	<u>5,154,239</u>	<u>980,852</u>	<u>287,173</u>	<u>287,173</u>	<u>287,173</u>	<u>287,173</u>	<u>287,173</u>
Buildings	36,924,866	32,064,780	32,064,780	26,882,181	26,882,181	26,882,181	26,698,701	26,662,118	26,674,643	24,016,773
Other Structures & Improvements	7,661,384	6,994,100	4,770,755	3,310,894	3,316,813	3,316,813	3,261,730	3,261,730	3,261,730	3,261,730
Furniture and Equipment	9,300,611	8,633,510	7,883,978	7,006,035	6,371,892	6,514,137	11,699,062	11,419,808	11,060,355	10,097,592
Capital Assets Depreciated	<u>53,886,861</u>	<u>47,692,390</u>	<u>44,719,513</u>	<u>37,199,110</u>	<u>36,570,886</u>	<u>36,713,131</u>	<u>41,659,493</u>	<u>41,343,656</u>	<u>40,996,728</u>	<u>37,376,095</u>
Total Capital Assets	55,897,762	49,571,868	45,866,176	42,353,349	37,551,738	37,000,304	41,946,666	41,630,829	41,283,901	37,663,268
Less: Accumulated Depreciation	21,553,441	20,123,267	18,958,310	17,892,487	17,235,661	16,584,329	- *	- *	- *	- *
Net Book Value	<u>\$34,344,321</u>	<u>\$29,448,601</u>	<u>\$26,907,866</u>	<u>\$24,460,862</u>	<u>\$20,316,077</u>	<u>\$20,415,975</u>	<u>\$41,946,666</u>	<u>\$41,630,829</u>	<u>\$41,283,901</u>	<u>\$37,663,268</u>
<b>ACCUMULATED DEPRECIATION</b>										
Buildings	\$12,885,162	\$12,182,019	\$11,552,276	\$10,920,068	\$10,381,780	\$ 9,844,493	\$ - *	\$ - *	\$ - *	\$ - *
Other Structures & Improvements	2,956,605	2,953,683	2,870,982	2,783,030	2,736,882	2,707,018	-	-	-	-
Furniture and equipment	5,711,674	4,987,565	4,535,052	4,189,389	4,116,999	4,032,818	-	-	-	-
Total Accumulated Depreciation	<u>\$21,553,441</u>	<u>\$20,123,267</u>	<u>\$18,958,310</u>	<u>\$17,892,487</u>	<u>\$17,235,661</u>	<u>\$16,584,329</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial statements

\* Depreciation not reported until GASB 34 implementation.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
FOR THE LAST TEN FISCAL YEARS**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
<b>Arts and Sciences</b>										
Credit Hours, Eligible for Aid	63,016	67,867	57,482	56,373	57,210	54,294	49,495	46,290	47,966	49,143
Contact Hours, Eligible for Aid	1,066,192	1,176,555	869,984	940,331	957,569	985,231	906,472	849,127	-	952,870
Total Arts and Sciences	1,129,208	1,244,422	927,466	996,704	1,014,779	1,039,525	955,967	895,417	47,966	1,002,013
<b>Vocational Education</b>										
Credit Hours, Eligible for Aid	63,206	59,237	63,477	65,754	66,995	64,693	56,959	52,222	53,054	51,351
Credit Hours, Not Eligible for Aid	-	-	-	-	-	-	-	42	54	108
Contact Hours, Eligible for Aid	1,355,616	1,274,997	1,252,416	1,417,031	1,438,653	1,530,744	1,377,975	1,269,460	-	1,339,034
Contact Hours, Not Eligible for Aid	-	-	-	-	-	-	-	1,663	-	3,802
Total Vocational Education	1,418,822	1,334,234	1,315,893	1,482,785	1,505,648	1,595,437	1,434,934	1,323,387	53,108	1,394,295
<b>Adult/Continuing Education</b>										
Contact Hours, Eligible for Aid	313,813	332,516	362,594	408,562	433,939	720,130	722,796	796,948	964,171	695,468
Contact Hours, Not Eligible for Aid	54,484	59,105	72,605	76,120	30,504	30,787	20,271	22,956	22,748	17,556
Total Vocational Education	368,297	391,621	435,199	484,682	464,443	750,917	743,067	819,904	986,919	713,024
<b>Related Services and Activities</b>										
Contact Hours, Eligible for Aid	-	-	-	-	-	29,400	-	-	5,439	8,813
Contact Hours, Not Eligible for Aid	17,520	18,480	24,720	-	2,400	60	10,680	57,060	-	11,774
Total Related Services and Activities	17,520	18,480	24,720	-	2,400	29,460	10,680	57,060	5,439	20,587
<b>Total</b>	<b>2,933,847</b>	<b>2,988,757</b>	<b>2,703,278</b>	<b>2,964,171</b>	<b>2,987,270</b>	<b>3,415,339</b>	<b>3,144,648</b>	<b>3,095,768</b>	<b>1,093,432</b>	<b>3,129,919</b>

Source: College Reports

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**HAWKEYE COMMUNITY COLLEGE  
HIGHER EDUCATION PRICE INDEX (HEPI) FULL YEAR FTE  
LAST TEN YEARS**

	2008	2007	2006	2005	2004	2003	2002	2001	2000	1999
Higher Education Price Index (1)	269.7	260.3	251.8	239.8	231.5	221.2	215.0	206.5	196.9	189.1
Normalized HEPI	1.036	1.034	1.050	1.036	1.047	1.029	1.041	1.049	1.041	1.000
Full Year FTE (2)	3,488	3,485	3,460	3,502	3,564	3,495	3,240	2,950	2,897	2,929

(1) HIGHER EDUCATION PRICE INDEX (HEPI). The HEPI deflates financial data to provide a Constant Dollar comparison. The HEPI has been applied to facilitate in the interpretation of certain financial information. The HEPI uses 1983 as a base year. The normalized HEPI provides a base year format for this period.

(2) FULL TIME EQUIVALENT STUDENT (FTE). Certain financial data in this section is presented per FTE student. The FTE is based on a weighted full year FTE.

Source: District Reports and Commonfund Institute

Source: Commonfund Institute; 2008 Higher Education Price Index

TABLE XVII

**HAWKEYE COMMUNITY COLLEGE  
STUDENT ENROLLMENT BY PROGRAM  
LAST NINE FISCAL YEARS (1)**

Program/Major	2008	2007	2006	2005	2004	2003	2002	2001	2000
<b>Arts and Sciences</b>									
Liberal Arts AA	6 880	6,648	5 888	6 022	5,929	5,519	5,074	4 785	4848
Liberal Arts AS	11	14	-	-	-	-	-	-	-
<b>Applied Science and Technology</b>									
Ag Business Management	108	82	63	49	70	79	70	141	147
Ag Food & Technology	-	-	-	-	-	1	11	24	51
Ag Science	38	37	11	9	15	23	28	35	34
Animal Science	82	69	46	40	41	38	40	44	64
Horticulture Science	104	119	112	123	121	125	131	131	121
Natural Resources Mgmt.	117	114	100	102	97	111	63	76	78
Vet Assisting	10	29	1	-	-	-	-	-	-
Sub-total	449	443	333	323	344	377	343	451	495
<b>Accounting</b>									
Accounting Technician	-	1	2	1	2	1	2	21	24
Admin. Assistant	50	49	55	60	65	63	42	55	57
Business Administration	589	507	432	392	395	388	315	295	323
Computer and Network Tech.	67	62	59	73	59	29	54	-	2
Customer Service	2	2	-	-	-	-	-	-	-
Executive Assistant	44	51	76	61	61	69	84	88	85
Finance & Banking	-	-	-	5	9	25	14	11	0
Fire Science	21	28	19	11	11	10	19	8	11
General Business	56	50	56	61	38	46	59	81	41
Information Processor	-	-	-	-	-	-	5	21	21
Information Systems Management	25	32	43	27	26	12	1	-	-
Legal Office Assistant	60	69	50	28	32	35	2	-	-
Marketing Management	169	143	105	108	159	132	127	132	156
Medical Admin Assistant	157	144	146	162	158	138	131	114	169
Medical Secretary	118	159	141	108	119	100	54	75	86
Medical Transcription	2	19	9	1	-	-	-	-	-
Network Admin & Engineering	70	74	93	98	109	86	74	23	12
Office Assistant	5	1	-	1	5	3	10	-	-
Office Specialist	34	56	61	54	66	61	55	45	56
Web Design & Develop	61	36	36	33	48	28	26	1	-
Sub-total	1 642	1,604	1 514	1,466	1 562	1 370	1,229	1,127	1194
<b>Corrections</b>									
Early Childhood Education	118	147	151	80	96	156	157	190	143
Early Childhood Educ Apprent	74	62	68	70	36	-	-	-	-
Graphic Communications	150	171	205	191	220	199	239	259	211
Interior Design	69	66	84	39	42	62	28	38	73
Professional Photography	283	292	332	342	313	322	268	249	253
Police Science	361	333	318	362	402	384	349	282	286
Sub-total	1,157	1,192	1 294	1,332	1 330	1,222	1,199	1 186	1106
<b>Nursing</b>									
Associate Degree Nursing	277	335	315	226	121	299	126	10	195
Assoc Degree Nursing (Evening)	31	24	26	16	14	-	-	-	-
Dental Assisting	102	93	98	89	106	118	73	77	66
Dental Hygiene	184	228	216	183	151	131	116	98	99
Medical Lab Technology	146	147	154	130	116	105	65	42	58
Medical Lab Tech Consortium	11	25	23	17	9	6	8	4	6
Nursing Assistant	184	146	211	184	177	141	108	84	117
Ophthalmic/Optometric Asst	48	51	67	82	93	54	48	25	0
Practical Nursing	867	969	1 001	1 119	1,040	1 012	815	608	488
Practical Nursing (Evening)	38	46	49	63	36	-	-	-	-
Practical Nursing (EHC2)	39	44	47	34	16	-	-	-	-
Pre-Radiography	6	-	-	-	-	-	-	-	-
Pre-Surg Tech	19	8	7	4	-	-	-	-	-
Registered Nurse First Asst	-	-	-	-	-	1	-	5	4
Respiratory Care	100	99	117	123	108	56	55	69	68
Sub-total	2 052	2,215	2 331	2 345	2,187	1,923	1 492	1 224	1101

Program/Major	2008	2007	2006	2005	2004	2003	2002	2001	2000
Arch & Const Technology	80	81	77	90	99	73	84	86	89
Automated Systems Tech	27	17	15	1	3	12	-	-	-
Automated Systems Tech JD	17	3	-	-	-	-	-	-	-
Civil & Construc Engineering Tech	84	79	83	58	60	62	74	82	60
CNC Machining Tech	104	84	95	103	85	94	69	48	45
CNC Machinist - EMC2	110	117	123	84	102	69	37	-	-
CNC Machinist - John Deere	44	54	93	72	57	78	66	-	-
Consumer Electronics Tech	-	-	-	-	-	-	-	1	11
Drafting & Design Tech	-	2	1	19	26	136	-	-	58
Electromechanical Maint Tech.	131	22	37	71	81	36	115	29	24
Electronic Engineering Tech	50	152	144	105	115	134	136	136	146
Electronic Engineering Tech JD	77	47	19	-	7	-	-	-	-
Electromechanical Maint Tech	-	61	64	18	27	46	23	30	37
Electromechanical Maint. Appren.	12	18	15	17	19	24	-	-	-
General Technology	-	-	-	-	-	15	65	65	104
Heating & Air Conditioning	51	77	78	66	58	65	38	50	62
Interdisciplinary Studies	7	6	10	25	37	22	1	-	-
Mechanical Engineering Tech	-	-	-	-	-	20	12	33	49
Network Administrator	-	-	-	-	-	58	53	141	119
Tool & Die	31	41	32	24	43	82	141	141	124
Web Design	-	-	-	-	-	16	8	-	-
Welding	73	60	54	51	47	38	38	29	30
Welding JD	5	-	-	-	-	-	-	-	-
Sub-total	903	921	940	804	889	1,080	1,030	959	958
Ag Power Technology AAS	17	13	40	36	29	30	26	41	36
Auto Electronics Tech AAS	36	40	66	106	79	62	37	37	43
Automotive Technology AAS	128	86	131	149	126	112	112	80	112
Aviation Maintenance Tech	-	56	-	16	46	49	49	56	58
Collision Repair & Refinishing AAS	74	56	120	127	109	96	92	98	91
Diesel Truck Tech AAS	50	65	47	47	52	40	36	44	37
Truck Driving	46	47	24	27	28	21	31	20	36
Sub-total	351	363	428	508	469	410	383	376	413
									0
Total Credit Enrollment	13,445	13,400	12,728	12,800	12,710	11,901	10,750	10,108	10,115

Source: College Reports

(1) College records are available through 2000

**HAWKEYE COMMUNITY COLLEGE  
STUDENT STATISTICS  
LAST NINE FISCAL YEARS (1)**

	2008	2007	2006	2005	2004	2003	2002	2001	2000
Male	5,887	5,726	5,335	5,180	5,278	5,046	4,883	4,608	4,411
Female	7,568	7,681	7,393	7,620	7,432	6,879	5,884	5,500	5,704
Full-time	7,187	7,145	7,044	7,287	7,465	7,087	6,497	6,141	6,281
Part-time	14,755	14,826	14,437	14,907	14,897	13,966	12,381	11,641	11,985
Average Credit Hours per student Semester	10.20	10.19	10.52	10.91	11.05	11.25	11.35	11.40	11.60
Average Credit Hours per student Summer	4.97	4.90	4.85	5.00	5.00	5.00	5.00	4.90	5.00
Average Age of Student	22.96	23.36	23.98	23.80	24.03	23.57	24.30	23.47	23.60

Source: College Reports

(1) College records are available through 2000.

**HAWKEYE COMMUNITY COLLEGE  
STUDENT ETHNICITY  
LAST NINE FISCAL YEARS (1)**

	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>
American Indian or Alaskan Native	53	46	48	45	53	56	58	44	46
Asian or Pacific islander	168	175	146	147	121	130	114	91	93
Black, Non-Hispanic	863	954	983	1,037	1,076	964	784	686	651
Hispanic	215	225	212	178	186	144	98	97	98
International Student	28	20	18	82	96	104	95	110	80
No response	170	242	247	233	173	189	154	149	155
White, Non-Hispanic	<u>11,958</u>	<u>11,745</u>	<u>11,073</u>	<u>11,089</u>	<u>11,072</u>	<u>10,641</u>	<u>9,844</u>	<u>9,090</u>	<u>8,824</u>
Total	<u>13,455</u>	<u>13,407</u>	<u>12,727</u>	<u>12,811</u>	<u>12,777</u>	<u>12,228</u>	<u>11,147</u>	<u>10,267</u>	<u>9,947</u>

Source: College Reports

(1) College records are available through 2000.

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**SINGLE AUDIT SECTION**

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2008**

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
<b>DIRECT:</b>			
U S. Department of Education:			
Student Financial Aid – Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84 007	\$ 158,261	\$ -
Federal Work-Study Program (FWS)	84 033	219,502	-
Federal Pell Grant Program	84 063	5,094,819	-
Federal Direct Student Loans	84 268	-	13,309,140
Academic Competitiveness Grant	84 375	73,250	-
Total Student Financial Aid Cluster		<u>5,545,832</u>	<u>13,309,140</u>
C-Campis	84 335	73,517	-
TRIO - Student Support Services	84 042	240,107	-
Total Direct U.S. Department of Education		<u>5,859,456</u>	<u>13,309,140</u>
Corporation for National and Community Services:			
Senior Companion Program	94 016	354,854	-
U.S. Department of Labor - Mine Health and Safety Grant	17 600	6,925	-
Total Direct Expenditures		<u>6,221,235</u>	<u>13,309,140</u>
<b>INDIRECT:</b>			
U.S. Department of Education:			
Indirect Through the Iowa Department of Education:			
Adult Education - State Grant Program	84 002	292,386	-
Vocational Education - Basic Grants to States	84 048	366,485	-
Tech-Prep Education	84 243	77,216	-
Family Literacy Grant	17 267	44,565	-
Total Indirect U.S. Department of Education		<u>780,652</u>	-
U.S. Department of Labor:			
Indirect Through Iowa Workforce Development:			
Employment Service Cluster:			
Employment Service	17 207	32,823	-
Disabled Veteran's Outreach Program	17 801	5,956	-
Local Veteran's Employment Representative Program	17 804	2,878	-
		<u>41,657</u>	-
Workforce Investment Act (WIA):			
WIA Adult Program	17 258	281,827	-
WIA Youth Program	17 259	292,610	-
WIA Dislocated Workers	17 260	288,432	-
		<u>862,869</u>	-
Unemployment Insurance	17 225	30,959	-
Trade Adjustment Assistance	17 245	1,602	-
Total Indirect U.S. Department of Labor		<u>937,087</u>	-
U.S. Department of Health and Human Services:			
Indirect through Iowa Workforce Development:			
Temporary Assistance for Needy Families	93 558	663,202	-
U.S. Department of Agriculture:			
Indirect through Iowa Department of Education			
Child and Adult Care Food Program	10 558	9,811	-
Total Indirect Expenditures		<u>2,390,752</u>	-
Total Direct and Indirect Expenditures		<u>\$ 8,611,987</u>	<u>\$ 13,309,140</u>

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2008**

**Note 1 -- BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Hawkeye Community College and is presented on the accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

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

Board of Trustees  
Hawkeye Community College  
Waterloo, Iowa

We have audited the basic financial statements of Hawkeye Community College, Waterloo, Iowa, as of and for the year ended June 30, 2008, and have issued our report thereon dated January 15, 2009. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Other auditors audited the financial statements of Hawkeye Community College Foundation, as described in our report on Hawkeye Community College's financial statements. The financial statements of Hawkeye Community College Foundation were not audited in accordance with *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Hawkeye Community College's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing our opinion on the effectiveness of Hawkeye Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Community College's internal control over financial reporting.

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 Community College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with U.S. generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Community College's financial statements that is more than inconsequential will not be prevented or detected by the Community College's internal control. We consider the deficiencies in internal control described in Part II of the accompanying Schedule of Findings and Questioned Costs 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 Community College's internal control.

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, we believe items II-B-08 and II-C-08 are material weaknesses.

## Compliance and Other Matters

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

Comments involving statutory and other legal matters about the Community College's operations for the year ended June 30, 2008 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Hawkeye Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. While we expressed our conclusions on the College's responses, we did not audit the Community College's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Hawkeye Community College and other parties to whom Hawkeye Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

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

*Williams & Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
January 15, 2009

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Trustees  
Hawkeye Community College  
Waterloo, Iowa

**Compliance**

We have audited the compliance of Hawkeye Community College, Waterloo, IA, 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, 2008. Hawkeye Community College's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Hawkeye Community College's management. Our responsibility is to express an opinion on Hawkeye Community College's compliance based on our audit.

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

In our opinion, Hawkeye Community College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal program for the year ended June 30, 2008.

**Internal Control Over Compliance**

The management of Hawkeye Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Hawkeye Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 Hawkeye Community College's internal control over compliance.

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

A control deficiency in the Community College'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  
203 North Grand Avenue P.O. Box 908 Spencer, Iowa 51301-0908  
712-262-1500 - FAX 712-262-2920

significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Community College's ability to administer a federal program such that there is more than a remote likelihood noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the Community College's internal control. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item III-A-08 to be a significant deficiency.

A material weakness is a significant deficiency, or combination of significant deficiencies that results in more than a remote likelihood material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the Community College's internal control. We do not consider the deficiency described in the accompanying schedule of findings and questioned costs to be a material weakness.

This report, a public record by law, is intended solely for the information and use of the officials, employees, and constituents of Hawkeye Community College and other parties to whom Hawkeye Community College may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

*Williams & Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
January 15, 2009

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**PART I – SUMMARY OF AUDITORS’ RESULTS**

- (A) An unqualified opinion was issued on the financial statements.
- (B) Significant deficiencies in internal control over financial reporting were disclosed by the audit of the financial statements, including material weaknesses.
- (C) The audit did not disclose any non-compliance which is material to the financial statements.
- (D) A significant deficiency in internal control over major programs was disclosed by the audit of the financial statements.
- (E) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (F) The audit disclosed audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (G) Major programs were as follows:
  - Student Financial Aid Cluster:
    - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grant (FSEOG)
    - CFDA Number 84.033 – Federal Work-Study Program
    - CFDA Number 84.063 – Federal Pell Grant Program
    - CFDA Number 84.268 – Federal Direct Student Loans
    - CFDA Number 84.375 – Academic Competitiveness Grant
  - Workforce Investment Act Cluster:
    - CFDA Number 17.258 – WIA Adult Program
    - CFDA Number 17.259 – WIA Youth Program
    - CFDA Number 17.260 – WIA Dislocated Workers
  - Other Major Programs:
    - CFDA Number 84.048 – Vocational Education – Basic Grants to States
    - CFDA Number 93.558 – Temporary Assistance for Needy Families
- (H) The dollar threshold used to distinguish between Type A and Type B was \$300,000.
- (I) Hawkeye Community College did not qualify as a low-risk auditee.

**PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

**SIGNIFICANT DEFICIENCIES:**

II-A-08 Financial Reporting – During the audit, we identified immaterial amounts of receivables and payables, not recorded or not properly recorded in the College’s financial statements.

Recommendation – The College should implement a formal, organized month and year-end closing process that provides for timely reconciliation of certain account balances to ensure timely and accurate financial reporting. The College should also implement procedures to ensure all receivables and payables are properly identified, classified, and included in the College’s financial statements.

Response – We will develop a formal month and year-end closing process and revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion - Response accepted.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS (Continued)**

II-B-08 Financial Reporting – During the audit, we recognized that adjustments were needed to balance the fund balance accounts. These adjustments were subsequently made by the College, if applicable, to properly include or reclassify these amounts in the financial statements.

Recommendation – The College should implement a formal, organized month and year-end closing process that provides for timely reconciliation of the fund balance account balances to ensure timely and accurate financial reporting.

Response – We will develop a formal month and year-end closing process and revise our current procedures to ensure the fund balances are adjusted to proper amounts.

Conclusion - Response accepted.

II-C-08 Financial Reporting – During the audit, we identified adjustments that needed to be made to the New Jobs Training Projects concerning the fund balances and other accounts affected by the closing entry and misclassified transactions. Adjustments were subsequently made by the College, if applicable, to properly include or reclassify these amounts in the financial statements.

Recommendation – The College should implement a formal, organized month and year-end closing process that provides for timely reconciliation of the New Jobs Training Project account balances to ensure timely and accurate financial reporting.

Response – We will develop a formal month and year-end closing process and revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**SIGNIFICANT DEFICIENCIES:**

III-A-08 Financial Reporting – During the audit, we identified immaterial amounts of receivables and payables, not recorded or not properly recorded in the College's financial statements.

Recommendation – The College should implement a formal, organized month and year-end closing process that provides for timely reconciliation of certain account balances to ensure timely and accurate financial reporting. The College should also implement procedures to ensure all receivables are properly identified, classified, and included in the College's financial statements.

Response – We will develop a formal month and year-end closing process and revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion - Response accepted.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grant (FSEOG)  
 CFDA Number 84.033 – Federal Work-Study Program  
 CFDA Number 84.063 – Federal Pell Grant Program  
 CFDA Number 84.268 – Federal Direct Student Loans  
 CFDA Number 84.375 – Academic Competitiveness Grant  
 CFDA Number 17.258 – WIA Adult Program  
 CFDA Number 17.259 – WIA Youth Program  
 CFDA Number 17.260 – WIA Dislocated Workers  
 CFDA Number 84.048 – Vocational Education – Basic Grants to States  
 CFDA Number 93.558 – Temporary Assistance for Needy Families  
 Federal Award Year - 2008

INSTANCES OF NON-COMPLIANCE: No matters were reported.

**PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING**

- IV-A-08: Certified Budget – Expenditures for the year ended June 30, 2008 did not exceed the amounts budgeted.
- IV-B-08: Questionable Disbursements – No expenditures we believe did not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-08: Travel Expense – No expenditures of Hawkeye Community College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.
- IV-D-08: Business Transactions – Business transactions between the Community College and the Community College officials or employees are detailed as follows:

Name, Title, and Business Connection	Transaction Description	Amount
Darrin Siefken, Adjunct Professor, Owner of Crawdaddy Outdoors, L.C.	Supplies	\$ 8,420

In accordance with the Code of Iowa, the above transactions may represent a conflict of interest since the total received during the fiscal year is greater than \$2,500 and written competitive bids were not obtained.

- IV-E-08: Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-08: Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2008**

**PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (Continued)**

- IV-G-08: Publication – The Community College had 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-H-08: Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.
  
- IV-I-08: Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the Community College.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF PRIOR YEAR FINDINGS  
JUNE 30, 2008**

II-A-07 & III-A-07

Finding – The College did not identify material amounts of receivables, capital assets and interest income that were either not recorded or properly recorded in the College's financial statements..

Recommendation – The College should implement a formal, organized month and year-end closing process that provides for timely reconciliation of certain account balances to ensure timely and accurate financial reporting. The College should also implement procedures to ensure all receivables, capital assets, and interest income are properly identified, classified, and included in the College's financial statements.

Current Status – This recommendation is still in process.

III-B-07

Finding – Segregation of duties concerning financial aid awards, applying financial aid to the students' accounts and drawing down grant funds.

Recommendation – The College should continue to maintain separation of the duties of awarding and requesting grant funds.

Current Status – Application of financial aid to the students' accounts and drawing down grant funds are being performed by separate individuals.

III-C-07

Finding – Reconciliation of the GAPS drawdowns for the entire year was not completed.

Recommendation – The Community College should implement a formal, organized process that provides for yearly reconciliation of drawdowns to ensure timely and accurate financial reporting.

Current Status – The reconciliation was completed for the entire year.

**HAWKEYE COMMUNITY COLLEGE  
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS  
JUNE 30, 2008**

Department of Education:

Hawkeye Community College, respectfully submits the following corrective action plan for the year ended June 30, 2008

The audit was performed by Williams & Company, P.C., P.O. Box 908, Spencer, Iowa, for the fiscal year ended June 30, 2008.

The finding from the June 30, 2008 Schedule of Findings and Questioned Costs is discussed below. The finding is numbered consistently with the number assigned in the schedule. Part I of the schedule, Summary of Independent Auditor's Results, does include a finding and is not addressed.

The audit disclosed a significant deficiency as identified in Part III of the accompanying Schedule of Findings and Questioned Costs.

**SIGNIFICANT DEFICIENCY:**

III-A-08 -Financial Reporting – Federal Supplemental Educational Opportunity Grant (FSEOG) CFDA #84.007 – Federal Work-Study Program CFDA #84.033 – Federal Pell Grant Program CFDA #84.063 – Federal Direct Student Loans CFDA #84.268 – Academic Competitiveness Grant CFDA #84.375 – WIA Adult Program CFDA #17.258 – WIA Youth Program CFDA #17.259 – WIA Dislocated Workers CFDA #17.260 – Vocational Education – Basic Grants to States CFDA #84.048 – Temporary Assistance for Needy Families CFDA #93.558

Recommendation – The College should implement a formal, organized month and year-end closing process that provides for timely reconciliation of certain account balances to ensure timely and accurate financial reporting. The College should also implement procedures to ensure all receivables and payables are properly identified, classified, and included in the College's financial statements.

Response – We will develop a formal month and year-end closing process and revise our current procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion - Response accepted.

If the Department of Education has questions regarding this plan, please call Greg Schmitz at 319-296-2329.

Sincerely yours,

HAWKEYE COMMUNITY COLLEGE



Greg Schmitz, President