



**OFFICE OF AUDITOR OF STATE**  
**STATE OF IOWA**

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**NEWS RELEASE**

FOR RELEASE November 10, 2008

Contact: Andy Nielsen  
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Auditor of State David A. Vaudt today released an audit report on Kirkwood Community College in Cedar Rapids, Iowa.

The College's primary government operating revenues totaled \$79,952,363 for the year ended June 30, 2008, including \$32,841,799 from tuition and fees, \$22,529,611 from the federal government and \$13,999,090 from auxiliary enterprises.

Operating expenses for the year totaled \$121,060,016, including \$63,627,790 for salaries and benefits, \$26,883,178 for services and \$6,279,784 for materials and supplies.

The College reported an operating loss of \$41,107,653. In general, a public college, such as Kirkwood Community College, will report an operating loss since the financial reporting model classifies state appropriations and property tax as non-operating revenues. Non-operating revenues totaled \$58,541,785, including \$32,273,982 from the state, \$13,676,607 from property tax, \$2,701,313 of gifts and expense reimbursements from Kirkwood Community College Foundation and Kirkwood Facilities Foundation and \$2,482,671 from interest income. Non-operating expenses totaled \$4,185,627, including interest expense of \$2,750,763 and \$646,547 for contributions and rent to Kirkwood Community College Foundation and Kirkwood Facilities Foundation. The College's net assets increased \$13,248,505 during the year.

A copy of the audit report is available for review in the Board Secretary's office, in the Office of Auditor of State and on the Auditor of State's web site at <http://auditor.iowa.gov/reports/reports.htm>.

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**KIRKWOOD COMMUNITY COLLEGE**

**INDEPENDENT AUDITOR'S REPORTS**  
**BASIC FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**JUNE 30, 2008**

## Table of Contents

		<u>Page</u>
Officials		3
Independent Auditor’s Report		5-6
Management’s Discussion and Analysis		7-12
Basic Financial Statements:	<u>Exhibit</u>	
Statement of Net Assets	A	14-15
Statement of Revenues, Expenses and Changes in Net Assets	B	16-17
Statement of Cash Flows	C	18-19
Component Unit Financial Statements:		
Statement of Net Assets	D	20
Statement of Revenue, Expenses and Changes in Net Assets	E	21
Notes to Financial Statements		22-32
Other Supplementary Information:	<u>Schedule</u>	
Budgetary Comparison Schedule of Expenditures – Budget and Actual	1	35
Schedule of Revenues, Expenditures and Changes in Fund Balance – All Funds	2	36-39
Unrestricted Fund:		
Schedule of Revenues, Expenditures and Changes in Fund Balances – Education and Support	3	40-41
Schedule of Revenues, Expenditures and Changes in Fund Balances – Auxiliary Enterprises	4	42-43
Schedule of Revenues, Expenditures and Changes in Fund Balances – Restricted Fund	5	44-45
Schedule of Changes in Deposits Held in Custody for Others	6	46-47
Schedule of Credit and Contact Hours	7	49
Schedule of Tax and Intergovernmental Revenues	8	50-51
Schedule of Current Fund Revenues by Source and Expenditures by Function	9	52-53
Schedule of Expenditures of Federal Awards	10	54-59
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <u>Government Auditing Standards</u>		61-62
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133		63-64
Schedule of Findings and Questioned Costs		65-69
Staff		70

## Kirkwood Community College

### Officials

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Directors</b> (Before September 2007 Election)		
Lois Bartelme	President	2007
Mervin Cronbaugh	Vice President	2008
Paul Glenn	Member	2007
James Mollenhauer	Member	2007
Karen Gorham	Member	2008
John Hall	Member	2008
Elaine Harrington	Member	2009
Stacey Iben	Member	2009
Kevin King	Member	2009

### Board of Directors (After September 2007 Election)

Lois Bartelme	President	2010
Mervin Cronbaugh	Vice President	2008
Karen Gorham	Member	2008
John Hall	Member	2008
Dr. Keith Stamp (Appointed)	Member	2008
Elaine Harrington	Member	2009
Kevin King	Member	2009
Paul Glenn	Member	2010
James Mollenhauer	Member	2010

### Community College

Dr. Mick Starcevich	President
Bob Freeman	Director of Human Resources
Jim Choate	Board Treasurer, V. P. and Chief Financial/ Operating Officer
Sheryl Cook	Board Secretary
Rick Anderson	Executive Director of Business Services

**Kirkwood Community College**



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Independent Auditor's Report

To the Board of Directors of  
Kirkwood Community College:

We have audited the accompanying financial statements of Kirkwood Community College, Cedar Rapids, Iowa, and its aggregate discretely presented component units as of and for the year ended June 30, 2008, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of Kirkwood 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 the discretely presented component units, Kirkwood Facilities Foundation and Kirkwood Community College Foundation, discussed in note 1, which represent 100% of the assets and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the discretely presented component units, is based on the reports of the other auditors.

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. 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 our audit and the reports of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Kirkwood Community College and its aggregate discretely presented component units 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 October 30, 2008 on our consideration of Kirkwood 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 on pages 7 through 12 is not a required part of the basic financial statements, but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. We did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Kirkwood 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 eight years ended June 30, 2007 (which are not presented herein) and expressed unqualified opinions on those financial statements. Other supplementary 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.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 30, 2008

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## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

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Management of Kirkwood 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 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.

The financial statements of Kirkwood Community College's two foundations are discretely presented in these financial statements. Since the assets of the foundations are the exclusive property of the foundations and do not belong to the College, a discussion of these assets is not included in this Management's Discussion and Analysis.

### **FINANCIAL HIGHLIGHTS**

- College revenue increased in fiscal year (FY) 2008, primarily due to both an increase in tuition and fees as well as higher state general aid. Following a 4% tuition rate increase over FY 2007, tuition and fees revenue now represents 51% of the College's unrestricted operating fund revenue. While state general aid increased by 10% over FY 2007, it still represents only 33% of the unrestricted operating fund revenue. Increased activity in the College's auxiliary operations during FY 2008 also pushed revenue higher.
- College operating expenses were higher in FY 2008 due to increases in salaries and benefits, as well as College infrastructure improvements and maintenance. Salaries and benefits were higher due to moderate salary increases while infrastructure improvements include costs related to new building construction and bringing some new buildings online. The College also continues to experience increased maintenance costs with the expansion and natural aging of our older facilities.

### **USING THIS ANNUAL REPORT**

The annual report consists of a series of financial statements and other information, as follows:

Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the 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.

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

## **REPORTING THE COLLEGE AS A WHOLE**

### 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. 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 noncurrent assets, current and noncurrent liabilities and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the 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	2007
Current and other assets	\$ 75,568,058	86,109,484
Capital assets, net of accumulated depreciation	101,518,649	83,487,932
Total assets	177,086,707	169,597,416
Current liabilities	36,123,229	34,949,695
Noncurrent liabilities	47,425,703	54,358,451
Total liabilities	83,548,932	89,308,146
Net assets:		
Invested in capital assets, net of related debt	78,570,635	70,981,161
Restricted	1,667,684	1,641,753
Unrestricted	13,299,456	7,666,356
Total net assets	\$ 93,537,775	80,289,270

The largest portion of the College's net assets (84%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources other than capital assets. The restricted portion of the net assets (2%) includes resources subject to external restrictions. The remaining net assets (14%) are the unrestricted net assets 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 in 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 received by the College, both operating and nonoperating, and the expenses paid by the College, operating and nonoperating, and any other revenues, expenses, gains and losses received or spent by the College.

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

### Changes in Net Assets

	Year ended June 30,	
	2008	2007
Operating revenues:		
Tuition and fees	\$ 32,841,799	29,417,369
Federal appropriations	22,529,611	22,282,011
Iowa Industrial New Jobs Training Program	7,090,463	6,730,448
Auxiliary enterprises	13,999,090	10,311,950
Miscellaneous	3,491,400	3,322,557
Total operating revenues	<u>79,952,363</u>	<u>72,064,335</u>
Total operating expenses	<u>121,060,016</u>	<u>110,524,895</u>
Operating loss	<u>(41,107,653)</u>	<u>(38,460,560)</u>
Non-operating revenues (expenses):		
State appropriations	32,273,982	27,490,516
Property tax	13,676,607	13,660,902
Interest income on investments	2,482,671	1,902,310
Interest income on student loans	33,125	31,209
Accumulated deferred NJTP interest	7,374,087	-
Net gifts from Kirkwood Community College		
Foundation and Kirkwood Facilities Foundation	1,912,996	3,017,084
Gain (loss) on disposal of capital assets	(646,547)	2,920
Interest expense	(2,750,763)	(2,244,315)
Net non-operating revenues	<u>54,356,158</u>	<u>43,860,626</u>
Increase in net assets	13,248,505	5,400,066
Net assets beginning of year	<u>80,289,270</u>	<u>74,889,204</u>
Net assets end of year	<u>\$ 93,537,775</u>	<u>80,289,270</u>

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

### Total Revenue by Source

In fiscal year 2008, operating revenues increased as a result of the following factors:

- Tuition and fees increased primarily due to a tuition rate increase from \$99/credit hour in FY 2007 to \$103/credit hour in FY 2008.
- Kirkwood received \$2,512,728 more in state general aid in FY 2008 over what was appropriated in FY 2007.
- Increased activity in the College's auxiliary fund (e.g. bookstore, food service, etc).

The College recognized \$7.4 million in accumulated deferred interest from the New Jobs Training program not needed to repay the outstanding certificates and cover short falls for projects within the respective issuances. This amount was used to set up a reserve for upcoming capital projects as permitted by legal advice.

## Operating Expenses

	Year ended June 30,	
	2008	2007
Education and support:		
Liberal arts and sciences	\$ 19,779,806	19,126,295
Vocational technical	20,928,880	20,491,262
Adult education	12,207,243	11,467,941
Cooperative services	6,350,176	5,509,313
Administration	6,370,370	5,935,252
Student services	4,743,500	4,347,209
Learning resources	2,539,221	2,819,212
Physical plant	12,860,372	10,407,056
General institution	11,714,748	10,886,826
Auxiliary enterprises	10,417,719	10,135,404
Scholarships and grants	7,833,293	4,974,298
Loan cancellations and bad debts	86,261	140,290
Administrative and collection costs	90,570	88,640
Depreciation	5,137,857	4,195,897
	<u>\$ 121,060,016</u>	<u>110,524,895</u>

### Total Expenses

In FY 2008, expenses increased as a result of the following factors:

- Salary increases for faculty and staff, coupled with the related increase in fringe benefits and the College's health insurance program.
- Costs associated with new building construction and facility renovation related to Kirkwood's bond issue projects.

### Statement of Cash Flows

A statement included in Kirkwood Community College's basic financial statements is the Statement of Cash Flows. The Statement of Cash Flows is an important tool in helping readers 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 and related financing and investing activities.

### Cash Flows

	Year ended June 30,	
	2008	2007
Cash provided (used) by:		
Operating activities	\$ (42,281,499)	(33,876,160)
Non-capital financing activities	49,292,886	42,639,910
Capital and related financing activities	(29,446,523)	(855,487)
Investing activities	3,879,926	1,981,335
Net increase in cash	(18,555,210)	9,889,598
Cash beginning of the year	59,605,788	49,716,190
Cash end of the year	\$ 41,050,578	59,605,788

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, local property tax received by the College and the receipt and disbursement of the Federal Direct Loan program proceeds. 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 received.

**CAPITAL ASSETS**

At June 30, 2008, the College had \$101.5 million invested in capital assets, net of accumulated depreciation of \$55.3 million. Depreciation charges totaled \$5.1 million for FY 2008. Details of capital assets are shown below.

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

	June 30,	
	2008	2007
Land	\$ 4,603,238	4,206,928
Buildings	83,233,959	66,729,854
Other structures and improvements	9,441,192	9,895,030
Equipment and vehicles	4,240,260	2,656,120
Total	<u>\$ 101,518,649</u>	<u>83,487,932</u>

The College's plant expenditures in FY 2008 include new construction and renovation as Kirkwood proceeds with improving facilities following the passing of our 2005 bond issue. The College is also experiencing increased building operation costs as new construction becomes available for use. More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

**DEBT**

At June 30, 2008, the College had \$54,660,000 in debt outstanding, a slight decrease from June 30, 2007. The table below summarizes these amounts by type.

**Outstanding Debt**

	June 30,	
	2008	2007
Certificates payable	\$ 26,445,000	23,190,000
Notes payable	7,815,000	10,015,000
Bonds payable	20,400,000	22,400,000
Total	<u>\$ 54,660,000</u>	<u>55,605,000</u>

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

## **ECONOMIC FACTORS**

For FY 2008, Kirkwood Community College increased the tuition rate by 4.2% over FY 2007 to adequately fund moderate salary and fringe benefit increases as well as maintenance and technology projects. These increases place a greater financial burden on the students and their families. As the State of Iowa's economic status improves, Kirkwood Community College feels strongly the Iowa Legislature should make community colleges a high priority for funding to help hold tuition rate increases reasonable. Some of the financial challenges for the College are:

- While the College received an increase of \$2.5 million in appropriated state general aid for FY 2008, that revenue stream has not kept pace with enrollment growth over the last 8 years.
- Facilities at the College require constant maintenance and upkeep while some educational programs require more space to accommodate increased enrollments.
- Technology demands continue to expand and current technology quickly becomes outdated, presenting an ongoing challenge to maintain up to date technology.
- In June 2008, the College service territory was struck by unprecedented flooding and widespread destruction. The College and its properties, except for minor insured damage at the Vinton Center, were not affected. The Vinton Center was repaired and reopened for Fall 2008 classes. During the recovery stage, the College housed approximately 1,000 displaced workers. By October 2008, all workers had returned to their places of employment. While the long term impact of the flooding on the College cannot be determined, the College's management does not believe there will be any material negative impact.

The College has worked to structure its budget favorably during the year and will maintain a close watch over resources to maintain the College's ability to react to unanticipated issues.

## **CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the 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 Kirkwood Community College, 6301 Kirkwood Blvd SW, Cedar Rapids, IA 52404.

## **Basic Financial Statements**

**Exhibit A**

## Kirkwood Community College

## Statement of Net Assets

June 30, 2008

	Primary Government	Component Units
<b>Assets</b>		
Current assets:		
Cash and pooled investments	\$ 27,671,727	1,908,295
Receivables:		
Accounts, net of allowance for uncollectible accounts of \$405,850	6,754,605	7,393
Succeeding year property tax	12,807,000	-
Pledges	-	306,450
Notes	1,274,370	-
Due from Kirkwood Community College	-	98,671
Due from Kirkwood Community College Foundation	396,410	-
Due from Kirkwood Facilities Foundation	71,357	-
Due from other governments	6,288,177	-
Inventories	1,997,312	-
Prepaid expenses	96,929	-
Total current assets	<u>57,357,887</u>	<u>2,320,809</u>
Noncurrent assets:		
Restricted pooled investments	13,378,851	-
Receivables:		
Pledges, net of allowance for doubtful pledges of \$22,000 and present value discount of \$70,000	-	528,947
Iowa Industrial New Jobs Training Program	4,495,003	-
Notes, net of allowance for uncollectible accounts of \$56,869	336,317	-
Long-term investment pool	-	15,947,752
Capital assets, net of accumulated depreciation	<u>101,518,649</u>	<u>2,028,572</u>
Total noncurrent assets	<u>119,728,820</u>	<u>18,505,271</u>
<b>Total assets</b>	<u>177,086,707</u>	<u>20,826,080</u>

Kirkwood Community College

Statement of Net Assets

June 30, 2008

	Primary Government	Component Units
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	4,331,436	152,018
Salaries and benefits payable	2,312,982	-
Due to Kirkwood Community College	-	467,767
Due to Kirkwood Community College Foundation	98,671	-
Annuities payable	-	32,400
Interest payable	98,217	-
Deferred revenue:		
Succeeding year property tax	12,807,000	-
Other	4,909,636	-
Early retirement payable	453,368	-
Compensated absences	2,035,951	-
Certificates payable	3,810,000	-
Notes payable	2,280,000	-
Bonds payable	2,220,000	-
Deposits held in custody for others	765,968	-
Total current liabilities	<u>36,123,229</u>	<u>652,185</u>
Noncurrent liabilities:		
Annuities payable	-	165,800
Certificates payable	22,635,000	-
Notes payable	5,535,000	-
Bonds payable	18,180,000	-
Refundable advances on student loans	1,075,703	-
Total noncurrent liabilities	<u>47,425,703</u>	<u>165,800</u>
<b>Total liabilities</b>	<u>83,548,932</u>	<u>817,985</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	78,570,635	2,028,572
Restricted:		
Nonexpendable:		
Scholarships	-	8,610,154
Area of greatest need	-	1,155,777
Other endowment	-	957,602
Expendable:		
Scholarships	-	3,414,890
Area of greatest need	-	94,777
Other endowment	-	200,144
Cash reserve	621,989	-
Loans	568,326	-
Instructional department uses	-	618,104
Capital projects	-	923,294
Other	477,369	733,736
Unrestricted	<u>13,299,456</u>	<u>1,271,045</u>
<b>Total net assets</b>	<u>\$ 93,537,775</u>	<u>20,008,095</u>

See notes to financial statements.

**Exhibit B**

Kirkwood Community College  
Statement of Revenues, Expenses and  
Changes in Net Assets

Year ended June 30, 2008

	<u>Primary Government</u>	<u>Component Units</u>
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$7,713,098	\$ 32,841,799	-
Federal appropriations	22,529,611	-
Sales and services	843,694	-
Iowa Industrial New Jobs Training Program	7,090,463	-
Auxiliary enterprises	13,999,090	-
Contributions and pledges	-	1,953,067
Rental income and facility management	-	456,108
Royalties and commission	-	177,580
Miscellaneous	2,647,706	701,157
Total operating revenues	<u>79,952,363</u>	<u>3,287,912</u>
Operating expenses:		
Education and support:		
Liberal arts and sciences	19,779,806	-
Vocational technical	20,928,880	-
Adult education	12,207,243	-
Cooperative services	6,350,176	-
Administration	6,370,370	-
Student services	4,743,500	-
Learning resources	2,539,221	-
Physical plant	12,860,372	-
General institution	11,714,748	-
Auxiliary enterprises	10,417,719	-
Scholarships and grants	7,833,293	-
Loan cancellations and bad debts	86,261	-
Administrative and collection costs	90,570	-
Facility operations	-	222,339
Programs	-	190,750
Management and general	-	290,534
Fund raising	-	56,894
Depreciation	5,137,857	538
Total operating expenses	<u>121,060,016</u>	<u>761,055</u>
Operating income (loss)	<u>(41,107,653)</u>	<u>2,526,857</u>

Kirkwood Community College  
Statement of Revenues, Expenses and  
Changes in Net Assets

Year ended June 30, 2008

	Primary Government	Component Units
Non-operating revenues (expenses):		
State appropriations	32,273,982	-
Property tax	13,676,607	-
Interest income on investments	2,482,671	(555,522)
Actuarial adjustment of annuities payable	-	49,966
Interest income on student loans	33,125	-
Accumulated deferred NJTP interest	7,374,087	-
Gifts and expense reimbursements from Kirkwood Community College Foundation and Kirkwood Facilities Foundation	2,701,313	-
Contributions and rent from Kirkwood Community College	-	788,317
Gifts and expense reimbursements to Kirkwood Community College	-	(2,701,313)
Contributions and rent to Kirkwood Community College Foundation and Kirkwood Facilities Foundation	(788,317)	-
Loss on disposal of plant assets	(646,547)	-
Contributions to other non-profit entities	-	(43,900)
Interest expense	(2,750,763)	-
Net non-operating revenues (expenses)	<u>54,356,158</u>	<u>(2,462,452)</u>
Income before additions to permanent endowments	13,248,505	64,405
Additions to permanent endowments	-	527,375
Change in net assets	13,248,505	591,780
Net assets beginning of year	<u>80,289,270</u>	<u>19,416,315</u>
Net assets end of year	<u>\$ 93,537,775</u>	<u>20,008,095</u>

See notes to financial statements.

**Exhibit C**

## Kirkwood Community College

## Statement of Cash Flows

Year ended June 30, 2008

Cash flows from operating activities:	
Tuition and fees	\$ 35,667,915
Federal appropriations	21,497,808
Iowa Industrial New Jobs Training Program	2,595,460
Payments to employees for salaries and benefits	(63,617,551)
Payments to suppliers for goods and services	(33,363,525)
Payments to NJTP recipients	(7,093,695)
Scholarships	(7,833,293)
Payments to subrecipients	(1,399,106)
Loans issued to students	(260,150)
Loan collections from students	243,247
Auxiliary enterprise receipts	13,977,908
Other receipts/payments	<u>(2,696,517)</u>
Net cash used by operating activities	<u>(42,281,499)</u>
Cash flows from non-capital financing activities:	
State appropriations	32,290,036
Property tax	13,676,607
Federal direct lending receipts	31,526,254
Federal direct lending disbursements	(31,526,254)
Contributions and rent to Kirkwood Community College Foundation and Kirkwood Facilities Foundation	(719,351)
Gifts and expense reimbursements from Kirkwood Community College Foundation and Kirkwood Facilities Foundation	2,641,339
Principal paid on debt	(6,160,000)
Certificates issued	9,415,000
Interest paid on debt	(1,307,554)
Agency receipts	10,958,344
Agency disbursements	<u>(11,501,535)</u>
Net cash provided by non-capital financing activities	<u>49,292,886</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(23,815,121)
Principal paid on debt	(4,200,000)
Interest paid on debt	<u>(1,431,402)</u>
Net cash used by capital and related financing activities	<u>(29,446,523)</u>
Cash flows from investing activities:	
Interest on investments	<u>3,879,926</u>
Net decrease in cash	(18,555,210)
Cash and cash equivalents beginning of year	<u>59,605,788</u>
Cash and cash equivalents end of year	<u>\$ 41,050,578</u>

Kirkwood Community College

Statement of Cash Flows

Year ended June 30, 2008

Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	\$ (41,107,653)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	5,137,857
Provision for doubtful accounts	86,261
Changes in assets and liabilities:	
(Increase) in accounts receivable	(2,558,455)
(Increase) in notes receivable	(16,903)
(Increase) in NJTP receivable	(4,495,003)
(Increase) in due from other governments	(350,379)
(Increase) in inventories	(208,918)
Decrease in prepaid expenses	83,616
Increase in accounts payable	2,901,375
Increase in salaries payable	55,305
(Decrease) in deferred revenue	(1,668,133)
Increase in compensated absences	4,810
(Decrease) in early retirement payable	(49,878)
(Decrease) in refundable advances on student loans	(95,401)
Total adjustments	<u>(1,173,846)</u>
Net cash used by operating activities	<u>\$ (42,281,499)</u>

Noncash operating activities:

The College recognized \$7,374,087 of accumulated deferred interest from the New Jobs Training program.

See notes to financial statements.

**Exhibit D**

## Kirkwood Community College

Statement of Net Assets  
Component Units

June 30, 2008

	Kirkwood Facilities Foundation	Kirkwood Community College Foundation	Total
<b>Assets</b>			
Current assets:			
Cash and pooled investments	\$ 982,800	925,495	1,908,295
Receivables:			
Accounts	7,393		7,393
Pledges	-	306,450	306,450
Due from Kirkwood Community College	-	98,671	98,671
Total current assets	990,193	1,330,616	2,320,809
Noncurrent assets:			
Pledges, net of allowance for doubtful pledges of \$22,000 and present value discount of \$70,000	-	528,947	528,947
Long-term investment pool	-	15,947,752	15,947,752
Capital assets, net of accumulated depreciation	2,028,572	-	2,028,572
Total noncurrent assets	2,028,572	16,476,699	18,505,271
<b>Total assets</b>	<b>3,018,765</b>	<b>17,807,315</b>	<b>20,826,080</b>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable	102,242	49,776	152,018
Due to Kirkwood Community College	71,357	396,410	467,767
Annuities payable	-	32,400	32,400
Total current liabilities	173,599	478,586	652,185
Noncurrent liabilities:			
Annuities payable	-	165,800	165,800
<b>Total liabilities</b>	<b>173,599</b>	<b>644,386</b>	<b>817,985</b>
<b>Net assets</b>			
Invested in capital assets, net of related debt	2,028,572	-	2,028,572
Restricted:			
Nonexpendable:			
Scholarships	-	8,610,154	8,610,154
Area of greatest need	-	1,155,777	1,155,777
Other endowment	-	957,602	957,602
Expendable:			
Scholarships	-	3,414,890	3,414,890
Area of greatest need	-	94,777	94,777
Other endowment	-	200,144	200,144
Instructional department uses	-	618,104	618,104
Capital projects	-	923,294	923,294
General operating needs of the College	-	733,736	733,736
Unrestricted	816,594	454,451	1,271,045
<b>Total net assets</b>	<b>\$ 2,845,166</b>	<b>17,162,929</b>	<b>20,008,095</b>

See notes to financial statements.

Kirkwood Community College

Statement of Revenue, Expenses and  
Changes in Net Assets  
Component Units

Year ended June 30, 2008

	Kirkwood Facilities Foundation	Kirkwood Community College Foundation	Total
Operating revenues:			
Contributions and pledges, net of allowance for doubtful pledges of \$17,108	\$ -	1,953,067	1,953,067
Rental income and facility management	456,108	-	456,108
Royalties and commissions	177,580	-	177,580
Miscellaneous	582,699	118,458	701,157
Total operating revenues	<u>1,216,387</u>	<u>2,071,525</u>	<u>3,287,912</u>
Operating expenses:			
Facility operations	222,339	-	222,339
Programs	-	190,750	190,750
Management and general	211,876	78,658	290,534
Fund raising	-	56,894	56,894
Depreciation	538	-	538
Total operating expenses	<u>434,753</u>	<u>326,302</u>	<u>761,055</u>
Operating income	<u>781,634</u>	<u>1,745,223</u>	<u>2,526,857</u>
Non-operating revenues (expenses):			
Interest income, net of depreciation of fair value of investments of \$1,570,516	6,089	(561,611)	(555,522)
Actuarial adjustment to annuities payable	-	49,966	49,966
Contributions and rent from Kirkwood Community College	87,965	700,352	788,317
Gifts and expense reimbursements to Kirkwood Community College	(76,357)	(2,624,956)	(2,701,313)
Contributions to other non-profit entities	<u>(43,900)</u>	<u>-</u>	<u>(43,900)</u>
Net non-operating revenues (expenses)	<u>(26,203)</u>	<u>(2,436,249)</u>	<u>(2,462,452)</u>
Income before additions to permanent endowments	755,431	(691,026)	64,405
Additions to permanent endowments	<u>-</u>	<u>527,375</u>	<u>527,375</u>
Change in net assets	755,431	(163,651)	591,780
Net assets beginning of year	<u>2,089,735</u>	<u>17,326,580</u>	<u>19,416,315</u>
Net assets end of year	<u>\$ 2,845,166</u>	<u>17,162,929</u>	<u>20,008,095</u>

See notes to financial statements.

Kirkwood Community College

Notes to Financial Statements

June 30, 2008

**(1) Summary of Significant Accounting Policies**

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

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

A. Reporting Entity

For financial reporting purposes, Kirkwood Community College has included all funds, organizations, agencies, boards, commissions and authorities. The College has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the 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 the College.

These financial statements present Kirkwood Community College (the primary government) and its component units. The component units discussed below are included in the College's reporting entity because of the significance of their operational or financial relationships with the College. Certain disclosures about the component units are not included because the component units have been audited separately and reports have been issued under separate cover. The audited financial statements are available at the College.

Discrete Component Units

Kirkwood Facilities Foundation is a legally separate not-for-profit foundation. The Facilities Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Kirkwood Community College. The Facilities Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Facilities Foundation, the majority of the resources held by the Facilities Foundation are used for the benefit of Kirkwood Community College and its students.

Kirkwood Community College Foundation is a legally separate, tax-exempt foundation. The Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Kirkwood Community College. The Foundation is organized and operates exclusively for charitable, scientific and education purposes to provide broader educational service opportunities to the College's students, staff, faculty and residents of the geographic area it services. The Foundation is governed by a Board of Directors who are appointed by the College. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources held by the Foundation are used for the benefit of Kirkwood Community College and its students.

B. Financial Statement 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:

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 or its component units.

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

GASB Statement No. 35 also requires the Statements 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 and Basis of Accounting

For financial reporting purposes, Kirkwood 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 tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities and Net Assets

Cash and Pooled Investments – Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust which is valued at amortized cost and non-negotiable certificates of deposit which are stated at cost.

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

Property Tax Receivable – Property tax receivable is recognized on the levy or lien date, which is the date the tax asking is certified by the Board of Directors to the appropriate County Auditors. Delinquent property tax receivable represents unpaid taxes from the current and prior years. The succeeding year property tax receivable represents taxes certified by the Board of Directors to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Directors is required to certify its budget to the County Auditor by 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.

Due from Other Governments – This represents state aid, grants and reimbursements due from the State of Iowa and grants and reimbursements due from the Federal government.

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

Capital Assets – Capital assets, which includes land, buildings and improvements and equipment and vehicles, are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Capital assets are defined by the College as assets with initial, individual costs in excess of the following thresholds and estimated useful lives in excess of two years:

<u>Asset Class</u>	<u>Amount</u>
Land, buildings and improvements	\$25,000
Equipment and vehicles	5,000

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

Asset Class	Estimated Useful Lives (In Years)
Buildings and improvements	30
Equipment	5 or 10
Vehicles	5

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.

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 – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period or the assets have not been spent for their intended purpose. Deferred revenue consists of unspent grant proceeds as well as property tax receivable and other receivables not collected within sixty days after year end.

Early Retirement Payable – Employees electing to take early retirement are paid in two installments. Half of the early retirement benefit is paid at the time early retirement begins. The other half will be paid in the next fiscal year.

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

Refundable Advances on Student Loans – The Perkins Federal Loan program requires a return on federal capital contribution if the United States Government terminates the program.

Auxiliary Enterprise Revenues – Auxiliary enterprise revenues primarily represent revenues generated by the farm lab, bookstore, day care center, Equestrian Center and other auxiliary enterprises.

Summer Session – The 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 load study distributions supplied by the College Registrar.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship and fellowship expenses.

Operating and Non-operating Activities – Operating activities, as reported in the Statement of Revenues, Expenses and Changes in Net 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.

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

E. Scholarship Allowances and Student Aid

Financial aid to students is reported in the financial statements under the alternative method, as prescribed by the National Association of College and University Business Officers (NACUBO). Certain aid (loans, funds provided to students as awarded by third parties and Federal Direct Lending) is accounted for as third party payments (credited to the student's account as if the student made the payment). All other aid is reflected in the financial statements as operating expenses or scholarship allowances, which reduce revenues. The amount reported as operating expenses represents the portion of aid 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.

**(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 College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

The College had investments in the Iowa Schools Joint Investment Trust which are valued at an amortized cost of \$34,185,793 pursuant to Rule 2a-7 under the Investment Company Act of 1940. The investment in the Iowa Schools Joint Investment Trust is unrated for purposes of credit risk.

**(3) Inventories**

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

Type	Amount
Supplies and materials	\$ 366,030
Agricultural enterprises	218,045
Merchandise held for resale	<u>1,413,237</u>
Total	<u>\$ 1,997,312</u>

**(4) Capital Assets**

Capital assets activity 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	\$ 4,206,928	396,310	-	<u>4,603,238</u>
Capital assets being depreciated:				
Buildings	104,924,395	20,921,650	1,815,378	124,030,667
Improvements other than buildings	14,621,185	63,263	13,317	14,671,131
Equipment and vehicles	11,102,398	2,433,898	58,150	<u>13,478,146</u>
Total capital assets being depreciated	<u>130,647,978</u>	<u>23,418,811</u>	<u>1,886,845</u>	<u>152,179,944</u>
Less accumulated depreciation for:				
Buildings	38,194,541	3,780,041	1,177,874	40,796,708
Improvements other than buildings	4,726,155	508,058	4,274	5,229,939
Equipment and vehicles	8,446,278	849,758	58,150	<u>9,237,886</u>
Total accumulated depreciation	<u>51,366,974</u>	<u>5,137,857</u>	<u>1,240,298</u>	<u>55,264,533</u>
Total capital assets being depreciated, net	<u>79,281,004</u>	<u>18,280,954</u>	<u>646,547</u>	<u>96,915,411</u>
Capital assets, net	<u>\$ 83,487,932</u>	<u>18,677,264</u>	<u>646,547</u>	<u>101,518,649</u>

**(5) Changes in Long-Term Liabilities**

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

	Certificates Payable	Notes Payable	Bonds Payable	Total
Balance beginning of year	\$ 23,190,000	10,015,000	22,400,000	55,605,000
Additions	9,415,000	-	-	9,415,000
Reductions	<u>6,160,000</u>	<u>2,200,000</u>	<u>2,000,000</u>	<u>10,360,000</u>
Balance end of year	<u>\$ 26,445,000</u>	<u>7,815,000</u>	<u>20,400,000</u>	<u>54,660,000</u>
Due within one year	<u>\$ 3,810,000</u>	<u>2,280,000</u>	<u>2,220,000</u>	<u>8,310,000</u>

### Certificates Payable

In accordance with agreements dated between December 1, 2001 and November 1, 2007, the College issued certificates totaling \$45,950,000 with interest rates ranging from 3.2% to 5.8% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2009	\$ 3,810,000	1,178,609	4,988,609
2010	3,915,000	1,012,559	4,927,559
2011	3,980,000	843,216	4,823,216
2012	3,500,000	671,946	4,171,946
2013	2,875,000	519,684	3,394,684
2014-2017	8,365,000	892,461	9,257,461
Total	<u>\$ 26,445,000</u>	<u>5,118,475</u>	<u>31,563,475</u>

### Notes Payable

The College has issued notes for the purchase and construction of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2008 notes payable indebtedness are as follows:

Year Ending June 30,	Note Issuance of December 1998			
	Interest Rates	Principal	Interest	Total
2009	4.10%	\$ 875,000	112,372	987,372
2010	4.10	910,000	76,497	986,497
2011	4.13	950,000	39,188	989,188
Total		<u>\$ 2,735,000</u>	<u>228,057</u>	<u>2,963,057</u>

Year Ending June 30,	Note Issuance of December 1999			
	Interest Rates	Principal	Interest	Total
2009	4.85%	\$ 780,000	121,580	901,580
2010	5.00	820,000	83,750	903,750
2011	5.00	855,000	42,750	897,750
Total		<u>\$ 2,455,000</u>	<u>248,080</u>	<u>2,703,080</u>

Year Ending June 30,	Note Issuance of August 2003			
	Interest Rates	Principal	Interest	Total
2009	2.50%	\$ 625,000	67,212	692,212
2010	2.80	645,000	50,370	695,370
2011	3.00	665,000	31,365	696,365
2012	3.10	690,000	10,695	700,695
Total		\$ 2,625,000	159,642	2,784,642
Total all notes		\$ 7,815,000	635,779	8,450,779

#### Bonds Payable

The College has issued bonds for the construction and expansion of College facilities to accommodate anticipated enrollment growth. Details of the College's June 30, 2008 bonds payable indebtedness are as follows:

Year Ending June 30,	Bond Issuance of December 2005			
	Interest Rates	Principal	Interest	Total
2009	3.70%	\$ -	186,450	186,450
2010	3.70	-	186,450	186,450
2011	3.70	-	186,450	186,450
2012	3.70	-	186,450	186,450
2013	3.75	-	186,450	186,450
2014-2016	3.75	5,000,000	481,650	5,481,650
Total		\$ 5,000,000	1,413,900	6,413,900

Year Ending June 30,	Bond Issuance of January 2006			
	Interest Rates	Principal	Interest	Total
2009	3.70%	\$ 100,000	85,900	185,900
2010	3.70	100,000	82,200	182,200
2011	3.70	100,000	78,500	178,500
2012	3.70	100,000	74,800	174,800
2013	3.70	100,000	71,100	171,100
2014-2015	3.70	1,800,000	97,800	1,897,800
Total		\$ 2,300,000	490,300	2,790,300

Year Ending June 30,	Bond Issuance of November 2006			
	Interest Rates	Principal	Interest	Total
2009	3.65%	\$ 2,120,000	483,640	2,603,640
2010	3.70	2,210,000	406,260	2,616,260
2011	3.70	2,305,000	324,490	2,629,490
2012	3.70	2,400,000	239,205	2,639,205
2013	3.70	2,500,000	150,405	2,650,405
2014-2015	3.70	1,565,000	57,905	1,622,905
Total		<u>\$ 13,100,000</u>	<u>1,661,905</u>	<u>14,761,905</u>
Total all bonds		<u>\$ 20,400,000</u>	<u>3,566,105</u>	<u>23,966,105</u>

In June 2008, the College approved the sale of bonds for the construction of the Kirkwood Hotel and the Jones Regional Education Center. The Kirkwood Hotel is part of the College's program for Lodging and Restaurant Management and Culinary Arts. The facility will be used as a student laboratory and teaching facility. The Jones Regional Educational Center will be used primarily for classrooms, laboratories and libraries.

#### (6) 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 2009 and 2020 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. 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:

Year Ending June 30,	Amount
2009	\$ 36,931
2010	37,966
2011	36,633
2012	37,732
2013	38,863
2014-2020	<u>258,869</u>
Total	<u>\$ 446,994</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 \$41,925.

#### (7) Iowa Public Employees Retirement System (IPERS)

The 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 the College is required to contribute 6.05% of annual covered salary. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$895,709, \$828,012 and \$800,783, respectively, equal to the required contributions for each year.

**(8) Teachers Insurance and Annuity Association - College Retirement Equities Fund (TIAA-CREF)**

The College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for the 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 the College is required to contribute 6.05%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2008 were \$1,692,240 and \$1,088,920, respectively.

**(9) Risk Pool**

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

Each member's annual contributions to the Program fund current operations and provide capital. Annual operating contributions are those amounts necessary to fund, on a cash basis, the Program's general and administrative expenses, claims, claims expenses and reinsurance expenses due and payable in the current year.

The College's contributions to the risk pool are recorded as prepaid expense from its operating funds at the time of payment to the risk pool. The College amortizes the expense over the periods for which the pool is expected to provide coverage.

The Program uses reinsurance to reduce its exposure to large losses. The Program has a self insured retention of \$200,000 per claim, except for errors and omissions which has a retention of \$100,000. Excess insurance for all lines is \$800,000 per occurrence, except for errors and omissions which is \$900,000 and workers compensation which is \$150,000. There is additional excess above that for another \$9,000,000 per member. Property is insured with excess coverage over the self insured retention of up to \$250,000,000. Flood and earthquake exposures are covered in the property program each having \$16,000,000 limits. Also covered is employee fidelity up to \$1,000,000 and boiler and machinery coverage up to \$50,000,000. Stop gap loss protection is provided above the member's loss fund.

The Program's intergovernmental contract with its members provides that in the event any claim or series of claims exceeds the amount of aggregate excess insurance, then

payment of such claims shall be the obligation of the respective individual member. The College does not report a liability for losses in excess of reinsurance unless it is deemed probable such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2008, no liability has been recorded in the College's financial statements. As of June 30, 2008, settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

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

The College also carries commercial insurance purchased from other insurers for coverage associated with catastrophic and accidental death and dismemberment. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**(10) New Jobs Training Programs**

Kirkwood Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area X 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 College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property tax, budgeted reserves and in the case of default, from standby property tax. Since inception, the Community College has administered 355 projects, with 70 currently receiving project funding. The remaining 285 projects have been completed, of which 37 are in the repayment process and 248 have been fully repaid.

**(11) Early Retirement and Contingent Liability**

Full-time certified staff who will be at least 55 years of age and who have at least 10 years of service with Kirkwood Community College are eligible for early retirement remuneration. Retirement will begin at the end of the employee's contract. A staff member who accepts early retirement will receive cash benefits on July 1 and January 1 of the following fiscal year.

The liability at June 30, 2008 for those employees who have elected early retirement was \$453,368. Early retirement is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense for the year ended June 30, 2008 was \$1,488,286.

At June 30, 2008, the potential liability, if all eligible employees accepted early retirement, is approximately \$12,034,355.

**(12) Subsequent Events**

On September 1, 2008, the College issued \$10,000,000 of \$39,000,000 of the Kirkwood Hotel bonds and \$6,070,000 of \$6,500,000 of the Jones Regional Education Center bonds. The interest rate on the bonds was 5.16% and 5.17%, respectively.

The College anticipates issuing an additional \$10,000,000 of Kirkwood Hotel bonds during January 2009 and January 2010. Issuance dates for the remaining debt have not been determined.

During fiscal year 2007 and 2008, the College installed new copiers throughout campus. At the conclusion of the project, the cost of the project was refinanced by a lease through Farmers State Bank (FSB). The lease was signed on July 15, 2008 for \$1,030,874. The lease requires monthly payments beginning on August 1, 2008, with the final payment due July 2013.

**Kirkwood Community College**

**Other Supplementary Information**

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, revenue and expenditures. The various fund groups and their designated purposes are as follows:

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

Unrestricted Fund – The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the 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 which are supplemental to the educational and general objectives of the College.

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

Loan Funds – The Loan Funds are used to account for loans to students, and are financed primarily by the federal government.

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

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

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

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

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

The Budgetary Comparison Schedule of Expenditures – Budget and Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since Kirkwood Community College uses Business-Type Activities reporting, this budgetary comparison information is included as other supplementary information.

Statements presented as 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.

Kirkwood Community College  
 Budgetary Comparison Schedule of Expenditures  
 Budget and Actual

Year ended June 30, 2008

Funds/Levy	Original/ Final Budget	Actual	Variance between Actual and Final Budget
Unrestricted	\$ 73,582,944	76,599,706	(3,016,762)
Less utilities transferred to Plant Unrestricted, as adjusted	<u>1,833,986</u>	<u>1,833,986</u>	-
	<u>71,748,958</u>	<u>74,765,720</u>	<u>(3,016,762)</u>
Restricted	32,434,925	19,323,885	13,111,040
Unemployment	70,000	32,676	37,324
Tort Liability	210,003	301,512	(91,509)
Insurance	1,006,956	910,417	96,539
Early Retirement	936,541	1,488,286	(551,745)
Equipment Replacement	<u>1,415,830</u>	<u>1,445,183</u>	<u>(29,353)</u>
Total Restricted	<u>36,074,255</u>	<u>23,501,959</u>	<u>12,572,296</u>
Plant	32,000,000	24,429,502	7,570,498
Plus utilities transferred from Unrestricted	<u>1,833,986</u>	<u>1,833,986</u>	-
Plant, as adjusted	<u>33,833,986</u>	<u>26,263,488</u>	<u>7,570,498</u>
Total	<u>\$ 141,657,199</u>	<u>124,531,167</u>	<u>17,126,032</u>

Note to Budgetary Reporting:

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

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

For the year ended June 30, 2008, the College's total expenditures did not exceed the total amount budgeted.

See accompanying independent auditor's report.

Kirkwood Community College  
 Schedule of Revenues, Expenditures and  
 Changes in Fund Balances  
 All Funds

Year ended June 30, 2008

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues:			
General:			
State appropriations	\$ 29,197,333	2,784,102	-
Tuition and fees	39,697,420	857,477	-
Property tax	3,180,989	4,266,657	-
Federal appropriations	2,041,167	20,488,444	-
Sales and services	775,879	1,421,611	-
Accumulated deferred NJTP interest	-	7,374,087	-
Interest on investments	136,421	1,406,136	-
Interest on student loans	-	-	33,125
Iowa Industrial New Jobs Training Program	-	7,090,463	-
Increase in plant investment due to plant expenditures (including \$2,475,683 in current fund expenditures)	-	-	-
Increase in plant investment due to retirement of debt	-	-	-
Miscellaneous	2,545,693	2,643,304	74,967
	<u>77,574,902</u>	<u>48,332,281</u>	<u>108,092</u>
Auxiliary enterprises:			
Tuition and fees	30,185	-	-
Federal appropriations	20,189	-	-
Sales and services	13,407,318	-	-
Interest on investments	772,251	-	-
Miscellaneous	25,152	-	-
	<u>14,255,095</u>	<u>-</u>	<u>-</u>
Total revenues	<u>91,829,997</u>	<u>48,332,281</u>	<u>108,092</u>

Plant Funds				
Unex- pended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
292,547	-	-	-	32,273,982
-	-	-	(7,713,098)	32,841,799
3,180,985	3,047,976	-	-	13,676,607
-	-	-	-	22,529,611
1,297	-	-	(1,350,093)	848,694
-	-	-	-	7,374,087
940,114	-	-	-	2,482,671
-	-	-	-	33,125
-	-	-	-	7,090,463
-	-	23,815,121	(23,815,121)	-
100,000	-	4,100,000	(4,200,000)	-
80,055	-	-	-	5,344,019
4,594,998	3,047,976	27,915,121	(37,078,312)	124,495,058
-	-	-	(4,955)	25,230
-	-	-	-	20,189
-	-	-	(251,050)	13,156,268
-	-	-	-	772,251
-	-	-	-	25,152
-	-	-	(256,005)	13,999,090
4,594,998	3,047,976	27,915,121	(37,334,317)	138,494,148

Kirkwood Community College  
Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
All Funds

Year ended June 30, 2008

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Expenditures:			
Education and support:			
Liberal arts and sciences	19,992,119	190,566	-
Vocational technical	19,274,581	2,641,646	-
Adult education	8,605,653	4,148,762	-
Cooperative services	472,966	7,219,122	-
Administration	3,716,396	2,732,891	-
Student services	4,133,488	709,837	-
Learning resources	2,428,110	391,172	-
Physical plant	9,554,947	-	-
General institution	6,587,460	6,147,441	-
Total education and support	74,765,720	24,181,437	-
Auxiliary enterprises	10,486,620	-	-
Scholarships and grants	-	15,413,906	-
Loan cancellations and bad debts	-	-	86,261
Administrative and collection costs	-	-	90,570
Plant asset acquisitions	-	-	-
Retirement of indebtedness	-	-	-
Disposal of plant assets	-	-	-
Interest on indebtedness	-	1,307,554	-
Loss on disposal of capital assets	-	-	-
Depreciation	-	-	-
Total expenditures	85,252,340	40,902,897	176,831
Excess (deficiency) of revenues over (under) expenditures	6,577,657	7,429,384	(68,739)
Transfers:			
Mandatory transfers	-	-	-
Non-mandatory transfers	(6,913,396)	(7,384,564)	49,850
Total transfers	(6,913,396)	(7,384,564)	49,850
Net	(335,739)	44,820	(18,889)
Fund balances beginning of year	2,938,525	1,054,538	587,215
Fund balances end of year	\$ 2,602,786	1,099,358	568,326

See accompanying independent auditor's report.

Plant Funds				
Unex- pended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
-	-	-	(117,879)	20,064,806
-	-	-	(727,347)	21,188,880
-	-	-	(529,427)	12,224,988
-	-	-	(1,341,912)	6,350,176
-	-	-	(78,917)	6,370,370
-	-	-	(83,190)	4,760,135
-	-	-	(205,019)	2,614,263
3,480,841	-	-	(175,416)	12,860,372
-	-	-	(911,300)	11,823,601
3,480,841	-	-	(4,170,407)	98,257,591
-	-	-	(43,859)	10,442,761
-	-	-	(7,580,613)	7,833,293
-	-	-	-	86,261
-	-	-	-	90,570
21,339,438	-	-	(21,339,438)	-
-	4,200,000	-	(4,200,000)	-
-	-	1,886,845	(1,886,845)	-
-	1,443,209	-	-	2,750,763
-	-	-	646,547	646,547
-	-	-	5,137,857	5,137,857
24,820,279	5,643,209	1,886,845	(33,436,758)	125,245,643
(20,225,281)	(2,595,233)	26,028,276	(3,897,559)	13,248,505
(2,595,233)	2,595,233	-	-	-
28,789,353	-	(14,541,243)	-	-
26,194,120	2,595,233	(14,541,243)	-	-
5,968,839	-	11,487,033	(3,897,559)	13,248,505
4,727,831	-	122,348,135	(51,366,974)	80,289,270
10,696,670	-	133,835,168	(55,264,533)	93,537,775

Kirkwood Community College

Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Unrestricted Fund  
Education and Support

Year ended June 30, 2008

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Coopera- tive Services
Revenues:				
State appropriations	\$ 12,396,826	11,934,105	4,427,657	-
Tuition and fees	21,416,202	11,097,403	6,551,922	630,013
Property tax	-	-	-	-
Federal appropriations	11,758	909,955	427,913	-
Sales and services	260,958	17,950	157,404	-
Interest on investments	-	-	-	-
Miscellaneous	20,781	864,407	33,745	-
	<u>34,106,525</u>	<u>24,823,820</u>	<u>11,598,641</u>	<u>630,013</u>
Allocation of support services	2,936,258	2,651,334	828,311	-
Total revenues	<u>37,042,783</u>	<u>27,475,154</u>	<u>12,426,952</u>	<u>630,013</u>
Expenditures:				
Salaries and benefits	18,919,877	17,291,336	5,451,759	414,130
Services	149,519	563,752	2,042,183	13,240
Materials and supplies	361,816	777,208	810,689	36,735
Travel	473,537	305,923	150,694	8,861
Plant asset acquisitions	87,370	325,494	148,256	-
Miscellaneous	-	10,868	2,072	-
	<u>19,992,119</u>	<u>19,274,581</u>	<u>8,605,653</u>	<u>472,966</u>
Allocation of support services	12,091,378	10,918,074	3,410,949	-
Total expenditures	<u>32,083,497</u>	<u>30,192,655</u>	<u>12,016,602</u>	<u>472,966</u>
Excess (deficiency) of revenues over (under) expenditures	4,959,286	(2,717,501)	410,350	157,047
Transfers:				
Non-mandatory transfers	-	-	-	-
Net	<u>\$ 4,959,286</u>	<u>(2,717,501)</u>	<u>410,350</u>	<u>157,047</u>

Fund balances beginning of year

Fund balances end of year

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

See accompanying independent auditor's report.

General Adminis- tration	Support				Education and Support Total
	Student Services	Learning Resources	Physical Plant	General Institution	
40,665	145,202	550	252,328	-	29,197,333
-	1,880	-	-	-	39,697,420
3,180,989	-	-	-	-	3,180,989
428,419	256,041	7,081	-	-	2,041,167
23,639	33,647	17,024	229,071	36,186	775,879
136,421	-	-	-	-	136,421
89,702	180,158	99,529	1,201,741	55,630	2,545,693
3,899,835	616,928	124,184	1,683,140	91,816	77,574,902
(3,899,835)	(616,928)	(124,184)	(1,683,140)	(91,816)	-
-	-	-	-	-	77,574,902
2,001,107	3,379,645	1,798,407	2,930,136	2,491,533	54,677,930
1,194,609	154,350	77,450	5,356,962	2,095,494	11,647,559
159,970	233,945	355,470	1,082,513	357,019	4,175,365
97,647	45,894	9,393	8,203	128,502	1,228,654
70,065	38,854	187,390	177,133	1,030,874	2,065,436
192,998	280,800	-	-	484,038	970,776
3,716,396	4,133,488	2,428,110	9,554,947	6,587,460	74,765,720
(3,716,396)	(4,133,488)	(2,428,110)	(9,554,947)	(6,587,460)	-
-	-	-	-	-	74,765,720
-	-	-	-	-	2,809,182
(424,474)	(456,504)	-	(2,233,986)	-	(3,114,964)
(424,474)	(456,504)	-	(2,233,986)	-	(305,782)
					3,322,657
					<u>\$ 3,016,875</u>

Kirkwood Community College

Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Unrestricted Fund  
Auxiliary Enterprises

Year ended June 30, 2008

	Farm Lab	Bookstore	Day Care Center	Other Vocational
<b>Revenues:</b>				
Tuition and fees	\$ -	-	-	-
Federal appropriations	-	-	20,189	-
Sales and services	288,104	7,518,851	522,784	1,239,514
Interest on investments	-	57,939	-	-
Miscellaneous	-	10	-	868
<b>Total revenues</b>	<b>288,104</b>	<b>7,576,800</b>	<b>542,973</b>	<b>1,240,382</b>
<b>Expenditures:</b>				
Salaries and benefits	9,162	684,511	557,755	352,926
Services	90,138	59,260	42,970	30,632
Materials and supplies	226,565	70,152	8,573	139,232
Travel	397	14,298	4,555	1,034
Plant asset acquisitions	-	-	-	12,755
Cost of goods sold	-	5,712,204	-	413,384
Miscellaneous	-	-	-	410,624
<b>Total expenditures</b>	<b>326,262</b>	<b>6,540,425</b>	<b>613,853</b>	<b>1,360,587</b>
Excess (deficiency) of revenues over (under) expenditures	(38,158)	1,036,375	(70,880)	(120,205)
<b>Transfers:</b>				
Non-mandatory transfers	-	(1,054,937)	50,000	-
<b>Net</b>	<b>(38,158)</b>	<b>(18,562)</b>	<b>(20,880)</b>	<b>(120,205)</b>
Fund balances beginning of year	66,326	(869,111)	(62,115)	(41,938)
Fund balances end of year	\$ 28,168	(887,673)	(82,995)	(162,143)

See accompanying independent auditor's report.

Equestrian Center	Miscellaneous	Total
-	30,185	30,185
-	-	20,189
334,503	3,503,562	13,407,318
-	714,312	772,251
-	24,274	25,152
<u>334,503</u>	<u>4,272,333</u>	<u>14,255,095</u>
157,040	404,899	2,166,293
40,986	435,419	699,405
12,448	196,909	653,879
1,725	165,553	187,562
-	6,000	18,755
87,651	128,057	6,341,296
1,050	7,756	419,430
<u>300,900</u>	<u>1,344,593</u>	<u>10,486,620</u>
33,603	2,927,740	3,768,475
-	(2,793,495)	(3,798,432)
33,603	134,245	(29,957)
13,025	509,681	(384,132)
<u>46,628</u>	<u>643,926</u>	<u>(414,089)</u>

Kirkwood Community College

Schedule of Revenues, Expenditures and  
Changes in Fund Balances  
Restricted Fund

Year ended June 30, 2008

	Scholarships and Grants	Iowa Industrial New Jobs Training Program	Workforce Investment Act	Heritage Agency on Aging
<b>Revenues:</b>				
State appropriations	\$ 897,520	-	42,594	871,369
Tuition and fees	-	-	-	-
Property tax	-	-	-	-
Federal appropriations	12,437,269	-	1,935,693	2,104,022
Sales and services	31,393	-	-	1,246,453
Interest on investments	-	1,396,386	-	1,366
Accumulated deferred NJTP interest	-	7,374,087	-	-
Iowa Industrial New Jobs Training Program	-	7,090,463	-	-
Miscellaneous	1,981,262	-	5,250	33,572
Total revenues	<u>15,347,444</u>	<u>15,860,936</u>	<u>1,983,537</u>	<u>4,256,782</u>
<b>Expenditures:</b>				
Salaries and benefits	-	-	1,314,928	1,078,053
Services	-	7,093,695	464,118	3,107,276
Materials and supplies	-	-	32,002	25,290
Travel	-	-	33,491	56,079
Plant asset acquisitions	-	-	-	-
Interest on indebtedness	-	1,307,554	-	-
Miscellaneous	-	85,600	142,493	-
Federal Pell grant program	12,116,973	-	-	-
Federal supplemental educational opportunity grant	375,273	-	-	-
Iowa College Student Aid Commission	896,506	-	-	-
Other federal grants	80,974	-	-	-
Private scholarships	1,944,180	-	-	-
Total expenditures	<u>15,413,906</u>	<u>8,486,849</u>	<u>1,987,032</u>	<u>4,266,698</u>
Excess (deficiency) of revenues over (under) expenditures	(66,462)	7,374,087	(3,495)	(9,916)
<b>Transfers:</b>				
Non-mandatory transfers	-	(7,374,087)	-	-
Net	(66,462)	-	(3,495)	(9,916)
Fund balances beginning of year	<u>12,557</u>	<u>-</u>	<u>(79,817)</u>	<u>(45,566)</u>
Fund balances end of year	<u>\$ (53,905)</u>	<u>-</u>	<u>(83,312)</u>	<u>(55,482)</u>

See accompanying independent auditor's report.

Other Federal	State	Equipment Replacement	Tort Liability and Insurance	Early Retirement	Unemployment Compensation	Cash Reserve	Miscellaneous	Total
-	972,619	-	-	-	-	-	-	2,784,102
-	600	-	-	-	-	-	856,877	857,477
-	-	1,413,774	1,382,232	1,400,766	69,885	-	-	4,266,657
4,011,460	-	-	-	-	-	-	-	20,488,444
-	-	-	-	-	-	-	143,765	1,421,611
-	-	-	-	-	-	-	8,384	1,406,136
-	-	-	-	-	-	-	-	7,374,087
-	-	-	-	-	-	-	-	7,090,463
127,512	14,413	-	-	-	-	-	481,295	2,643,304
<u>4,138,972</u>	<u>987,632</u>	<u>1,413,774</u>	<u>1,382,232</u>	<u>1,400,766</u>	<u>69,885</u>	<u>-</u>	<u>1,490,321</u>	<u>48,332,281</u>
1,647,224	528,974	-	-	1,488,286	32,676	-	693,426	6,783,567
1,712,029	398,606	-	1,211,929	-	-	-	548,561	14,536,214
168,844	60,281	1,084,838	-	-	-	-	79,285	1,450,540
556,645	10,610	-	-	-	-	-	105,435	762,260
22,834	8,313	360,345	-	-	-	-	-	391,492
-	-	-	-	-	-	-	-	1,307,554
20,244	8,010	-	-	-	-	-	1,017	257,364
-	-	-	-	-	-	-	-	12,116,973
-	-	-	-	-	-	-	-	375,273
-	-	-	-	-	-	-	-	896,506
-	-	-	-	-	-	-	-	80,974
-	-	-	-	-	-	-	-	1,944,180
<u>4,127,820</u>	<u>1,014,794</u>	<u>1,445,183</u>	<u>1,211,929</u>	<u>1,488,286</u>	<u>32,676</u>	<u>-</u>	<u>1,427,724</u>	<u>40,902,897</u>
11,152	(27,162)	(31,409)	170,303	(87,520)	37,209	-	62,597	7,429,384
-	-	-	(97,339)	86,862	-	-	-	(7,384,564)
11,152	(27,162)	(31,409)	72,964	(658)	37,209	-	62,597	44,820
(119,487)	5,981	406,265	-	-	11,097	621,989	241,519	1,054,538
<u>(108,335)</u>	<u>(21,181)</u>	<u>374,856</u>	<u>72,964</u>	<u>(658)</u>	<u>48,306</u>	<u>621,989</u>	<u>304,116</u>	<u>1,099,358</u>

Kirkwood Community College

Schedule of Changes in Deposits Held in Custody for Others  
Agency Funds

Year ended June 30, 2008

	Student Activities	Other Agency Programs	Retraining Program
Balances beginning of year	\$ 140,362	880,666	191,578
Additions:			
State appropriations	-	-	320,959
Federal appropriations	-	-	-
Sales and services	-	663,413	-
Interest on investments	-	6,861	-
Flexible spending contributions	-	319,002	-
Partnership loan program	-	6,001,845	-
Miscellaneous	359,734	32,427	-
Total additions	<u>359,734</u>	<u>7,023,548</u>	<u>320,959</u>
Deductions:			
Salaries and benefits	-	50,306	-
Services	84,214	6,471,877	349,064
Materials and supplies	76,533	33,597	-
Travel	74,436	37,827	-
Cost of goods sold	-	26,200	-
Miscellaneous	113,918	528,633	-
Flexible spending claims	-	356,797	-
Total deductions	<u>349,101</u>	<u>7,505,237</u>	<u>349,064</u>
Balances end of year	<u>\$ 150,995</u>	<u>398,977</u>	<u>163,473</u>

See accompanying independent auditor's report.

Direct Loan Program	Community Colleges for International Development, Inc.	Total
-	56,334	1,268,940
-	-	320,959
31,526,254	2,549,836	34,076,090
-	248,670	912,083
-	-	6,861
-	-	319,002
-	-	6,001,845
-	497,302	889,463
<u>31,526,254</u>	<u>3,295,808</u>	<u>42,526,303</u>
-	533,352	583,658
31,526,254	1,763,436	40,194,845
-	36,921	147,051
-	854,172	966,435
-	-	26,200
-	111,738	754,289
-	-	356,797
<u>31,526,254</u>	<u>3,299,619</u>	<u>43,029,275</u>
-	52,523	765,968

**Kirkwood Community College**

Kirkwood Community College  
 Schedule of Credit and Contact Hours  
 Year ended June 30, 2008

Category	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	193,815	-	193,815	3,240,332	-	3,240,332
Vocational Education	143,791	-	143,791	2,925,902	-	2,925,902
Adult Education/Continuing Education	-	-	-	914,090	484,558	1,398,648
Total	337,606	-	337,606	7,080,324	484,558	7,564,882

See accompanying independent auditor's report.

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Kirkwood Community College  
Schedule of Tax and Intergovernmental Revenues  
For the Last Nine Years

	Years ended June 30,				
	2008	2007	2006	2005	2004
Local (property tax)	\$ 13,676,607	13,660,902	9,568,795	9,680,332	9,684,349
State	32,273,982	27,490,516	25,915,880	22,463,115	22,800,650
Federal	22,529,611	22,305,003	22,116,516	23,118,975	21,248,789
Total	<u>\$ 68,480,200</u>	<u>63,456,421</u>	<u>57,601,191</u>	<u>55,262,422</u>	<u>53,733,788</u>

See accompanying independent auditor's report.

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2003	2002	2001	2000
9,333,736	8,222,098	7,297,130	7,776,589
22,279,884	23,189,485	24,073,488	22,737,326
18,923,851	14,713,276	11,662,597	9,376,791
50,537,471	46,124,859	43,033,215	39,890,706

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Kirkwood Community College

Schedule of Current Fund Revenues by Source  
and Expenditures by Function

For the Last Nine Years

	Years ended			
	2008	2007	2006	2005
<b>Revenues:</b>				
State appropriations	\$ 31,981,435	27,205,433	25,638,680	22,463,115
Tuition and fees	40,554,897	38,403,435	36,752,189	35,721,127
Property tax	7,447,646	7,424,645	6,583,697	6,748,392
Federal appropriations	22,529,611	22,282,011	22,090,755	23,091,673
Sales and services	2,197,490	2,223,437	1,873,393	1,637,166
Interest on investments	1,542,557	836,125	919,371	225,142
Iowa Industrial New Jobs Training Program	7,090,463	6,730,448	3,862,336	3,769,596
Auxiliary enterprises	14,255,095	10,610,667	10,881,211	10,795,368
Miscellaneous	12,563,084	4,276,507	3,761,062	4,433,201
<b>Total</b>	<b>\$ 140,162,278</b>	<b>119,992,708</b>	<b>112,362,694</b>	<b>108,884,780</b>
<b>Expenditures:</b>				
Liberal arts and sciences	\$ 20,182,685	19,474,466	17,946,972	16,473,191
Vocational technical	21,916,227	20,987,006	19,832,467	17,749,248
Adult education	12,754,415	12,083,618	11,505,437	11,021,620
Cooperative services	7,692,088	6,510,936	3,675,755	3,036,589
Administration	6,449,287	5,959,842	5,568,530	5,799,867
Student services	4,843,325	4,452,042	4,426,463	3,951,657
Learning resources	2,819,282	3,009,443	3,311,387	2,784,817
Physical plant	9,554,947	8,339,637	7,091,729	7,410,386
General institution	12,734,901	11,148,919	10,507,101	10,476,619
Auxiliary enterprises	10,486,620	10,176,203	9,983,281	10,086,115
Scholarships and grants	15,413,906	13,670,260	13,068,240	14,141,826
Interest on indebtedness	1,307,554	1,238,043	1,321,131	1,472,513
<b>Total</b>	<b>\$ 126,155,237</b>	<b>117,050,415</b>	<b>108,238,493</b>	<b>104,404,448</b>

See accompanying independent auditor's report.

June 30,				
2004	2003	2002	2001	2000
22,183,697	21,995,627	22,466,332	24,073,488	22,709,588
32,848,006	29,911,209	26,563,675	22,542,285	20,935,265
6,796,528	6,494,286	5,478,585	4,634,255	5,215,561
21,220,452	18,897,889	14,689,698	11,640,044	9,355,197
1,695,418	1,411,115	1,946,954	1,727,559	1,642,997
232,394	300,033	542,812	531,493	1,008,071
6,113,743	7,503,336	7,410,910	7,887,905	9,088,161
9,861,698	8,953,745	8,003,548	9,094,790	6,359,475
3,454,293	3,316,778	2,467,016	2,304,935	2,286,463
104,406,229	98,784,018	89,569,530	84,436,754	78,600,778
15,116,294	13,098,399	12,078,393	11,558,091	10,589,520
18,785,712	16,593,964	15,249,527	13,475,822	13,864,501
8,659,955	7,793,787	7,950,952	8,003,366	7,597,940
6,262,188	8,011,395	7,790,315	7,659,102	10,546,809
4,562,206	4,506,549	7,247,323	3,695,904	3,820,518
3,682,512	3,893,243	3,065,359	2,984,127	2,946,426
2,368,509	2,704,787	2,328,594	2,408,505	2,196,659
7,005,425	7,540,545	7,891,631	5,159,266	5,080,163
8,875,303	8,864,895	8,551,203	8,071,915	7,579,227
12,779,711	8,222,550	7,772,127	9,201,280	6,191,561
13,448,214	11,893,670	9,155,009	7,471,812	6,354,654
1,791,281	2,000,563	2,269,568	2,416,969	-
103,337,310	95,124,347	91,350,001	82,106,159	76,767,978

Kirkwood Community College  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number
Direct:		
U.S Department of State:		
Community College Summit Initiative Program	19.000	
National Science Foundation:		
Education and Human Resources	47.076	
U.S. Small Business Administration:		
Mass Fatalities Response Training for Funeral Service Directors	59.000	
Environmental Protection Agency:		
Wastewater Operator Training Grant Program (Technical Assistance)	66.467	
U.S. Department of Education:		
Federal Supplemental Educational Opportunity Grants	84.007	
Federal Work-Study Program	84.033	
Federal Perkins Loan - Federal Capital Contribution	84.038	
Federal Pell Grant Program	84.063	
Federal Direct Student Loans	84.268	
Academic Competitiveness Grant (ACG)	84.375	
TRIO - Student Support Services	84.042	
U.S. Department of Health and Human Services:		
Agency for Health Care Policy and Research:		
Research on Healthcare Costs, Quality and Outcomes	93.226	
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	
U.S. Department of Homeland Security:		
State & Local Homeland Security Training Program	97.005	
Competitive Training Grants	97.068	
Total direct		

Program Expenditures	New Loans and New Loan Guarantees	Amounts Provided to Subrecipients
\$ 2,603,568	-	-
857,841	-	-
99,613	-	-
30,505	-	-
312,146	-	-
385,312	-	-
-	260,150	-
12,116,973	-	-
-	31,526,254	-
23,265	-	-
12,837,696	31,786,404	-
180,900	-	-
51,573	-	-
73,385	-	-
151,465	-	-
1,090,925	-	-
17,977,471	31,786,404	-

Kirkwood Community College  
 Schedule of Expenditures of Federal Awards  
 Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number
Indirect:		
U.S. Department of Agriculture:		
Indirect through Iowa Department of Education:		
Child and Adult Care Food Program	10.558	
U.S. Department of Commerce:		
Indirect through Linn County:		
Public Telecommunications Facilities Planning and Construction	11.550	
U.S. Department of Housing and Urban Development:		
Indirect through Linn County:		
Community Development Block Grants/Entitlement Grants	14.218	
Indirect through Johnson County:		
Community Development Block Grants/Entitlement Grants	14.218	
U.S. Department of Justice:		
Indirect through Governor's Office of Drug Control Policy:		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	
U.S. Department of Labor:		
Indirect through Iowa Workforce Development:		
Employment Service/Wagner Peyser Funded Activities	17.207	1-W-10-FR-0
Unemployment Insurance	17.225	1-W-10-FR-0
Trade Adjustment Assistance	17.245	1-W-10-FR-0
WIA Pilots, Demonstrations, and Research Projects	17.261	1-W-10-FR-0
Work Incentive Grants	17.266	1-W-10-FR-0
Incentive Grants - WIA Section 503	17.267	
Disabled Veterans' Outreach Program (DVOP)	17.801	1-W-10-FR-0
Local Veterans' Employment Representative Program	17.804	1-W-10-FR-0
Workforce Investment Act (WIA):		
Adult Program	17.258	1-W-10-FR-0
Youth Activities	17.259	1-W-10-FR-0
Dislocated Workers	17.260	1-W-10-FR-0
Indirect through Iowa Department of Education:		
Incentive Grants - WIA Section 503	17.267	
U.S. Small Business Administration:		
Indirect through Iowa State University:		
Small Business Development Center	59.037	

Program Expenditures	New Loans and New Loan Guarantees	Amounts Provided to Subrecipients
21,907	-	-
24,912	-	-
42,799	-	-
47,843	-	-
90,642	-	-
27,578	-	-
133,725	-	-
50,546	-	-
3,851	-	-
3,248	-	-
4,945	-	-
26,059	-	-
6,421	-	-
1,181	-	-
176,986	-	-
454,257	-	-
456,529	-	-
1,087,772	-	-
48,752	-	-
3,409	-	-

Kirkwood Community College  
Schedule of Expenditures of Federal Awards  
Year ended June 30, 2008

Grantor/Program	CFDA Number	Agency or Pass-through Number
Indirect (continued):		
U.S. Department of Education:		
Indirect through Iowa Department of Education:		
Adult Education - State Grant Program	84.002	
Title I Program for Neglected and Delinquent Children	84.013	
Vocational Education - Basic Grants to States	84.048	57-9910
Safe and Drug-Free Schools and Communities-National Program	84.184	
Tech-Prep Education	84.243	57-9910
U.S. Department of Health and Human Services:		
Indirect through Iowa Department of Elder Affairs:		
Special Programs for the Aging-Title III Part D - Disease Prevention and Health Promotion Services	93.043	
Special Programs for the Aging Cluster:		
Title III Part B - Grants for Supportive Services and Senior Centers	93.044	
Title III Part C - Nutrition Services	93.045	
Nutrition Services Incentive Program	93.053	
National Family Caregiver Support	93.052	
Medical Assistance Program	93.778	
Special Program for the Aging - Title IV and Title II - Discretionary Projects	93.048	
Indirect through Hawkeye Valley Area Agency on Aging:		
Special Programs for the Aging - Title IV and Title II Discretionary Projects	93.048	
Indirect through University of Iowa:		
Alzheimer's Disease Demonstration Grants to States	93.051	
Indirect through National Institute of Environmental Health Sciences:		
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	
Indirect through Iowa Workforce Development:		
Temporary Assistance for Needy Families	93.558	1-W-10-FR-0
Total indirect		
Total		

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

See accompanying independent auditor's report.

Program Expenditures	New Loans and New Loan Guarantees	Amounts Provided to Subrecipients
416,253	-	-
39,387	-	-
705,291	-	-
22,827	-	-
90,823	-	-
6,759	-	6,759
506,363	-	143,340
522,946	-	522,946
303,140	-	303,140
1,332,449	-	969,426
176,716	-	86,011
460,180	-	336,910
54,469	-	-
1,750	-	-
56,219	-	-
128,317	-	-
1,291,904	-	-
903,804	-	-
7,165,877	-	1,399,106
\$ 25,143,348	31,786,404	1,399,106

**Kirkwood Community College**



# OFFICE OF AUDITOR OF STATE

STATE OF IOWA

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

To the Board of Directors of  
Kirkwood Community College:

We have audited the accompanying financial statements of Kirkwood Community College, Cedar Rapids, Iowa, and the aggregate discretely presented component units as of and for the year ended June 30, 2008, which collectively comprise the College's basic financial statements listed in the table of contents, and have issued our report thereon dated October 30, 2008. Our report was modified to include a reference to other auditors. 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 the Kirkwood Community College Foundation and the Kirkwood Facilities Foundation, as described in our report on Kirkwood Community College's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

### Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of the 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 Kirkwood 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 a misstatement of the College's financial statements that is more than inconsequential will not be prevented or detected by the College's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood a material misstatement of the financial statements will not be prevented or detected by Kirkwood 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 or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether Kirkwood 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, non-compliance 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 or other matters that are required to be reported under Government Auditing Standards. However, we noted an immaterial instance of non-compliance or other matters that is described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about the 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.

Kirkwood 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 conclusion on the College's response, we did not audit the College's response and, accordingly, we express no opinion on it.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Kirkwood Community College and other parties to whom Kirkwood 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 Kirkwood Community College during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 30, 2008



**OFFICE OF AUDITOR OF STATE**  
STATE OF IOWA

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Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and on Internal Control over Compliance  
in Accordance with OMB Circular A-133

To the Board of Directors of  
Kirkwood Community College:

Compliance

We have audited the compliance of Kirkwood Community College, Cedar Rapids, Iowa, with the types of compliance requirements described in 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. Kirkwood 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 Kirkwood Community College's management. Our responsibility is to express an opinion on Kirkwood 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 Kirkwood Community College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Kirkwood Community College's compliance with those requirements.

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

Internal Control Over Compliance

The management of Kirkwood 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 Kirkwood 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 Kirkwood Community College's internal control over compliance.

A control deficiency in the 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 significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the 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 College's internal control.

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 College's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report, a public record by law, is intended solely for the information and use of the officials, employees and constituents of Kirkwood Community College and other parties to whom Kirkwood 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.

  
DAVID A. VAUDT, CPA  
Auditor of State

  
WARREN G. JENKINS, CPA  
Chief Deputy Auditor of State

October 30, 2008

Kirkwood Community College  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

**Part I: Summary of the Independent Auditor's Results:**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were noted.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were noted.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit did not disclose any audit findings which are required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
  - CFDA Number – 19.000 Community Colleges Summit Initiatives Program
  - Student Financial Aid – Cluster:
    - CFDA Number – 84.007 Federal Supplemental Educational Opportunity Grants
    - CFDA Number – 84.033 Federal Work-Study Program
    - CFDA Number – 84.038 Federal Perkins Loan Program – Federal Capital Contribution
    - CFDA Number – 84.063 Federal Pell Grant Program
    - CFDA Number – 84.268 Federal Direct Student Loans
    - CFDA Number – 84.375 Academic Competitiveness Grants (ACG)
  - Special Program for the Aging – Cluster:
    - CFDA Number – 93.044 Special Programs for the Aging – Title III Part B – Grants for Supportive Services and Senior Centers
    - CFDA Number – 93.045 Special Programs for the Aging – Title III Part C – Nutrition
    - CFDA Number – 93.053 Nutrition Services Incentive Program
  - CFDA Number – 93.142 NIEHS Hazardous Waste Worker Health and Safety Training
  - CFDA Number – 97.068 Competitive Training Grants
- (h) The dollar threshold used to distinguish between Type A and Type B was \$759,000.
- (i) Kirkwood Community College did qualify as a low-risk auditee.

Kirkwood Community College  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

**Part II: Findings Related to the Financial Statements:**

**SIGNIFICANT DEFICIENCIES:**

No material weaknesses in internal control over financial reporting were noted.

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**Part III: Findings and Questioned Costs For Federal Awards:**

**INSTANCES OF NON-COMPLIANCE:**

No matters were noted.

**SIGNIFICANT DEFICIENCIES:**

No material weaknesses in internal control over compliance were noted.

Kirkwood Community College  
Schedule of Findings and Questioned Costs  
Year ended June 30, 2008

**Part IV: Other Findings Related to Required Statutory Reporting:**

- IV-A-08 Certified Budget – Total expenditures for the year ended June 30, 2008 did not exceed the total amount budgeted.
- IV-B-08 Questionable Disbursements – No expenditures we believe did not meet the requirements 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 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 – No business transactions between the College and College officials or employees were noted.
- IV-E-08 Bond Coverage – Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.
- IV-F-08 Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-08 Publication – The College 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 and 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 College, except for the contact hours for two programs within Adult/Continuing Education. The High School Driver Education program was overstated by 2.1 hours and the Mental, Social & Allied Health Services program was overstated by 0.5 hours.

Recommendation – The College should develop procedures to ensure the report submitted to the Iowa Department of Education reconciles to the supporting detailed records.

Response – Kirkwood continues to refine the procedures for reporting more accurately from our MIS system and concurs with the Auditors recommendation.

Conclusion – Response accepted.

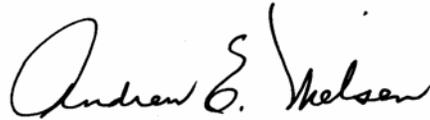
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Kirkwood Community College

Staff

This audit was performed by:

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