

Iowa Western Community College
INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

June 30, 2008

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**Iowa Western Community College
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Trustees (Before September 2007 Election)		
Gary Faust	President	2009
Randy Pash	Vice President	2009
Brent Seigrist	Member	2009
Colleen Geiger	Member	2007
Connie Hornbeck	Member	2008
Doug Goodman	Member	2008
Scott Robinson	Member	2007
Fred Lisle	Member	2008
Wanda Rosenbaugh	Member	2007

**Board of Trustees
(After September 2007 Election)**

Gary Faust	President	2009
Randy Pash	Vice President	2009
Brent Seigrist	Member	2009
Colleen Geiger	Member	2011
Connie Hornbeck	Member	2011
Doug Goodman	Member	2011
Scott Robinson	Member	2009
Fred Lisle	Member	2011
Kirk Madsen	Member	2009

Community College

Dr. Dan Kinney	President
Thomas Johnson	Board Treasurer
Kathryn Coffelt	Board Secretary

INDEPENDENT AUDITOR'S REPORT

To the Board of Trustees
Iowa Western Community College
Council Bluffs, Iowa

We have audited the accompanying financial statements of Iowa Western Community College (the College), and its aggregate discretely presented component unit as of and for the year ended June 30, 2008, which collectively comprise the College's basic financial statements listed in the contents page of this report. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards 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 that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Western Community College and its aggregate discretely presented component unit as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 19, 2008 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 6 through 15 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the College taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the basic financial statements for the three years ended June 30, 2007 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 10 is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards (Schedule 11) is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The supplementary information included in Schedule 10 related to the College's 2004 financial statements was audited by other auditors whose report, dated January 24, 2005, expressed an unqualified opinion on such information in relation to the basic financial statements taken as a whole.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 19, 2008

Iowa Western Community College Council Bluffs, Iowa

Management's Discussion and Analysis For the Year Ended June 30, 2008

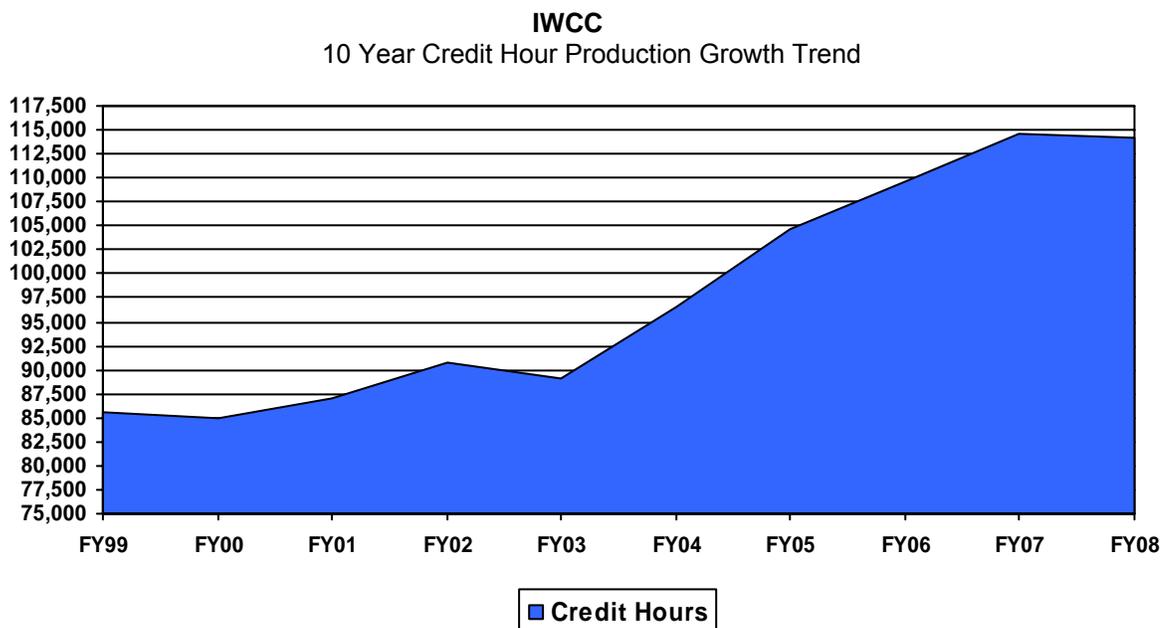
Management of Iowa Western Community College (The College or IWCC) provides this Management's Discussion and Analysis of IWCC's annual financial statements. This narrative overview and analysis of the financial activities of the College is for the fiscal year ended June 30, 2008. We encourage readers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

The information is displayed in a comparative form enabling the reader to make year-to-year comparisons about the college's operating results and financial position.

Iowa Western Community College has implemented Governmental Accounting Standards Board Statement 39. The objective of this statement is to require the primary reporting government (IWCC) to include associated entities in its financial reporting. An associated entity is generally an organization that raises and holds economic resources for the direct benefit of a governmental unit. For the fiscal year ending June 30, 2008, Iowa Western Community College will include financial information for the Iowa Western Community College Foundation in discrete presentation format. Other related organizations will be identified using the note disclosure method.

FINANCIAL HIGHLIGHTS

- Total operating revenue grew by 1.8% or \$522,010 totaling \$28,868,600. After four (4) strong years of credit hour production growth total credit hours were down slightly in FY08 at 114,261 versus 114,618 in FY07. This repeats a long-term trend where the institution will expand for a 3-5 year period and then experience a plateau year before another growth period. This trend is depicted in the following graph:



- FY08 operating expenditures decreased by 0.8% compared to FY07. Expenditures within the Unrestricted Fund for general operations increased by \$1,531,774 in FY08 due in large part to general salary and benefit costs and hiring of additional staff. These higher expenditure levels were offset by lower Restricted Fund expenditures in FY08. FY07 included more than \$2 million in one time costs associated with an early retirement incentive program. Total operating expenditures were lower in FY08 by (\$348,977) compared to fiscal year 2007.
- Net non-operating revenue fell by (\$315,279) in fiscal year 2008 versus fiscal year 2007. State appropriations were up just over \$2 million or 20%. The majority of this increase came in the form of higher general state aid appropriation, reimbursement for expenditures associated with serving hearing impaired students, a supplemental faculty salary appropriation and dollars for capacity building received through the Iowa Values Fund.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to IWCC's basic financial statements. The College's basic financial statements consist of a series of financial statements. The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Nets Assets and the Statement of Cash Flows (on pages 17 through 21) provide information about the activities of the College as a whole and present a longer-term view of the College's finances. These basic financial statements also include the notes to the financial statements and explain some of the information in the statements and provide more detail. Supplementary information is also in schedule form and begins on page 39.

THE COLLEGE AS A WHOLE

The Statement of Net Assets

The Statement of Net Assets presents the assets, liabilities, and net assets of the College as a whole, as of the end of the fiscal year. The Statement of Net Assets is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Assets includes year-end information concerning current and non-current assets, current and non-current liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements are 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.

The largest portion of the College's net assets (77.6%) is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Invested in Capital Assets is liquidated with sources other than capital assets. The restricted portion of the net assets (7.0%) includes resources that are subject to external restrictions. The remaining net assets (15.4%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

**Condensed Statement of Net Assets
For Year Ended June 30**

	<u>FY08</u>	<u>FY07</u>
Current Assets	\$37,442,007	\$34,294,897
Noncurrent assets	<u>63,751,616</u>	<u>56,958,579</u>
Total assets	<u>101,193,623</u>	<u>91,253,476</u>
Current liabilities	23,659,656	21,520,461
Noncurrent liabilities	<u>39,273,446</u>	<u>33,063,483</u>
Total liabilities	<u>62,933,102</u>	<u>54,583,944</u>
Net assets:		
Invested in capital assets, net of related debt	29,705,913	30,133,405
Restricted	2,673,962	2,305,791
Unrestricted	<u>5,880,646</u>	<u>4,230,336</u>
Total net assets	<u>\$38,260,521</u>	<u>\$36,669,532</u>

Statement of Revenues, Expenses and Changes in Net Assets

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

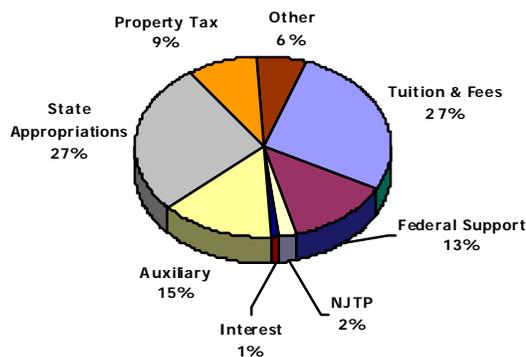
In general, a public college such as Iowa Western Community College will report an operating loss, as the financial reporting model classifies state appropriations and property taxes as non-operating revenues. Operating revenues are received for providing goods and services to the various students, customers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

**Condensed Statement of Revenue, Expenses and Changes in Net Assets
For Year Ended June 30**

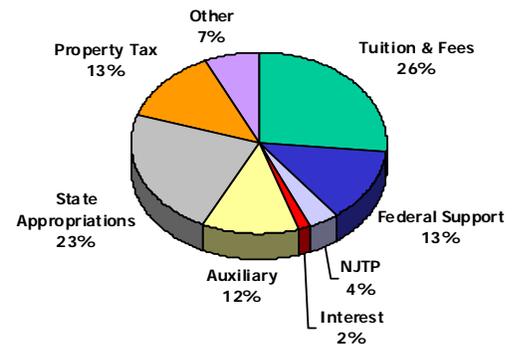
Operating revenue:	<u>FY08</u>	<u>FY07</u>
Tuition and fees	\$12,388,736	\$12,111,064
Federal appropriations	6,000,702	5,873,050
Iowa industrial New Jobs Training Program	944,979	1,624,773
Auxiliary	6,644,100	5,498,215
Other	<u>2,860,083</u>	<u>3,209,488</u>
Total operating revenue	28,838,600	28,316,590
Total Operating expenses	<u>42,411,789</u>	<u>42,760,766</u>
Operating loss	\$(13,573,189)	\$(14,444,176)
Non-operating revenue (expenses)	<u>FY08</u>	<u>FY07</u>
State appropriations	12,329,702	10,314,773
Property tax	4,060,022	5,891,735
Disposal of plant assets	--	(19,213)
Interest on investments	402,231	720,427
Interest on indebtedness	(1,621,775)	(1,428,265)
Other	<u>(6,002)</u>	<u>--</u>
Net non-operating revenue	<u>15,164,178</u>	<u>15,479,457</u>
Change in net assets	1,590,989	1,035,281
Net assets beginning of year, as restated	<u>36,669,532</u>	<u>35,634,251</u>
Net assets end of year	<u>\$38,260,521</u>	<u>\$36,669,532</u>

The Statement of Revenues, Expenses, and Changes in Net Assets reflect an increase in net assets at the end of the fiscal year of \$1,590,989.

Revenue Types FY2008



Revenue Types FY2007



**Total Revenue by Source
For Year Ending June 30**

	<u>FY08</u>	<u>FY07</u>
Tuition and Fees, net	\$12,388,736	\$12,111,064
Federal	6,000,702	5,873,050
NJTP	944,979	1,624,773
Interest	402,231	720,427
Auxiliary	6,644,100	5,498,215
State	12,329,702	10,314,773
Property Tax	4,060,022	5,891,735
Other	<u>2,854,081</u>	<u>3,190,275</u>
 Total	 <u>\$45,624,553</u>	 <u>\$45,224,312</u>

In fiscal year 2008, operating revenue grew by \$400,241 a 0.9% increase compared to FY2007. Following is an analysis of individual revenue sources:

- In FY08, Iowa Western was the only state community college that did not increase its credit hour rates for tuition or fees. With increased state aid, enrollment growth from FY07 and reduced salary and benefits costs due to the early retirement incentive program, the Board of Trustees elected not to increase the cost of an IWCC education to its students.

- Auxiliary Enterprise revenues were up significantly with an additional seventy-two (72) beds added to student housing capacity. The increase in student residents not only impacts housing revenues (up \$350,101 in FY08 or 29.5%) but also directly affects both Food Service and Bookstore operations. Student residents in the Suites must take a meal plan (Food Service revenues up 16.9%) and Bookstore sales increased \$416,462 or 14.3%. FY09 will likely see similar large increases in Auxiliary Enterprise revenues as IWCC continues to expand student housing. One hundred forty four (144) new beds came on line in August 2008. Seventy-two (72) more are under construction and will be available for occupancy for Fall 2009 and the Board of Trustees just approved expanding by one hundred forty four (144) for Fall 2010.

- In total, State Appropriations increased by \$2,014,929 in FY08, a 19.5% jump. Actual new state aid provided by the state legislature for FY08 increased by nearly \$1,022,412 or 11%. IWCC also received \$713,789 in state funds through the Iowa Values Fund. This program makes funds available to community colleges for capacity building. During FY08 the college expanded its center locations in Cass, Shelby and Fremont counties which enables the college to increase its educational offerings throughout the service district.

**Operating Expenses
For Year Ending June 30**

	<u>FY08</u>	<u>FY07</u>
Education and support:		
Liberal arts and sciences	\$6,385,075	\$5,760,329
Applied science and technology	6,425,305	6,081,960
Continuing education	2,531,300	2,423,928
Cooperative services	2,332,969	2,936,447
Administration	2,334,354	2,107,340
Student services	2,846,474	2,466,975
Learning resources	264,751	290,053
Physical plant	4,042,123	4,915,337
General institution	5,437,416	7,483,840
Auxiliary enterprises	6,645,014	5,649,180
Scholarships and grants	1,113,889	741,411
Depreciation and amortization	<u>2,053,119</u>	<u>1,903,966</u>
 Total operating expenses	 <u>\$42,411,789</u>	 <u>\$42,760,766</u>

In fiscal year 2008, operating expenses increased as a net result of the following changes:

- Salary and benefit costs remain the largest category of expense totaling \$24,258,048 in FY08. If costs associated with an early retirement incentive offering in FY07 are excluded, salary and benefit expenses increased 7.7% in FY08 versus fiscal year 2007. IWCC converted several regular part-time academic positions to full-time in response to continued demand for growth in university transfer programs.

IWCC completed construction of a major student housing expansion at the Reiver Suites during FY08. In addition, the college was successful in passing a \$22 million bond issue referendum. Taxpayers of southwest Iowa passed the issue with 86% voter approval. Following is a more detailed description of these projects:

--Reiver Suites Phase III – This project constructed the third wing of the new Reiver Suites Housing Complex, adding 144 additional beds to IWCC’s housing capacity. The beds were finished and available to student residents for the fall term 2008 with the entire Reiver Suites Complex (360 beds) at capacity. Phase IV construction commenced just after the start of the 2009 fiscal year and will add 72 beds for the fall term 2009. Total housing capacity will increase to 936 beds for FY09.

--The \$22 million Bond Issue Referendum will enable IWCC to complete two (2) major phases of its facilities master plan. During FY09 the college will begin construction of a 71,000 square foot, two-story student resource center. The new facility will house the following college functions: Culinary Arts Program, Library, Student Success Center, Food Service and Bookstore. With construction completion and relocation of these functions in May 2010, the college will begin a major renovation to create an expanded Health Education Center that will include nursing simulator labs and classrooms. The new facility will enable IWCC to significantly increase enrollments in all of its health education programs, nursing especially, in providing trained health care personnel to meet a growing regional/national shortage.

Statement of Cash Flows

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

Condensed Statement of Cash Flows For the Year Ended June 30

Cash flows from:	FY08	FY07
Operating activities	\$(10,151,198)	\$(12,529,056)
Non-capital financing activities	16,408,033	15,665,009
Capital and related financing activities	(4,162,361)	(10,288,515)
Investing activities	<u>402,231</u>	<u>929,812</u>
Net increase in cash	2,496,705	(6,222,750)
Cash, beginning of year	<u>17,351,979</u>	<u>23,574,729</u>
Cash, end of year	<u>\$ 19,848,684</u>	<u>\$ 17,351,979</u>

Cash flows from operating activities include tuition, fees, grants and contracts along with payments to employees and to suppliers. Cash flows from non-capital financing activities include state appropriations, local property taxes received by the College and the receipt and disbursement of federal direct loan program proceeds. Cash flows from capital and related financing activities represent the proceeds from debt, the principal and interest payments of debt and the purchase of capital assets. Cash flows from investing activities include investment income earned.

Component Unit Financial Statements

The Iowa Western Community College Foundation (the "Foundation") is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences.

Condensed Statement of Net Assets As of June 30

	FY08	FY07
Total assets	<u>\$18,064,959</u>	<u>\$7,233,464</u>
Total liabilities	265,431	422,513
Total net assets	<u>17,799,528</u>	<u>6,810,951</u>
	<u>\$18,064,959</u>	<u>\$7,233,464</u>

**Condensed Statement Revenues, Expenses and
Changes in Net Assets
For the Year Ended June 30**

	FY08	FY07
Total revenues	\$12,749,508	\$2,799,990
Total expenses	<u>1,760,931</u>	<u>1,402,361</u>
Increase in net assets	<u>\$10,988,577</u>	<u>\$1,397,629</u>

Financial highlights of the Foundation include the following:

- Net assets increased \$10,988,577 from June 30, 2007 to June 30, 2008. The donation of a large commercial tract of land valued at nearly \$10,750,000 accounts for the majority of the increase. Investment returns were lower for the fiscal year reflecting the downturn in the stock market. Revenues, Gains & Other Support were decreased (29%) in FY08 versus FY07 if you exclude the property donation. Again, this is a reflection of a down stock market as the Foundation realized a loss on investments of (\$433,342) in FY08 compared to a gain of \$476,442 in FY07.

- During the 2008 fiscal year (June 30, 2008) the Foundation received a major gift of 105 acres of prime commercial real estate. The property has an estimated market value of nearly \$10.75 million. The Foundation has engaged the services of a national commercial real estate and development firm to assist the Foundation in selling the property. Proceeds from the sale will be used to promote the interests of Iowa Western Community College.

CAPITAL ASSETS

At June 30, 2008, the College has approximately \$63,358,826 invested in capital assets, net of accumulated depreciation of \$21,509,200. Net depreciation charges totaled \$2,053,119 for the 2008 fiscal year. Details for the capital assets are shown below.

**Capital Assets, Net of Accumulated Depreciation
For the Year Ended June 30**

	<u>FY08</u>	<u>FY07</u>
Land	\$ 490,919	\$ 490,919
Buildings	51,591,286	44,897,119
Construction in progress	6,845,109	7,183,650
Other structures and improvements	3,001,308	1,993,185
Equipment and vehicles	1,293,244	1,381,883
Capital leases	85,271	107,820
Software	<u>51,689</u>	<u>54,793</u>
Total	<u>\$63,358,826</u>	<u>\$56,109,369</u>

In October 2007, the college, the IWCC Foundation and the City of Harlan, Iowa entered into a joint property development agreement to construct a \$3,512,600, 24,040 square foot facility in Harlan, Iowa. The facility will house a new IWCC center location (9,000 square feet) and a technology and small business incubator center (15,050) square feet operated by the City. Fund raising for the facility was completed at the end of FY08 and construction of the facility commenced in August 2008. The facility is scheduled for completion and occupancy in June 2009.

DEBT

At June 30, 2008, the College had \$42,530,282 million in debt outstanding. The table below summarizes these amounts by type.

**Outstanding Debt
For the Year Ended June 30**

	<u>FY08</u>	<u>FY07</u>
Retirement incentives payable	\$ 775,518	\$ 1,028,951
Certificates payable	7,270,000	6,845,000
Capital loan notes payable	7,855,000	6,685,000
Revenue bonds	20,775,000	15,505,000
Bonds payable	5,765,000	5,970,000
Capital leases payable	<u>89,764</u>	<u>112,313</u>
Total	<u>\$42,530,282</u>	<u>\$36,146,264</u>

Total outstanding debt increased \$6,384,018 in fiscal year 2008. The college continues to utilize the various types of long-term financing available to fund the expansion and updating of college facilities. IWCC issued \$2,025,000 in Capital Loan Notes to provide funds necessary for the completion of several smaller projects started to the prior fiscal year. These notes payable are retired through collection of a property tax levy available for physical plant projects.

In addition, Iowa Western issued \$5,715,000 in revenue bonds to finance the construction of additional student housing.

More detailed information about the College’s outstanding debt is presented in Note E.

ECONOMIC FACTORS

Iowa Western Community College’s long-term economic outlook remains strong as enrollment and credit hour production continue to increase. IWCC opened additional student housing in the fall of 2008 and realized a 7.6% increase in credit hour production – one of the highest percentage growth rates in credit hours amongst all the Iowa community colleges.

IWCC and the statewide community college system continue to garner and expand their support within the Iowa legislature. The state appropriations to the system over the past several years reflects this support. During FY08 not only did the Legislature provide an increase in general state aid appropriation but also added a faculty salary appropriation. This supplemental appropriation will enable the Iowa community colleges and IWCC to become more competitive with neighboring states in attracting highly qualified instructors.

Located in Council Bluffs, Iowa and as part of a major metropolitan area in the Midwest, the local and regional economy has proven to be relatively more stable than economies located on the coasts of the U.S. This economic stability coupled with the areas cultural and recreational opportunities enables IWCC to expand its recruiting base outside its southwest Iowa service district. With a continued expansion of facilities and upgrading of instructional equipment, IWCC will continue to meet the educational needs and expectations of a growing student population.

The Board of Trustees, Administration, faculty and staff continue to work diligently to identify solutions to meet the growing demand for the educational opportunities provided by Iowa Western. The college must continue to find alternative sources of funding that will lessen its reliance on state general appropriations. New revenue streams will also ease the shift of the financial burden IWCC students are increasingly asked to bear.

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 Iowa Western Community College, 2700 College Road, Council Bluffs, Iowa 51503.

BASIC FINANCIAL STATEMENTS

Iowa Western Community College
STATEMENT OF NET ASSETS
June 30, 2008

ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT ASSETS		
Cash and short-term pooled investments	\$ 19,848,684	\$ 1,172,165
Investments	-	5,085,497
Receivables		
Accounts receivable, net of allowance for uncollectible accounts of \$125,878	9,501,901	2,953
Grants and other receivables, net of allowance for uncollectible accounts of \$5,186	-	168,768
Property tax		
Delinquent	79,876	-
Succeeding year	5,457,578	-
Beneficial interest in irrevocable trust	-	23,361
Iowa Industrial New Jobs Training Program	118,295	-
Due from Iowa Western Community College Foundation (component unit)	15,134	-
Due from Iowa Western Community College	-	1,650
Due from other governments	1,304,752	-
Inventories	863,894	-
Prepaid expenses	251,893	11,898
Other assets	-	161,429
Net investment in capital leases	-	23,899
Total current assets	<u>37,442,007</u>	<u>6,651,620</u>
NONCURRENT ASSETS		
Iowa Industrial New Jobs Training Program receivable, net of current portion	392,790	-
Land held for investment	-	10,748,430
Net investment in capital leases	-	65,865
Capital assets, net of accumulated depreciation and amortization	<u>63,358,826</u>	<u>599,044</u>
Total noncurrent assets	<u>63,751,616</u>	<u>11,413,339</u>
 Total assets	 <u>\$101,193,623</u>	 <u>\$18,064,959</u>

**Iowa Western Community College
STATEMENT OF NET ASSETS (continued)
June 30, 2008**

LIABILITIES AND NET ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT LIABILITIES		
Accounts payable	\$ 1,200,689	\$ 26,766
Due to Iowa Western Community College	-	15,134
Due to Iowa Western Community College Foundation (component unit)	1,650	-
Salaries and benefits payable	4,277,677	-
Accrued interest payable	159,980	-
Deferred revenue		
Succeeding year property tax	5,457,578	-
Other	8,546,281	-
Retirement incentives payable	147,937	-
Compensated absences	394,589	-
Deposits held in custody for others	264,376	223,531
Bond deposit	100,000	-
Certificates payable	1,440,000	-
Bonds payable	765,000	-
Notes payable	880,000	-
Capital leases payable	23,899	-
Total current liabilities	<u>23,659,656</u>	<u>265,431</u>
NONCURRENT LIABILITIES		
Retirement incentives payable	627,581	-
Certificates payable	5,830,000	-
Bonds payable	25,775,000	-
Notes payable	6,975,000	-
Capital leases payable	65,865	-
Total noncurrent liabilities	<u>39,273,446</u>	<u>-</u>
Total liabilities	<u>62,933,102</u>	<u>265,431</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>29,705,913</u>	<u>-</u>
Restricted		
Nonexpendable	-	1,106,841
Expendable		
Scholarships	34,443	5,174,874
Loans	2,459	-
Debt service	986,958	-
Cash reserve	361,092	-
Other	1,289,010	11,489,197
Total restricted	<u>2,673,962</u>	<u>17,770,912</u>
Unrestricted	<u>5,880,646</u>	<u>28,616</u>
Total net assets	<u>\$ 38,260,521</u>	<u>\$17,799,528</u>

Iowa Western Community College
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year ended June 30, 2008

	<u>College</u>	<u>Foundation</u>
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$2,179,508	\$12,388,736	\$ —
Federal appropriations	6,000,702	—
Iowa Industrial New Jobs Training Program	944,979	—
Auxiliary enterprises revenue, net of scholarship allowances of \$1,243,141	6,644,100	—
Contributions	—	12,890,211
Miscellaneous	<u>2,860,083</u>	<u>58,710</u>
Total operating revenues	<u>28,838,600</u>	<u>12,948,921</u>
OPERATING EXPENSES		
Education and support		
Liberal arts and sciences	6,385,075	—
Applied science and technology	6,425,305	—
Continuing education	2,531,300	—
Cooperative services	2,332,969	448,453
Administration	2,334,354	—
Student services	2,846,474	—
Learning resources	264,751	—
Physical plant	4,042,123	—
General institution	5,437,416	—
Auxiliary enterprises	6,645,014	—
Scholarships and grants	1,113,889	1,301,105
Depreciation and amortization	<u>2,053,119</u>	<u>11,373</u>
Total operating expenses	<u>42,411,789</u>	<u>1,760,931</u>
OPERATING INCOME (LOSS)	<u>(13,573,189)</u>	<u>11,187,990</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	12,329,702	—
Property tax	4,060,022	—
Interest and investment income	402,231	(199,413)
Interest on indebtedness	(1,621,775)	—
Other	<u>(6,002)</u>	<u>—</u>
Total nonoperating revenues (expenses), net	<u>15,164,178</u>	<u>(199,413)</u>
INCREASE IN NET ASSETS	1,590,989	10,988,577
NET ASSETS , beginning of year	<u>36,669,532</u>	<u>5,413,322</u>
NET ASSETS , end of year	<u>\$38,260,521</u>	<u>\$16,401,899</u>

Iowa Western Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2008

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$13,614,774
Federal appropriations	6,133,327
Iowa Industrial New Jobs Training Program (NJTP)	2,606,141
Payment to employees for salaries and benefits	(24,735,976)
Payment to suppliers for goods and services	(15,334,883)
Payments to NJTP recipients	(520,899)
Scholarships	(1,408,606)
Auxiliary enterprise receipts	6,644,100
Other receipts	<u>2,850,824</u>
Net cash used in operating activities	<u>(10,151,198)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	12,384,291
Property tax	4,040,246
Federal direct lending receipts	11,112,820
Federal direct lending disbursements	(10,979,818)
Miscellaneous Agency Fund receipts	1,623,102
Miscellaneous Agency Fund disbursements	(1,840,041)
Proceeds from issuance of certificates payable	1,840,000
Principal paid on certificates payable	(1,415,000)
Interest paid on certificates payable	(419,565)
Change in deposits held in custody for others	68,000
Other disbursements	<u>(6,002)</u>
Net cash provided by noncapital financing activities	<u>16,408,033</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from issuance of long-term debt	7,740,000
Proceeds from bond deposit	100,000
Acquisition of capital assets	(9,302,576)
Principal paid on capital leases	(22,549)
Principal paid on long-term debt	(1,505,000)
Interest paid on long-term debt	<u>(1,172,236)</u>
Net cash used in capital and related financing activities	<u>(4,162,361)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and investment income	<u>402,231</u>
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NET INCREASE IN CASH

2,496,705

CASH, beginning of year

17,351,979

CASH, end of year

\$19,848,684

**Iowa Western Community College
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2008**

**RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS
FROM OPERATING ACTIVITIES**

Operating loss	\$(13,573,189)
Adjustments to reconcile operating loss to net cash flows used in operating activities	
Depreciation and amortization	2,053,119
Changes in assets and liabilities	
Accounts receivable	231,824
Due from Iowa Western Community College Foundation (component unit)	(9,259)
NJTP receivable	985,480
Due from other governments	132,625
Inventories	(250,527)
Prepaid expenses	39,399
Accounts payable	(657,921)
Due to Iowa Western Community College Foundation (component unit)	(294,717)
Salaries and benefits payable	(477,928)
Deferred revenue	<u>1,669,896</u>
Net cash flows used in operating activities	<u>\$(10,151,198)</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Iowa Western Community College (the College or IWCC) is a publicly supported school established and operated by Merged Area XIII under the provisions of Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. The 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. The College maintains campuses in Council Bluffs and Clarinda, Iowa, with centers in Shelby County, Page/Fremont County and Cass County and has its administrative offices in Council Bluffs. The College is governed by a Board of Trustees whose members are elected from each director district within Merged Area XIII.

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

Reporting Entity

For financial reporting purposes, the College has included all funds, organizations, agencies, boards, commissions and authorities including KIWR-FM Radio. 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 is such that exclusion would cause the College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) 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 Iowa Western Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational and financial relationship with the College. Certain disclosures about the component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

Component Unit and Related Organizations

The Iowa Western Community College Foundation (the Foundation) is a nonprofit organization whose goal is to provide support to the College and its students. The Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the College. However, these members do not comprise a majority in the Foundation's board. In accordance with GASB Statement No. 39, the Foundation is considered a component unit of the College requiring discrete presentation in the College's financial statements and has been included as such.

The Foundation is a private nonprofit organization that reports under FASB standards, including FASB Statement No. 117, *Financial Reporting for Not-for-Profit Organizations*. As such, certain revenue recognition criteria and presentation features are different from GASB revenue recognition criteria and presentation features. No modifications have been made to the Foundation's financial information in the College's financial reporting entity for these differences. Complete financial statements of the Foundation can be obtained from their administrative offices at 2700 College Road, Council Bluffs, Iowa 51503.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Component Unit and Related Organizations (continued)

Western Iowa Educational Endeavors (WIEE) is a legally separate corporation established in 1991 to receive and manage gifts of land and/or buildings. The board of trustees of Iowa Western Community College appoints individuals to serve on the WIEE board. However, the Western Iowa Educational Endeavors articles of incorporation specifically state the business affairs of the corporation shall be managed by its own board of directors. WIEE does not provide services entirely or almost entirely to the College. Under GASB No. 39 Criteria, discrete presentation of WIEE in the College's financial statements is not necessary. Additionally, the exclusion of the WIEE financial statements does not cause the College's financial statements to be misleading.

In the early 1970's, Western Iowa Dorms, Inc. (WID) was established as a separate legal corporation to finance, construct and operate student housing facilities for use by Iowa Western Community College students. The College board of trustees can recommend individuals to serve on the Western Iowa Dorms, Inc. board of directors, but the WID board is not required to appoint those individuals. WID is considered fiscally independent from the College since the corporation can issue its own debt without approval of the College, determines its own budget and sets housing fees independent of Iowa Western Community College. Additionally, the College is not financially accountable for obligations of WID. Under GASB No. 39 criteria, WID is not considered a component unit of the College requiring discrete presentation. Additionally, the exclusion of the WID financial statements does not cause the College's financial statements to be misleading.

Financial Statement Presentation

GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following 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. The portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same fund equity component as the unspent proceeds.

Restricted Net Assets

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

Unrestricted Net Assets - Net assets that are not subject to externally imposed stipulations. Examples include: student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. Resources may be designated for specific purposes by action of management or by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net assets are designated for academic and general programs of the College.

The basic financial statements (the statement of net assets, the statement of revenues, expenses and changes in net assets, and the statement of cash flows) report information on all of the activities of the College. The effect of interfund activity has been removed from these statements.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Supplementary Information

The supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. For reporting purposes, funds that have similar characteristics have been combined into fund groups. 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 Education and Support subgroup of the Unrestricted Fund accounts for the general operations of the College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

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

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

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

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

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

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

For financial reporting purposes, the 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.

Schedules presented in the supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting, except for depreciation. The schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

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 amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Property Tax Receivable

Property tax receivables are recognized on the levy or lien date, which is the date that the tax asking is certified by the Board of Trustees to the appropriate County Auditors. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor by June 1 of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred and will not be recognized as revenue until the year for which it is levied, except for the amount related to early retirement incentives. The revenue has been recognized in the current year which is when the expense has been recognized.

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.

Allowance for Uncollectible Accounts

An allowance for uncollectible accounts, which offsets the total gross receivables, is calculated based upon historical collection data, specific account analysis and management's judgment.

Iowa Industrial New Jobs Training Program (NJTP) Receivable

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.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

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

Capital Assets

Capital assets, which include land, buildings and improvements other than buildings, furniture and equipment and software are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest costs on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those 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>Assets</u>	<u>Amount</u>
Land, buildings and improvements other than buildings	\$25,000
Furniture and equipment and software	5,000

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

<u>Assets</u>	<u>Years</u>
Buildings and improvements other than buildings	10-50
Furniture and equipment and software	2-25

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 at June 30.

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or 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. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, advanced student tuition, deferred administrative and training revenue for NJTP projects, and other receivables not collected within sixty days after year end.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Auxiliary Enterprise Revenues

Auxiliary enterprise revenues primarily represent revenues generated by the bookstore, food service, central stores, student housing and athletics.

Tuition and Fees

Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses. The College operates summer sessions during May, June, and July. Revenues and expenditures 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.

Income Taxes

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

Operating and Nonoperating Activities

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

Scholarship Allowances and Student Aid

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

Use of Estimates

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

Budgets and Budgetary Accounting

The budgetary comparison and related disclosures are reported as Other Supplementary Information.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 2 CASH AND POOLED INVESTMENTS

The College's cash and deposits in banks (certificates of deposit) 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 ensure 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 Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2008, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$19,736,343
Nonnegotiable certificates of deposit	40,515
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>71,826</u>
 Total cash and short-term pooled investments	 <u>\$19,848,684</u>

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

Credit risk. The College's June 30, 2008 investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

NOTE 3 INVENTORIES

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

<u>Type</u>	<u>Amount</u>
Graphic arts	\$ 14,188
Bookstore	353,046
Auto parts	34,654
Food service	16,679
Work in process--student-built houses	<u>445,327</u>
 Total	 <u>\$ 863,894</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2008 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance end of year</u>
Capital assets not being depreciated					
Land	\$ 490,919	\$ —	\$ —	\$ —	\$ 490,919
Construction in progress	<u>7,183,651</u>	<u>8,975,177</u>	<u>(9,313,719)</u>	<u>—</u>	<u>6,845,109</u>
Total capital assets not being depreciated	<u>7,674,570</u>	<u>8,975,177</u>	<u>(9,313,719)</u>	<u>—</u>	<u>7,336,028</u>
Capital assets being depreciated					
Buildings	58,829,557	—	8,176,430	46,635	66,959,352
Improvements other than buildings	4,245,594	37,284	1,137,289	151,668	5,268,499
Furniture and equipment	5,047,787	281,904	—	434,910	4,894,781
Software	239,248	8,211	—	—	247,459
Capital lease assets	<u>161,907</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>161,907</u>
Total capital assets being depreciated	<u>68,524,093</u>	<u>327,399</u>	<u>9,313,719</u>	<u>633,213</u>	<u>77,531,998</u>
Less accumulated depreciation for					
Buildings	13,932,437	1,482,264	—	46,635	15,368,066
Improvements other than buildings	2,252,410	166,449	—	151,668	2,267,191
Furniture and equipment	3,665,905	370,542	—	434,910	3,601,537
Software	184,455	11,315	—	—	195,770
Capital lease assets	<u>54,087</u>	<u>22,549</u>	<u>—</u>	<u>—</u>	<u>76,636</u>
Total accumulated depreciation	<u>20,089,294</u>	<u>2,053,119</u>	<u>—</u>	<u>633,213</u>	<u>21,509,200</u>
Capital assets, net	<u>\$56,109,369</u>	<u>\$7,249,457</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$63,358,826</u>

Construction in progress at June 30, 2008 includes costs for construction of a student center, construction of student housing, apartment site improvements and other minor projects. The College has entered into contracts for these projects of approximately \$9,900,000 of which approximately \$5,800,000 has been completed. Accounts payable at June 30, 2008 includes approximately \$105,000 of the amount completed. Total unpaid contracts at June 30, 2008 were approximately \$4,100,000.

NOTE 5 CHANGES IN NONCURRENT LIABILITIES

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

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance end of year</u>	<u>Less current portion</u>	<u>Long-term portion</u>
Retirement incentives payable	\$ 1,028,951	\$ —	\$ (253,433)	\$ 775,518	\$ (147,937)	\$ 627,581
Certificates payable	6,845,000	1,840,000	(1,415,000)	7,270,000	(1,440,000)	5,830,000
Bonds payable	21,475,000	5,715,000	(650,000)	26,540,000	(765,000)	25,775,000
Notes payable	6,685,000	2,025,000	(855,000)	7,855,000	(880,000)	6,975,000
Capital lease payable (Note 7)	<u>112,313</u>	<u>—</u>	<u>(22,549)</u>	<u>89,764</u>	<u>(23,899)</u>	<u>65,865</u>
Totals	<u>\$36,146,264</u>	<u>\$9,580,000</u>	<u>\$(3,195,982)</u>	<u>\$42,530,282</u>	<u>\$(3,256,836)</u>	<u>\$39,273,446</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Certificates Payable

In accordance with agreements dated between June 1, 1999 and June 1, 2008, the College issued certificates totaling \$13,800,000 with interest rates ranging from 2.3% to 8.25%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable 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:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$1,440,000	\$ 368,289	\$1,808,289
2010	1,360,000	287,831	1,647,831
2011	1,105,000	213,841	1,318,841
2012	535,000	152,585	687,585
2013	570,000	129,076	699,076
2014-2018	<u>2,260,000</u>	<u>273,182</u>	<u>2,533,182</u>
Total	<u>\$7,270,000</u>	<u>\$1,424,804</u>	<u>\$8,694,804</u>

Notes Payable

The College has issued notes for the purchase, construction and renovation 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:

<u>Capital Loan Note Issuance of January 1, 2005 (2005A)</u>			
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>
2009	3.15%	\$ 160,000	\$ 55,065
2010	3.30%	165,000	50,025
2011	3.45%	175,000	44,580
2012	3.60%	180,000	38,543
2013	3.75%	190,000	32,063
2014-2016	3.90% to 4.20%	<u>615,000</u>	<u>51,301</u>
Total		<u>\$1,485,000</u>	<u>\$ 271,577</u>

<u>Capital Loan Note Issuance of January 1, 2005 (2005B)</u>			
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>
2009	3.15%	\$ 145,000	\$ 9,518
2010	3.30%	<u>150,000</u>	<u>4,950</u>
Total		<u>\$ 295,000</u>	<u>\$ 14,468</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of June 1, 2006 (2006A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	3.80%	\$ 540,000	\$ 167,240	\$ 707,240
2010	3.85%	550,000	146,720	696,720
2011	3.95%	450,000	125,545	575,545
2012	4.05%	470,000	107,770	577,770
2013	4.15%	485,000	88,735	573,735
2014-2016	4.25% to 4.35%	<u>1,595,000</u>	<u>139,684</u>	<u>1,734,684</u>
Total		<u>\$4,090,000</u>	<u>\$ 775,694</u>	<u>\$4,865,694</u>

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of December 1, 2007 (2007A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	3.50%	\$ 35,000	\$ 72,778	\$ 107,778
2010	3.50%	45,000	71,553	116,553
2011	3.50%	285,000	69,977	354,977
2012	3.60%	300,000	60,003	360,003
2013	3.65%	310,000	49,202	359,202
2014-2016	3.70% to 3.80%	<u>1,010,000</u>	<u>77,050</u>	<u>1,087,050</u>
Total		<u>\$1,985,000</u>	<u>\$ 400,563</u>	<u>\$2,385,563</u>

Bonds Payable

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

<u>Year ending June 30</u>	<u>Bond Issue of March 1, 2004</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	2.50%	\$ 210,000	\$ 205,967	\$ 415,967
2010	2.75%	305,000	200,718	505,718
2011	3.00%	315,000	192,330	507,330
2012	3.00%	325,000	182,880	507,880
2013	3.10%	340,000	173,130	513,130
2014-2018	3.25% to 3.75%	1,905,000	688,823	2,593,823
2019-2023	3.85% to 4.13%	<u>2,365,000</u>	<u>298,090</u>	<u>2,663,090</u>
Total		<u>\$5,765,000</u>	<u>\$1,941,938</u>	<u>\$7,706,938</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of September 1, 2004</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	3.35%	\$ 95,000	\$ 161,282	\$ 256,282
2010	3.55%	100,000	158,100	258,100
2011	3.75%	100,000	154,550	254,550
2012	3.95%	105,000	150,800	255,800
2013	4.10%	110,000	146,653	256,653
2014-2018	4.25% to 4.85%	655,000	655,640	1,310,640
2019	5.00%	<u>2,245,000</u>	<u>112,250</u>	<u>2,357,250</u>
Total		<u>\$3,410,000</u>	<u>\$1,539,275</u>	<u>\$4,949,275</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of January 1, 2005 (2005A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	3.50%	\$ 165,000	\$ 278,317	\$ 443,317
2010	3.65%	175,000	272,543	447,543
2011	3.80%	180,000	266,155	446,155
2012	3.95%	190,000	259,315	449,315
2013	4.10%	195,000	251,810	446,810
2014-2018	4.25% to 4.85%	1,135,000	1,124,091	2,259,091
2019	5.00%	<u>3,840,000</u>	<u>192,000</u>	<u>4,032,000</u>
Total		<u>\$5,880,000</u>	<u>\$2,644,231</u>	<u>\$8,524,231</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of June 1, 2005 (2005B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	3.60%	\$ 120,000	\$ 38,410	\$ 158,410
2010	3.70%	125,000	34,090	159,090
2011	3.80%	135,000	29,465	164,465
2012	3.90%	140,000	24,335	164,335
2013	4.00%	145,000	18,875	163,875
2014-2015	4.10% to 4.20%	<u>315,000</u>	<u>19,795</u>	<u>334,795</u>
Total		<u>\$ 980,000</u>	<u>\$ 164,970</u>	<u>\$1,144,970</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of June 1, 2006 (2006A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.05%	\$ 85,000	\$ 233,552	\$ 318,552
2010	4.10%	90,000	230,110	320,110
2011	4.20%	95,000	226,420	321,420
2012	4.30%	95,000	222,430	317,430
2013	4.40%	100,000	218,345	318,345
2014-2018	4.50% to 4.80%	580,000	1,019,590	1,599,590
2019-2021	4.90% to 5.00%	<u>3,745,000</u>	<u>540,975</u>	<u>4,285,975</u>
Total		<u>\$4,790,000</u>	<u>\$2,691,422</u>	<u>\$7,481,422</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of August 1, 2007 (2007A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	4.00%	\$ 90,000	\$ 278,498	\$ 368,498
2010	4.05%	95,000	274,898	369,898
2011	4.15%	100,000	271,050	371,050
2012	4.25%	105,000	266,900	371,900
2013	4.30%	110,000	262,437	372,437
2014-2018	4.40% to 4.75%	630,000	1,234,552	1,864,552
2019-2022	4.85% to 5.00%	<u>4,585,000</u>	<u>871,493</u>	<u>5,456,493</u>
Total		<u>\$5,715,000</u>	<u>\$3,459,828</u>	<u>\$9,174,828</u>

The College has pledged future dormitory system revenues, net of specified operating expenses, to repay \$20,775,000 in dorm revenue bonds issued in September, 2004; January, 2005; June, 2005; June, 2006 and August, 2007. Proceeds from the bonds provided financing for construction of the dormitory system. The bonds are payable solely from dormitory system net revenues, including dining and other incidental facilities, and are payable through 2022. Annual principal and interest payments are expected to require less than the net revenues of the system. The total principal and interest remaining to be paid on the notes is \$31,274,726. For the current year, principal and interest paid and total customer net revenues were \$1,393,051 and \$1,219,437, respectively. The August, 2007 bonds financed construction of student housing that was not placed into service until the fall of 2008. Total interest paid on these bonds in the current year was \$221,251.

The resolutions providing for the issuance of the revenue bonds include the following provisions:

- (1) The bonds will only be redeemed from the future revenue from the dormitory system and the bond holders hold a lien on those future revenues.
- (2) Sufficient monthly transfers shall be made to the bond and interest sinking fund for the purpose of making the bond principal and interest payments when due.
- (3) Additional monthly transfers shall be made to a reserve fund until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying bond principal and interest payments due when insufficient money is available in the sinking funds.

During the year ended June 30, 2008, the College was in compliance with the revenue bond provisions.

Total interest cost for the year ended June 30, 2008 is \$1,903,324. Total interest capitalized as part of construction in progress for the year ended June 30, 2008 is \$285,139 (net of \$95,996 in interest income).

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 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 charged as incurred. The leases expire between 2009 and 2053 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2008:

<u>Year ending June 30</u>	<u>Amount</u>
2009	\$ 288,536
2010	82,107
2011	57,029
2012	58,060
2013	9,768
2014-2053	<u>421,483</u>
Total	<u>\$ 916,983</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 \$247,669.

NOTE 7 CAPITAL LEASES AND RELATED PARTY TRANSACTIONS

The College has two capital leases with the Iowa Western Community College Foundation (a component unit) for buses. The capital leases are as follows:

<u>Class of property</u>	<u>Balance at June 30, 2008</u>
Equipment	\$ 161,907
Less accumulated amortization	<u>(76,636)</u>
Net capital lease assets	<u>\$ 85,271</u>

The following is a schedule by year of future minimum lease payments under capital leases as of June 30, 2008:

<u>Year ending June 30</u>	
2009	\$ 28,165
2010	28,165
2011	13,539
2012	13,539
2013	13,539
Thereafter	<u>3,385</u>
Total	100,332
Less interest	<u>(10,568)</u>
Capital lease obligations	<u>\$ 89,764</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 8 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 payroll. Contribution requirements are established by state statute. The College's contribution to IPERS for the years ended June 30, 2008, 2007 and 2006 were \$460,511, \$436,338 and \$377,491, respectively, equal to the required contributions for each year.

NOTE 9 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-CREF 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 \$514,189 and \$331,424, respectively.

NOTE 10 RELATED PARTY TRANSACTIONS

The College transferred \$100,000 in fiscal year 1995 and \$550,000 in fiscal year 1998 to the Iowa Western Community College Foundation. The provisions of the gifts specify that the corpus, and any income generated through the investment of the corpus, shall be restricted in use for the sole benefit of the College for scholarships, grants, and such other purposes for the benefit of the College or the students thereof. There were no such transfers in fiscal year 2008.

Foundation salaries and other operating expenses are paid by the College. In management's estimate, the value of such expenses was approximately \$163,000 in fiscal year 2008.

Transactions for the year ended June 30, 2008, between Iowa Western Community College and Western Iowa Dorms, Inc. are as follows:

Beginning receivable balance	\$ 48,518
Charges for services, supplies and payroll provided or paid by the College	35,141
College payment of dorm payables	581,983
Reimbursements and advances from Western Iowa Dorms, Inc.	<u>(442,127)</u>
Ending receivable balance	<u>\$ 223,515</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 11 NEW JOBS TRAINING PROGRAMS

The College administers the NJTP in merged Area XIII in accordance with Chapter 260E of the Code of Iowa. 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. 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 taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College has administered ninety-eight projects with twenty currently receiving project funding. Of the remaining projects, sixty-six projects have been completed and paid in full, while twelve have been completed and only repayment of the certificates is left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

NOTE 12 RETIREMENT INCENTIVE PROGRAM

The College offered retirement incentives to eligible employees in fiscal years 2000, 2002 and 2007. Eligible staff members who accept retirement incentives will receive cash benefits payable in three installments during the following fiscal year, as well as health insurance coverage up to a specified amount until the staff member reaches the age of 65.

The liability at June 30, 2008 for those employees who have elected retirement incentives was \$775,518 and has been recorded as a liability in the Statement of Net Assets. Retirement incentives will be fully funded through property tax levies.

NOTE 13 SELF-INSURANCE PROGRAM

The College has established a self-insurance medical program, which is accounted for in the Restricted Fund. This program provides employee health benefit coverage up to a maximum of \$50,000 per employee per year and the maximum liability coverage of approximately \$3,575,000 per year. The College purchases commercial insurance for claims in excess of this coverage and all other risks of loss. Payments include certain administrative expenses.

Payments are made to the self-insurance cost center based on actuarial estimates of the amounts needed to pay current year claims. The unpaid claims liability of approximately \$2,221,000 is based on GASB Statement No. 10, which requires that a liability be recorded when it has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

NOTE 14 COMMITMENTS AND CONTINGENCIES

The College is exposed to various risks of loss related to torts; theft, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2008

NOTE 15 SUBSEQUENT EVENTS

In July 2008, the College issued \$10,000,000 in general obligation bonds for the construction of a student center and additional improvements. In November 2008, the College entered into a contract in the amount of \$12,540,000 to have a 2 story, 71,000 square foot student center built that will be home to the library, bookstore, food service, and student service activities. This facility will make room for future expansion of the College's health programs.

In August 2008, the College purchased the Page/Fremont County Center from the Foundation for approximately \$638,000.

In September 2008, the College entered into a contract to have constructed a seventy-two bed, three story student housing facility, in the amount of \$2,350,000.

NOTE 16 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

The Governmental Accounting Standards Board (GASB) has issued several statements not yet implemented by the College. The statements which will impact the College are as follows:

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

GASB Statement No. 49, *Accounting and Financial Reporting for Pollution Remediation Obligations*, issued November, 2006, will be effective for the College beginning with its year ending June 30, 2009. This Statement establishes accounting and financial reporting standards for pollution (including contamination) remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups.

GASB Statement No. 51, *Accounting and Financial Reporting for Intangible Assets*, will be effective for the College beginning with its year ending June 30, 2010. This Statement requires that all intangible assets not specifically excluded by its scope provisions be classified as capital assets.

GASB Statement No. 52, *Land and Other Real Estate Held as Investments by Endowments*, will be effective for the College beginning with its year ending June 30, 2009. This statement requires endowments to report their land and other real estate investments at fair value.

GASB Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, will be effective for the College beginning with its year ending June 30, 2010. This statement requires that derivative instruments be reported at fair value.

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

OTHER SUPPLEMENTARY INFORMATION

Iowa Western Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Required Supplementary Information
Year ended June 30, 2008

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Actual</u>	<u>Variance between actual and original budget</u>
General (unrestricted and non-levy restricted)	\$35,022,409	\$33,401,722	\$1,620,687
Restricted			
Unemployment	45,310	1,811	43,499
Tort liability	61,600	35,470	26,130
Insurance	388,650	499,738	(111,088)
Early retirement	1,275,803	-	1,275,803
Equipment replacement	606,550	576,994	29,556
Total restricted	<u>2,377,913</u>	<u>1,114,013</u>	<u>1,263,900</u>
Total unrestricted/restricted	37,400,322	34,515,735	2,884,587
Plant	4,083,061	3,236,121	846,940
Bonds and interest	<u>525,536</u>	<u>416,092</u>	<u>109,444</u>
Total operating expenditures	<u>\$42,008,919</u>	<u>\$38,167,948</u>	<u>\$3,840,971</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTE TO REQUIRED SUPPLEMENTARY INFORMATION - BUDGETARY REPORTING
Year ended June 30, 2008

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

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

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES
June 30, 2008

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
ASSETS									
Cash and short-term pooled investments	\$ 3,906,761	\$11,230,694	\$ -	\$ 3,311,088	\$1,062,118	\$ -	\$ 338,023	\$ -	\$19,848,684
Receivables									
Accounts (less allowance of \$125,878)	8,517,583	983,118	-	1,050	-	-	150	-	9,501,901
Property tax									
Delinquent	34,819	18,443	-	-	26,614	-	-	-	79,876
Succeeding year	1,352,536	1,577,624	-	167,936	2,359,482	-	-	-	5,457,578
Due from other funds	624,493	794,095	6,007	667,980	-	-	2	(2,092,577)	-
Due from Iowa Western Community College Foundation (component unit)	9,853	-	-	5,281	-	-	-	-	15,134
Due from other governments	302,288	900,851	275	-	-	-	101,338	-	1,304,752
Inventories	863,894	-	-	-	-	-	-	-	863,894
Prepaid expenditures	217,178	33,442	-	1,273	-	-	-	-	251,893
Iowa Industrial New Jobs Training Program	-	511,085	-	-	-	-	-	-	511,085
Capital assets									
Land	-	-	-	-	-	490,919	-	-	490,919
Buildings	-	-	-	-	-	66,959,352	-	-	66,959,352
Improvements other than buildings	-	-	-	-	-	5,268,499	-	-	5,268,499
Equipment and vehicles	-	-	-	-	-	4,849,599	45,182	-	4,894,781
Capital lease assets	-	-	-	-	-	161,907	-	-	161,907
Software	-	-	-	-	-	247,459	-	-	247,459
Construction in progress	-	-	-	6,845,109	-	-	-	-	6,845,109
Accumulated depreciation and amortization	-	-	-	-	-	(21,487,058)	(22,142)	-	(21,509,200)
Total assets	<u>\$15,829,405</u>	<u>\$16,049,352</u>	<u>\$ 6,282</u>	<u>\$10,999,717</u>	<u>\$3,448,214</u>	<u>\$56,490,677</u>	<u>\$ 462,553</u>	<u>\$(2,092,577)</u>	<u>\$101,193,623</u>

See accompanying independent auditor's report.

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES (continued)
June 30, 2008

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 333,872	\$ 364,610	\$ 3,653	\$ 405,119	\$ -	\$ -	\$ 93,435	\$ -	\$ 1,200,689
Due to Iowa Western Community College Foundation (component unit)	1,650	-	-	-	-	-	-	-	1,650
Salaries and benefits payable	1,797,089	2,480,588	-	-	-	-	-	-	4,277,677
Accrued interest payable	-	34,998	-	23,208	101,774	-	-	-	159,980
Due to other funds	1,318,002	541,231	170	1,832	-	-	231,342	(2,092,577)	-
Deferred revenues									
Succeeding year property tax	1,352,536	1,577,624	-	167,936	2,359,482	-	-	-	5,457,578
Other	6,900,013	1,646,268	-	-	-	-	-	-	8,546,281
Retirement incentives payable	-	775,518	-	-	-	-	-	-	775,518
Compensated absences	359,527	35,062	-	-	-	-	-	-	394,589
Deposits held in custody for others	126,600	-	-	-	-	-	137,776	-	264,376
Bond deposit	-	-	-	100,000	-	-	-	-	100,000
Certificates payable	-	7,270,000	-	-	-	-	-	-	7,270,000
Bonds payable	-	-	-	5,715,000	-	20,825,000	-	-	26,540,000
Notes payable	-	-	-	1,985,000	-	5,870,000	-	-	7,855,000
Capital leases payable	-	-	-	-	-	89,764	-	-	89,764
Total liabilities	<u>12,189,289</u>	<u>14,725,899</u>	<u>3,823</u>	<u>8,398,095</u>	<u>2,461,256</u>	<u>26,784,764</u>	<u>462,553</u>	<u>(2,092,577)</u>	<u>62,933,102</u>
FUND BALANCES									
Invested in capital assets, net of related debt	-	-	-	-	-	29,705,913	-	-	29,705,913
Restricted									
Expendable									
Scholarships and fellowships	-	34,443	-	-	-	-	-	-	34,443
Loans	-	-	2,459	-	-	-	-	-	2,459
Debt service	-	-	-	-	986,958	-	-	-	986,958
Cash reserve	361,092	-	-	-	-	-	-	-	361,092
Other	-	1,289,010	-	-	-	-	-	-	1,289,010
Unrestricted	2,168,151	-	-	2,601,622	-	-	-	-	4,769,773
Auxiliary enterprises	<u>1,110,873</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,110,873</u>
Total fund balances	<u>3,640,116</u>	<u>1,323,453</u>	<u>2,459</u>	<u>2,601,622</u>	<u>986,958</u>	<u>29,705,913</u>	<u>-</u>	<u>-</u>	<u>38,260,521</u>
Total liabilities and fund balances	<u>\$15,829,405</u>	<u>\$16,049,352</u>	<u>\$ 6,282</u>	<u>\$10,999,717</u>	<u>\$3,448,214</u>	<u>\$56,490,677</u>	<u>\$ 462,553</u>	<u>\$(2,092,577)</u>	<u>\$101,193,623</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 2008

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
REVENUES								
General								
State appropriations	\$10,401,636	\$ 1,810,893	\$ —	\$ 117,173	\$ —	\$ —	\$ —	\$12,329,702
Tuition and fees	14,555,138	3,062	—	10,044	—	—	(2,179,508)	12,388,736
Property tax	1,251,208	1,142,929	—	—	1,665,885	—	—	4,060,022
Federal appropriations	541,926	5,458,737	39	—	—	—	—	6,000,702
Sales and services	647,714	757,435	—	—	—	—	(129,932)	1,275,217
Interest and investment income	87,984	164,733	243	97,410	51,861	—	—	402,231
Iowa Industrial New Jobs Training Program	—	944,979	—	—	—	—	—	944,979
Gifts and grants	—	402,836	—	—	—	—	—	402,836
Miscellaneous	487,611	602,736	6,002	150,051	—	—	(64,370)	1,182,030
Increase in plant investment due to plant expenditures	—	—	—	—	—	9,640,627	(9,640,627)	—
Total general revenues	<u>27,973,217</u>	<u>11,288,340</u>	<u>6,284</u>	<u>374,678</u>	<u>1,717,746</u>	<u>9,640,627</u>	<u>(12,014,437)</u>	<u>38,986,455</u>
Auxiliary enterprises								
State appropriations	108,526	—	—	—	—	—	—	108,526
Tuition and fees	144,870	—	—	—	—	—	—	144,870
Federal appropriations	980	—	—	—	—	—	—	980
Sales and services	7,710,633	—	—	—	—	—	(1,825,758)	5,884,875
Interest on investments	39,273	—	—	—	—	—	—	39,273
Allocation of student fees	133,400	—	—	—	—	—	—	133,400
Gifts and grants	83,881	—	—	—	—	—	—	83,881
Miscellaneous	248,295	—	—	—	—	—	—	248,295
Total auxiliary revenues	<u>8,469,858</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(1,825,758)</u>	<u>6,644,100</u>
Total revenues	<u>36,443,075</u>	<u>11,288,340</u>	<u>6,284</u>	<u>374,678</u>	<u>1,717,746</u>	<u>9,640,627</u>	<u>(13,840,195)</u>	<u>45,630,555</u>

See accompanying independent auditor's report.

Schedule 3 (continued)

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
 Year ended June 30, 2008

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
EXPENDITURES								
Education and support								
Liberal arts and sciences	\$ 6,385,075	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,385,075
Applied science and technology	5,499,539	1,034,993	-	-	-	-	(109,227)	6,425,305
Continuing education	2,142,758	395,132	-	-	-	-	(6,590)	2,531,300
Cooperative services	904,394	1,428,575	-	-	-	-	-	2,332,969
Administration	2,425,680	2,379	-	-	-	-	(93,705)	2,334,354
Student services	2,837,207	14,963	-	-	-	-	(5,696)	2,846,474
Learning resources	264,751	-	-	-	-	-	-	264,751
Physical plant	2,551,845	346,943	-	10,590,145	-	-	(9,446,810)	4,042,123
General institution	<u>3,439,708</u>	<u>2,147,819</u>	-	-	-	-	<u>(150,111)</u>	<u>5,437,416</u>
Total education and support	26,450,957	5,370,804	-	10,590,145	-	-	(9,812,139)	32,599,767
Auxiliary enterprises	7,250,421	-	-	-	-	-	(605,407)	6,645,014
Scholarships and grants	-	4,536,538	-	-	-	-	(3,422,649)	1,113,889
Loan cancellations and collection costs	-	-	-	-	-	-	-	-
Retirement of indebtedness	-	-	-	-	1,505,000	-	-	1,505,000
Disposal of plant assets	-	-	-	-	-	-	-	-
Increase in plant investment due to retirement of debt	-	-	-	(40,000)	-	(1,465,000)	-	(1,505,000)
Interest on indebtedness	-	424,080	-	-	1,197,695	-	-	1,621,775
Depreciation and amortization	-	-	-	-	-	2,053,119	-	2,053,119
Other	-	-	6,002	-	-	-	-	6,002
Total expenditures	<u>33,701,378</u>	<u>10,331,422</u>	<u>6,002</u>	<u>10,550,145</u>	<u>2,702,695</u>	<u>588,119</u>	<u>(13,840,195)</u>	<u>44,039,566</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,741,697</u>	<u>956,918</u>	<u>282</u>	<u>(10,175,467)</u>	<u>(984,949)</u>	<u>9,052,508</u>	<u>-</u>	<u>1,590,989</u>
TRANSFERS								
Mandatory transfers	(22,378)	22,378	-	-	-	-	-	-
Nonmandatory transfers	<u>(2,799,173)</u>	<u>(636,879)</u>	<u>-</u>	<u>11,905,631</u>	<u>1,010,421</u>	<u>(9,480,000)</u>	<u>-</u>	<u>-</u>
Total transfers	<u>(2,821,551)</u>	<u>(614,501)</u>	<u>-</u>	<u>11,905,631</u>	<u>1,010,421</u>	<u>(9,480,000)</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN FUND BALANCES	(79,854)	342,417	282	1,730,164	25,472	(427,492)	-	1,590,989
FUND BALANCES, beginning of year	<u>3,719,970</u>	<u>981,036</u>	<u>2,177</u>	<u>871,458</u>	<u>961,486</u>	<u>30,133,405</u>	<u>-</u>	<u>36,669,532</u>
FUND BALANCES, end of year	<u>\$ 3,640,116</u>	<u>\$ 1,323,453</u>	<u>\$ 2,459</u>	<u>\$ 2,601,622</u>	<u>\$ 986,958</u>	<u>\$29,705,913</u>	<u>\$ -</u>	<u>\$38,260,521</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
EDUCATION AND SUPPORT
Year ended June 30, 2008

	Education				Support					Total
	Liberal Arts and Sciences	Applied Science and Technology	Continuing Education	Cooperative Services	Administration	Student Services	Learning Resources	Physical Plant	General Institution	
REVENUES										
State appropriations	\$ -	\$ -	\$ 50,000	\$ -	\$10,151,636	\$ 200,000	\$ -	\$ -	\$ -	\$10,401,636
Tuition and fees	6,581,899	5,067,556	1,535,446	1,173,824	4,600	191,813	-	-	-	14,555,138
Property tax	-	-	-	-	1,251,208	-	-	-	-	1,251,208
Federal appropriations	-	199,292	263,533	-	-	79,101	-	-	-	541,926
Sales and services	3,357	-	9,529	93,025	402,189	-	1,881	98,844	38,889	647,714
Interest and investment income	-	-	-	-	87,984	-	-	-	-	87,984
Miscellaneous	3,300	920	41,606	349,188	653	3,971	5,264	63,789	18,920	487,611
	<u>6,588,556</u>	<u>5,267,768</u>	<u>1,900,114</u>	<u>1,616,037</u>	<u>11,898,270</u>	<u>474,885</u>	<u>7,145</u>	<u>162,633</u>	<u>57,809</u>	<u>27,973,217</u>
Allocation of support services	<u>5,706,292</u>	<u>4,430,833</u>	<u>2,463,617</u>	<u>-</u>	<u>(11,898,270)</u>	<u>(474,885)</u>	<u>(7,145)</u>	<u>(162,633)</u>	<u>(57,809)</u>	<u>-</u>
Total revenues	<u>12,294,848</u>	<u>9,698,601</u>	<u>4,363,731</u>	<u>1,616,037</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>27,973,217</u>
EXPENDITURES										
Salaries and benefits	5,862,056	4,876,751	1,518,946	868,261	1,269,300	2,454,277	168,514	1,019,030	2,116,139	20,153,274
Services	163,947	125,260	396,563	17,876	463,351	180,703	13,340	1,338,061	1,063,767	3,762,868
Materials and supplies	155,690	281,892	141,077	15,810	38,467	96,047	82,127	179,379	165,558	1,156,047
Travel	23,989	56,045	50,124	2,447	52,768	70,484	770	3,845	53,313	313,785
Loan cancellations and collection costs	-	-	-	-	48,636	-	-	-	-	48,636
Plant asset acquisitions	-	109,228	6,590	-	29,335	5,696	-	11,530	8,211	170,590
Cost of goods sold	-	-	29,458	-	-	-	-	-	32,720	62,178
Miscellaneous	179,393	50,363	-	-	523,823	30,000	-	-	-	783,579
	<u>6,385,075</u>	<u>5,499,539</u>	<u>2,142,758</u>	<u>904,394</u>	<u>2,425,680</u>	<u>2,837,207</u>	<u>264,751</u>	<u>2,551,845</u>	<u>3,439,708</u>	<u>26,450,957</u>
Allocation of support services	<u>5,217,043</u>	<u>4,050,147</u>	<u>2,252,001</u>	<u>-</u>	<u>(2,425,680)</u>	<u>(2,837,207)</u>	<u>(264,751)</u>	<u>(2,551,845)</u>	<u>(3,439,708)</u>	<u>-</u>
Total expenditures	<u>11,602,118</u>	<u>9,549,686</u>	<u>4,394,759</u>	<u>904,394</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>26,450,957</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>692,730</u>	<u>148,915</u>	<u>(31,028)</u>	<u>711,643</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,522,260</u>
TRANSFERS										
Mandatory transfers	-	-	-	-	-	(22,378)	-	-	-	(22,378)
Nonmandatory transfers	-	(60,383)	-	-	(351,500)	-	-	(1,198,754)	-	(1,610,637)
Total transfers	<u>-</u>	<u>(60,383)</u>	<u>-</u>	<u>-</u>	<u>(351,500)</u>	<u>(22,378)</u>	<u>-</u>	<u>(1,198,754)</u>	<u>-</u>	<u>(1,633,015)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 692,730</u>	<u>\$ 88,532</u>	<u>\$ (31,028)</u>	<u>\$ 711,643</u>	<u>\$ (351,500)</u>	<u>\$ (22,378)</u>	<u>\$ -</u>	<u>\$ (1,198,754)</u>	<u>\$ -</u>	<u>(110,755)</u>
FUND BALANCES, beginning of year										<u>2,639,998</u>
FUND BALANCES, end of year										<u>\$ 2,529,243</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
AUXILIARY ENTERPRISES
Year ended June 30, 2008

	<u>Bookstore</u>	<u>Vending</u>	<u>Food Services</u>	<u>Student Housing</u>	<u>Graphic Arts</u>	<u>Auto Parts</u>	<u>Athletics</u>	<u>Daycare Center</u>	<u>Miscellaneous</u>	<u>Total</u>
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,557	\$ 103,969	\$ 108,526
Tuition and fees	-	-	-	-	-	-	-	-	144,870	144,870
Federal appropriations	-	-	-	-	-	980	-	-	-	980
Sales and services	3,327,625	73,539	1,681,497	1,524,412	231,135	165,493	-	275,648	431,284	7,710,633
Interest and investment income	-	39,273	-	-	-	-	-	-	-	39,273
Gifts and grants	-	-	-	-	-	-	-	3,881	80,000	83,881
Miscellaneous										
Student fee allocations	-	-	-	-	-	-	133,400	-	-	133,400
Other	270	-	283	11,214	113,535	-	122,368	-	625	248,295
Total revenue	<u>3,327,895</u>	<u>112,812</u>	<u>1,681,780</u>	<u>1,535,626</u>	<u>344,670</u>	<u>166,473</u>	<u>255,768</u>	<u>284,086</u>	<u>760,748</u>	<u>8,469,858</u>
EXPENDITURES										
Salaries and benefits	322,197	66	662,701	448,396	56,293	51,946	42,821	263,162	270,016	2,117,598
Services	95,767	-	82,109	358,959	125,868	1,918	31,276	2,494	196,756	895,147
Materials and supplies	63,745	-	118,952	53,463	13,621	1,012	122,702	45,533	10,564	429,592
Travel	11,298	-	5,056	2,293	-	-	300,870	1,046	13,206	333,769
Loan cancellations and collection costs	11,546	-	5,937	-	-	-	171	33	355	18,042
Plant asset acquisitions	-	-	22,790	-	-	-	-	-	-	22,790
Cost of goods sold	2,583,702	-	529,977	-	54,349	148,619	-	-	-	3,316,647
Miscellaneous	4,293	82,093	-	927	-	-	-	-	29,523	116,836
Total expenditures	<u>3,092,548</u>	<u>82,159</u>	<u>1,427,522</u>	<u>864,038</u>	<u>250,131</u>	<u>203,495</u>	<u>497,840</u>	<u>312,268</u>	<u>520,420</u>	<u>7,250,421</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>235,347</u>	<u>30,653</u>	<u>254,258</u>	<u>671,588</u>	<u>94,539</u>	<u>(37,022)</u>	<u>(242,072)</u>	<u>(28,182)</u>	<u>240,328</u>	<u>1,219,437</u>
TRANSFERS										
Nonmandatory transfers	(235,000)	-	(255,000)	(910,420)	(50,000)	35,815	201,500	24,569	-	(1,188,536)
Total transfers	<u>(235,000)</u>	<u>-</u>	<u>(255,000)</u>	<u>(910,420)</u>	<u>(50,000)</u>	<u>35,815</u>	<u>201,500</u>	<u>24,569</u>	<u>-</u>	<u>(1,188,536)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 347</u>	<u>\$ 30,653</u>	<u>\$ (742)</u>	<u>\$ (238,832)</u>	<u>\$ 44,539</u>	<u>\$ (1,207)</u>	<u>\$ (40,572)</u>	<u>\$ (3,613)</u>	<u>\$ 240,328</u>	<u>30,901</u>
FUND BALANCES, beginning of year										<u>1,079,972</u>
FUND BALANCES, end of year										<u>\$1,110,873</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND
 Year ended June 30, 2008

	<u>Scholarship and Grants</u>	<u>Central American Student Scholarship Program</u>	<u>Small Business Development Center</u>	<u>AREA 13 Consortium</u>	<u>Metro Consortium</u>	<u>TECH Prep Grant</u>	<u>Student Support Services</u>	<u>Corrections Program</u>	<u>Iowa Small Business New Jobs Training Program</u>	<u>Iowa Industrial New Jobs Training Program</u>
REVENUES										
State appropriations	\$ 297,680	\$ -	\$ 72,208	\$ -	\$ -	\$ -	\$ -	\$ 339,095	\$ 291,100	\$ -
Tuition and fees	-	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	-	-	-
Federal appropriations	4,202,752	217,787	-	207,025	139,839	88,349	245,923	-	-	-
Sales and services	-	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-	-
Iowa New Jobs Training Program	-	-	-	-	-	-	-	-	-	944,979
Gifts and grants	-	-	-	-	-	-	-	-	-	-
Miscellaneous	13,728	-	-	-	-	-	-	-	-	-
Total revenues	<u>4,514,160</u>	<u>217,787</u>	<u>72,208</u>	<u>207,025</u>	<u>139,839</u>	<u>88,349</u>	<u>245,923</u>	<u>339,095</u>	<u>291,100</u>	<u>944,979</u>
EXPENDITURES										
Salaries and benefits	-	65,103	69,398	41,702	16,736	44,778	174,364	303,297	-	-
Services	-	130,733	-	163,186	122,955	35,748	21,234	10,584	291,100	520,899
Materials and supplies	-	14,165	2,768	551	48	1,726	6,188	12,998	-	-
Travel	-	7,615	42	1,586	100	6,097	7,199	4,450	-	-
Plant asset acquisitions	-	-	-	-	-	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-	-	-	-	-	424,080
Miscellaneous	-	-	-	-	-	-	37,200	7,766	-	-
Pell grant program	4,129,272	-	-	-	-	-	-	-	-	-
Supplemental educational opportunity grant	89,511	-	-	-	-	-	-	-	-	-
Iowa college student aid commission	317,755	-	-	-	-	-	-	-	-	-
Total expenditures	<u>4,536,538</u>	<u>217,616</u>	<u>72,208</u>	<u>207,025</u>	<u>139,839</u>	<u>88,349</u>	<u>246,185</u>	<u>339,095</u>	<u>291,100</u>	<u>944,979</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(22,378)</u>	<u>171</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(262)</u>	<u>-</u>	<u>-</u>	<u>-</u>
TRANSFERS										
Mandatory transfers	22,378	-	-	-	-	-	-	-	-	-
Nonmandatory transfers	-	-	-	-	-	-	-	-	-	-
Total transfers	<u>22,378</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ -</u>	<u>\$ 171</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (262)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND (continued)
 Year ended June 30, 2008

	<u>Casualty Insurance Tax Levy</u>	<u>Tort Liability Tax Levy</u>	<u>Unemployment Comp Tax Levy</u>	<u>Worker's Comp Tax Levy</u>	<u>Equipment Replacement Tax Levy</u>	<u>Iowa Values Fund</u>	<u>Economic Development</u>	<u>KIWR</u>	<u>Title III</u>	<u>Miscellaneous</u>	<u>Total</u>
REVENUES											
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 713,789	\$ -	\$ -	\$ -	\$ 97,021	\$ 1,810,893
Tuition and fees	3,062	-	-	-	-	-	-	-	-	-	3,062
Property tax	430,119	69,193	100,215	-	556,079	-	-	-	-	(12,677)	1,142,929
Federal appropriations	-	-	-	-	-	-	-	-	97,433	259,629	5,458,737
Sales and services	-	-	-	-	-	-	528,069	229,366	-	-	757,435
Interest and investment income	-	-	-	-	-	-	-	2,398	-	162,335	164,733
Iowa New Jobs Training Program	-	-	-	-	-	-	-	-	-	-	944,979
Gifts and grants	-	-	-	-	-	-	-	178,410	-	224,426	402,836
Miscellaneous	-	-	-	-	-	-	-	302,536	-	286,472	602,736
Total revenues	<u>433,181</u>	<u>69,193</u>	<u>100,215</u>	<u>-</u>	<u>556,079</u>	<u>713,789</u>	<u>528,069</u>	<u>712,710</u>	<u>97,433</u>	<u>1,017,206</u>	<u>11,288,340</u>
EXPENDITURES											
Salaries and benefits	-	-	1,811	152,795	-	-	219,763	395,061	52,085	450,283	1,987,176
Services	346,943	35,470	-	-	21,162	-	37,267	152,037	-	195,350	2,084,668
Materials and supplies	-	-	-	-	492,941	59,730	3,393	33,876	30,828	75,239	734,451
Travel	-	-	-	-	-	-	4,015	911	-	42,247	74,262
Plant asset acquisitions	-	-	-	-	62,891	17,180	-	-	14,520	-	94,591
Interest on indebtedness	-	-	-	-	-	-	-	-	-	-	424,080
Miscellaneous	-	-	-	-	-	-	263,631	29,533	-	57,526	395,656
Pell grant program	-	-	-	-	-	-	-	-	-	-	4,129,272
Supplemental educational opportunity grant	-	-	-	-	-	-	-	-	-	-	89,511
Iowa college student aid commission	-	-	-	-	-	-	-	-	-	-	317,755
Total expenditures	<u>346,943</u>	<u>35,470</u>	<u>1,811</u>	<u>152,795</u>	<u>576,994</u>	<u>76,910</u>	<u>528,069</u>	<u>611,418</u>	<u>97,433</u>	<u>820,645</u>	<u>10,331,422</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>86,238</u>	<u>33,723</u>	<u>98,404</u>	<u>(152,795)</u>	<u>(20,915)</u>	<u>636,879</u>	<u>-</u>	<u>101,292</u>	<u>-</u>	<u>196,561</u>	<u>956,918</u>
TRANSFERS											
Mandatory transfers	-	-	-	-	-	-	-	-	-	-	22,378
Nonmandatory transfers	-	-	-	-	-	(636,879)	-	-	-	-	(636,879)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(636,879)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(614,501)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 86,238</u>	<u>\$ 33,723</u>	<u>\$ 98,404</u>	<u>\$ (152,795)</u>	<u>\$ (20,915)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 101,292</u>	<u>\$ -</u>	<u>\$ 196,561</u>	<u>342,417</u>
FUND BALANCES, beginning of year											<u>981,036</u>
FUND BALANCES, end of year											<u>\$ 1,323,453</u>

See accompanying independent auditor's report.

Iowa Western Community College
CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - AGENCY FUNDS
Year ended June 30, 2008

	<u>Student Clubs and Organizations</u>	<u>JTPA Service Delivery Area</u>	<u>Federal Student Loan Account</u>	<u>Miscellaneous</u>	<u>Total</u>
BALANCE , beginning of year	\$ <u>8,421</u>	\$ <u>15,703</u>	\$ <u>35,654</u>	\$ <u>171,578</u>	\$ <u>231,356</u>
ADDITIONS					
Tuition and fees	-	-	-	5,552	5,552
Federal appropriations	-	1,354,952	-	106	1,355,058
Sales and services	12,971	-	-	-	12,971
Loan advances from lenders	-	-	11,112,820	-	11,112,820
Interest and investment income	-	-	7,122	-	7,122
Miscellaneous					
Student fee allocation	97,456	-	-	-	97,456
Other	<u>20,674</u>	<u>23,040</u>	<u>-</u>	<u>93,731</u>	<u>137,445</u>
Total additions	<u>131,101</u>	<u>1,377,992</u>	<u>11,119,942</u>	<u>99,389</u>	<u>12,728,424</u>
DEDUCTIONS					
Salaries and benefits	-	807,560	-	1,116	808,676
Services	41,934	204,077	5,087	71,371	322,469
Materials and supplies	15,405	86,038	-	15,698	117,141
Travel	9,331	8,108	-	3,344	20,783
Costs of goods sold	7,010	-	-	9,144	16,154
Miscellaneous	-	-	-	-	-
Loan payments to student accounts	-	-	10,979,818	-	10,979,818
Loans returned to lenders	-	-	131,553	-	131,553
Awards to clients	-	175,496	-	-	175,496
Other	<u>169,305</u>	<u>75,751</u>	<u>-</u>	<u>4,858</u>	<u>249,914</u>
Total deductions	<u>242,985</u>	<u>1,357,030</u>	<u>11,116,458</u>	<u>105,531</u>	<u>12,822,004</u>
BALANCE , end of year	\$ <u>(103,463)</u>	\$ <u>36,665</u>	\$ <u>39,138</u>	\$ <u>165,436</u>	\$ <u>137,776</u>

See accompanying independent auditor's report.

Iowa Western Community College
CREDIT AND CONTACT HOURS
 Year ended June 30, 2008

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	71,440	–	71,440	1,466,491	–	1,466,491
Vocational Education - Preparatory	42,821	–	42,821	1,117,760	–	1,117,760
Adult/Continuing Education	–	–	–	469,274	87,998	557,272
Related services and activities	–	–	–	–	20,164	20,164
Totals	<u>114,261</u>	<u>–</u>	<u>114,261</u>	<u>3,053,525</u>	<u>108,162</u>	<u>3,161,687</u>

See accompanying independent auditor's report.

**Iowa Western Community College
TAX AND INTERGOVERNMENTAL REVENUES**

	<u>Year ended June 30</u>			
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Local (property tax)	\$ 4,060,022	\$ 5,891,735	\$ 4,362,915	\$ 4,106,441
State				
General	12,329,702	10,314,773	10,128,408	9,667,839
Auxiliary	108,526	51,048	99,204	100,370
Federal				
General	6,000,702	5,873,050	5,677,483	5,901,462
Auxiliary	<u>980</u>	<u>2,725</u>	<u>3,768</u>	<u>351</u>
Totals	<u>\$22,499,932</u>	<u>\$22,133,331</u>	<u>\$20,271,778</u>	<u>\$19,776,463</u>

See accompanying independent auditor's report.

**Iowa Western Community College
CURRENT FUND REVENUES BY SOURCE AND
EXPENDITURES BY FUNCTION**

	Year ended June 30				
	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
REVENUES					
State appropriations	\$12,212,529	\$10,196,843	\$10,009,608	\$ 9,667,839	\$ 8,811,383
Tuition and fees	14,558,200	14,352,971	13,201,375	12,177,780	10,869,743
Property tax	2,394,137	4,269,680	2,387,558	2,125,071	2,204,872
Federal appropriations	6,000,663	5,872,975	5,677,340	5,901,145	5,478,630
Sales and services	1,405,149	1,024,971	1,002,169	813,796	704,794
Interest on investments	252,717	401,850	530,746	125,051	305,574
Iowa Industrial New Jobs Training Program	944,979	1,624,773	1,066,603	709,216	1,049,244
Gifts and grants	402,836	509,931	296,587	147,010	148,324
Miscellaneous	1,090,347	1,077,334	1,213,996	1,082,308	885,356
Auxiliary enterprises	<u>8,469,858</u>	<u>7,114,629</u>	<u>7,116,888</u>	<u>5,562,731</u>	<u>4,970,130</u>
Totals	<u>\$47,731,415</u>	<u>\$46,445,957</u>	<u>\$42,502,870</u>	<u>\$38,311,947</u>	<u>\$35,428,050</u>
EXPENDITURES					
Liberal arts and sciences	\$ 6,385,075	\$ 5,760,329	\$ 5,498,159	\$ 5,062,403	\$ 4,527,473
Applied science and technology	6,534,532	6,153,909	5,930,025	5,704,548	5,605,651
Continuing education	2,537,890	2,430,208	2,297,979	2,275,777	2,132,860
Cooperative services	2,332,969	2,936,447	2,569,124	1,667,697	2,134,623
Administration	2,428,059	2,246,124	1,987,499	1,965,857	1,708,595
Student services	2,852,170	2,472,595	2,221,098	2,059,571	1,893,127
Learning resources	264,751	290,053	282,039	265,210	291,843
Physical plant	2,898,788	3,059,003	2,979,477	2,561,316	2,635,996
General institution	5,587,527	7,595,607	5,536,329	4,916,045	4,431,700
Auxiliary enterprises	7,250,421	6,224,722	6,460,996	5,364,519	4,634,980
Scholarships and grants	4,536,538	4,082,638	3,999,094	3,989,538	3,599,202
Interest on indebtedness	<u>424,080</u>	<u>434,599</u>	<u>404,955</u>	<u>499,098</u>	<u>612,741</u>
Totals	<u>\$44,032,800</u>	<u>\$43,686,234</u>	<u>\$40,166,774</u>	<u>\$36,331,579</u>	<u>\$34,208,791</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2008

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid - Cluster		
Direct		
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 71,625
Federal Work-Study Program (FWS)	84.033	71,153
Federal Pell Grant Program	84.063	4,137,224
Academic Competitiveness Grant	84.375	<u>20,075</u>
Total Student Financial Aid Cluster		<u>4,300,077</u>
Federal Trio Cluster		
TRIO - Student Support Services Program	84.042	<u>246,112</u>
Direct		
Higher Education Institutional Aid (Title III)	84.031	<u>97,433</u>
Indirect		
<i>Passed Through Iowa Department of Education</i>		
Adult Education - State Grant Program	84.002	259,965
Basic Grants to States Titles II-B Tech Prep Education	84.243	88,349
Vocational Education - Basic Grants to States	84.048	561,070
<i>Passed Through Iowa Department of Corrections</i>		
Title I Program for Neglected and Delinquent Children	84.013	14,938
<i>Passed Through Iowa College Student Aid Commission</i>		
Leveraging Assistance Educational Partnership (Iowa Grant Program)	84.069	27,088
<i>Passed Through Georgetown University</i>		
Cooperative Association of States (CASS Grant)	84.000	217,787
Near East and South Asia Undergraduate Exchange Program (NESA Grant)	84.000	159,410
<i>Passed Through Office of Elementary and Secondary Education</i>		
NSF-MCIT	84.366	<u>32,877</u>
Total indirect		<u>1,361,484</u>
Total U.S. Department of Education		<u>6,005,106</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct		
Temporary Assistance for Needy Families	93.558	<u>586,515</u>
U.S. DEPARTMENT OF LABOR		
Indirect		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act</i>		
WIA Adult Program	17.258	309,466
WIA Youth Activities	17.259	125,633
WIA Dislocated Workers	17.260	<u>101,152</u>
Total Workforce Investment Act Cluster		<u>536,251</u>
Employment Service	17.207	29,644
Veterans		
Disabled Veteran Outreach Program (DVOP)	17.801	4,562
Local Veteran's Employment Representative Program (LVOP)	17.804	<u>983</u>
Total employment service cluster		<u>35,189</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year ended June 30, 2008

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF LABOR (continued)		
Indirect (continued)		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act (continued)</i>		
Unemployment Insurance	17.225	26,582
WIA Family Literacy Incentive Grant	17.267	62,646
Work Incentive Grants	17.266	2,375
Trade Adjustment Assistance	17.245	6,185
<i>Passed Through Iowa Department of Education</i>		
Incentive Grants	17.267	31,775
<i>Passed Through Iowa Vocational Rehabilitation</i>		
Transition Funds	17.246	1,509
Total U.S. Department of Labor		<u>702,512</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Indirect		
<i>Passed Through State of Nebraska</i>		
Learn and Serve America - Higher Education	94.005	<u>12,938</u>
DEPARTMENT OF VETERANS AFFAIRS		
Direct		
Veteran Information and Assistance	64.115	<u>804,698</u>
SMALL BUSINESS ADMINISTRATION		
Indirect		
<i>Passed Through Iowa State University</i>		
Small Business Development Center	59.037	<u>55,319</u>
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT		
Direct		
USAID Foreign Assistance for Programs Overseas	98.001	<u>9,963</u>
Total Expenditures of Federal Awards		<u>\$8,177,051</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2008

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Under this method, revenues are recognized when earned and expenses are recognized when incurred. Expenses are subject to audit by the U.S. Government and in the opinion of management, disallowed costs, if any, will not have a material effect on the financial position of the College or its federal programs.

Expenditures

Certain expenditures of federal funds are not separately identifiable in the accounting records of the College. These programs are jointly funded with College monies and are not required to be accumulated in the accounting records by funding source. For report purposes, the amount of federal expenditures is shown equal to the amount of federal awards received.

Program Activity

Various reimbursement procedures are used for federal awards received by the College. Additionally, the federal grant periods are variable, while the College's year end is June 30. Consequently, timing differences between expenditures and program reimbursement can exist at the beginning and end of the year. These timing differences will be resolved over the term of the grant period.

NOTE 2 FEDERAL FAMILY EDUCATION LOAN PROGRAM AND FEDERAL PERKINS LOAN PROGRAM

The Federal Family Education Loan Program and Federal Perkins Loan Program are designed to make low-interest loans available to students through participating lending institutions. These programs have not been included in the accompanying schedule; however, they have been subjected to the auditing procedures applied in the audit of the accompanying schedule. Federal Family Education Loans and Federal Perkins Loans are programs of the U.S. Department of Education. Total disbursements of Federal Family Education Loans (CFDA #84.032) and Federal Perkins Loans (CFDA #84.038) were \$10,105,790 and \$-0-, respectively, for the year ended June 30, 2008.

**Iowa Western Community College
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
Year ended June 30, 2008**

<u>Findings</u>	<u>Status</u>	<u>Corrective Action Plan or other Explanation</u>
Findings and Questioned Costs for Federal Awards		
III-07-A One applicant did not have a signed certification of registration with selective service based upon the file documentation, and no other evidence of eligibility was available to support the awards.	Corrective action taken	

**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 Trustees
Iowa Western Community College
Council Bluffs, Iowa

We have audited the financial statements of Iowa Western Community College (the College) as of and for the year ended June 30, 2008, and have issued our report thereon dated November 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 an 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 a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the 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 that a material misstatement of the financial statements will not be prevented or detected by the College's internal control.

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

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. Those comments are presented in Part IV of the accompanying schedule of findings.

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 19, 2008

**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 Trustees
Iowa Western Community College
Council Bluffs, Iowa

Compliance

We have audited the compliance of Iowa Western Community College (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. The College's major federal programs are identified in the summary of the independent auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the 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 the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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 the 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 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 that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the College's internal control.

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

Our consideration of 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 the College's internal control that might be significant deficiencies or material weaknesses as defined below. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 19, 2008

**Iowa Western Community College
SCHEDULE OF FINDINGS
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 significant deficiencies or material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Major programs were as follows:
 - CFDA Number 17.258, 17.259, 17.260 - Workforce Investment Act Cluster
 - CFDA Number 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 – Student Financial Assistance Cluster
 - CFDA Number 93.558 – Temporary Assistance for Needy Families
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Iowa Western Community College qualified as a low-risk auditee.

**Part II—Findings Relating to the Financial Statements Reported in Accordance with
*Government Auditing Standards***

NONE

Part III—Findings and Questioned Costs for Federal Awards

NONE

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2008

Part IV—Other Findings Related to Required Statutory Reporting

IV-08-A CERTIFIED BUDGET

The College did not exceed its budget for the year ended June 30, 2008.

IV-08-B QUESTIONABLE DISBURSEMENTS

No expenditures that did not meet the requirements of public purpose, as defined in the Attorney General's opinion dated April 25, 1979, were noted.

IV-08-C 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-08-D BUSINESS TRANSACTIONS

No business transactions between the College and College officials or employees were noted.

IV-08-E BOND COVERAGE

Surety bond coverage of College officials and employees is in accordance with statutory provisions.

IV-08-F BOARD MINUTES

No transactions were found that we believe should have been approved in the Board minutes but were not.

IV-08-G PUBLICATION OF RECEIPTS AND DISBURSEMENTS

The College published a statement showing all receipts and disbursements of all funds, including the names of all persons, firms, or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.

IV-08-H DEPOSITS AND INVESTMENTS

No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.

IV-08-I 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.