

Des Moines Area Community College

**INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

June 30, 2009

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**Des Moines Area Community College
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Directors (Before September 2008 Election)		
Joe Pugel	President	2009
Kevin Halterman	Vice President	2009
Fred Buie	Member	2009
Madelyn Tursi	Member	2008
James Knott	Member	2009
Jeff Hall	Member	2008
Ben Norman	Member	2008
Wayne Rouse	Member	2008
Cheryl Langston	Member	2011
Board of Directors (After September 2008 Election)		
Joe Pugel	President	2009
Kevin Halterman	Vice President	2009
Fred Buie	Member	2009
Madelyn Tursi	Member	2011
James Knott	Member	2009
Jeff Hall	Member	2011
Ben Norman	Member	2011
Wayne Rouse	Member	2011
Cheryl Langston	Member	2011
Community College		
Robert Denson	President/CEO	
Kim Linduska	Executive Vice President, Academic Affairs	
Greg Martin	Board Treasurer and Vice President, Information Solutions	
Douglas Williams	Vice President, Business Services	
Mary Chapman	Vice President, Community Outreach	
Joe Robbins	Controller	
Carolyn Farlow	Board Secretary	

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Des Moines Area Community College
Ankeny, Iowa

We have audited the accompanying financial statements of Des Moines Area Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2009, which collectively comprise the College's basic financial statements listed in the table of contents. 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 Des Moines Area Community College and its discretely presented component unit as of June 30, 2009, 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 30, 2009 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 14, and schedule of funding progress for the retiree health plan on page 33 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the 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 five years ended June 30, 2008 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in 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.



DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 30, 2009

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

Management of Des Moines Area Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2009. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ College operating revenues increased approximately \$3,800,000 or 5.96%. The most significant increase was a result of increased activity in the Iowa Industrial New Jobs Training Program. Training revenue increased \$9.5 million or 57.03%. After two consecutive years of record training bond sales (\$22,475,000 in 2007 and \$23,405,000 in 2008), demand for new job training remained strong with \$8.5 million in training certificates being sold in fiscal 2009. Appropriations from Federal government sources increased \$2.5 million or 12.74%. The majority of the increase was the result of additional federal financial aid for DMACC students. Tuition and fees increased approximately \$4.7 million or 5.97% caused by several factors. Enrollment in credit classes increased 6.40% and the tuition per credit hour increased from \$102 in 2008 to \$107 in 2009 or 4.90%. Scholarships which are used to reduce tuition and fee revenue increased approximately \$3.1 million or 25.56%. Revenue from auxiliary enterprises decreased \$7.7 million or 78.64%. The decrease was the result of the College not operating retail bookstores in fiscal 2009. In 2008 the College operated bookstores in six different locations. In 2009 the locations were leased to a third party. The third party will operate the bookstores for a five-year period.

- ◆ College operating expenses increased 8.67% or approximately \$10.2 million. The first of the four major components of the increase was the increased cost of providing instruction for the 6.40% increase in credit hours taught. Liberal arts and sciences costs increased \$2.5 million or 12.34%. Vocational technical costs also increased \$2.1 million or 8.92%. The second component of the increase was the \$9.0 million increase in cooperative services expenses. The expenses are directly related to the increased activity in the Iowa Industrial New Jobs Training Program. Reimbursements to the program participants for expenses of training new employees increased \$9.0 million from the prior year. Third, physical plant costs increased approximately \$4,150,000 or 37.14%. The increase was primarily caused by \$2.8 million contributed to the FFA building project (\$1.8 million from the College and \$1.0 million from the Foundation) and an increase in minor equipment purchased which included an emergency notification system. The fourth significant change was the \$6.6 million or 63.43% decrease in the costs of operating auxiliary enterprises. This decrease is the result of the College no longer operating retail bookstores.

- ◆ The College's net assets increased 1.57%, or approximately \$1,400,000 from the prior year. The Net Assets invested in capital assets increased approximately \$8.3 million as a result of \$14.6 million in assets being capitalized, \$3.5 million of depreciation, \$3.9 borrowed to purchase the student housing at the Boone campus, and the retirement of \$1.1 in related debt. Unexpended funds in the plant fund decreased approximately \$1.3 million. The decrease resulted from three major projects, the career academy in Newton, the Health Sciences building on the Ankeny campus, and the remodeling projects on the Ankeny campus, being worked on without having to borrow funds externally. The net assets of the Iowa Industrial New Jobs Training Program increased \$1.1 million as a result of training performed increasing \$9.5 million, while \$11.7 million in new jobs training certificates were sold. The net assets related to the College's early retirement plan decreased \$800 thousand or 23.21%. The major component of the decrease was the recognition of the net OPEB liability of \$1.5 million with the implementation of GASB Statement No. 45. Unrestricted net assets decreased \$5.5 million or 56.39%. The decrease resulted from lending \$6.9 million from the general unrestricted funds to the plant funds offset by a 10% budget reduction in operating expense budgets. The reduction was imposed by management to help offset anticipated current and future reductions in general state aid funding.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

USING THIS ANNUAL REPORT

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

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

The Basic Financial Statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.

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

Required Supplementary Information presents a schedule of funding progress for the retiree health plan.

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

REPORTING THE COLLEGE AS A WHOLE

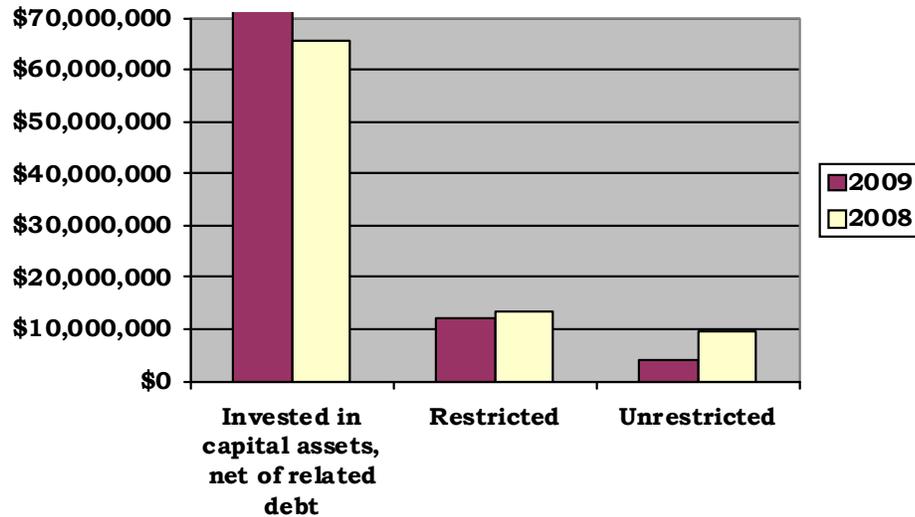
The Statement of Net Assets

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 noncurrent assets, current and noncurrent liabilities, and net assets (assets less liabilities). Over time, readers of the financial statements will be able to determine the College's financial position by analyzing the increases and decreases in net assets. This statement is also a good source for readers to determine how much the College owes to outside vendors and creditors. The statement also presents the available assets that can be used to satisfy those liabilities.

	June 30	
	2009	2008
Current assets	\$ 119,695,335	\$ 135,550,752
Other assets	37,508,858	41,431,382
Capital assets, net of accumulated depreciation	84,552,180	73,442,640
Total assets	241,756,373	250,424,774
Current liabilities	60,200,730	70,614,793
Noncurrent liabilities	91,279,394	90,927,752
Total liabilities	151,480,124	161,542,545
Net assets:		
Invested in capital assets, net of related debt	73,722,180	65,467,640
Restricted	12,282,679	13,620,050
Unrestricted	4,271,390	9,794,539
Total net assets	\$ 90,276,249	\$ 88,882,229

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Comparison of Net Assets



The largest portion of the College's net assets (81.66%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources (property tax receipts and rental revenue) other than capital assets. The restricted portion of the net assets (13.61%) includes resources that are subject to external restrictions. The remaining net assets (4.73%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

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

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

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

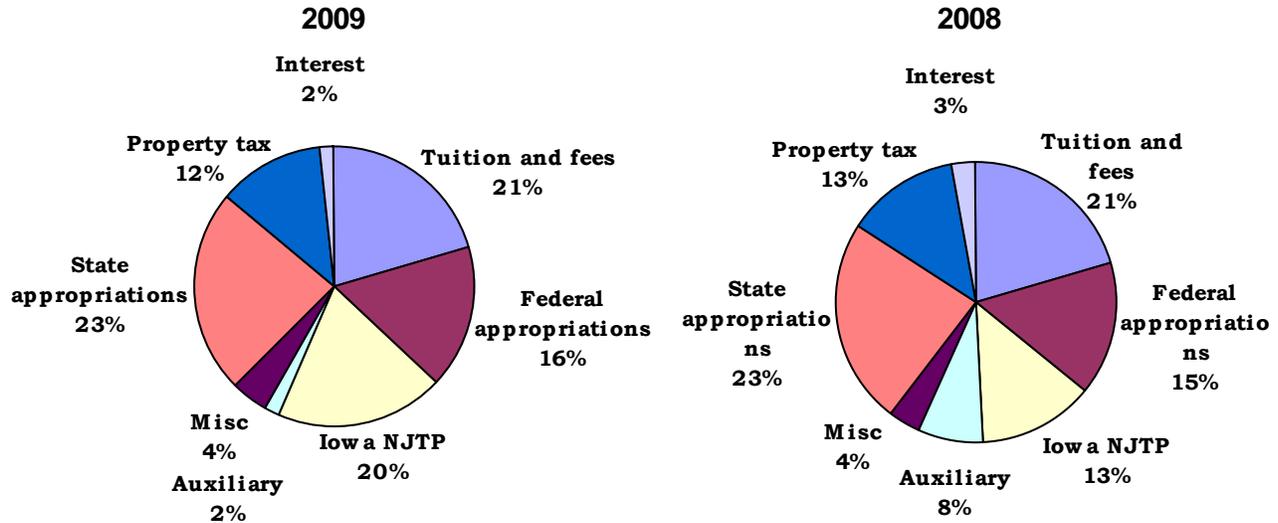
Changes in Net Assets

	Year ended June 30	
	<u>2009</u>	<u>2008</u>
Operating revenues:		
Tuition and fees	\$ 27,520,212	\$ 25,969,758
Federal appropriations	7,093,765	7,701,202
Iowa Industrial New Jobs Training Program	26,073,183	16,603,495
Auxiliary enterprises revenue	2,079,337	9,732,463
Miscellaneous	<u>5,614,545</u>	<u>4,525,274</u>
Total operating revenues	68,381,042	64,532,192
Total operating expenses	<u>128,483,773</u>	<u>118,236,078</u>
Operating loss	<u>(60,102,731)</u>	<u>(53,703,886)</u>
Nonoperating revenues, (expenses) and transfers		
State appropriations	31,991,978	29,847,275
Pell grant	14,640,649	11,576,631
Property tax	16,455,262	16,513,769
Interest and investment income	2,127,068	3,623,385
Loss on disposition of capital assets	(5,514)	(17,529)
Loss on disposal of bookstore inventory	-	(578,792)
Interest on indebtedness	(3,777,055)	(3,337,472)
Transfers from (to) agency funds	<u>64,363</u>	<u>(36,825)</u>
Net nonoperating revenues and transfers	<u>61,496,751</u>	<u>57,590,442</u>
Increase in net assets	1,394,020	3,886,556
Net assets beginning of year	<u>88,882,229</u>	<u>84,995,673</u>
Net assets end of year	<u>\$ 90,276,249</u>	<u>\$ 88,882,229</u>

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in net assets of \$1,394,020 at the end of the fiscal year. This increase is the net result of a \$1.3 million decrease in the unexpended plant fund, a \$1.5 million increase in the general restricted funds, a \$5.5 million decrease in the general unrestricted funds, and a \$8.3 million increase in capital assets, net of related debt.

Total Revenues by Source



In fiscal year 2009, operating revenues increased by approximately \$3,800,000 (5.96%). The increase was a result of the following changes:

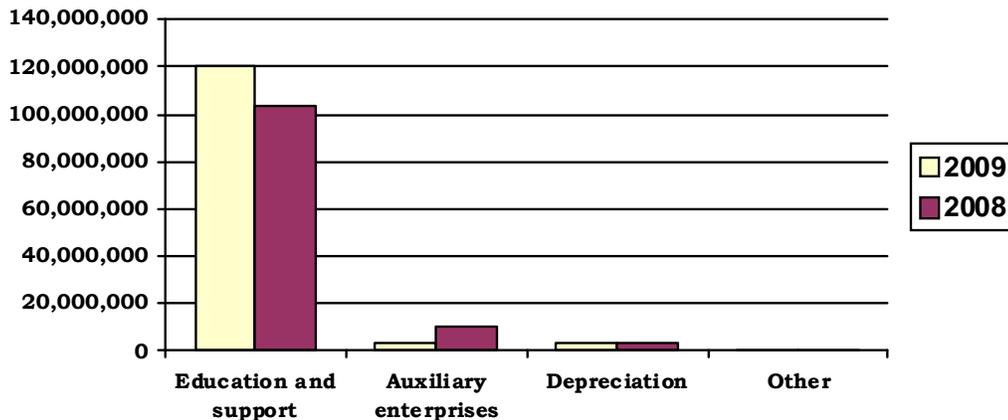
- ◆ Tuition and fees increased by approximately \$1.6 million (5.97%). The increase was due to an enrollment increase of 6.40%, an increase in the tuition rate charged per credit hour of \$5 (4.90%), and an increase in scholarships awarded to students of \$3.1 million (25.56%). For financial reporting purposes, these scholarships reduce tuition revenue.
- ◆ The \$9,469,688 increase (57.03%) in revenue from the Iowa Industrial New Jobs Training Program was the direct result of an increase in the amount of training performed by the companies qualifying for the program. In 2007 and 2008 the College had record bond sales for the training projects, with the sales in both years exceeding \$20 million. \$8.5 million in training bonds were sold in 2009.
- ◆ Miscellaneous revenue increased \$1,089,271 (24.07%). The increase was the result of general fund revenue from the third-party operating the College bookstores. Commissions totaled approximately \$400,000 and the College received approximately \$675,000 as payment for the College employees who worked in the bookstore operations.
- ◆ Federal appropriations decreased approximately \$600,000 (7.89%), primarily as the result of the College receiving less funding on behalf of students for Federal Financial Aid other than Pell Grants.
- ◆ Auxiliary enterprises revenue decreased approximately \$7.7 million or 78.64%. The decrease was the direct result of the College no longer operating retail bookstores on six campuses.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

Operating Expenses

	Year ended June 30	
	2009	2008
Education and support:		
Liberal arts and sciences	\$ 22,343,030	\$ 19,888,689
Vocational technical	26,020,154	23,889,080
Adult education	9,442,606	9,249,348
Cooperative services	18,792,038	9,807,914
Administration	3,321,906	3,020,686
Student services	7,672,713	7,611,760
Learning resources	2,930,032	2,803,828
Physical plant	15,311,512	11,164,694
General institution	14,989,141	16,399,060
Auxiliary enterprises	3,829,461	10,470,641
Loan cancellations and bad debts	225,003	449,032
Administrative and collection costs	69,170	98,145
Depreciation	3,537,007	3,383,201
Total	<u>\$ 128,483,773</u>	<u>\$ 118,236,078</u>

Total Expenses



In fiscal year 2009, operating expenses increased by approximately \$10.2 million (8.67%). The following factors explain some of the changes:

- ◆ Liberal arts and sciences and vocational technical, the two main functions relating to student instruction, increased approximately \$4.6 million or 10.47%. This was due to the increase in the number of students attending the College (6.40% increase in credit hours) and reflects the annual salary increase.
- ◆ The cost of providing cooperative programs increased significantly (\$8,984,124). The principal cause of the increase was the increased training activity in the Iowa Industrial New Jobs Training Program. Operating revenue from the program increased \$9,469,688.
- ◆ Physical Plant expenses increased \$4,146,818. The increase reflects the \$2.8 million contributed to the FFA building project and an increase in purchases of minor equipment including the hardware and software for an emergency notification system.
- ◆ General Institutional costs decreased approximately \$1.4 million. The decrease resulted from a decrease in expenses related to the College's early retirement program.

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

- ◆ Auxiliary enterprises expenses decreased approximately \$6.6 million caused by the College no longer operating retail bookstores on six campuses.

Statement of Cash Flows

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

Cash Flows

	Year ended June 30	
	2009	2008
Cash provided by (used in):		
Operating activities	\$ (61,166,496)	\$ (55,408,297)
Noncapital financing activities	55,565,213	68,456,782
Capital and related financing activities	(12,095,820)	(9,613,467)
Investing activities	29,035,978	(16,160,041)
Net increase (decrease) in cash	11,338,875	(12,725,023)
Cash and short-term pooled investments, beginning of the year	33,547,968	46,272,991
Cash and short-term pooled investments, end of the year	\$ 44,886,843	\$ 33,547,968

Cash used in operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by noncapital financing activities includes state appropriations, Pell grants, local property tax receipts, the proceeds from New Jobs Training Programs debt, and the principal and interest payments on New Jobs Training Programs debt. Cash used in capital and related financing activities represents the proceeds from plant fund debt, the principal and interest payments on plant fund debt and the purchase of capital assets. Cash provided by investing activities includes investment income received and the purchase and sale of investments.

Cash used in operating activities increased by \$5.8 million. This is primarily the result of operating revenues increasing \$3.8 million, while operating expenses increased \$10.2 million. The difference is essentially funded with state appropriations, property tax and interest income.

Cash provided by noncapital financing activities decreased \$12.9 million. The decrease is the result of a decrease of \$14.9 million in the annual amount of new jobs training certificates issued.

Cash used in capital and related financing activities increased \$2.5 million. Cash was increased \$3,960,000 by borrowing money to purchase the student housing units in Boone, but cash was used by investing \$6.4 million more in capitalized assets than the prior year.

The cash provided by investing activities totaled \$29.0 million and increased \$45.2 million. The increase is the result of pooled investments decreasing \$26.9 million and cash and short-term investments increasing \$11.4 million.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009**

CAPITAL ASSETS

At June 30, 2009, the College had approximately \$132.6 million invested in capital assets, net of accumulated depreciation of \$48.0 million. Depreciation charges totaled \$3,537,007 for FY2009. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2009	2008
Land	\$ 6,708,926	\$ 6,708,926
Buildings	62,462,956	50,200,760
Construction in progress	6,365,536	8,110,180
Improvements other than buildings	5,172,165	4,902,390
Equipment and vehicles	3,842,597	3,520,384
Total	\$ 84,552,180	\$ 73,442,640

Planned capital expenditures for the fiscal year ending June 30, 2010 and beyond includes finishing the remodeling of facilities on the Ankeny campus that were used by academic programs that now occupy the new Health Sciences building and finishing the remodeling of buildings on the Newton campus for a career academy. DMACC's participation in the construction of the FFA Enrichment Center North of the Ankeny Campus is expected to cost \$1.8 million along with \$1.0 million from the DMACC Foundation. The College appropriates approximately \$1.4 million annually for computer equipment and technology upgrades for the computer labs, wide area networks and classrooms. The College also plans to spend an estimated \$1,000,000 annually for maintenance on the buildings and grounds. The College has received approval from the voters in the district to continue the plant fund levy for the fiscal years ending through 2015. The \$.2025 per thousand levy generates approximately \$6 million per year for the College.

In September of 2004 the district voters also approved a \$.06 per thousand levy for instructional equipment. This levy will result in the College receiving an additional \$1.6 million per year for instructional equipment for ten years which began in the fiscal year ending in 2006. More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2009, the College had \$82.5 million in debt outstanding, a decrease of \$315,000 from 2008. The table below summarizes these amounts by type.

Outstanding Debt

	June 30	
	2009	2008
Certificates payable	\$ 71,670,000	\$ 74,840,000
Notes payable and certificates of participation	6,870,000	7,975,000
Revenue bonds payable	3,960,000	0
Total	\$ 82,500,000	\$ 82,815,000

The College does not anticipate issuing any debt during the fiscal year ending June 30, 2010, except for the sale of approximately \$10.0 million in new jobs training certificates. More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2009

ECONOMIC FACTORS

Des Moines Area Community College continued to improve its financial position during the current fiscal year. There are many positive factors and challenges that will affect future College operations. Some of the issues that may impact the College are:

- ◆ The current state of the nation's economy has begun to affect the finances of the State Government. DMACC has, and is experiencing reductions in state appropriations. The College experienced a 1.5% cut of the budgeted state appropriation (\$414,030) during the fiscal year ended June 30, 2009 and in October of 2009, the College was informed that the current year's (2010) state appropriation will be reduced by 10% or \$2.4 million. Aggressive and prudent budget management, pre-planning for anticipated expense reductions, and enrollment increases have allowed the College to deal with these revenue losses without significant impact on operations that would affect the student experience. Contingency planning is ongoing so that plans can be developed for dealing with additional reductions expected next July 1.
- ◆ Additional reductions in state aid to the College will put pressure on students by increasing tuition rates, which ultimately could lead to enrollment decreases. Thus far, however, that possibility has been offset with increases in federal Pell grant eligibility and traditional enrollment increases as students seek out community colleges in tougher economic times. The challenge for the College is to deal with these enrollment increases while resources are decreasing and capacity is stretched.
- ◆ There continues to be positive indicators for business and workforce growth in Central Iowa and good prospects for job growth and interest from new industry; banking and financial services continue to expand the workforce as evidenced by the College's job training activity; and there is potential to provide additional training to area business and industry. Iowa Industrial New Jobs Training projects totaled over \$26 million for 2009. There will be continued growth in the program but at a reduced level in the immediate future.
- ◆ Expenses will continue to increase. As the number of students increase, the costs associated with serving them will also continue to increase.
- ◆ The College continues to experience growth in enrollment as the result of continuous efforts to increase market share and respond to student demand.
- ◆ Facilities at the College require constant expansion, maintenance and upkeep. The lack of facility capacity hampers the College in its efforts to grow current programs or add programs that are needed in the area's economy. The College needs to reduce the size of the list of students waiting to get into programs, or aggressively recruit students into those programs if the College is to meet business and student demands. As the economy recovers and grows, the need for additional capacity is a major concern of the College. The College consistently informs business leaders and state legislators of this concern and will continue to address the capacity issue. Exploring options such as a career academy in Perry, utilizing Top Value property in Des Moines, and utilizing the Mercy Capital facility are ways DMACC can expand economically.
- ◆ Technology continues to expand and current technology becomes outdated rapidly, presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.

The College anticipates the current fiscal year (FY2010) will be much like the last and will maintain a close watch over resources, expenses and opportunities to maintain the College's ability to react to known and unknown issues coming next year.

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 Des Moines Area Community College, 2006 South Ankeny Blvd., Ankeny, Iowa 50023.

BASIC FINANCIAL STATEMENTS

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Assets

June 30, 2009

	<u>College</u>	<u>Foundation</u>
Assets		
Current assets:		
Cash and short-term pooled investments (Note 2)	\$ 44,886,843	\$ 1,144,361
Pooled investments (Note 2)	27,181,199	3,500,627
Receivables:		
Accounts, net of allowance of \$308,729	13,298,184	64,777
Current portion contributions receivable	-	963,950
Succeeding year property tax	17,500,075	-
Iowa Industrial New Jobs Training Program	12,138,435	-
Due from other governments	3,043,257	-
Inventories (Note 3)	540,046	-
Prepaid expenses	1,107,296	-
	<u>119,695,335</u>	<u>5,673,715</u>
Total current assets		
Noncurrent assets:		
Receivables		
Contributions	-	385,500
Iowa Industrial New Jobs Training Program	37,150,807	-
Prepaid expenses	95,767	-
Cash value of life insurance	262,284	-
Capital assets, net of accumulated depreciation (Note 4)	84,552,180	5,043,327
	<u>122,061,038</u>	<u>5,428,827</u>
Total noncurrent assets		
	<u>241,756,373</u>	<u>11,102,542</u>
Total assets	\$	\$

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Assets (Continued)

June 30, 2009

	<u>College</u>	<u>Foundation</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 2,583,837	\$ 46,750
Current portion payable to Des Moines Area Community College	-	1,208,500
Salaries and benefits payable	3,245,277	-
Accrued interest payable	307,450	-
Deferred revenue:		
Tuition	10,432,409	-
Succeeding year property tax	17,500,075	-
Iowa Industrial New Jobs Training Program and other	14,133,446	-
Early retirement pension cost and OPEB liability payable (Notes 10 and 11)	895,589	-
Deposits held in custody for others	985,865	-
Certificates payable (Note 5)	8,828,939	-
Notes payable and certificates of participation (Note 5)	1,287,843	-
Total current liabilities	<u>60,200,730</u>	<u>1,255,250</u>
Noncurrent liabilities (Note 5):		
Compensated absences	1,552,000	-
Deferred revenue, Iowa Industrial New Jobs Training Program and other	13,880,219	-
Early retirement net OPEB liability payable (Notes 10 and 11)	3,681,469	-
Certificates payable	62,671,129	-
Notes payable and certificates of participation	9,494,577	-
Total noncurrent liabilities	<u>91,279,394</u>	<u>-</u>
Total liabilities	<u>151,480,124</u>	<u>1,255,250</u>
Net assets		
Invested in capital assets, net of related debt	73,722,180	-
Restricted:		
Nonexpendable:		
Cash reserve	755,088	-
Scholarships and fellowships	-	3,027,405
Expendable:		
Scholarships and fellowships	38,586	1,401,557
Loans	137,324	-
Plant fund	764,998	-
Iowa Industrial New Jobs Training Program	7,190,729	-
Early retirement	2,693,661	-
Other	702,293	-
Unrestricted	4,271,390	5,418,330
Commitments (Notes 6, 10 and 12)		
Total net assets	<u>\$ 90,276,249</u>	<u>\$ 9,847,292</u>

Exhibit B

DES MOINES AREA COMMUNITY COLLEGE
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2009

	College	Foundation
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$15,451,116	\$ 27,520,212	\$ -
Federal appropriations	7,093,765	-
Iowa Industrial New Jobs Training Program	26,073,183	-
Auxiliary enterprises revenue	2,079,337	-
Contributions	-	1,456,643
Miscellaneous	5,614,545	66,651
Total operating revenues	68,381,042	1,523,294
Operating expenses:		
Education and support		
Liberal arts and sciences	22,343,030	-
Vocational technical	26,020,154	-
Adult education	9,442,606	-
Cooperative services	18,792,038	-
Administration	3,321,906	232,497
Student services	7,672,713	-
Learning resources	2,930,032	-
Physical plant	15,311,512	-
General institution	14,989,141	-
Auxiliary enterprises	3,829,461	-
Scholarships and grants	-	981,935
Fund raising	-	30,000
Loan cancellations and bad debts	225,003	-
Administrative and collection costs	69,170	-
Depreciation	3,537,007	200,170
Total operating expenses	128,483,773	1,444,602
Operating income (loss)	(60,102,731)	78,692
Nonoperating revenues (expenses):		
State appropriations	31,991,978	-
Pell grant	14,640,649	-
Property tax	16,455,262	-
Interest and investment income (loss)	2,127,068	(513,520)
Loss on disposition of capital assets	(5,514)	-
Interest on indebtedness	(3,777,055)	-
Net nonoperating revenues (expenses)	61,432,388	(513,520)
Change in net assets	1,329,657	(434,828)
Transfers from agency fund	64,363	-
Total change in net assets	1,394,020	(434,828)
Net assets, beginning of year	88,882,229	10,282,120
Net assets, end of year	\$ 90,276,249	\$ 9,847,292

DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows (Continued)

Year Ended June 30, 2008

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ <u>(60,102,731)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,537,007
Changes in assets and liabilities:	
Decrease in accounts receivable	1,556,521
Decrease in Iowa Industrial New Jobs Training Program receivables	5,567,049
Increase in due from and due to other governments	(238,115)
Increase in prepaid expenses	(1,000,721)
Decrease in inventories	273,949
Decrease in accounts payable	(126,792)
Increase in salaries and benefits payable	453,893
Decrease in other deferred revenue	(10,876,417)
Increase in other postemployment benefits	1,533,523
Decrease in early retirement payable	(1,743,890)
Increase in deposits held in custody for others	228
Total adjustments	<u>(1,063,765)</u>
Net cash used in operating activities	\$ <u><u>(61,166,496)</u></u>

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

Organization and Function

The Des Moines Area Community College (the College) is a publicly supported, post-secondary, two-year institution established and operated as an area community college by Merged Area XI, as provided in 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. It 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 Ankeny, Boone, Carroll, Des Moines, Newton, and West Des Moines and has its administrative offices in Ankeny. The College is governed by a Board of Directors whose members are elected from each director district within Merged Area XI.

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

Reporting Entity

For financial reporting purposes, the College has included all funds, organizations, agencies, boards, commissions, and authorities. The College has also considered all potential component units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with the College are such that exclusion would cause the College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (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 (a) the ability of the College to impose its will on that organization, or (b) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the College.

The Des Moines Area Community College Foundation (the Foundation) qualifies as a component unit according to the Governmental Accounting Standards Board criteria. The Foundation is a nonprofit corporation controlled by a separate board of directors whose goal is to provide support to the College. Although the College does not control the timing or amount of the receipts from the Foundation, the majority of the resources that are held by the Foundation are used for the benefit of the College.

These financial statements present the College (the primary government) and the Foundation (its component unit). Certain disclosures about the Foundation are not included because the Foundation has been audited separately and a report has been issued under separate cover.

Financial Statement Presentation

GASB Statement No. 35 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 four net asset categories:

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS (continued)

Financial Statement Presentation (continued)

Restricted Net Assets:

Nonexpendable – Net assets subject to externally-imposed stipulations that they be maintained permanently by the College.

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 Directors or may otherwise be limited by contractual agreements with outside parties. Unrestricted net assets are primarily used for academic and general programs of the College.

The basic financial statements (i.e. 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.

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS (continued)

Supplementary Information (continued)

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.

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 modified 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.

Assets, Liabilities and Net Assets

Cash and Pooled Investments – Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and nonnegotiable 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 a known amount of cash and, at the day of purchase, have a maturity date no longer than three months.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS (continued)

Assets, Liabilities and Net Assets (continued)

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2009 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

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

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

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest cost on borrowed funds during the period of construction of capital assets is 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 \$5,000 and estimated useful lives in excess of two years.

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

<u>Assets</u>	<u>Years</u>
Buildings	15-40
Improvements other than buildings	10-40
Equipment and vehicles	4-10

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

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.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS (continued)

Deferred Revenue – 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, and deferred administrative and training revenue for NJTP projects.

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation and sick leave 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, 2009.

Tuition and Fees – Tuition and fees revenues are reported net of scholarship allowances.

Auxiliary Enterprises Revenues – Auxiliary enterprises revenues primarily represent revenues generated by the food service, career education, central stores and athletics.

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

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.

Insurance Coverage – The College does not participate in a public entity risk pool. The College does carry commercial insurance coverage associated with all applicable risks. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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, Pell grants, 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 generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 2 CASH AND POOLED INVESTMENTS

The College's cash and deposits (money market accounts and certificates of deposit) at June 30, 2009 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 directors; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

As of June 30, 2009, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$ 17,238,775
Nonnegotiable certificates of deposit	10,750,000
Investments	
U.S. Government agency securities	146,008
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>16,752,060</u>
 Total cash and short-term pooled investments	 <u>\$44,886,843</u>

As of June 30, 2009, the College's pooled investments are as follows:

Deposits	
Nonnegotiable certificates of deposit	\$20,859,000
Investments	
U.S. Government agency securities	<u>6,322,199</u>
 Total pooled investments	 <u>\$27,181,199</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) to 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. The College's investments in debt securities had the weighted average maturity of 2.77 years for US Government agency securities at June 30, 2009.

Credit risk. The College's investments in the Iowa Schools Joint Investment Trust and U.S. Government agency securities at June 30, 2009 were all rated Aaa by Moody's Investors Service.

Concentration of credit risk. The College's investment policy limits the amount of prime eligible bankers acceptances and commercial paper that may be invested in any one issuer to 5% of the College's investment portfolio at the time of purchase. Investments other than prime eligible bankers acceptances and commercial paper are not subject to the 5% limitation. At June 30, 2009, the College's Federal Home Loan Bank, Small Business Administration, Federal Home Loan Mortgage Corp., and Federal National Mortgage Assn. investments accounted for 12% of the College's investment portfolio.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 3 INVENTORIES

The College's inventories at June 30, 2009 are as follows:

<u>Type</u>	<u>Amount</u>
Supplies and materials	\$ 62,751
Work in process—student-built houses	339,935
Merchandise held for resale	<u>137,360</u>
 Total	 \$ <u>540,046</u>

NOTE 4 CAPITAL ASSETS

A summary of the change in capital assets for the year ended June 30, 2009 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	\$ 6,708,926	\$ —	\$ —	\$ —	\$ 6,708,926
Construction in progress	<u>8,110,180</u>	<u>6,243,650</u>	<u>(7,988,294)</u>	<u>—</u>	<u>6,365,536</u>
Total capital assets not being depreciated	<u>14,819,106</u>	<u>6,243,650</u>	<u>(7,988,294)</u>	<u>—</u>	<u>13,074,462</u>
Capital assets being depreciated					
Buildings	79,254,768	6,541,905	7,867,927	—	93,664,600
Improvements other than buildings	12,561,090	501,619	120,367	—	13,183,076
Equipment and vehicles	<u>11,473,652</u>	<u>1,364,887</u>	<u>—</u>	<u>193,252</u>	<u>12,645,287</u>
Total capital assets being depreciated	<u>103,289,510</u>	<u>8,408,411</u>	<u>7,988,294</u>	<u>193,252</u>	<u>119,492,963</u>
Less accumulated depreciation for					
Buildings	29,054,008	2,147,636	—	—	31,201,644
Improvements other than buildings	7,658,700	352,211	—	—	8,010,911
Equipment and vehicles	<u>7,953,268</u>	<u>1,037,160</u>	<u>—</u>	<u>187,738</u>	<u>8,802,690</u>
Total accumulated depreciation	<u>44,665,976</u>	<u>3,537,007</u>	<u>—</u>	<u>187,738</u>	<u>48,015,245</u>
Total capital assets being depreciated, net	<u>58,623,534</u>	<u>4,871,404</u>	<u>7,988,294</u>	<u>5,514</u>	<u>71,477,718</u>
 Capital assets, net	 <u>\$73,442,640</u>	 <u>\$ 11,115,054</u>	 <u>\$ —</u>	 <u>\$ 5,514</u>	 <u>\$84,552,180</u>

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 CHANGES IN NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities for the year ended June 30, 2009 is as follows:

	<u>Compensated absences</u>	<u>Deferred revenue, NJTP and other</u>	<u>Early retirement payable</u>	<u>Certificates payable</u>	<u>Revenue Bonds, Notes payable and certificates of participation</u>	<u>Total</u>
Balance, beginning of year	\$ 1,449,000	\$41,309,350	\$ 4,787,425	\$74,840,000	\$ 7,975,000	\$130,360,775
Additions	120,000	8,867,964	205,263	8,530,000	3,960,000	21,683,227
Reductions	<u>17,000</u>	<u>22,163,649</u>	<u>1,949,153</u>	<u>11,700,000</u>	<u>1,105,000</u>	<u>36,934,802</u>
	1,552,000	28,013,665	3,043,535	71,670,000	10,830,000	115,109,200
Less net unamortized discount, premium, and deferred financing costs	<u>—</u>	<u>—</u>	<u>—</u>	<u>169,932</u>	<u>47,580</u>	<u>217,512</u>
Balance, end of year	1,552,000	28,013,665	3,043,535	71,500,068	10,782,420	114,891,688
Less current portion	<u>—</u>	<u>14,133,446</u>	<u>895,589</u>	<u>8,828,939</u>	<u>1,287,843</u>	<u>25,145,817</u>
Total noncurrent liabilities	<u>\$ 1,552,000</u>	<u>\$ 13,880,219</u>	<u>\$ 2,147,946</u>	<u>\$62,671,129</u>	<u>\$ 9,494,577</u>	<u>\$89,745,871</u>

Revenue Bonds, Notes Payable and Certificates of Participation

The College has issued revenue bonds, notes and certificates of participation for the purchase and construction of College properties as allowed by Section 260C.19 and Section 260C.58 of the Code of Iowa. Details of the scheduled maturities for the College's June 30, 2009 revenue bonds, notes payable and certificates of participation are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 1,260,000	\$ 450,399	\$1,710,399
2011	1,320,000	418,111	1,738,111
2012	1,360,000	375,841	1,735,841
2013	1,410,000	330,066	1,740,066
2014	1,190,000	281,214	1,471,214
2015-2019	1,940,000	957,726	2,897,726
2020-2024	1,055,000	643,169	1,698,169
2025-2029	<u>1,295,000</u>	<u>267,665</u>	<u>1,562,665</u>
Total	<u>\$ 10,830,000</u>	<u>\$ 3,724,191</u>	<u>\$14,554,191</u>

Notes payable and certificates of participation consisted of the following at June 30, 2009:

	<u>2009</u>
Tax-exempt certificates of participation dated April 14, 2003 with interest rates between 2.9% and 3.5%	\$ 985,000
Tax-exempt notes payable dated December 1, 2004, with interest rates between 3.0% and 3.55%	5,885,000
Tax-exempt revenue bonds dated May 29, 2009 with interest rates between 2.38% and 6.70%	<u>3,960,000</u>
	<u>\$ 10,830,000</u>

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

The tax-exempt revenue bonds totaling \$3,960,000 are payable over thirty years and the proceeds of the bonds were used to purchase student housing units on the Boone Campus. It is anticipated that rental revenue from these units will be sufficient to retire the principal and interest on the bonds. The transactions occurred in June, 2009, therefore there were no amounts paid for principal and interest and no rental revenue received on these units in the current year. As a requirement of the borrowing, the College is required to maintain a Debt Service Reserve Fund in an amount approximating the annual debt service requirements. Interest on the revenue bonds, notes payable and certificates of participation is payable semiannually, while principal payments are due annually. Total interest cost on the notes payable and certificates of participation during the year ended June 30, 2009 was \$322,585.

Certificates Payable

Pursuant to agreements dated from 2001 to 2009, the College issued certificates totaling \$71,670,000 at June 30, 2009 with interest rates ranging from 2.50% to 5.90% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa. Iowa Industrial New Jobs Training Program's (NJTP's) purpose is to provide tax-aided training for employees of industries which are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits from withholding taxes, and, in the case of default, standby property taxes collected pursuant to Chapter 260E. The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$ 8,885,000	\$ 3,253,435	\$ 12,138,435
2011	10,275,000	2,861,783	13,136,783
2012	10,635,000	2,411,045	13,046,045
2013	10,115,000	1,938,695	12,053,695
2014	9,275,000	1,487,603	10,762,603
2015 - 2019	<u>22,485,000</u>	<u>2,603,526</u>	<u>25,088,526</u>
Total	<u>\$71,670,000</u>	<u>\$14,556,087</u>	<u>\$86,226,087</u>

Since inception, the College has administered 491 projects, with 81 currently receiving project funding. Of the remaining projects, 322 have been completed and closed and 88 have been completed with only repayment of the certificates left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 OPERATING LEASES

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

<u>Year ending June 30</u>	<u>Amount</u>
2010	\$ 304,648
2011	254,656
2012	220,965
2013	190,965
2014	<u>190,965</u>
Total	<u>\$ 1,162,199</u>

Total rent expense for all operating leases was approximately \$296,000 for the year ended June 30, 2009.

NOTE 7 RENT INCOME

All leases are classified as operating leases.

The future revenue from the minimum rent required under the operating leases, in the aggregate, is as follows:

<u>Year ending June 30</u>	<u>Amount</u>
2010	\$ 187,292
2011	62,982
2012	62,982
2013	59,263
2014	44,831
Thereafter	<u>5,770</u>
Total	<u>\$ 423,210</u>

Total rent income for all operating leases was approximately \$179,000 for the year ended June 30, 2009. The College has plant assets committed under these operating leases with a carrying value of approximately \$2,707,472.

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 (State). IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.10% (4.30% after July 1, 2009) of their annual covered salary, and the College is required to contribute 6.35% (6.65% after July 1, 2009) of annual payroll. Contribution requirements are established by State statute. The College's contribution to IPERS for the years ended June 30, 2009, 2008, and 2007 were \$1,430,573, \$ 1,280,174, and \$1,098,572, respectively, equal to the required contribution for each year.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

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

The College also contributes to the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the 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, each employee is to contribute 4.10% (4.30% after July 1, 2009) and the College is required to contribute 6.35% (6.65% after July 1, 2009). The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2009 were \$1,816,578 and \$ 1,172,909 respectively.

NOTE 10 PENSION COSTS - EARLY RETIREMENT

The College offers a voluntary early retirement plan to full-time and certain part-time staff. Employees who are 55 years of age or older and have at least 10 years of continuous service with the College are eligible for early retirement remuneration. A staff member who accepts early retirement, effective June 30, will receive cash benefits on July 1 and January 1 of the following fiscal year. An employee who accepts early retirement, effective December 31, will receive cash benefits on January 1 and July 1 of the following fiscal year. The cash benefit ranges from 70% to 104% of the eligible employee's salary at retirement, based upon the employee's years of service. All employees who retire under the early retirement plan receive paid health insurance benefits to age 65 (see note 11).

The liability at June 30, 2009 for early retirement cash benefits totaled \$205,262. The early retirement cash benefit is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense related to the cash benefit for the year ended June 30, 2009 was \$780,455.

At June 30, 2009, the potential liability, if all employees accepted early retirement when eligible, is approximately \$12,385,000.

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB)

The College has implemented Governmental Accounting Standards Board, GASB, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions* during the year ended June 30, 2009. The College operates a single-employer retiree benefit plan which provides medical, prescription drug, and dental benefits (healthcare benefits) for retirees and their spouses and dependents. There are 831 active and 130 retired members in the plan. Participants must be age 55 or older at retirement.

The medical and prescription drug coverage is provided through a fully-insured plan with Wellmark. The dental plan is self-insured and is administered by a third party. The College pays the cost of the single medical premium, until the retiree qualifies for Medicare, for retirees who elect to remain in one of the College's group plans. This results in an implicit subsidy and an Other Post Employment Benefit, OPEB, liability. The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

The College's annual OPEB cost is calculated based on the annual required contribution, ARC, of the College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for June 30, 2009, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution, ARC	\$	2,204,664
Interest on net OPEB obligation		0
Adjustment to annual required contribution		<u>0</u>
Annual OPEB cost	\$	2,204,664
Contributions made		(671,141)
(Decrease) in accrued expenses		<u>(1,224,531)</u>
Increase in net OPEB obligation	\$	308,992
Net OPEB obligation, beginning of year		<u>4,062,804</u>
Net OPEB obligation, end of year	\$	<u><u>4,371,796</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2009.

For the year ended June 30, 2009, the College contributed \$671,141 to the plan. The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2009 are summarized as follows:

Fiscal year Ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
<u> </u>	<u> </u>	<u> </u>	<u> </u>
<u>June 30, 2009</u>	<u>\$2,204,664</u>	<u>30.4%</u>	<u>\$4,371,796</u>

As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2008 through June 30, 2009, the actuarial accrued liability was \$16,805,016 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$16,805,016. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$41,268,000, and the ratio of the UAAL to the covered payroll was 40.7%. As of June 30, 2009 there were no trust fund assets.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of the plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods of assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

As of the July 1, 2008 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the College's funding policy. The projected annual medical trend rate is 10% and the projected annual dental trend rate is 5%. The ultimate medical trend rate is 5% and the ultimate dental trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Group Annuity Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Actuary's Pension Handbook.

Projected claim costs of the medical plan are approximately \$ 850 per month for retirees. The salary increase rate was assumed to be 3.5% per year. The UAAL is being amortized as a level dollar amount on an open basis over a period of 30 years.

NOTE 12 COMMITMENTS

On November 10, 2008, the College's Board of Directors approved a contract in the amount of \$2,474,200 for the remodeling of several sites on the Ankeny campus. The project will remodel areas vacated by programs moving to the new Health Sciences Building and areas for new and expanding programs. The total cost of the project is budgeted at \$3.5 million which includes furnishings and equipment. At June 30, 2009, \$2,773,163 of construction and design costs on the project have been capitalized as construction in progress.

On December 8, 2008 the College's Board of Directors approved a contract in the amount of \$2,202,013 for the remodeling of a 30,000 square foot vacant building on the Newton Campus. The building was donated to the College by the Whirlpool Corporation and will house the Jasper County Career Academy. The total cost of the project is budgeted at approximately \$3.9 million. At June 30, 2009, \$3,083,858 of construction and design costs on the project have been capitalized as construction in progress.

The Iowa FFA Foundation has started construction of a 57,000 square foot, \$15 million Enrichment Center on land owned by the College. The College will lease the land to the FFA for a nominal amount. The College has contributed \$1.8 million to the project, along with \$1.0 million from the DMACC Foundation. The College will have use of classrooms in the facility for agricultural programs and will provide management and maintenance services. The cost of providing these services should be covered by fees generated from rentals of the facility.

NOTE 13 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 may impact the College are as follows:

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. 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.

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, will be effective for the College beginning with its year ending June 30, 2011. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

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

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)**

Required Supplementary Information

Actuarial Valuation Date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded ratio (a/b)	Covered payroll (c)	UAAL as a percentage of covered payroll ((b-a)/c)
July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$41,268	40.7%

OTHER SUPPLEMENTARY INFORMATION

Des Moines Area Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Year ended June 30, 2009

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Actual</u>	<u>Variance between actual and original budget</u>
Unrestricted	\$ <u>84,077,644</u>	<u>\$84,768,814</u>	<u>\$ (691,170)</u>
Restricted			
Unemployment	100,000	585,853	(485,853)
Insurance	1,005,000	778,820	226,180
Early retirement	2,701,388	227,064	2,474,324
Equipment replacement	2,634,306	2,643,054	(8,748)
Other	<u>46,608,518</u>	<u>39,339,763</u>	<u>7,268,755</u>
Total restricted	<u>53,049,212</u>	<u>43,574,554</u>	<u>9,474,658</u>
Total unrestricted/restricted	137,126,856	128,343,368	8,783,488
Plant	<u>22,442,620</u>	<u>20,305,072</u>	<u>2,137,548</u>
Total	<u>\$159,569,476</u>	<u>\$148,648,440</u>	<u>\$10,921,036</u>

See accompanying independent auditor's report.

Des Moines Area Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2009

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

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

DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances

June 30, 2009

Assets	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Cash and short-term pooled investments	\$ 15,530,996	\$ 31,112,001	\$ 90,626	\$ (2,771,184)	\$ -	\$ 924,404	\$ -	\$ 44,886,843
Pooled investments	-	27,181,199	-	-	-	-	-	27,181,199
Receivables:								
Accounts, net of allowance of \$308,729	11,926,040	106,215	46,698	1,212,704	-	6,527	-	13,298,184
Succeeding year property tax	6,241,531	5,017,013	-	6,241,531	-	-	-	17,500,075
Iowa Industrial New Jobs Training Program	-	49,289,242	-	-	-	-	-	49,289,242
Due from other governments	883,415	1,716,272	-	300,593	-	142,977	-	3,043,257
Due from other funds	-	6,900,000	-	3,960,000	-	-	(10,860,000)	-
Inventories	540,046	-	-	-	-	-	-	540,046
Prepaid expenses	1,203,063	-	-	-	-	-	-	1,203,063
Cash value of life insurance	262,284	-	-	-	-	-	-	262,284
	<u>36,587,375</u>	<u>121,321,942</u>	<u>137,324</u>	<u>8,943,644</u>	<u>-</u>	<u>1,073,908</u>	<u>(10,860,000)</u>	<u>157,204,193</u>
Capital assets:								
Land	-	-	-	-	6,708,926	-	-	6,708,926
Buildings	-	-	-	-	93,664,600	-	-	93,664,600
Improvements other than buildings	-	-	-	-	13,183,076	-	-	13,183,076
Equipment and vehicles	-	-	-	-	12,645,287	-	-	12,645,287
Construction in progress	-	-	-	-	6,365,536	-	-	6,365,536
Accumulated depreciation	-	-	-	-	-	-	(48,015,245)	(48,015,245)
Total assets	<u>\$ 36,587,375</u>	<u>\$ 121,321,942</u>	<u>\$ 137,324</u>	<u>\$ 8,943,644</u>	<u>\$ 132,567,425</u>	<u>\$ 1,073,908</u>	<u>\$ (58,875,245)</u>	<u>\$ 241,756,373</u>

DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances (Continued)

June 30, 2009

Liabilities and Fund Balances	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Liabilities:								
Accounts payable	\$ 341,865	\$ 284,719	\$ -	\$ 1,861,674	\$ -	\$ 95,579	\$ -	\$ 2,583,837
Salaries and benefits payable	3,056,069	188,008	-	1,200	-	-	-	3,245,277
Accrued interest payable	17,370	271,120	-	18,960	-	-	-	307,450
Deferred revenue:								
Succeeding year property tax	6,241,531	5,017,013	-	6,241,531	-	-	-	17,500,075
Other	10,472,567	27,923,599	-	49,908	-	-	-	38,446,074
Early retirement pension costs payable	-	205,262	-	-	-	-	-	205,262
Deposits held in custody for others	7,536	-	-	-	-	978,329	-	985,865
Compensated absences	1,372,000	180,000	-	-	-	-	-	1,552,000
Due to other funds	-	-	-	-	10,860,000	-	(10,860,000)	-
Certificates payable	-	71,500,068	-	-	-	-	-	71,500,068
Notes payable and certificates of participation	3,907,047	-	-	5,373	6,870,000	-	-	10,782,420
Net OPEB liability	-	2,838,273	-	-	-	-	1,533,523	4,371,796
Total liabilities	25,415,985	108,408,062	-	8,178,646	17,730,000	1,073,908	(9,326,477)	151,480,124
Fund balances:								
Invested in capital assets, net of related debt	-	-	-	-	114,837,425	-	(48,015,245)	66,822,180
Restricted:								
Nonexpendable:								
Cash reserve	-	755,088	-	-	-	-	-	755,088
Expendable:								
Scholarships and fellowships	-	38,586	-	-	-	-	-	38,586
Loans	-	-	137,324	-	-	-	-	137,324
Plant fund	-	-	-	764,998	-	-	-	764,998
Iowa Industrial New Jobs Training Program	-	7,190,729	-	-	-	-	-	7,190,729
Early retirement	-	4,227,184	-	-	-	-	(1,533,523)	2,693,661
Other	-	702,293	-	-	-	-	-	702,293
Unrestricted	11,171,390	-	-	-	-	-	-	11,171,390
Total fund balances	11,171,390	12,913,880	137,324	764,998	114,837,425	-	(49,548,768)	90,276,249
Total liabilities and fund balances	\$ 36,587,375	\$ 121,321,942	\$ 137,324	\$ 8,943,644	\$ 132,567,425	\$ 1,073,908	\$ (58,875,245)	\$ 241,756,373

See accompanying independent auditor's report.

DES MOINES AREA COMMUNITY COLLEGE
 Revenues, Expenditures, and Changes in Fund Balances
 Year ended June 30, 2009

Schedule 3

	Current operating funds			Nonoperating funds						
	General unrestricted funds	General restricted funds	Total	Loan funds	Plant funds			Adjustments		Totals
					Unexpended	Retirement of indebtedness	Investment in plant			
Revenues and other additions:										
Tuition and fees	\$ 42,954,329	\$ 15,462	\$ 42,969,791	\$ -	\$ 1,537	\$ -	\$ -	\$ (15,451,116)	\$ 27,520,212	
Federal appropriations	1,665,640	20,068,774	21,734,414	-	-	-	-	-	21,734,414	
Iowa Industrial New Jobs Training Program	-	26,073,183	26,073,183	-	-	-	-	-	26,073,183	
State appropriations	27,764,671	3,435,433	31,200,104	-	791,874	-	-	-	31,991,978	
Property tax	5,905,008	4,645,319	10,550,327	-	4,494,720	1,410,215	-	-	16,455,262	
Auxiliary enterprises revenue	2,083,539	-	2,083,539	-	-	-	-	(4,202)	2,079,337	
Interest and investment income	617,194	1,555,024	2,172,218	-	-	-	-	(45,150)	2,127,068	
Expended for plant assets (including \$4,762,017 in current operating fund expenditures)	-	-	-	-	-	-	14,652,061	(14,652,061)	-	
Proceeds from sale of bonds	3,960,000	-	3,960,000	-	-	-	-	(3,960,000)	-	
Proceeds from borrowing from other funds	-	-	-	-	6,900,000	-	-	(6,900,000)	-	
Retirement of indebtedness	-	-	-	-	-	-	1,105,000	(1,105,000)	-	
Miscellaneous	4,842,708	152,885	4,995,593	-	735,469	-	-	(116,517)	5,614,545	
Total revenues and other additions	<u>89,793,089</u>	<u>55,946,080</u>	<u>145,739,169</u>	<u>-</u>	<u>12,923,600</u>	<u>1,410,215</u>	<u>15,757,061</u>	<u>(42,234,046)</u>	<u>133,595,999</u>	
Expenditures and other deductions:										
Education and support:										
Liberal arts and sciences	21,984,724	22,465	22,007,189	-	-	-	-	335,841	22,343,030	
Vocational technical	24,170,207	1,321,802	25,492,009	-	-	-	-	528,145	26,020,154	
Adult education	6,520,163	2,823,531	9,343,694	-	-	-	-	98,912	9,442,606	
Cooperative services	164,863	18,623,034	18,787,897	-	-	-	-	4,141	18,792,038	
Administration	3,267,926	-	3,267,926	-	-	-	-	53,980	3,321,906	
Student services	6,719,174	808,774	7,527,948	-	-	-	-	144,765	7,672,713	
Learning resources	2,722,874	156,552	2,879,426	-	-	-	-	50,606	2,930,032	
Physical plant	6,100,817	778,820	6,879,637	-	8,346,304	-	-	85,571	15,311,512	
General institution	9,728,254	5,177,954	14,906,208	-	-	-	-	82,933	14,989,141	
Scholarships and grants	10,428	15,440,688	15,451,116	-	-	-	-	(15,451,116)	-	
Total education and support	<u>81,389,430</u>	<u>45,153,620</u>	<u>126,543,050</u>	<u>-</u>	<u>8,346,304</u>	<u>-</u>	<u>-</u>	<u>(14,066,222)</u>	<u>120,823,132</u>	
Auxiliary enterprises	3,801,551	-	3,801,551	-	-	-	-	27,910	3,829,461	
Expended for plant assets	3,800,561	961,456	4,762,017	-	9,890,044	-	-	(14,652,061)	-	
Administrative and collection costs	69,170	-	69,170	-	-	-	-	-	69,170	
Retirement of indebtedness	-	-	-	-	-	1,105,000	-	(1,105,000)	-	
Loan cancellations and bad debts	185,382	-	185,382	39,621	-	-	-	-	225,003	
Interest on indebtedness	17,370	3,499,620	3,516,990	-	-	305,215	-	(45,150)	3,777,055	
Proceeds from sale of bonds	-	-	-	-	-	-	3,960,000	(3,960,000)	-	
Proceeds from borrowing from other funds	-	-	-	-	-	-	6,900,000	(6,900,000)	-	
Depreciation	-	-	-	-	-	-	-	3,537,007	3,537,007	
Disposition of capital assets	-	-	-	-	-	-	193,252	(187,738)	5,514	
Total expenditures and other deductions	<u>89,263,464</u>	<u>49,614,696</u>	<u>138,878,160</u>	<u>39,621</u>	<u>18,236,348</u>	<u>1,410,215</u>	<u>11,053,252</u>	<u>(37,351,254)</u>	<u>132,266,342</u>	
Transfers among funds:										
Mandatory - matching funds	(97,086)	97,086	-	-	-	-	-	-	-	
Non-mandatory transfers	944,312	(4,916,005)	(3,971,693)	12,750	4,023,306	-	-	-	64,363	
Net increase (decrease) for the year	<u>1,376,851</u>	<u>1,512,465</u>	<u>2,889,316</u>	<u>(26,871)</u>	<u>(1,289,442)</u>	<u>-</u>	<u>4,703,809</u>	<u>(4,882,792)</u>	<u>1,394,020</u>	
Fund balances at beginning of year	9,794,539	11,401,415	21,195,954	164,195	2,054,440	-	110,133,616	(44,665,976)	88,882,229	
Fund balances at end of year	<u>\$ 11,171,390</u>	<u>\$ 12,913,880</u>	<u>\$ 24,085,270</u>	<u>\$ 137,324</u>	<u>\$ 764,998</u>	<u>\$ -</u>	<u>\$ 114,837,425</u>	<u>\$ (49,548,768)</u>	<u>\$ 90,276,249</u>	

See accompanying independent auditor's report.

DES MOINES AREA COMMUNITY COLLEGE
 Revenues, Expenditures, and Changes in Fund Balances - Unrestricted Fund
 Year ended June 30, 2009

	Education				Support					Education and Support
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services	Adminis- tration	Student Services	Learning Resources	Physical Plant	General Institution	Total
Revenues:										
Tuition and fees	\$ 26,410,682	\$ 11,140,215	\$ 4,229,927	\$ 46,500	\$ 6,307	\$ 20,249	\$ -	\$ 1,051	\$ 796,034	\$ 42,650,965
Federal appropriations	-	785,440	610,776	-	31,319	-	-	-	238,105	1,665,640
State appropriations	-	-	248,235	-	-	-	767	4,294	27,511,375	27,764,671
Property tax	-	-	-	-	-	-	-	-	5,905,008	5,905,008
Interest income	-	-	-	-	45,297	-	-	-	571,870	617,167
Miscellaneous	418,248	2,105,660	76,350	-	167,625	4,582	7,342	286,885	1,241,462	4,308,154
	<u>26,828,930</u>	<u>14,031,315</u>	<u>5,165,288</u>	<u>46,500</u>	<u>250,548</u>	<u>24,831</u>	<u>8,109</u>	<u>292,230</u>	<u>36,263,854</u>	<u>82,911,605</u>
Allocation of support services	22,632,688	9,483,019	4,684,911	38,954	(250,548)	(24,831)	(8,109)	(292,230)	(36,263,854)	-
Total revenues	<u>49,461,618</u>	<u>23,514,334</u>	<u>9,850,199</u>	<u>85,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,911,605</u>
Expenditures:										
Salaries and benefits	20,859,066	22,322,171	4,964,495	150,981	2,283,738	6,320,518	2,287,075	3,981,042	6,149,078	69,318,164
Services	407,690	437,014	980,615	1,789	782,830	201,704	112,822	1,383,873	2,289,869	6,598,206
Materials and supplies	553,119	1,171,531	490,343	12,093	89,797	156,249	318,294	721,024	1,196,750	4,709,200
Travel	164,202	217,955	57,366	-	32,110	36,569	4,683	6,964	45,170	565,019
Expended for plant assets	3,417	6,437	11,033	6,750	-	-	-	133,739	7,400	168,776
Scholarships	263	111	54	-	-	-	-	-	10,000	10,428
Miscellaneous	647	21,536	27,344	-	304,190	4,134	-	7,914	47,387	413,152
	<u>21,988,404</u>	<u>24,176,755</u>	<u>6,531,250</u>	<u>171,613</u>	<u>3,492,665</u>	<u>6,719,174</u>	<u>2,722,874</u>	<u>6,234,556</u>	<u>9,745,654</u>	<u>81,782,945</u>
Allocation of support services	17,764,116	7,443,104	3,677,128	30,575	(3,492,665)	(6,719,174)	(2,722,874)	(6,234,556)	(9,745,654)	-
Total expenditures	<u>39,752,520</u>	<u>31,619,859</u>	<u>10,208,378</u>	<u>202,188</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>81,782,945</u>
Excess (deficiency) of revenues over (under) expenditures	<u>9,709,098</u>	<u>(8,105,525)</u>	<u>(358,179)</u>	<u>(116,734)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,128,660</u>
Transfers:										
Mandatory transfers	-	-	-	-	-	-	-	-	(97,086)	(97,086)
Non-mandatory transfers	9,228	296,795	(99,935)	-	(31,075)	30,079	(200)	(2,015,673)	2,301,599	490,818
Total transfers	<u>9,228</u>	<u>296,795</u>	<u>(99,935)</u>	<u>-</u>	<u>(31,075)</u>	<u>30,079</u>	<u>(200)</u>	<u>(2,015,673)</u>	<u>2,204,513</u>	<u>393,732</u>
Net increase (decrease) for the year	<u>\$ 9,718,326</u>	<u>\$ (7,808,730)</u>	<u>\$ (458,114)</u>	<u>\$ (116,734)</u>	<u>\$ (31,075)</u>	<u>\$ 30,079</u>	<u>\$ (200)</u>	<u>\$ (2,015,673)</u>	<u>\$ 2,204,513</u>	<u>1,522,392</u>
Fund balance at beginning of year										<u>6,774,917</u>
Fund balance at end of year										<u>\$ 8,297,309</u>

See accompanying independent auditor's report.

DES MOINES AREA COMMUNITY COLLEGE

Revenues, Expenditures, and Changes in Fund Balances - Auxiliary Enterprises

Year ended June 30, 2009

	<u>Bookstore</u>	<u>Career education</u>	<u>Cafeteria/ vending</u>	<u>Student Housing</u>	<u>Athletics</u>	<u>Facilities rental</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:								
Sales and services	\$ 196,786	\$ 914,446	\$ 809,471	\$ -	\$ 5,163	\$ 137,015	\$ 20,658	\$ 2,083,539
Student fee allocations	-	302,656	-	-	-	-	708	303,364
Interest income	-	-	-	27	-	-	-	27
Proceeds from sale of bonds	-	-	-	3,960,000	-	-	-	3,960,000
Miscellaneous	-	320,159	39,652	30,544	5,290	53,528	85,381	534,554
Total revenues and other additions	<u>196,786</u>	<u>1,537,261</u>	<u>849,123</u>	<u>3,990,571</u>	<u>10,453</u>	<u>190,543</u>	<u>106,747</u>	<u>6,881,484</u>
Expenditures and other deductions:								
Salaries and benefits	96,078	625,521	458,286	5,004	166,731	150,138	10,723	1,512,481
Services	19,934	133,640	84,420	10,665	43,143	187,245	1,384	480,431
Materials and supplies	17,010	332,799	3,658	52,052	76,816	2,144	21,024	505,503
Travel	201	8,028	20	-	60,242	-	2,095	70,586
Purchases for resale	162,998	631,064	410,528	-	-	-	-	1,204,590
Scholarships	-	-	-	-	-	-	-	-
Bad debts	-	29,813	-	-	-	-	-	29,813
Interest on debt	-	-	-	17,370	-	-	-	17,370
Expended for plant assets	-	17,000	-	3,598,265	-	16,520	-	3,631,785
Miscellaneous	-	22,149	-	658	5,150	-	-	27,957
Total expenditures and other deductions	<u>296,221</u>	<u>1,800,014</u>	<u>956,912</u>	<u>3,684,014</u>	<u>352,082</u>	<u>356,047</u>	<u>35,226</u>	<u>7,480,516</u>
Transfers among funds (non-mandatory)	-	240,328	5,342	-	341,629	(68,443)	(65,365)	453,491
Net increase (decrease) for the year	(99,435)	(22,425)	(102,447)	306,557	-	(233,947)	6,156	(145,541)
Fund balances at beginning of year	<u>2,226,011</u>	<u>180,883</u>	<u>241,343</u>	<u>-</u>	<u>-</u>	<u>257,841</u>	<u>113,544</u>	<u>3,019,622</u>
Fund balances at end of year	<u>\$ 2,126,576</u>	<u>\$ 158,458</u>	<u>\$ 138,896</u>	<u>\$ 306,557</u>	<u>\$ -</u>	<u>\$ 23,894</u>	<u>\$ 119,700</u>	<u>\$ 2,874,081</u>

DES MOINES AREA COMMUNITY COLLEGE
Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Restricted Funds
Year ended June 30, 2009

	<u>Scholarship</u>	<u>Equipment replacement</u>	<u>Iowa Employment Solutions</u>	<u>Insurance and Tort</u>	<u>Early retirement</u>	<u>Unemployment compensation</u>	<u>Cash reserve</u>	<u>Grants and contracts</u>	<u>Iowa Industrial New Jobs Training Programs</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:											
Tuition and fees	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,842	\$ 12,620	\$ -	\$ 15,462
Federal appropriations	14,951,325	-	2,800,696	-	-	-	-	2,316,753	-	-	20,068,774
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	-	26,073,183	-	26,073,183
State appropriations	27,784	-	-	-	-	-	-	1,107,862	566,500	1,733,287	3,435,433
Property tax	-	2,623,591	-	786,463	786,219	449,046	-	-	-	-	4,645,319
Interest income	-	-	-	-	-	-	-	-	1,555,024	-	1,555,024
Miscellaneous	3,139	64,005	39,276	2,277	-	-	-	19,268	2,874	22,046	152,885
Total revenues and other additions	<u>14,982,248</u>	<u>2,687,596</u>	<u>2,839,972</u>	<u>788,740</u>	<u>786,219</u>	<u>449,046</u>	<u>-</u>	<u>3,446,725</u>	<u>28,210,201</u>	<u>1,755,333</u>	<u>55,946,080</u>
Expenditures and other deductions:											
Salaries and benefits	2,440	-	2,004,539	-	227,064	585,853	-	1,753,926	854,480	411,455	5,839,757
Services	276	233,690	775,686	778,823	-	-	-	428,634	19,114,879	360,281	21,692,269
Materials and supplies	1,449	1,314,301	61,655	-	-	-	-	622,601	21,911	31,319	2,053,236
Travel	-	-	36,156	-	-	-	-	58,254	15,444	4,124	113,978
Expended for plant assets	-	575,966	-	-	-	-	-	385,490	-	-	961,456
Interest on indebtedness	-	-	-	-	-	-	-	-	3,499,620	-	3,499,620
Scholarships and grants	15,399,348	-	-	-	-	-	-	-	-	-	15,399,348
Private scholarships	-	-	-	-	-	-	-	41,341	-	-	41,341
Miscellaneous	-	-	33	-	-	-	-	13,640	-	21	13,694
Total expenditures and other deductions	<u>15,403,513</u>	<u>2,123,957</u>	<u>2,878,069</u>	<u>778,823</u>	<u>227,064</u>	<u>585,853</u>	<u>-</u>	<u>3,303,886</u>	<u>23,506,334</u>	<u>807,200</u>	<u>49,614,699</u>
Excess (deficiency) of revenues over (under) expenditures for the year	(421,265)	563,639	(38,097)	9,917	559,155	(136,807)	-	142,839	4,703,867	948,133	6,331,381
Transfers among funds:											
Mandatory transfers	97,086	-	-	-	-	-	-	-	-	-	97,086
Non-mandatory transfers	337,776	(519,097)	31,408	-	160,001	-	-	(104,447)	(3,612,945)	(1,208,698)	(4,916,002)
Net increase (decrease) for the year	13,597	44,542	(6,689)	9,917	719,156	(136,807)	-	38,392	1,090,922	(260,565)	1,512,465
Fund balances (deficit) at beginning of year	24,989	528,993	(9,394)	(158,387)	3,508,028	(4,135)	755,088	32,341	6,099,807	624,085	11,401,415
Fund balances (deficit) at end of year	<u>\$ 38,586</u>	<u>\$ 573,535</u>	<u>\$ (16,083)</u>	<u>\$ (148,470)</u>	<u>\$ 4,227,184</u>	<u>\$ (140,942)</u>	<u>\$ 755,088</u>	<u>\$ 70,733</u>	<u>\$ 7,190,729</u>	<u>\$ 363,520</u>	<u>\$ 12,913,880</u>

See accompanying independent auditor's report.

DES MOINES AREA COMMUNITY COLLEGE

Changes in Deposits Held in Custody for Others - Agency Funds

Year ended June 30, 2009

	<u>Student activities</u>	<u>Specially funded activities</u>	<u>Iowa Workforce Development</u>	<u>Student Housing Management</u>	<u>Student clubs and organizations</u>	<u>One-Source training</u>	<u>Other</u>	<u>Total</u>
Balances, beginning of year	\$ 138,081	\$ 330,034	\$ 3,474	\$ 9,362	\$ 301,579	\$ -	\$ 141,462	\$ 923,992
Additions:								
Tuition and fees	321,475	42,040	-	49,895	8,868	-	-	422,278
State appropriations	-	268,564	223,095	-	-	-	-	491,659
Federal funds	-	-	311,785	-	-	-	-	311,785
Sales and services	78,226	710	-	455,658	18,997	-	-	553,591
Interest on investments	-	-	-	-	2,660	-	-	2,660
Other	69,365	107,577	-	6,762	259,253	-	44,328	487,285
Transfers in	144,114	-	-	50,042	62,449	-	24,177	280,782
Total additions	<u>613,180</u>	<u>418,891</u>	<u>534,880</u>	<u>562,357</u>	<u>352,227</u>	<u>-</u>	<u>68,505</u>	<u>2,550,040</u>
Deductions:								
Salaries and benefits	14,799	27,174	60,133	489	4,932	-	41,919	149,446
Services	115,655	421,508	350,564	408,094	55,270	-	-	1,351,091
Materials and supplies	113,226	70,352	122,170	12,176	64,102	-	-	382,026
Travel	5,032	736	1,707	-	146,225	-	-	153,700
Cost of goods sold	65,177	-	-	-	10,294	-	-	75,471
Scholarships	1,889	392	-	-	25,250	-	-	27,531
Other	1,578	1,118	1,351	54	7,192	-	-	11,293
Transfers out	271,028	20,156	2,429	-	1,684	-	49,848	345,145
Total deductions	<u>588,384</u>	<u>541,436</u>	<u>538,354</u>	<u>420,813</u>	<u>314,949</u>	<u>-</u>	<u>91,767</u>	<u>2,495,703</u>
Net additions and deductions	<u>24,796</u>	<u>(122,545)</u>	<u>(3,474)</u>	<u>141,544</u>	<u>37,278</u>	<u>-</u>	<u>(23,262)</u>	<u>54,337</u>
Balances, end of year	\$ <u>162,877</u>	\$ <u>207,489</u>	\$ <u>-</u>	\$ <u>150,906</u>	\$ <u>338,857</u>	\$ <u>-</u>	\$ <u>118,200</u>	\$ <u>978,329</u>

See accompanying independent auditor's report.

Schedule 8

DES MOINES AREA COMMUNITY COLLEGE

Credit and Contact Hours

Year ended June 30, 2009

Category	Credit hours eligible for aid	Contact hours		Total
		Eligible for aid	Not eligible for aid	
Arts and sciences	297,005	5,351,170	-	5,351,170
Vocational education	97,898	2,251,332	-	2,251,332
Adult education/continuing education	-	1,038,582	69,097	1,107,679
Related services and activities	-	365,090	21,551	386,641
Total	394,903	9,006,174	90,648	9,096,822

DES MOINES AREA COMMUNITY COLLEGE

Taxes and Intergovernmental Revenues
(Excluding the Agency Funds)

For the Last Six Years

		Years ended June 30					
		2009	2008	2007	2006	2005	2004
Local (property tax)	\$	16,455,262	\$ 16,513,769	\$ 18,092,410	\$ 16,880,081	\$ 14,137,997	\$ 13,755,963
State		31,991,978	29,847,275	26,443,984	24,341,715	22,826,135	21,891,866
Federal		21,734,414	19,277,833	16,061,228	13,037,134	13,144,456	13,103,773
	\$	<u>70,181,654</u>	<u>\$ 65,638,877</u>	<u>\$ 60,597,622</u>	<u>\$ 54,258,930</u>	<u>\$ 50,108,588</u>	<u>\$ 48,751,602</u>

DES MOINES AREA COMMUNITY COLLEGE

Current Fund Revenues by Source
and Expenditures by Function

For the Last Six Years

	Years ended June 30					
	2009	2008	2007	2006	2005	2004
Revenues:						
Tuition and fees	\$ 42,969,791	\$ 38,275,282	\$ 34,751,937	\$ 34,660,651	\$ 32,869,111	\$ 30,851,019
Property tax	10,550,327	10,978,527	12,757,968	11,876,240	9,287,613	8,944,224
Federal appropriations	21,734,414	19,277,833	16,061,228	13,037,134	13,144,456	13,103,773
State appropriations	31,200,104	29,184,500	25,781,342	23,993,708	22,092,803	21,891,866
Interest income from investments	2,172,218	3,505,217	3,507,531	2,474,490	1,260,452	399,500
Iowa Industrial New Jobs Training Program	26,073,183	16,603,495	11,623,679	14,068,915	10,884,743	5,882,647
Auxiliary enterprises revenue	2,083,539	9,877,741	9,256,399	8,810,954	8,564,404	8,284,464
Proceeds from sale of bonds	3,960,000	-	-	-	-	-
Miscellaneous	4,995,593	4,007,622	3,932,010	3,287,833	2,510,089	1,954,839
Total	\$ 145,739,169	\$ 131,710,217	\$ 117,672,094	\$ 112,209,925	\$ 100,613,671	\$ 91,312,332
Expenditures:						
Liberal arts and sciences	\$ 22,010,606	\$ 19,913,375	\$ 17,783,316	\$ 16,319,487	\$ 14,790,786	\$ 13,469,669
Vocational technical	25,883,936	23,988,748	22,219,019	20,684,928	19,269,936	18,544,343
Adult education	9,354,727	9,255,757	7,997,480	8,029,461	7,751,028	7,496,622
Cooperative services	18,794,647	9,807,914	5,749,870	8,890,197	3,467,398	3,593,633
Administration	3,267,926	3,020,686	2,993,578	2,785,144	2,694,895	2,480,506
Student services	7,527,948	7,611,760	6,781,974	6,025,128	5,780,039	5,427,368
Learning resources	2,879,426	2,803,828	2,754,615	2,653,133	2,609,147	2,507,982
Physical plant	7,013,376	6,849,374	6,607,398	6,157,020	5,856,699	5,162,407
General institution	15,744,126	17,781,705	14,735,139	13,391,475	11,277,648	10,546,515
Auxiliary enterprises	7,433,336	10,504,665	9,808,600	8,644,019	8,617,642	8,085,502
Scholarships and grants	15,451,116	12,305,524	10,154,237	9,346,631	9,574,679	9,220,794
Interest on indebtedness	3,516,990	3,046,029	2,737,541	2,169,684	2,303,069	2,164,943
Loss on discontinued operations	-	578,792	-	-	-	-
Total	\$ 138,878,160	\$ 127,468,157	\$ 110,322,767	\$ 105,096,307	\$ 93,992,966	\$ 88,700,284

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

Year ended June 30, 2009

Federal Grantor/Program Title	CFDA Number	Expenditures
Student financial assistance cluster (Note 2):		
United States Department of Education:		
Federal Pell Grant	84.063	\$ 14,640,649
Federal Supplemental Educational Opportunity Grant	84.007	215,818
Federal Work-Study	84.033	332,962
Federal Direct Student Loans	84.268	35,793,478
Academic Competitiveness Grant	84.375	93,766
Total student financial assistance cluster		<u>51,076,673</u>
Other federal assistance:		
United States Department of Education:		
TRIO cluster:		
Upward Bound	84.047	293,897
Student Support Services	84.042	331,762
Total TRIO cluster		<u>625,659</u>
Strengthening Institutions	84.031	82,935
Jasper County Career Academy	84.116	95,305
Passed through Iowa Department of Education:		
Tech – Prep Education	84.243	115,314
Adult Education – Basic Grant Program	84.002	610,776
ABE Teacher Training	84.002	6,743
Civics Grant	84.002	63,561
Vocational Education	84.048A	785,440
Mine safety	84.048	8,320
Passed through Iowa Department of Corrections:		
Carl D Perkins	84.048A	20,443
Mitchelville Corrections Title I	84.013A	10,083
Passed through Iowa Department of Natural Resources:		
Onsite Wastewater Training Center	66.460	27,125
Sub-Contract through Des Moines Public Schools:		
Des Moines partnership Teacher Quality	84.336C	18,300
Total United States Department of Education		<u>53,546,677</u>
United States Department of Justice:		
Electronic Crime Institute	16.738	897,525
National Science Foundation:		
SEEC:STEM	47.076	145,372

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

DES MOINES AREA COMMUNITY COLLEGE
 Schedule of Expenditures of Federal Awards (Continued)
 Year ended June 30, 2009

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
United States Department of Labor:		
Central Iowa Works-CNA Project	17.261	14,388
Project employment	17.261	170,363
Project employment (2)	17.261	652
Sub-Contract through City of Des Moines:		
MEPB - Multiple Education Pathways Blueprint	17.261	185,027
Sub-Contract through Iowa Workforce Development:		
National Emergency Grant - Whirlpool	17.260	281,840
National Emergency Grant - Emergency Employment Project	17.260	19,835
Promise jobs program - IES	93.558	1,182,100
Promise jobs program - IWD	93.558	102,621
Wagner Peyser	17.207	87,265
Unemployment insurance	17.225	87,568
Veterans - DVOP	17.801	14,003
Veterans - LVER	17.804	3,946
Food Stamps / FSET	10.561	2,052
TAA	17.245	4,156
New Iowans project	17.207	10,174
Workforce Investment Act (WIA) Cluster:		
WIA Administration	17.260	113,463
WIA Adult Program	17.258	169,805
WIA Dislocated Workers	17.260	798,999
WIA Incentive / SWA (2)	17.260	13,500
ARRA - WIA Dislocated Workers	17.260	15,376
Total WIA Cluster		<u>1,111,143</u>
Total United States Department of Labor		<u>3,277,133</u>
Total expenditures of federal awards		<u>\$ 57,866,707</u>

See accompanying independent auditor's report and notes to schedule of expenditures of federal awards.

Des Moines Area Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2008

NOTE 1 BASIS OF PRESENTATION

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of Des Moines Area Community College (the College) for the year ended June 30, 2009, which have been financed by the United States government (federal awards). For purposes of the Schedule, federal awards include all federal assistance entered into directly between the College and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position and support, revenues, expenses, and changes in net assets of the College.

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

NOTE 2 STUDENT FINANCIAL ASSISTANCE

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the College under this program at June 30, 2009.

See accompanying independent auditor's report.

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

To the Board of Directors
Des Moines Area Community College
Ankeny, Iowa

We have audited the financial statements of Des Moines Area Community College (the College) as of and for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. 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 opinions 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 entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the 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*.

We noted certain matters related to compliance that we reported to management of the College in a separate letter dated November 30, 2009.

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 30, 2009

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

To the Board of Directors
Des Moines Area Community College
Ankeny, Iowa

Compliance

We have audited the compliance of Des Moines Area 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, 2009. The College's major federal programs are identified in the summary of 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, 2009.

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

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

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

This report, a public record by law, is intended solely for the information and use of the 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 30, 2009

Des Moines Area Community College
SCHEDULE OF FINDINGS
Year ended June 30, 2009

Part I—Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No significant deficiencies 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 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 84.007, 84.033, 84,063, 84.268, 84.375 — Student Financial Assistance Cluster
 - CFDA Number 84.002 — Adult Basic Education, Adult Basic Education Teacher Training, EL Civics Grants
 - CFDA Number 84.048A — Vocational Education – Perkins Funds
 - CFDA Number 17.258, 17.259, 17.260 – WIA Cluster
 - CFDA Number 16.738 — Electronic Crime Institute
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$655,722.
- (i) Des Moines Area 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

CONFIDENTIAL

The Board of Directors
Des Moines Area Community College
Ankeny, Iowa

We have audited the financial statements of Des Moines Area Community College (the College) for the year ended June 30, 2009, and have issued our report thereon dated November 30, 2009. In planning and performing our audit of the financial statements of the College, we have considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

During our audit, we noted certain matters that are presented for your consideration. These comments have all been discussed with the appropriate members of management and are summarized as follows:

REQUIRED STATUTORY REPORTING FOR THE STATE OF IOWA

The following comments about the College's operations for the year ended June 30, 2009 are based exclusively on the knowledge obtained from procedures performed during our audit of the financial statements of the College for the year ended June 30, 2009. Since our audit was based on tests and samples, not all transactions which might have an impact on the comments were necessarily examined. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

1. Certified Budget

Expenditures during the year ended June 30, 2009, did not exceed amounts budgeted.

2. 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.

3. 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.

4. Business Transactions

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

5. Bond Coverage

Surety bond coverage of College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure the coverage is adequate for current operations.

6. Board Minutes

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

7. Publication of Receipts and Disbursements

The College published a statement of receipts and disbursements of all funds of the College, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Iowa Code, on August 12, 2009.

8. 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.

9. 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.

This report is intended solely for the information and use of the College and all applicable federal awarding agencies and pass-through entities and 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 30, 2009