

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

June 30, 2009

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Iowa Western Community College
OFFICIALS

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Trustees (Before September 2008 Election)		
Gary Faust	President	2009
Randy Pash	Vice President	2009
Brent Seigrist	Member	2009
Colleen Geiger	Member	2011
Connie Hornbeck	Member	2011
Doug Goodman	Member	2011
Scott Robinson	Member	2009
Fred Lisle	Member	2011
Kirk Madsen	Member	2009
Board of Trustees (After September 2008 Election)		
Gary Faust	President	2009
Randy Pash	Vice President	2009
Brent Seigrist	Member	2009
Colleen Geiger	Member	2011
Connie Hornbeck	Member	2011
Doug Goodman	Member	2011
Scott Robinson	Member	2009
Fred Lisle	Member	2011
Kirk Madsen	Member	2009
Community College		
Dr. Dan Kinney	President	
Thomas Johnson	Board Treasurer	
Kathryn Coffelt	Board Secretary	

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Iowa Western Community College (the College), and its 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 contents page of this report. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Western Community College and its 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 our report dated December 2, 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 and Schedule of Funding Progress for the Retiree Health Plan on pages 6 through 15 and 42 are not required parts of the basic financial statements, but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the College taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the basic financial statements for the four years ended June 30, 2008 (none of which are presented herein) and expressed unqualified opinions on those financial statements. The supplementary information included in Schedules 1 through 10 is presented for purposes of additional analysis, and is not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards (Schedule 11) is also presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The supplementary information included in Schedules 9 and 10 related to the College's 2004 and 2003 financial statements was audited by other auditors whose report, dated January 24, 2005, expressed an unqualified opinion on such information in relation to the basic financial statements taken as a whole.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 2, 2009

Iowa Western Community College Council Bluffs, Iowa

Management's Discussion and Analysis For the Year Ended June 30, 2009 (Unaudited)

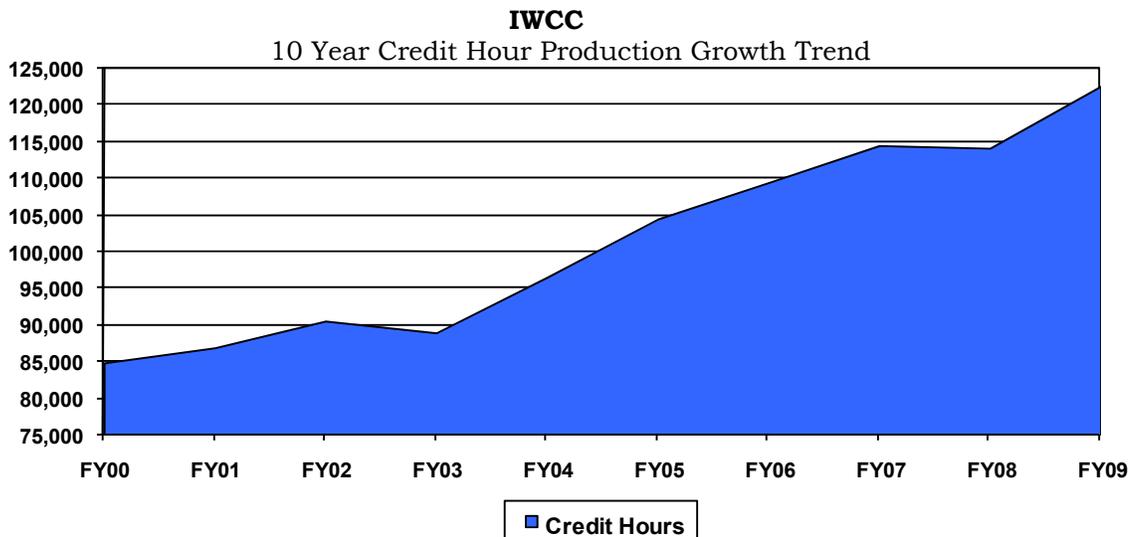
Management of Iowa Western Community College (The College or IWCC) provides this Management's Discussion and Analysis of IWCC's annual financial statements. This narrative overview and analysis of the financial activities of the College is for the fiscal year ended June 30, 2009. We encourage readers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

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

Iowa Western Community College has implemented Governmental Accounting Standards Board Statement 39. The objective of this statement is to require the primary reporting government (IWCC) to include associated entities in its financial reporting. An associated entity is generally an organization that raises and holds economic resources for the direct benefit of a governmental unit. For the fiscal year ending June 30, 2009, Iowa Western Community College will include financial information for the Iowa Western Community College Foundation in discrete presentation format. Other related organizations will be identified using the note disclosure method.

FINANCIAL HIGHLIGHTS

- Total operating revenue grew by 9.8% and increased by more than \$2,400,000 and totaled \$27,134,647 for the fiscal year ending June 30, 2009. Increased tuition & fee income of \$1,561,779 accounted for 64% of the total increase in revenue while the remainder of increased operating revenue came from higher auxiliary operation sales and plant fund activity. Following a one (1) year respite credit hour production rose by nearly 7% and totaled 122,700. The following graph depicts the FY09 increase and provides evidence of the longer term growth and success of IWCC. Over the past six (6) years credit hour production has grown by 38% since FY03.



- FY09 operating expenditures increased by more than \$5M compared to FY08 and totaled \$47,685,995. Expenditures within the Unrestricted Fund for general operations increased by \$2,168,246 in FY09 due in large part to general salary and benefit costs associated with hiring of additional staff to meet higher enrollment. Enrollment growth also affected other areas of operating expenditures including the Restricted Fund and Auxiliary functions. Increased scholarships and financial aid awards pushed total expenditures for the Restricted Fund to \$12,767,809, an increase of nearly \$1,140,000. And in similar fashion the Auxiliary Operations expenditures were up \$1,203,601 with increased student headcounts impacting Bookstore, Food Service and Housing.
- Net non-operating revenue grew by \$4,550,161 in fiscal year 2009 versus fiscal year 2008. State appropriations were up just over \$1.5 million or 13%. The majority of this increase came in the form of reimbursements for capital expenditures associated with capacity building from the state sponsored ACE Program (Accelerated Career Education). IWCC has used these dollars to expand career and technical program capacities at the remote center locations. Property tax collections were up significantly as the College collected tax revenues to pay increased debt service associated with the bond issue referendum passed in December 2007 and the early retirement incentive program offered in December 2008.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to IWCC's basic financial statements. The College's basic financial statements consist of a series of financial statements. The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Nets Assets and the Statement of Cash Flows (on pages 17 through 21) provide information about the activities of the College as a whole and present a longer-term view of the College's finances. These basic financial statements also include the notes to the financial statements and explain some of the information in the statements and provide more detail. Supplemental information is also in schedule form and begins on page 41.

THE COLLEGE AS A WHOLE

The Statement of Net Assets

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

The largest portion of the College's net assets (69.6%) is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Invested in Capital Assets is liquidated with sources other than capital assets. The restricted portion of the net assets (9.0%) includes resources that are subject to external restrictions. The remaining net assets (21.4%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

**Condensed Statement of Net Assets
As of the Year Ended June 30**

	FY09	FY08
Current Assets	\$43,906,064	\$37,442,007
Noncurrent assets	<u>76,627,063</u>	<u>63,751,616</u>
Total assets	<u>120,533,127</u>	<u>101,193,623</u>
Current liabilities	29,735,209	23,659,656
Noncurrent liabilities	<u>49,245,134</u>	<u>39,273,446</u>
Total liabilities	<u>78,980,343</u>	<u>62,933,102</u>
Net assets:		
Invested in capital assets, net of related debt	28,910,223	29,705,913
Restricted	3,755,386	2,673,962
Unrestricted	<u>8,887,175</u>	<u>5,880,646</u>
Total net assets	<u>\$41,552,784</u>	<u>\$38,260,521</u>

Statement of Revenues, Expenses and Changes in Net Assets

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

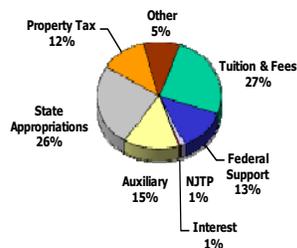
In general, a public college such as Iowa Western Community College will report an operating loss, as the financial reporting model classifies state appropriations and property taxes as non-operating revenues. Operating revenues are received for providing goods and services to the various students, customers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

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

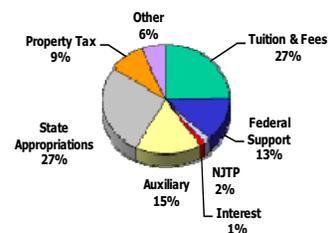
Operating revenue:	<u>FY09</u>	<u>FY08</u>
Tuition and fees	\$13,950,515	\$12,388,736
Federal appropriations	1,740,691	1,871,430
Iowa industrial New Jobs Training Program	739,521	944,979
Auxiliary	8,071,743	6,644,100
Other	<u>2,632,177</u>	<u>2,860,083</u>
Total operating revenue	27,134,647	24,709,328
Total Operating expenses	<u>47,685,995</u>	<u>42,411,789</u>
Operating loss	<u>(\$20,551,348)</u>	<u>(\$17,702,461)</u>
Non-operating revenue (expenses)	<u>FY09</u>	<u>FY08</u>
State appropriations	13,900,427	12,329,702
Pell Grant	5,175,616	4,129,272
Property tax	6,505,099	4,060,022
Disposal of plant assets	47,353	---
Interest on investments	160,097	402,231
Interest on indebtedness	(1,944,095)	(1,621,775)
Other	<u>(886)</u>	<u>(6,002)</u>
Net non-operating revenue	<u>23,843,611</u>	<u>19,293,450</u>
Change in net assets	3,292,263	1,590,989
Net assets beginning of year	<u>38,260,521</u>	<u>36,669,532</u>
Net assets end of year	<u>\$41,552,784</u>	<u>\$38,260,521</u>

The Statement of Revenues, Expenses, and Changes in Net Assets reflect an increase in net assets at the end of the fiscal year of \$3,292,263.

Revenue Types FY2009



Revenue Types FY2008



**Total Revenue by Source
For the Year Ended June 30**

	<u>FY09</u>	<u>FY08</u>
Tuition and Fees, net	\$13,950,515	\$12,388,736
Federal	6,916,307	6,000,702
NJTP	739,521	944,979
Interest	160,097	402,231
Auxiliary	8,071,743	6,644,100
State	13,900,427	12,329,702
Property Tax	6,505,099	4,060,022
Other	<u>2,679,530</u>	<u>2,860,083</u>
 Total revenues by source	 <u>\$52,923,239</u>	 <u>\$45,630,555</u>

In fiscal year 2009, total revenues grew by \$7,292,684, a 16.0% increase compared to FY2008. Following is an analysis of individual revenue sources:

- With a credit hour production increase of 8,439 hours (7.4%) and a \$6 per credit hour tuition rate increase, Tuition & Fee revenue increased by almost \$1.6 M in FY09. The College's business strategy to focus on the recruitment and retention of full-time students continues to prove successful as IWCC now totals nearly 3,100 full-time students. Since FY01 the number of full-time students has increased by 55% (from 2,000 FT headcount in FY01 to 3,092 in FY09). Preliminary Fall 2009 indicates another significant increase in FT students totaling more than 3,500.
- Auxiliary Enterprise revenues were up as an additional one hundred forty four (144) beds were added to student housing capacity. The increase in student residents coupled with the enrollment increase not only impacts housing revenues (up \$800,686 in FY09 or 52.1%) but also directly affects both Food Service and Bookstore operations. Student residents in the Suites must take a meal plan (Food Service revenues up 19%) and Bookstore sales increased \$295,475 or 8.9%.

FY10 will likely see similar increases in Auxiliary Enterprise revenues as IWCC continues to expand student housing. Seventy-two (72) new beds came on line in August 2009. One hundred forty four (144) more are currently under construction and will be available for occupancy for Fall 2010. Strong demand for student housing continues at IWCC with capacity for more than 1,080 student residents by the Fall 2010 and room for future expansion of another 288 beds as warranted.

- In total, State Appropriations increased by \$1,570,725 in FY09, a 12.7% hike. Actual new state aid provided by the state legislature for FY09 increased \$468,164 or 4.6%. Late in the FY09 fiscal year the State of Iowa identified a potential revenue shortfall and implemented an across-the-board cut of 1.5%. This reduction was necessary due to the downturn in the state and national economies and the related loss of State revenue from corporate and personal income taxes. Iowa's economy continues to struggle in fiscal year 2009-10, and Iowa has instituted additional state funding cuts that have impacted IWCC.

**Operating Expenses
For the Year Ended June 30**

	<u>FY09</u>	<u>FY08</u>
Education and support:		
Liberal arts and sciences	\$ 7,017,192	\$ 6,385,075
Applied science and technology	6,952,892	6,425,305
Continuing education	2,751,771	2,531,300
Cooperative services	2,220,055	2,332,969
Administration	2,598,999	2,334,354
Student services	3,065,422	2,846,474
Learning resources	264,977	264,751
Physical plant	4,454,295	4,042,123
General institution	6,930,859	5,437,416
Auxiliary enterprises	7,877,453	6,645,014
Scholarships and grants	1,401,776	1,113,889
Depreciation and amortization	<u>2,150,304</u>	<u>2,053,119</u>
 Total operating expenses	 <u>\$47,685,995</u>	 <u>\$42,411,789</u>

In fiscal year 2009, operating expenses increased \$5,274,206 or 11.1% as a net result of the following changes:

- Salary and benefit costs remain the largest category of expense totaling \$27,088,098 in FY09. If costs associated with an early retirement offering in FY09 are excluded, salary and benefit expenses increased 8.9% in FY09 versus fiscal year 2008. Similar to FY08 IWCC converted several regular part-time academic positions to full-time in FY09 in response to continued demand and growth in university transfer programs.
- As noted above in revenue discussions Auxiliary Operations continue to grow as housing facilities are expanded and enrollment numbers continue to increase. In FY09 Auxiliary expenditures increased by \$1,232,439 and totaled \$7,877,453. The majority of the increase in expenditures is associated with additional personnel required to manage new facilities and the associated general expenses incurred to operate them (utilities, supplies, custodial etc.).
- Construction activity continues at the Council Bluffs campus as general contractors are at work on two (2) major projects – a new student resource center and additional housing. A \$16 M 71,000 square foot student resource facility is nearing completion and is scheduled to open in May 2010. The new facility is funded from proceeds from the \$22 M bond issue referendum passed by IWCC voters in December 2007. The new facility will house student support services, a student resource center, culinary arts program, dining services and bookstore operations. Also currently under construction is phase I of the second complex of Reiver Suites housing facilities that will receive its first student residents in the Fall 2010. The facility will initially provide one hundred forty four (144) new beds and future expansion capability for another two hundred eighty eight (288) beds.
- The College is also currently in the design development and bidding phase for the renovation and expansion of facilities that will house the Nursing Center of Excellence. Once completed this facility will provide state-of-art educational and training facilities for IWCC healthcare students. The facility will be funded with proceeds from the balance of general obligation bonds to be issued in FY11 and is scheduled to open to students in late January 2011.

Additional funding for this facility has been provided through a \$1.5 M Dept of Health & Human Services federal appropriation and a local community grant of \$1.1 M.

Statement of Cash Flows

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

Condensed Statement of Cash Flows For the Year Ended June 30

	FY09	FY08
Cash flows from:		
Operating activities	(\$15,757,049)	\$(10,151,198)
Non-capital financing activities	24,581,486	16,408,033
Capital and related financing activities	(5,702,937)	(4,162,361)
Investing activities	<u>160,097</u>	<u>402,231</u>
Net increase in cash	3,281,597	2,496,705
Cash, beginning of year	<u>19,848,684</u>	<u>17,351,979</u>
Cash, end of year	<u>\$23,130,281</u>	<u>\$19,848,684</u>

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

Component Unit Financial Statements

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

Condensed Statement of Net Assets As of June 30

	FY09	FY08
Total assets	<u>\$18,078,560</u>	<u>\$18,064,959</u>
Total liabilities	\$ 836,993	\$ 265,431
Total net assets	<u>17,241,567</u>	<u>17,799,528</u>
	<u>\$18,078,560</u>	<u>\$18,064,959</u>

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

	FY09	FY08
Total revenues	\$3,704,648	\$12,749,508
Total expenses	<u>4,262,609</u>	<u>1,760,931</u>
Increase/(Decrease) in net assets	<u>(\$ 557,961)</u>	<u>\$10,988,577</u>

Financial highlights of the Foundation include the following:

- Net assets decreased \$557,961 from June 30, 2008 to June 30, 2009. Similar to the vast majority of other higher education foundations the IWCC Foundation realized losses with its investment activities totaling more than \$1,122,785. These losses will impact the Foundation's ability to provide future scholarship support at the same level of prior years.
- During the 2008 fiscal year (June 30, 2008) the Foundation received a major gift of 105 acres of prime commercial real estate. The property has an estimated market value of nearly \$10.75 million. While the property has been listed with a national commercial real estate and development firm for the past eighteen (18) months the current commercial real estate market has stagnated and the Foundation has yet to identify/receive any viable offers for the property. Proceeds from a future sale will be used to promote the interests of Iowa Western Community College.

CAPITAL ASSETS

At June 30, 2009, the College has approximately \$76,365,974 invested in capital assets, net of accumulated depreciation of \$23,445,878. Net depreciation charges totaled \$1,936,678 for the 2009 fiscal year. Details for the capital assets are shown below.

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

	<u>FY09</u>	<u>FY08</u>
Land	\$ 560,164	\$ 490,919
Buildings	56,715,028	51,591,287
Construction in progress	14,621,453	6,655,966
Other structures and improvements	3,059,320	3,001,308
Equipment and vehicles	1,285,857	1,293,243
Capital leases	61,372	85,271
Software	<u>62,780</u>	<u>51,689</u>
Total	<u>\$76,365,974</u>	<u>\$63,169,683</u>

In June 2009, the college, the IWCC Foundation and the City of Harlan, Iowa celebrated the completion of a joint property development project that constructed a \$3.6 M, 24,040 square foot facility in Harlan, Iowa. The facility houses the new IWCC center location (9,000 square feet) and a technology and small business incubator center (15,050) square feet operated by the City. Fund raising for the facility was completed at the end of FY08 and construction of the facility commenced in August 2008.

DEBT

At June 30, 2009, the College had \$53,042,203 million in debt outstanding. The table below summarizes these amounts by type.

Outstanding Debt As of the Year Ended June 30

	<u>FY09</u>	<u>FY08</u>
Early retirement payable	\$ 1,041,337	\$ 775,518
Certificates payable	6,525,000	7,270,000
Capital loan notes payable	6,975,000	7,855,000
Revenue bonds	23,220,000	20,775,000
Bonds payable	15,215,000	5,765,000
Capital leases payable	<u>65,866</u>	<u>89,764</u>
Total	<u>\$53,042,203</u>	<u>\$42,530,282</u>

Total outstanding debt increased \$10,511,921 in fiscal year 2009. The college continues to utilize the various types of long-term financing available to fund the expansion and updating of college facilities.

During FY09 Iowa Western issued \$10,000,000 in general obligation bonds and \$3,000,000 in revenue bonds. The \$10 M in GO bonds represented the initial issuance against a total bonding authorization of \$22 M approved by voters within the College's service district. These funds are

being utilized for the construction of the new IWCC Student Center facility. The \$3 M in revenue bonds is for construction of additional student housing facilities.

Subsequent to the 2008-09 fiscal year end the College has issued an additional \$9.865 M in dorm revenue bonds for further expansion of housing.

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

ECONOMIC FACTORS

Iowa Western Community College's long-term economic outlook remains strong as enrollment and credit hour production continue to increase. IWCC opened additional student housing in the fall of 2009 and realized an 11% increase in credit hour production (Fall 09 vs. Fall 08). In the short term the College must continue to focus on recruiting and retaining new students as it deals with reduced state funding levels. As with the majority of states Iowa has had to reduce state aid to higher education as state revenues have declined due to the downturn in the state and national economies.

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

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

Contacting the College's Financial Management

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Iowa Western Community College, 2700 College Road, Council Bluffs, Iowa 51503.

BASIC FINANCIAL STATEMENTS

Iowa Western Community College
STATEMENT OF NET ASSETS
 June 30, 2009

ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT ASSETS		
Cash and short-term pooled investments	\$ 23,130,281	\$ 599,264
Investments	-	4,713,412
Receivables		
Accounts receivable, net of allowance for uncollectible accounts of \$143,038	11,844,668	-
Grants and other receivables	-	1,463,776
Property tax		
Delinquent	125,682	-
Succeeding year	5,777,461	-
Beneficial interest in irrevocable trust	-	17,918
Iowa Industrial New Jobs Training Program	93,230	-
Due from Iowa Western Community College Foundation (component unit)	619,440	-
Due from other governments	1,408,229	-
Inventories	653,119	-
Prepaid expenses	253,954	299,080
Other assets	-	170,815
Net investment in capital leases	-	25,331
Total current assets	<u>43,906,064</u>	<u>7,289,596</u>
NONCURRENT ASSETS		
Iowa Industrial New Jobs Training Program receivable, net of current portion	261,089	-
Land held for investment	-	10,748,430
Capital assets, net of accumulated depreciation and amortization	<u>76,365,974</u>	<u>40,534</u>
Total noncurrent assets	<u>76,627,063</u>	<u>10,788,964</u>
 Total assets	 <u>120,533,127</u>	 <u>18,078,560</u>

Iowa Western Community College
STATEMENT OF NET ASSETS (continued)
June 30, 2009

LIABILITIES AND NET ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT LIABILITIES		
Accounts payable	\$ 5,219,123	\$ 1,409
Due to Iowa Western Community College	-	619,440
Salaries and benefits payable	4,724,669	-
Accrued interest payable	205,304	-
Deferred revenue		
Succeeding year property tax	5,777,461	-
Other	8,948,451	-
Retirement incentives payable	211,738	-
Compensated absences	406,219	-
Deposits held in custody for others	656,913	216,144
Certificates payable	1,360,000	-
Bonds payable	1,290,000	-
Notes payable	910,000	-
Capital leases payable	25,331	-
Total current liabilities	<u>29,735,209</u>	<u>836,993</u>
NONCURRENT LIABILITIES		
Retirement incentives payable	829,599	-
Certificates payable	5,165,000	-
Bonds payable	37,145,000	-
Notes payable	6,065,000	-
Capital leases payable	40,535	-
Total noncurrent liabilities	<u>49,245,134</u>	<u>-</u>
Total liabilities	<u>78,980,343</u>	<u>836,993</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>28,910,223</u>	<u>-</u>
Restricted		
Nonexpendable	-	1,206,673
Expendable		
Scholarships	109,101	4,222,036
Loans	2,560	-
Debt service	1,678,447	-
Cash reserve	361,092	-
Other	1,604,186	11,984,681
Total restricted	<u>3,755,386</u>	<u>17,413,390</u>
Unrestricted	<u>8,887,175</u>	<u>(171,823)</u>
Total net assets	<u>\$ 41,552,784</u>	<u>\$17,241,567</u>

Iowa Western Community College
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year ended June 30, 2009

	<u>College</u>	<u>Foundation</u>
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$2,710,449	\$13,950,515	\$ —
Federal appropriations	1,740,691	—
Iowa Industrial New Jobs Training Program	739,521	—
Auxiliary enterprises revenue, net of scholarship allowances of \$2,040,342	8,071,743	—
Contributions	—	4,583,472
Miscellaneous	<u>2,632,177</u>	<u>49,330</u>
Total operating revenues	<u>27,134,647</u>	<u>4,632,802</u>
OPERATING EXPENSES		
Education and support		
Liberal arts and sciences	7,017,192	—
Applied science and technology	6,952,892	—
Continuing education	2,751,771	—
Cooperative services	2,220,055	2,718,223
Administration	2,598,999	—
Student services	3,065,422	—
Learning resources	264,977	—
Physical plant	4,454,295	—
General institution	6,930,859	—
Auxiliary enterprises	7,877,453	—
Scholarships and grants	1,401,776	1,543,171
Depreciation and amortization	<u>2,150,304</u>	<u>1,215</u>
Total operating expenses	<u>47,685,995</u>	<u>4,262,609</u>
OPERATING INCOME (LOSS)	<u>(20,551,348)</u>	<u>370,193</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	13,900,427	—
Pell grant	5,175,616	—
Property tax	6,505,099	—
Interest and investment income	160,097	(968,270)
Interest on indebtedness	(1,944,095)	—
Gain on sale of capital assets	47,353	40,116
Other	<u>(886)</u>	<u>—</u>
Total nonoperating revenues (expenses), net	<u>23,843,611</u>	<u>(928,154)</u>
INCREASE (DECREASE) IN NET ASSETS	3,292,263	(557,961)
NET ASSETS , beginning of year	<u>38,260,521</u>	<u>17,799,528</u>
NET ASSETS , end of year	<u>\$41,552,784</u>	<u>\$17,241,567</u>

Iowa Western Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2009

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$12,370,467
Federal appropriations	1,876,034
Iowa Industrial New Jobs Training Program (NJTP)	535,713
Payment to employees for salaries and benefits	(26,364,045)
Payment to suppliers for goods and services	(12,229,678)
Payments to NJTP recipients	(641,728)
Scholarships	(1,403,426)
Auxiliary enterprise receipts	8,071,743
Other receipts	<u>2,027,871</u>
Net cash used in operating activities	<u>(15,757,049)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	13,756,881
Pell grant	5,115,675
Property tax	6,459,293
Federal direct lending receipts	12,953,251
Federal direct lending disbursements	(12,944,128)
Miscellaneous Agency Fund receipts	2,031,121
Miscellaneous Agency Fund disbursements	(1,980,012)
Proceeds from issuance of certificates payable	695,000
Principal paid on certificates payable	(1,440,000)
Interest paid on certificates payable	(419,439)
Change in deposits held in custody for others	354,730
Other disbursements	<u>(886)</u>
Net cash provided by noncapital financing activities	<u>24,581,486</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from issuance of long-term debt	12,900,000
Proceeds from sale of capital assets	248,374
Acquisition of capital assets	(15,363,081)
Principal paid on capital leases	(23,898)
Principal paid on long-term debt	(1,985,000)
Interest paid on long-term debt	<u>(1,479,332)</u>
Net cash used in capital and related financing activities	<u>(5,702,937)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and investment income	<u>160,097</u>
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NET INCREASE IN CASH

3,281,597

CASH, beginning of year

19,848,684

CASH, end of year

\$23,130,281

**Iowa Western Community College
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2009**

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

Operating loss	\$(20,551,348)
Adjustments to reconcile operating loss to net cash flows used in operating activities	
Depreciation and amortization	2,150,304
Changes in assets and liabilities	
Accounts receivable	(2,342,792)
Due from Iowa Western Community College Foundation (component unit)	(604,306)
NJTP receivable	156,766
Due from other governments	135,343
Inventories	210,775
Prepaid expenses	(2,061)
Accounts payable	3,965,697
Due to Iowa Western Community College Foundation (component unit)	(1,650)
Salaries and benefits payable	724,053
Deferred revenue	<u>402,170</u>
Net cash flows used in operating activities	<u>\$(15,757,049)</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

These financial statements present Iowa Western Community College (the primary government) and its component unit. The component unit discussed below is included in the College's reporting entity because of the significance of its operational and financial relationship with the College. Certain disclosures about the component unit are not included because the component unit has been audited separately and a report has been issued under separate cover. The audited financial statements are available at the College.

Component Unit and Related Organizations

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Component Unit and Related Organizations (continued)

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

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

Financial Statement Presentation

GASB Statement No. 35, *Basic Financial Statements - and Management's Discussion and Analysis - for Public Colleges and Universities*, establishes standards for external financial reporting for public colleges and universities and requires that resources be classified for accounting and reporting purposes into the following net asset categories:

Invested in Capital Assets, Net of Related Debt - Capital assets, net of accumulated depreciation and outstanding debt obligations attributable to the acquisition, construction or improvement of those assets. The portion of the debt attributable to the unspent proceeds are not included in the calculation of invested in capital assets, net of related debt. Rather, that portion of the debt is included in the same fund equity component as the unspent proceeds.

Restricted Net Assets

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Supplementary Information

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

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

Unrestricted Fund – The Education and Support subgroup of the Unrestricted Fund accounts for the general operations of the College. All property tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this subgroup. From this subgroup are paid the general operating expenses, the fixed charges and the expenditures for plant assets that are not paid from other funds.

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

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

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

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

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

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

The College applies all applicable GASB pronouncements, as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

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

Cash and Pooled Investments

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

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

Property Tax Receivable

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

Due from Other Governments

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Uncollectible Accounts

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

Iowa Industrial New Jobs Training Program (NJTP) Receivable

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

Inventories

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

Capital Assets

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest costs on borrowed funds during the period of construction of capital assets are capitalized as a component of the cost of acquiring those assets.

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

<u>Assets</u>	<u>Amount</u>
Land, buildings and improvements other than buildings	\$25,000
Furniture and equipment and software	5,000

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

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

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

Salaries and Benefits Payable

Payroll and related expenses for teachers with annual contracts corresponding to the current school year, which are payable in July and August, have been accrued as liabilities at June 30.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue

Although certain revenues are measurable, they are not available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, advanced student tuition, deferred administrative and training revenue for NJTP projects, and other receivables not collected within sixty days after year end.

Compensated Absences

College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2009.

Auxiliary Enterprise Revenues

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

Tuition and Fees

Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses. The College operates summer sessions during May, June, and July. Revenues and expenditures for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

Operating and Nonoperating Activities

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

Scholarship Allowances and Student Aid

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

Use of Estimates

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

NOTE 2 CASH AND POOLED INVESTMENTS

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

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

Deposits	
Cash	\$14,918,860
Nonnegotiable certificates of deposit	8,119,101
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>92,320</u>
Total cash and short-term pooled investments	<u>\$23,130,281</u>

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

Credit risk. The College's June 30, 2009 investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

NOTE 3 INVENTORIES

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

<u>Type</u>	<u>Amount</u>
Graphic arts	\$ 29,776
Bookstore	319,298
Auto parts	36,703
Food service	16,634
Work in process--student-built houses	<u>250,708</u>
Total	<u>\$ 653,119</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 4 CAPITAL ASSETS

Capital assets activity 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	\$ 490,919	\$ —	\$ 69,245	\$ —	\$ 560,164
Construction in progress	<u>6,845,109</u>	<u>14,924,472</u>	<u>(7,148,128)</u>	<u>—</u>	<u>14,621,453</u>
Total capital assets not being depreciated	<u>7,336,028</u>	<u>14,924,472</u>	<u>(7,078,883)</u>	<u>—</u>	<u>15,181,617</u>
Capital assets being depreciated					
Buildings	66,959,352	—	6,808,637	189,785	73,578,204
Improvements other than buildings	5,268,499	—	270,246	—	5,538,745
Furniture and equipment	4,894,781	413,515	—	229,470	5,078,826
Software	247,459	25,094	—	—	272,553
Capital lease assets	<u>161,907</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>161,907</u>
Total capital assets being depreciated	<u>77,531,998</u>	<u>438,609</u>	<u>7,078,883</u>	<u>419,255</u>	<u>84,630,235</u>
Less accumulated depreciation for					
Buildings	15,368,066	1,557,359	—	62,249	16,863,176
Improvements other than buildings	2,267,191	212,234	—	—	2,479,425
Furniture and equipment	3,601,537	347,417	—	155,985	3,792,969
Software	195,770	14,003	—	—	209,773
Capital lease assets	<u>76,636</u>	<u>23,899</u>	<u>—</u>	<u>—</u>	<u>100,535</u>
Total accumulated depreciation	<u>21,509,200</u>	<u>2,154,912</u>	<u>—</u>	<u>218,234</u>	<u>23,445,878</u>
Capital assets, net	<u>\$63,358,826</u>	<u>\$13,208,169</u>	<u>\$ —</u>	<u>\$ 201,021</u>	<u>\$76,365,974</u>

Included in the above capital assets are assets held in agency in the amount of \$45,182 with total accumulated depreciation of \$26,750 at June 30, 2009. Total depreciation expense for assets held in agency, for the year ended June 30, 2009 is \$4,608.

Construction in progress at June 30, 2009 includes costs for construction of a student center, construction of student housing, apartment site improvements and other minor projects. The College has entered into contracts for these projects of approximately \$27,710,000 of which approximately \$12,960,000 has been completed. Accounts payable at June 30, 2009 includes approximately \$2,070,000 of the amount completed. Total unpaid contracts at June 30, 2009 were approximately \$14,750,000.

Iowa Western 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>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance end of year</u>	<u>Less current portion</u>	<u>Long-term portion</u>
Retirement incentives Payable (Note 13)	\$ 775,518	\$ 413,756	\$ (147,937)	\$ 1,041,337	\$ (211,738)	\$ 829,599
Certificates payable	7,270,000	695,000	(1,440,000)	6,525,000	(1,360,000)	5,165,000
Bonds payable	26,540,000	13,000,000	(1,105,000)	38,435,000	(1,290,000)	37,145,000
Notes payable	7,855,000	-	(880,000)	6,975,000	(910,000)	6,065,000
Capital lease payable (Note 7)	<u>89,764</u>	<u>-</u>	<u>(23,898)</u>	<u>65,866</u>	<u>(25,331)</u>	<u>40,535</u>
Totals	<u>\$42,530,282</u>	<u>\$14,108,756</u>	<u>\$(3,596,835)</u>	<u>\$53,042,203</u>	<u>\$(3,797,069)</u>	<u>\$49,245,134</u>

Certificates Payable

In accordance with agreements dated between June 1, 2000 and June 1, 2009, the College issued certificates totaling \$13,800,000 with interest rates ranging from 2.3% to 8.25%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	\$1,360,000	\$ 319,591	\$1,689,591
2011	1,290,000	245,266	1,525,266
2012	615,000	177,933	792,933
2013	680,000	151,486	831,486
2014	550,000	121,629	671,629
2015-2019	<u>2,030,000</u>	<u>222,748</u>	<u>2,252,748</u>
Total	<u>\$6,525,000</u>	<u>\$1,238,653</u>	<u>\$7,763,653</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Notes Payable

The College has issued notes for the purchase, construction and renovation of College properties as allowed by Section 260C of the Code of Iowa. Details of the College's June 30, 2009 notes payable indebtedness are as follows:

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of January 1, 2005 (2005A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.30%	\$ 165,000	\$ 50,025	\$ 215,025
2011	3.45%	175,000	44,580	219,580
2012	3.60%	180,000	38,543	218,543
2013	3.75%	190,000	32,063	222,063
2014	3.90%	195,000	24,938	219,938
2015-2016	4.05% to 4.20%	<u>420,000</u>	<u>26,363</u>	<u>446,363</u>
Total		<u>\$1,325,000</u>	<u>\$ 216,512</u>	<u>\$1,541,512</u>

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of January 1, 2005 (2005B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.30%	\$ 150,000	\$ 4,950	\$ 154,950
Total		<u>\$ 150,000</u>	<u>\$ 4,950</u>	<u>\$ 154,950</u>

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of June 1, 2006 (2006A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.85%	\$ 550,000	\$ 146,720	\$ 696,720
2011	3.95%	450,000	125,545	575,545
2012	4.05%	470,000	107,770	577,770
2013	4.15%	485,000	88,735	573,735
2014	4.25%	510,000	68,608	578,608
2015-2016	4.30% to 4.35%	<u>1,085,000</u>	<u>71,076</u>	<u>1,156,076</u>
Total		<u>\$3,550,000</u>	<u>\$ 608,454</u>	<u>\$4,158,454</u>

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of December 1, 2007 (2007A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.50%	\$ 45,000	\$ 71,553	\$ 116,553
2011	3.50%	285,000	69,977	354,977
2012	3.60%	300,000	60,003	360,003
2013	3.65%	310,000	49,202	359,202
2014	3.70%	325,000	37,888	362,888
2015-2016	3.75% to 3.80%	<u>685,000</u>	<u>39,162</u>	<u>724,162</u>
Total		<u>\$1,950,000</u>	<u>\$ 327,785</u>	<u>\$2,277,785</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable

The College has issued bonds for the purchase, construction and renovation of College properties as allowed by Section 260C of the Code of Iowa. Details of the College's June 30, 2009 bonded indebtedness are as follows:

<u>Year ending June 30</u>	<u>Bond Issue of March 1, 2004</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	2.75%	\$ 305,000	\$ 200,718	\$ 505,718
2011	3.00%	315,000	192,330	507,330
2012	3.00%	325,000	182,880	507,880
2013	3.10%	340,000	173,130	513,130
2014	3.25%	350,000	162,590	512,590
2015-2019	3.40% to 3.85%	1,985,000	621,568	2,606,568
2020-2023	4.00% to 4.13%	<u>1,935,000</u>	<u>202,755</u>	<u>2,137,755</u>
Total		<u>\$5,555,000</u>	<u>\$1,735,971</u>	<u>\$7,290,971</u>

<u>Year ending June 30</u>	<u>Bond Issue of July 1, 2008</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	4.13%	\$ 355,000	\$ 401,718	\$ 756,718
2011	4.13%	370,000	387,074	757,074
2012	4.13%	380,000	371,811	751,811
2013	4.13%	395,000	356,136	751,136
2014	4.13%	410,000	339,843	749,843
2015-2019	3.90% to 4.13%	2,295,000	1,435,196	3,730,196
2020-2024	4.05% to 4.20%	2,780,000	933,659	3,713,659
2025-2028	4.25% to 4.40%	<u>2,675,000</u>	<u>296,805</u>	<u>2,971,805</u>
Total		<u>\$9,660,000</u>	<u>\$4,522,242</u>	<u>\$14,182,242</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of September 1, 2004</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.55%	\$ 100,000	\$ 158,100	\$ 258,100
2011	3.75%	100,000	154,550	254,550
2012	3.95%	105,000	150,800	255,800
2013	4.10%	110,000	146,653	256,653
2014	4.25%	120,000	142,143	262,143
2015-2019	4.40% to 5.00%	<u>2,780,000</u>	<u>625,747</u>	<u>3,405,747</u>
Total		<u>\$3,315,000</u>	<u>\$1,377,993</u>	<u>\$4,692,993</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of January 1, 2005 (2005A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.65%	\$ 175,000	\$ 272,543	\$ 447,543
2011	3.80%	180,000	266,155	446,155
2012	3.95%	190,000	259,315	449,315
2013	4.10%	195,000	251,810	446,810
2014	4.25%	205,000	243,815	448,815
2015-2019	4.40% to 5.00%	<u>4,770,000</u>	<u>1,072,276</u>	<u>5,842,276</u>
Total		<u>\$5,715,000</u>	<u>\$2,365,914</u>	<u>\$8,080,914</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of June 1, 2005 (2005B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.70%	\$ 125,000	\$ 34,090	\$ 159,090
2011	3.80%	135,000	29,465	164,465
2012	3.90%	140,000	24,335	164,335
2013	4.00%	145,000	18,875	163,875
2014	4.10%	155,000	13,075	168,075
2015	4.20%	<u>160,000</u>	<u>6,720</u>	<u>166,720</u>
Total		<u>\$ 860,000</u>	<u>\$ 126,560</u>	<u>\$ 986,560</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of June 1, 2006 (2006A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	4.10%	\$ 90,000	\$ 230,110	\$ 320,110
2011	4.20%	95,000	226,420	321,420
2012	4.30%	95,000	222,430	317,430
2013	4.40%	100,000	218,345	318,345
2014	4.50%	105,000	213,945	318,945
2015-2019	4.55% to 4.90%	610,000	992,690	1,602,690
2020-2021	% to 5.00%	<u>3,610,000</u>	<u>353,930</u>	<u>3,963,930</u>
Total		<u>\$4,705,000</u>	<u>\$2,457,870</u>	<u>\$7,162,870</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of August 1, 2007 (2007A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	4.05%	\$ 95,000	\$ 274,898	\$ 369,898
2011	4.15%	100,000	271,050	371,050
2012	4.25%	105,000	266,900	371,900
2013	4.30%	110,000	262,437	372,437
2014	4.40%	115,000	257,707	372,707
2015-2019	4.50% to 4.85%	660,000	1,205,648	1,865,648
2020-2022	% to 5.00%	<u>4,440,000</u>	<u>642,690</u>	<u>5,082,690</u>
Total		<u>\$5,625,000</u>	<u>\$3,181,330</u>	<u>\$8,806,330</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of February 1, 2009 (2009A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2010	3.50%	\$ 45,000	\$ 144,665	\$ 189,665
2011	3.50%	45,000	143,090	188,090
2012	3.50%	45,000	141,515	186,515
2013	3.50%	50,000	139,940	189,940
2014	3.50%	50,000	138,190	188,190
2015-2019	4.50%	300,000	656,550	956,550
2020-2024	4.90% to 5.00%	<u>2,465,000</u>	<u>577,950</u>	<u>3,042,950</u>
Total		<u>\$3,000,000</u>	<u>\$1,941,900</u>	<u>\$4,941,900</u>

The College has pledged future dormitory system revenues, net of specified operating expenses, to repay \$23,220,000 in dorm revenue bonds issued in September, 2004; January, 2005; June, 2005; June, 2006, August, 2007, and July, 2009. Proceeds from the bonds provided financing for construction of the dormitory system. The bonds are payable solely from dormitory system net revenues, including dining and other incidental facilities, and are payable through 2024. Annual principal and interest payments are expected to require less than the net revenues of the system. The total principal and interest remaining to be paid on the notes is \$34,671,567. For the current year, principal and interest paid and total customer net revenues were \$1,588,863 and \$2,084,197, respectively.

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

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

During the year ended June 30, 2009, the College was in compliance with the revenue bond provisions.

Total interest cost for the year ended June 30, 2009 is \$2,381,049. Total interest capitalized as part of construction in progress for the year ended June 30, 2009 is \$322,233 (net of \$114,721 in interest income).

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 6 OPERATING LEASES

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are charged as incurred. The leases expire between 2009 and 2053 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2009:

<u>Year ending June 30</u>	<u>Amount</u>
2010	\$ 135,454
2011	56,094
2012	56,094
2013	9,597
2014	5,370
2015-2053	<u>214,800</u>
Total	<u>\$ 477,409</u>

Rents for the year ended June 30, 2009 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$308,410.

NOTE 7 CAPITAL LEASES AND RELATED PARTY TRANSACTIONS

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

<u>Class of property</u>	<u>Balance at June 30, 2009</u>
Equipment	\$ 161,907
Less accumulated amortization	<u>(100,535)</u>
Net capital lease assets	<u>\$ 61,372</u>

The following is a schedule by year of future minimum lease payments under capital leases as of June 30, 2009:

<u>Year ending June 30</u>	
2010	\$ 28,165
2011	13,539
2012	13,539
2013	13,539
2014	<u>3,385</u>
Total	72,167
Less interest	<u>(6,301)</u>
Capital lease obligations	<u>\$ 65,866</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 4.10% of their annual covered salary and the College is required to contribute 6.35% 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 \$534,192, \$460,511 and \$436,338, respectively, equal to the required contributions for each year.

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

The College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.10% and the College is required to contribute 6.35%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2009 were \$578,854 and \$374,091, respectively.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The College implemented GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other Than Pensions* during the year ended June 30, 2009.

Plan Description

The College operates a single-employer retiree benefit plan which provides medical, prescription drug and dental benefits for retirees and their spouses. There are 344 active and 26 retired members in the plan. Participants must be age 55 or older at retirement.

The medical, prescription drug and dental coverage is provided through a self-insured plan. Retirees under age 65 pay the same premium for the medical, prescription drug, and dental benefits as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy

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.

Annual OPEB Cost and Net OPEB Obligation

The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community 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.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2009, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 38,157
Interest on net OPEB obligation	-
Adjustment to annual required contribution	-
Annual OPEB cost	<u>38,157</u>
Contributions made	<u>(6,238)</u>
Increase in net OPEB obligation	31,919
Net OPEB obligation beginning of year	<u>-</u>
 Net OPEB obligation end of year	 <u>\$ 31,919</u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net 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 \$6,238 to the medical 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:

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$ 38,157	16.3%	\$ 31,919

Funded Status and Funding Progress

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 \$235,716, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$235,716. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$13,813,000 and the ratio of the UAAL to covered payroll was 1.7%. As of June 30, 2009, there were no trust fund assets.

Actuarial Methods and Assumptions

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 health care 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 plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial Methods and Assumptions (continued)

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 and 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.

As of the July 1, 2008 actuarial valuation date, the unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the College's funding policy. The projected annual medical trend rate is 10%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

Mortality rates are from the RP2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Scale T-9 of the Actuary's Pension Handbook.

Projected claim costs of the medical plan are \$725 per month for retirees less than age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 11 RELATED PARTY TRANSACTIONS

The College transferred \$100,000 in fiscal year 1995 and \$550,000 in fiscal year 1998 to the Iowa Western Community College Foundation. The provisions of the gifts specify that the corpus, and any income generated through the investment of the corpus, shall be restricted in use for the sole benefit of the College for scholarships, grants, and such other purposes for the benefit of the College or the students thereof. There were no such transfers in fiscal year 2009.

Foundation salaries and other operating expenses are paid by the College. In management's estimate, the value of such expenses was approximately \$180,000 in fiscal year 2009.

Transactions for the year ended June 30, 2009, between Iowa Western Community College and Western Iowa Dorms, Inc. are as follows:

Beginning receivable balance	\$ 223,515
Charges for services, supplies and payroll provided or paid by the College	33,581
College payment of dorm payables	537,933
Reimbursements and advances from Western Iowa Dorms, Inc.	<u>(1,111,859)</u>
Ending payable balance	\$ <u>(316,830)</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 12 NEW JOBS TRAINING PROGRAMS

The College administers the NJTP in merged Area XIII in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property taxes. Since inception, the College has administered one hundred one projects with twenty-three currently receiving project funding. Of the remaining projects, sixty-three projects have been completed and paid in full, while fifteen have been completed and only repayment of the certificates is left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

NOTE 13 RETIREMENT INCENTIVE PROGRAM

The College offered retirement incentives to eligible employees in fiscal years 2000, 2002, 2007 and 2009. Eligible staff members who accept retirement incentives will receive cash benefits payable in three installments during the following fiscal year, as well as health insurance coverage up to a specified amount until the staff member reaches the age of 65.

The liability at June 30, 2009 for those employees who have elected retirement incentives was \$1,041,337 and has been recorded as a liability in the Statement of Net Assets. Retirement incentives will be fully funded through property tax levies.

NOTE 14 SELF-INSURANCE PROGRAM

The College has established a self-insurance medical program, which is accounted for in the Restricted Fund. This program provides employee health benefit coverage up to a maximum of \$50,000 per employee per year and the maximum liability coverage of approximately \$3,250,000 per year. The College purchases commercial insurance for claims in excess of this coverage and all other risks of loss. Payments include certain administrative expenses.

Payments are made to the self-insurance cost center based on actuarial estimates of the amounts needed to pay current year claims. The unpaid claims liability of approximately \$1,962,000 is based on GASB Statement No. 10, which requires that a liability be recorded when it has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

NOTE 15 COMMITMENTS AND CONTINGENCIES

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

NOTE 16 SUBSEQUENT EVENTS

In September 2009, the College executed a capital lease agreement for a 33 passenger mini-bus with the Foundation. The lease requires lease payments of \$1,797 monthly for 7 years.

In October 2009, the College executed a capital lease agreement for a 56 passenger motorcoach with the Foundation. The lease requires lease payments of \$2,719 monthly for 10 years.

In October 2009, the College issued \$9,865,000 in dorm revenue bonds for the construction of additional student housing.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2009

NOTE 17 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*, issued February 2009, 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 whether these Statements will have an effect on the College's financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

Iowa Western Community College
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information

<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a)/c)</u>
July 1, 2008	\$ <u>—</u>	\$ <u>236</u>	\$ <u>236</u>	<u>0.0%</u>	\$ <u>13,813</u>	<u>1.7%</u>

OTHER SUPPLEMENTARY INFORMATION

Iowa Western Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Required Supplementary Information
Year ended June 30, 2009

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance between actual and original budget</u>
General (unrestricted and non-levy restricted)	\$35,761,914	\$35,761,914	\$34,446,668	\$1,315,246
Restricted				
Unemployment	25,000	25,000	39,179	(14,179)
Tort liability	69,750	69,750	104,157	(34,407)
Insurance	535,250	535,250	434,597	100,653
Early retirement	126,336	126,336	-	126,336
Equipment replacement	716,355	716,355	686,168	30,187
Total restricted	<u>1,472,691</u>	<u>1,472,691</u>	<u>1,264,101</u>	<u>208,590</u>
Total unrestricted/restricted	37,234,605	37,234,605	35,710,769	1,523,836
Plant	4,140,771	6,861,054	3,330,111	3,530,943
Bonds and interest	<u>1,166,086</u>	<u>1,174,855</u>	<u>1,137,065</u>	<u>37,790</u>
Total operating expenditures	<u>\$42,541,462</u>	<u>\$45,270,514</u>	<u>\$40,177,945</u>	<u>\$5,092,569</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2009

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

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

For the year ended June 30, 2009, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES
June 30, 2009

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
ASSETS									
Cash and short-term pooled investments	\$ 3,467,896	\$10,752,399	\$ 1,398	\$ 6,682,577	\$1,820,455	\$ -	\$ 405,556	\$ -	\$ 23,130,281
Receivables									
Accounts (less allowance of \$143,038)	9,653,917	2,168,582	-	22,044	-	-	125	-	11,844,668
Property tax									
Delinquent	66,866	19,149	-	-	39,667	-	-	-	125,682
Succeeding year	1,417,744	1,450,161	-	463,872	2,445,684	-	-	-	5,777,461
Due from other funds	594,139	313,528	545	675,609	-	-	9,106	(1,592,927)	-
Due from Iowa Western Community College Foundation (component unit)	423,841	-	-	195,599	-	-	-	-	619,440
Due from other governments	310,286	959,095	617	580	-	-	137,651	-	1,408,229
Inventories	653,119	-	-	-	-	-	-	-	653,119
Prepaid expenditures	231,695	21,080	-	1,179	-	-	-	-	253,954
Iowa Industrial New Jobs Training Program	-	354,319	-	-	-	-	-	-	354,319
Capital assets									
Land	-	-	-	-	-	560,164	-	-	560,164
Buildings	-	-	-	-	-	73,578,204	-	-	73,578,204
Improvements other than buildings	-	-	-	-	-	5,538,745	-	-	5,538,745
Equipment and vehicles	-	-	-	-	-	5,033,644	45,182	-	5,078,826
Capital lease assets	-	-	-	-	-	161,907	-	-	161,907
Software	-	-	-	-	-	272,553	-	-	272,553
Construction in progress	-	-	-	14,621,453	-	-	-	-	14,621,453
Accumulated depreciation and amortization	-	-	-	-	-	(23,419,128)	(26,750)	-	(23,445,878)
Total assets	<u>\$16,819,503</u>	<u>\$16,038,313</u>	<u>\$ 2,560</u>	<u>\$22,662,913</u>	<u>\$4,305,806</u>	<u>\$61,726,089</u>	<u>\$ 570,870</u>	<u>\$(1,592,927)</u>	<u>\$120,533,127</u>

See accompanying independent auditor's report.

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES (continued)
June 30, 2009

LIABILITIES AND FUND BALANCES	Current Funds		Loan Fund	Plant Funds			Agency Funds	Adjustments	Total
	Unrestricted	Restricted		Unexpended	Retirement of Indebtedness	Investment in Plant			
LIABILITIES									
Accounts payable	\$ 555,984	\$ 281,832	\$ -	\$ 4,235,135	\$ -	\$ -	\$ 146,172	\$ -	\$ 5,219,123
Salaries and benefits payable	1,916,407	2,807,874	-	-	-	-	388	-	4,724,669
Accrued interest payable	-	30,224	-	21,294	153,786	-	-	-	205,304
Due to other funds	431,771	863,756	-	20,784	27,889	-	248,727	(1,592,927)	-
Deferred revenues									
Succeeding year property tax	1,417,744	1,450,161	-	463,872	2,445,684	-	-	-	5,777,461
Other	7,662,757	1,285,694	-	-	-	-	-	-	8,948,451
Retirement incentives payable	-	1,041,337	-	-	-	-	-	-	1,041,337
Compensated absences	367,071	39,148	-	-	-	-	-	-	406,219
Deposits held in custody for others	481,330	-	-	-	-	-	175,583	-	656,913
Bond deposit	-	-	-	-	-	-	-	-	-
Certificates payable	-	6,525,000	-	-	-	-	-	-	6,525,000
Bonds payable	-	-	-	12,660,000	-	25,775,000	-	-	38,435,000
Notes payable	-	-	-	-	-	6,975,000	-	-	6,975,000
Capital leases payable	-	-	-	-	-	65,866	-	-	65,866
Total liabilities	<u>12,833,064</u>	<u>14,325,026</u>	<u>-</u>	<u>17,401,085</u>	<u>2,627,359</u>	<u>32,815,866</u>	<u>570,870</u>	<u>(1,592,927)</u>	<u>78,980,343</u>
FUND BALANCES									
Invested in capital assets, net of related debt	-	-	-	-	-	28,910,223	-	-	28,910,223
Restricted									
Expendable									
Scholarships and fellowships	-	109,101	-	-	-	-	-	-	109,101
Loans	-	-	2,560	-	-	-	-	-	2,560
Debt service	-	-	-	-	1,678,447	-	-	-	1,678,447
Cash reserve	361,092	-	-	-	-	-	-	-	361,092
Other	-	1,604,186	-	-	-	-	-	-	1,604,186
Unrestricted	2,525,083	-	-	5,261,828	-	-	-	-	7,786,911
Auxiliary enterprises	<u>1,100,264</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,100,264</u>
Total fund balances	<u>3,986,439</u>	<u>1,713,287</u>	<u>2,560</u>	<u>5,261,828</u>	<u>1,678,447</u>	<u>28,910,223</u>	<u>-</u>	<u>-</u>	<u>41,552,784</u>
Total liabilities and fund balances	<u>\$16,819,503</u>	<u>\$16,038,313</u>	<u>\$ 2,560</u>	<u>\$22,662,913</u>	<u>\$4,305,806</u>	<u>\$61,726,089</u>	<u>\$ 570,870</u>	<u>\$(1,592,927)</u>	<u>\$120,533,127</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 2009

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
REVENUES								
General								
State appropriations	\$10,829,800	\$ 3,070,627	\$ -	\$ -	\$ -	\$ -	\$ -	\$13,900,427
Tuition and fees	16,642,372	3,998	-	14,594	-	-	(2,710,449)	13,950,515
Property tax	1,343,301	2,649,829	-	-	2,511,969	-	-	6,505,099
Federal appropriations	534,029	6,382,251	27	-	-	-	-	6,916,307
Sales and services	420,299	425,128	-	-	-	-	(3,543)	841,884
Interest and investment income	(15,422)	134,975	74	18,181	22,289	-	-	160,097
Iowa Industrial New Jobs Training Program	-	739,521	-	-	-	-	-	739,521
Gifts and grants	-	430,608	-	-	-	-	-	430,608
Miscellaneous	534,043	630,704	886	256,514	-	-	(62,462)	1,359,685
Increase in plant investment due to plant expenditures	-	-	-	-	-	7,415,611	(7,415,611)	-
Total general revenues	<u>30,288,422</u>	<u>14,467,641</u>	<u>987</u>	<u>289,289</u>	<u>2,534,258</u>	<u>7,415,611</u>	<u>(10,192,065)</u>	<u>44,804,143</u>
Auxiliary enterprises								
State appropriations	107,920	-	-	-	-	-	-	107,920
Tuition and fees	92,070	-	-	-	-	-	-	92,070
Federal appropriations	4,063	-	-	-	-	-	-	4,063
Sales and services	9,222,290	-	-	-	-	-	(2,066,970)	7,155,320
Interest on investments	14,009	-	-	-	-	-	-	14,009
Allocation of student fees	161,300	-	-	-	-	-	-	161,300
Gifts and grants	267,081	-	-	-	-	-	-	267,081
Miscellaneous	269,980	-	-	-	-	-	-	269,980
Total auxiliary revenues	<u>10,138,713</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(2,066,970)</u>	<u>8,071,743</u>
Total revenues	<u>40,427,135</u>	<u>14,467,641</u>	<u>987</u>	<u>289,289</u>	<u>2,534,258</u>	<u>7,415,611</u>	<u>(12,259,035)</u>	<u>52,875,886</u>

See accompanying independent auditor's report.

Schedule 3 (continued)

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
 Year ended June 30, 2009

	Current Funds		Loan Fund	Plant Funds			Adjustments	Total
	Unrestricted	Restricted		Unexpended	Retirement of Indebtedness	Investment in Plant		
EXPENDITURES								
Education and support								
Liberal arts and sciences	\$ 7,032,976	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,784)	\$ 7,017,192
Applied science and technology	5,867,373	1,214,177	-	-	-	-	(128,658)	6,952,892
Continuing education	2,266,128	485,643	-	-	-	-	-	2,751,771
Cooperative services	915,553	1,304,502	-	-	-	-	-	2,220,055
Administration	2,661,461	-	-	-	-	-	(62,462)	2,598,999
Student services	3,065,422	-	-	-	-	-	-	3,065,422
Learning resources	264,977	-	-	-	-	-	-	264,977
Physical plant	2,927,850	296,104	-	8,368,357	-	-	(7,138,016)	4,454,295
General institution	<u>3,617,463</u>	<u>3,376,475</u>	-	-	-	-	<u>(63,079)</u>	<u>6,930,859</u>
Total education and support	28,619,203	6,676,901	-	8,368,357	-	-	(7,407,999)	36,256,462
Auxiliary enterprises	8,454,022	-	-	-	-	-	(576,569)	7,877,453
Scholarships and grants	-	5,676,243	-	-	-	-	(4,274,467)	1,401,776
Loan cancellations and collection costs	-	-	-	-	-	-	-	-
Retirement of indebtedness	-	-	-	-	1,985,000	-	-	1,985,000
Disposal of plant assets	-	-	-	-	-	(47,353)	-	(47,353)
Increase in plant investment due to retirement of debt	-	-	-	-	-	(1,985,000)	-	(1,985,000)
Interest on indebtedness	-	414,665	-	328,067	1,201,363	-	-	1,944,095
Depreciation and amortization	-	-	-	-	-	2,150,304	-	2,150,304
Other	-	-	886	-	-	-	-	886
Total expenditures	<u>37,073,225</u>	<u>12,767,809</u>	<u>886</u>	<u>8,696,424</u>	<u>3,186,363</u>	<u>117,951</u>	<u>(12,259,035)</u>	<u>49,583,623</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>3,353,910</u>	<u>1,699,832</u>	<u>101</u>	<u>(8,407,135)</u>	<u>(652,105)</u>	<u>7,297,660</u>	<u>-</u>	<u>3,292,263</u>
TRANSFERS								
Mandatory transfers	(25,000)	25,000	-	-	-	-	-	-
Nonmandatory transfers	<u>(2,982,587)</u>	<u>(1,334,998)</u>	-	<u>11,067,341</u>	<u>1,343,594</u>	<u>(8,093,350)</u>	-	-
Total transfers	<u>(3,007,587)</u>	<u>(1,309,998)</u>	-	<u>11,067,341</u>	<u>1,343,594</u>	<u>(8,093,350)</u>	-	-
INCREASE (DECREASE) IN FUND BALANCES	346,323	389,834	101	2,660,206	691,489	(795,690)	-	3,292,263
FUND BALANCES, beginning of year	<u>3,640,116</u>	<u>1,323,453</u>	<u>2,459</u>	<u>2,601,622</u>	<u>986,958</u>	<u>29,705,913</u>	<u>-</u>	<u>38,260,521</u>
FUND BALANCES, end of year	<u>\$ 3,986,439</u>	<u>\$ 1,713,287</u>	<u>\$ 2,560</u>	<u>\$ 5,261,828</u>	<u>\$ 1,678,447</u>	<u>\$ 28,910,223</u>	<u>\$ -</u>	<u>\$ 41,552,784</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
EDUCATION AND SUPPORT
Year ended June 30, 2009

	Education				Support					Total
	Liberal Arts and Sciences	Applied Science and Technology	Continuing Education	Cooperative Services	Administration	Student Services	Learning Resources	Physical Plant	General Institution	
REVENUES										
State appropriations	\$ -	\$ -	\$ 10,000	\$ -	\$10,619,800	\$ 200,000	\$ -	\$ -	\$ -	\$10,829,800
Tuition and fees	7,904,582	5,610,651	1,533,123	1,353,383	17,874	214,017	-	-	8,742	16,642,372
Property tax	-	-	-	-	1,343,301	-	-	-	-	1,343,301
Federal appropriations	-	205,568	242,173	-	-	86,288	-	-	-	534,029
Sales and services	1,488	-	10,000	120,826	143,665	-	945	111,125	32,250	420,299
Interest and investment income	-	-	-	-	(15,422)	-	-	-	-	(15,422)
Miscellaneous	3,742	910	41,853	353,414	26,840	1,776	5,759	81,034	18,715	534,043
	<u>7,909,812</u>	<u>5,817,129</u>	<u>1,837,149</u>	<u>1,827,623</u>	<u>12,136,058</u>	<u>502,081</u>	<u>6,704</u>	<u>192,159</u>	<u>59,707</u>	<u>30,288,422</u>
Allocation of support services	<u>5,840,322</u>	<u>4,534,905</u>	<u>2,521,482</u>	<u>-</u>	<u>(12,136,058)</u>	<u>(502,081)</u>	<u>(6,704)</u>	<u>(192,159)</u>	<u>(59,707)</u>	<u>-</u>
Total revenues	<u>13,750,134</u>	<u>10,352,034</u>	<u>4,358,631</u>	<u>1,827,623</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,288,422</u>
EXPENDITURES										
Salaries and benefits	6,318,753	5,206,564	1,663,863	888,555	1,322,213	2,658,070	169,323	1,107,411	2,216,186	21,550,938
Services	267,291	211,509	360,661	17,018	533,928	187,900	8,054	1,526,805	1,117,996	4,231,162
Materials and supplies	170,127	281,366	146,803	5,909	54,385	109,953	87,540	208,734	182,950	1,247,767
Travel	29,905	66,668	45,882	4,071	58,668	70,499	60	2,620	52,099	330,472
Loan cancellations and collection costs	-	-	-	-	95,350	-	-	-	-	95,350
Plant asset acquisitions	15,784	67,503	-	-	-	-	-	82,280	22,887	188,454
Cost of goods sold	205	-	48,794	-	-	-	-	-	39,218	88,217
Miscellaneous	230,911	33,763	125	-	596,917	39,000	-	-	(13,873)	886,843
	<u>7,032,976</u>	<u>5,867,373</u>	<u>2,266,128</u>	<u>915,553</u>	<u>2,661,461</u>	<u>3,065,422</u>	<u>264,977</u>	<u>2,927,850</u>	<u>3,617,463</u>	<u>28,619,203</u>
Allocation of support services	<u>5,678,087</u>	<u>4,408,069</u>	<u>2,451,017</u>	<u>-</u>	<u>(2,661,461)</u>	<u>(3,065,422)</u>	<u>(264,977)</u>	<u>(2,927,850)</u>	<u>(3,617,463)</u>	<u>-</u>
Total expenditures	<u>12,711,063</u>	<u>10,275,442</u>	<u>4,717,145</u>	<u>915,553</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,619,203</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,039,071</u>	<u>76,592</u>	<u>(358,514)</u>	<u>912,070</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,669,219</u>
TRANSFERS										
Mandatory transfers	-	-	-	-	-	(25,000)	-	-	-	(25,000)
Nonmandatory transfers	-	(55,773)	60,000	-	(151,917)	-	-	(1,139,597)	-	(1,287,287)
Total transfers	<u>-</u>	<u>(55,773)</u>	<u>60,000</u>	<u>-</u>	<u>(151,917)</u>	<u>(25,000)</u>	<u>-</u>	<u>(1,139,597)</u>	<u>-</u>	<u>(1,312,287)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 1,039,071</u>	<u>\$ 20,819</u>	<u>\$ (298,514)</u>	<u>\$ 912,070</u>	<u>\$ (151,917)</u>	<u>\$ (25,000)</u>	<u>\$ -</u>	<u>\$ (1,139,597)</u>	<u>\$ -</u>	<u>356,932</u>
FUND BALANCES, beginning of year										<u>2,529,243</u>
FUND BALANCES, end of year										<u>\$ 2,886,175</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
AUXILIARY ENTERPRISES
Year ended June 30, 2009

	<u>Bookstore</u>	<u>Building Trades</u>	<u>Food Services</u>	<u>Student Housing</u>	<u>Graphic Arts</u>	<u>Auto Parts</u>	<u>Athletics</u>	<u>Daycare Center</u>	<u>Miscellaneous</u>	<u>Total</u>
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,511	\$ 102,409	\$ 107,920
Tuition and fees	-	-	-	-	-	-	-	-	92,070	92,070
Federal appropriations	630	-	1,255	511	-	1,667	-	-	-	4,063
Sales and services	3,608,529	260,000	1,999,915	2,258,330	230,603	154,310	-	355,024	355,579	9,222,290
Interest and investment income	-	-	-	-	-	-	-	-	14,009	14,009
Gifts and grants	-	-	-	-	-	-	195,263	9,706	62,112	267,081
Miscellaneous										
Student fee allocations	-	-	-	-	-	-	161,300	-	-	161,300
Other	14,211	-	888	77,471	77,171	-	99,639	-	600	269,980
Total revenue	<u>3,623,370</u>	<u>260,000</u>	<u>2,002,058</u>	<u>2,336,312</u>	<u>307,774</u>	<u>155,977</u>	<u>456,202</u>	<u>370,241</u>	<u>626,779</u>	<u>10,138,713</u>
EXPENDITURES										
Salaries and benefits	349,155	-	768,294	477,413	59,251	56,749	36,901	298,092	295,838	2,341,693
Services	119,048	16,715	58,533	542,864	123,007	3,593	22,030	1,840	203,588	1,091,218
Materials and supplies	30,784	-	100,918	53,146	1,164	110	286,514	53,964	10,717	537,317
Travel	16,534	-	2,496	1,212	-	-	307,528	324	9,153	337,247
Loan cancellations and collection costs	4,881	-	28,206	-	-	-	-	-	-	33,087
Plant asset acquisitions	6,000	-	44,671	5,245	-	-	17,779	-	-	73,695
Cost of goods sold	2,814,228	257,708	609,583	-	66,216	135,775	-	-	-	3,883,510
Miscellaneous	3,506	-	-	-	-	14,434	-	-	138,315	156,255
Total expenditures	<u>3,344,136</u>	<u>274,423</u>	<u>1,612,701</u>	<u>1,079,880</u>	<u>249,638</u>	<u>210,661</u>	<u>670,752</u>	<u>354,220</u>	<u>657,611</u>	<u>8,454,022</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>279,234</u>	<u>(14,423)</u>	<u>389,357</u>	<u>1,256,432</u>	<u>58,136</u>	<u>(54,684)</u>	<u>(214,550)</u>	<u>16,021</u>	<u>(30,832)</u>	<u>1,684,691</u>
TRANSFERS										
Nonmandatory transfers	(235,000)	-	(252,399)	(1,415,175)	(50,000)	55,774	201,500	-	-	(1,695,300)
Total transfers	<u>(235,000)</u>	<u>-</u>	<u>(252,399)</u>	<u>(1,415,175)</u>	<u>(50,000)</u>	<u>55,774</u>	<u>201,500</u>	<u>-</u>	<u>-</u>	<u>(1,695,300)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 44,234</u>	<u>\$ (14,423)</u>	<u>\$ 136,958</u>	<u>\$ (158,743)</u>	<u>\$ 8,136</u>	<u>\$ 1,090</u>	<u>\$ (13,050)</u>	<u>\$ 16,021</u>	<u>\$ (30,832)</u>	<u>(10,609)</u>
FUND BALANCES, beginning of year										<u>1,110,873</u>
FUND BALANCES, end of year										<u>\$ 1,100,264</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND
 Year ended June 30, 2009

	Scholarship and Grants	Central American Student Scholarship Program	Small Business Development Center	AREA 13 Consortium	Early Retirement	TECH Prep Grant	Student Support Services	Corrections Program	Iowa Small Business New Jobs Training Program	Iowa Industrial New Jobs Training Program
REVENUES										
State appropriations	\$ 458,667	\$ -	\$ 99,441	\$ -	\$ -	\$ -	\$ -	\$ 425,295	\$ 331,636	\$ -
Tuition and fees	-	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	1,120,867	-	-	-	-	316,872
Federal appropriations	5,267,234	360,877	-	210,426	-	84,248	267,561	-	-	-
Sales and services	-	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-	-
Iowa New Jobs Training Program	-	-	-	-	-	-	-	-	-	739,521
Gifts and grants	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>5,725,901</u>	<u>360,877</u>	<u>99,441</u>	<u>210,426</u>	<u>1,120,867</u>	<u>84,248</u>	<u>267,561</u>	<u>425,295</u>	<u>331,636</u>	<u>1,056,393</u>
EXPENDITURES										
Salaries and benefits	-	50,502	80,059	27,131	669,880	28,702	172,094	385,032	-	-
Services	-	204,259	2,363	183,236	-	39,619	21,294	13,125	331,636	641,728
Materials and supplies	-	30	8,213	59	-	827	6,703	14,229	-	-
Travel	-	5,946	8,806	-	-	15,100	9,920	5,829	-	-
Plant asset acquisitions	-	-	-	-	-	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-	-	-	-	-	414,665
Miscellaneous	-	100,140	-	-	-	-	57,550	7,080	-	-
Pell grant program	5,175,616	-	-	-	-	-	-	-	-	-
Supplemental educational opportunity grant	103,094	-	-	-	-	-	-	-	-	-
Iowa college student aid commission	397,533	-	-	-	-	-	-	-	-	-
Total expenditures	<u>5,676,243</u>	<u>360,877</u>	<u>99,441</u>	<u>210,426</u>	<u>669,880</u>	<u>84,248</u>	<u>267,561</u>	<u>425,295</u>	<u>331,636</u>	<u>1,056,393</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>49,658</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>450,987</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TRANSFERS										
Mandatory transfers	25,000	-	-	-	-	-	-	-	-	-
Nonmandatory transfers	-	-	-	-	-	-	-	-	-	-
Total transfers	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 74,658</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 450,987</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND (continued)
 Year ended June 30, 2009

	Casualty Insurance Tax Levy	Tort Liability Tax Levy	Unemployment Comp Tax Levy	Worker's Comp Tax Levy	Equipment Replacement Tax Levy	Iowa Values Fund	Economic Development	KIWR	ACE Projects	Miscellaneous	Total
REVENUES											
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 646,541	\$ -	\$ -	\$ 1,099,998	\$ 9,049	\$ 3,070,627
Tuition and fees	3,998	-	-	-	-	-	-	-	-	-	3,998
Property tax	552,737	38,579	23,741	-	597,033	-	-	-	-	-	2,649,829
Federal appropriations	-	-	-	-	-	-	-	-	-	191,905	6,382,251
Sales and services	-	-	-	-	-	-	231,603	193,525	-	-	425,128
Interest and investment income	-	-	-	-	-	-	-	716	-	134,259	134,975
Iowa New Jobs Training Program	-	-	-	-	-	-	-	-	-	-	739,521
Gifts and grants	-	-	-	-	-	-	-	185,298	-	245,310	430,608
Miscellaneous	-	-	-	-	-	-	-	317,921	-	312,783	630,704
Total revenues	<u>556,735</u>	<u>38,579</u>	<u>23,741</u>	<u>-</u>	<u>597,033</u>	<u>646,541</u>	<u>231,603</u>	<u>697,460</u>	<u>1,099,998</u>	<u>893,306</u>	<u>14,467,641</u>
EXPENDITURES											
Salaries and benefits	-	-	39,179	138,493	-	4,975	241,094	432,499	-	925,827	3,195,467
Services	290,806	104,157	-	-	19,635	-	16,757	189,872	-	178,663	2,237,150
Materials and supplies	-	-	-	-	629,884	30,626	5,120	18,934	-	76,334	790,959
Travel	-	-	-	-	-	422	5,126	2,123	-	78,302	131,574
Plant asset acquisitions	-	-	-	-	36,649	33,796	-	-	-	25,390	95,835
Interest on indebtedness	-	-	-	-	-	-	-	-	-	-	414,665
Miscellaneous	5,298	-	-	-	-	40,000	-	15,848	-	-	225,916
Pell grant program	-	-	-	-	-	-	-	-	-	-	5,175,616
Supplemental educational opportunity grant	-	-	-	-	-	-	-	-	-	-	103,094
Iowa college student aid commission	-	-	-	-	-	-	-	-	-	-	397,533
Total expenditures	<u>296,104</u>	<u>104,157</u>	<u>39,179</u>	<u>138,493</u>	<u>686,168</u>	<u>109,189</u>	<u>268,097</u>	<u>659,276</u>	<u>-</u>	<u>1,284,516</u>	<u>12,767,809</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>260,631</u>	<u>(65,578)</u>	<u>(15,438)</u>	<u>(138,493)</u>	<u>(89,135)</u>	<u>536,722</u>	<u>(35,494)</u>	<u>38,184</u>	<u>1,099,998</u>	<u>(391,210)</u>	<u>1,699,832</u>
TRANSFERS											
Mandatory transfers	-	-	-	-	-	-	-	-	-	-	25,000
Nonmandatory transfers	-	-	-	-	-	(300,000)	-	-	(1,099,998)	65,000	(1,334,998)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(300,000)</u>	<u>-</u>	<u>-</u>	<u>(1,099,998)</u>	<u>65,000</u>	<u>(1,309,998)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 260,631</u>	<u>\$ (65,578)</u>	<u>\$ (15,438)</u>	<u>\$ (138,493)</u>	<u>\$ (89,135)</u>	<u>\$ 236,722</u>	<u>\$ (36,494)</u>	<u>\$ 38,184</u>	<u>\$ -</u>	<u>\$ (326,210)</u>	<u>389,834</u>
FUND BALANCES, beginning of year											<u>1,323,453</u>
FUND BALANCES, end of year											<u>\$ 1,713,287</u>

See accompanying independent auditor's report.

Iowa Western Community College
CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - AGENCY FUNDS
Year ended June 30, 2009

	<u>Student Clubs and Organizations</u>	<u>JTPA Service Delivery Area</u>	<u>Federal Student Loan Account</u>	<u>Miscellaneous</u>	<u>Total</u>
BALANCE , beginning of year	\$ <u>(103,463)</u>	\$ <u>36,665</u>	\$ <u>39,138</u>	\$ <u>165,436</u>	\$ <u>137,776</u>
ADDITIONS					
Tuition and fees	-	-	-	1,320	1,320
Federal appropriations	-	1,680,841	-	(1,787)	1,679,054
Sales and services	13,316	-	-	-	13,316
Loan advances from lenders	-	-	12,953,251	-	12,953,251
Interest and investment income	-	-	2,790	-	2,790
Miscellaneous					
Student fee allocation	101,630	-	-	-	101,630
Other	<u>192,082</u>	<u>23,040</u>	<u>-</u>	<u>53,197</u>	<u>268,319</u>
Total additions	<u>307,028</u>	<u>1,703,881</u>	<u>12,956,041</u>	<u>52,730</u>	<u>15,019,680</u>
DEDUCTIONS					
Salaries and benefits	513	856,430	-	-	856,943
Services	40,987	235,175	9,223	20,334	305,719
Materials and supplies	21,258	56,068	-	23,058	100,384
Travel	6,794	24,447	-	777	32,018
Costs of goods sold	5,042	-	-	-	5,042
Miscellaneous	-	-	-	-	-
Loan payments to student accounts	-	-	12,944,128	-	12,944,128
Loans returned to lenders	-	-	13,853	-	13,853
Awards to clients	-	415,965	-	-	415,965
Other	<u>10,772</u>	<u>124,801</u>	<u>39,766</u>	<u>132,482</u>	<u>307,821</u>
Total deductions	<u>85,366</u>	<u>1,712,886</u>	<u>13,006,970</u>	<u>176,651</u>	<u>14,981,873</u>
BALANCE , end of year	\$ <u>118,199</u>	\$ <u>27,660</u>	\$ <u>(11,791)</u>	\$ <u>41,515</u>	\$ <u>175,583</u>

See accompanying independent auditor's report.

Iowa Western Community College
CREDIT AND CONTACT HOURS
 Year ended June 30, 2009

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	78,590	–	78,590	1,601,001	–	1,601,001
Vocational Education - Preparatory	44,110	–	44,110	1,143,040	–	1,143,040
Adult/Continuing Education	–	–	–	479,292	81,499	560,791
Related services and activities	–	–	–	–	53,486	53,486
Totals	<u>122,700</u>	<u>–</u>	<u>122,700</u>	<u>3,223,333</u>	<u>134,985</u>	<u>3,358,318</u>

See accompanying independent auditor's report.

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

	Year ended June 30						
	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Local (property tax)	\$ 6,505,099	\$ 4,060,022	\$ 5,891,735	\$ 4,362,915	\$ 4,106,441	\$ 3,832,669	\$ 3,696,144
State							
General	13,900,427	12,329,702	10,314,773	10,128,408	9,667,839	8,819,756	9,582,592
Auxiliary	107,920	108,526	51,048	99,204	100,370	98,076	53,758
Federal							
General	6,916,307	6,000,702	5,873,050	5,677,483	5,901,462	5,479,366	4,642,075
Auxiliary	<u>4,063</u>	<u>980</u>	<u>2,725</u>	<u>3,768</u>	<u>351</u>	<u>2,586</u>	<u>4,031</u>
Total	<u>\$27,433,816</u>	<u>\$22,499,932</u>	<u>\$22,133,331</u>	<u>\$20,271,778</u>	<u>\$19,776,463</u>	<u>\$18,232,453</u>	<u>\$17,978,600</u>

See accompanying independent auditor's report.

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

	Year ended June 30						
	2009	2008	2007	2006	2005	2004	2003
REVENUES							
State appropriations	\$13,900,427	\$12,212,529	\$10,196,843	\$10,009,608	\$ 9,667,839	\$ 8,811,383	\$ 9,437,060
Tuition and fees	16,646,370	14,558,200	14,352,971	13,201,375	12,177,780	10,869,743	9,558,638
Property tax	3,993,130	2,394,137	4,269,680	2,387,558	2,125,071	2,204,872	2,092,804
Federal appropriations	6,916,280	6,000,663	5,872,975	5,677,340	5,901,145	5,478,630	4,640,204
Sales and services	845,427	1,405,149	1,024,971	1,002,169	813,796	704,794	764,560
Interest on investments	119,553	252,717	401,850	530,746	125,051	305,574	259,551
Iowa Industrial New Jobs Training Program	739,521	944,979	1,624,773	1,066,603	709,216	1,049,244	1,583,079
Gifts and grants	430,608	402,836	509,931	296,587	147,010	148,324	127,585
Miscellaneous	1,164,747	1,090,347	1,077,334	1,213,996	1,082,308	885,356	922,349
Auxiliary enterprises	<u>10,138,713</u>	<u>8,469,858</u>	<u>7,114,629</u>	<u>7,116,888</u>	<u>5,562,731</u>	<u>4,970,130</u>	<u>4,388,829</u>
Totals	<u>\$54,894,776</u>	<u>\$47,731,415</u>	<u>\$46,445,957</u>	<u>\$42,502,870</u>	<u>\$38,311,947</u>	<u>\$35,428,050</u>	<u>\$33,774,659</u>
EXPENDITURES							
Liberal arts and sciences	\$ 7,032,976	\$ 6,385,075	\$ 5,760,329	\$ 5,498,159	\$ 5,062,403	\$ 4,527,473	\$ 3,791,919
Applied science and technology	7,081,550	6,534,532	6,153,909	5,930,025	5,704,548	5,605,651	5,540,300
Continuing education	2,751,771	2,537,890	2,430,208	2,297,979	2,275,777	2,132,860	2,306,843
Cooperative services	2,220,055	2,332,969	2,936,447	2,569,124	1,667,697	2,134,623	2,498,419
Administration	2,661,461	2,428,059	2,246,124	1,987,499	1,965,857	1,708,595	1,481,038
Student services	3,065,422	2,852,170	2,472,595	2,221,098	2,059,571	1,893,127	1,759,436
Learning resources	264,977	264,751	290,053	282,039	265,210	291,843	279,285
Physical plant	3,223,954	2,898,788	3,059,003	2,979,477	2,561,316	2,635,996	2,346,623
General institution	6,993,938	5,587,527	7,595,607	5,536,329	4,916,045	4,431,700	4,523,542
Auxiliary enterprises	8,454,022	7,250,421	6,224,722	6,460,996	5,364,519	4,634,980	4,375,280
Scholarships and grants	5,676,243	4,536,538	4,082,638	3,999,094	3,989,538	3,599,202	3,113,842
Interest on indebtedness	<u>414,665</u>	<u>424,080</u>	<u>434,599</u>	<u>404,955</u>	<u>499,098</u>	<u>612,741</u>	<u>743,522</u>
Totals	<u>\$49,841,034</u>	<u>\$44,032,800</u>	<u>\$43,686,234</u>	<u>\$40,166,774</u>	<u>\$36,331,579</u>	<u>\$34,208,791</u>	<u>\$32,760,049</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2009

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid - Cluster		
Direct		
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 75,000
Federal Work-Study Program (FWS)	84.033	82,592
Federal Pell Grant Program	84.063	5,175,616
Academic Competitiveness Grant	84.375	13,525
Total Student Financial Aid Cluster		<u>5,346,733</u>
Federal Trio Cluster		
TRIO - Student Support Services Program	84.042	<u>266,760</u>
Indirect		
<i>Passed Through Iowa Department of Education</i>		
Adult Education - State Grant Program	84.002	236,259
Career and Technical Education - Basic Grants to States	84.048	516,388
<i>Passed Through Iowa Department of Corrections</i>		
Title I Program for Neglected and Delinquent Children	84.013	12,784
<i>Passed Through Iowa College Student Aid Commission</i>		
Leveraging Assistance Educational Partnership (Iowa Grant Program)	84.069	26,908
<i>Passed Through Georgetown University</i>		
Near East and South Asia Undergraduate Exchange Program (NESA Grant)	84.000	93,195
Total indirect		<u>885,534</u>
Total U.S. Department of Education		<u>6,499,027</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct		
Temporary Assistance for Needy Families	93.558	<u>548,572</u>
U.S. DEPARTMENT OF LABOR		
Indirect		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act</i>		
WIA Adult Program	17.258	319,732
ARRA - WIA Adult Program	17.258	24,270
WIA Youth Activities	17.259	92,321
ARRA - WIA Youth Activities	17.259	84,148
WIA Dislocated Workers	17.260	267,988
ARRA - WIA Dislocated Workers	17.260	21,298
Total Workforce Investment Act Cluster		<u>809,757</u>
Employment Service	17.207	18,194
Veterans		
Disabled Veteran Outreach Program (DVOP)	17.801	5,290
Total employment service cluster		<u>23,484</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year ended June 30, 2009

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF LABOR (continued)		
Indirect (continued)		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act (continued)</i>		
Unemployment Insurance	17.225	33,025
WIA Family Literacy Incentive Grant	17.267	49,489
Work Incentive Grants	17.266	81,574
Trade Adjustment Assistance	17.245	1,734
<i>Passed Through Iowa Department of Education</i>		
Incentive Grants	17.267	<u>36,736</u>
Total U.S. Department of Labor		<u>1,035,799</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Indirect		
<i>Passed Through State of Nebraska</i>		
Learn and Serve America - Higher Education	94.005	<u>27,343</u>
DEPARTMENT OF VETERANS AFFAIRS		
Direct		
Veteran Information and Assistance	64.115	<u>798,889</u>
SMALL BUSINESS ADMINISTRATION		
Indirect		
<i>Passed Through Iowa State University</i>		
Small Business Development Center	59.037	<u>90,054</u>
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT		
<i>Passed Through Georgetown University</i>		
Cooperative Association of States (CASS Grant)	98.000	<u>360,877</u>
Total Expenditures of Federal Awards		<u>\$9,360,561</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2009

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Expenditures

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

Program Activity

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

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

The Federal Family Education Loan Program and Federal Perkins Loan Program are designed to make low-interest loans available to students through participating lending institutions. These programs have not been included in the accompanying schedule; however, they have been subjected to the auditing procedures applied in the audit of the accompanying schedule. Federal Family Education Loans and Federal Perkins Loans are programs of the U.S. Department of Education. Total disbursements of Federal Family Education Loans (CFDA #84.032) and Federal Perkins Loans (CFDA #84.038) were \$12,860,473 and \$-0-, respectively, for the year ended June 30, 2009.

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

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

We have audited the financial statements of Iowa Western Community College (the College) as of and for the year ended June 30, 2009, and have issued our report thereon dated December 2, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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

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

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

Compliance and Other Matters

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

Comments involving statutory and other legal matters about the College's operations for the year ended June 30, 2009 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the College. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes. Those comments are presented in Part IV of the accompanying schedule of findings.

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


DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 2, 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 Trustees
Iowa Western Community College
Council Bluffs, Iowa

Compliance

We have audited the compliance of Iowa Western Community College (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The College's major federal programs are identified in the summary of the independent auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 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 the College's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the College's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the College's internal control.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the College's internal control that might be significant deficiencies or material weaknesses. 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

West Des Moines, Iowa
December 2, 2009

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

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

NONE

Part III—Findings and Questioned Costs for Federal Awards

NONE

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2009

Part IV—Other Findings Related to Required Statutory Reporting

IV-09-A CERTIFIED BUDGET

The College did not exceed its budget for the year ended June 30, 2009.

IV-09-B QUESTIONABLE DISBURSEMENTS

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

IV-09-C TRAVEL EXPENSE

No expenditures of College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.

IV-09-D BUSINESS TRANSACTIONS

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

IV-09-E BOND COVERAGE

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

IV-09-F BOARD MINUTES

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

IV-09-G PUBLICATION OF RECEIPTS AND DISBURSEMENTS

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

IV-09-H DEPOSITS AND INVESTMENTS

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

IV-09-I CREDIT AND CONTACT HOURS

Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the College.