

Des Moines Area Community College

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

June 30, 2010

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**Des Moines Area Community College
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Directors (Before September 2009 Election)		
Joe Pugel	President	2009
Kevin Halterman	Vice President	2009
Fred Buie	Member	2009
Madelyn Tursi	Member	2011
James Knott	Member	2009
Jeff Hall	Member	2011
Ben Norman	Member	2011
Wayne Rouse	Member	2011
Cheryl Langston	Member	2011
Board of Directors (After September 2009 Election)		
Joe Pugel	President	2013
Kevin Halterman	Vice President	2013
Fred Buie	Member	2013
Madelyn Tursi	Member	2011
James Knott	Member	2013
Jeff Hall	Member	2011
Ben Norman	Member	2011
Wayne Rouse	Member	2011
Cheryl Langston	Member	2011
Community College		
Robert Denson	President/CEO	
Kim Linduska	Executive Vice President, Academic Affairs	
Greg Martin	Board Treasurer and Vice President, Information Solutions	
Douglas Williams	Vice President, Business Services	
Mary Chapman	Vice President, Community Outreach	
Joe Robbins	Controller	
Carolyn Farlow	Board Secretary	

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Des Moines Area Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2010, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Des Moines Area Community College and its discretely presented component unit as of June 30, 2010, 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 October 29, 2010 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 6 through 14, and schedule of funding progress for the retiree health plan on page 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 six years ended June 30, 2009 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and is derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 29, 2010

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

Management of Des Moines Area Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ College operating revenues decreased approximately \$9,300,000 or 13.55%. The most significant decrease was a result of decreased activity in the Iowa Industrial New Jobs Training Program. Training revenue decreased \$12 million or 46.11%. The prior year's training revenue was affected by two consecutive years of record training bond sales (\$22,475,000 in 2007 and \$23,405,000 in 2008). The demand for new job training remained strong with \$8.5 million in training certificates being sold in fiscal 2009 and \$10.7 million in 2010. The smaller training bond sales resulted in decreased revenue. Appropriations from Federal government sources increased \$3.98 million or 56.12%. The majority of the increase was the result of the College receiving \$3,864,862 in federal stimulus (Fiscal Stabilization Fund – Education State Grants and Government Services) dollars. Tuition and fees, net of scholarship allowances, actually decreased approximately \$4.5 million or 16.28%. This decrease was caused by tuition and fees increasing \$9.7 million or 22.57% and scholarship allowances increased \$14.2 million or 91.76%. The tuition and fee increase was the direct result of a 21.48% increase in credit hours taught and a 7.48% increase in the College's tuition rate (\$107 to \$115). The increase in the scholarship allowances was the direct result of the federal government making more financial aid available to students. Miscellaneous revenue increased \$2.7 million or 47.96%. \$1,662,593 of this amount was a one-time receipt from Microsoft Corporation as settlement of a class action suit.

- ◆ College operating expenses decreased 5.48% or approximately \$7 million. The largest component of the decrease was a \$10.7 million or a 56.96% decrease in Cooperative Services. Cooperative Services includes the cost of providing training to business and industry in the Iowa Industrial New Jobs Training Program. The decrease in expenses is directly related to the decrease of \$12 million in training revenue. The 21.48% increase in credit hours taught resulted in several increases to operating expenses. Liberal arts and sciences expenses increased 5.91% or \$1,320,366. The expenses related to teaching vocational and technical programs increased \$2.35 million or 9.03%. General institutional expenses increased \$1.7 million or 11.36%. Physical plant costs decreased approximately \$2,854,000 or 18.64%. The decrease was primarily caused by the fact that the College had fewer large construction and maintenance projects during the year. The prior year's expense included the completion of the Health Sciences building on the Ankeny Campus, the College's contribution toward the construction of the FFA building, and a major remodeling project in several buildings on the Ankeny Campus.

- ◆ The College's net assets increased 9.21%, or approximately \$8,312,000 from the prior year. The Net Assets invested in capital assets increased approximately \$2.3 million as a result of \$3.3 million in assets being capitalized, \$3.9 million of depreciation, and the retirement of \$1.3 in related debt. Unexpended funds in the plant fund increased approximately \$2.1 million. The increase resulted from the College having fewer large construction and maintenance projects in the current year. The net assets of the Iowa Industrial New Jobs Training Program decreased \$7.2 million as a result of funds that were no longer restricted being transferred to College accounts. This transfer accounted for most of the \$9.4 million increase in other unrestricted net assets. The net assets related to the College's early retirement plan decreased \$1.9 million or 71.06%. The major component of the decrease was the recognition of the net OPEB liability of \$1.446 million. Unrestricted net assets increased \$3.6 million or 32.48%. The increase was the result of cost saving measures implemented by the College in anticipation of reduced state aid funding and the 21.48% increase in enrollment that generated additional unanticipated revenue. This increase in unrestricted net assets will allow the College to implement smaller tuition increases in future years and help offset any reductions in governmental funding.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

USING THIS ANNUAL REPORT

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

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

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

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

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

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

REPORTING THE COLLEGE AS A WHOLE

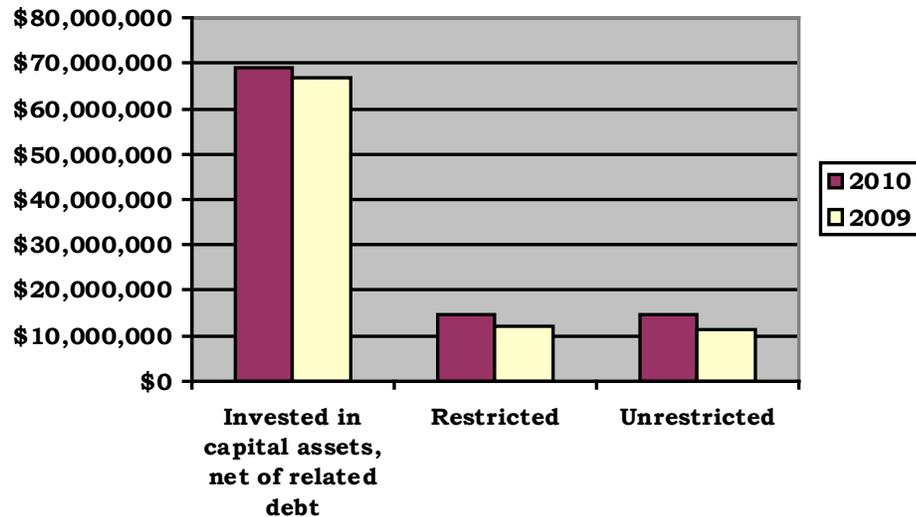
The Statement of Net Assets

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

	June 30	
	2010	2009
Current assets	\$ 134,940,505	\$ 119,695,335
Other assets	37,091,164	37,508,858
Capital assets, net of accumulated depreciation	83,961,324	84,552,180
Total assets	255,992,993	241,756,373
Current liabilities	67,126,538	60,200,730
Noncurrent liabilities	90,278,248	91,279,394
Total liabilities	157,404,786	151,480,124
Net assets:		
Invested in capital assets, net of related debt	69,132,324	73,722,180
Restricted	14,656,187	12,282,679
Unrestricted	14,799,696	4,271,390
Total net assets	\$ 98,588,207	\$ 90,276,249

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Comparison of Net Assets



The largest portion of the College's net assets (70.12%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources (property tax receipts and rental revenue) other than capital assets. The restricted portion of the net assets (14.87%) includes resources that are subject to external restrictions. The remaining net assets (15.01%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

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

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

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

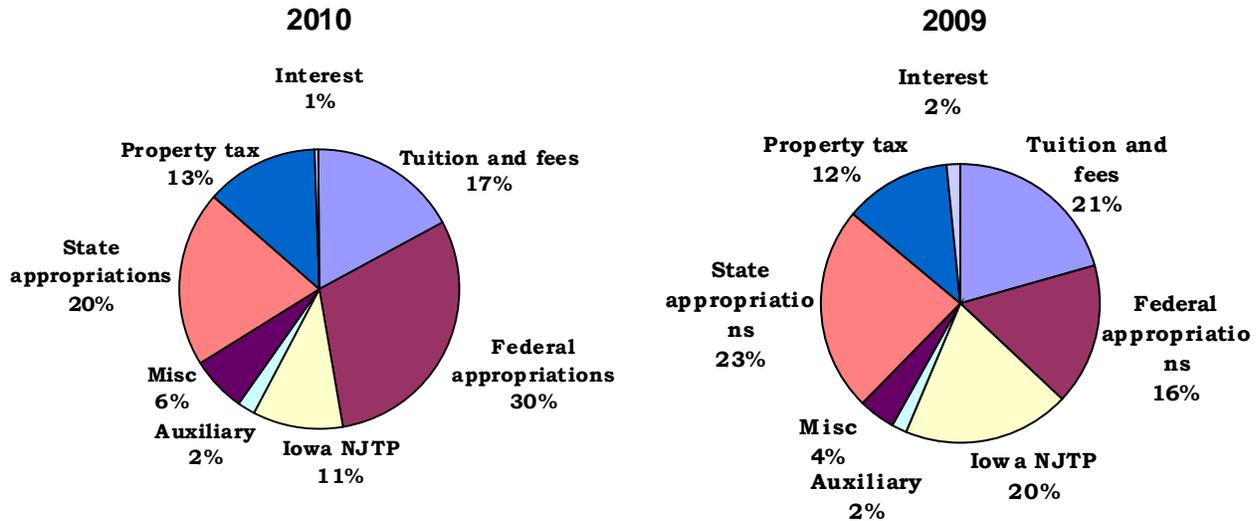
Changes in Net Assets

	Year ended June 30	
	2010	2009
Operating revenues:		
Tuition and fees	\$ 23,039,249	\$ 27,520,212
Federal appropriations	11,074,503	7,093,765
Iowa Industrial New Jobs Training Program	14,051,594	26,073,183
Auxiliary enterprises revenue	2,644,142	2,079,337
Miscellaneous	8,307,431	5,614,545
Total operating revenues	59,116,919	68,381,042
Total operating expenses	121,445,214	128,483,773
Operating loss	(62,328,295)	(60,102,731)
Nonoperating revenues, (expenses) and transfers		
State appropriations	27,090,659	31,991,978
Pell grant	28,869,738	14,640,649
Property tax	17,532,643	16,455,262
Interest and investment income	751,733	2,127,068
Loss on disposition of capital assets	(11,033)	(5,514)
Interest on indebtedness	(3,774,115)	(3,777,055)
Transfers from (to) agency funds	180,628	64,363
Net nonoperating revenues and transfers	70,640,253	61,496,751
Increase in net assets	8,311,958	1,394,020
Net assets beginning of year	90,276,249	88,882,229
Net assets end of year	\$ 98,588,207	\$ 90,276,249

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in net assets of \$9,758,291 at the end of the fiscal year. This increase is the net result of a \$2.1 million decrease in the unexpended plant fund, a \$1.7 million increase in the general restricted funds, a \$3.6 million increase in the general unrestricted funds, and a \$2.3 million increase in capital assets, net of related debt.

Total Revenues by Source



In fiscal year 2010, operating revenues decreased by approximately \$9,264,000 (13.55%). The decrease was a result of the following changes:

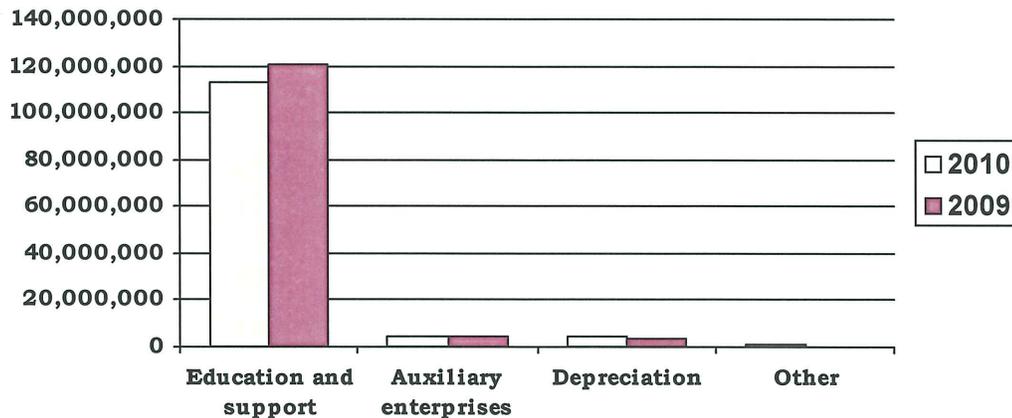
- ◆ Tuition and fees, net of scholarship allowances, actually decreased approximately \$4.5 million or 16.28%. This decrease was caused by tuition and fees increasing \$9.7 million or 22.57% and scholarship allowances increasing \$14.2 million or 91.76%. The tuition and fees increase was the direct result of a 21.48% increase in credit hours taught and a 7.48% increase in the College's tuition rate. For financial reporting purposes, scholarship allowances reduce tuition revenue.
- ◆ The \$12,021,589 decrease (46.11%) in revenue from the Iowa Industrial New Jobs Training Program was the direct result of a decrease in the amount of training performed by the companies qualifying for the program. In 2007 and 2008 the College had record bond sales for the training projects, with the sales in both years exceeding \$20 million. \$8.5 million in training bonds were sold in 2009 and \$10.7 million in 2010.
- ◆ Miscellaneous revenue increased \$2,692,886 (47.96%). \$1,662,593 of this amount was a one-time receipt from Microsoft Corporation as settlement of a class action suit.
- ◆ Federal appropriations increased approximately \$3.980 million (56.12%), primarily as the result of the College receiving federal stimulus dollars. The increase in federal appropriations approximates the decrease in state appropriations.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

Operating Expenses

	Year ended June 30	
	2010	2009
Education and support:		
Liberal arts and sciences	\$ 23,663,396	\$ 22,343,030
Vocational technical	28,370,662	26,020,154
Adult education	9,450,155	9,442,606
Cooperative services	8,088,728	18,792,038
Administration	3,380,002	3,321,906
Student services	7,890,936	7,672,713
Learning resources	2,979,674	2,930,032
Physical plant	12,457,012	15,311,512
General institution	16,692,370	14,989,141
Auxiliary enterprises	4,057,486	3,829,461
Loan cancellations and bad debts	449,620	225,003
Administrative and collection costs	75,840	69,170
Depreciation	3,889,333	3,537,007
Total	<u>\$ 121,445,214</u>	<u>\$ 128,483,773</u>

Total Expenses



In fiscal year 2010, operating expenses decreased by approximately \$7.0 million (5.48%). The following factors explain some of the changes:

- ◆ Liberal arts and sciences and vocational technical, the two main functions relating to student instruction, increased approximately \$3.7 million or 7.59%. This was due to the increase in the number of students attending the College (21.48% increase in credit hours), annual salary increases, and reduced spending as a result of state funding concerns.
- ◆ The cost of providing cooperative programs decreased significantly (\$10,707,360). The principal cause of the decrease was the decreased training activity in the Iowa Industrial New Jobs Training Program. Operating revenue from the program decreased \$12,021,589.
- ◆ Physical Plant expenses decreased \$2,939,689. The decrease reflects fewer major projects funded from the plant fund.
- ◆ General Institutional costs increased approximately \$1.5 million. The increase resulted from the effects of the enrollment increase.

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

Statement of Cash Flows

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

Cash Flows

	Year ended June 30	
	2010	2009
Cash provided by (used in):		
Operating activities	\$ (55,280,915)	\$ (61,166,496)
Noncapital financing activities	70,462,616	55,565,213
Capital and related financing activities	(4,826,524)	(12,095,820)
Investing activities	1,310,685	29,035,978
Net increase in cash	11,665,862	11,338,875
Cash and short-term pooled investments, beginning of the year	44,886,843	33,547,968
Cash and short-term pooled investments, end of the year	\$ 56,552,705	\$ 44,886,843

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

Cash used in operating activities decreased by \$5.9 million. However, the operating loss increased by only \$779,231. The decrease in cash used was caused by \$4.3 million increase in deferred tuition as a result of increased enrollment. The operating loss is essentially funded with state appropriations, property tax and interest income.

Cash provided by noncapital financing activities increased \$14.9 million. The increase is the result of an increase of \$14.2 million in the annual Pell Grants made available to students.

Cash used in capital and related financing activities decreased \$7.35 million over the prior year. Cash was used by investing \$14.3 million less capitalized assets than the prior year and cash was increased \$3.96 million from borrowing.

The cash provided by investing activities decreased \$27.7 million. In the prior year, the College increased pooled investments by \$26.9 million. In the current year, the increase was \$560 thousand.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010**

CAPITAL ASSETS

At June 30, 2010, the College had approximately \$135.7 million invested in capital assets, net of accumulated depreciation of \$51.7 million. Depreciation charges totaled \$3,889,333 for FY2010. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2010	2009
Land	\$ 6,708,926	\$ 6,708,926
Buildings	67,816,751	62,462,956
Construction in progress	411,190	6,365,536
Improvements other than buildings	5,323,006	5,172,165
Equipment and vehicles	3,701,451	3,842,597
Total	\$ 83,961,324	\$ 84,552,180

Planned capital expenditures for the fiscal year ending June 30, 2011 and beyond includes the completion of additional parking facilities on the Ankeny and Urban campuses. 220 new parking spaces will be added to the Urban Campus at a cost of \$430,000. 190 spaces will be added to the Ankeny campus at a cost of \$230,000. The College also plans to assist in the completion of a career Academy in Perry, Iowa. The College has agreed to contribute \$600,000 toward the construction of the 16,000 square foot facility, and has budgeted \$866,000 to purchase equipment for the facility. The College appropriates approximately \$1.4 million annually for computer equipment and technology upgrades for the computer labs, wide area networks and classrooms. The College also plans to spend an estimated \$1,000,000 annually for maintenance on the buildings and grounds. The College has received approval from the voters in the district to continue the plant fund levy for the fiscal years ending through 2015. The \$.2025 per thousand levy generates approximately \$6 million per year for the College.

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

DEBT

At June 30, 2010, the College had \$81.085 million in debt outstanding, a decrease of \$1,415,000 from 2009. The table below summarizes these amounts by type.

Outstanding Debt

	June 30	
	2010	2009
Certificates payable	\$ 71,515,000	\$ 71,670,000
Notes payable and certificates of participation	5,730,000	6,870,000
Revenue bonds payable	3,840,000	3,960,000
Total	\$ 81,085,000	\$ 82,500,000

The College does not anticipate issuing any debt during the fiscal year ending June 30, 2011, except for the sale of approximately \$10.0 million in new jobs training certificates. More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2010

ECONOMIC FACTORS

There are many economic factors and challenges that will affect the future operations of Des Moines Area Community College. Some of the issues that may impact the College are:

- ◆ The current state of the nation's economy continues to affect the finances of the State Government. DMACC has experienced reductions in state appropriations. For the fiscal year ended June 30, 2009, the College received \$27.2 million in state general aid. For the fiscal year ended June 30, 2010, \$23.9 million was budgeted, but was later reduced by 10% (\$2.4 million) with an across-the-board cut declared by the Governor. At the end of the fiscal year, DMACC did receive an additional \$900 thousand as a "maintenance of effort" requirement of the Federal Government. Total state general aid received during the fiscal year ended June 30, 2010 was \$4.7 million less than the prior year. \$3.8 million of this reduction was replaced with federal stimulus dollars. For future budget years, the College is cautiously optimistic regarding state general aid. No increase has been budgeted. Aggressive and prudent budget management, pre-planning for anticipated expense reductions, and enrollment increases have allowed the College to deal with these revenue losses without significant impact on operations that would affect the student experience.
- ◆ Additional reductions in state aid to the College will put pressure on students by increasing tuition rates, which ultimately could lead to enrollment decreases. Thus far, however, that possibility has been offset with increases in federal Pell grant eligibility and traditional enrollment increases as students seek out community colleges in tougher economic times. The challenge for the College is to deal with these enrollment increases while resources are decreasing and capacity is stretched.
- ◆ There continues to be positive indicators for business and workforce growth in Central Iowa and good prospects for job growth and interest from new industry; banking and financial services continue to expand the workforce as evidenced by the College's job training activity; and there is potential to provide additional training to area business and industry. Iowa Industrial New Jobs Training projects totaled over \$14 million for 2010. There will be continued growth in the program but at a reduced level in the immediate future.
- ◆ Expenses will continue to increase. As the number of students increase, the costs associated with serving them will also continue to increase.
- ◆ The College continues to experience growth in enrollment as the result of continuous efforts to increase market share and respond to student demand.
- ◆ Facilities at the College require constant expansion, maintenance and upkeep. The lack of facility capacity hampers the College in its efforts to grow current programs or add programs that are needed in the area's economy. The College needs to reduce the size of the list of students waiting to get into programs, or aggressively recruit students into those programs if the College is to meet business and student demands. As the economy recovers and grows, the need for additional capacity is a major concern of the College. The College consistently informs business leaders and state legislators of this concern and will continue to address the capacity issue. Exploring options such as a career academy in Perry, utilizing Top Value property in Des Moines, and utilizing the Mercy Capital facility are ways DMACC can expand economically.
- ◆ Technology continues to expand and current technology becomes outdated rapidly, presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.

The College anticipates the current fiscal year (FY2011) will be much like the last and will maintain a close watch over resources, expenses and opportunities to maintain the College's ability to react to known and unknown issues coming next year.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, taxpayers in the community college district and our creditors with a general overview of the College's finances and to demonstrate the College's accountability for the resources it receives. If you have questions about the report or need additional financial information, contact Des Moines Area Community College, 2006 South Ankeny Blvd., Ankeny, Iowa 50023.

BASIC FINANCIAL STATEMENTS

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Assets

June 30, 2010

	<u>College</u>	<u>Foundation</u>
Assets		
Current assets:		
Cash and short-term pooled investments (Note 2)	\$ 56,552,705	\$ 1,259,608
Pooled investments (Note 2)	26,622,247	4,027,865
Receivables:		
Accounts, net of allowance of \$313,785	17,115,913	19,674
Current portion contributions receivable	-	421,560
Succeeding year property tax	18,123,400	-
Iowa Industrial New Jobs Training Program	12,781,721	-
Due from other governments	2,533,751	-
Inventories (Note 3)	185,924	-
Prepaid expenses	1,024,844	-
Total current assets	<u>134,940,505</u>	<u>5,728,707</u>
Noncurrent assets:		
Receivables		
Contributions	-	446,500
Iowa Industrial New Jobs Training Program	36,756,831	-
Prepaid expenses	72,049	-
Cash value of life insurance	262,284	-
Capital assets, net of accumulated depreciation (Note 4)	<u>83,961,324</u>	<u>4,843,157</u>
Total noncurrent assets	<u>121,052,488</u>	<u>5,289,657</u>
Total assets	<u>\$ 255,992,993</u>	<u>\$ 11,018,364</u>

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Assets (Continued)

June 30, 2010

	<u>College</u>	<u>Foundation</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 2,009,586	\$ -
Current portion payable to Des Moines Area Community College	-	705,500
Salaries and benefits payable	3,428,360	-
Accrued interest payable	375,572	-
Deferred revenue:		
Tuition	14,682,585	-
Succeeding year property tax	18,123,400	-
Iowa Industrial New Jobs Training Program and other	15,907,928	-
Early retirement pension cost and OPEB liability payable (Notes 10 and 11)	884,077	-
Deposits held in custody for others	844,153	-
Certificates payable (Note 5)	9,553,034	-
Notes payable and certificates of participation (Note 5)	1,317,843	-
	<u>67,126,538</u>	<u>705,500</u>
Total current liabilities		
Noncurrent liabilities (Note 5):		
Compensated absences	1,570,171	-
Deferred revenue, Iowa Industrial New Jobs Training Program and other	13,654,068	-
Early retirement net OPEB liability payable (Notes 10 and 11)	5,090,440	-
Certificates payable	61,756,836	-
Notes payable and certificates of participation	8,206,733	-
	<u>90,278,248</u>	<u>-</u>
Total noncurrent liabilities		
	<u>157,404,786</u>	<u>705,500</u>
Total liabilities		
Net assets		
Invested in capital assets, net of related debt	69,132,324	-
Restricted:		
Nonexpendable:		
Cash reserve	755,088	-
Scholarships and fellowships	-	3,095,127
Expendable:		
Scholarships and fellowships	45,613	1,827,106
Loans	139,634	-
Plant fund	2,872,162	-
Early retirement	779,524	-
Other	10,064,166	-
Unrestricted	14,799,696	5,390,631
Commitments (Notes 6, 10 and 12)		
	<u>\$ 98,588,207</u>	<u>\$ 10,312,864</u>
Total net assets		

Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2010

	College	Foundation
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$29,629,518	\$ 23,039,249	\$ -
Federal appropriations	11,074,503	-
Iowa Industrial New Jobs Training Program	14,051,594	-
Auxiliary enterprises revenue	2,644,142	-
Contributions	-	1,231,519
Miscellaneous	8,307,431	-
Total operating revenues	59,116,919	1,231,519
Operating expenses:		
Education and support		
Liberal arts and sciences	23,663,396	-
Vocational technical	28,370,662	-
Adult education	9,450,155	-
Cooperative services	8,088,728	-
Administration	3,380,002	60,435
Student services	7,890,936	-
Learning resources	2,979,674	-
Physical plant	12,457,012	-
General institution	16,692,370	-
Auxiliary enterprises	4,057,486	-
Scholarships and grants	-	928,269
Fund raising	-	105,593
Loan cancellations and bad debts	449,620	-
Administrative and collection costs	75,840	-
Depreciation	3,889,333	200,170
Total operating expenses	121,445,214	1,294,467
Operating (loss)	(62,328,295)	(62,948)
Nonoperating revenues (expenses):		
State appropriations	27,090,659	-
Pell grant	28,869,738	-
Property tax	17,532,643	-
Interest and investment income	751,733	528,520
Loss on disposition of capital assets	(11,033)	-
Interest on indebtedness	(3,774,115)	-
Net nonoperating revenues (expenses)	70,459,625	528,520
Change in net assets	8,131,330	465,572
Transfers from agency fund	180,628	-
Total change in net assets	8,311,958	465,572
Net assets, beginning of year	90,276,249	9,847,292
Net assets, end of year	\$ 98,588,207	\$ 10,312,864

DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows
Year Ended June 30, 2010

Cash flows from operating activities:	
Tuition and fees	\$ 23,471,696
Federal appropriations	11,011,552
Iowa Industrial New Jobs Training Program	15,350,615
Payments to employees for salaries and benefits	(82,478,710)
Payments to suppliers for goods and services	(33,592,417)
Auxiliary enterprise receipts	2,644,142
Other receipts	8,312,207
	<u>8,312,207</u>
Net cash used in operating activities	<u>(55,280,915)</u>
Cash flows from noncapital financing activities:	
State appropriations	28,147,146
Pell grant	28,385,708
Property tax	17,532,643
Net agency fund activity	34,140
Proceeds from certificates payable	10,705,000
Principal paid on debt	(10,860,000)
Interest paid	(3,482,021)
	<u>(3,482,021)</u>
Net cash provided by noncapital financing activities	<u>70,462,616</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(3,309,510)
Principal paid on debt	(1,260,000)
Interest paid	(257,014)
	<u>(257,014)</u>
Net cash used in capital and related financing activities	<u>(4,826,524)</u>
Cash flows from investing activities:	
Interest on investments	751,733
Net change in pooled investments	558,952
	<u>558,952</u>
Net cash provided by investing activities	<u>1,310,685</u>
Net increase in cash and short-term pooled investments	11,665,862
Cash and short-term pooled investments at beginning of year	<u>44,886,843</u>
Cash and short-term pooled investments at end of year	<u>\$ 56,552,705</u>

DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows (Continued)

Year Ended June 30, 2010

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ <u>(62,328,295)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,889,333
Changes in assets and liabilities:	
Increase in accounts receivable	(3,817,729)
Decrease in Iowa Industrial New Jobs Training Program receivables	1,299,021
Decrease in due from and due to other governments	(62,951)
Decrease in prepaid expenses	106,170
Decrease in inventories	354,122
Decrease in accounts payable	(574,251)
Increase in salaries and benefits payable	183,083
Increase in other deferred revenue	4,268,347
Increase in other postemployment benefits	1,446,333
Decrease in early retirement payable	(48,874)
Decrease in deposits held in custody for others	4,776
Total adjustments	<u>7,047,380</u>
Net cash used in operating activities	\$ <u><u>(55,280,915)</u></u>

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

Organization and Function

The Des Moines Area Community College (the College) is a publicly supported, post-secondary, two-year institution established and operated as an area community college by Merged Area XI, as provided in Chapter 260C of the Code of Iowa. The College offers programs of adult and continuing education, lifelong learning, community education, and up to two years of liberal arts, pre-professional or occupational instruction partially fulfilling the requirements for a baccalaureate degree but confers no more than an associate degree. It also offers up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. The College maintains campuses in Ankeny, Boone, Carroll, Des Moines, Newton, and West Des Moines and has its administrative offices in Ankeny. The College is governed by a Board of Directors whose members are elected from each director district within Merged Area XI.

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

Reporting Entity

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

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

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

Financial Statement Presentation

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

Financial Statement Presentation (continued)

Restricted Net Assets:

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

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

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

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

Supplementary Information

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

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

Supplementary Information (continued)

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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 modified accrual basis of accounting, except for depreciation. The schedule of revenues, expenditures and changes in fund balances is a schedule of financial activities related to the current reporting period. It does not purport to present the results of operations or net income or loss for the period as would a statement of income or a statement of revenues and expenses.

Assets, Liabilities and Net Assets

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

Assets, Liabilities and Net Assets (continued)

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2010 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

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

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

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. No interest costs were capitalized during the year ended June 30, 2010.

Capital assets are defined by the College as assets with initial, individual costs in excess of \$5,000 and estimated useful lives in excess of two years.

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

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

Deferred Revenue – Deferred revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose. Deferred revenue consists of unspent grant proceeds, the succeeding year property tax receivable, advanced student tuition, and deferred administrative and training revenue for NJTP projects.

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.

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2010.

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

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

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

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 2 CASH AND POOLED INVESTMENTS

The College's cash and deposits (money market accounts and certificates of deposit) at June 30, 2010 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

As of June 30, 2010, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$ 29,613,272
Nonnegotiable certificates of deposit	17,980,000
Investments	
U.S. Government agency securities	6,600,170
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>2,359,263</u>
 Total cash and short-term pooled investments	 <u>\$56,552,705</u>

As of June 30, 2010, the College's pooled investments are as follows:

Deposits	
Nonnegotiable certificates of deposit	\$24,129,000
Investments	
U.S. Government agency securities	<u>2,493,247</u>
 Total pooled investments	 <u>\$26,622,247</u>

Interest rate risk. The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the College. The College's investments in debt securities had the weighted average maturity of 1.57 years for US Government agency securities at June 30, 2010.

Credit risk. The College's investments in the Iowa Schools Joint Investment Trust and U.S. Government agency securities at June 30, 2010 were all rated Aaa by Moody's Investors Service.

Concentration of credit risk. The College's investment policy limits the amount of prime eligible bankers acceptances and commercial paper that may be invested in any one issuer to 5% of the College's investment portfolio at the time of purchase. Investments other than prime eligible bankers acceptances and commercial paper are not subject to the 5% limitation. At June 30, 2010, the College's Federal Home Loan Bank, Small Business Administration, Federal Home Loan Mortgage Corp., and Federal National Mortgage Assn. investments accounted for 11% of the College's investment portfolio.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 3 INVENTORIES

The College's inventories at June 30, 2010 are as follows:

<u>Type</u>	<u>Amount</u>
Supplies and materials	\$ 64,482
Merchandise held for resale	<u>121,442</u>
Total	<u>\$ 185,924</u>

NOTE 4 CAPITAL ASSETS

A summary of the change in capital assets for the year ended June 30, 2010 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance end of year</u>
Capital assets not being depreciated					
Land	\$ 6,708,926	\$ —	\$ —	\$ —	\$ 6,708,926
Construction in progress	<u>6,365,536</u>	<u>411,190</u>	<u>(6,365,536)</u>	<u>—</u>	<u>411,190</u>
Total capital assets not being depreciated	<u>13,074,462</u>	<u>411,190</u>	<u>(6,365,536)</u>	<u>—</u>	<u>7,120,116</u>
Capital assets being depreciated					
Buildings	93,664,600	1,527,621	6,365,536	—	101,557,757
Improvements other than buildings	13,183,076	524,887	—	—	13,707,963
Equipment and vehicles	<u>12,645,287</u>	<u>845,812</u>	<u>—</u>	<u>204,704</u>	<u>13,286,395</u>
Total capital assets being depreciated	<u>119,492,963</u>	<u>2,898,320</u>	<u>6,365,536</u>	<u>204,704</u>	<u>128,552,115</u>
Less accumulated depreciation for					
Buildings	31,201,644	2,539,362	—	—	33,741,006
Improvements other than buildings	8,010,911	374,046	—	—	8,384,957
Equipment and vehicles	<u>8,802,690</u>	<u>975,925</u>	<u>—</u>	<u>193,671</u>	<u>9,584,944</u>
Total accumulated depreciation	<u>48,015,245</u>	<u>3,889,333</u>	<u>—</u>	<u>193,671</u>	<u>51,710,907</u>
Total capital assets being depreciated, net	<u>71,477,718</u>	<u>(991,013)</u>	<u>6,365,536</u>	<u>11,033</u>	<u>76,841,208</u>
Capital assets, net	<u>\$84,552,180</u>	<u>\$ (579,823)</u>	<u>\$ —</u>	<u>\$ 11,033</u>	<u>\$83,961,324</u>

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010**

NOTE 5 CHANGES IN NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities for the year ended June 30, 2010 is as follows:

	<u>Compensated absences</u>	<u>Deferred revenue, NJTP and other</u>	<u>Early retirement payable</u>	<u>Certificates payable</u>	<u>Revenue Bonds, Notes payable and certificates of participation</u>	<u>Total</u>
Balance, beginning of year	\$ 1,552,000	\$28,013,665	\$ 4,577,058	\$71,670,000	\$ 10,830,000	\$116,642,723
Additions	74,171	11,440,849	2,771,255	10,705,000	0	24,991,275
Reductions	<u>56,000</u>	<u>9,892,518</u>	<u>1,373,796</u>	<u>10,860,000</u>	<u>1,260,000</u>	<u>23,442,314</u>
	1,570,171	29,561,996	5,974,517	71,515,000	9,570,000	118,191,684
Less net unamortized discount, premium, and deferred financing costs	<u>—</u>	<u>—</u>	<u>—</u>	<u>205,130</u>	<u>45,424</u>	<u>250,554</u>
Balance, end of year	1,570,171	29,561,996	5,974,517	71,309,870	9,524,576	117,941,130
Less current portion	<u>—</u>	<u>15,907,928</u>	<u>884,077</u>	<u>9,553,034</u>	<u>1,317,843</u>	<u>27,662,882</u>
Total noncurrent liabilities	<u>\$ 1,570,171</u>	<u>\$ 13,654,068</u>	<u>\$ 5,090,440</u>	<u>\$61,756,836</u>	<u>\$ 8,206,733</u>	<u>\$90,278,248</u>

Revenue Bonds, Notes Payable and Certificates of Participation

The College has issued revenue bonds, notes and certificates of participation for the purchase and construction of College properties as allowed by Section 260C.19 and Section 260C.58 of the Code of Iowa. Details of the scheduled maturities for the College's June 30, 2010 revenue bonds, notes payable and certificates of participation are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 1,320,000	\$ 418,111	\$1,738,111
2012	1,360,000	375,842	1,735,842
2013	1,410,000	330,066	1,740,066
2014	1,190,000	281,214	1,471,214
2015	1,230,000	238,879	1,468,879
2016-2020	905,000	872,706	1,777,706
2021-2025	1,095,000	576,075	1,671,075
2026-2029	<u>1,060,000</u>	<u>180,899</u>	<u>1,240,899</u>
Total	<u>\$ 9,570,000</u>	<u>\$ 3,273,792</u>	<u>\$12,843,792</u>

Notes payable and certificates of participation consisted of the following at June 30, 2010:

	<u>2010</u>
Tax-exempt certificates of participation dated April 14, 2003 with interest rates between 3.3% and 3.5%	\$ 750,000
Tax-exempt notes payable dated December 1, 2004, with interest rates between 3.25 and 3.55%	4,980,000
Tax-exempt revenue bonds dated May 29, 2009 with interest rates between 2.75% and 6.70%	<u>3,840,000</u>
	<u>\$ 9,570,000</u>

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

The tax-exempt revenue bonds totaling \$3,840,000 are payable over thirty years and the proceeds of the bonds were used to purchase student housing units on the Boone Campus. It is anticipated that rental revenue from these units will be sufficient to retire the principal and interest on the bonds. As a requirement of the borrowing, the College is required to maintain a Debt Service Reserve Fund in an amount approximating the annual debt service requirements. Interest on the revenue bonds, notes payable and certificates of participation is payable semiannually, while principal payments are due annually. Total interest cost on the revenue bonds, notes payable and certificates of participation during the year ended June 30, 2010 was \$450,399.

Certificates Payable

Pursuant to agreements dated from 2002 to 2010, the College issued certificates totaling \$71,515,000 at June 30, 2010 with interest rates ranging from 2.00% to 5.90% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa. Iowa Industrial New Jobs Training Program's (NJTP's) purpose is to provide tax-aided training for employees of industries which are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits from withholding taxes, and, in the case of default, standby property taxes collected pursuant to Chapter 260E.

The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$ 9,610,000	\$ 3,171,721	\$ 12,781,721
2012	10,390,000	2,674,176	13,064,176
2013	10,970,000	2,232,306	13,202,306
2014	10,410,000	1,763,114	12,173,114
2015	8,765,000	1,327,990	10,092,990
2016 - 2020	<u>21,370,000</u>	<u>2,221,244</u>	<u>23,591,244</u>
Total	<u>\$71,515,000</u>	<u>\$13,390,551</u>	<u>\$84,905,551</u>

Since inception, the College has administered 510 projects, with 80 currently receiving project funding. Of the remaining projects, 335 have been completed and closed and 95 have been completed with only repayment of the certificates left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

NOTE 6 OPERATING LEASES

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

<u>Year ending June 30</u>	<u>Amount</u>
2011	244,307
2012	210,616
2013	180,616
2014	<u>180,616</u>
Total	<u>\$ 816,155</u>

Total rent expense for all operating leases was approximately \$272,000 for the year ended June 30, 2010.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 RENT INCOME

All leases are classified as operating leases.

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

<u>Year ending June 30</u>	<u>Amount</u>
2011	100,982
2012	102,342
2013	60,523
2014	47,981
2015	5,771
Thereafter	<u>88</u>
Total	<u>\$ 317,687</u>

Total rent income for all operating leases was approximately \$185,000 for the year ended June 30, 2010. The College has capital assets committed under these operating leases with a carrying value of approximately \$2,700,000.

NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 4.30% (4.50% after July 1, 2010) of their annual covered salary, and the College is required to contribute 6.65% (6.95% after July 1, 2010) of annual payroll. Contribution requirements are established by State statute. The College's contribution to IPERS for the years ended June 30, 2010, 2009, and 2008 were \$ 1,568,625, \$1,430,573, and \$ 1,280,174, respectively, equal to the required contributions for each year.

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

The College also contributes to the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, each employee is to contribute 4.30% (4.50% after July 1, 2010) and the College is required to contribute 6.65% (6.95% after July 1, 2010). The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2010 were \$1,989,213 and \$ 1,286,258 respectively.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 10 PENSION COSTS - EARLY RETIREMENT

The College offers a voluntary early retirement plan to full-time and certain part-time staff. Employees who are 55 years of age or older and have at least 10 years of continuous service with the College are eligible for early retirement remuneration. A staff member who accepts early retirement, effective June 30, will receive cash benefits on July 1 and January 1 of the following fiscal year. An employee who accepts early retirement, effective December 31, will receive cash benefits on January 1 and July 1 of the following fiscal year. The cash benefit ranges from 70% to 102% of the eligible employee's salary at retirement, based upon the employee's years of service. All employees who retire under the early retirement plan receive paid health insurance benefits to age 65 (see note 11).

The liability at June 30, 2010 for early retirement cash benefits totaled \$190,029. The early retirement cash benefit is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense related to the cash benefit for the year ended June 30, 2010 was \$573,141.

At June 30, 2010, the potential liability, if all employees accepted early retirement when eligible, is approximately \$13,922,000.

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

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

The College's annual OPEB cost is calculated based on the annual required contribution, ARC, of the College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for June 30, 2010, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution, ARC	\$	2,204,664
Interest on net OPEB obligation		218,590
Adjustment to annual required contribution		<u>(284,400)</u>
Annual OPEB cost	\$	2,138,854
Contributions made		(692,521)
(Decrease) in accrued expenses		<u>(33,640)</u>
Increase in net OPEB obligation	\$	1,412,693
Net OPEB obligation, beginning of year		<u>4,371,796</u>
Net OPEB obligation, end of year	\$	<u><u>5,784,489</u></u>

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 OTHER POST EMPLOYMENT BENEFITS (OPEB) (continued)

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2010.

For the year ended June 30, 2010, the College contributed \$692,521 to the plan. The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2010 are summarized as follows:

Fiscal year Ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
<u>June 30, 2010</u>	<u>\$2,138,854</u>	<u>34.0%</u>	<u>\$5,784,489</u>

As of July 1, 2008, the most recent actuarial valuation date for the period July 1, 2009 through June 30, 2010, the actuarial accrued liability was \$16,805,016 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$16,805,016. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$46,835,000, and the ratio of the UAAL to the covered payroll was 35.9%. As of June 30, 2010 there were no trust fund assets.

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 12 COMMITMENTS

Perry Economic Development, Inc. is constructing a 16,000 square foot building in Perry, Iowa to be used as a Career Academy. The College has agreed to contribute \$600,000 to the cost of construction and \$866,000 to purchase equipment and furniture for the academy. Upon completion, ownership of the facility and real estate will be transferred to the College. At that point the College will assume operation and maintenance of the facility.

At June 30, 2010 the College had entered into two contracts for construction of additional parking for students. 220 new parking spaces will be constructed at the Urban Campus at an estimated cost of \$430,000. 190 new parking spaces will be constructed on the Ankeny Campus at a cost of approximately \$230,000. Both projects were substantially complete in August of 2010.

NOTE 13 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

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

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

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

Year Ended <u>June 30,</u>	Actuarial Valuation <u>Date</u>	Actuarial value of assets <u>(a)</u>	Actuarial accrued liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded ratio <u>(a/b)</u>	Covered payroll <u>(c)</u>	UAAL as a percentage of covered payroll <u>((b-a)/c)</u>
2009	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$41,268	40.7%
2010	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$46,835	35.9%

OTHER SUPPLEMENTARY INFORMATION

Des Moines Area Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Year ended June 30, 2010

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Actual</u>	<u>Variance between actual and original budget</u>
Unrestricted	\$ <u>90,755,764</u>	\$ <u>92,266,586</u>	\$ <u>(1,510,822)</u>
Restricted			
Unemployment	134,000	107,749	26,251
Insurance	930,000	1,236,649	(306,649)
Early retirement	1,438,644	1,301,543	137,101
Equipment replacement	2,774,013	2,436,189	337,824
Other	<u>32,972,872</u>	<u>26,512,386</u>	<u>6,460,486</u>
Total restricted	<u>38,249,529</u>	<u>31,594,516</u>	<u>6,655,013</u>
Total unrestricted/restricted	129,005,293	123,861,102	5,144,191
Plant	<u>12,250,000</u>	<u>10,155,434</u>	<u>2,094,566</u>
Total	<u>\$141,255,293</u>	<u>\$134,016,536</u>	<u>\$ 7,238,757</u>

See accompanying independent auditor's report.

**Des Moines Area Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2010**

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

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

DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances

June 30, 2010

Assets	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Cash and short-term pooled investments	\$ 20,923,502	\$ 36,131,823	\$ 57,669	\$ (1,393,444)	\$ -	\$ 833,155	\$ -	\$ 56,552,705
Pooled investments	-	26,622,247	-	-	-	-	-	26,622,247
Receivables:								
Accounts, net of allowance of \$313,785	15,693,390	378,508	81,965	705,500	-	256,550	-	17,115,913
Succeeding year property tax	6,552,573	5,018,254	-	6,552,573	-	-	-	18,123,400
Iowa Industrial New Jobs Training Program	-	49,538,552	-	-	-	-	-	49,538,552
Due from other governments	1,082,928	1,386,292	-	0	-	64,531	-	2,533,751
Due from other funds	-	5,259,000	-	3,840,000	-	-	-9,099,000	0
Inventories	185,924	-	-	-	-	-	-	185,924
Prepaid expenses	1,096,893	-	-	-	-	-	-	1,096,893
Cash value of life insurance	262,284	-	-	-	-	-	-	262,284
	<u>45,797,494</u>	<u>124,334,676</u>	<u>139,634</u>	<u>9,704,629</u>	<u>0</u>	<u>1,154,236</u>	<u>-9,099,000</u>	<u>172,031,669</u>
Capital assets:								
Land	-	-	-	-	6,708,926	-	-	6,708,926
Buildings	-	-	-	-	101,557,757	-	-	101,557,757
Improvements other than buildings	-	-	-	-	13,707,963	-	-	13,707,963
Equipment and vehicles	-	-	-	-	13,286,395	-	-	13,286,395
Construction in progress	-	-	-	-	411,190	-	-	411,190
Accumulated depreciation	-	-	-	-	-	-	-51,710,907	-51,710,907
Total assets	<u>\$ 45,797,494</u>	<u>\$ 124,334,676</u>	<u>\$ 139,634</u>	<u>\$ 9,704,629</u>	<u>\$ 135,672,231</u>	<u>\$ 1,154,236</u>	<u>\$ -60,809,907</u>	<u>\$ 255,992,993</u>

Assets, Liabilities and Fund Balances (Continued)

June 30, 2010

Liabilities and Fund Balances	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Liabilities:								
Accounts payable	\$ 1,215,407	\$ 277,752	\$ -	\$ 202,832	\$ -	\$ 313,595	\$ -	\$ 2,009,586
Salaries and benefits payable	3,346,000	72,160	-	1,400	-	8,800	-	3,428,360
Accrued interest payable	18,227	341,288	-	16,057	-	-	-	375,572
Deferred revenue:								
Succeeding year property tax	6,552,573	5,018,254	-	6,552,573	-	-	-	18,123,400
Other	14,682,585	29,521,273	-	40,723	-	-	-	44,244,581
Early retirement pension costs payable	-	190,029	-	-	-	-	-	190,029
Deposits held in custody for others	12,312	-	-	-	-	831,841	-	844,153
Compensated absences	1,381,000	175,171	-	14,000	-	-	-	1,570,171
Due to other funds	-	-	-	-	9,099,000	-	(9,099,000)	-
Certificates payable	-	71,309,870	-	-	-	-	-	71,309,870
Notes payable and certificates of participation	3,789,694	-	-	4,882	5,730,000	-	-	9,524,576
Net OPEB liability	-	2,804,632	-	-	-	-	2,979,856	5,784,488
Total liabilities	30,997,798	109,710,429	-	6,832,467	14,829,000	1,154,236	(6,119,144)	157,404,786
Fund balances:								
Invested in capital assets, net of related debt	-	-	-	-	120,843,231	-	(51,710,907)	69,132,324
Restricted:								
Nonexpendable:								
Cash reserve	-	755,088	-	-	-	-	-	755,088
Expendable:								
Scholarships and fellowships	-	45,613	-	-	-	-	-	45,613
Loans	-	-	139,634	-	-	-	-	139,634
Plant fund	-	-	-	2,872,162	-	-	-	2,872,162
Early retirement	-	3,759,380	-	-	-	-	(2,979,856)	779,524
Other	-	10,064,166	-	-	-	-	-	10,064,166
Unrestricted	14,799,696	-	-	-	-	-	-	14,799,696
Total fund balances	14,799,696	14,624,247	139,634	2,872,162	120,843,231	-	(54,690,763)	98,588,207
Total liabilities and fund balances	\$ 45,797,494	\$ 124,334,676	\$ 139,634	\$ 9,704,629	\$ 135,672,231	\$ 1,154,236	\$ (60,809,907)	\$ 255,992,993

DES MOINES AREA COMMUNITY COLLEGE
 Revenues, Expenditures, and Changes in Fund Balances
 Year ended June 30, 2010

Schedule 3

	Current operating funds			No operating funds					Totals
	General	General	Total	Loan	Plant funds			Adjustments	
	unrestricted	restricted			Unexpended	Retirement of	Investment		
	funds	funds		funds	indebtedness	in plant			
Revenues and other additions:									
Tuition and fees	\$ 52,625,500	\$ 43,267	\$ 52,668,767	\$ -	\$ -	\$ -	\$ -	\$ (29,629,518)	\$ 23,039,249
Federal appropriations	5,760,379	34,183,862	39,944,241	-	-	-	-	-	39,944,241
Iowa Industrial New Jobs Training Program	-	14,051,594	14,051,594	-	-	-	-	-	14,051,594
State appropriations	22,937,829	3,672,830	26,610,659	-	480,000	-	-	-	27,090,659
Property tax	6,253,569	5,025,507	11,279,076	-	4,726,180	1,527,387	-	-	17,532,643
Auxiliary enterprises revenue	2,651,778	-	2,651,778	-	-	-	-	(7,636)	2,644,142
Interest and investment income	196,065	596,199	792,264	-	-	-	-	(40,531)	751,733
Expended for plant assets (including \$ 822,295 in current operating fund expenditures)	-	-	-	-	-	-	3,309,510	(3,309,510)	-
Retirement of indebtedness	-	-	-	-	-	-	2,901,000	(2,901,000)	-
Miscellaneous	5,490,274	395,958	5,886,232	-	2,547,398	-	-	(126,199)	8,307,431
Total revenues and other additions	<u>95,915,394</u>	<u>57,969,217</u>	<u>153,884,611</u>	<u>-</u>	<u>7,753,578</u>	<u>1,527,387</u>	<u>6,210,510</u>	<u>(36,014,394)</u>	<u>133,361,692</u>
Expenditures and other deductions:									
Education and support:									
Liberal arts and sciences	23,382,492	460	23,382,952	-	-	-	-	280,444	23,663,396
Vocational technical	26,135,464	1,725,944	27,861,408	-	-	-	-	509,254	28,370,662
Adult education	6,405,667	2,941,798	9,347,465	-	-	-	-	102,690	9,450,155
Cooperative services	167,803	7,916,875	8,084,678	-	-	-	-	4,050	8,088,728
Administration	3,325,186	-	3,325,186	-	-	-	-	54,816	3,380,002
Student services	7,062,801	684,803	7,747,604	-	-	-	-	143,332	7,890,936
Learning resources	2,821,836	107,361	2,929,197	-	-	-	-	50,477	2,979,674
Physical plant	6,992,670	929,321	7,921,991	-	4,449,832	-	-	85,189	12,457,012
General institution	10,543,139	6,091,716	16,634,855	-	-	-	-	57,515	16,692,370
Scholarships and grants	1,000	29,628,518	29,629,518	-	-	-	-	(29,629,518)	-
Total education and support	<u>86,838,058</u>	<u>50,026,796</u>	<u>136,864,854</u>	<u>-</u>	<u>4,449,832</u>	<u>-</u>	<u>-</u>	<u>(28,341,751)</u>	<u>112,972,935</u>
Auxiliary enterprises	4,032,755	-	4,032,755	-	-	-	-	24,731	4,057,486
Expended for plant assets	190,810	631,485	822,295	-	2,487,215	-	-	(3,309,510)	-
Administrative and collection costs	75,840	-	75,840	-	-	-	-	-	75,840
Retirement of indebtedness	-	-	-	-	-	2,901,000	-	(2,901,000)	-
Loan cancellations and bad debts	446,930	-	446,930	2,690	-	-	-	-	449,620
Interest on indebtedness	223,655	3,323,604	3,547,259	-	-	267,387	-	(40,531)	3,774,115
Depreciation	-	-	-	-	-	-	-	3,889,333	3,889,333
Disposition of capital assets	-	-	-	-	-	-	204,704	(193,671)	11,033
Total expenditures and other deductions	<u>91,808,048</u>	<u>53,981,885</u>	<u>145,789,933</u>	<u>2,690</u>	<u>6,937,047</u>	<u>3,168,387</u>	<u>204,704</u>	<u>(30,872,399)</u>	<u>125,230,362</u>
Transfers among funds:									
Mandatory - matching funds	(90,387)	90,387	-	-	-	-	-	-	-
Non-mandatory transfers	(388,653)	(2,367,352)	(2,756,005)	5,000	1,290,633	1,641,000	-	-	180,628
Net increase (decrease) for the year	<u>3,628,306</u>	<u>1,710,367</u>	<u>5,338,673</u>	<u>2,310</u>	<u>2,107,164</u>	<u>-</u>	<u>6,005,806</u>	<u>(5,141,995)</u>	<u>8,311,958</u>
Fund balances at beginning of year	11,171,390	12,913,880	24,085,270	137,324	764,998	-	114,837,425	(49,548,768)	90,276,249
Fund balances at end of year	<u>\$ 14,799,696</u>	<u>\$ 14,624,247</u>	<u>\$ 29,423,943</u>	<u>\$ 139,634</u>	<u>\$ 2,872,162</u>	<u>\$ -</u>	<u>\$ 120,843,231</u>	<u>\$ (54,690,763)</u>	<u>\$ 98,588,207</u>

See accompanying independent auditor's report.

DES MOINES AREA COMMUNITY COLLEGE
 Revenues, Expenditures, and Changes in Fund Balances - Unrestricted Fund
 Year ended June 30, 2010

	<u>Education</u>				<u>Support</u>					<u>Education and Support Total</u>
	<u>Liberal Arts and Sciences</u>	<u>Vocational Technical</u>	<u>Adult Education</u>	<u>Cooperative Services</u>	<u>Admin- tration</u>	<u>Student Services</u>	<u>Learning Resources</u>	<u>Physical Plant</u>	<u>General Institution</u>	
	Revenues:									
Tuition and fees	\$ 30,963,551	\$ 16,747,198	\$ 3,438,126	\$ 126,350	\$ 7,830	\$ 24,341	\$ -	\$ -	\$ 959,496	\$ 52,266,892
Federal appropriations	-	834,924	596,249	-	50,144	-	-	-	4,202,010	5,683,327
State appropriations	711	365	316,386	-	-	-	-	-	22,620,367	22,937,829
Property tax	-	-	-	-	-	-	-	-	6,253,569	6,253,569
Interest income	-	-	-	-	51,944	-	-	-	143,003	194,947
Miscellaneous	405,564	2,412,783	62,987	-	247,060	7,663	8,295	273,422	1,474,626	4,892,400
	<u>31,369,826</u>	<u>19,995,270</u>	<u>4,413,748</u>	<u>126,350</u>	<u>356,978</u>	<u>32,004</u>	<u>8,295</u>	<u>273,422</u>	<u>35,653,071</u>	<u>92,228,964</u>
Allocation of support services	<u>20,578,563</u>	<u>10,549,701</u>	<u>5,169,116</u>	<u>26,390</u>	<u>(356,978)</u>	<u>(32,004)</u>	<u>(8,295)</u>	<u>(273,422)</u>	<u>(35,653,071)</u>	<u>-</u>
Total revenues	<u>51,948,389</u>	<u>30,544,971</u>	<u>9,582,864</u>	<u>152,740</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>92,228,964</u>
Expenditures:										
Salaries and benefits	22,403,617	24,224,605	5,060,643	159,802	2,327,665	6,633,550	2,312,656	4,217,219	6,496,397	73,836,154
Services	299,819	393,824	753,977	-	928,215	195,548	150,080	1,576,922	2,474,191	6,772,576
Materials and supplies	594,325	1,365,986	546,954	7,796	125,221	197,583	353,916	1,191,334	1,478,710	5,861,825
Travel	81,755	148,366	43,345	205	18,634	23,125	5,184	7,195	48,719	376,528
Expended for plant assets	14,947	26,048	3,755	-	-	-	-	91,457	54,603	190,810
Scholarships	-	-	-	-	-	1,000	-	-	-	1,000
Miscellaneous	2,976	2,683	748	-	439,878	12,995	-	-	45,122	504,402
	<u>23,397,439</u>	<u>26,161,512</u>	<u>6,409,422</u>	<u>167,803</u>	<u>3,839,613</u>	<u>7,063,801</u>	<u>2,821,836</u>	<u>7,084,127</u>	<u>10,597,742</u>	<u>87,543,295</u>
Allocation of support services	<u>17,793,125</u>	<u>9,121,732</u>	<u>4,469,443</u>	<u>22,819</u>	<u>(3,839,613)</u>	<u>(7,063,801)</u>	<u>(2,821,836)</u>	<u>(7,084,127)</u>	<u>(10,597,742)</u>	<u>-</u>
Total expenditures	<u>41,190,564</u>	<u>35,283,244</u>	<u>10,878,865</u>	<u>190,622</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>87,543,295</u>
Excess (deficiency) of revenues over (under) expenditures	<u>10,757,825</u>	<u>(4,738,273)</u>	<u>(1,296,001)</u>	<u>(37,882)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,685,669</u>
Transfers:										
Mandatory transfers	-	-	-	-	-	-	-	-	(90,387)	(90,387)
Non-mandatory transfers	<u>(172,100)</u>	<u>(416,942)</u>	<u>(235,544)</u>	<u>-</u>	<u>(7,400)</u>	<u>24,357</u>	<u>-</u>	<u>(2,120,431)</u>	<u>1,506,792</u>	<u>(1,421,268)</u>
Total transfers	<u>(172,100)</u>	<u>(416,942)</u>	<u>(235,544)</u>	<u>-</u>	<u>(7,400)</u>	<u>24,357</u>	<u>-</u>	<u>(2,120,431)</u>	<u>1,416,405</u>	<u>(1,511,655)</u>
Net increase (decrease) for the year	<u>\$ 10,585,725</u>	<u>\$ (5,155,215)</u>	<u>\$ (1,531,545)</u>	<u>\$ (37,882)</u>	<u>\$ (7,400)</u>	<u>\$ 24,357</u>	<u>\$ -</u>	<u>\$ (2,120,431)</u>	<u>\$ 1,416,405</u>	<u>\$ 3,174,014</u>
Fund balance at beginning of year										<u>8,297,309</u>
Fund balance at end of year										<u>\$ 11,471,323</u>

See accompanying independent auditor's report.

DES MOINES AREA COMMUNITY COLLEGE

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

Year ended June 30, 2010

	<u>Bookstore</u>	<u>Career education</u>	<u>Cafeteria/ vending</u>	<u>Student Housing</u>	<u>Athletics</u>	<u>Facilities rental</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:								
Sales and services	\$ -	\$ 901,593	\$ 902,030	\$ 664,443	\$ 8,249	\$ 146,075	\$ 29,388	\$ 2,651,778
Student fee allocations	-	345,462	-	2,221	-	-	10,925	358,608
Interest income	-	-	-	1,118	-	-	-	1,118
Federal appropriations	-	-	-	77,052	-	-	-	77,052
Miscellaneous	-	481,978	6,972	2,334	5,307	-	101,283	597,874
Total revenues and other additions	-	1,729,033	909,002	747,168	13,556	146,075	141,596	3,686,430
Expenditures and other deductions:								
Salaries and benefits	-	514,618	442,580	63,241	178,288	157,360	14,177	1,370,264
Services	-	207,861	84,043	203,409	38,404	185,481	31,949	751,147
Materials and supplies	-	302,382	4,055	43,916	76,900	7,550	20,227	455,030
Travel	-	2,875	365	-	43,710	-	1,662	48,612
Purchases for resale	-	832,906	438,663	-	-	47,487	4,537	1,323,593
Bad debts	-	7,641	-	-	-	-	-	7,641
Interest on debt	-	-	-	223,655	-	-	-	223,655
Miscellaneous	-	46,516	-	6,548	20,231	301	11,215	84,811
Total expenditures and other deductions	-	1,914,799	969,706	540,769	357,533	398,179	83,767	4,264,753
Transfers among funds (non-mandatory)	-	225,897	(28,291)	150,905	350,478	248,560	85,066	1,032,615
Net increase (decrease) for the year	-	40,131	(88,995)	357,304	6,501	(3,544)	142,895	454,292
Fund balances at beginning of year	2,126,576	158,458	138,896	306,557	-	23,894	119,700	2,874,081
Fund balances at end of year	\$ 2,126,576	\$ 198,589	\$ 49,901	\$ 663,861	\$ 6,501	\$ 20,350	\$ 262,595	\$ 3,328,373

DES MOINES AREA COMMUNITY COLLEGE
 Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Restricted Funds
 Year ended June 30, 2010

	<u>Scholarship</u>	<u>Equipment replacement</u>	<u>Iowa Employment Solutions</u>	<u>Insurance and Tort</u>	<u>Early retirement</u>	<u>Unemployment compensation</u>	<u>Cash reserve</u>	<u>Grants and contracts</u>	<u>Iowa Industrial New Jobs Training Programs</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:											
Tuition and fees	\$ 300	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 42,967	\$ -	\$ -	\$ 43,267
Federal appropriations	29,143,137	-	2,582,670	-	-	-	-	2,458,055	-	-	34,183,862
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	-	14,051,594	-	14,051,594
State appropriations	-	-	38,399	-	-	-	-	982,721	485,084	2,166,626	3,672,830
Property tax	-	2,779,343	-	777,767	733,739	734,658	-	-	-	-	5,025,507
Interest income	-	-	-	-	-	-	-	-	596,199	-	596,199
Miscellaneous	3,036	14,639	13,875	20,227	-	-	-	156,326	-	187,855	395,958
Total revenues and other additions	<u>29,146,473</u>	<u>2,793,982</u>	<u>2,634,944</u>	<u>797,994</u>	<u>733,739</u>	<u>734,658</u>	<u>-</u>	<u>3,640,069</u>	<u>15,132,877</u>	<u>2,354,481</u>	<u>57,969,217</u>
Expenditures and other deductions:											
Salaries and benefits	-	-	1,777,818	-	1,301,543	543,214	-	2,201,830	726,027	483,741	7,034,173
Services	-	416,884	777,101	731,407	-	44,000	-	472,344	8,106,556	295,257	10,843,549
Materials and supplies	18,683	1,390,926	25,554	25,774	-	-	-	680,547	20,184	18,085	2,179,753
Travel	-	-	33,751	-	-	-	-	93,196	8,371	687	136,005
Expended for plant assets	-	328,379	-	-	-	-	-	186,451	116,655	-	631,485
Interest on indebtedness	-	-	-	-	-	-	-	-	3,323,604	-	3,323,604
Scholarships and grants	29,559,483	-	-	-	-	-	-	-	-	-	29,559,483
Private scholarships	-	-	-	-	-	-	-	69,035	-	-	69,035
Miscellaneous	-	-	2,009	-	-	-	-	13,775	-	189,014	204,798
Total expenditures and other deductions	<u>29,578,166</u>	<u>2,136,189</u>	<u>2,616,233</u>	<u>757,181</u>	<u>1,301,543</u>	<u>587,214</u>	<u>-</u>	<u>3,717,178</u>	<u>12,301,397</u>	<u>986,784</u>	<u>53,981,885</u>
Excess (deficiency) of revenues over (under) expenditures for the year	(431,693)	657,793	18,711	40,813	(567,804)	147,444	-	(77,109)	2,831,480	1,367,697	3,987,332
Transfers among funds:											
Mandatory transfers	90,387	-	-	-	-	-	-	-	-	-	90,387
Non-mandatory transfers	348,333	(300,000)	19,511	-	100,000	-	-	1,658,461	(10,022,209)	5,828,552	(2,367,352)
Net increase (decrease) for the year	7,027	357,793	38,222	40,813	(467,804)	147,444	-	1,581,352	(7,190,729)	7,196,249	1,710,367
Fund balances (deficit) at beginning of year	38,586	573,535	(16,083)	(148,470)	4,227,184	(140,942)	755,088	70,733	7,190,729	363,520	12,913,880
Fund balances (deficit) at end of year	<u>\$ 45,613</u>	<u>\$ 931,328</u>	<u>\$ 22,139</u>	<u>\$ (107,657)</u>	<u>\$ 3,759,380</u>	<u>\$ 6,502</u>	<u>\$ 755,088</u>	<u>\$ 1,652,085</u>	<u>\$ -</u>	<u>\$ 7,559,769</u>	<u>\$ 14,624,247</u>

See accompanying independent auditor's report.

Schedule 7

DES MOINES AREA COMMUNITY COLLEGE

Changes in Deposits Held in Custody for Others - Agency Funds

Year ended June 30, 2010

	<u>Student activities</u>	<u>Specially funded activities</u>	<u>Iowa Workforce Development</u>	<u>Student Housing Management</u>	<u>Student clubs and organizations</u>	<u>Other</u>	<u>Total</u>
Balances, beginning of year	\$ 162,877	\$ 207,489	\$ -	\$ 150,906	\$ 338,857	\$ 118,200	\$ 978,329
Additions:							
Tuition and fees	387,489	16,540	-	-	22,919	-	426,948
State appropriations	-	250,000	197,662	-	-	-	447,662
Federal funds	-	-	352,168	-	-	-	352,168
Sales and services	88,985	697	-	-	14,041	-	103,723
Interest on investments	-	-	-	-	1,878	-	1,878
Other	85,217	340,659	2,838	-	233,477	34,787	696,978
Transfers in	175,427	44,013	-	-	74,987	-	294,427
Total additions	<u>737,118</u>	<u>651,909</u>	<u>552,668</u>	<u>-</u>	<u>347,302</u>	<u>34,787</u>	<u>2,323,784</u>
Deductions:							
Salaries and benefits	21,732	21,706	67,267	-	21,327	37,570	169,602
Services	112,959	375,517	392,753	-	60,926	-	942,155
Materials and supplies	112,784	291,170	90,514	-	78,128	-	572,596
Travel	21,876	465	1,800	-	143,903	-	168,044
Cost of goods sold	87,217	-	-	-	18,117	-	105,334
Scholarships	500	-	-	-	28,500	-	29,000
Other	2,465	410	334	-	5,277	-	8,486
Transfers out	304,086	14,000	-	150,906	6,063	-	475,055
Total deductions	<u>663,619</u>	<u>703,268</u>	<u>552,668</u>	<u>150,906</u>	<u>362,241</u>	<u>37,570</u>	<u>2,470,272</u>
Net additions and deductions	<u>73,499</u>	<u>(51,359)</u>	<u>-</u>	<u>(150,906)</u>	<u>(14,939)</u>	<u>(2,783)</u>	<u>(146,488)</u>
Balances, end of year	\$ <u>236,376</u>	\$ <u>156,130</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>323,918</u>	\$ <u>115,417</u>	\$ <u>831,841</u>

See accompanying independent auditor's report.

Schedule 8

DES MOINES AREA COMMUNITY COLLEGE

Credit and Contact Hours

Year ended June 30, 2010

Category	Credit hours eligible for aid	Contact hours		Total
		Eligible for aid	Not eligible for aid	
Arts and sciences	385,954	7,023,885	-	7,023,885
Vocational education	92,232	2,093,498	-	2,093,498
Adult education/continuing education	-	1,137,905	53,939	1,191,844
Related services and activities	-	306,874	20,241	327,115
Total	478,186	10,562,162	74,180	10,636,342

DES MOINES AREA COMMUNITY COLLEGE

Taxes and Intergovernmental Revenues
(Excluding the Agency Funds)

For the Last Seven Years

		Years ended June 30						
		<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Local (property tax)	\$	17,532,643	\$ 16,455,262	\$ 16,513,769	\$ 18,092,410	\$ 16,880,081	\$ 14,137,997	\$ 13,755,963
State		27,090,659	31,991,978	29,847,275	26,443,984	24,341,715	22,826,135	21,891,866
Federal		<u>39,944,241</u>	<u>21,734,414</u>	<u>19,277,833</u>	<u>16,061,228</u>	<u>13,037,134</u>	<u>13,144,456</u>	<u>13,103,773</u>
Total	\$	<u><u>84,567,543</u></u>	<u><u>70,181,654</u></u>	<u><u>65,638,877</u></u>	<u><u>60,597,622</u></u>	<u><u>54,258,930</u></u>	<u><u>50,108,588</u></u>	<u><u>48,751,602</u></u>

DES MOINES AREA COMMUNITY COLLEGE

Current Fund Revenues by Source
and Expenditures by Function

For the Last Seven Years

	Years ended June 30						
	2010	2009	2008	2007	2006	2005	2004
Revenues:							
Tuition and fees	\$ 52,668,767	\$ 42,969,791	\$ 38,275,282	\$ 34,751,937	\$ 34,660,651	\$ 32,869,111	\$ 30,851,019
Property tax	11,279,076	10,550,327	10,978,527	12,757,968	11,876,240	9,287,613	8,944,224
Federal appropriations	39,944,241	21,734,414	19,277,833	16,061,228	13,037,134	13,144,456	13,103,773
State appropriations	26,610,659	31,200,104	29,184,500	25,781,342	23,993,708	22,092,803	21,891,866
Interest income from investments	792,264	2,172,218	3,505,217	3,507,531	2,474,490	1,260,452	399,500
Iowa Industrial New Jobs Training Program	14,051,594	26,073,183	16,603,495	11,623,679	14,068,915	10,884,743	5,882,647
Auxiliary enterprises revenue	2,651,778	2,083,539	9,877,741	9,256,399	8,810,954	8,564,404	8,284,464
Proceeds from sale of bonds	-	3,960,000	-	-	-	-	-
Miscellaneous	5,886,232	4,995,593	4,007,622	3,932,010	3,287,833	2,510,089	1,954,839
Total	\$ 153,884,611	\$ 145,739,169	\$ 131,710,217	\$ 117,672,094	\$ 112,209,925	\$ 100,613,671	\$ 91,312,332
Expenditures:							
Liberal arts and sciences	\$ 23,397,899	\$ 22,010,606	\$ 19,913,375	\$ 17,783,316	\$ 16,319,487	\$ 14,790,786	\$ 13,469,669
Vocational technical	28,073,906	25,883,936	23,988,748	22,219,019	20,684,928	19,269,936	18,544,343
Adult education	9,376,075	9,354,727	9,255,757	7,997,480	8,029,461	7,751,028	7,496,622
Cooperative services	8,084,678	18,794,647	9,807,914	5,749,870	8,890,197	3,467,398	3,593,633
Administration	3,839,613	3,267,926	3,020,686	2,993,578	2,785,144	2,694,895	2,480,506
Student services	7,747,604	7,527,948	7,611,760	6,781,974	6,025,128	5,780,039	5,427,368
Learning resources	2,929,197	2,879,426	2,803,828	2,754,615	2,653,133	2,609,147	2,507,982
Physical plant	8,013,448	7,013,376	6,849,374	6,607,398	6,157,020	5,856,699	5,162,407
General institution	17,109,638	15,744,126	17,781,705	14,735,139	13,391,475	11,277,648	10,546,515
Auxiliary enterprises	4,041,098	7,433,336	10,504,665	9,808,600	8,644,019	8,617,642	8,085,502
Scholarships and grants	29,629,518	15,451,116	12,305,524	10,154,237	9,346,631	9,574,679	9,220,794
Interest on indebtedness	3,547,259	3,516,990	3,046,029	2,737,541	2,169,684	2,303,069	2,164,943
Loss on discontinued operations	-	-	578,792	-	-	-	-
Total	\$ 145,789,933	\$ 138,878,160	\$ 127,468,157	\$ 110,322,767	\$ 105,096,307	\$ 93,992,966	\$ 88,700,284

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

Year ended June 30, 2010

Federal Grantor/Program Title	CFDA Number	Expenditures
United States Department of Education		
Direct:		
Federal Direct Student Loans	84.268	\$ 54,199,434
Federal Pell Grant Program	84.063	28,869,738
Federal Pell Grant Administrative Fee	84.063	50,144
Academic Competitiveness Grants	84.375	158,711
Federal Supplemental Educational Opportunity Grant	84.007	232,312
Federal Supplemental Educational Opportunity Grant	84.033	41,087
Federal Work-study Program	84.033	267,291
Federal Work-study Program (ARRA funded)	84.033	69,857
Total Student Financial Assistance Cluster		83,888,574
Direct Trio Grants:		
Upward Bound FY09 Award	84.047	71,355
Upward Bound FY10 Award	84.047	203,129
Student Support Services FY09 Award	84.042	36,406
Student Support Services FY10 Award	84.042	220,242
Student Support Services-Grant Aid	84.042A	69,003
Total Trio Grants		600,136
Indirect through Iowa Department of Education:		
Adult Basic Education	84.002	596,249
ABE Teacher Training	84.002	5,568
EL Civics Grant	84.002	71,417
Tech-Prep Education	84.243	115,724
Increasing Retention & Grad of Underrepresented Minority	84.243	57
Career and Technical Education-Technical Skill Attainment Assessment	84.048	7,423
Career and Technical Education-Mine Safety	84.048	2,035
Career and Technical Education-Vocational Education - Perkins Funds	84.048A	834,924
Fiscal Stabilization Fund-Education State Grants (ARRA funded)	84.394	3,487,435
Fiscal Stabilization Fund-Government Services (ARRA funded)	84.397	377,427
Total through Iowa Department of Education		5,498,260
Indirect through Iowa Department of Corrections:		
Workplace and Community Transition Training-Youthful Offender Grant	84.331A	3,105

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

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards (Continued)

Year ended June 30, 2010

Federal Grantor/Program Title	CFDA Number	Expenditures
Career and Technical Education-Perkins Newton Correctional Facility	84.048A	\$ 4,715
Career and Technical Education-Perkins Iowa Women's Institute for Women	84.048A	6,518
Title I-Iowa Women's Institute for Women	84.013A	38,443
Total through Iowa Department of Corrections		<u>52,781</u>
Indirect through Des Moines Public Schools:		
Teacher Quality Partnership Grants-Des Moines	84.336C	460
Total U.S. Department of Education		<u>90,040,209</u>
National Science Foundation		
Direct:		
Education and Human Resources-SEEC:STEM	47.076	114,772
Total National Science Foundation		<u>114,772</u>
U.S. Department of Labor		
Direct:		
WIA Pilots, Demonstrations, and Research-CNA Project	17.261	80,597
WIA Pilots, Demonstrations, and Research-Project Employment (2)	17.261	134,615
WIA Pilots, Demonstrations, and Research-Project Employment (3)	17.261	1,800
WIA Pilots, Demonstrations, and Research-Re-Employment Skills Initiative	17.261	246
YouthBuild (ARRA funded)	17.274	270,076
Total Direct U.S. Department of Labor		<u>487,334</u>
Indirect through Iowa Workforce Development:		
WIA Administration	17.260	58,339
WIA Adult Program	17.258	165,302
WIA Dislocated Workers	17.260	305,209
WIA Incentive/SWA (2)	17.260	18,799
WIA Administration Stimulus (ARRA funded)	17.259	61,634
WIA Adult Stimulus (ARRA funded)	17.259	89,799
WIA Dislocated Workers Stimulus (ARRA funded)	17.260	433,682
WIA Incentive/SEA Stimulus (ARRA funded)	17.260	11,493
National Emergency Grant-Whirlpool	17.260	121,051
IES Promise Jobs Program	93.558	1,317,363

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

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards (Continued)
Year ended June 30, 2010

Federal Grantor/Program Title	CFDA Number	Expenditures
IWD Promise Jobs Program	93.558	\$ 77,741
Wagner Peyser	17.207	56,696
Unemployment Insurance	17.225	144,504
Vets-DVOP	17.801	19,223
Vets-LVER	17.804	4,004
Re-Employment Assistant	17.225	2,131
Re-Employment Services	17.207	30,309
Food Stamps/FSET	10.561	2,111
TAA	17.245	2,106
New Iowans Project	17.207	13,340
Total through Iowa Workforce Development		<u>2,934,836</u>
Indirect through Iowa Department of Education:		
Incentive Grants-WIA-Adult Literacy for the Workplace in Iowa (ALWI)	17.267	12,242
Indirect through Iowa Comprehensive Human Services:		
Central Iowa Dropout Re-Engagement Center (ARRA Funded)	17.260	29,785
Indirect through City of Des Moines:		
WIA Pilots, Demonstrations, and Research-MEPB	17.261	62,716
Total U.S. Department of Labor		<u>3,526,913</u>
U.S. Department of Justice		
Direct:		
Discretionary Grants-Electronic Crime Institute	16.580	770,435
Discretionary Grants-Electronic Crime Institute Expansion	16.580	76,056
Total U.S. Department of Justice		<u>846,491</u>
U.S. Department of Treasury		
Direct:		
Build America Bonds (ARRA Funded)	21.002	77,052
Total U.S. Department of Treasury		<u>77,052</u>
U.S. Department of Health & Human Services		
Indirect through Iowa Department of Health:		
Refugee and Entrant Assistance-Bureau of Refugee Services GED/ESL	93.566	11,442
Total U.S. Department of Health & Human Services		<u>11,442</u>

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

DES MOINES AREA COMMUNITY COLLEGE
 Schedule of Expenditures of Federal Awards (Continued)
 Year ended June 30, 2010

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Energy		
Indirect through Iowa Office of Energy Independence:		
State Energy Program-Wind Turbine (ARRA Funded)	81.041	\$ 1,607
State Energy Program-Room Occupancy Sensors (ARRA Funded)	81.041	24,554
Energy Efficiency and Conservation Block Grant-City of Ankeny (ARRA Funded)	81.128	11,513
Total U.S. Department of Energy		<u>37,674</u>
Total Federal Expenditures		\$ <u><u>94,654,553</u></u>

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

Des Moines Area Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2010

NOTE 1 BASIS OF PRESENTATION

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of Des Moines Area Community College (the College) for the year ended June 30, 2010, which have been financed by the United States government (federal awards). For purposes of the Schedule, federal awards include all federal assistance entered into directly between the College and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position and support, revenues, expenses, and changes in net assets of the College.

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

NOTE 2 STUDENT FINANCIAL ASSISTANCE

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the College under this program at June 30, 2010.

See accompanying independent auditor's report.

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

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

We have audited the financial statements of Des Moines Area Community College (the College) and its discretely presented component unit as of and for the year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain matters related to compliance that we reported to management of the College in a separate letter dated October 29, 2010.

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
October 29, 2010

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL
EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

Compliance

We have audited Des Moines Area Community College's (the College) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The College's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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 to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 29, 2010

Des Moines Area Community College
SCHEDULE OF FINDINGS
Year ended June 30, 2010

Part I—Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were 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 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 84.007, 84.033, 84.063, 84.268, 84.375 — Student Financial Assistance Cluster
 - CFDA Number 17.274 — Youth Build
 - CFDA Number 93.558 — IES Promise Jobs Program
 - CFDA Number 17.258, 17.259, 17.260 – WIA Cluster
 - CFDA Number 84.394 — Fiscal Stabilization Fund – Education State Grants
 - CFDA Number 84.397 — Fiscal Stabilization Fund – Government Services
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$1,213,654.
- (i) Des Moines Area Community College qualified as a low-risk auditee.

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

NONE

Part III—Findings and Questioned Costs for Federal Awards

NONE

CONFIDENTIAL

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

We have audited the financial statements of Des Moines Area Community College (the College) for the year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. In planning and performing our audit of the financial statements of the College, we have considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

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

REQUIRED STATUTORY REPORTING FOR THE STATE OF IOWA

The following comments about the College's operations for the year ended June 30, 2010 are based exclusively on the knowledge obtained from procedures performed during our audit of the financial statements of the College for the year ended June 30, 2010. Since our audit was based on tests and samples, not all transactions which might have an impact on the comments were necessarily examined. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

1. Certified Budget

Expenditures during the year ended June 30, 2010, did not exceed amounts budgeted.

2. Questionable Disbursements

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

3. Travel Expense

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

4. Business Transactions

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

5. Bond Coverage

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

6. Board Minutes

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

7. Publication of Receipts and Disbursements

The College published a statement of receipts and disbursements of all funds of the College, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Iowa Code, on August 12, 2010.

8. Deposits and Investments

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

9. Credit and Contact Hours

Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the College, except for an overstatement of credit hours as shown below:

	<u>Reported</u>	<u>Total per supporting documentation</u>	<u>Difference</u>
Arts and Sciences	387,293	385,954	1,339
Career Tech	<u>92,428</u>	<u>92,232</u>	<u>196</u>
Total	<u>479,721</u>	<u>478,186</u>	<u>1,535</u>

Recommendation: The College should develop procedures to ensure the report submitted to the Department of Education is supported by detailed records.

Response: We have resubmitted the information to the Department of Education due to the audit finding. An error was discovered in the software which was corrected for resubmission.

Conclusion: Finding corrected.

This report is intended solely for the information and use of the College and all applicable federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
October 29, 2010