

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

June 30, 2010

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**Iowa Western Community College
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Trustees (Before September 2009 Election)		
Gary Faust	President	2009
Randy Pash	Vice President	2009
Brent Seigrist	Member	2009
Colleen Geiger	Member	2011
Connie Hornbeck	Member	2011
Doug Goodman	Member	2011
Scott Robinson	Member	2009
Fred Lisle	Member	2011
Kirk Madsen	Member	2009
Board of Trustees (After September 2009 Election)		
Randy Pash	President	2013
Doug Goodman	Vice President	2011
Brent Seigrist	Member	2013
Colleen Geiger	Member	2011
Connie Hornbeck	Member	2011
Gary Faust	Member	2013
Scott Robinson	Member	2013
Fred Lisle	Member	2011
Kirk Madsen	Member	2013
Community College		
Dr. Dan Kinney	President	
Thomas Johnson	Board Treasurer	
Kathryn Schuster	Board Secretary	

INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Western Community College and its discretely presented component unit as of June 30, 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 December 2, 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 and Schedule of Funding Progress for the Retiree Health Plan on pages 6 through 15 and 42 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 the 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 five 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 financial statements. Such information is the responsibility of management and was derived from and relate 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.

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

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 2, 2010

Iowa Western Community College

Council Bluffs, Iowa

Management’s Discussion and Analysis
For the Year Ended June 30, 2010 (Unaudited)

Management of Iowa Western Community College (The College or IWCC) provides this Management’s Discussion and Analysis of IWCC’s annual financial statements. This narrative overview and analysis of the financial activities of the College is for the fiscal year ended June 30, 2010. We encourage readers to consider this information in conjunction with the College’s financial statements, which follow.

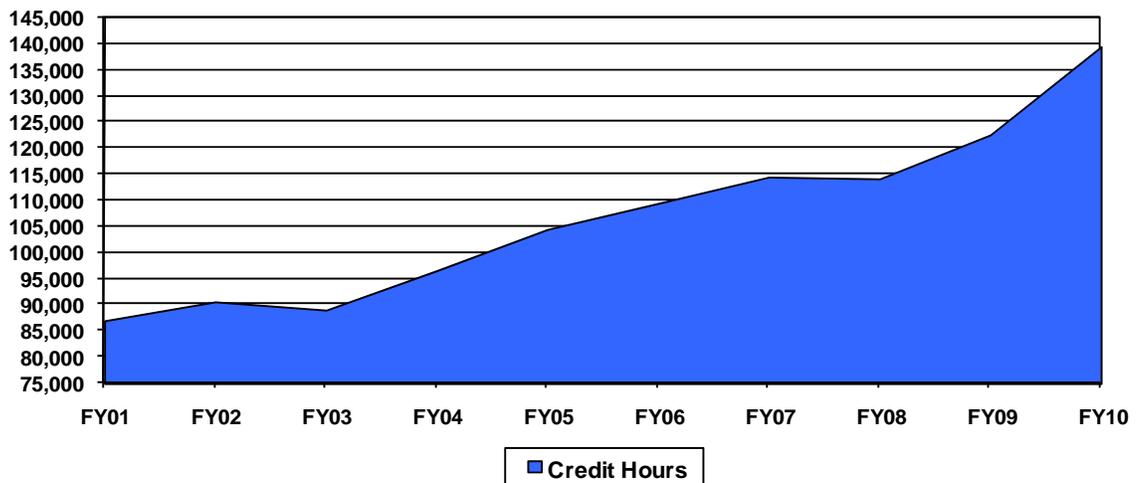
The Management Discussion and Analysis is displayed in a comparative form enabling the reader to make year-to-year comparisons about the college’s operating results and financial position.

Iowa Western Community College has implemented Governmental Accounting Standards Board Statement 39. The objective of this statement is to require the primary reporting government (IWCC) to include associated entities in its financial reporting. An associated entity is generally an organization that raises and holds economic resources for the direct benefit of a governmental unit. For the fiscal year ending June 30, 2010, Iowa Western Community College will include financial information for the Iowa Western Community College Foundation in discrete presentation format. Other related organizations will be identified using the note disclosure method.

FINANCIAL HIGHLIGHTS

- Total operating revenue grew by 0.88% and increased by more than \$203,000 and totaled \$27,338,546 for the fiscal year ending June 30, 2010. Net tuition & fee income (gross tuition/fees less financial aid & scholarships) actually decreased in FY10 despite significant credit hour production growth. Changes in federal financial aid, specifically Pell Grants, enabled more students to qualify for aid, provided eligible students with larger awards and extended the use of Pell for summer coursework. Tuition & fee revenue prior to the application of scholarships and financial aid in FY10 increased by \$1,573,070 and totaled \$18,234,034. IWCC again experienced double digit percentage growth in credit hour production – FY10 up 13.8% - and totaled 139,617 credit hours (see graph below).

IWCC
10 Year Credit Hour Production Growth Trend



- Operating expenditures fell in FY10 by (\$556,397) versus FY09 and totaled \$47,129,598. Expenditures within the Unrestricted Fund for general operations decreased by \$23,931 in FY10 as the College enacted budgetary control measures in an effort to reduce spending in the second half of FY10. Enrollment growth also affected other areas of operating expenditures including the Restricted Fund and Auxiliary functions. As noted above, Pell grant awards were up nearly \$4 million in FY10 versus FY09. This higher level of expense was offset by the decrease in salary and benefit costs in the Restricted Fund. FY09 included expenses associated with an early retirement offering (salary and benefits were down \$1,171,207). In similar fashion the Auxiliary Operations expenditures were up \$151,544 with increased student headcounts impacting Bookstore, Food Service and Housing.
- Net non-operating revenue decreased by (\$159,175) in fiscal year 2010 versus fiscal year 2009. During FY10 Iowa Western saw a significant reduction in state appropriations as State of Iowa revenues lagged considerably with the downturn in the economy. General state aid was down (\$3,235,578) a -23.3% reduction. Some of this revenue loss was offset as the state funneled nearly \$1.5 million in stabilization funding to IWCC. IWCC taxable valuations for its 13 county service district rose in FY10 by 4.82% and totaled \$7,001,190,881, compared to FY09 value of \$6,679,190,340 district wide. While this growth in taxable valuations increased tax revenue from the college's levies total tax collections actually dropped in FY10 versus FY09. FY09 tax revenue included a large one-time assessment to fund an early retirement incentive program offered to employees.

USING THIS ANNUAL REPORT

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

THE COLLEGE AS A WHOLE

The Statement of Net Assets

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

The largest portion of the College's net assets (80.3%) is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Invested in Capital Assets is liquidated with sources other than capital assets. The restricted portion of the net assets (9.7%) includes resources that are subject to external restrictions. The remaining net assets (10.0%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

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

	<u>FY10</u>	<u>FY09</u>
Current Assets	\$44,157,465	\$43,906,064
Noncurrent assets	<u>97,239,473</u>	<u>76,627,063</u>
Total assets	<u>141,396,938</u>	<u>120,533,127</u>
Current liabilities	33,492,963	29,735,209
Noncurrent liabilities	<u>62,457,807</u>	<u>49,245,134</u>
Total liabilities	<u>95,950,770</u>	<u>78,980,343</u>
Net assets:		
Invested in capital assets, net of related debt	36,474,751	28,910,223
Restricted	4,402,867	3,755,386
Unrestricted	<u>4,568,550</u>	<u>8,887,175</u>
Total net assets	<u>\$45,446,168</u>	<u>\$41,552,784</u>

Statement of Revenues, Expenses and Changes in Net Assets

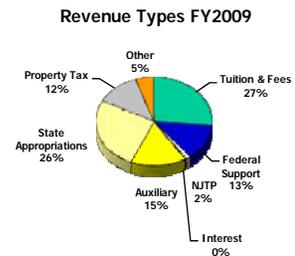
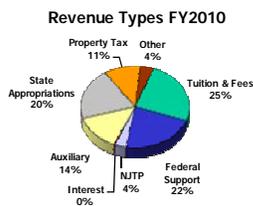
Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses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

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

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

Operating revenue:	<u>FY10</u>	<u>FY09</u>
Tuition and fees	\$13,178,703	\$13,950,515
Federal appropriations	2,660,616	1,740,691
Iowa industrial New Jobs Training Program	1,816,585	739,521
Auxiliary	7,549,934	8,071,743
Other	<u>2,132,708</u>	<u>2,632,177</u>
Total operating revenue	27,338,546	27,134,647
Total Operating expenses	<u>47,129,598</u>	<u>47,685,995</u>
Operating loss	<u>(\$19,791,052)</u>	<u>(\$20,551,348)</u>
Non-operating revenue (expenses)	<u>FY10</u>	<u>FY09</u>
State appropriations	10,664,849	13,900,427
Pell Grant	9,132,039	5,175,616
Property tax	5,774,537	6,505,099
Disposal of plant assets	(70,974)	47,353
Interest on investments	160,326	160,097
Interest on indebtedness	(1,971,803)	(1,944,095)
Other	<u>(4,538)</u>	<u>(886)</u>
Net non-operating revenue	<u>23,684,436</u>	<u>23,843,611</u>
Change in net assets	3,893,384	3,292,263
Net assets beginning of year	<u>41,552,784</u>	<u>38,260,521</u>
Net assets end of year	<u>\$45,446,168</u>	<u>\$41,552,784</u>

The Statement of Revenues, Expenses, and Changes in Net Assets reflect an increase in net assets at the end of the fiscal year of \$3,893,384.



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

	<u>FY10</u>	<u>FY09</u>
Tuition and Fees, net	\$13,178,703	\$13,950,515
Federal	11,792,655	6,916,307
NJTP	1,816,585	739,521
Interest	160,326	160,097
Auxiliary	7,549,934	8,071,743
State	10,664,849	13,900,427
Property Tax	5,774,537	6,505,099
Other	<u>2,128,170</u>	<u>2,631,291</u>
Total	<u>\$53,065,759</u>	<u>\$52,875,000</u>

In fiscal year 2010, total operating revenue was relatively flat and grew by only \$190,759. Following is an analysis of individual revenue sources:

- With a credit hour production increase of 16,917 hours (13.8%) and an \$8 per credit hour tuition rate increase, gross tuition & fee revenue increased by \$1,573,070 in FY10. The College's business strategy to focus on the recruitment and retention of full-time students continues to prove successful as IWCC now totals nearly 3,600 full-time students. Since FY01 the number of full-time students has increased by 55% (from 2,000 FT headcount in FY01 to 3,092 in FY09). Preliminary Fall 2009 indicates another significant increase in FT students totaling more than 3,500.

- Net Auxiliary Enterprise revenues were actually down in FY10 despite the addition of 72 new beds in housing and a student headcount increase. Similar to Tuition & Fee income, FY10 total revenues of \$7,549,934 are net of \$3.4 million in scholarship and financial aid offsets. Gross revenue, before scholarships, was actually up \$834,626 and provides a better picture of the impact of additional housing capacity and headcount growth.

FY11 will likely see similar increases in Auxiliary Enterprise revenues as IWCC continues to expand student housing. One hundred forty four (144) additional beds came on line and were available for occupancy for the fall 2010 semester. Occupancy rates for all housing facilities at the Council Bluffs campus were at capacity to begin FY11. Strong demand for student housing continues and the IWCC Board of Trustees has authorized Phase II in the new Suites complex with those beds available for occupancy in FY12. With these additional beds total student resident capacity will be at 1,200 – with a full-time student headcount at 3,500 - 34% of the student body are living on campus.

- In total, State Appropriations fell by \$3,235,578 in FY10, a 23.3% drop. With the cuts experienced in FY09 plus the loss of additional state aid in FY10, support from the state has reverted back to FY07 levels. The state of Iowa did receive stimulus funding from the Federal Government and allocated some of those dollars to the community college system. In FY10 IWCC received \$1,495,282 in stabilization dollars – these dollars designed to offset the loss of state aid due to the downturn in the national economy. With the large credit hour production increase IWCC was able to weather this economic turmoil and made the decision to defer approximately 50% of the stabilization funding to FY11. By spreading the impact of the stabilization funding over a two (2) year fiscal period Iowa Western will be able to lessen the overall impact of the lost state aid. Enrollment growth in FY11 will also provide an additional cushion heading into FY12 when the stabilization funding disappears.

**Operating Expenses
For Year Ending June 30**

	<u>FY10</u>	<u>FY09</u>
Education and support:		
Liberal arts and sciences	\$7,529,797	\$ 7,017,192
Applied science and technology	6,373,787	6,952,892
Continuing education	2,539,408	2,751,771
Cooperative services	2,257,177	2,220,055
Administration	2,805,968	2,598,999
Student services	3,421,442	3,065,422
Learning resources	257,828	264,977
Physical plant	4,381,153	4,454,295
General institution	5,365,479	6,930,859
Auxiliary enterprises	7,984,200	7,877,453
Scholarships and grants	1,764,576	1,401,776
Depreciation and amortization	<u>2,448,783</u>	<u>2,150,304</u>
 Total operating expenses	 <u>\$47,129,598</u>	 <u>\$47,685,995</u>

In fiscal year 2010, operating expenses decreased (\$556,397) or (1.2%) as a net result of the following changes:

- Salary and benefit costs remain the largest category of expense totaling \$26,783,169 in FY10. This provides further evidence of the Colleges efforts and success in controlling expenditures in the current environment of uncertainty associated with state funding. With the national and state economic forecast looking less than robust, Iowa Western must continue to monitor and control expenditures for the next 2-3 years.
- As noted above in revenue discussions Auxiliary Operations continue to grow as housing facilities are expanded and enrollment numbers continue to increase. In FY10 Auxiliary expenditures increased by \$106,747 and totaled \$7,984,200. The majority of the increase in expenditures is associated with additional personnel required to manage new facilities and the associated general expenses incurred to operate them (utilities, supplies, custodial etc.).
- Construction activity continued at the Council Bluffs campus as general contractors completed work on two (2) major projects – a new student resource center and additional housing. The new \$16 million 71,000 square foot student resource facility opened in June 2010. The new facility was funded from proceeds from the \$22 M bond issue referendum passed by IWCC voters in December 2007. The new facility houses student support services, a student resource center, culinary arts program, dining services and bookstore operations. The facility has been extremely well-received by current and prospective students. Also currently under construction is phase II of the second complex of Reiver Suites housing facilities that will receive its first student residents in the Fall 2010.
- As noted above, Phase I opened to students this fall (fall 2010) with 144 beds and construction on the net phase (Phase II) is underway for another 144 beds.

- At the publishing of this report, construction activity is nearly complete on the Nursing Center of Excellence that is scheduled to open in mid-February 2011. When completed, the facility will significantly increase the program student capacity and enable IWCC to educate and train the nursing professionals needed to meet regional and national demand in this critical area.

Statement of Cash Flows

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

**Condensed Statement of Cash Flows
For the Year Ended June 30**

Cash flows from:	<u>FY10</u>	<u>FY09</u>
Operating activities	(\$16,592,426)	\$(15,757,049)
Non-capital financing activities	25,224,511	24,581,486
Capital and related financing activities	(10,161,342)	(5,702,937)
Investing activities	<u>160,326</u>	<u>160,097</u>
Net increase in cash	(1,368,931)	3,281,597
Cash, beginning of year	<u>23,130,281</u>	<u>19,848,684</u>
Cash, end of year	<u>\$21,761,350</u>	<u>\$23,130,281</u>

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

Component Unit Financial Statements

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

**Condensed Statement of Net Assets
As of June 30**

	FY10	FY09
Total assets	\$19,396,233	\$ <u>18,078,560</u>
Total liabilities	\$ 812,199	\$ 836,993
Total net assets	<u>18,584,034</u>	<u>17,241,567</u>
	<u>\$19,396,233</u>	<u>\$18,078,560</u>

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

	FY10	FY09
Total revenues	\$3,388,640	\$3,704,648
Total expenses	<u>2,046,173</u>	<u>4,262,609</u>
Increase/(Decrease) in net assets	<u>\$1,342,467</u>	<u>(\$557,961)</u>

Financial highlights of the Foundation include the following:

- Net assets increased \$1,342,467 from June 30, 2009 to June 30, 2010. The Foundation has made up some ground on the losses incurred in its investment portfolio during the past twelve (12) months. In addition to some gains on investments, the Foundation has also been successful with fundraising efforts during the past fiscal year.
- During the 2008 fiscal year (June 30, 2008) the Foundation received a major gift of 105 acres of prime commercial real estate. The property has an estimated market value of nearly \$10.75 million. While the property has been listed for sale for the past thirty (30) months the current commercial real estate market has stagnated and the Foundation has yet to identify/receive any viable offers for the property. Proceeds from a future sale will be used to promote the interests of Iowa Western Community College.

CAPITAL ASSETS

At June 30, 2010, the College has approximately \$96,403,389 invested in capital assets, net of accumulated depreciation of \$25,305,388. Net depreciation charges totaled \$2,453,742 for the 2010 fiscal year. Details for the capital assets are shown below.

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

	<u>FY10</u>	<u>FY09</u>
Land	\$ 560,164	\$ 560,164
Buildings	78,286,684	56,715,028
Construction in progress	10,328,570	14,621,453
Other structures and improvements	3,629,350	3,059,320
Equipment and vehicles	3,075,200	1,285,857
Capital leases	371,750	61,372
Software	<u>151,671</u>	<u>62,780</u>
Total	<u>\$96,403,389</u>	<u>\$76,365,974</u>

DEBT

At June 30, 2010, the College had \$66,960,503 million in debt outstanding. The table below summarizes these amounts by type.

Outstanding Debt For the Year Ended June 30

	<u>FY10</u>	<u>FY09</u>
Early retirement payable	\$ 829,259	\$ 1,041,337
Certificates payable	6,680,000	6,525,000
Capital loan notes payable	6,065,000	6,975,000
Revenue bonds	32,455,000	23,220,000
Bonds payable	20,555,000	15,215,000
Capital leases payable	<u>376,244</u>	<u>65,866</u>
Total	<u>\$66,950,503</u>	<u>\$53,042,203</u>

Total outstanding debt increased \$13,918,300 in fiscal year 2010. The college continues to utilize the various types of long-term financing available to fund the expansion and updating of college facilities.

During FY10 the College issued additional debt associated with construction and renovation of facilities. Of the \$15,865,000 in bonds issued, \$6 million in additional general obligation bonds were issued against the voter approved \$22 million bond referendum. The College plans to issue the final \$6 million of these bonds in January of 2011. In addition to the \$6 million in general obligation bonds, the College also issued \$9,865,000 in dormitory revenue that were used to construct Phase I of the second suites complex. This facility was completed on schedule and opened to students in August 2010.

Subsequent to June 30, 2010, IWCC called two outstanding dormitory revenue bond issuances from 2004 and 2005. These two issuances were combined and refinanced at considerably lower interest rates from the original issuance. In addition to the refinancing, the College also issued an additional \$6 million in dormitory revenue bonds that will pay for construction of Phase II of the second suites complex that will open in August 2011.

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

ECONOMIC FACTORS

Iowa Western Community College's long-term economic outlook remains strong as enrollment and credit hour production continue to increase. IWCC opened additional student housing in the fall of 2010 and realized an 13.8% increase in credit hour production (Fall 10 vs. Fall 09). In the short term the College must continue to focus on recruiting and retaining new students as it deals with reduced state funding levels. As with the majority of states, Iowa has had to reduce state aid to higher education as state revenues have declined due to the downturn in the state and national economies.

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

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

Contacting the College's Financial Management

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

BASIC FINANCIAL STATEMENTS

Iowa Western Community College
STATEMENT OF NET ASSETS
 June 30, 2010

ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT ASSETS		
Cash and short-term pooled investments	\$ 21,761,350	\$ 190,331
Investments	-	6,036,425
Receivables		
Accounts receivable, net of allowance for uncollectible accounts of \$149,376	13,250,830	9,250
Grants and other receivables	-	1,404,779
Property tax		
Delinquent	131,827	-
Succeeding year	6,208,623	-
Beneficial interest in irrevocable trust	-	17,839
Iowa Industrial New Jobs Training Program	33,953	-
Due from Iowa Western Community College Foundation (component unit)	557,492	-
Due from other governments	1,548,697	-
Inventories	393,382	-
Prepaid expenses	271,311	432,954
Other assets	-	179,981
Net investment in capital leases	-	45,133
Total current assets	<u>44,157,465</u>	<u>8,316,692</u>
NONCURRENT ASSETS		
Iowa Industrial New Jobs Training Program receivable, net of current portion	836,084	-
Land held for investment	-	10,748,430
Capital assets, net of accumulated depreciation and amortization	<u>96,403,389</u>	<u>331,111</u>
Total noncurrent assets	<u>97,239,473</u>	<u>11,079,541</u>
 Total assets	 <u>\$141,396,938</u>	 <u>\$19,396,233</u>

**Iowa Western Community College
STATEMENT OF NET ASSETS (continued)
June 30, 2010**

LIABILITIES AND NET ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT LIABILITIES		
Accounts payable	\$ 4,944,033	\$ 8,786
Due to Iowa Western Community College	-	557,492
Salaries and benefits payable	4,479,852	-
Accrued interest payable	240,798	-
Deferred revenue		
Succeeding year property tax	6,208,623	-
Other	11,553,953	-
Retirement incentives payable	202,200	-
Compensated absences	459,062	-
Deposits held in custody for others	1,034,309	245,921
Certificates payable	1,395,000	-
Bonds payable	2,020,000	-
Notes payable	910,000	-
Capital leases payable	45,133	-
Total current liabilities	<u>33,492,963</u>	<u>812,199</u>
NONCURRENT LIABILITIES		
Retirement incentives payable	627,059	-
Certificates payable	5,285,000	-
Bonds payable	50,990,000	-
Notes payable	5,155,000	-
Capital leases payable	331,111	-
Net OPEB liability	69,637	-
Total noncurrent liabilities	<u>62,457,807</u>	<u>-</u>
Total liabilities	<u>95,950,770</u>	<u>812,199</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>36,474,751</u>	<u>-</u>
Restricted		
Nonexpendable	-	1,897,035
Expendable		
Scholarships	34,444	4,752,801
Loans	2,681	-
Plant fund	108,531	-
Debt service	2,153,068	-
Cash reserve	361,092	-
Other	1,743,051	12,001,175
Total restricted	<u>4,402,867</u>	<u>18,651,011</u>
Unrestricted	<u>4,568,550</u>	<u>(66,977)</u>
Total net assets	<u>\$45,446,168</u>	<u>\$18,584,034</u>

Iowa Western Community College
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
Year ended June 30, 2010

	<u>College</u>	<u>Foundation</u>
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$5,055,331	\$13,178,703	\$ —
Federal appropriations	2,660,616	—
Iowa Industrial New Jobs Training Program	1,816,585	—
Auxiliary enterprises revenue, net of scholarship allowances of \$3,423,405	7,549,934	—
Contributions	—	2,558,060
Miscellaneous	<u>2,132,708</u>	<u>830,580</u>
Total operating revenues	<u>27,338,546</u>	<u>3,388,640</u>
OPERATING EXPENSES		
Education and support		
Liberal arts and sciences	7,529,797	—
Applied science and technology	6,373,787	—
Continuing education	2,539,408	—
Cooperative services	2,257,177	404,323
Administration	2,805,968	—
Student services	3,421,442	—
Learning resources	257,828	—
Physical plant	4,381,153	—
General institution	5,365,479	—
Auxiliary enterprises	7,984,200	—
Scholarships and grants	1,764,576	1,641,850
Depreciation and amortization	<u>2,448,783</u>	<u>—</u>
Total operating expenses	<u>47,129,598</u>	<u>2,046,173</u>
OPERATING INCOME (LOSS)	<u>(19,791,052)</u>	<u>1,342,467</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	10,664,849	—
Pell grant	9,132,039	—
Property tax	5,774,537	—
Interest and investment income	160,326	—
Interest on indebtedness	(1,971,803)	—
Loss on sale of capital assets	(70,974)	—
Other	<u>(4,538)</u>	<u>—</u>
Total nonoperating revenues (expenses), net	<u>23,684,436</u>	<u>—</u>
INCREASE IN NET ASSETS	3,893,384	1,342,467
NET ASSETS , beginning of year	<u>41,552,784</u>	<u>17,241,567</u>
NET ASSETS , end of year	<u>\$45,446,168</u>	<u>\$18,584,034</u>

Iowa Western Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$14,360,065
Federal appropriations	2,974,211
Iowa Industrial New Jobs Training Program (NJTP)	1,319,510
Payment to employees for salaries and benefits	(26,354,190)
Payment to suppliers for goods and services	(15,205,499)
Payments to NJTP recipients	(1,666,537)
Scholarships	(1,764,576)
Auxiliary enterprise receipts	7,549,934
Other receipts	<u>2,194,656</u>
Net cash used in operating activities	<u>(16,592,426)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	10,704,477
Pell grant	8,579,051
Property tax	5,768,392
Federal direct lending receipts	16,090,752
Federal direct lending disbursements	(15,659,887)
Miscellaneous Agency Fund receipts	2,126,454
Miscellaneous Agency Fund disbursements	(2,484,224)
Proceeds from issuance of certificates payable	1,515,000
Principal paid on certificates payable	(1,360,000)
Interest paid on certificates payable	(361,367)
Change in deposits held in custody for others	310,401
Other disbursements	<u>(4,538)</u>
Net cash provided by noncapital financing activities	<u>25,224,511</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from issuance of long-term debt	15,865,000
Proceeds from sale of capital assets	40,353
Acquisition of capital assets	(22,241,647)
Principal paid on capital leases	(50,106)
Principal paid on long-term debt	(2,200,000)
Interest paid on long-term debt	<u>(1,574,942)</u>
Net cash used in capital and related financing activities	<u>(10,161,342)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and investment income	<u>160,326</u>
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NET DECREASE IN CASH

(1,368,931)

CASH, beginning of year

23,130,281

CASH, end of year

\$21,761,350

**Iowa Western Community College
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2010**

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

Operating loss	\$(19,791,052)
Adjustments to reconcile operating loss to net cash flows used in operating activities	
Depreciation and amortization	2,448,783
Changes in assets and liabilities	
Accounts receivable	(1,405,497)
Due from Iowa Western Community College Foundation (component unit)	61,948
NJTP receivable	(515,718)
Due from other governments	313,595
Inventories	259,737
Prepaid expenses	(14,941)
Accounts payable	(220,756)
Salaries and benefits payable	(334,027)
Deferred revenue	<u>2,605,502</u>
Net cash flows used in operating activities	<u>\$(16,592,426)</u>

**SUPPLEMENTAL SCHEDULE OF NONCASH CAPITAL AND RELATED
FINANCING ACTIVITIES**

Equipment acquired under capital leases	\$ <u>360,484</u>
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Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Component Unit and Related Organizations

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Component Unit and Related Organizations (continued)

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

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

Financial Statement Presentation

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

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

Restricted Net Assets

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Supplementary Information

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

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

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

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

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

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

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

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

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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

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

Cash and Pooled Investments

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

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

Property Tax Receivable

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

Due from Other Governments

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allowance for Uncollectible Accounts

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

Iowa Industrial New Jobs Training Program (NJTP) Receivable

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

Inventories

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

Capital Assets

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

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

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

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

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

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

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

Salaries and Benefits Payable

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Deferred Revenue

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

Compensated Absences

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

Auxiliary Enterprise Revenues

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

Tuition and Fees

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

Operating and Nonoperating Activities

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

Scholarship Allowances and Student Aid

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

Use of Estimates

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Budgets and Budgetary Accounting

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

NOTE 2 CASH AND POOLED INVESTMENTS

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

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

Deposits	
Cash	\$ 7,709,986
Nonnegotiable certificates of deposit	125,830
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>13,925,534</u>
Total cash and short-term pooled investments	<u>\$21,761,350</u>

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

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

Credit risk. The College's June 30, 2010 investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

NOTE 3 INVENTORIES

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

<u>Type</u>	<u>Amount</u>
Graphic arts	\$ 15,210
Bookstore	316,711
Auto parts	38,245
Food service	<u>23,216</u>
Total	<u>\$ 393,382</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 4 CAPITAL ASSETS

Capital assets activity 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	\$ 560,164	\$ —	\$ —	\$ —	\$ 560,164
Construction in progress	<u>14,621,453</u>	<u>21,599,154</u>	<u>(25,892,037)</u>	<u>—</u>	<u>10,328,570</u>
Total capital assets not being depreciated	<u>15,181,617</u>	<u>21,599,154</u>	<u>(25,892,037)</u>	<u>—</u>	<u>10,888,734</u>
Capital assets being depreciated					
Buildings	73,578,204	9,334	23,375,288	142,341	96,820,485
Improvements other than buildings	5,538,745	23,494	789,092	9,050	6,342,281
Furniture and equipment	5,078,826	505,076	1,715,197	553,815	6,745,284
Software	272,553	104,589	12,460	—	389,602
Capital lease assets	<u>161,907</u>	<u>360,484</u>	<u>—</u>	<u>—</u>	<u>522,391</u>
Total capital assets being depreciated	<u>84,630,235</u>	<u>1,002,977</u>	<u>25,892,037</u>	<u>705,206</u>	<u>110,820,043</u>
Less accumulated depreciation for					
Buildings	16,863,176	1,782,724	—	112,099	18,533,801
Improvements other than buildings	2,479,425	242,556	—	9,050	2,712,931
Furniture and equipment	3,792,969	349,845	—	472,730	3,670,084
Software	209,773	28,158	—	—	237,931
Capital lease assets	<u>100,535</u>	<u>50,106</u>	<u>—</u>	<u>—</u>	<u>150,641</u>
Total accumulated depreciation	<u>23,445,878</u>	<u>2,453,389</u>	<u>—</u>	<u>593,879</u>	<u>25,305,388</u>
Capital assets, net	<u>\$76,365,974</u>	<u>\$20,148,742</u>	<u>\$ —</u>	<u>\$ 111,327</u>	<u>\$ 96,403,389</u>

Included in the above capital assets are assets held in agency in the amount of \$45,182 with total accumulated depreciation of \$31,356 at June 30, 2010. Total depreciation expense for assets held in agency, for the year ended June 30, 2010 is \$4,606.

Construction in progress at June 30, 2010 includes costs for construction of student housing, nursing center renovation, art center expansion, and other minor projects. The College has entered into contracts for these projects of approximately \$14,700,000 of which approximately \$8,400,000 has been completed. Accounts payable at June 30, 2010 includes approximately \$450,000 of the amount completed. Total unpaid contracts at June 30, 2010 were approximately \$6,300,000.

Iowa Western 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>Balance beginning of year</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance end of year</u>	<u>Less current portion</u>	<u>Long-term portion</u>
Retirement incentives Payable (Note 13)	\$ 1,041,337	\$ —	\$ (212,078)	\$ 829,259	\$ (202,200)	\$ 627,059
Certificates payable	6,525,000	1,515,000	(1,360,000)	6,680,000	(1,395,000)	5,285,000
Bonds payable	38,435,000	15,865,000	(1,290,000)	53,010,000	(2,020,000)	50,990,000
Notes payable	6,975,000	—	(910,000)	6,065,000	(910,000)	5,155,000
Capital lease payable (Note 7)	65,866	360,484	(50,106)	376,244	(45,133)	331,111
Net OPEB liability (Note 10)	<u>31,919</u>	<u>37,718</u>	<u>—</u>	<u>69,637</u>	<u>—</u>	<u>69,637</u>
Totals	<u>\$53,074,122</u>	<u>\$17,778,202</u>	<u>\$(3,822,184)</u>	<u>\$67,030,140</u>	<u>\$(4,572,333)</u>	<u>\$62,457,807</u>

Certificates Payable

In accordance with agreements dated between June 1, 2000 and June 1, 2010, the College issued certificates totaling \$14,310,000 with interest rates ranging from 1.6% to 8.25%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	\$1,395,000	\$ 245,266	\$1,640,266
2012	840,000	423,199	1,263,199
2013	825,000	329,419	1,154,419
2014	700,000	273,115	973,115
2015	750,000	217,977	967,977
2016-2020	<u>2,170,000</u>	<u>349,148</u>	<u>2,519,148</u>
Total	<u>\$6,680,000</u>	<u>\$1,838,124</u>	<u>\$8,518,124</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Notes Payable

The College has issued notes for the purchase, construction and renovation of College properties as allowed by Section 260C of the Code of Iowa. Details of the College's June 30, 2010 notes payable indebtedness are as follows:

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of January 1, 2005 (2005A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.45%	\$ 175,000	\$ 44,580	\$ 219,580
2012	3.60%	180,000	38,543	218,543
2013	3.75%	190,000	32,063	222,063
2014	3.90%	195,000	24,938	219,938
2015	4.05%	205,000	17,333	222,333
2016	4.20%	<u>215,000</u>	<u>9,030</u>	<u>224,030</u>
Total		<u>\$1,160,000</u>	<u>\$ 166,487</u>	<u>\$1,326,487</u>

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of June 1, 2006 (2006A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.95%	\$ 450,000	\$ 125,545	\$ 575,545
2012	4.05%	470,000	107,770	577,770
2013	4.15%	485,000	88,735	573,735
2014	4.25%	510,000	68,608	578,608
2015	4.30%	530,000	46,933	576,933
2016	4.35%	<u>555,000</u>	<u>24,143</u>	<u>579,143</u>
Total		<u>\$3,000,000</u>	<u>\$ 461,734</u>	<u>\$3,461,734</u>

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of December 1, 2007 (2007A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.50%	\$ 285,000	\$ 69,977	\$ 354,977
2012	3.60%	300,000	60,003	360,003
2013	3.65%	310,000	49,202	359,202
2014	3.70%	325,000	37,888	362,888
2015	3.75%	335,000	25,862	360,862
2016	3.80%	<u>350,000</u>	<u>13,300</u>	<u>363,300</u>
Total		<u>\$1,905,000</u>	<u>\$ 256,232</u>	<u>\$2,161,232</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable

The College has issued bonds for the purchase, construction and renovation of College properties as allowed by Section 260C of the Code of Iowa. Details of the College's June 30, 2010 bonded indebtedness are as follows:

<u>Year ending June 30</u>	<u>Bond Issue of March 1, 2004</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.00%	\$ 315,000	\$ 192,330	\$ 507,330
2012	3.00%	325,000	182,880	507,880
2013	3.10%	340,000	173,130	513,130
2014	3.25%	350,000	162,590	512,590
2015	3.40%	365,000	151,215	516,215
2016-2020	3.55% to 4.00%	2,070,000	549,133	2,619,133
2021-2023	4.05% to 4.13%	<u>1,485,000</u>	<u>123,975</u>	<u>1,608,975</u>
Total		<u>\$5,250,000</u>	<u>\$1,535,253</u>	<u>\$6,785,253</u>

<u>Year ending June 30</u>	<u>Bond Issue of July 1, 2008</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	4.13%	\$ 370,000	\$ 387,074	\$ 757,074
2012	4.13%	380,000	371,811	751,811
2013	4.13%	395,000	356,136	751,136
2014	4.13%	410,000	339,843	749,843
2015	4.13%	425,000	322,930	747,930
2016-2020	3.90% to 4.13%	2,385,000	1,342,775	3,727,775
2021-2025	4.10% to 4.20%	2,895,000	818,910	3,713,910
2026-2028	4.30% to 4.40%	<u>2,045,000</u>	<u>181,045</u>	<u>2,226,045</u>
Total		<u>\$9,305,000</u>	<u>\$4,120,524</u>	<u>\$13,425,524</u>

<u>Year ending June 30</u>	<u>Bond Issue of May 1, 2010</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	1.15%	\$ 545,000	\$ 162,459	\$ 707,459
2012	1.40%	550,000	143,695	693,695
2013	1.55%	560,000	135,995	695,995
2014	1.85%	570,000	127,315	697,315
2015	2.20%	580,000	116,770	696,770
2016-2020	2.75% to 3.70%	<u>3,195,000</u>	<u>333,733</u>	<u>3,528,733</u>
Total		<u>\$6,000,000</u>	<u>\$1,019,967</u>	<u>\$7,019,967</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Dorm Revenue Bond Issue of September 1, 2004</u>				
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.75%	\$ 100,000	\$ 154,550	\$ 254,550
2012	3.95%	105,000	150,800	255,800
2013	4.10%	110,000	146,653	256,653
2014	4.25%	120,000	142,143	262,143
2015	4.40%	125,000	137,043	262,043
2016-2019	4.55% to 5.00%	<u>2,655,000</u>	<u>488,704</u>	<u>3,143,704</u>
Total		<u>\$3,215,000</u>	<u>\$1,219,893</u>	<u>\$4,434,893</u>

<u>Dorm Revenue Bond Issue of January 1, 2005 (2005A)</u>				
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.80%	\$ 180,000	\$ 266,155	\$ 446,155
2012	3.95%	190,000	259,315	449,315
2013	4.10%	195,000	251,810	446,810
2014	4.25%	205,000	243,815	448,815
2015	4.40%	215,000	235,103	450,103
2016-2019	4.55% to 5.00%	<u>4,555,000</u>	<u>837,173</u>	<u>5,392,173</u>
Total		<u>\$5,540,000</u>	<u>\$2,093,371</u>	<u>\$7,633,371</u>

<u>Dorm Revenue Bond Issue of June 1, 2005 (2005B)</u>				
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.80%	\$ 135,000	\$ 29,465	\$ 164,465
2012	3.90%	140,000	24,335	164,335
2013	4.00%	145,000	18,875	163,875
2014	4.10%	155,000	13,075	168,075
2015	4.20%	<u>160,000</u>	<u>6,720</u>	<u>166,720</u>
Total		<u>\$ 735,000</u>	<u>\$ 92,470</u>	<u>\$ 827,470</u>

<u>Dorm Revenue Bond Issue of June 1, 2006 (2006A)</u>				
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	4.20%	\$ 95,000	\$ 226,420	\$ 321,420
2012	4.30%	95,000	222,430	317,430
2013	4.40%	100,000	218,345	318,345
2014	4.50%	105,000	213,945	318,945
2015	4.55%	110,000	209,220	319,220
2016-2020	4.60% to 4.95%	640,000	963,900	1,603,900
2021	5.00%	<u>3,470,000</u>	<u>173,500</u>	<u>3,643,500</u>
Total		<u>\$4,615,000</u>	<u>\$2,227,760</u>	<u>\$6,842,760</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of August 1, 2007 (2007A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	4.15%	\$ 100,000	\$ 271,050	\$ 371,050
2012	4.25%	105,000	266,900	371,900
2013	4.30%	110,000	262,437	372,437
2014	4.40%	115,000	257,707	372,707
2015	4.50%	120,000	252,648	372,648
2016-2020	4.60% to 4.95%	690,000	1,174,770	1,864,770
2021-2022	4.95% to 5.00%	<u>4,290,000</u>	<u>420,920</u>	<u>4,710,920</u>
Total		<u>\$5,530,000</u>	<u>\$2,906,432</u>	<u>\$8,436,432</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of February 1, 2009 (2009A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	3.50%	\$ 45,000	\$ 143,090	\$ 188,090
2012	3.50%	45,000	141,515	186,515
2013	3.50%	50,000	139,940	189,940
2014	3.50%	50,000	138,190	188,190
2015	4.50%	55,000	136,440	191,440
2016-2020	4.50% to 4.90%	315,000	643,050	958,050
2021-2024	4.90% to 5.00%	<u>2,395,000</u>	<u>455,010</u>	<u>2,850,010</u>
Total		<u>\$2,955,000</u>	<u>\$1,797,235</u>	<u>\$4,752,235</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of October 1, 2009 (2009B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2011	2.01%	\$ 135,000	\$ 570,068	\$ 705,068
2012	3.00%	140,000	567,357	707,357
2013	3.25%	145,000	563,154	708,154
2014	3.84%	155,000	558,439	713,439
2015	4.34%	160,000	552,493	712,493
2016-2020	4.64% to 5.04%	970,000	2,639,399	3,609,399
2021-2024	5.55% to 6.13%	<u>8,160,000</u>	<u>1,904,485</u>	<u>10,064,485</u>
Total		<u>\$9,865,000</u>	<u>\$7,355,395</u>	<u>\$17,220,395</u>

The College has pledged future dormitory system revenues, net of specified operating expenses, to repay \$32,455,000 in dorm revenue bonds issued in September, 2004; January, 2005; June, 2005; June, 2006, August, 2007, July, 2009 and October, 2009. Proceeds from the bonds provided financing for construction of the dormitory system. The bonds are payable solely from dormitory system net revenues, including dining and other incidental facilities, and are payable through 2024. Annual principal and interest payments are expected to require less than the net revenues of the system. The total principal and interest remaining to be paid on the notes is \$50,147,556. For the current year, principal and interest paid and total customer net revenues were \$2,103,865 and \$2,632,080, respectively.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

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

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

During the year ended June 30, 2010, the College was in compliance with the revenue bond provisions.

Total interest cost for the year ended June 30, 2010 is \$2,767,158. Total interest capitalized as part of construction in progress for the year ended June 30, 2010 is \$663,996 (net of \$151,859 in interest income).

NOTE 6 OPERATING LEASES

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are charged as incurred. The leases expire between 2012 and 2055 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2010:

<u>Year ending June 30</u>	<u>Amount</u>
2011	\$ 134,381
2012	88,713
2013	9,597
2014	5,370
2015	5,370
Thereafter	<u>214,800</u>
Total	\$ <u>458,231</u>

Rents for the year ended June 30, 2010 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$251,320.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 7 CAPITAL LEASES AND RELATED PARTY TRANSACTIONS

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

<u>Class of property</u>	<u>Balance at June 30, 2010</u>
Equipment	\$ 522,391
Less accumulated amortization	<u>(150,641)</u>
Net capital lease assets	<u>\$ 371,750</u>

The following is a schedule by year of future minimum lease payments under capital leases as of June 30, 2010:

<u>Year ending June 30</u>	
2011	\$ 67,731
2012	67,731
2013	67,731
2014	57,577
2015	54,192
Thereafter	<u>163,843</u>
Total	478,805
Less interest	<u>(102,561)</u>
Capital lease obligations	<u>\$ 376,244</u>

NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 4.30% of their annual covered salary and the College is required to contribute 6.65% 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 \$542,944, \$534,192 and \$460,511, respectively, equal to the required contributions for each year.

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

The College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.30% and the College is required to contribute 6.65%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2010 were \$598,791 and \$387,188, respectively.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

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

Plan Description

The College operates a single-employer retiree benefit plan which provides medical, prescription drug and dental benefits for retirees and their spouses. There are 371 active and 26 retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy

The contribution requirements of plan members are established and may be amended by the College. The College currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation

The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the Community College, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2010, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 38,157
Interest on net OPEB obligation	1,436
Adjustment to annual required contribution	<u>(1,875)</u>
Annual OPEB cost	37,718
Contributions made	<u>—</u>
Increase in net OPEB obligation	37,718
Net OPEB obligation beginning of year	<u>31,919</u>
 Net OPEB obligation end of year	 <u>\$ 69,637</u>

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

For the year ended June 30, 2010, the College contributed \$-0- to the medical plan.

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2010 are summarized as follows:

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$ 37,718	0.0%	\$ <u>69,637</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Funded Status and Funding Progress

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 \$235,716, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$235,716. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$13,744,000 and the ratio of the UAAL to covered payroll was 1.7%. As of June 30, 2010, there were no trust fund assets.

Actuarial Methods and Assumptions

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

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

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

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

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

NOTE 11 RELATED PARTY TRANSACTIONS

The College transferred \$100,000 in fiscal year 1995 and \$550,000 in fiscal year 1998 to the Iowa Western Community College Foundation. The provisions of the gifts specify that the corpus, and any income generated through the investment of the corpus, shall be restricted in use for the sole benefit of the College for scholarships, grants, and such other purposes for the benefit of the College or the students thereof. There were no such transfers in fiscal year 2010.

Foundation salaries and other operating expenses are paid by the College. In management's estimate, the value of such expenses was approximately \$237,000 in fiscal year 2010.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 11 RELATED PARTY TRANSACTIONS (continued)

Transactions for the year ended June 30, 2010, between Iowa Western Community College and Western Iowa Dorms, Inc. are as follows:

Beginning payable balance	\$ (316,830)
Charges for services, supplies and payroll provided or paid by the College	30,559
College payment of dorm payables	690,198
Reimbursements and advances from Western Iowa Dorms, Inc.	<u>(998,458)</u>
Ending payable balance	\$ <u>(594,531)</u>

NOTE 12 NEW JOBS TRAINING PROGRAMS

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

NOTE 13 RETIREMENT INCENTIVE PROGRAM

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

The liability at June 30, 2010 for those employees who have elected retirement incentives was \$829,259 and has been recorded as a liability in the Statement of Net Assets. Retirement incentives will be fully funded through property tax levies.

NOTE 14 SELF-INSURANCE PROGRAM

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

Payments are made to the self-insurance cost center based on actuarial estimates of the amounts needed to pay current year claims. The unpaid claims liability of approximately \$2,128,000 is based on GASB Statement No. 10, which requires that a liability be recorded when it has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2010

NOTE 15 COMMITMENTS AND CONTINGENCIES

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

NOTE 16 SUBSEQUENT EVENTS

In October 2010, the College issued \$15,450,000 in dorm revenue bonds. Of that amount, \$8,755,000 was for a full call of Dormitory Revenue Bonds 2004 and Dormitory Revenue Bonds 2005A. The remaining \$6,785,000 is for the construction of additional student housing.

NOTE 17 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

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

GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, issued February 2009, will be effective for the College beginning with its year ending June 30, 2011. This statement enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

<u>Fiscal year end June 30</u>	<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a)/c)</u>
2009	July 1, 2008	\$ <u>—</u>	\$ <u>236</u>	\$ <u>236</u>	<u>0.0%</u>	\$ <u>13,813</u>	<u>1.7%</u>
2010	July 1, 2008	\$ <u>—</u>	\$ <u>236</u>	\$ <u>236</u>	<u>0.0%</u>	\$ <u>13,744</u>	<u>1.7%</u>

OTHER SUPPLEMENTARY INFORMATION

Iowa Western Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Required Supplementary Information
Year ended June 30, 2010

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance between actual and amended budget</u>
General (unrestricted and non-levy restricted)	\$36,087,638	\$37,287,638	\$33,701,703	\$3,585,935
Restricted				
Unemployment	125,000	125,000	89,778	35,222
Tort liability	66,550	66,550	60,935	5,615
Insurance	530,000	530,000	502,663	27,337
Early retirement	768,245	768,245	-	768,245
Equipment replacement	<u>635,000</u>	<u>635,000</u>	<u>249,737</u>	<u>385,263</u>
Total restricted	<u>2,124,795</u>	<u>2,124,795</u>	<u>903,113</u>	<u>1,221,682</u>
Total unrestricted/restricted	38,212,433	39,412,433	34,604,816	4,807,617
Plant	5,284,207	5,284,207	3,222,335	2,061,872
Bonds and interest	<u>1,491,794</u>	<u>1,491,794</u>	<u>1,257,103</u>	<u>234,691</u>
Total operating expenditures	<u>\$44,988,434</u>	<u>\$46,188,434</u>	<u>\$39,084,254</u>	<u>\$7,104,180</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2010

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

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

For the year ended June 30, 2010, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES
June 30, 2010

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
ASSETS									
Cash and short-term pooled investments	\$ 8,613,665	\$ 6,995,842	\$ -	\$ 3,759,140	\$2,285,388	\$ -	\$ 107,315	\$ -	\$ 21,761,350
Receivables									
Accounts (less allowance of \$149,376)	11,458,822	1,790,658	-	560	-	-	790	-	13,250,830
Property tax									
Delinquent	74,315	17,879	-	-	39,633	-	-	-	131,827
Succeeding year	1,535,549	1,339,074	-	212,035	3,121,965	-	-	-	6,208,623
Due from other funds	1,752,247	3,501,849	4,750	983,938	771	-	253,507	(6,509,481)	-
Due from Iowa Western Community College Foundation (component unit)	495,252	-	-	62,240	-	-	-	-	557,492
Due from other governments	342,047	1,126,792	424	1,080	-	-	78,354	-	1,548,697
Inventories	393,382	-	-	-	-	-	-	-	393,382
Prepaid expenditures	249,220	19,248	-	427	-	-	2,416	-	271,311
Iowa Industrial New Jobs Training Program	-	870,037	-	-	-	-	-	-	870,037
Capital assets									
Land	-	-	-	-	-	560,164	-	-	560,164
Buildings	-	-	-	-	-	96,820,485	-	-	96,820,485
Improvements other than buildings	-	-	-	-	-	6,342,281	-	-	6,342,281
Equipment and vehicles	-	-	-	-	-	6,700,102	45,182	-	6,745,284
Capital lease assets	-	-	-	-	-	522,391	-	-	522,391
Software	-	-	-	-	-	389,602	-	-	389,602
Construction in progress	-	-	-	10,328,570	-	-	-	-	10,328,570
Accumulated depreciation and amortization	-	-	-	-	-	(25,274,030)	(31,358)	-	(25,305,388)
Total assets	<u>\$24,914,499</u>	<u>\$15,661,379</u>	<u>\$ 5,174</u>	<u>\$15,347,990</u>	<u>\$5,447,757</u>	<u>\$86,060,995</u>	<u>\$ 456,206</u>	<u>\$ (6,509,481)</u>	<u>\$141,396,938</u>

See accompanying independent auditor's report.

Schedule 2 (continued)

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES (continued)
June 30, 2010

LIABILITIES AND FUND BALANCES	Current Funds		Loan Fund	Plant Funds			Agency Funds	Adjustments	Total
	Unrestricted	Restricted		Unexpended	Retirement of Indebtedness	Investment in Plant			
LIABILITIES									
Accounts payable	\$ 618,179	\$ 177,550	\$ 2,493	\$ 4,053,973	\$ -	\$ -	\$ 91,838	\$ -	\$ 4,944,033
Salaries and benefits payable	2,216,749	2,263,103	-	-	-	-	-	-	4,479,852
Accrued interest payable	-	27,956	-	40,118	172,724	-	-	-	240,798
Due to other funds	4,081,855	1,237,503	-	1,068,333	-	-	121,790	(6,509,481)	-
Deferred revenues									
Succeeding year property tax	1,535,549	1,339,074	-	212,035	3,121,965	-	-	-	6,208,623
Other	10,249,616	1,304,337	-	-	-	-	-	-	11,553,953
Retirement incentives payable	-	829,259	-	-	-	-	-	-	829,259
Compensated absences	421,541	37,521	-	-	-	-	-	-	459,062
Deposits held in custody for others	791,731	-	-	-	-	-	242,578	-	1,034,309
Certificates payable	-	6,680,000	-	-	-	-	-	-	6,680,000
Bonds payable	-	-	-	9,865,000	-	43,145,000	-	-	53,010,000
Notes payable	-	-	-	-	-	6,065,000	-	-	6,065,000
Capital leases payable	-	-	-	-	-	376,244	-	-	376,244
Net OPCB liability	69,637	-	-	-	-	-	-	-	69,637
Total liabilities	<u>19,984,857</u>	<u>13,896,303</u>	<u>2,493</u>	<u>15,239,459</u>	<u>3,294,689</u>	<u>49,586,244</u>	<u>456,206</u>	<u>(6,509,481)</u>	<u>95,950,770</u>
FUND BALANCES									
Invested in capital assets, net of related debt	-	-	-	-	-	36,474,751	-	-	36,474,751
Restricted									
Expendable									
Scholarships and fellowships	-	34,444	-	-	-	-	-	-	34,444
Loans	-	-	2,681	-	-	-	-	-	2,681
Plant fund	-	-	-	108,531	-	-	-	-	108,531
Debt service	-	-	-	-	2,153,068	-	-	-	2,153,068
Cash reserve	361,092	-	-	-	-	-	-	-	361,092
Other	-	1,743,051	-	-	-	-	-	-	1,743,051
Unrestricted	3,134,239	-	-	-	-	-	-	-	3,134,239
Auxiliary enterprises	1,434,311	-	-	-	-	-	-	-	1,434,311
Total fund balances	<u>4,929,642</u>	<u>1,777,495</u>	<u>2,681</u>	<u>108,531</u>	<u>2,153,068</u>	<u>36,474,751</u>	<u>-</u>	<u>-</u>	<u>45,446,168</u>
Total liabilities and fund balances	<u>\$24,914,499</u>	<u>\$15,673,798</u>	<u>\$ 5,174</u>	<u>\$15,347,990</u>	<u>\$5,447,757</u>	<u>\$86,060,995</u>	<u>\$ 456,206</u>	<u>\$ (6,509,481)</u>	<u>\$141,396,938</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 Year ended June 30, 2010

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
REVENUES								
General								
State appropriations	\$ 8,921,641	\$ 1,626,497	\$ —	\$ 116,711	\$ —	\$ —	\$ —	\$10,664,849
Tuition and fees	18,214,424	8,935	—	10,675	—	—	(5,055,331)	13,178,703
Property tax	1,420,797	1,446,363	—	—	2,907,377	—	—	5,774,537
Federal appropriations	1,368,113	10,424,542	—	—	—	—	—	11,792,655
Sales and services	427,328	628,194	—	—	—	—	(37,163)	1,018,359
Interest and investment income	23,204	77,269	121	37,565	22,167	—	—	160,326
Iowa Industrial New Jobs Training Program	—	1,816,585	—	—	—	—	—	1,816,585
Gifts and grants	—	206,501	—	—	—	—	—	206,501
Miscellaneous	221,192	607,481	4,538	142,521	—	—	(67,884)	907,848
Increase in plant investment due to plant expenditures	—	—	—	—	—	26,498,446	(26,498,446)	—
Total general revenues	<u>30,596,699</u>	<u>16,842,367</u>	<u>4,659</u>	<u>307,472</u>	<u>2,929,544</u>	<u>26,498,446</u>	<u>(31,658,824)</u>	<u>45,520,363</u>
Auxiliary enterprises								
State appropriations	88,893	—	—	—	—	—	—	88,893
Tuition and fees	117,538	—	—	—	—	—	—	117,538
Federal appropriations	5,506	—	—	—	—	—	—	5,506
Sales and services	10,175,261	—	—	—	—	—	(3,423,405)	6,751,856
Interest on investments	9,035	—	—	—	—	—	—	9,035
Allocation of student fees	166,000	—	—	—	—	—	—	166,000
Gifts and grants	118,548	—	—	—	—	—	—	118,548
Miscellaneous	292,558	—	—	—	—	—	—	292,558
Total auxiliary revenues	<u>10,973,339</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(3,423,405)</u>	<u>7,549,934</u>
Total revenues	<u>41,570,038</u>	<u>16,842,367</u>	<u>4,659</u>	<u>307,472</u>	<u>2,929,544</u>	<u>26,498,446</u>	<u>(35,082,229)</u>	<u>53,070,297</u>

See accompanying independent auditor's report.

Schedule 3 (continued)

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
 Year ended June 30, 2010

	Current Funds		Loan Fund	Plant Funds			Adjustments	Total
	Unrestricted	Restricted		Unexpended	Retirement of Indebtedness	Investment in Plant		
EXPENDITURES								
Education and support								
Liberal arts and sciences	\$ 7,529,797	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,529,797
Applied science and technology	5,321,911	1,048,336	-	-	-	-	3,540	6,373,787
Continuing education	2,120,362	419,046	-	-	-	-	-	2,539,408
Cooperative services	240,932	2,016,245	-	-	-	-	-	2,257,177
Administration	2,911,313	-	-	-	-	-	(105,345)	2,805,968
Student services	3,399,906	32,616	-	-	-	-	(11,080)	3,421,442
Learning resources	257,828	-	-	-	-	-	-	257,828
Physical plant	2,880,521	382,633	-	27,210,180	-	-	(26,092,181)	4,381,153
General institution	<u>3,932,702</u>	<u>1,751,569</u>	-	-	-	-	<u>(318,792)</u>	<u>5,365,479</u>
Total education and support	28,595,272	5,650,445	-	27,210,180	-	-	(26,523,858)	34,932,039
Auxiliary enterprises	8,605,566	-	-	-	-	-	(621,366)	7,984,200
Scholarships and grants	-	9,701,581	-	-	-	-	(7,937,005)	1,764,576
Retirement of indebtedness	-	-	-	-	2,200,000	-	-	2,200,000
Disposal of plant assets	-	-	-	-	-	70,974	-	70,974
Increase in plant investment due to retirement of debt	-	-	-	(45,000)	-	(2,155,000)	-	(2,200,000)
Interest on indebtedness	-	359,099	-	153,800	1,458,904	-	-	1,971,803
Depreciation and amortization	-	-	-	-	-	2,448,783	-	2,448,783
Other	-	-	4,538	-	-	-	-	4,538
Total expenditures	<u>37,200,838</u>	<u>15,711,125</u>	<u>4,538</u>	<u>27,318,980</u>	<u>3,658,904</u>	<u>364,757</u>	<u>(35,082,229)</u>	<u>49,176,913</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>4,369,200</u>	<u>1,131,242</u>	<u>121</u>	<u>(27,011,508)</u>	<u>(729,360)</u>	<u>26,133,689</u>	<u>-</u>	<u>3,893,384</u>
TRANSFERS								
Mandatory transfers	(30,301)	30,301	-	-	-	-	-	-
Nonmandatory transfers	<u>(3,395,696)</u>	<u>(1,097,335)</u>	<u>-</u>	<u>21,858,211</u>	<u>1,203,981</u>	<u>(18,569,161)</u>	<u>-</u>	<u>-</u>
Total transfers	<u>(3,425,997)</u>	<u>(1,067,034)</u>	<u>-</u>	<u>21,858,211</u>	<u>1,203,981</u>	<u>(18,569,161)</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN FUND BALANCES	943,203	64,208	121	(5,153,297)	474,621	7,564,528	-	3,893,384
FUND BALANCES, beginning of year	<u>3,986,439</u>	<u>1,713,287</u>	<u>2,560</u>	<u>5,261,828</u>	<u>1,678,447</u>	<u>28,910,223</u>	<u>-</u>	<u>41,552,784</u>
FUND BALANCES, end of year	<u>\$ 4,929,642</u>	<u>\$ 1,777,495</u>	<u>\$ 2,681</u>	<u>\$ 108,531</u>	<u>\$2,153,068</u>	<u>\$36,474,751</u>	<u>\$ -</u>	<u>\$45,446,168</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
EDUCATION AND SUPPORT
 Year ended June 30, 2010

	Education				Support					Total
	Liberal Arts and Sciences	Applied Science and Technology	Continuing Education	Cooperative Services	Administration	Student Services	Learning Resources	Physical Plant	General Institution	
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ 8,741,669	\$ 177,000	\$ -	\$ 2,972	\$ -	\$ 8,921,641
Tuition and fees	9,391,209	6,210,187	1,372,040	983,605	22,302	235,081	-	-	-	18,214,424
Property tax	-	-	-	-	1,420,797	-	-	-	-	1,420,797
Federal appropriations	-	218,110	224,248	-	782,125	121,340	-	22,290	-	1,368,113
Sales and services	2,286	-	9,288	137,242	129,059	-	1,909	101,907	45,637	427,328
Interest and investment income	-	-	-	-	23,204	-	-	-	-	23,204
Miscellaneous	8,097	1,110	-	62,079	31,950	840	4,896	94,341	17,879	221,192
	9,401,592	6,429,407	1,605,576	1,182,926	11,151,106	534,261	6,805	221,510	63,516	30,596,699
Allocation of support services	<u>5,423,918</u>	<u>4,211,575</u>	<u>2,341,705</u>	<u>-</u>	<u>(11,151,106)</u>	<u>(534,261)</u>	<u>(6,805)</u>	<u>(221,510)</u>	<u>(63,516)</u>	<u>-</u>
Total revenues	<u>14,825,510</u>	<u>10,640,982</u>	<u>3,947,281</u>	<u>1,182,926</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>30,596,699</u>
EXPENDITURES										
Salaries and benefits	6,915,591	4,844,183	1,541,095	202,109	1,361,620	3,053,998	175,297	1,132,663	2,333,873	21,560,429
Services	386,455	224,721	371,879	34,103	520,625	167,053	12,587	1,433,046	1,100,321	4,250,790
Materials and supplies	153,653	154,665	137,724	1,974	43,509	105,469	69,754	153,557	217,836	1,038,141
Travel	36,487	51,989	38,423	2,746	32,606	62,307	190	2,611	36,664	264,023
Loan cancellations and collection costs	-	-	1,042	-	144,942	-	-	-	-	145,984
Plant asset acquisitions	-	5,901	-	-	37,462	11,079	-	158,644	197,983	411,069
Cost of goods sold	73	6,451	30,199	-	-	-	-	-	45,906	82,629
Miscellaneous	37,538	34,001	-	-	770,549	-	-	-	119	842,207
	7,529,797	5,321,911	2,120,362	240,932	2,911,313	3,399,906	257,828	2,880,521	3,932,702	28,595,272
Allocation of support services	<u>6,060,832</u>	<u>4,705,205</u>	<u>2,616,233</u>	<u>-</u>	<u>(2,911,313)</u>	<u>(3,399,906)</u>	<u>(257,828)</u>	<u>(2,880,521)</u>	<u>(3,932,702)</u>	<u>-</u>
Total expenditures	<u>13,590,629</u>	<u>10,027,116</u>	<u>4,736,595</u>	<u>240,932</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,595,272</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>1,234,881</u>	<u>613,866</u>	<u>(789,314)</u>	<u>941,994</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,001,427</u>
TRANSFERS										
Mandatory transfers	-	-	-	-	-	(30,301)	-	-	-	(30,301)
Nonmandatory transfers	-	(48,231)	63,108	-	(252,449)	-	-	(1,180,966)	56,568	(1,361,970)
Total transfers	<u>-</u>	<u>(48,231)</u>	<u>63,108</u>	<u>-</u>	<u>(252,449)</u>	<u>(30,301)</u>	<u>-</u>	<u>(1,180,966)</u>	<u>56,568</u>	<u>(1,392,271)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 1,234,881</u>	<u>\$ 565,635</u>	<u>\$ (726,206)</u>	<u>\$ 941,994</u>	<u>\$ (252,449)</u>	<u>\$ (30,301)</u>	<u>\$ -</u>	<u>\$ (1,180,966)</u>	<u>\$ 56,568</u>	<u>609,156</u>
FUND BALANCES, beginning of year										<u>2,886,175</u>
FUND BALANCES, end of year										<u>\$ 3,495,331</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
AUXILIARY ENTERPRISES
Year ended June 30, 2010

	<u>Bookstore</u>	<u>Building Trades</u>	<u>Food Services</u>	<u>Student Housing</u>	<u>Graphic Arts</u>	<u>Auto Parts</u>	<u>Athletics</u>	<u>Daycare Center</u>	<u>Miscellaneous</u>	<u>Total</u>
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,687	\$ 83,206	\$ 88,893
Tuition and fees	-	-	-	-	-	-	-	-	117,538	117,538
Federal appropriations	-	-	1,817	2,889	-	-	-	-	800	5,506
Sales and services	3,745,258	252,000	2,257,531	2,795,449	204,860	169,522	-	364,443	386,198	10,175,261
Interest and investment income	-	-	-	-	-	-	-	-	9,035	9,035
Gifts and grants	-	-	-	-	-	-	46,385	10,091	62,072	118,548
Miscellaneous										
Student fee allocations	-	-	-	-	-	-	166,000	-	-	166,000
Other	-	-	459	75,966	116,073	58	94,996	-	5,006	292,558
Total revenue	<u>3,745,258</u>	<u>252,000</u>	<u>2,259,807</u>	<u>2,874,304</u>	<u>320,933</u>	<u>169,580</u>	<u>307,381</u>	<u>380,221</u>	<u>663,855</u>	<u>10,973,339</u>
EXPENDITURES										
Salaries and benefits	386,460	-	827,389	502,036	60,410	59,002	32,264	306,755	261,158	2,435,474
Services	111,838	21,368	66,111	506,980	124,273	2,389	25,542	2,620	223,350	1,084,471
Materials and supplies	40,219	-	128,445	41,974	6,120	136	227,826	59,254	9,474	513,448
Travel	9,277	-	1,921	144	-	-	352,052	395	5,648	369,437
Loan cancellations and collection costs	4,378	-	48,756	-	-	-	-	-	-	53,134
Plant asset acquisitions	34,328	-	-	-	-	-	34,184	-	-	68,512
Cost of goods sold	2,741,293	251,419	678,224	-	53,232	146,992	-	-	-	3,871,160
Miscellaneous	19,039	-	-	100	-	9,292	-	-	181,499	209,930
Total expenditures	<u>3,346,832</u>	<u>272,787</u>	<u>1,750,846</u>	<u>1,051,234</u>	<u>244,035</u>	<u>217,811</u>	<u>671,868</u>	<u>369,024</u>	<u>681,129</u>	<u>8,605,566</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>398,426</u>	<u>(20,787)</u>	<u>508,961</u>	<u>1,823,070</u>	<u>76,898</u>	<u>(48,231)</u>	<u>(364,487)</u>	<u>11,197</u>	<u>(17,274)</u>	<u>2,367,773</u>
TRANSFERS										
Nonmandatory transfers	(247,039)	-	(405,000)	(1,744,405)	(50,000)	48,231	364,487	-	-	(2,033,726)
Total transfers	<u>(247,039)</u>	<u>-</u>	<u>(405,000)</u>	<u>(1,744,405)</u>	<u>(50,000)</u>	<u>48,231</u>	<u>364,487</u>	<u>-</u>	<u>-</u>	<u>(2,033,726)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 151,387</u>	<u>\$ (20,787)</u>	<u>\$ 103,961</u>	<u>\$ 78,665</u>	<u>\$ 26,898</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,197</u>	<u>\$ (17,274)</u>	<u>334,047</u>
FUND BALANCES , beginning of year										<u>1,100,264</u>
FUND BALANCES , end of year										<u>\$ 1,434,311</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND
 Year ended June 30, 2010

	Scholarship and Grants	Central American Student Scholarship Program	Small Business Development Center	Early Retirement	TECH Prep Grant	Student Support Services	Corrections Program	Iowa Small Business New Jobs Training Program	Iowa Industrial New Jobs Training Program	Casualty Insurance Tax Levy	Tort Liability Tax Levy
REVENUES											
State appropriations	\$ 203,129	\$ -	\$ 107,509	\$ -	\$ 60,000	\$ -	\$ 374,846	\$ 177,924	\$ -	\$ -	\$ -
Tuition and fees	-	-	-	-	-	-	-	-	-	4,778	-
Property tax	-	-	-	8,083	-	-	-	-	127,833	459,461	93,357
Federal appropriations	9,393,493	70,644	-	-	87,516	261,613	-	-	-	-	-
Sales and services	-	-	-	-	-	-	-	14,907	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-	-	-
Iowa New Jobs Training Program	-	-	-	-	-	-	-	-	1,816,585	-	-
Gifts and grants	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	-	-	-	-	-	-	-	-	-	-
Total revenues	<u>9,596,622</u>	<u>70,644</u>	<u>107,509</u>	<u>8,083</u>	<u>147,516</u>	<u>261,613</u>	<u>374,846</u>	<u>192,831</u>	<u>1,944,418</u>	<u>464,239</u>	<u>93,357</u>
EXPENDITURES											
Salaries and benefits	-	4,864	101,417	-	35,365	163,249	339,887	-	-	-	-
Services	-	65,780	527	-	103,173	26,141	11,443	201,993	1,666,537	376,079	60,935
Materials and supplies	-	-	2,191	-	1,571	11,752	14,521	-	-	-	-
Travel	-	-	2,264	-	7,407	3,321	1,652	-	-	-	-
Plant asset acquisitions	-	-	-	-	-	-	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-	-	-	-	359,099	-	-
Miscellaneous	-	-	-	-	-	57,150	7,343	-	-	6,554	-
Pell grant program	9,132,039	-	-	-	-	-	-	-	-	-	-
Supplemental educational opportunity grant	106,301	-	-	-	-	-	-	-	-	-	-
Iowa college student aid commission	463,241	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>9,701,581</u>	<u>70,644</u>	<u>106,399</u>	<u>-</u>	<u>147,516</u>	<u>261,613</u>	<u>374,846</u>	<u>201,993</u>	<u>2,025,636</u>	<u>382,633</u>	<u>60,935</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(104,959)</u>	<u>-</u>	<u>1,110</u>	<u>8,083</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(9,162)</u>	<u>(81,218)</u>	<u>81,606</u>	<u>32,422</u>
TRANSFERS											
Mandatory transfers	30,301	-	-	-	-	-	-	-	-	-	-
Nonmandatory transfers	-	-	-	-	-	-	-	-	-	-	-
Total transfers	<u>30,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ (74,658)</u>	<u>\$ -</u>	<u>\$ 1,110</u>	<u>\$ 8,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,162)</u>	<u>\$ (81,218)</u>	<u>\$ 81,606</u>	<u>\$ 32,422</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND (continued)
 Year ended June 30, 2010

	Unemployment Comp Tax Levy	Worker's Comp Tax Levy	Equipment Replacement Tax Levy	Iowa Values Fund	Economic Development	ACE Projects	Nursing Center of Excellence	KIWR	Miscellaneous	Total
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ 371,533	\$ -	\$ 234,431	\$ -	\$ -	\$ 97,125	\$ 1,626,497
Tuition and fees	-	-	-	-	-	-	-	-	4,157	8,935
Property tax	122,495	-	635,134	-	-	-	-	-	-	1,446,363
Federal appropriations	-	-	-	-	-	-	396,327	9,316	205,633	10,424,542
Sales and services	-	-	-	-	255,195	-	-	353,596	4,496	628,194
Interest and investment income	-	-	-	-	-	-	-	449	76,820	77,269
Iowa New Jobs Training Program	-	-	-	-	-	-	-	-	-	1,816,585
Gifts and grants	-	-	-	-	500	-	-	187,092	18,909	206,501
Miscellaneous	-	-	-	-	-	-	-	255,934	351,547	607,481
Total revenues	<u>122,495</u>	<u>-</u>	<u>635,134</u>	<u>371,533</u>	<u>255,695</u>	<u>234,431</u>	<u>396,327</u>	<u>806,387</u>	<u>758,687</u>	<u>16,842,367</u>
EXPENDITURES										
Salaries and benefits	89,778	120,030	-	66,024	244,726	-	-	464,622	394,298	2,024,260
Services	-	-	-	16	17,952	-	-	167,122	168,598	2,866,296
Materials and supplies	-	-	190,391	10,674	1,416	-	-	29,221	51,411	313,148
Travel	-	-	-	1,847	6,103	-	-	4,673	121,324	148,591
Plant asset acquisitions	-	-	59,346	-	-	-	-	-	56,359	115,705
Interest on indebtedness	-	-	-	-	-	-	-	-	-	359,099
Miscellaneous	-	-	-	75,000	-	-	-	16,111	20,287	182,445
Pell grant program	-	-	-	-	-	-	-	-	-	9,132,039
Supplemental educational opportunity grant	-	-	-	-	-	-	-	-	-	106,301
Iowa college student aid commission	-	-	-	-	-	-	-	-	-	463,241
Total expenditures	<u>89,778</u>	<u>120,030</u>	<u>249,737</u>	<u>153,561</u>	<u>270,197</u>	<u>-</u>	<u>-</u>	<u>681,749</u>	<u>812,277</u>	<u>15,711,125</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>32,717</u>	<u>(120,030)</u>	<u>385,397</u>	<u>217,972</u>	<u>(14,502)</u>	<u>234,431</u>	<u>396,327</u>	<u>124,638</u>	<u>(53,590)</u>	<u>1,131,242</u>
TRANSFERS										
Mandatory transfers	-	-	-	-	-	-	-	-	-	30,301
Nonmandatory transfers	-	-	(346,900)	(120,618)	15,000	(234,431)	(396,327)	(56,568)	42,509	(1,097,335)
Total transfers	<u>-</u>	<u>-</u>	<u>(346,900)</u>	<u>(120,618)</u>	<u>15,000</u>	<u>(234,431)</u>	<u>-</u>	<u>(56,568)</u>	<u>42,509</u>	<u>(1,067,034)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 32,717</u>	<u>\$ (120,030)</u>	<u>\$ 38,497</u>	<u>\$ 97,354</u>	<u>\$ 498</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,070</u>	<u>\$ (11,081)</u>	64,208
FUND BALANCES, beginning of year										1,713,287
FUND BALANCES, end of year										<u>\$ 1,777,495</u>

See accompanying independent auditor's report.

Iowa Western Community College
CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - AGENCY FUNDS
Year ended June 30, 2010

	<u>Student Clubs and Organizations</u>	<u>JTPA Service Delivery Area</u>	<u>Federal Student Loan Account</u>	<u>Miscellaneous</u>	<u>Total</u>
BALANCE , beginning of year	\$ <u>118,199</u>	\$ <u>27,660</u>	\$ <u>(11,791)</u>	\$ <u>41,515</u>	\$ <u>175,583</u>
ADDITIONS					
Tuition and fees	-	-	-	665	665
Federal appropriations	-	1,761,460	-	-	1,761,460
Sales and services	66,389	-	-	-	66,389
Loan advances from lenders	-	-	16,090,752	-	16,090,752
Interest and investment income	-	-	589	-	589
Miscellaneous					
Student fee allocation	148,149	-	-	-	148,149
Other	<u>21,403</u>	<u>-</u>	<u>-</u>	<u>69,167</u>	<u>90,570</u>
Total additions	<u>235,941</u>	<u>1,761,460</u>	<u>16,091,341</u>	<u>69,832</u>	<u>18,158,574</u>
DEDUCTIONS					
Salaries and benefits	-	763,006	-	-	763,006
Services	46,765	252,315	13,848	39,110	352,038
Materials and supplies	28,901	75,901	-	10,282	115,084
Travel	2,232	21,526	-	381	24,139
Costs of goods sold	9,403	-	-	3,247	12,650
Loan payments to student accounts	-	-	15,659,887	-	15,659,887
Loans returned to lenders	-	-	430,865	-	430,865
Awards to clients	-	570,871	-	-	570,871
Other	<u>105,610</u>	<u>57,429</u>	<u>-</u>	<u>-</u>	<u>163,039</u>
Total deductions	<u>192,911</u>	<u>1,741,048</u>	<u>16,104,600</u>	<u>53,020</u>	<u>18,091,579</u>
BALANCE , end of year	\$ <u>161,229</u>	\$ <u>48,072</u>	\$ <u>(25,050)</u>	\$ <u>58,327</u>	\$ <u>242,578</u>

See accompanying independent auditor's report.

Iowa Western Community College
CREDIT AND CONTACT HOURS
 Year ended June 30, 2010

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	90,495	-	90,495	1,844,563	-	1,844,563
Vocational Education - Preparatory	49,122	-	49,122	1,242,298	-	1,242,298
Adult/Continuing Education	-	-	-	464,254	81,191	545,445
Related services and activities	-	-	-	-	56,903	56,903
Totals	<u>139,617</u>	<u>-</u>	<u>139,617</u>	<u>3,551,115</u>	<u>138,094</u>	<u>3,689,209</u>

See accompanying independent auditor's report.

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

	Year ended June 30							
	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Local (property tax)	\$ 5,774,537	\$ 6,505,099	\$ 4,060,022	\$ 5,891,735	\$ 4,362,915	\$ 4,106,441	\$ 3,832,669	\$ 3,696,144
State								
General	10,664,849	13,900,427	12,329,702	10,314,773	10,128,408	9,667,839	8,819,756	9,582,592
Auxiliary	88,893	107,920	108,526	51,048	99,204	100,370	98,076	53,758
Federal								
General	11,792,655	6,916,307	6,000,702	5,873,050	5,677,483	5,901,462	5,479,366	4,642,075
Auxiliary	<u>5,506</u>	<u>4,063</u>	<u>980</u>	<u>2,725</u>	<u>3,768</u>	<u>351</u>	<u>2,586</u>	<u>4,031</u>
Total	<u>\$28,326,440</u>	<u>\$27,433,816</u>	<u>\$22,499,932</u>	<u>\$22,133,331</u>	<u>\$20,271,778</u>	<u>\$19,776,463</u>	<u>\$18,232,453</u>	<u>\$17,978,600</u>

See accompanying independent auditor's report.

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

	Year ended June 30							
	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES								
State appropriations	\$10,548,138	\$13,900,427	\$12,212,529	\$10,196,843	\$10,009,608	\$ 9,667,839	\$ 8,811,383	\$ 9,437,060
Tuition and fees	18,223,359	16,646,370	14,558,200	14,352,971	13,201,375	12,177,780	10,869,743	9,558,638
Property tax	2,867,160	3,993,130	2,394,137	4,269,680	2,387,558	2,125,071	2,204,872	2,092,804
Federal appropriations	11,792,655	6,916,280	6,000,663	5,872,975	5,677,340	5,901,145	5,478,630	4,640,204
Sales and services	1,055,522	845,427	1,405,149	1,024,971	1,002,169	813,796	704,794	764,560
Interest on investments	100,473	119,553	252,717	401,850	530,746	125,051	305,574	259,551
Iowa Industrial New Jobs Training Program	1,816,585	739,521	944,979	1,624,773	1,066,603	709,216	1,049,244	1,583,079
Gifts and grants	206,501	430,608	402,836	509,931	296,587	147,010	148,324	127,585
Miscellaneous	828,673	1,164,747	1,090,347	1,077,334	1,213,996	1,082,308	885,356	922,349
Auxiliary enterprises	<u>10,973,339</u>	<u>10,138,713</u>	<u>8,469,858</u>	<u>7,114,629</u>	<u>7,116,888</u>	<u>5,562,731</u>	<u>4,970,130</u>	<u>4,388,829</u>
Totals	<u>\$58,412,405</u>	<u>\$54,894,776</u>	<u>\$47,731,415</u>	<u>\$46,445,957</u>	<u>\$42,502,870</u>	<u>\$38,311,947</u>	<u>\$35,428,050</u>	<u>\$33,774,659</u>
EXPENDITURES								
Liberal arts and sciences	\$ 7,529,797	\$ 7,032,976	\$ 6,385,075	\$ 5,760,329	\$ 5,498,159	\$ 5,062,403	\$ 4,527,473	\$ 3,791,919
Applied science and technology	6,370,247	7,081,550	6,534,532	6,153,909	5,930,025	5,704,548	5,605,651	5,540,300
Continuing education	2,539,408	2,751,771	2,537,890	2,430,208	2,297,979	2,275,777	2,132,860	2,306,843
Cooperative services	2,257,177	2,220,055	2,332,969	2,936,447	2,569,124	1,667,697	2,134,623	2,498,419
Administration	2,911,313	2,661,461	2,428,059	2,246,124	1,987,499	1,965,857	1,708,595	1,481,038
Student services	3,432,522	3,065,422	2,852,170	2,472,595	2,221,098	2,059,571	1,893,127	1,759,436
Learning resources	257,828	264,977	264,751	290,053	282,039	265,210	291,843	279,285
Physical plant	3,263,154	3,223,954	2,898,788	3,059,003	2,979,477	2,561,316	2,635,996	2,346,623
General institution	5,684,271	6,993,938	5,587,527	7,595,607	5,536,329	4,916,045	4,431,700	4,523,542
Auxiliary enterprises	8,605,566	8,454,022	7,250,421	6,224,722	6,460,996	5,364,519	4,634,980	4,375,280
Scholarships and grants	9,701,581	5,676,243	4,536,538	4,082,638	3,999,094	3,989,538	3,599,202	3,113,842
Interest on indebtedness	<u>359,099</u>	<u>414,665</u>	<u>424,080</u>	<u>434,599</u>	<u>404,955</u>	<u>499,098</u>	<u>612,741</u>	<u>743,522</u>
Totals	<u>\$52,911,963</u>	<u>\$49,841,034</u>	<u>\$44,032,800</u>	<u>\$43,686,234</u>	<u>\$40,166,774</u>	<u>\$36,331,579</u>	<u>\$34,208,791</u>	<u>\$32,760,049</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2010

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid - Cluster		
Direct		
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 86,063
Federal Work-Study Program (FWS)	84.033	110,000
Federal Pell Grant Program	84.063	9,132,039
Academic Competitiveness Grant	84.375	<u>21,706</u>
Total Student Financial Aid Cluster		<u>9,349,808</u>
Federal Trio Cluster		
TRIO - Student Support Services Program	84.042	<u>261,613</u>
Indirect		
<i>Passed Through Iowa Department of Education</i>		
Adult Education - State Grant Program	84.002	212,994
Career and Technical Education - Basic Grants to States	84.048	311,441
Incentive Grant, Increasing Retention/Graduation in Nontraditional Career Areas	84.243	3,898
ARRA - State of Iowa Stabilization (Government Services)	84.397	76,414
ARRA - State of Iowa Stabilization (Education State Grants)	84.394	705,711
<i>Passed Through Iowa Department of Corrections</i>		
Title I Program for Neglected and Delinquent Children	84.013	24,719
<i>Passed Through Iowa College Student Aid Commission</i>		
Leveraging Assistance Educational Partnership (Iowa Grant Program)	84.069	25,636
<i>Passed Through Georgetown University</i>		
Near East and South Asia Undergraduate Exchange Program (NESA Grant)	84.000	<u>156,319</u>
Total indirect		<u>1,517,132</u>
Total U.S. Department of Education		<u>11,128,553</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct		
Temporary Assistance for Needy Families (Promise Jobs)	93.558	552,461
Temporary Assistance for Needy Families (Summer Youth)	93.714	13,817
Nursing Center of Excellence - Health Care & Other Facilities	93.887	<u>396,327</u>
Total Department of Health and Human Services		<u>962,605</u>
U.S. DEPARTMENT OF LABOR		
Indirect		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act</i>		
WIA Adult Program	17.258	221,997
ARRA - WIA Adult Program	17.258	80,933
WIA Youth Activities	17.259	98,910
ARRA - WIA Youth Activities	17.259	132,572
WIA Dislocated Workers	17.260	133,546
ARRA - WIA Dislocated Workers	17.260	<u>143,393</u>
Total Workforce Investment Act Cluster		<u>811,351</u>
Employment Service	17.207	54,643
<i>Veterans</i>		
Disabled Veteran Outreach Program (DVOP)	17.801	<u>2,903</u>
Total employment service cluster		<u>57,546</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year ended June 30, 2010

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF LABOR (continued)		
Indirect (continued)		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act (continued)</i>		
Unemployment Insurance	17.225	\$ 20,417
WIA Family Literacy Incentive Grant	17.267	71,206
Work Incentive Grants	17.266	81,481
Trade Adjustment Assistance	17.245	579
<i>Passed Through Iowa Department of Education</i>		
Incentive Grants	17.267	<u>3,455</u>
Total U.S. Department of Labor		<u>1,046,035</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Indirect		
<i>Passed Through State of Nebraska</i>		
Learn and Serve America - Higher Education	94.005	<u>3,258</u>
DEPARTMENT OF VETERANS AFFAIRS		
Direct		
Veteran Information and Assistance	64.115	762,333
Post 9/11 GI Bill	64.028	<u>163,747</u>
Total Veteran Affairs		<u>926,080</u>
SMALL BUSINESS ADMINISTRATION		
Indirect		
<i>Passed Through Iowa State University</i>		
Small Business Development Center	59.037	<u>96,793</u>
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT		
Direct		
USAID Foreign Assistance for Programs Overseas		23,864
Indirect		
<i>Passed Through Georgetown University</i>		
Cooperative Association of States (CASS Grant)	98.000	<u>70,645</u>
Total U.S. Agency for International Development		<u>94,509</u>
Total Expenditures of Federal Awards		<u>\$14,259,833</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2010

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Expenditures

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

Program Activity

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

NOTE 2 FEDERAL FAMILY EDUCATION LOAN PROGRAM

The Federal Family Education Loan Program is designed to make low-interest loans available to students through participating lending institutions. This program has not been included in the accompanying schedule; however, it has been subjected to the auditing procedures applied in the audit of the accompanying schedule. Federal Family Education Loans is a program of the U.S. Department of Education. Total disbursements of Federal Family Education Loans (CFDA #84.032) were \$15,940,264 for the year ended June 30, 2010.

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

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

We have audited the financial statements of Iowa Western Community College (the College) as of and for the year ended June 30, 2010, and have issued our report thereon dated December 2, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

A 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 a 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 an issue as reported in Part II of the Schedule of Findings that is required to be reported under *Government Auditing Standards*.

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

Iowa Western Community College's responses to findings identified in our audit are described in the accompanying Schedule of Findings. While we have expressed our conclusions on the College's responses, we did not audit Iowa Western Community College's responses and, accordingly, we express no opinion on them.

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


DENMAN & COMPANY, LLP

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

Compliance

We have audited the compliance of Iowa Western Community College (the College) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that 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

The management of the College is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the College's internal control over compliance with requirements that could have a direct and material effect on a major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133 to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A 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
December 2, 2010

Iowa Western 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 significant deficiencies or material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No significant deficiencies or material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Major programs were as follows:
 - CFDA Number 17.258, 17.259, 17.260 - Workforce Investment Act Cluster
 - CFDA Number 84.007, 84.032, 84.033, 84.038, 84.063, 84.375 – Student Financial Assistance Cluster
 - CFDA Number 93.887 – Nursing Center of Excellence
 - CFDA Number 84.394 – State of Iowa Stabilization
 - CFDA Number 64.115 – Veteran Information and Assistance
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Iowa Western Community College qualified as a low-risk auditee.

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2010

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

Comment

At the request of the Corporation for Public Broadcasting (CPB), the Office of Inspector General (Auditor) has performed an examination of the CPB grants awarded to KIWR-FM Radio (KIWR). The Auditor reported that KIWR did not:

1. Expend \$29,428 of CPB restricted funds for national programming, resulting in \$29,428 in questioned costs.
2. Maintain discrete accounting records to account for and report CPB CSG funds, including tracking the use of restricted funds.
3. Correctly report fiscal year 2009 restricted funds received on its 2009 AFR.
4. Fully comply with the Communications Act requirements to provide adequate advance notice of open public meetings, make required financial records and Equal Employment Opportunity reports available to the public, and implement policies addressing donor list and political activities prohibitions.

The examination covered the period from October 1, 2007 to September 30, 2009. The Auditor's report provided recommendations to strengthen internal control procedures at KIWR.

Recommendation

We recommend the report provided by the Office of Inspector General be reviewed by management of KIWR and the College. The recommendations provided in the report should be reviewed and implemented as determined appropriate.

Management's Response

The College has responded to CPB listing established policies and procedures to address each area of concern. These policies and procedures will ensure that the College fully complies with all requirements of the CPB grant.

Conclusion

Response accepted.

Part III—Findings and Questioned Costs for Federal Awards

NONE

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2010

Part IV—Other Findings Related to Required Statutory Reporting

IV-09-A CERTIFIED BUDGET

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

IV-09-B QUESTIONABLE DISBURSEMENTS

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

IV-09-C TRAVEL EXPENSE

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

IV-09-D BUSINESS TRANSACTIONS

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

IV-09-E BOND COVERAGE

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

IV-09-F BOARD MINUTES

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

IV-09-G PUBLICATION OF RECEIPTS AND DISBURSEMENTS

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

IV-09-H DEPOSITS AND INVESTMENTS

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

IV-09-I CREDIT AND CONTACT HOURS

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