

Kirkwood Community College

Financial and Compliance Report
June 30, 2011

Contents

Officials	1
Independent Auditor's Report on the Basic Financial Statements and Supplementary Information	2
Management's Discussion and Analysis	3 – 13
Basic Financial Statements	
Statement of net assets	14 – 15
Statement of revenues, expenses and changes in net assets	16 – 17
Statement of cash flows	18 – 19
Statement of net assets – discretely presented component units	20
Statement of revenues, expenses and changes in net assets – discretely presented component units	21
Notes to basic financial statements	22 – 40
Required Supplementary Information	
Postemployment medical benefit plan schedule of funding progress	41
Supplementary Information	
Budgetary comparison schedule of expenditures, budget and actual	42
Note to budgetary comparison schedule of expenditures	43
Schedule of net assets, all funds	44 – 47
Schedule of revenues, expenditures and changes in fund balances/net assets, all funds	48 – 49
Unrestricted current funds:	
Education and support	50 – 51
Auxiliary enterprises	52 – 53
Restricted current funds	54 – 55
Schedule of changes in deposits held in custody for others, agency funds	56 – 57
Note to other supplementary information	58
Schedule of credit and contact hour enrollment	59
Schedule of tax and intergovernmental revenues	60 – 61
Schedule of current fund revenues by source and expenditures by function	62 – 63
Schedule of expenditures of federal awards	64 – 67
Notes to schedule of expenditures of federal awards	68
Summary schedule of prior audit findings	69 – 71
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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	72 – 73
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	74 – 75
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Schedule of findings and questioned costs	76 – 97
Corrective action plan	98 – 101
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Kirkwood Community College

Officials

June 30, 2011

Name	Title	Term Expires
Board of Trustees		
Dr. Lois Bartelme	President	2013
James Mollenhauer	Vice President	2013
Elaine Harrington	Member	2013
John Swanson	Member	2013
Dr. Keith Stamp	Member	2013
Paul Glenn	Member	2011
Karen Gorham	Member	2011
John Hall	Member	2011
Marcia Rogers	Member	2011
Community College		
Dr. Mick Starcevich	President	
Jim Choate	Board Treasurer, V.P. and Chief Financial/Operating Officer	
Sheryl Cook	Board Secretary	
Susan Roben	Director of Finance	



Independent Auditor's Report

To the Board of Trustees
Kirkwood Community College
Cedar Rapids, Iowa

We have audited the accompanying financial statements of the business-type activities and aggregate discretely presented component units of Kirkwood Community College, as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Kirkwood Community 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 respective financial position of the business-type activities and aggregate discretely presented component units of Kirkwood Community College as of June 30, 2011, and the respective changes in financial position and, where applicable, cash flows thereof 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 March 26, 2012 on our consideration of the Kirkwood Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 13 and Postretirement Medical Benefit Plan Schedule of Funding Progress on page 41 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Kirkwood Community College basic financial statements. The statements and schedules listed on the table of contents as supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

McGladrey & Pullen, LLP

Davenport, Iowa
March 26, 2012

Kirkwood Community College

Management's Discussion and Analysis Year Ended June 30, 2011

Management of Kirkwood Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

The financial statements of Kirkwood Community College's two foundations are discretely presented in these financial statements. Since the assets of the foundations are the exclusive property of the foundations and do not belong to the College, a discussion of these assets is not included in this Management's Discussion and Analysis.

Financial Highlights

2011:

- Operating revenues for the College decreased 1.9% or \$1,667,562, primarily due to a decrease in federal appropriations, mainly Department of State grant funding.
- Tuition and fees increased during fiscal year 2011 because of a higher per credit hour tuition rate and a slight increase in credit hours.
- The College's net nonoperating revenues increased by \$1,254,397 due to a slight increase in state appropriations, along with an increase in property tax revenue from increased taxable valuation.
- The College's net assets increased by \$2,077,151, or 2% as a result of annual revenues exceeding expenditures due to increases in tuition and enrollment as noted above and continuing efforts to manage costs.

2010:

- Operating revenues for the College increased 14.2%, or \$10,965,559, primarily due to a large increase in federal appropriations, mainly Federal Pell Grant funding.
- Tuition and fees decreased by \$4,146,798 during fiscal year 2010 because of an increase in scholarship allowances and bad debt expense.
- The College's net nonoperating revenues decreased by \$4,462,657 due to a decrease in state appropriations.
- The College's net assets increased by \$5,163,883, or 9.5% as a result of the continued investment in capital assets and annual revenues exceeding expenditures.

Using this Annual Report

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

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the College's financial activities.
- The basic financial statements consist of a statement of net assets, a statement of revenues, expenses and changes in net assets and a statement of cash flows. These provide information about the activities of the College as a whole and present an overall view of the College's finances.
- Notes to financial statements provide additional information essential to a full understanding of the data provided in the basic financial statements.

Required supplementary information further explains and supports the financial statements with funding progress of the College's postemployment medical benefit programs and the supplementary information provides detailed information about the individual funds of the College and a comparison of the College's budget for the year.

Kirkwood Community College

Management's Discussion and Analysis Year Ended June 30, 2011

Reporting the College's Financial Activities

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

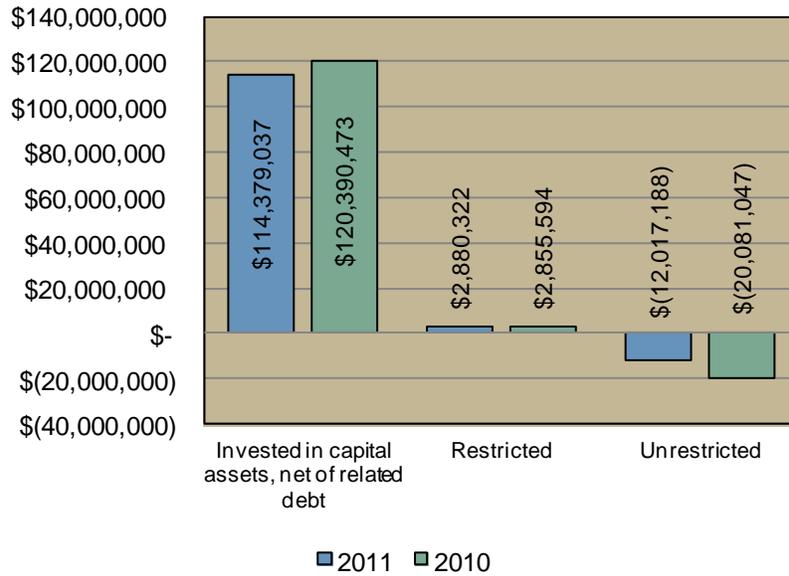
Net Assets

	June 30,		
	2011	2010	Change
Current and other assets	\$ 102,050,957	\$ 91,906,241	\$ 10,144,716
Capital assets, net of accumulated depreciation	155,646,156	151,469,686	4,176,470
Total assets	257,697,113	243,375,927	14,321,186
Current liabilities	53,497,249	56,483,270	(2,986,021)
Noncurrent liabilities	98,957,693	83,727,637	15,230,056
Total liabilities	152,454,942	140,210,907	12,244,035
Net assets:			
Invested in capital assets, net of related debt	114,379,037	120,390,473	(6,011,436)
Restricted	2,880,322	2,855,594	24,728
Unrestricted	(12,017,188)	(20,081,047)	8,063,859
Total net assets	\$ 105,242,171	\$ 103,165,020	\$ 2,077,151

Kirkwood Community College

Management's Discussion and Analysis
Year Ended June 30, 2011

Comparison of Net Assets



The net assets of the College are mainly invested in capital assets (e.g. land, buildings and equipment), less the related debt. When the related debt is liquidated, it is done so with resources other than capital assets.

Year Ended June 30, 2011: The invested in capital assets decreased due to normal depreciation during the year.

Year Ended June 30, 2010: The invested in capital assets increased significantly due to the completion of the Hotel. Conversely, the unrestricted portion of net assets decreased due to the resources needed to complete construction of the Hotel.

Kirkwood Community College

Management's Discussion and Analysis Year Ended June 30, 2011

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

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

GASB 45: Employees of state and local governments may be compensated in a variety of forms in exchange for their services. In addition to a salary, many employees earn benefits over their years of service that will not be received until after their employment with the government ends through retirement. As the name suggests, *other postemployment benefits* (OPEB) are postemployment benefits *other than pensions*. OPEB generally takes the form of health insurance and dental, vision, prescription, or other healthcare benefits provided to eligible retirees.

The process of determining how much should be set aside now in order to provide for future benefits in a defined benefit plan utilizes actuarial methods and assumptions. An actuary's estimate or "valuation" is the product of many assumptions, based on historical experience, regarding the factors that determine the level of resources that will be needed in the future to finance benefits.

The actuarial accrued liability for these benefits is \$18,023,144. The College will amortize over 30 years and the FY 2011 liability is \$5,258,364. See Note 13 for more detail.

Kirkwood Community College

**Management's Discussion and Analysis
Year Ended June 30, 2011**

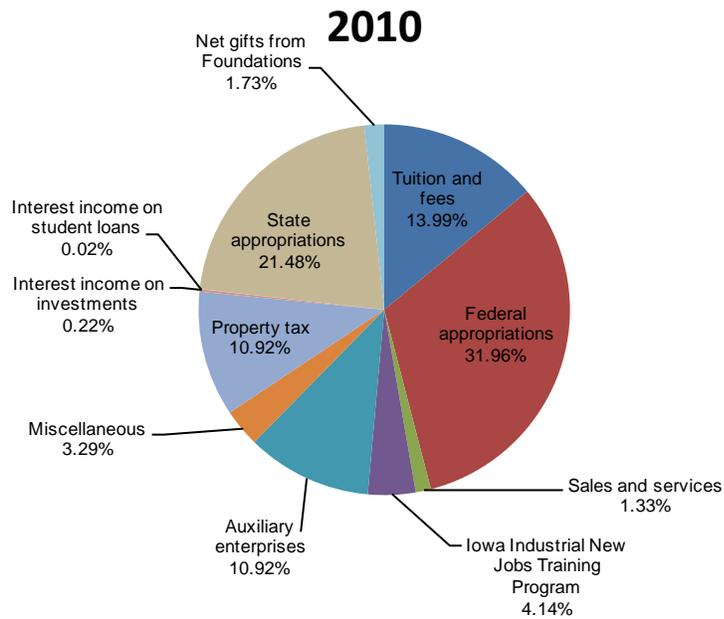
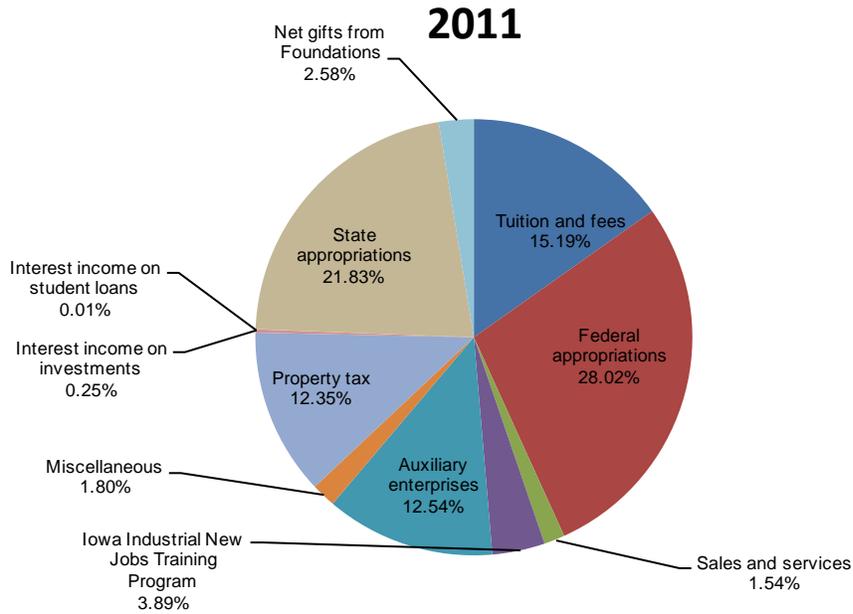
Change in Net Assets

	Year Ended June 30,		Change
	2011	2010	
Operating revenues:			
Tuition and fees, net	\$ 20,844,703	\$ 18,771,845	\$ 2,072,858
Federal appropriations	38,439,167	42,885,130	(4,445,963)
Sales and services	2,110,502	1,779,879	330,623
Iowa Industrial New Jobs Training Program	5,342,554	5,557,046	(214,492)
Auxiliary enterprises	17,201,557	14,655,595	2,545,962
Miscellaneous	2,464,005	4,420,555	(1,956,550)
Total operating revenues	86,402,488	88,070,050	(1,667,562)
Total operating expenses	131,341,858	128,699,507	2,642,351
Operating loss	(44,939,370)	(40,629,457)	(4,309,913)
Nonoperating revenues (expenses):			
State appropriations	29,935,435	28,816,574	1,118,861
Property tax	16,948,563	14,656,336	2,292,227
Interest income on investments	340,709	300,749	39,960
Interest income on student loans	18,567	20,276	(1,709)
Miscellaneous	-	2,131,970	(2,131,970)
Net contributions and expense reimbursements from Kirkwood Community College Foundation and Kirkwood Facilities Foundation	3,542,879	2,315,819	1,227,060
Gain (loss) on disposal of capital assets	2,200	49,922	(47,722)
Interest expense	(3,571,349)	(2,328,952)	(1,242,397)
Net nonoperating revenues	47,217,004	45,962,694	1,254,310
Transfers to agency fund	(200,483)	(169,354)	(31,129)
Increase in net assets	2,077,151	5,163,883	(3,086,732)
Net assets:			
Beginning	103,165,020	98,001,137	5,163,883
Ending	\$ 105,242,171	\$ 103,165,020	\$ 2,077,151
Total revenues, operating and nonoperating	\$ 137,190,841	\$ 134,229,726	\$ 2,961,115
Total expenses, operating and nonoperating	\$ 135,113,690	\$ 131,197,813	\$ 3,915,877

Kirkwood Community College

Management's Discussion and Analysis Year Ended June 30, 2011

Revenues by Source



Kirkwood Community College

Management's Discussion and Analysis Year Ended June 30, 2011

The statement of revenues, expenses and changes in net assets reflects a positive year, with an increase in the net assets at the end of the fiscal year.

Total Revenue by Source

In fiscal year 2011, operating revenues decreased as a result of the following factors:

- The Education Stabilization funding was eliminated.
- A decrease in federal appropriations, primarily Department of State grant funding.

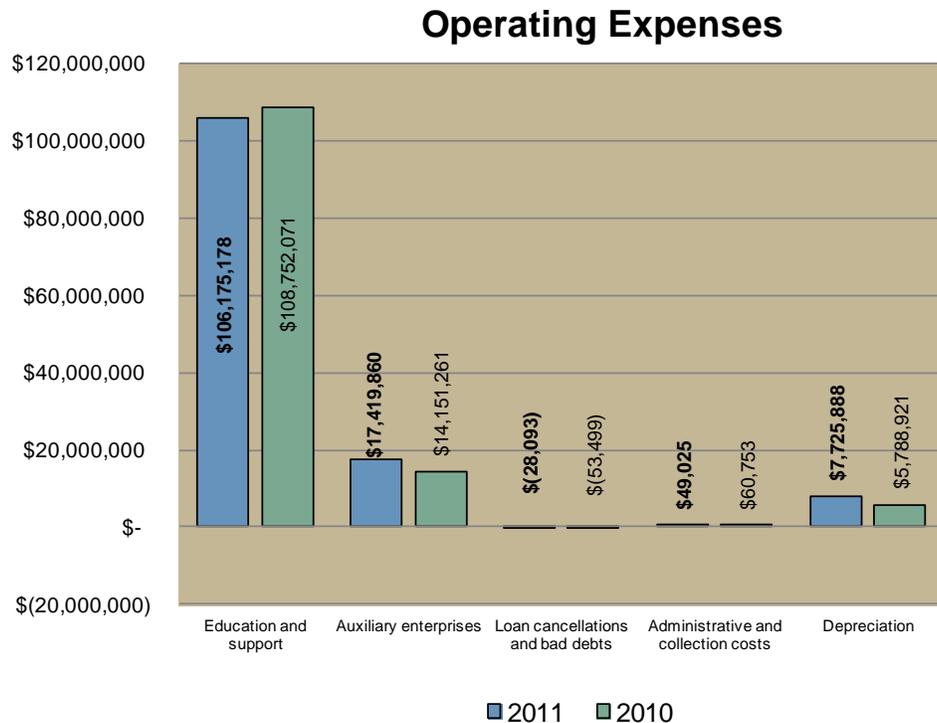
In fiscal year 2010, operating revenues increased as a result of the following factors:

- An increase in federal appropriations, primarily Federal Pell Grant Funding.
- A one-time allocation of Education Stabilization Funding.

<u>Operating Expenses</u>	<u>Year Ended June 30,</u>		<u>Change</u>
	<u>2011</u>	<u>2010</u>	
Education and support:			
Liberal arts and sciences	\$ 24,532,925	\$ 22,765,802	\$ 1,767,123
Vocational technical	27,124,094	24,102,665	3,021,429
Adult education	11,125,932	11,976,989	(851,057)
Cooperative services	5,244,669	6,353,688	(1,109,019)
Administration	7,865,253	8,618,921	(753,668)
Student services	5,228,490	4,853,986	374,504
Learning resources	3,051,308	3,498,924	(447,616)
Physical plant	8,884,277	10,354,263	(1,469,986)
General institution	13,118,230	16,226,833	(3,108,603)
Auxiliary enterprises	17,419,860	14,151,261	3,268,599
Loan cancellations and bad debts, net of recoveries	(28,093)	(53,499)	25,406
Administrative and collection costs	49,025	60,753	(11,728)
Depreciation	7,725,888	5,788,921	1,936,967
	<u>\$ 131,341,858</u>	<u>\$ 128,699,507</u>	<u>\$ 2,642,351</u>

Kirkwood Community College

Management's Discussion and Analysis Year Ended June 30, 2011



Total Expenses

In FY 2011, expenses increased as a result of the following factors:

- Salary increases for faculty and staff, and the related benefit costs; plus a state mandated increase in the College's contribution to IPERS/TIAA-CREF.
- One-time costs for hotel pre-opining and hotel operations.

In FY 2010, expenses increased as a result of the following factors:

- Salary increases for faculty and staff, and the related benefit costs.
- An increase in net OPEB obligation of \$1,676,301 (see Note 13 for additional detail).

Kirkwood Community College

Management's Discussion and Analysis Year Ended June 30, 2011

Statement of Cash Flows

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

	Year Ended June 30,		Change
	2011	2010	
Cash provided by (used in):			
Operating activities	\$ (32,036,118)	\$ (33,224,757)	\$ 1,188,639
Noncapital financing activities	50,037,982	44,622,013	5,415,969
Capital and related financing activities	(5,265,122)	(13,625,637)	8,360,515
Investing activities	(12,453,443)	8,218,369	(20,671,812)
Net increase in cash	283,299	5,989,988	(5,706,689)
Cash:			
Beginning	7,472,183	1,482,195	5,989,988
Ending	<u>\$ 7,755,482</u>	<u>\$ 7,472,183</u>	<u>\$ 283,299</u>

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations, local property tax received by the College and the receipt and disbursement of the Federal Direct Loan program proceeds. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income received.

Capital Assets

As of June 30, 2011, the College had \$228,308,791 invested in capital assets, net of accumulated depreciation of \$72,662,635. Depreciation charges totaled \$7,725,888 for FY 2011. Details of capital assets are shown below:

	June 30,		Change
	2011	2010	
Land	\$ 6,157,237	\$ 6,157,237	\$ -
Construction in progress	7,322,253	29,454,462	(22,132,209)
Buildings	167,324,891	135,978,607	31,346,284
Other structures and improvements	29,200,566	28,191,945	1,008,621
Equipment and vehicles	18,303,844	16,645,456	1,658,388
	<u>\$ 228,308,791</u>	<u>\$ 216,427,707</u>	<u>\$ 11,881,084</u>

Kirkwood Community College

Management's Discussion and Analysis Year Ended June 30, 2011

The College's plant expenditures in FY 2011 include new construction and renovation as Kirkwood Community College proceeds with improving facilities following the passing of our 2011 and 2005 bond issues. The College is also experiencing increased building operation costs as new construction becomes available for use. More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

Long-Term Debt

As of June 30, 2011, the College had \$100,742,351 in long-term debt outstanding, excluding the early retirement payable, compensated absences and OPEB payable, an increase from June 30, 2010. The table below summarizes these amounts by type.

<u>Outstanding debt</u>	June 30,		Change
	2011	2010	
Certificates payable	\$ 31,150,000	\$ 27,895,000	\$ 3,255,000
Capital lease payable	582,351	856,652	(274,301)
Notes payable	30,225,000	18,000,000	12,225,000
Bonds payable	12,585,000	15,870,000	(3,285,000)
Certificates of participation	26,200,000	26,070,000	130,000
	<u>\$ 100,742,351</u>	<u>\$ 88,691,652</u>	<u>\$ 12,050,699</u>

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

Economic Factors

For the FY2011 year, Kirkwood Community College increased tuition 5.9%, to \$118 per credit hour, to adequately fund moderate salary and benefit increases for faculty and staff, as well as ongoing technology and maintenance projects. Increases such as this place a greater financial burden on the students and their families. Kirkwood Community College feels strongly the Iowa Legislature should make community colleges a high priority for funding to help hold tuition rate increases at a reasonable level. Some of the financial challenges for the College are:

- The state general aid revenue stream has not kept pace with enrollment growth over the last 10 years, which places an increased financial burden on students.
- The federal Stabilization Funding was for FY2010 only, and was not received again in FY2011.

The College has worked to structure its budget favorably during the year and will maintain a close watch over resources to maintain the College' ability to react to unanticipated issues.

Kirkwood Community College

**Management's Discussion and Analysis
Year Ended June 30, 2011**

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 Kirkwood Community College, 6301 Kirkwood Blvd SW, Cedar Rapids, IA 52404.

Kirkwood Community College

**Statement of Net Assets
June 30, 2011**

	Primary Government	Component Units
Assets		
Current Assets:		
Cash and investments	\$ 51,247,285	\$ 1,158,244
Receivables:		
Accounts, net of allowance for uncollectible accounts of \$4,458,575	9,407,255	24,633
Property taxes, succeeding year	18,408,403	-
Pledges, net of allowance for doubtful pledges of \$6,000	-	135,177
Student loans	196,279	-
Accrued interest	74,399	-
Due from component units	718,909	-
Due from other governments	5,709,960	-
Inventories	2,478,717	-
Prepaid expenses	460,792	24,855
Total current assets	88,701,999	1,342,909
Noncurrent Assets:		
Receivables:		
Iowa Industrial New Jobs Training Program	8,735,755	-
Student loans, net of allowance for uncollectible loans of \$225,000	1,228,554	-
Investments, unrestricted	-	21,850,974
Investments, restricted	2,585,976	-
Cash value of life insurance	-	220,098
Other	-	25,267
Bond issuance costs	798,673	-
Capital assets, nondepreciable	13,479,490	-
Capital assets, depreciable, net	142,166,666	22,080
Total noncurrent assets	168,995,114	22,118,419
Total assets	\$ 257,697,113	\$ 23,461,328

See Notes to Basic Financial Statements.

Liabilities and Net Assets	Primary Government	Component Units
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 6,020,598	\$ 149,740
Salaries and benefits payable	4,203,453	-
Due to primary government	-	872,710
Annuities payable	-	32,708
Interest payable	719,803	-
Unearned revenue:		
Succeeding year property tax	18,408,403	-
Other	10,855,969	35,551
Early retirement payable	1,349,719	-
Compensated absences	1,975,614	-
Current portion certificates payable	4,155,000	-
Current portion notes payable	1,365,000	-
Current portion capital lease payable	293,773	-
Current portion bonds payable	2,600,000	-
Current portion certificates of participation	250,000	-
Deposits held in custody for others	1,299,917	-
Total current liabilities	53,497,249	1,090,709
Noncurrent liabilities:		
Annuities payable	-	142,992
OPEB payable	5,258,364	-
Certificates payable	26,995,000	-
Notes payable	28,860,000	-
Capital lease payable	288,578	-
Bonds payable	9,985,000	-
Certificates of participation	25,950,000	-
Bond premium	946,656	-
Bond discount	(309,973)	-
U.S. government grants refundable	984,068	-
Total noncurrent liabilities	98,957,693	142,992
	152,454,942	1,233,701
Net Assets:		
Invested in capital assets, net of related debt	114,379,037	22,080
Restricted:		
Expendable:		
Cash reserve	621,989	-
Loans	443,645	-
Other	1,814,688	-
Unrestricted:		
Unrestricted (deficit)	(12,017,188)	3,384,946
Unrestricted, board designated	-	774,159
Unrestricted, donor advised	-	18,046,442
Total net assets	105,242,171	22,227,627
Total liabilities and net assets	\$ 257,697,113	\$ 23,461,328

Kirkwood Community College

**Statement of Revenues, Expenses and Changes in Net Assets
Year Ended June 30, 2011**

	Primary Government	Component Units
Revenues:		
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$31,657,058	\$ 20,844,703	\$ -
Federal appropriations	38,439,167	-
Sales and services	2,110,502	-
Iowa Industrial New Jobs Training Program	5,342,554	-
Auxiliary enterprises	17,201,557	-
Contributions, including in-kind contributions of \$2,345,158	-	5,811,965
Rental income and facility management	-	585,422
Royalties and commission	-	123,733
Contributions from primary government	-	1,449,150
Miscellaneous	2,464,005	97,836
Total operating revenues	86,402,488	8,068,106
Expenses:		
Operating expenses:		
Education and support:		
Liberal arts and sciences	24,532,925	-
Vocational technical	27,124,094	-
Adult education	11,125,932	-
Cooperative services	5,244,669	-
Administration	7,865,253	-
Student services	5,228,490	-
Learning resources	3,051,308	-
Physical plant	8,884,277	-
General institution	13,118,230	-
Auxiliary enterprises	17,419,860	-
Loan cancellations and bad debts, net of recoveries	(28,093)	-
Administrative and collection costs	49,025	-
Distributions to Kirkwood Community College	-	4,989,675
Facility operations	-	402,025
Program services	-	120,359
Management and general	-	714,174
Fundraising	-	64,527
Depreciation	7,725,888	6,295
Total operating expenses	131,341,858	6,297,055
Operating income (loss)	\$ (44,939,370)	\$ 1,771,051

	Primary Government	Component Units
Nonoperating revenues (expenses):		
State appropriations	\$ 29,935,435	\$ -
Property tax	16,948,563	-
Investment income	340,709	3,749,790
Actuarial adjustment of annuities payable	-	(24,508)
Interest income on student loans	18,567	-
Gifts from component units	5,086,317	-
Rent from primary government	-	94,288
Gift to affiliates	-	(96,642)
Contributions to component units	(1,543,438)	-
Gain on sale of plant assets	2,200	-
Contributions to other non-profit entities	-	(44,445)
Interest expense	(3,571,349)	-
Net nonoperating revenues	<u>47,217,004</u>	<u>3,678,483</u>
Transfers to agency fund	<u>(200,483)</u>	-
Change in net assets	2,077,151	5,449,534
Net assets:		
Beginning	103,165,020	16,849,411
Ending	<u>\$ 105,242,171</u>	<u>\$ 22,298,945</u>

See Notes to Basic Financial Statements.

Kirkwood Community College

Statement of Cash Flows
Year Ended June 30, 2011

	Primary Government
<hr/>	
Cash Flows from Operating Activities:	
Tuition and fees	\$ 17,884,666
Federal appropriations	44,734,864
Iowa Industrial New Jobs Training Program	7,216,256
Payments to employees for salaries and benefits	(77,606,177)
Payments to suppliers for goods and services	(37,021,581)
Payments to sub recipients	(11,389,752)
Collections of loans from students net of loans issued	166,809
Auxiliary enterprise receipts	17,201,557
Other receipts/payments	6,777,240
Net cash (used in) operating activities	<u>(32,036,118)</u>
Cash Flows from Noncapital Financing Activities:	
State appropriations	29,935,435
Property tax	16,948,563
Federal direct lending receipts	59,298,430
Federal direct lending disbursements	(59,298,430)
Contributions and rent paid to component units	(1,543,438)
Gifts from component units	2,741,159
Interest income on student loans	18,567
Proceeds from certificates payable	9,060,000
Principal paid on certificates payable	(5,805,000)
Interest paid on certificates payable	(1,246,842)
Transfers to agency fund	(200,483)
Agency receipts	73,945,740
Agency disbursements	(73,815,719)
Net cash provided by noncapital financing activities	<u>50,037,982</u>
Cash Flows from Capital and Related Financing Activities:	
Acquisition of capital assets	(11,440,309)
Interest capitalized	(214,648)
Proceeds from sale of capital assets	2,200
Debt issued	25,545,000
Bond issuance costs, net of premiums	(21,450)
Principal paid on debt	(16,749,301)
Interest paid on debt	(2,386,614)
Net cash (used in) capital and related financing activities	<u>(5,265,122)</u>
Cash Flows from Investing Activities:	
Interest on investments	340,709
Purchases of investments net of sales	(12,794,152)
Net cash (used in) investing activities	<u>(12,453,443)</u>
Increase in cash and cash equivalents	283,299
Cash and cash equivalents:	
Beginning	7,472,183
Ending	<u>\$ 7,755,482</u>

	Primary Government
<hr/>	
Reconciliation of Operating Loss to Net Cash (Used In)	
Operating Activities:	
Operating loss	<u>\$ (44,939,370)</u>
Adjustments to reconcile operating loss to net cash (used in) operating activities:	
Depreciation	7,725,888
Accretion, net of amortization	(7,759)
In-kind donations	2,345,158
Changes in assets and liabilities:	
(Increase) in accounts receivable	(1,126,351)
Decrease in student loans	201,493
Decrease in NJTP receivable	555,539
Decrease in due from other governments	6,295,697
(Increase) in inventories	(163,597)
(Increase) in prepaid expenses	(281,653)
(Decrease) in accounts payable	(6,424,647)
Increase in salaries payable	1,323,992
Increase in deferred revenue	1,687,210
Increase in compensated absences	13,346
(Decrease) in early retirement payable	(625,161)
Increase in OPEB payable	1,382,000
Increase in deposits	15,849
(Decrease) in refundable advances on student loans	(13,752)
Total adjustments	<u>12,903,252</u>
Net cash (used in) operating activities	<u><u>\$ (32,036,118)</u></u>
Noncash, capital and related financing activities, accounts payable for the acquisition of capital assets	\$ 247,401

See Notes to Basic Financial Statements.

Kirkwood Community College

Statement of Net Assets Discretely Presented Component Units June 30, 2011

	Kirkwood Facilities Foundation	Kirkwood Community College Foundation	Eliminations	Total
Assets				
Current Assets:				
Cash and cash equivalents	\$ 149,108	\$ 1,009,136	\$ -	\$ 1,158,244
Receivables:				
Accounts	24,633	-	-	24,633
Pledges, net of allowance for doubtful pledges of \$6,000	-	135,177	-	135,177
Due from Kirkwood Community College Foundation	851,068	-	(851,068)	-
Prepaid expenses	24,855	-	-	24,855
Total current assets	1,049,664	1,144,313	(851,068)	1,342,909
Noncurrent assets:				
Investments	-	21,850,974	-	21,850,974
Cash value of life insurance	-	220,098	-	220,098
Other	-	25,267	-	25,267
Capital assets, depreciable, net	22,080	-	-	22,080
Total noncurrent assets	22,080	22,096,339	-	22,118,419
Total assets	1,071,744	23,240,652	(851,068)	23,461,328
Liabilities and Net Assets				
Current Liabilities:				
Accounts payable and accrued expenses	127,551	22,189	-	149,740
Due to Kirkwood Community College	153,658	458,285	-	611,943
Due to Kirkwood Facilities Foundation	-	851,068	(851,068)	-
Due to KCKK-FM Radio	-	260,767	-	260,767
Deferred revenue	35,551	-	-	35,551
Annuities payable	-	32,708	-	32,708
Total current liabilities	316,760	1,625,017	(851,068)	1,090,709
Noncurrent liabilities, annuities payable	-	142,992	-	142,992
Total liabilities	316,760	1,768,009	(851,068)	1,233,701
Net Assets:				
Invested in capital assets, net of related debt	22,080	-	-	22,080
Unrestricted:				
Unrestricted	732,904	2,652,042	-	3,384,946
Unrestricted, board designated	-	774,159	-	774,159
Unrestricted, donor advised	-	18,046,442	-	18,046,442
Total net assets	\$ 754,984	\$ 21,472,643	\$ -	\$ 22,227,627

See Notes to Basic Financial Statements.

Kirkwood Community College

**Statement of Revenues, Expenses and Changes in Net Assets
Discretely Presented Component Units
Year Ended June 30, 2011**

	Kirkwood Facilities Foundation	Kirkwood Community College Foundation	Total
Operating revenues:			
Contributions and pledges	\$ -	\$ 3,466,807	\$ 3,466,807
Contributions, in-kind	-	2,345,158	2,345,158
Rental income and facility management	585,422	-	585,422
Royalties and commissions	123,733	-	123,733
Contributions from Kirkwood Community College	-	1,449,150	1,449,150
Miscellaneous	42,333	55,503	97,836
Total operating revenues	751,488	7,316,618	8,068,106
Operating expenses:			
Distributions to Kirkwood Community College	-	4,989,675	4,989,675
Facility operations	402,025	-	402,025
Programs	-	120,359	120,359
Management and general	112,647	601,527	714,174
Fund raising	-	64,527	64,527
Depreciation	6,295	-	6,295
Total operating expenses	520,967	5,776,088	6,297,055
Operating income	230,521	1,540,530	1,771,051
Nonoperating revenues (expenses):			
Investment income, including appreciation of fair value of investments of \$3,402,733	22,324	3,727,466	3,749,790
Actuarial adjustments to annuities payable	-	(24,508)	(24,508)
Rent from Kirkwood Community College	94,288	-	94,288
Gifts and expense reimbursement to affiliates	(96,642)	-	(96,642)
Contributions to other nonprofit entities	(44,445)	-	(44,445)
Loss on disposal of capital assets	(71,318)	-	(71,318)
Net nonoperating revenues (expenses)	(95,793)	3,702,958	3,607,165
Change in net assets	134,728	5,243,488	5,378,216
Net assets:			
Beginning, as restated	620,256	16,229,155	16,849,411
Ending	\$ 754,984	\$ 21,472,643	\$ 22,227,627

See Notes to Basic Financial Statements.

Kirkwood Community College

Notes to Basic Financial Statements

Note 1. Financial Reporting Entity, Discrete Component Units and Significant Accounting Policies

Kirkwood Community College (College) is a publicly supported school established and operated by Merged Area X under the provisions of Chapter 260C of the Code of Iowa. Kirkwood Community 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 requirements for a baccalaureate degree but confers no more than an associate degree. Kirkwood Community 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. Kirkwood Community College maintains campuses in Belle Plaine, Cedar Rapids, Iowa City, Marion, Monticello, Tipton, Vinton, Washington and Williamsburg, Iowa, and has its administrative offices in Cedar Rapids, Iowa. Kirkwood Community College is governed by a Board of Trustees whose members are elected from each director district within Merged Area X.

Financial reporting entity:

Accounting principles generally accepted in the United States of America require that the financial reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In addition, the GASB issued Statement No. 39, which sets forth additional criteria to determine whether certain organizations for which the College is not financially accountable should be reported as component units based on the nature and significance of their relationship with the College. These criteria include (1) the economic resources being received or held by the separate organization being entirely or almost entirely for the direct benefit of the College, its component units or its constituents; (2) the College being entitled to, or having the ability to otherwise access, a majority of the economic resources received or held by the organization and (3) the economic resources received or held by an individual organization that the College is entitled to, or has the ability to otherwise access, are significant to the College.

These financial statements present Kirkwood Community College (the primary government) and its discretely presented component units. The discretely presented component units discussed below are included in the College's reporting entity because of the significance of their operational or financial relationships with the College. Certain disclosures about the component units are not included because the component units have been audited separately for the year ended June 30, 2011 and reports have been issued under separate cover. The audited financial statements are available at the College offices.

Discrete component units:

Kirkwood Facilities Foundation is a legally separate not-for-profit foundation. The Facilities Foundation was established for the purpose of maintaining, developing and extending its facilities and services for the benefit of Kirkwood Community College. The Facilities Foundation is governed by a Board of Directors who is elected by the existing Foundation board members from a listing of nominees from the Board of Trustees of the College. Although the College does not control the timing or amount of receipts from the Facilities Foundation, the majority of the resources held by the Facilities Foundation are used for the benefit of Kirkwood Community College and its students. The Facilities Foundation reports under Government Accounting Standards.

Kirkwood Community College

Notes to Basic Financial Statements

Note 1. Financial Reporting Entity, Discrete Component Units and Significant Accounting Policies (Continued)

Kirkwood Community College Foundation is a legally separate, not-for-profit foundation. The Foundation was established for the purpose of maintaining, developing and extending the College's facilities and services for the benefit of Kirkwood Community College. The Foundation is organized and operates exclusively for charitable, scientific and education purposes to provide broader educational service opportunities to the College's students, staff, faculty and residents of the geographic area it services. The Foundation is governed by a Board of Directors whose members are elected by the existing Foundation board members. Although the College does not control the timing or amount of receipts from the Foundation, the majority of the resources held by the Foundation are used for the benefit of Kirkwood Community College and its students. During fiscal year-end June 30, 2011, the Foundation changed its method of accounting from Governmental Accounting Standards to Financial Accounting Standards, which resulted in an increase to beginning net assets of approximately \$76,000.

Financial statements for the Foundation can be obtained by calling the Foundation at 319-398-5442.

Significant accounting policies:

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

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.

Accounting standards: The College is applying all applicable Governmental Accounting Standards Board (GASB) pronouncements as well as following all Financial Accounting Board guidance issued on or before November 30, 1989, unless that guidance conflicts with or contradict GASB Pronouncements. The College has elected not to follow FASB guidance issued subsequent to November 30, 1989.

Cash and investments: Cash and cash equivalents include deposits held at banks and all highly liquid instruments purchased with an original maturity of three months or less. Investments are stated at fair value, except for the investment in the Iowa Schools Joint Investment Trust which is stated at amortized cost, which approximates fair value. The Iowa Schools Joint Investment Trust is a common law trust established under Iowa law and is administered by an appointed investment management company. The value of the position in the trust is the same as the amortized cost value of the shares. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

Kirkwood Community College

Notes to Basic Financial Statements

Note 1. Financial Reporting Entity, Discrete Component Units and Significant Accounting Policies (Continued)

Property taxes: Property tax receivable is recognized on the levy or lien date, which is the date the tax request is certified by the Board of Trustees to the appropriate County Auditors. The succeeding year property tax receivable represents taxes certified by the Board of Trustees to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the Board of Trustees is required to certify its budget to the County Auditor by March 15 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.

Property tax revenues recognized become due and collectible in September and March of the current fiscal year and are based on January 1, 2009 assessed property valuations for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax request contained in the budget certified to the appropriate county auditor in March 2010.

Iowa Industrial New Jobs Training Program (NJTP) receivable: This receivable represents the total 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, 2011, plus interest incurred on NJTP certificates, less revenues received to date.

Due from other governments: This represents state aid, grants and reimbursements due from other governmental agencies.

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

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest costs of \$214,648 were capitalized for the year ended June 30, 2011.

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>Amount</u>
Land, buildings and improvements	\$ 25,000
Equipment and vehicles	5,000

Kirkwood Community College

Notes to Basic Financial Statements

Note 1. Financial Reporting Entity, Discrete Component Units and Significant Accounting Policies (Continued)

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

	<u>Years</u>
Buildings and improvements	30
Equipment	5 or 10
Vehicles	5

The College does not capitalize or depreciate their library book collection. This collection is unencumbered, held for public education, protected, cared for and preserved and the proceeds from the sale of library books, if any, is not material to the College.

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.

Unearned revenue: Unearned revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose restriction. Unearned revenue relates primarily to property taxes and to the Iowa NJTP program as the receipt of administrative fees are amortized over the ten-year life of each project.

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. No more than five days of vacation earned in a fiscal year can be banked for future use in a subsequent fiscal year, up to a maximum of a total sixty days banked. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect as of June 30, 2011.

U.S. government grants refundable: U.S. government grants refundable under the Perkins Loan Program are distributable to the federal government upon liquidation of the funds and thus are reflected as a liability on the statement of net assets.

Bond premiums, discounts and issuance costs: Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method.

Net assets: Net assets are classified according to restrictions or availability of assets for satisfaction of College obligations. Invested in capital assets, net of related debt represents the net value of capital assets less the debt incurred to acquire or construct the assets. The debt related to the unspent bond proceeds of \$2,585,976 are not included in this category until the proceeds are used for capital asset purposes. Restricted net assets represent the amounts segregated for specific purposes as allowed by the Code of Iowa, bond covenants, donors or outside agencies and amounts where there are limitations imposed on their use through enabling legislation. Restricted net assets include both expendable and nonexpendable funds. Expendable funds may be used by the College for their designated purpose. Nonexpendable funds may not be used. All remaining net assets are unrestricted, but may be designated for specific purposes by the governing body. The College first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

Kirkwood Community College

Notes to Basic Financial Statements

Note 1. Financial Reporting Entity, Discrete Component Units and Significant Accounting Policies (Continued)

Auxiliary enterprise revenues and expenses: Auxiliary enterprise revenues and expenses primarily represent revenues generated by and expenses associated with the farm lab, bookstore, day care center, equestrian center, restaurant, hotel and other miscellaneous auxiliary enterprises. Revenues are recognized when goods or services are provided; expenses are recognized when incurred.

Summer session: The College operates summer sessions during May, June and July. Revenues and expenses for the summer sessions are recorded in the appropriate fiscal year. Tuition and fees are allocated based on the load study distributions supplied by the College Registrar.

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 and fellowship expenses. Tuition revenue is recognized as earned by providing classes.

In-kind contributions and collections: The College periodically receives donations through the Kirkwood Community College Foundation of items to be used by instructional departments of the College. These items are considered collection items as they are held for education rather than financial gain, are protected and preserved, and are generally not sold. These items are recognized as gifts from component units and expensed as instructional expense when received. In the current year, the College received a gift of a wind turbine for approximately \$2.2 million which will be used in the College's Wind Energy and Turbine Tech program.

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. Federal appropriations revenue consisting primarily of Pell grants and federal grants are reported as operating revenue as these funds replace an equal amount of tuition revenue and/or are directly related to the principal operations of the College. Contributions are reported in the statement of revenues, expenses and changes in net assets as operating activities of the Foundation since soliciting contributions is the Foundation's primary purpose. Nonoperating activities include state appropriations, property taxes and interest earnings.

Income tax status: The College is exempt from income tax as a local government unit. The Internal Revenue Service has recognized the Foundations as exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Foundations are not considered private foundations. Certain Kirkwood Facilities Foundation transactions are subject to unrelated business income tax.

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.

Student aid: Certain federal financial aid grants to students are reported as federal appropriations in operating revenue in the financial statements as prescribed by the National Association of College and University of Business Officers (NACUBO). Since certain of these grants (including Pell and Supplement Educational Opportunity Grants) are for the payment of students' tuition and fees, a like amount is reported as scholarship allowance which is reported as an offset to tuition and fees in the financial statements. Federal Work Study grant expenses are reported as operating expenses as students work for compensation. Certain other student aid sources (loans, funds provided to students as awarded by third parties and Federal Direct Lending) are paid directly to the students or credited to the students' account and do not impact revenues or expenses reported in the financial statements.

Kirkwood Community College

Notes to Basic Financial Statements

Note 2. Cash and Investments

As of June 30, 2011, the College's cash and investments consist of the following:

	Unrestricted	Restricted	Total
Cash	\$ 7,755,482	\$ -	\$ 7,755,482
Certificates of deposit	-	2,000,000	2,000,000
Investments	43,491,803	585,976	44,077,779
	<u>\$ 51,247,285</u>	<u>\$ 2,585,976</u>	<u>\$ 53,833,261</u>

Interest rate risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from rising interest rates, the College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days, but the maturities shall be consistent with the needs and use of the College.

Investment Type	Fair Value	Maturity Dates (Months)			
		Less than 1	1 to 5	6 to 10	10 +
Iowa Schools Joint Investment Trust	\$ 40,871,159	\$ 40,871,159	\$ -	\$ -	\$ -
Repurchase Agreement	53,387	53,387	-	-	-
U.S. Treasuries	2,567,255	1,623,677	943,578	-	-
Money Market Mutual Fund	585,978	585,978	-	-	-
	<u>\$ 44,077,779</u>	<u>\$ 43,134,201</u>	<u>\$ 943,578</u>	<u>\$ -</u>	<u>\$ -</u>

Credit risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. 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; and certain joint investment trusts. However, the College's investment policy additionally limits investments in commercial paper to obligations that mature within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services, with no more than 5% at the time of purchase placed in the second highest classification. At the time of purchase not more than 10% of the investment portfolio can be in prime bankers' acceptances and commercial paper and no more than 5% of the investment portfolio can be invested in the securities of a single issuer. The U.S. Treasuries are not subject to credit risk as they are backed by the full faith and credit of the federal government.

Kirkwood Community College

Notes to Basic Financial Statements

Note 2. Cash and Investments (Continued)

As of June 30, 2011, the College's investments were rated as follows:

Investment Type	Moody Investor Services
Iowa Schools Joint Investment Trust	Aaa
Repurchase Agreement	Not Rated
Money Market Mutual Fund	Not Rated

Concentration of credit risk: The College's general investment policy is to apply the prudent-person rule. Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital and, in general, avoid speculative investments. The College's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities and obtain a reasonable rate of return. The policy allows for investment of up to 100% in interest-bearing savings, money market and checking accounts, certificates of deposit, repurchase agreements, money market mutual funds, bonds, notes, certificates of indebtedness, treasury bills or other securities issued by the United States of America, its agencies and allowable instrumentalities; up to 10% in prime bankers' acceptances; and up to 10% in commercial paper. The policy does not allow the College to invest in reverse repurchase agreements, futures or options. The College did not have any investments in any one issuer that represents 5% or more of total College investments. External investment pools, money market mutual funds and U.S. Treasury funds are excluded from this consideration.

Custodial credit risk: Custodial credit risk is the risk that in the event of a bank failure, the College's deposits may not be returned to it. It is the College's policy to require that deposits in excess of FDIC insurable limits be secured by collateral or private insurance to protect public deposits in a single financial institution if it were to default. As of June 30, 2011, the carrying amount of the College's deposits, excluding \$33,242 of petty cash, totaled \$9,722,240 with a bank balance of \$11,920,399. The College's deposits in banks at June 30, 2011 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 insure there will be no loss of public funds.

The custodial credit risk for investments is the risk that in the event of the failure of the counterparty to the transaction the College will not be able to recover the value of its investments or collateral securities that are in the possession of another party. Of the investments subject to custodial credit risk, none are considered uncollateralized as the investments are held by a trust department at a bank and registered in the College's name.

Discretely presented component unit: Kirkwood Facilities Foundation's cash as of June 30, 2011 consists of demand deposits totaling \$148,615.

Discretely presented component unit custodial credit risk: The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Kirkwood Facilities Foundation will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. As of June 30, 2011, the Kirkwood Facilities Foundation's bank balance of \$167,138 was insured or collateralized by investments held in the Foundation's name.

Kirkwood Community College

Notes to Basic Financial Statements

Note 3. Inventories

The College's inventories as of June 30, 2011 consisted of the following:

Supplies and materials	\$ 424,177
Agricultural enterprises	224,405
Hotel inventory	62,743
Merchandise held for resale	1,767,392
	<u>\$ 2,478,717</u>

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

	June 30, 2010 Balance	Additions	Deletions and Transfers	June 30, 2011 Balance
Capital assets not being depreciated:				
Land	\$ 6,157,237	\$ -	\$ -	\$ 6,157,237
Construction in progress	29,454,462	9,140,162	31,272,371	7,322,253
Total capital assets not being depreciated	<u>35,611,699</u>	<u>9,140,162</u>	<u>31,272,371</u>	<u>13,479,490</u>
Capital assets being depreciated:				
Buildings	135,978,607	31,346,284	-	167,324,891
Improvements other than buildings	28,191,945	1,008,621	-	29,200,566
Equipment and vehicles	16,645,456	1,679,662	21,274	18,303,844
Total capital assets being depreciated	<u>180,816,008</u>	<u>34,034,567</u>	<u>21,274</u>	<u>214,829,301</u>
Less accumulated depreciation for:				
Buildings	45,405,996	3,969,179	-	49,375,175
Improvements other than buildings	7,521,107	1,980,501	-	9,501,608
Equipment and vehicles	12,030,918	1,776,208	21,274	13,785,852
Total accumulated depreciation	<u>64,958,021</u>	<u>7,725,888</u>	<u>21,274</u>	<u>72,662,635</u>
Total capital assets being depreciated, net	<u>115,857,987</u>	<u>26,308,679</u>	<u>-</u>	<u>142,166,666</u>
Capital assets, net	<u>\$ 151,469,686</u>	<u>\$ 35,448,841</u>	<u>\$ 31,272,371</u>	<u>\$ 155,646,156</u>

Kirkwood Community College

Notes to Basic Financial Statements

Note 5. Changes in Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

	June 30, 2010	Additions	Reductions	June 30, 2011	Amounts Due Within 1 Year
Early retirement payable (Note 12)	\$ 1,974,880	\$ 1,349,719	\$ 1,974,880	\$ 1,349,719	\$ 1,349,719
Compensated absences	1,962,268	1,975,614	1,962,268	1,975,614	1,975,614
OPEB payable (Note 13)	3,876,364	2,216,658	834,658	5,258,364	-
Certificates payable	27,895,000	9,060,000	5,805,000	31,150,000	4,155,000
Capital lease payable	856,652	-	274,301	582,351	293,773
Capital loan notes	18,000,000	15,225,000	3,000,000	30,225,000	1,365,000
Bonds payable	15,870,000	4,120,000	7,405,000	12,585,000	2,600,000
Certificates of participation	26,070,000	6,200,000	6,070,000	26,200,000	250,000
Total	\$ 96,505,164	\$ 40,146,991	\$ 27,326,107	\$ 109,326,048	\$ 11,989,106

Certificates payable:

In accordance with agreements dated between November 1, 2004 and June 7, 2011, the College issued certificates totaling \$42,755,000 with interest rates ranging from 2.0% to 6.0% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). The 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:

Year ending June 30:	Principal	Interest	Total
2012	\$ 4,155,000	\$ 1,306,957	\$ 5,461,957
2013	4,640,000	1,136,809	5,776,809
2014	4,685,000	948,018	5,633,018
2015	4,515,000	754,954	5,269,954
2016	4,240,000	567,098	4,807,098
2017-2019	8,915,000	784,048	9,699,048
Total	\$ 31,150,000	\$ 5,497,884	\$ 36,647,884

Kirkwood Community College

Notes to Basic Financial Statements

Note 5. Changes in Long-Term Liabilities (Continued)

Capital lease payable:

The College has leased various copiers for use throughout the campus under three capital lease agreements. The interest rates on these leases are 6.64%, 8.68% and 6.75% compounded monthly. The net book value of the copiers was \$269,537 as of June 30, 2011. Details of the College's June 30, 2011 capital lease indebtedness are as follows:

	Principal	Interest	Total
Year ending June 30:			
2012	\$ 293,773	\$ 43,020	\$ 336,793
2013	170,095	17,674	187,769
2014	93,502	4,981	98,483
2015	24,981	281	25,262
	<u>\$ 582,351</u>	<u>\$ 65,956</u>	<u>\$ 648,307</u>

Capital loan notes payable:

The College has issued capital loan notes for the purchase and construction of College properties as allowed by Section 260C.19 of the Code of Iowa. Interest rates range from 2% to 4.0% per annum. Interest is due semiannually and principal is due annually in varying amounts through 2021. Collateral on the capital loan notes payable is the underlying capital assets that the proceeds were used for. Details of the College's June 30, 2011 notes payable indebtedness are as follows:

	Principal	Interest	Total
Year ending June 30:			
2012	\$ 1,365,000	\$ 993,875	\$ 2,358,875
2013	2,850,000	952,925	3,802,925
2014	2,920,000	882,075	3,802,075
2015	2,990,000	809,525	3,799,525
2016	3,065,000	735,325	3,800,325
2017-2021	17,035,000	1,975,325	19,010,325
	<u>\$ 30,225,000</u>	<u>\$ 6,349,050</u>	<u>\$ 36,574,050</u>

Kirkwood Community College

Notes to Basic Financial Statements

Note 5. Changes in Long-Term Liabilities (Continued)

General obligation school bonds payable:

The College has issued bonds for the construction and expansion of College facilities to accommodate anticipated enrollment growth. Interest rates range from 2% to 3.80% per annum. Interest is due semiannually and principal is due annually in varying amounts through 2016. Collateral on the general obligation bonds payable is the underlying capital assets that the proceeds were used for. Details of the College's June 30, 2011 bonds payable indebtedness are as follows:

	Principal	Interest	Total
Year ending June 30:			
2012	\$ 2,600,000	\$ 589,722	\$ 3,189,722
2013	2,705,000	488,355	3,193,355
2014	2,670,000	390,055	3,060,055
2015	2,200,000	293,050	2,493,050
2016	2,410,000	48,200	2,458,200
	<u>\$ 12,585,000</u>	<u>\$ 1,809,382</u>	<u>\$ 14,394,382</u>

On May 1, 2011, the College issued \$4,120,000 in General Obligation School Refunding Bonds, Series 2011 with an interest rate of 2.0% to current refund \$5,000,000 of the General Obligation School Bonds, Series 2005 with interest rates from 3.70% to 3.75%. The net proceeds related to the current refunding of \$4,138,063 were immediately applied to the redemption of the General Obligation School Bonds, Series 2005 along with \$865,596 of cash provided by the College. The net change in cash flows related to the current refunding was approximately \$497,000. The economic gain resulting from the current refunding was approximately \$387,000.

Certificates of participation:

The College has issued certificates of participation for the construction and expansion of College facilities to accommodate anticipated enrollment growth and expand the lodging management, restaurant management and culinary arts programs. Interest rates range from 2% to 5% per annum. Interest is due semiannually and principal is due annually in varying amounts through 2030. Collateral on the certificates of participation is the underlying capital assets that the proceeds were used for. Details of the College's June 30, 2011 certificates of participation are as follows:

	Principal	Interest	Total
Year ending June 30:			
2012	\$ 250,000	\$ 1,206,344	\$ 1,456,344
2013	480,000	1,196,844	1,676,844
2014	495,000	1,182,544	1,677,544
2015	510,000	1,167,844	1,677,844
2016	525,000	1,196,844	1,721,844
2017-2021	2,905,000	5,470,138	8,375,138
2022-2026	3,530,000	4,805,056	8,335,056
2027-2030	17,505,000	2,122,344	19,627,344
	<u>\$ 26,200,000</u>	<u>\$ 18,347,958</u>	<u>\$ 44,547,958</u>

Some of these certificates of participation include requirements to maintain a reserve fund. These reserve funds are included in restricted investments on the statement of net assets.

Kirkwood Community College

Notes to Basic Financial Statements

Note 5. Changes in Long-Term Liabilities (Continued)

Long-term debt:

A summary of maturities of all long-term debt obligations, including the certificates, notes and bonds payable above are as follows:

	Principal	Interest	Total
Year ending June 30:			
2012	\$ 8,370,000	\$ 4,096,898	\$ 12,466,898
2013	10,675,000	3,774,933	14,449,933
2014	10,770,000	3,402,692	14,172,692
2015	10,215,000	3,025,373	13,240,373
2016	10,240,000	2,547,467	12,787,467
2017-2021	28,855,000	8,229,511	37,084,511
2022-2026	3,530,000	4,805,056	8,335,056
2027-2030	17,505,000	2,122,344	19,627,344
	<u>\$ 100,160,000</u>	<u>\$ 32,004,274</u>	<u>\$ 132,164,274</u>

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 expensed as incurred. The leases expire between 2011 and 2020 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 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 non-cancelable lease terms in excess of one year as of June 30, 2011:

Year ending June 30:	
2012	\$ 400,610
2013	331,352
2014	311,323
2015	207,592
2016	208,792
2017-2020	601,794
	<u>\$ 2,061,463</u>

Rents for the year ended June 30, 2011 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$489,990.

Kirkwood Community College

Notes to Basic Financial Statements

Note 7. 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. Employees can choose to participate either in IPERS or TIAA-CREF (see Note 8). 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 4.50% of their annual covered salary and the College is required to contribute 6.95% of annual covered salary. Contribution requirements are established by state statute. The College's contributions to IPERS for the years ended June 30, 2011, 2010 and 2009 were \$1,096,947, \$1,048,589 and \$1,002,470, respectively, equal to the required contributions for each year.

Effective July 1, 2011, the contribution rate for employers has increased to 8.07%.

Note 8. 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 4.50% and the College is required to contribute 6.95%. The College's and employee's required and actual contributions to TIAA-CREF for the year ended June 30, 2011 were \$2,266,381 and \$1,467,443, respectively.

Effective July 1, 2011, the contribution rate for employers has increased to 8.07%.

Note 9. Risk Management

The College carries commercial insurance for coverage associated with general liability, automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omission and College Board legal liability, workers compensation and employers liability, crime insurance, fiduciary bonds, boiler and machinery, catastrophic and accidental death and dismemberment. The College assumes liability for any deductibles and claims in excess of coverage limits. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Kirkwood Community College

Notes to Basic Financial Statements

Note 10. Metro Interagency Insurance Program

The College is a member of the Metro Interagency Insurance Program (MIIP). The program provides services necessary and appropriate for the establishment, operation and maintenance of an insurance program for employee health and medical claims for member institutions. Premiums billed to the participants are determined on an actuarial basis based on the institution's claim experience. The College's contribution to the program for the year ended June 30, 2011 was \$5,831,765.

In the event that a member withdraws from MIIP, the withdrawn member continues to be responsible for its share of cost arising from events occurring while it was a participating member. If the withdrawn member at any time has a negative balance, the withdrawn member is immediately liable and obligated to MIIP for that amount.

MIIP uses reinsurance to reduce its exposure to large losses. The MIIP has stop/loss coverage of \$200,000 per individual and an aggregate stop/loss of 125% of actuarial projections for the rating period.

In the event any claim or series of claims exceed the amount of aggregate excess insurance, then payment of such claims shall be the obligation of the respective individual member. The College does not report a liability for losses in excess of reinsurance unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, as of June 30, 2011, no liability has been recorded by the College. Settled claims have not exceeded the risk pool or reinsurance coverage in any of the past three fiscal years.

MIIP issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to Metro Interagency Insurance Program, 1120 33rd Avenue SW, Cedar Rapids, Iowa 52404.

Note 11. New Jobs Training Programs

Kirkwood Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Area X in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining 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 tax, budgeted reserves and in the case of default, from standby property taxes. Since inception, the Community College has administered 424 projects, with 94 currently receiving project funding. The remaining 330 projects have been completed, of which 50 are in the repayment process and 280 have been fully repaid.

Kirkwood Community College

Notes to Basic Financial Statements

Note 12. Early Retirement and Contingent Liability

Full-time certified staff who are at least 55 years of age with 10 or more years of consecutive service with Kirkwood Community College are eligible for early retirement remuneration. Retirement will begin at the end of the employee's contract. A staff member who accepts early retirement will receive cash benefits on the date of termination and January 15 of the following calendar year.

An employee approved for participation in the program would have received an early retirement incentive cash severance amount of 5% per each year of service, not to exceed 100% of base salary. The severance will be paid 50% on retirement and 50% the following January 15th.

The liability as of June 30, 2011 for the 31 employees who have elected early retirement during fiscal year 2011 was \$1,349,719. Early retirement is funded on a pay-as-you-go basis through property tax levies. The College's early retirement cost for the year ended June 30, 2011 was \$1,603,346.

As of June 30, 2011, the potential liability, if all eligible employees accepted early retirement, is approximately \$11,280,900.

Note 13. Postemployment Medical Benefit Plan

Plan description: The College sponsors a single-employer other postemployment benefit plan that provides medical benefits to all active (718) and retired employees (84) and their eligible dependents (16). All full-time or regular part-time administrator, faculty, professional service or support staff employees are eligible to participate in the plan. The employee must have terminated service with the College through voluntary early retirement after the age of 55 and have worked for the College for the most recent 10 consecutive years of service.

Medical benefit: The medical benefit is a self-funded medical plan administered by Wellmark Blue Cross Blue Shield. Retirees under age 65 pay the same premium for the medical benefit as active employees which results in an implicit subsidy.

Funding policy: The College establishes and amends contribution requirements. The College pays the single retiree premium until age 65; eligible spouses and dependents are required to contribute 100% of the premium.

The current funding policy of the College is to fund benefits on a pay-as-you-go basis. This arrangement does not qualify as other postemployment benefits (OPEB) plan assets under Governmental Accounting Standards Board (GASB) Statement No. 45 for current GASB reporting.

Kirkwood Community College

Notes to Basic Financial Statements

Note 13. Postemployment Medical Benefit Plan (Continued)

Annual OPEB Cost and Net OPEB Obligation: The College's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed thirty years. The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2011, the amount actuarially contributed to the plan, and changes in the College's annual OPEB obligation:

Annual required contribution	\$ 2,267,067
Interest on net OPEB obligation	193,818
Adjustment to annual required contribution	<u>(244,227)</u>
Annual OPEB cost (expense)	2,216,658
Contributions and payments made	<u>(834,658)</u>
Increase in net OPEB obligation	1,382,000
Net OPEB obligation, beginning of year	<u>3,876,364</u>
Net OPEB obligation, end of year	<u><u>\$ 5,258,364</u></u>

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year 2011 follows.

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2011	\$ 2,216,658	37.65%	\$ 5,258,364
June 30, 2010	2,233,949	24.96	3,876,364
June 30, 2009	2,522,248	12.77	2,200,063

Funded status and funding progress: As of June 30, 2009, the most recent actuarial valuation date, the plan was 0% funded. The College's actuarial accrued liability for benefits was \$18,023,144 and the actuarial value of assets is none resulting in an unfunded actuarial accrued liability (UAAL) of (\$18,023,144). Covered payroll was \$38,172,408 resulting in UAAL as a percentage of covered payroll of 47.2%.

Actuarial estimates 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 the future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer 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 following the notes to basic financial statements, presents multiyear information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Kirkwood Community College

Notes to Basic Financial Statements

Note 13. Postemployment Medical Benefit Plan (Continued)

Actuarial methods and assumptions: Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and included 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.

In the July 1, 2009 actuarial valuation, the frozen entry age actuarial cost method was used. The actuarial assumptions included a 5% discount rate and an annual health care cost trend rates of 5% to 9%. The UAAL is being amortized as a level dollar amount. The amortization of UAAL is done over a period of 30 years.

Note 14. Related Party Transactions

The Kirkwood Community College Foundation and the Kirkwood Facilities Foundation provide services for the benefit of the College. In return, the College has provided the Foundation with certain staff, facilities and insurance coverage for its operations without charge. The College received contributions from the Foundations for facilities additions and equipment, scholarships and various amounts for programs conducted by the College, reimbursement for custodial services, and pledged funds for capital improvement projects, totaling \$5,086,317 for the year ended June 30, 2011. The College has recorded a receivable from the Foundations of \$718,909 as of June 30, 2011. This amount differs from the Foundations' due to primary government payable of \$872,710 due to payments in transit at year-end.

The Foundations received contributions to fund scholarships of \$1,543,438 from Kirkwood Community College during the year ended June 30, 2011.

Note 15. New and Pending Pronouncements

The Governmental Accounting Standards Board (GASB) has issued a statement that became effective and was implemented by the College in the current year.

GASB Statement No. 59, *Financial Instruments Omnibus*. This Statement is intended to update and improve existing standards regarding financial reporting of certain financial instruments and external investment pools. Specifically, this Statement provides financial reporting guidance by emphasizing the applicability of SEC requirements to certain external investment pools, addressing the applicability of GASB 53, *Accounting and Financial Reporting for Derivative Instruments*, and applying the reporting provisions for interest-earning investment contracts of GASB 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*. The adoption of this Statement had a limited impact on the Colleges disclosures in the current year.

Kirkwood Community College

Notes to Basic Financial Statements

Note 15. New and Pending Pronouncements (Continued)

The GASB has issued the following statements not yet implemented by the College. These Statements may impact the College as follows:

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*, issued November 2010, will be effective for the College beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting for a governmental financial reporting entity by improving guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The amendments to the criteria for including component units allow users of financial statements to better assess the accountability of elected officials by ensuring that the financial reporting entity includes only organizations for which the elected officials are financially accountable or that are determined by the government to be misleading to exclude. The amendments to the criteria for blending also improve the focus of a financial reporting entity on the primary government by ensuring that the primary government includes only those component units that are so intertwined with the primary government that they are essentially the same as the primary government, and by clarifying which component units have that characteristic.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, issued January 2011, will be effective for the College beginning with its year ending June 30, 2013. This Statement is intended to enhance the usefulness of the Codification of Governmental Accounting and Financial Reporting Standards by incorporating guidance that previously could only be found in certain FASB and AICPA pronouncements. This Statement incorporates into the GASB's authoritative literature the applicable guidance previously presented in the following pronouncements issued before November 30, 1989: FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the AICPA's Committee on Accounting Procedure. By incorporating and maintaining this guidance in a single source, the GASB believes that GASB 62 reduces the complexity of locating and using authoritative literature needed to prepare state and local government financial reports.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, issued July 2011, will be effective for the College beginning with its year ending June 30, 2013. This Statement is intended to improve financial reporting by providing citizens and other users of state and local government financial reports with information about how past transactions will continue to impact a government's financial statements in the future. This Statement provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities deferred inflows of resources, and net position (which is the net residual amount of the other elements). The Statement requires that deferred outflows of resources and deferred inflows of resources be reported separately from assets and liabilities. This Statement also amends certain provisions of Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, and related pronouncements to reflect the residual measure in the statement of financial position as net position, rather than net assets.

The College has not yet determined the effect, if any, these Statements will have on the financial statements.

Kirkwood Community College

Notes to Basic Financial Statements

Note 16. Commitments, Contingencies and Subsequent Events

As of June 30, 2011, the College had construction commitments of approximately \$516,000 to complete the remodel of Johnson Hall, \$817,000 to complete the remodel of Iowa Hall, and \$159,000 to complete improvements to the main entrance of Iowa Hall.

On July 1, 2011, the College became self-insured for automobile liability, automobile physical damage, public officials bonds, property and inland marine, errors and omission and College Board legal liability, workers compensation and employers liability, crime insurance, fiduciary bonds and boiler and machinery insurance. Reinsurance is used to reduce exposure to large losses.

On November 1, 2011, the College purchased a building for \$2,100,000.

At the November 2011 meeting, the Board of Trustees approved up to \$46,500,000 in General Obligation School Bond Anticipation Project Notes; however, only \$8,000,000 of these bonds has been issued. Advances on these notes bear interest at 0.67%, plus 75% of the one-month LIBOR rate. All advances under this agreement mature on August 1, 2014.

In December 2011, the College has entered into a contract for approximately \$23,000,000 for renovations to Linn Hall, which will be funded through advances from the Bond Anticipation Project Notes in the previous paragraph.

On December 2, 2011, the College issued \$4,200,000 of Energy Management Improvement Capital Loan Notes, Taxable Series 2011. Of the total, \$3,200,000 is a 1% loan, and \$1,000,000 is a 0% loan, both of which mature on December 1, 2021.

In December 2011, the College purchased land to be used for the Regional Education Center for \$5,700,000.

At the February 2012 meeting, the Board of Trustees approved two refunding bond issues; however, none of these bonds have been issued. The first is General Obligation Refunding School Bonds, Series 2012A for \$10,000,000 which will refund the \$8,000,000 of Bond Anticipation Project Notes discussed above plus interest. The new bonds will bear interest ranging from 2.5% to 2.75% and mature at various dates through 2027. The second is General Obligation School Refunding Bonds, Series 2012B for \$4,065,000 which will refund the 2007 General Obligation Bonds which bear interest at 3.7%. The new bonds will bear interest ranging from 0.8% to 1.0% and mature through June 2014.

Kirkwood Community College

**Required Supplementary Information
Postemployment Medical Benefit Plan
Schedule of Funding Progress
Year Ended June 30, 2011**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded AAL	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2007	\$ -	\$ 17,475,313	\$ (17,475,313)	- %	\$ 33,475,313	52.2%
July 1, 2009	-	18,023,144	(18,023,144)	-	38,172,408	47.2

The information presented in the required supplementary information schedule was determined as part of the actuarial valuation as of July 1, 2009. Additional information follows:

- a. The cost method used to determine the ARC is the frozen entry age actuarial cost method.
- b. There are no plan assets.
- c. Economic assumptions are as follows: healthcare cost trend rates of 5% to 9%; discount rate of 5%.
- d. The amortization method is level dollar.

Kirkwood Community College

**Budgetary Comparison Schedule of Expenditures
Year Ended June 30, 2011**

Funds/Levy	Final Budget	Actual	Variance Between Actual and Final Budget
Unrestricted	\$ 80,078,000	\$ 87,281,832	\$ (7,203,832)
Restricted	34,113,311	18,188,081	15,925,230
Unemployment	75,000	217,108	(142,108)
Tort liability	312,723	92,835	219,888
Insurance	1,366,000	2,237,550	(871,550)
Early retirement	1,466,695	1,772,439	(305,744)
Equipment replacement	1,612,015	1,437,837	174,178
Total restricted	38,945,744	23,945,850	14,999,894
Plant	18,582,256	25,514,154	(6,931,898)
	\$ 137,606,000	\$ 136,741,836	\$ 864,164

See Note to Budgetary Comparison Schedule of Expenditures.

Kirkwood Community College

Note to Budgetary Comparison Schedule of Expenditures

The Board of Trustees prepares a budget annually designating the proposed expenditures for operation of the College on a basis consistent with Fund accounting. 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 Investment Act, Scholarships and Grants Accounts, Loan Funds and Agency Funds.

For the year ended June 30, 2011, the College's total expenditures did not exceed the total amount budgeted.

Kirkwood Community College

Schedule of Net Assets

All Funds

June 30, 2011

	Current Funds	
	Unrestricted	Restricted
Assets		
Current Assets:		
Cash and investments	\$ 25,344,402	\$ 25,902,883
Receivables:		
Accounts, net	8,700,687	660,051
Property tax, succeeding year	7,580,842	7,149,968
Student loans	196,279	-
Accrued interest	74,399	-
Due from other funds	52,523,462	126,933
Due from Kirkwood Community College Foundation	616,918	-
Due from Kirkwood Facilities Foundation	101,991	-
Due from other governments	3,085,853	-
Inventories	2,478,717	-
Prepaid expenses	333,419	-
Total current assets	101,036,969	33,839,835
Noncurrent Assets:		
Receivables:		
Iowa Industrial New Jobs Training Program	-	8,735,755
Student loans, net	1,228,554	-
Investments, restricted	2,585,976	-
Bond issuance costs	-	275,296
Capital assets, net of accumulated depreciation	-	-
Total noncurrent assets	3,814,530	9,011,051
Total assets	\$ 104,851,499	\$ 42,850,886

See Note to Other Supplementary Information.

Loan Funds	Plant Funds	Agency Funds	Adjustments	Total
\$ -	\$ -	\$ -	\$ -	\$ 51,247,285
-	-	46,517	-	9,407,255
-	3,677,593	-	-	18,408,403
-	-	-	-	196,279
-	-	-	-	74,399
1,427,713	-	-	(54,078,108)	-
-	-	-	-	616,918
-	-	-	-	101,991
-	-	2,624,107	-	5,709,960
-	-	-	-	2,478,717
-	-	127,373	-	460,792
<u>1,427,713</u>	<u>3,677,593</u>	<u>2,797,997</u>	<u>(54,078,108)</u>	<u>88,701,999</u>
-	-	-	-	8,735,755
-	-	-	-	1,228,554
-	-	-	-	2,585,976
-	523,377	-	-	798,673
-	228,308,791	-	(72,662,635)	155,646,156
-	228,832,168	-	(72,662,635)	168,995,114
<u>\$ 1,427,713</u>	<u>\$ 232,509,761</u>	<u>\$ 2,797,997</u>	<u>\$ (126,740,743)</u>	<u>\$ 257,697,113</u>

Kirkwood Community College

Schedule of Net Assets (Continued)

All Funds

June 30, 2011

Liabilities and Net Assets	Current Funds	
	Unrestricted	Restricted
Liabilities:		
Current Liabilities:		
Accounts payable	\$ 4,745,516	\$ 17,258
Salaries and benefits payable	4,156,248	8,786
Due to other funds	-	-
Interest payable	610,888	108,915
Unearned revenue:		
Property tax, succeeding year	7,580,842	7,149,968
Other	7,022,437	3,757,737
Early retirement payable	1,349,719	-
Compensated absences	1,975,614	-
Certificates payable	-	4,155,000
Notes payable	1,365,000	-
Leasehold payable	293,773	-
Bonds payable	2,600,000	-
Certificates of participation	250,000	-
Deposits held in custody for others	34,269	-
Total current liabilities	31,984,306	15,197,664
Noncurrent liabilities:		
OPEB payable	-	5,258,364
Certificates payable	-	26,995,000
Notes payable	28,860,000	-
Capital lease payable	288,578	-
Bonds payable	9,985,000	-
Certificates of participation	25,950,000	-
Bond premium	-	186,325
Bond discount	-	(10,386)
U.S. government grants refundable	-	-
Total noncurrent liabilities	65,083,578	32,429,303
Total liabilities	97,067,884	47,626,967
Net Assets:		
Invested in capital assets, net of related debt	(40,806,375)	-
Restricted:		
Expendable:		
Cash reserve	-	621,989
Loans	-	-
Other	-	1,814,688
Unrestricted	48,589,990	(7,212,758)
Total net assets	7,783,615	(4,776,081)
Total liabilities and net assets	\$ 104,851,499	\$ 42,850,886

See Note to Other Supplementary Information.

Loan Funds	Plant Funds	Agency Funds	Adjustments	Total
\$ -	\$ -	\$ 1,257,824	\$ -	\$ 6,020,598
-	-	38,419	-	4,203,453
-	53,917,797	160,311	(54,078,108)	-
-	-	-	-	719,803
-	3,677,593	-	-	18,408,403
-	-	75,795	-	10,855,969
-	-	-	-	1,349,719
-	-	-	-	1,975,614
-	-	-	-	4,155,000
-	-	-	-	1,365,000
-	-	-	-	293,773
-	-	-	-	2,600,000
-	-	-	-	250,000
-	-	1,265,648	-	1,299,917
-	57,595,390	2,797,997	(54,078,108)	53,497,249
-	-	-	-	5,258,364
-	-	-	-	26,995,000
-	-	-	-	28,860,000
-	-	-	-	288,578
-	-	-	-	9,985,000
-	-	-	-	25,950,000
-	760,331	-	-	946,656
-	(299,587)	-	-	(309,973)
984,068	-	-	-	984,068
984,068	460,744	-	-	98,957,693
984,068	58,056,134	2,797,997	(54,078,108)	152,454,942
-	227,848,047	-	(72,662,635)	114,379,037
-	-	-	-	621,989
443,645	-	-	-	443,645
-	-	-	-	1,814,688
-	(53,394,420)	-	-	(12,017,188)
443,645	174,453,627	-	(72,662,635)	105,242,171
\$ 1,427,713	\$ 232,509,761	\$ 2,797,997	\$ (126,740,743)	\$ 257,697,113

Kirkwood Community College

Schedule of Revenues, Expenditures and Changes in Fund Balances/Net Assets

All Funds

Year Ended June 30, 2011

	Current Funds		Loan Funds
	Unrestricted	Restricted	
Revenues:			
General:			
State appropriations	\$ 24,664,042	\$ 4,737,005	\$ -
Tuition and fees	52,501,781	-	-
Property tax	3,631,446	6,100,576	-
Federal appropriations	2,168,328	36,270,839	-
Sales and services	804,857	1,261,534	-
Interest on investments	16,105	117,157	-
Interest on student loans	-	-	18,567
Iowa Industrial New Jobs Training Program	-	5,342,554	-
Increase in plant investment due to plant expenditures, including \$5,305,702 in current fund expenditures	-	-	-
Increase in plant investment due to retirement of debt	-	-	-
Miscellaneous	4,091,541	3,157,305	38,390
	<u>87,878,100</u>	<u>56,986,970</u>	<u>56,957</u>
Auxiliary enterprises:			
Tuition and fees	67,629	-	-
Federal appropriations	3,584	-	-
Sales and services	13,226,810	-	-
Interest on investments	3,097	-	-
Miscellaneous	3,900,437	-	-
	<u>17,201,557</u>	<u>-</u>	<u>-</u>
Expenditures:			
Education and support:			
Liberal arts and sciences	24,776,131	511,723	-
Vocational technical	23,529,248	4,197,575	-
Adult education	9,429,547	2,029,225	-
Cooperative services	515,554	4,736,300	-
Administration	3,566,819	4,319,932	-
Student services	4,520,608	818,002	-
Learning resources	2,696,914	438,354	-
Physical plant	11,889,788	-	-
General institution	6,357,223	6,894,739	-
Total education and support	<u>87,281,832</u>	<u>23,945,850</u>	<u>-</u>
Auxiliary enterprises	17,419,860	-	-
Scholarships and grants	-	31,657,078	-
Loan cancellations and bad debts, net of recoveries	-	-	(28,093)
Administrative and collection costs	-	-	49,025
Plant asset acquisitions	-	-	-
Retirement of indebtedness	-	-	-
Disposal of plant assets	-	-	-
Interest on indebtedness	-	1,326,639	-
Contributions and rent to component units	-	-	-
(Gain) on sale of capital assets	-	-	-
Depreciation	-	-	-
Total expenditures	<u>104,701,692</u>	<u>56,929,567</u>	<u>20,932</u>
Excess (deficiency) of revenues over (under) expenditures	<u>377,965</u>	<u>57,403</u>	<u>36,025</u>
Transfers:			
Mandatory transfers	-	-	-
Nonmandatory transfers	1,417,478	186,298	-
	<u>1,417,478</u>	<u>186,298</u>	<u>-</u>
Change in fund balances/net assets	<u>1,795,443</u>	<u>243,701</u>	<u>36,025</u>
Fund balances/net assets:			
Beginning	5,988,172	238,582	407,620
Ending	<u>\$ 7,783,615</u>	<u>\$ 482,283</u>	<u>\$ 443,645</u>

See Note to Other Supplementary Information.

Unexpended	Plant Funds		Adjustments	Subtotal	Restricted	Total
	Retirement of Indebtedness	Investment in Plant			Other Postemployment Benefits	
\$ 534,388	\$ -	\$ -	\$ -	\$ 29,935,435	\$ -	\$ 29,935,435
-	-	-	(31,657,078)	20,844,703	-	20,844,703
3,631,443	3,585,098	-	-	16,948,563	-	16,948,563
-	-	-	-	38,439,167	-	38,439,167
44,111	-	-	-	2,110,502	-	2,110,502
207,447	-	-	-	340,709	-	340,709
-	-	-	-	18,567	-	18,567
-	-	-	-	5,342,554	-	5,342,554
-	-	11,687,710	(11,687,710)	-	-	-
-	-	16,475,000	(16,475,000)	-	-	-
263,086	-	-	-	7,550,322	-	7,550,322
4,680,475	3,585,098	28,162,710	(59,819,788)	121,530,522	-	121,530,522
-	-	-	-	67,629	-	67,629
-	-	-	-	3,584	-	3,584
-	-	-	-	13,226,810	-	13,226,810
-	-	-	-	3,097	-	3,097
-	-	-	-	3,900,437	-	3,900,437
-	-	-	-	17,201,557	-	17,201,557
-	-	-	(1,134,930)	24,152,924	380,001	24,532,925
-	-	-	(970,388)	26,756,435	367,659	27,124,094
-	-	-	(446,405)	11,012,367	113,565	11,125,932
-	-	-	(23,616)	5,228,238	16,431	5,244,669
-	-	-	(163,386)	7,723,365	141,888	7,865,253
-	-	-	(207,077)	5,131,533	96,957	5,228,490
-	-	-	(123,539)	3,011,729	39,579	3,051,308
327,304	-	-	(3,405,574)	8,811,518	72,759	8,884,277
-	-	-	(286,893)	12,965,069	153,161	13,118,230
327,304	-	-	(6,761,808)	104,793,178	1,382,000	106,175,178
-	-	-	-	17,419,860	-	17,419,860
-	-	-	(31,657,078)	-	-	-
-	-	-	-	(28,093)	-	(28,093)
-	-	-	-	49,025	-	49,025
6,467,140	-	-	(6,467,140)	-	-	-
-	16,475,000	-	(16,475,000)	-	-	-
-	-	21,274	(21,274)	-	-	-
-	2,244,710	-	-	3,571,349	-	3,571,349
-	-	-	1,543,438	1,543,438	-	1,543,438
-	-	-	(2,200)	(2,200)	-	(2,200)
-	-	-	7,725,888	7,725,888	-	7,725,888
6,794,444	18,719,710	21,274	(52,115,174)	135,072,445	1,382,000	136,454,445
(2,113,969)	(15,134,612)	28,141,436	(7,704,614)	3,659,634	(1,382,000)	2,277,634
(15,134,612)	15,134,612	-	-	-	-	-
1,453,810	-	(3,258,069)	-	(200,483)	-	(200,483)
(13,680,802)	15,134,612	(3,258,069)	-	(200,483)	-	(200,483)
(15,794,771)	-	24,883,367	(7,704,614)	3,459,151	(1,382,000)	2,077,151
(38,764,161)	-	204,129,192	(64,958,021)	107,041,384	(3,876,364)	103,165,020
\$ (54,558,932)	\$ -	\$ 229,012,559	\$ (72,662,635)	\$ 110,500,535	\$ (5,258,364)	\$ 105,242,171

Kirkwood Community College

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Education and Support
Year Ended June 30, 2011**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Cooperative Services
Revenues:				
State appropriations	\$ 10,252,932	\$ 9,501,582	\$ 4,742,613	\$ -
Tuition and fees	28,916,205	14,798,656	7,984,525	802,395
Property tax	-	-	-	-
Federal appropriations	-	809,796	429,701	-
Sales and services	456,917	24,934	117,627	875
Interest on investments	-	-	-	-
Miscellaneous	45,096	2,745,181	27,215	-
	39,671,150	27,880,149	13,301,681	803,270
Allocation of support services	2,759,260	2,578,809	883,781	-
Total revenues	42,430,410	30,458,958	14,185,462	803,270
Expenditures:				
Salaries and benefits	23,648,732	19,572,734	6,526,948	481,930
Services	208,904	690,607	1,779,764	2,694
Materials and supplies	236,240	597,685	1,010,377	23,437
Travel	681,622	247,361	95,404	7,493
Plant asset acquisitions	-	49,221	16,154	-
Miscellaneous	633	2,371,640	900	-
	24,776,131	23,529,248	9,429,547	515,554
Allocation of support services	12,874,797	12,032,805	4,123,750	-
Total expenditures	37,650,928	35,562,053	13,553,297	515,554
Excess (deficiency) of revenues over (under) expenditures	4,779,482	(5,103,095)	632,165	287,716
Transfers, nonmandatory transfers	-	49,221	13,656	-
Change in fund balances/ net assets	\$ 4,779,482	\$ (5,053,874)	\$ 645,821	\$ 287,716

Fund balances/net assets:

Beginning

Ending

See Note to Other Supplementary Information.

		Support			Education and Support	
General Administration	Student Services	Learning Resources	Physical Plant	General Institution	Total	
\$ 32,133	\$ -	\$ 497	\$ 134,285	\$ -	\$ 24,664,042	
-	-	-	-	-	52,501,781	
3,631,446	-	-	-	-	3,631,446	
528,710	397,698	2,423	-	-	2,168,328	
16,058	33,757	3,100	75,918	75,671	804,857	
16,105	-	-	-	-	16,105	
341,181	38,140	(42,369)	933,851	3,246	4,091,541	
4,565,633	469,595	(36,349)	1,144,054	78,917	87,878,100	
(4,565,633)	(469,595)	36,349	(1,144,054)	(78,917)	-	
-	-	-	-	-	87,878,100	
1,887,257	3,733,069	1,716,900	3,280,688	3,767,011	64,615,269	
1,280,877	433,678	130,327	6,811,086	2,013,541	13,351,478	
129,087	210,350	627,879	1,112,353	297,630	4,245,038	
111,393	40,872	6,603	4,747	82,881	1,278,376	
20,128	47,632	215,205	680,724	133,218	1,162,282	
138,077	55,007	-	190	62,942	2,629,389	
3,566,819	4,520,608	2,696,914	11,889,788	6,357,223	87,281,832	
(3,566,819)	(4,520,608)	(2,696,914)	(11,889,788)	(6,357,223)	-	
-	-	-	-	-	87,281,832	
-	-	-	-	-	596,268	
(797,508)	85,058	215,205	2,565,796	133,218	2,264,646	
\$ (797,508)	\$ 85,058	\$ 215,205	\$ 2,565,796	\$ 133,218	2,860,914	
					6,041,814	
					\$ 8,902,728	

Kirkwood Community College

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Auxiliary Enterprises
Year Ended June 30, 2011**

	Farm Lab	Bookstore	Day Care Center	Other Vocational
Revenues:				
Tuition and fees	\$ -	\$ -	\$ -	\$ -
Federal appropriations	-	-	3,584	-
Sales and services	437,428	10,584,913	17,664	214,285
Interest on investments	-	-	-	-
Miscellaneous	-	2,409	75	-
Total revenues	437,428	10,587,322	21,323	214,285
Expenditures:				
Salaries and benefits	36,346	798,928	45,328	3,134
Services	28,051	282,916	164,823	21,716
Materials and supplies	462,094	69,892	10,356	66,979
Travel	793	15,694	-	1,064
Plant asset acquisitions	-	-	-	-
Cost of goods sold	-	7,783,763	-	-
Miscellaneous	-	4,107	90	139,395
Total expenditures	527,284	8,955,300	220,597	232,288
Excess (deficiency) of revenues over (under) expenditures	(89,856)	1,632,022	(199,274)	(18,003)
Transfers, nonmandatory transfers	-	(1,687,463)	199,379	12,074
Change in fund balances/ net assets	(89,856)	(55,441)	105	(5,929)
Fund balances/net assets:				
Beginning	(71,653)	55,441	(105)	(148,520)
Ending	\$ (161,509)	\$ -	\$ -	\$ (154,449)

See Note to Other Supplementary Information.

Equestrian Center	Food Services	Workplace Development	The Hotel at Kirkwood Center	Miscellaneous	Total
\$ -	\$ -	\$ -	\$ -	\$ 67,629	\$ 67,629
-	-	-	-	-	3,584
362,019	114,537	661,929	10,418	823,617	13,226,810
-	-	3,097	-	-	3,097
-	3,537	-	3,880,244	14,172	3,900,437
362,019	118,074	665,026	3,890,662	905,418	17,201,557
207,080	56,762	-	3,390,593	639,603	5,177,774
20,003	23,645	-	51,210	313,940	906,304
19,769	9,645	-	826,561	118,339	1,583,635
2,279	-	-	2,947	187,553	210,330
35,645	-	-	-	3,843	39,488
73,681	64,777	-	952,038	123,578	8,997,837
852	-	-	-	360,048	504,492
359,309	154,829	-	5,223,349	1,746,904	17,419,860
2,710	(36,755)	665,026	(1,332,687)	(841,486)	(218,303)
35,645	35,070	-	(796)	558,923	(847,168)
38,355	(1,685)	665,026	(1,333,483)	(282,563)	(1,065,471)
56,027	9,172	1,079,718	-	(1,033,722)	(53,642)
\$ 94,382	\$ 7,487	\$ 1,744,744	\$ (1,333,483)	\$ (1,316,285)	\$ (1,119,113)

Kirkwood Community College

**Schedule of Revenues, Expenditures and Changes in Fund Balances
Restricted Funds
Year Ended June 30, 2011**

	Scholarships and Grants	Iowa Industrial New Jobs Training Program	Workforce Investment Act	Heritage Agency on Aging	Other Federal
Revenues:					
State appropriations	\$ 621,016	\$ -	\$ 87,601	\$ 937,193	\$ 47,678
Property tax	-	25,215	-	-	-
Federal appropriations	28,668,270	-	1,848,188	2,853,349	2,879,987
Sales and services	17,842	-	-	1,044,531	-
Interest on investments	-	117,527	-	(370)	-
Iowa Industrial New Jobs Training Program	-	5,342,554	-	-	-
Miscellaneous	2,377,497	-	5,250	42,889	-
Total revenues	31,684,625	5,485,296	1,941,039	4,877,592	2,927,665
Expenditures:					
Salaries and benefits	-	-	1,308,489	1,208,440	1,075,832
Services	-	2,976,986	420,673	3,531,803	1,356,184
Materials and supplies	-	-	60,014	21,653	132,241
Travel	-	-	33,387	41,507	155,290
Plant asset acquisitions	-	-	-	-	-
Interest on indebtedness	-	1,326,639	-	-	-
Miscellaneous	-	1,645,481	109,890	68,507	153,623
Federal Pell grant program	28,080,138	-	-	-	-
Federal supplemental educational opportunity grant	304,755	-	-	-	-
Iowa College Student Aid Commission	641,092	-	-	-	-
Other federal grants	248,290	-	-	-	-
Private scholarships	2,382,803	-	-	-	-
Total expenditures	31,657,078	5,949,106	1,932,453	4,871,910	2,873,170
Excess (deficiency) of revenues over (under) expenditures	27,547	(463,810)	8,586	5,682	54,495
Transfers, nonmandatory transfers	(37,427)	-	-	-	-
Change in fund balances/net assets	(9,880)	(463,810)	8,586	5,682	54,495
Fund balances/net assets:					
Beginning, as restated	4,367	1,342,819	(111,669)	(111,375)	(81,384)
Ending	\$ (5,513)	\$ 879,009	\$ (103,083)	\$ (105,693)	\$ (26,889)

See Note to Other Supplementary Information.

State	Equipment Replacement	Tort Liability and Insurance	Early Retirement	Unemployment Compensation	Cash Reserve	Miscellaneous	Subtotal	Other Postemployment Benefits	Total
\$3,016,779	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,738	\$ 4,737,005	\$ -	\$ 4,737,005
-	1,613,975	2,007,991	2,337,757	115,638	-	-	6,100,576	-	6,100,576
11,829	-	-	-	-	-	9,216	36,270,839	-	36,270,839
46,197	-	-	-	-	-	152,964	1,261,534	-	1,261,534
-	-	-	-	-	-	-	117,157	-	117,157
-	-	-	-	-	-	-	5,342,554	-	5,342,554
105,551	-	-	-	-	-	626,118	3,157,305	-	3,157,305
3,180,356	1,613,975	2,007,991	2,337,757	115,638	-	815,036	56,986,970	-	56,986,970
1,372,475	-	-	1,772,439	217,108	-	569,654	7,524,437	1,382,000	8,906,437
1,069,224	-	2,330,385	-	-	-	201,683	11,886,938	-	11,886,938
428,327	940,410	-	-	-	-	28,630	1,611,275	-	1,611,275
22,446	-	-	-	-	-	17,903	270,533	-	270,533
159,438	497,427	-	-	-	-	-	656,865	-	656,865
-	-	-	-	-	-	-	1,326,639	-	1,326,639
18,301	-	-	-	-	-	-	1,995,802	-	1,995,802
-	-	-	-	-	-	-	28,080,138	-	28,080,138
-	-	-	-	-	-	-	304,755	-	304,755
-	-	-	-	-	-	-	641,092	-	641,092
-	-	-	-	-	-	-	248,290	-	248,290
-	-	-	-	-	-	-	2,382,803	-	2,382,803
3,070,211	1,437,837	2,330,385	1,772,439	217,108	-	817,870	56,929,567	1,382,000	58,311,567
110,145	176,138	(322,394)	565,318	(101,470)	-	(2,834)	57,403	(1,382,000)	(1,324,597)
170,597	-	-	-	-	-	53,128	186,298	-	186,298
280,742	176,138	(322,394)	565,318	(101,470)	-	50,294	243,701	(1,382,000)	(1,138,299)
358,425	120,374	(878,862)	(920,028)	(25,180)	621,989	(80,894)	238,582	(3,876,364)	(3,637,782)
\$ 639,167	\$ 296,512	\$(1,201,256)	\$ (354,710)	\$ (126,650)	\$ 621,989	\$ (30,600)	\$ 482,283	\$ (5,258,364)	\$(4,776,081)

Kirkwood Community College

**Schedule of Changes in Deposits Held in Custody for Others
Agency Funds
Year Ended June 30, 2011**

	Student Activities	Other Agency Programs
Balances, beginning of year	\$ 184,020	\$ 474,562
Additions:		
State appropriations	-	-
Federal appropriations	-	1,527
Sales and services	-	744,713
Interest on investments	-	-
Partnership loan program	-	983,896
Miscellaneous	181,946	725,469
Transfers	200,483	-
Total additions	382,429	2,455,605
Deductions:		
Salaries and benefits	220	5,493
Services	87,721	1,730,142
Materials and supplies	105,024	19,144
Travel	93,820	155,543
Living allowances	-	-
Miscellaneous	67,456	571,896
Total deductions	354,241	2,482,218
Balance, end of year	\$ 212,208	\$ 447,949

See Note to Other Supplementary Information.

Retraining Program	Direct Loan Program	Community Colleges for International Development, Inc.	Total
\$ 100,743	\$ -	\$ 376,302	\$ 1,135,627
272,847	-	-	272,847
-	59,298,430	10,879,814	70,179,771
-	-	257,408	1,002,121
-	-	-	-
-	-	-	983,896
-	-	399,207	1,306,622
-	-	-	200,483
272,847	59,298,430	11,536,429	73,945,740
-	-	995,161	1,000,874
279,822	59,298,430	7,034,221	68,430,336
-	-	71,844	196,012
-	-	1,173,825	1,423,188
-	-	1,785,417	1,785,417
-	-	340,540	979,892
279,822	59,298,430	11,401,008	73,815,719
\$ 93,768	\$ -	\$ 511,723	\$ 1,265,648

Kirkwood Community College

Note to Other Supplementary Information

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, revenue and expenditures. 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.

The Auxiliary Enterprises subgroup accounts for activities which are intended to provide non-instructional services for sales to students, staff and/or institutional departments which are supplemental to the educational and general objectives of the College.

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.

Restricted Other Postemployment Benefits – The Restricted Other Postemployment Benefits subgroup of the Restricted Fund is used to account for the actuarial determined liability and expenses related to the OPEB obligation under GASB Statement No. 45. See Note 13 of the notes to basic financial statements for more information.

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

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

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

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

Investment in Plant – This account 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.

Kirkwood Community College

**Schedule of Credit and Contact Hour Enrollment
Year Ended June 30, 2011**

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Category:						
Arts and sciences	219,887	-	219,887	3,926,008	-	3,926,008
Vocational education	186,268	-	186,268	3,669,253	-	3,669,253
Adult education/continuing education	-	-	-	981,877	275,609 *	1,257,486
	<u>406,155</u>	<u>-</u>	<u>406,155</u>	<u>8,577,138</u>	<u>275,609</u>	<u>8,852,747</u>

*Includes 240 hour adjustment of 7,020 hours and 300 hour adjustment of 6,140 hours, respectively.

Kirkwood Community College

Schedule of Tax and Intergovernmental Revenues
For the Last Nine Years

	2011	2010	2009
Local (property tax)	\$ 16,948,563	\$ 14,656,336	\$ 14,213,443
State	29,935,435	28,816,574	35,217,723
Federal	38,439,167	42,885,130	27,653,493
Total	\$ 85,323,165	\$ 86,358,040	\$ 77,084,659

2008	2007	2006	2005	2004	2003
\$ 13,676,607	\$ 13,660,902	\$ 2,568,795	\$ 9,680,332	\$ 9,684,349	\$ 9,333,736
32,273,982	27,490,516	25,915,880	22,463,115	22,800,650	22,279,884
22,529,611	22,305,003	22,116,516	23,118,975	21,248,789	18,923,851
<u>\$ 68,480,200</u>	<u>\$ 63,456,421</u>	<u>\$ 50,601,191</u>	<u>\$ 55,262,422</u>	<u>\$ 53,733,788</u>	<u>\$ 50,537,471</u>

Kirkwood Community College

**Schedule of Current Fund Revenues by Source and Expenditures by Function
For the Last Nine Years**

	2011	2010	2009
Revenues:			
State appropriations	\$ 29,401,047	\$ 28,083,242	\$ 33,384,393
Tuition and fees	52,501,781	46,375,772	39,940,159
Property tax	9,732,022	8,225,119	7,921,323
Federal appropriations	38,439,167	42,885,130	27,653,493
Sales and services	2,066,391	1,752,758	2,191,639
Interest on investments	133,262	152,887	728,126
Iowa Industrial New Jobs Training Program	5,342,554	5,557,046	8,904,244
Auxiliary enterprises	17,201,557	14,655,595	12,326,871
Miscellaneous	7,248,846	7,443,116	6,066,590
	<u>\$ 162,066,627</u>	<u>\$ 155,130,665</u>	<u>\$ 139,116,838</u>
Expenditures:			
Liberal arts and sciences	\$ 25,287,854	\$ 23,212,694	\$ 21,883,425
Vocational technical	27,726,823	24,480,610	22,569,627
Adult education	11,458,772	12,225,309	12,564,230
Cooperative services	5,251,854	6,367,030	7,648,550
Administration	7,886,751	8,746,375	7,373,832
Student services	5,338,610	4,923,975	5,049,306
Learning resources	3,135,268	3,591,600	3,716,761
Physical plant	11,889,788	9,732,519	9,673,772
General institution	13,251,962	16,299,666	15,243,432
Auxiliary enterprises	17,419,860	14,151,261	11,817,598
Scholarships and grants	31,657,078	27,603,927	17,021,516
Interest on indebtedness	1,326,639	1,434,493	1,452,386
	<u>\$ 161,631,259</u>	<u>\$ 152,769,459</u>	<u>\$ 136,014,435</u>

	2008	2007	2006	2005	2004	2003
\$	31,981,435	\$ 27,205,433	\$ 25,638,680	\$ 22,463,115	\$ 22,183,697	\$ 21,995,627
	40,554,897	38,403,435	36,752,189	35,721,127	32,848,006	29,911,209
	7,447,646	7,424,645	6,583,697	6,748,392	6,796,528	6,494,286
	22,529,611	22,282,011	22,090,755	23,091,673	21,220,452	18,897,889
	2,197,490	2,223,437	1,873,393	1,637,166	1,695,418	1,411,115
	1,542,557	836,125	919,371	225,142	232,394	300,033
	7,090,463	6,730,448	3,862,336	3,769,596	6,113,743	7,503,336
	14,255,095	10,610,667	10,881,211	10,795,368	9,861,698	8,953,745
	12,563,084	4,276,507	3,761,062	4,433,201	3,454,293	3,316,778
\$	<u>140,162,278</u>	<u>\$ 119,992,708</u>	<u>\$ 112,362,694</u>	<u>\$ 108,884,780</u>	<u>\$ 104,406,229</u>	<u>\$ 98,784,018</u>

\$	20,182,685	\$ 19,474,466	\$ 17,946,972	\$ 16,473,191	\$ 15,116,294	\$ 13,098,399
	21,916,227	20,987,006	19,832,467	17,749,248	18,785,712	16,593,964
	12,754,415	12,083,618	11,505,437	11,021,620	8,659,955	7,793,787
	7,692,088	6,510,936	3,675,755	3,036,589	6,262,188	8,011,395
	6,449,287	5,959,842	5,568,530	5,799,867	4,562,206	4,506,549
	4,843,325	4,452,042	4,426,463	3,951,657	3,682,512	3,893,243
	2,819,282	3,009,443	3,311,387	2,784,817	2,368,509	2,704,787
	9,554,947	8,339,637	7,091,729	7,410,386	7,005,425	7,540,545
	12,734,901	11,148,919	10,507,101	10,476,619	8,875,303	8,864,895
	10,486,620	10,176,203	9,983,281	10,086,115	12,779,711	8,222,550
	15,413,906	13,670,260	13,068,240	14,141,826	13,448,214	11,893,670
	1,307,554	1,238,043	1,321,131	1,472,513	1,791,281	2,000,563
\$	<u>126,155,237</u>	<u>\$ 117,050,415</u>	<u>\$ 108,238,493</u>	<u>\$ 104,404,448</u>	<u>\$ 103,337,310</u>	<u>\$ 95,124,347</u>

Kirkwood Community College

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011**

Federal Grantor/ Pass-Through Grantor/Program Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Agriculture:			
Indirect through Iowa Department of Education: Child and Adult Care Food Program	10.558	N/A	\$ 1,436
Indirect through Iowa Workforce Development: ARRA - State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	<u>4,687</u>
Total U.S. Department of Agriculture			<u>6,123</u>
U.S. Department of Housing and Urban Development:			
Indirect through Linn County: Community Development Block Grants/ Entitlement Grants	14.218	N/A	<u>10,000</u>
U.S. Department of Justice:			
Indirect through Governor's Office of Drug Control Policy: Edward Byrne Memorial Justice Assistance Grant Program	16.738	N/A	<u>36,588</u>
U.S. Department of Labor:			
Indirect through Office of the Assistant Secretary for Veterans Employment and Training: Local Veterans' Employment Representative Program	17.804	N/A	4,165
Indirect through Iowa Workforce Development: ARRA - Unemployment Insurance	17.225	7-W-10-FR-0	117,742
Trade Adjustment Assistance	17.245	7-W-10-FR-0	2,419
New Iowan Center Project	17.261	7-W-10-FR-0	4,459
ARRA - Employment Service / Wagner Peyser Funded Activities	17.207	7-W-10-FR-0	52,967
Disabled Veterans' Outreach Program (DVOP)	17.801	7-W-10-FR-0	<u>6,509</u>
Total Employment Service Cluster			<u>59,476</u>
Non-ARRA Workforce Investment Act (WIA): Adult Program	17.258	7-W-10-FR-0	125,348
Youth Activities	17.259	7-W-10-FR-0	334,301
Dislocated Workers	17.260	7-W-10-FR-0	397,995
Dislocated Workers - NEG	17.260	7-W-10-FR-0	<u>136,240</u>
Total Non-ARRA Workforce Investment Act Cluster			<u>\$ 993,884</u>

Federal Grantor/ Pass-Through Grantor/Program Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
Indirect through Iowa Workforce Development:			
ARRA Workforce Investment Act (WIA):			
ARRA - Dislocated Workers	17.260	7-W-10-FR-0	\$ 113,422
ARRA - NEG	17.277	7-W-10-FR-1	5,520
Total ARRA Workforce Investment Act Cluster			<u>118,942</u>
Total Workforce Investment Act			<u>1,112,826</u>
Program of Competitive Grants for Worker Training and Placement in High Growth and Emerging Industry Sectors	17.275	N/A	<u>21,707</u>
Indirect through Iowa Department of Education:			
Incentive Grants - WIA Section 503, (Partnership of Adult and Career Education (PACE))	17.267	N/A	<u>30,415</u>
Indirect through Occupational Safety and Health:			
OSHA Susan Harwood C-DUST	17.502	N/A	<u>22,770</u>
Total U.S. Department of Labor			<u>1,375,979</u>
U.S. Department of State:			
Direct:			
Community College Summit Initiative Program	19.000	N/A	1,179,338
Academic Exchange Programs - Undergraduate Programs			
- Community College Summit Initiative Program	19.009	N/A	9,512,947
Academic Exchange Programs - Teachers			
- Community College Summit Initiative Program	19.408	N/A	<u>28,000</u>
Total U.S. Department of State			<u>10,720,285</u>
National Science Foundation:			
Direct, Education and Human Resources (R&D)	47.076	N/A	<u>466,391</u>
U.S. Small Business Administration:			
Indirect through Iowa State University:			
Small Business Development Center	59.037	N/A	<u>104,206</u>
U.S. Department of Education			
Direct:			
Federal Supplemental Educational Opportunity Grants, includes \$35,155 of administrative cost allowance	84.007	N/A	304,754
Federal Work-Study Program	84.033	N/A	433,829
Perkins Loan Cancellations	84.037	N/A	7,093
Federal Pell Grant Program	84.063	N/A	28,080,138
Federal Direct Student Loans	84.268	N/A	59,298,430
Academic Competitiveness Grant (ACG)	84.375	N/A	<u>248,290</u>
Total student financial assistance cluster			<u>\$ 88,372,534</u>

Kirkwood Community College

**Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011**

Federal Grantor/ Pass-Through Grantor/Program Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Education (continued)			
Direct:			
TRIO - Student Support Services	84.042	N/A	\$ 317,140
Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	84.325N	N/A	109,353
Indirect through Iowa Department of Education:			
Adult Education, Basic Grants to States	84.002	N/A	327,202
Title I Program for Neglected and Delinquent Children	84.013	N/A	14,610
Career and Technical - Basic Grants to States	84.048	57-9910	758,675
Tech-Prep Education	84.243	57-9910	72,829
Indirect through Iowa Department of Corrections:			
Title I Program for Neglected and Delinquent Children	84.013	N/A	11,829
Indirect through Indian Hills Community College:			
FIPSE IBTI	84.116Z	N/A	143,999
Indirect through University of Northern Iowa:			
FIPSE Brazil Project	84.116	N/A	20,710
Indirect through Neighborhood Centers of Johnson County: Even Start			
	84.213C	N/A	3,572
Total U.S. Department of Education			<u>90,152,453</u>
U.S. Department of Health and Human Services:			
Indirect through Iowa Department of Elder Affairs:			
Special Programs for the Aging-Title III Part D - Disease Prevention and Health Promotion Services	93.043	N/A	<u>7,908</u>
Special Programs for the Aging Cluster:			
Title III Part B - Grants for Supportive Services and Senior Centers	93.044	N/A	498,294
Title III Part C - Nutrition Services	93.045	N/A	751,677
Nutrition Services Incentive Program	93.053	N/A	<u>352,180</u>
Total Non-ARRA Special Programs for the Aging Cluster			<u>1,602,151</u>
ARRA Special Program for the Aging Cluster, ARRA - Aging Congregate Nutrition Services for States			
	93.707	N/A	8,000
Total Special Programs for the Aging Cluster			<u>\$ 1,610,151</u>

Federal Grantor/ Pass-Through Grantor/Program Name	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Health and Human Services (continued):			
Indirect through Iowa Department of Elder Affairs (continued):			
National Family Caregiver Support	93.052	N/A	\$ 184,668
Medical Assistance Program	93.778	N/A	173,319
Special Programs for the Aging - Title VII, Chapter 3 Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	N/A	7,175
Special Program for the Aging - Title IV and Title II - Discretionary Projects	93.048	N/A	174,690
Affordable Care Act - Medicare Improvements for Patients and Providers	93.518	N/A	26,612
Social Services Block Grant	93.667	N/A	95,835
Medicare Enrollment Assistance Program	93.071	N/A	8,834
			<u>671,133</u>
Indirect through National Institute of Environmental Health Sciences:			
NIEHS Hazardous Waste Worker Health and Safety Training	93.142	N/A	114,860
Indirect through Iowa Workforce Development:			
Temporary Assistance for Needy Families	93.558	7-W-10-FR-0	784,163
ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	7-W-10-FR-0	105,495
TANF Cluster			<u>889,658</u>
Indirect through Cuyahoga Community College:			
Health Information Technology Professionals in Health Care	93.721	N/A	246,447
Total U.S. Department of Health and Human Services			<u>3,540,157</u>
U.S. Department of Homeland Security:			
Direct:			
Urban Areas Security Initiative	97.008	N/A	84,628
Competitive Training Grants	97.068	N/A	778,131
Total U.S. Department of Homeland Security			<u>862,759</u>
U.S. Agency for International Development:			
Indirect through Georgetown University:			
Scholarships for Education and Economic Development (SEED)	98.010	N/A	302,985
Total federal awards expended			<u>\$ 107,577,926</u>

See Notes to Schedule of Expenditures of Federal Awards.

Kirkwood Community College

**Notes to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2011**

Note 1. Basis of Presentation

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

Note 2. Loans Outstanding

As of June 30, 2011, Kirkwood Community College has Perkins Loan Program receivables of \$1,649,833. No loans were made during the year ended June 30, 2011.

In the current year, there was no federal capital contribution for the Federal Perkins Loan Program for Kirkwood Community College, and accordingly, there was no match.

Note 3. Subrecipients

Of the federal expenditures presented in the schedule, Kirkwood Community College provided federal awards to subrecipients as follows:

Program Title	Federal CFDA Number	Amount Provided to Subrecipients
Community College Summit Initiative Program	19.000	\$ 1,122,361
Community College Summit Initiative Program - Academic Exchange Program - Undergrad	19.009	8,975,757
Community College Summit Initiative Program - Academic Exchange Program - Teachers	19.408	26,591
Special Programs for the Aging-Title III Part D - Disease Prevention and Health Promotion Services	93.043	2,233
Special Programs for the Aging Cluster: Title III Part B - Grants for Supportive Services and Senior Centers	93.044	93,172
Title III Part C - Nutrition Services	93.045	751,677
Nutrition Services Incentive Program	93.053	352,180
National Family Caregiver Support	93.052	65,782

Kirkwood Community College

Summary Schedule of Prior Audit Findings Year Ended June 30, 2011

Comment Number	Comment	Corrective Action Taken
Findings Related to the Financial Statement Audit as Reported in Accordance with Generally Accepted Government Auditing Standards:		
Significant Deficiencies and Material Weakness in Internal Control over Financial Reporting		
10-II-A	Capital assets additions were not identified timely resulting in reconciliations not completed timely.	Partially corrected. See 11-II-A.
10-II-B	The College has inadequate segregation of duties over the payroll transaction cycle.	Condition still exists. See 11-II-B.
10-II-C	The College has inadequate segregation of duties over the cash disbursements transaction cycle.	Condition still exists. See 11-II-C.
10-II-D	The College has inadequate controls over journal entry posting.	Condition still exists. See 11-II-D.
10-II-E	The post closing and financial reporting system did not identify material adjustments needed to comply with accounting principles generally accepted in the United States of America.	Condition still exists. See 11-II-E.
10-II-F	The College has an inadequate segregation of duties over the cash receipts cycle.	Condition still exists. See 11-II-F.
10-II-G	The College has inadequate segregation of duties over the New Jobs Training Program (NJTP).	Condition still exists. See 11-II-G.
Compliance Finding		
10-II-H	Arbitrage calculations were not performed.	Fully corrected.
Findings and Questioned Costs for Federal Awards:		
Significant Deficiency in Internal Control over Federal Awards		
10-III-A	The College has inadequate reconciliation procedures for the Common Origination and Disbursement (COD) system.	Partially corrected. See 11-III-A.
10-III-B	There was no evidence of program director approval for monthly living stipends paid to international students and certain invoices expensed in the program.	Partially corrected. See 11-III-B.

Kirkwood Community College

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011**

Comment Number	Comment	Corrective Action Taken
10-III-C	The College has inadequate segregation of duties for student registration and awarding of financial aid.	Condition still exists. See 11-III-C.
Compliance Findings		
10-III-D	Credit balances on student's accounts were not refunded within the required fourteen days.	Corrected.
10-III-E	The College disbursed proceeds from a Federal Direct Student Loan to a first year, first time borrower before the required 30 days from the beginning of the program.	Corrected.
10-III-F	During testing it was noted that the College exceeded the aggregate limit for subsidized loans for two students.	Corrected.
10-III-G	The College does not have a system in place to ensure student status changes are reported accurately and timely to the National Student Loan Data System.	Partially corrected. See 11-III-K.
10-III-H	The College did not return Title IV funds in a timely manner.	Condition still exists. See 11-III-I.
10-III-I	The College did not perform one student's return of Title IV funds calculation correctly.	Condition still exists. See 11-III-J.
10-III-J	The College did not report the proper number of jobs created in their Section 1512 reporting for Federal Work-Study funds received under the American Recovery and Reinvestment Act.	Only applicable to FY2010, no such reporting requirement in FY2011.
10-III-K	The College could not locate a promissory note for a Perkins loan.	Condition still exists. See 11-III-M.

Kirkwood Community College

**Summary Schedule of Prior Audit Findings
Year Ended June 30, 2011**

Comment Number	Comment	Corrective Action Taken
Other Findings Related to Required Statutory Reporting:		
IV-C-10	For the time period of January 1, 2010 to April 1, 2010 the College's mileage reimbursement rates were in excess of the IRS rates (\$0.55/mile versus \$0.50/mile).	Corrected.
IV-F-10	Votes for each motion are noted by count (i.e. carried 8-0, or 7-1). Based on the members present documented at the top of the minutes, readers can infer the vote of an individual if a motion carried without dissent (i.e. 8-0, 9-0, etc.). However, the minutes do not include the names of those dissenting on any votes, so readers do not know what individuals dissented on a vote.	Corrected.
IV-G-10	The public hearing scheduled for April 22, 2010 was published on March 13, 2010 and March 20, 2010 when notice of the hearing should be published not less than 4 nor more than 20 days before the date of the hearing.	Condition still exists. See IV-G-11.
IV-I-10	Errors in eligible credit and contact hours reported to the Iowa Department of Education by the College.	Condition still exists. See IV-I-11.



**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
Kirkwood Community College
Cedar Rapids, Iowa

We have audited the financial statements of the business-type activities and aggregate discretely presented component units of Kirkwood Community College as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements, and have issued our report thereon dated March 26, 2012. 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.

The component units were audited in accordance with standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Separate reports were issued for these component units. This report does not extend to those component units.

Internal Control over Financial Reporting

Management of Kirkwood Community College is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Kirkwood Community 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 Kirkwood Community College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Kirkwood Community College's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purposes described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies or material weaknesses have been identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 11-II-E and 11-II-H to be material weaknesses.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 11-II-A, 11-II-B, 11-II-C, 11-II-D, 11-II-F and 11-II-G to be significant deficiencies.

Compliance and Other Matters

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

We noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying schedule of findings and questioned costs.

Comments involving statutory and other legal matters about Kirkwood Community College's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the basic financial statements of Kirkwood Community 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.

We noted certain matters that we reported to management of Kirkwood Community College in a separate letter dated March 26, 2012.

Kirkwood Community College's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Kirkwood Community College's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
March 26, 2012



**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
Kirkwood Community College
Cedar Rapids, Iowa

Compliance

We have audited the compliance of Kirkwood Community College with the types of compliance requirements described in the 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, 2011. Kirkwood Community College's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Kirkwood Community College's management. Our responsibility is to express an opinion on Kirkwood Community 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 Kirkwood Community College's compliance with those requirements and performing such other procedures as we considered 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 Kirkwood Community College's compliance with those requirements.

In our opinion, Kirkwood Community College complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements that are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as items 11-III-D through 11-III-O.

Internal Control Over Compliance

The management of Kirkwood Community College is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Kirkwood Community College's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Kirkwood Community 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 over compliance* 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 would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, as discussed below, we identified deficiencies in internal control over compliance that we consider to be significant deficiencies.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 11-III-A through 11-III-C to be significant deficiencies.

Kirkwood Community College's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Kirkwood Community College's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the Board of Trustees, management, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

McGladrey & Pullen, LLP

Davenport, Iowa
March 26, 2012

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

I. Summary of Independent Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

- ◆ Material weakness(es) identified? Yes No
- ◆ Significant deficiency(ies) identified? Yes No
- Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

- ◆ Material weakness(es) identified? Yes No
- ◆ Significant deficiency(ies) identified? Yes No

Type of auditor's report issued on compliance for major programs: Unqualified

- ◆ Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major programs:

CFDA Number	Name of Federal Program
	Community College Summit Initiative Programs:
19.000	Community College Summit Initiative Program
19.009	Academic Exchange Programs – Undergraduate Programs – Community College Summit Initiative Program
19.408	Academic Exchange Programs – Teachers – Community College Summit Initiative Program
	Student Financial Assistance Cluster:
84.007	Federal Supplemental Educational Opportunity Grants
84.033	Federal Work-Study Program
84.037	Perkins Loans Cancellations
84.038	Federal Perkins Loan Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.375	Academic Competitiveness Grant
84.048	Career and Technical Education – Basic Grants to States
	TANF Cluster:
93.558	Temporary Assistance for Needy Families (TANF) State Programs
93.714	ARRA – Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Programs

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

Dollar threshold used to distinguish between
type A and type B programs \$576,000

Auditee qualified as low-risk auditee? Yes No

**II. Findings Relating to the Financial Statement Audit as Reported in Accordance with
Generally Accepted Government Auditing Standards**

(A) Significant Deficiencies and Material Weaknesses in Internal Control

11-II-A

Finding: Some capital asset additions were not identified timely and as a result were not reconciled timely.

Condition: The College completes capital asset entries on an annual basis, no reconciliations were completed throughout the year. Because of the volume of activity and the lack of reconciliations, some capital assets additions were not identified in a timely manner. Adjustments were required during the audit process to correct the additional capital assets identified. In addition, the College required assistance to reconcile the capital asset accounts.

Criteria: A good system of financial reporting should ensure all adjustments are made to balances at year-end.

Context: Systemic

Cause: The College's current policies do not require reconciliations to be done throughout the year.

Effect: Material misstatement of the financial statements could occur.

Recommendation: We recommend the College develop appropriate policies and procedures to improve its process for capital assets including reconciling the subsidiary and general ledgers, investigating differences from that reconciliation, identifying assets for capitalization throughout the year, performing periodic inventories, and an independent review of the work performed.

Response and corrective action plan: Kirkwood acknowledges the finding with regard to timely reconciliation of the subsidiary ledger to the general ledger. Accounting Services personnel prepared the capital asset reconciliation timely for the current FY11 audit. Kirkwood personnel noted that certain architecture fees related to new construction were not be appropriately capitalized. Due to this, the reconciliation originally prepared did not include this unique and isolated item which caused the repeat of this comment. Kirkwood believes that processes are and were in place at June 30, 2011 to prevent material misstatement to the financial statements.

Kirkwood Community College

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

Notes:

1. A Capital Asset Policy was developed during the prior year and put into place. This provides guidance on capitalization thresholds as well as depreciation guidelines. This will aide in the identification and proper classification of assets on the front end of the process.
2. While as personnel had not been reconciling fixed asset records throughout FY10, final reconciliation for 6/30/2011 was completed prior to the start of final FY11 audit fieldwork.

11-II-B

Finding: The College has inadequate segregation of duties over the payroll transaction cycle.

Condition: One individual has access to all aspects of the payroll function: entering time from time cards, changing employee payroll details, preparing payroll journal entries, printing and mailing checks. There is no formal review of payroll journals or payroll registers. Payroll change reports are not generated or reviewed.

Criteria: A system of internal control contemplates an adequate segregation of duties. An adequate segregation of duties requires that no one individual shall handle a transaction from inception to completion.

Context: Systemic

Cause: Assigned duties of employees conflict with proper segregation of duties.

Effect: Misappropriation of assets or an undetected error in the financial statements could occur.

Recommendation: The College should develop policies and procedures to strengthen internal controls by realigning or reassigning duties where practical. An individual who is independent of the payroll process but knowledgeable of the College's pay grades and employees should review payroll journals and payroll registers to verify that all payroll is authorized and all employees being paid are active employees. An independent individual should also review payroll change reports to verify that all payroll changes are authorized.

Response and corrective action plan: Kirkwood acknowledges finding and expected this comment to be repeated due to timing of corrective action plan versus timing of audit work. As noted in the prior audit report, KCC undertook a lean process review of the payroll cycle in the summer of 2009 which was completed in Q4/FY10. As a result of the lean review, the College implemented a new Time & Attendance process and program that was effective January 1, 2012.

Kirkwood Community College

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

11-II-C

Finding: The College has inadequate segregation of duties over the purchasing and cash disbursements transaction cycles.

Condition: The College has no formal purchasing policy in place and a lack of segregation of duties between the purchasing function and the receiving function. The person requesting the good or service typically picks the vendor and is also responsible for receiving the goods. There is no review of general ledger accounts inputted on requisition/reimbursement forms outside of the department head. The Purchasing Coordinator and department heads are allowed to approve their own requisitions without additional approval. Accounts Payable has the ability to add vendors and make changes to master vendor files. There is no review of these types of changes. The College currently does not have a mechanism in place to track transactions with related parties.

Criteria: A system of internal control contemplates an adequate segregation of duties. An adequate segregation of duties requires that no one individual shall handle a transaction from inception to completion.

Context: Systemic

Cause: Assigned duties of employees conflict with proper segregation of duties.

Effect: Misappropriation of assets or an undetected error in the financial statements could occur.

Recommendation: The College should develop policies and procedures to strengthen internal controls by realigning or reassigning duties where practical. The College should establish a formal purchasing policy, review a vendor change report by an individual outside of Accounts Payable and establish a mechanism to track transactions with related parties. A review of general ledger accounts inputted on requisitions/reimbursement forms should be completed by an individual in Business Services.

Response and corrective action plan: Kirkwood acknowledges finding and expected this comment to be repeated due to timing of corrective action plan versus timing of audit work. As noted in the prior audit report, KCC re-wrote the College's purchasing policy and P-card policy in FY11. The new policies were implemented for FY12. Kirkwood believes that processes are and were in place at June 30, 2011 to prevent material misstatement to the financial statements.

Kirkwood Community College

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

11-II-D

Finding: The College has inadequate controls over journal entry posting.

Condition: Several individuals throughout Business Services Department have access to post journal entries. Journal entries are not approved on an individual basis with a review of the supporting documentation. At the end of the month, the Accounting Coordinator reviews and approves a month-end report of journal entries; however she also has rights to enter journal entries into the system. The Controller then approves the journal entries posted by the Accounting Coordinator. The College does not complete a formal month-end close in the general ledger system. Those with access to post journal entries can go back and post to a prior month during the fiscal year after the journal entry review has taken place. There is also one individual that prepares and posts the initial debt entries without review and there is no formal review of the related debt accounts after the entries are posted.

Criteria: A good system of internal control and financial reporting should address all major account balances to ensure all adjustments are made to balances at year-end and ensure all entries posted are proper through a review by someone other than the person that posted the entry.

Context: Systemic

Cause: Assigned duties of employees conflict with proper segregation of duties.

Effect: Misappropriation of assets or undetected errors in the financial statements could occur.

Recommendation: We recommend that an individual independent of posting journal entries review journal entries and their supporting documentation for reasonableness and accuracy on a timely basis. We also recommend that the College complete a formal month-end close in the general ledger system to ensure financial activity is accurate and not modified after reviews. The College should also implement reviews of debt entries and debt statements by an individual independent of the current debt process to ensure proper balances are reported on the financial statements.

Response and corrective action plan: Kirkwood acknowledges finding. Built in Datatel system controls related to journal entry control will be utilized on or before July 1, 2012. Journal entries will be entered with complete documentation scanned and attached to the entry in Datatel, then will flow through the online approval process to the Director of Finance for approval. The Director will not have access to enter journal entries.

Notes:

1. Kirkwood has identified the personnel who will enter journal entries and who will approve. Approvers will not have access to approve their own JE's. Datatel needs to be updated with the security roles for this, which will be complete by June 30, 2012.
2. Journal Entry documentation is already being scanned and attached to the JE in Datatel.
3. This corrective action plan is the same as prior year. Various IT issues have prevented full completion of the corrective action.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

11-II-E

Finding: The post closing and financial reporting system did not identify material adjustments needed to comply with accounting principles generally accepted in the United States of America.

Condition: During our audit, several adjustments were required to be made to the trial balance in order to comply with accounting principles generally accepted in the United States of America. The significant adjustments are as follows: recording of certain accounts receivable, recording certain accounts payables, adjusting deferred revenue for tuition, New Jobs Training program close-out of receivables and deferred revenue, adjusting Perkins loans refundable, and recording bond issuance costs and related amortization.

Criteria: A system of financial reporting should address all major account balances to ensure all adjustments are made to balances at year-end.

Context: Systemic

Cause: Turnover in accounting personnel and lack of a system that effectively addresses all accounts.

Effect: Material misstatement of the financial statements could occur.

Recommendation: Given these items are more complex in nature; we recommend the College look for ways to improve its financial reporting system by assigning reconciliations and reviews to various individuals.

Response and corrective action plan: Kirkwood acknowledges finding. Kirkwood believes this finding is due to resource constraints required to complete the work prior to the start of the audit. Kirkwood will review its internal staff scheduling for subsequent audits in order to have the audit work substantially complete prior to the future audit. During the year, the College Controller left, however improvements were made and audit adjustments were reduced 40% from the prior year.

11-II-F

Finding: The College has an inadequate segregation of duties over the cash receipts cycle.

Condition: The College's cashiers open their cash drawer session each day, receive payments, prepare the deposits, count the drawers at the end of the day and balance their own transactions. In addition they have physical access of the cash as it's transferred to the vault in their cash cart.

Criteria: A system of internal control contemplates an adequate segregation of duties. An adequate segregation of duties requires that no one individual shall handle a transaction from inception to completion.

Context: Systemic

Cause: Assigned duties of employees conflict with proper segregation of duties.

Kirkwood Community College

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

Effect: Misappropriation of assets or an undetected error in the financial statements could occur.

Recommendation: We recommend the College look for ways to strengthen internal controls by realigning or reassigning duties where practical.

Response and corrective action plan: Kirkwood acknowledges the comment. The finance area has implemented random drawer audits by non-cash personnel and the reconciliation process will be moved to non-cash personnel not involved in the drawer audits as well.

11-II-G

Finding: The College has inadequate segregation of duties over the New Jobs Training Program (NJTP).

Condition: One individual has access to all aspects of the NJTP function: creating new companies within the NJTP tracking system, collecting and processing payments, approving reimbursable expenses, preparing and posting journal entries and reconciling NJTP bank accounts. Although other individuals assist with this process and a review of bank reconciliations are being performed, one individual has access to complete all aspects.

Criteria: A system of internal control contemplates an adequate segregation of duties. An adequate segregation of duties requires that no one individual should handle a transaction from inception to completion.

Context: Pervasive to New Jobs Training Program transactions.

Cause: Assigned duties of employees conflict with proper segregation of duties.

Effect: Misappropriation of assets or an undetected error in the financial statements could occur.

Recommendation: The College should look for ways to strengthen internal controls by realigning or reassigning duties where practical. Appropriate individuals, who are independent of the NJTP process, should collect and process payments, review and approve reimbursable expenses and post journal entries.

Response and corrective action plan: Kirkwood again does not acknowledge this repeat finding from prior year. There are currently controls over payment processing and approving expenditures. The accounting specialist processes the company payments, which includes posting them to the NJTP system, printing out a batch report and comparing that to the totals from the NJTP accountant. Company reimbursement requests are mailed to the NJTP Program Managers who review and approve the expenses. The request is then routed to the NJTP Accountant who processes it for payment. The journal entry posting will be taken care of with the corrective action plan of finding 11-II-D. Additional segregation of duties would require adding personnel which is not feasible or practical.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

11-II-H

Finding: The Continuing Education department of the College implemented a new software system that has resulted in tuition revenue and receivables in that department not to be reported properly.

Condition: New software, Lumens, was implemented by the Continuing Education department during the year and it does not integrate with the rest of the College's software system. The new system has made recording of revenue and receivables a manual process as journal entries must be posted to the College's system to record tuition activity tracked in Lumens. The following issues are identified:

- The Lumens software has no way to track deferred revenue.
- The Lumens software does not have an aging report available and reports are time sensitive.
- The Lumens software does not have the ability to account for discounted tuition.
- Cancellations cannot be tracked on a student-by-student basis.
- There is a general lack of reporting accuracy due to the manual process.

Criteria: A system of financial reporting should address all major account balances to ensure all adjustments are made to balances at year-end.

Context: Pervasive to Continuing Education tuition transactions.

Cause: New software was implemented without proper evaluation.

Effect: Misappropriation of assets or an undetected error in the financial statements could occur.

Recommendation: The College should consider if this separate system provides enough benefit to the College considering the cost of implementing additional manual processes and risk of reporting inaccuracies. If the College decides to continue the use of this software, management should implement processes to calculate deferred revenue and account for discounted tuition and cancellations. A schedule of reports should be set up so that time sensitive reports are ran on the date needed. Reconciliations should be done at least monthly to determine proper revenue recognition.

Response and corrective action plan: Continuing education and finance department staff have had numerous meetings with Lumens and have developed requirements for 3 new audit reports. The reports are: 1) Deferred Revenue, 2) Accounts Receivable Aging and 3) Transaction Journal by year. These are currently being developed and will be implemented by June 30, 2012.

(B) Compliance Findings

No matters reported.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

III. Findings and Questioned Costs for Federal Awards

(A) Significant Deficiencies in Internal Control

11-III-A

**U.S. Department of Education
Student Financial Assistance Program Cluster
Federal Pell Grant Program (CFDA 84.063)
Federal Direct Loan Program (CFDA 84.268)
Academic Competitiveness Grant (CFDA 84.375)
Federal Award Year: 2010-2011**

Finding: Common Origination and Disbursement (COD) records were only reconciled to the General Ledger at the end of the year.

Condition: The College only reconciles the COD school account statements to the General Ledger at the end of each year. Monthly reconciliations only included reconciling COD disbursements to the Financial Aid subsidiary ledger.

Criteria: The Department of Education's Direct Loan Guide requires schools as a matter of good internal control to reconcile the COD records to the general ledger monthly.

Context: Pervasive to Pell, Direct Loan and Academic Competitiveness Grant transactions.

Cause: The College does not have processes in place to perform reconciliations throughout the year.

Effect: Differences could occur between COD system and the College's general ledger.

Recommendation: The College should reconcile COD to Financial Aid subsidiary ledger and then reconcile the Financial Aid subsidiary ledger to the General Ledger on a monthly basis to ensure properly recording all activity.

Response and corrective action plan: Kirkwood acknowledges the finding. During the review process, the College discovered several Datatel reports that will assist in reconciling Student Financial Aid information to the general ledger. The revised reconciliation process will be put into place as soon as possible, no later than June 30, 2012.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

11-III-B

**U.S. Department of State
Community College Initiative Program (CFDA 19.000, 19.009 and 19.408)
Federal Award Year: 2010-2011**

Finding: There was no evidence of Pcard purchases paid between 7/1/10 and 9/30/10 and that mileage expenditures were authorized and approved by the Program Director. The College's record retention policy should be revised to require retention of all records for an appropriate period of time.

Condition: Pcard approvals are only available for one year therefore Pcard approvals for more than a year before audit fieldwork could not be tested. Mileage expenditures tested were tracked through the facilities department and copies of documentation were not retained.

Criteria: Documentation of approval of expenses should be retained for an appropriate period of time.

Context: Pervasive to these types of disbursements in this program.

Cause: The College's current record retention policy does not specifically address retention of Pcard approvals. Pcard approvals are only available for one year and mileage flowed through another department.

Effect: Potential noncompliance with federal compliance requirements.

Prevalence: Ten Pcard transactions and three mileage reimbursements of the twenty-three non-payroll transactions tested.

Recommendation: We recommend that the College retain approval documentation at least until audits are completed each year and all expenses of this program including mileage reimbursements be subject to Program Director approval.

Response and corrective action plan: This issue is related to our purchasing card vendor software and system limitations related to storage of history. We are currently evaluating new vendors as part of our process to correct this finding.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

11-III-C

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Supplemental Educational Opportunity Grants (CFDA 84.007)
Federal Perkins Loan Program (CFDA 84.038)
Federal Pell Grant Program (CFDA 84.063)
Federal Direct Loan Program (CFDA 84.268)
Academic Competitiveness Grant (CFDA 84.375)
Federal Award Year: 2010-2011**

Finding: The College has inadequate segregation of duties student registration and awarding of financial aid.

Condition: Certain individuals have the ability and access to create a new student within the accounting system, award aid to the student and complete all the necessary paperwork to support such a transaction.

Criteria: A system of internal control contemplates an adequate segregation of duties. An adequate segregation of duties requires that no one individual should handle a transaction from inception to completion.

Context: Pervasive to student financial aid transactions.

Cause: Assigned duties of employees conflict with proper segregation of duties.

Effect: Misappropriation of assets or an undetected error in the financial statements could occur.

Recommendation: We understand the College has hired a Registrar in FY 2012 to start improvement in segregating these duties. The College should look for ways to strengthen internal controls by realigning or reassigning duties where practical. Alternatively, as part of the billing, collection and student refund process independent individuals should verify the existence of students before refunds are released.

Response and corrective action plan: A report was created during FY11 that identifies if anyone in Enrollment Services has added a new student record. The AR Manager (an employee of the Finance Department) runs this report on a weekly basis, reviews the output and investigates any new student records to determine if they are appropriate. This item has been corrected.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

(B) Compliance Findings

11-III-D

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Supplemental Educational Opportunity Grants (CFDA 84.007)
Federal Perkins Loan Program (CFDA 84.038)
Federal Pell Grant Program (CFDA 84.063)
Federal Direct Loan Program (CFDA 84.268)
Academic Competitiveness Grant (CFDA 84.375)
Federal Award Year: 2010-2011**

Finding: The College used the incorrect Expected Family Contribution (EFC) for determining students' financial need.

Condition: Certain students who were enrolled for less than or more than the standard 9 month period did not have the required alternate EFC used for their financial need determination. As a result, students received more or less aid than they should have been awarded.

Criteria: Per the 2010-2011 Federal Student Financial Aid Handbook, alternate EFCs must be used to award aid, other than Pell grants, if the student is attending for other than nine months.

Questioned costs: \$892 underawarded, net.

Prevalence: Seven students of sixty students tested.

Cause: Financial counselor awarding aid did not use proper EFC.

Effect: Noncompliance with federal regulations.

Recommendation: We recommend that the College review enrollment status to ensure the proper EFC is used.

Response and corrective action plan: A report has been written to identify a mis-match between the number of months used in the EFC, and the duration that the student was enrolled. This report is run on a weekly basis by the Enrollment Services staff. This issue has been corrected.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

11-III-E

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Direct Student Loans (CFDA 84.268)
Federal Award Year: 2010-2011**

Finding: One student was incorrectly awarded and disbursed an unsubsidized Federal Direct Student Loan when the student was eligible for a subsidized loan.

Condition: The student had \$996 of financial need that was incorrectly met with an unsubsidized Federal Direct Student Loan when the student should have received a subsidized Federal Direct Student Loan.

Criteria: Per CFR 682.20 (2), in the case of any student who seeks an unsubsidized loan for the cost of attendance, the student must receive a determination of need for a subsidized loan.

Questioned costs: None, \$996 loaned as unsubsidized when should have been subsidized.

Prevalence: One of fifty-seven students tested for Federal Direct Student Loans.

Cause: Improper awarding and disbursing determinations made by the College.

Effect: Student given unsubsidized loans when eligible for subsidization.

Recommendation: Student awards and disbursements should be reviewed and adjusted accordingly to ensure a student is not under awarded need based aid.

Response and corrective action plan: A report was created to show any students who have remaining unmet need, who haven't used their full award. This report is also run weekly by Enrollment Services staff. Correction was made for this student during audit fieldwork.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

11-III-F

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Pell Grant Program (CFDA 84.063)
Federal Award Year: 2010-2011**

Finding: A student was incorrectly disbursed a Pell Grant for a term the student enrolled but did not attend.

Condition: A student received \$500 Pell Grant for the Spring 2011 term however the student did not attend classes. Original Pell Grant was returned when the College determined the student was not attending however it was later disbursed again in error.

Criteria: Per CFR 690.80 (b)(1), if a student's enrollment status changes, the institution shall recalculate the Federal Pell Grant award for the new payment period.

Questioned costs: \$500

Prevalence: One of thirty-one students tested for the Pell Grant Award.

Cause: Improper awarding and disbursing determinations made by the College.

Effect: Ineligible student received aid.

Recommendation: Student awards and disbursements should be reviewed and adjusted accordingly to ensure a student is eligible for aid disbursed.

Response and corrective action plan: Kirkwood Community College acknowledges this finding and will implement the recommendation.

11-III-G

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Supplemental Educational Opportunity Grants (CFDA 84.007)
Federal Perkins Loan Program (CFDA 84.038)
Federal Pell Grant Program (CFDA 84.063)
Federal Direct Loan Program (CFDA 84.268)
Academic Competitiveness Grant (CFDA 84.375)
Federal Award Year: 2010-2011**

Finding: The College did not report the Student Right-to-Know Graduation rate disclosures, and also did not include the required athletic graduation rates by the required deadline.

Condition: The College did not post the required Student Right-to-Know Graduation rate disclosures and related athletic graduation rate disclosures on their website by July 1.

Kirkwood Community College

Schedule of Findings and Questioned Costs Year Ended June 30, 2011

Criteria: Per 34 CFR 668.45 (5), an institution must make available its completion or graduation rate and, if applicable, transfer-out rate, no later than the July 1 immediately following the 12-month period ending August 31 during which 150 percent of the normal time for completion or graduation has elapsed for all of the students in the group on which the institution bases its completion or graduation rate and, if applicable, transfer-out rate calculations. Also, per 34 CFR 668.48 (a)(1), annually, by July 1, an institution that is attended by students receiving athletically-related student aid must produce a similar report on student-athletes.

Questioned costs: None

Prevalence: Annual disclosure only.

Cause: Responsibility for this report was missed in transition to new staff in Reporting Services and Institutional Research.

Effect: Required disclosures were not made timely.

Recommendation: We recommend that the College assign responsibility for this report to ensure timely reporting.

Response and corrective action plan: This information was reported timely to the Department of Education, but was not in our disclosure information. Kirkwood Community College is transitioning all of this reporting to one central location on campus.

11-III-H

U.S. Department of Education Student Financial Assistance Programs Cluster Federal Pell Grant Program (CFDA 84.063) Federal Award Year: 2010-2011

Finding: The College did not return Federal Pell Grant funds in a timely manner.

Condition: The College did not return Federal Pell Grant funds within 45 days of the determination of the withdrawal date.

Criteria: Per 34 CFR 668.22, an institution must always return any unearned Title IV funds within 45 days of the date the school determined the student withdrew.

Questioned costs: None

Prevalence: One of the sixty students tested did not have their funds returned within the required 45 days.

Cause: The College's return process did not operate timely.

Effect: Unearned federal aid not returned timely.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

Recommendation: We recommend that the College have a process in place to monitor timeliness of return of Title IV funds.

Response and corrective action plan: Kirkwood Community College acknowledges this finding and will implement the recommendation.

11-III-I

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Pell Grant Program (CFDA 84.063)
Federal Award Year: 2010-2011**

Finding: The College used an incorrect withdrawal date in a Title IV refund calculation.

Condition: The College used an incorrect withdrawal date in a Title IV refund calculation that resulted in less Federal Pell Grant funds returned.

Criteria: Per 34 CFR 668.22, the withdrawal date is the date, as determined by the institution, that the student otherwise provided official notification to the institution, in writing or orally, of his or her intent to withdrawal.

Questioned costs: \$10

Prevalence: One of the sixty students tested did not have the correct withdrawal date used in the Title IV refund calculation.

Cause: The College did not use the date coded for withdrawal in the system but instead used a date that other activity occurred on the student's account as the withdrawal date.

Effect: Inaccurate amount of aid returned.

Recommendation: We recommend that the College have a process in place to review withdrawal dates used in Title IV refund calculations to verify the proper date is inputted into the system to calculate refunds.

Response and corrective action plan: This occurred due to a late grade being reported from a class that took place outside the normal term. The report used to review withdrawal dates has been adjusted to include classes outside the normal term.

11-III-J

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Direct Student Loans (CFDA 84.268)
Federal Award Year: 2010-2011**

Finding: The College did not timely report a student who had withdrawn to the National Student Loan Data System.

Condition: The College failed to report a student who had withdrawn to the National Student Loan Data System within the 60 day required timeframe.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

Criteria: Per 34 CFR 682.610, changes in enrollment to less than half-time, graduated, or withdrawn must be reported within 30 days, or, if a roster file is expected, within 60 days.

Questioned costs: None

Prevalence: One of the sixty students tested was reported after the 60 day requirement.

Cause: The student received an 'F' grade for two classes with the term ending February 18, 2011 and had withdrawn from the other standard term classes prior to February 18, 2011. The College did not review grades until the end of the standard term, when the majority of grades are turned in, hence the delay in reporting the student to the clearinghouse.

Effect: Student's withdrawal not reported timely.

Recommendation: We recommend that the College review for unofficial withdraws each time a submission is sent to the clearinghouse for submission to the National Student Loan Data System.

Response and corrective action plan: This occurred due to a late grade being reported from a class that took place outside the normal term. The report used to review withdrawal dates has been adjusted to include classes outside the normal term.

11-III-K

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Perkins Loan Program (CFDA 84.038)
Federal Award Year: 2010-2011**

Finding: No documentation that exit interviews were mailed to students who had Perkins Loans who graduated or withdrew without completing the exit interview in-person or on-line.

Condition: No documentation to support an exit interview was sent to students within the required 30 days.

Criteria: Per 34 CFR 674.42 (b), the institution must ensure that exit counseling is conducted with each borrower either in person, by audiovisual presentation, or by interactive electronic means within 30 days of known separation.

Questioned costs: None

Prevalence: Fourteen out of twenty-five students tested for Perkins due diligence testing.

Cause: The College did not document that an exit interview was sent to the student.

Effect: Students not reminded of their obligation as required and loans may potentially not be able to be assigned to the Department of Education if student defaults.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

Recommendation: We suggest that the College implement a system to ensure that exit interviews are mailed timely and documented.

Response and corrective action plan: Kirkwood Community College will implement a process to ensure exit information sent is documented properly.

11-III-L

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Perkins Loan Program (CFDA 84.038)
Federal Award Year: 2010-2011**

Finding: The College did not have Federal Perkins Loan promissory notes that were still outstanding.

Condition: The College did not have a student financial aid file that contained the original Federal Perkins Loan promissory note that was still outstanding.

Criteria: Per 34 CFR 674.19 (e), an institution shall keep the original promissory notes and repayment schedules until the loans are satisfied.

Questioned costs: \$600

Prevalence: One out of twenty-five tested for Perkins loan due diligence.

Cause: The College did not have the original promissory note for a student.

Effect: Collection efforts may be unsuccessful as there is no original signed note.

Recommendation: We recommend that the College maintain all original promissory notes and repayment schedules until the loans are satisfied.

Response and corrective action plan: All promissory notes were scanned into our system and retained. Personnel no longer employed by the College incorrectly disposed of certain original promissory notes. All original promissory notes are now being kept.

11-III-M

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Perkins Loan Program (CFDA 84.038)
Federal Award Year: 2010-2011**

Finding: The College did not update students' accounts for change in loan status.

Condition: The students' files contained letters showing they were in deferment, but the College did not update the students' loans reflecting this loan status.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

Criteria: Per 34 CFR 674.48 (b), an institution that contracts for performance of any duties remains responsible for compliance with the requirements in performing these duties, including decisions regarding cancellation, postponement, or deferment of repayment, extension of repayment period, other billing and collection matters, and the safeguarding of all funds collected by its employees and contractors.

Questioned costs: None

Prevalence: Three out of twenty-five tested for Perkins loan due diligence.

Cause: The College did not update loan status for students.

Effect: Borrowers continue to be billed for payments when should be in deferment.

Recommendation: We recommend the College update all student accounts for changes in loan status in a timely fashion until the loans are satisfied.

Response and corrective action plan: Kirkwood acknowledges this finding and will implement the recommendation.

11-III-N

**U.S. Department of Education
Student Financial Assistance Programs Cluster
Federal Perkins Loan Program (CFDA 84.038)
Federal Award Year: 2010-2011**

Finding: The College did not make efforts to collect after student had not been paying for over a year.

Condition: The College did not have documentation showing contact made with a student to collect.

Criteria: Per 34 CFR 674.45 (c), if the institution, or the firm it engages, pursues collection activity for up to 12 months and does not succeed in converting the account to regular repayment status, or the borrower does not qualify for deferment, postponement, or cancellation on the loan, the institution shall litigate or make a second effort to collect.

Questioned costs: None

Prevalence: One out of twenty-five tested for Perkins loan due diligence testing.

Cause: The College did not make a second effort to collect after student had failed to pay in 12 months.

Effect: Loans may not be eligible to be assigned to the Department of Education.

Recommendation: We recommend the College make a second effort to collect on accounts that have not been paying for more than 12 months.

Response and corrective action plan: The College sends 30, 60, 90 day payment reminders and then turns the account over to collection agency for recovery. The College has performed all that it can do to collect the past due amounts in a cost effective manner.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

11-III-O

U.S. Department of State

Career and Technical Education – Basic Grants to States (CFDA 84.408)

Federal Award Year: 2010-2011

Finding: There was no evidence of Department Executive approval of Personnel Action Forms for certain employees whose payroll was charged to the program and other employees pay allocations, including adjunct pay, did not agree to the approved Personnel Action Form.

Condition: The College did not have a Personnel Action Forms available for certain employees whose payroll was charged to the program in order to determine if they were an allowable cost. These forms are what the College uses to determine payroll allocation when employees work in more than one program or department. Other employees that had approved Personnel Action Forms did not have their payroll, including some adjunct pay, allocated in accordance with the approved Personnel Action Form.

Criteria: Per Circular A-21, if a cost benefits two or more projects or activities in proportions that can be determined without undue effort or cost, the cost should be allocated to the projects based on the proportional benefit.

Questioned costs: None

Prevalence: Three of twenty-two payroll transactions selected for testing did not have an approved Personnel Action Form. Four of the twenty-two payroll transactions had an approved Personnel Action Form but the pay allocation used did not agree to the form. Six of the twenty-two payroll transactions had adjunct pay that was not allocated according to an approved Personnel Action Form.

Cause: Personnel Action Forms were not followed, maintained or approved.

Effect: Inaccurate payroll amounts could be charged to federal award.

Recommendation: We recommend that the College put procedures in place to document that the Executive Director's approval all Personnel Action Forms for their program and we recommend that the College put procedures in place to ensure that regular and adjunct payroll allocations in the system are in line with the approved Personnel Action Forms.

Response and corrective action plan: Kirkwood acknowledges this finding and will implement the recommendation.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

IV. Other Findings Related to Required Statutory Reporting

IV-A-11 Certified Budget

Expenditures during the year ended June 30, 2011 did not exceed the amounts budgeted in total.

IV-B-11 Questionable Disbursements

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

IV-C-11 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-D-11 Business Transactions

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

IV-E-11 Bond Coverage

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

IV-F-11 Board Minutes

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

IV-G-11 Publication

The College published a statement showing the receipt and disbursement 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.

Finding: The public hearing scheduled for June 9, 2011, for the Jones Hall Energy Training Center addition, was published on May 7, 2011 and May 14, 2011 and the public hearing scheduled for May 5, 2011, for the Linn Hall renovation, was published on March 26, 2011 and April 2, 2011 when notice of the hearing should be published not less than 4 nor more than 20 days before the date of the hearing.

Recommendation: College management should periodically remind to all those publishing notices of the required number of days for each type of publication.

Response: Kirkwood acknowledges this finding and will implement the recommendation.

Conclusion: Response accepted.

Kirkwood Community College

**Schedule of Findings and Questioned Costs
Year Ended June 30, 2011**

IV-H-11 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-I-11 Credit and Contact Hours

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

Category	Credit Hours Reported	Total Per Supporting Documentation	Difference	Contact Hours Reported	Total Per Supporting Documentation	Over (Under) Reported Difference
Vocational Education						
Landscape, Nursery, and Garden Center Technology	3	3	0	64	60	4
Arts & Sciences						
Introduction to Sociology	3	0	3	48	0	48

Recommendation - The College should verify that the number of credit and contact hours reported for each course agrees to the class schedule and period of enrollment.

Response - The College has established quarterly reviews of the contact hours which are being performed along with the MIS data reviews on a quarterly basis. All staff have been provided contact hour conversion sheets to use when setting up courses. The MIS data file for contact hours is also reviewed by the Director of Continuing Ed Operations before being sent to the state for processing.

Conclusion - Response accepted.

Kirkwood Community College

**Corrective Action Plan
Year Ended June 30, 2011**

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
Findings Relating to Financial Statement Audit:				
Significant Deficiencies and Material Weaknesses in Internal Control over Financial Reporting				
11-II-A	Some capital assets additions were not timely identified and as a result were not timely reconciled.	See corrective action plan at 11-II-A.	Jim Choate VP-CFO/COO	June 2012
11-II-B	Inadequate segregation of duties over the payroll cycle.	See corrective action plan at 11-II-B.	Jim Choate VP-CFO/COO	June 2012
11-II-C	Inadequate segregation of duties over the cash disbursements cycle.	See corrective action plan at 11-II-C.	Jim Choate VP-CFO/COO	June 2012
11-II-D	Inadequate controls over journal entry posting.	See corrective action plan at 11-II-D.	Jim Choate VP-CFO/COO	June 2012
11-II-E	Inadequate post closing and financial reporting process.	See corrective action plan at 11-II-E.	Jim Choate VP-CFO/COO	June 2012
11-II-F	Inadequate segregation of duties over cash receipts cycle.	See corrective action plan at 11-II-F.	Jim Choate VP-CFO/COO	June 2012
11-II-G	Inadequate segregation of duties over New Jobs Training Program.	See corrective action plan at 11-II-G.	Jim Choate VP-CFO/COO	June 2012
11-II-H	The Continuing Education department of the College implemented a new software system that has resulted in tuition revenue and receivables in that department not to be reported properly.	See corrective action plan at 11-II-H.	Kim Johnson VP of Continuing Education/Training Services and Jim Choate VP-CFO/COO	June 2012

Kirkwood Community College

**Corrective Action Plan
Year Ended June 30, 2011**

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
Findings and Questioned Costs for Federal Awards:				
Significant Deficiency in Internal Control over Federal Awards:				
11-III-A	COD records were only reconciled to the General Ledger at the end of the year.	See corrective action plan at 11-III-A.	Jim Choate VP-CFO/COO	June 2012
11-III-B	There was no evidence of that certain Pcard purchases and mileage expenditures were authorized and approved by the Program Director.	See corrective action plan at 11-III-B.	Jim Choate VP-CFO/COO	June 2012
11-III-C	Inadequate segregation of duties over student registration and awarding of financial aid.	See corrective action plan at 11-III-C.	Kristie Fisher VP of Enrollment Services	June 2012
Compliance:				
11-III-D	The College used the incorrect EFC for determining students' financial need.	See corrective action plan at 11-III-D.	Kristie Fisher VP of Enrollment Services	June 2012
11-III-E	Student was incorrectly awarded and disbursed an unsubsidized Federal Direct Student Loan when the student was eligible for a subsidized loan.	See corrective action plan at 11-III-E.	Kristie Fisher VP of Enrollment Services	June 2012
11-III-F	Student was incorrectly disbursed a Pell Grant for a term the student enrolled but did not attend.	See corrective action plan at 11-III-F.	Kristie Fisher VP of Enrollment Services	June 2012

Kirkwood Community College

**Corrective Action Plan
Year Ended June 30, 2011**

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
11-III-G	Student Right-to-Know Graduation rate disclosures not reported, and also did not include the required athletic graduation rates by the required deadline.	See corrective action plan at 11-III-G.	Kristie Fisher VP of Enrollment Services	June 2012
11-III-H	Federal Pell Grant funds not returned in a timely manner.	See corrective action plan at 11-III-H.	Kristie Fisher VP of Enrollment Services	June 2012
11-III-I	Incorrect withdrawal date used in a Title IV refund calculation.	See corrective action plan at 11-III-I.	Kristie Fisher VP of Enrollment Services	June 2012
11-III-J	Student who had withdrawn not reported timely to the National Student Loan Data System.	See corrective action plan at 11-III-J.	Kristie Fisher VP of Enrollment Services	June 2012
11-III-K	No documentation that exit interviews were mailed to students.	See corrective action plan at 11-III-K.	Kristie Fisher VP of Enrollment Services	June 2012
11-III-L	No Federal Perkins Loan promissory note for a loan that is still outstanding.	See corrective action plan at 11-III-L.	Jim Choate VP-CFO/COO	June 2012
11-III-M	Students' account status not updated for change in loan status.	See corrective action plan at 11-III-M.	Jim Choate VP-CFO/COO	June 2012
11-III-N	No efforts to collect a Perkins Loan after student had not been paying for over a year.	See corrective action plan at 11-III-N.	Jim Choate VP-CFO/COO	June 2012
11-III-O	No approval of Personnel Action Forms for certain employees and other employees pay allocations, including adjunct pay, did not agree to the approved Personnel Action Form.	See corrective action plan at 11-III-O.	Bill Lamb VP of Academic Affairs	June 2012

Kirkwood Community College

**Corrective Action Plan
Year Ended June 30, 2011**

Comment Number	Comment	Corrective Action Plan	Contact Person	Anticipated Date of Completion
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Statutory Reporting:

IV-G-11	The public hearings scheduled for May 5, 2011 and June 9, 2011 were published more than 20 days before the date of the hearing.	See corrective action plan at IV-G-11.	Sheryl Cook Secretary of the Board	June 2012
IV-I-11	Errors in contact hour report.	See corrective action plan at IV-I-11.	Bill Lamb VP of Academic Affairs	June 2012