

**Des Moines Area Community College**

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

**June 30, 2011**

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**Des Moines Area Community College  
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
<b>Board of Directors</b>		
Joe Pugel	President	2013
Kevin Halterman	Vice President	2013
Fred Buie	Member	2013
Madelyn Tursi	Member	2011
James Knott	Member	2013
Jeff Hall	Member	2011
Ben Norman	Member	2011
Wayne Rouse	Member	2011
Cheryl Langston	Member	2011

**Community College**

Robert Denson	President/CEO
Kim Linduska	Executive Vice President, Academic Affairs
Greg Martin	Board Treasurer and Vice President, Information Solutions
Douglas Williams	Vice President, Business Services
Mary Chapman	Vice President, Community Outreach
Joe Robbins	Controller
Carolyn Farlow	Board Secretary

## INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Des Moines Area Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2011, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Des Moines Area Community College and its discretely presented component unit as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2011 on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the basic financial statements of the College taken as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the basic financial statements for the seven years ended June 30, 2010 (none of which are presented herein) and expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and is derived from and related directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Denman & Company, LLP*  
**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
November 2, 2011

**Des Moines Area Community College**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

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

**FINANCIAL HIGHLIGHTS**

- ◆ College operating revenues decreased approximately \$5,400,000 or 9.2%. The decrease was a result of decreased activity in the Iowa Industrial New Jobs Training Program and a decrease in Federal appropriations. Training revenue decreased \$2.6 million or 18.4%. The decrease can be attributed to larger than normal bond sales in 2007 and 2008 which caused an increase in new job training revenues in 2009 & 2010. The demand for new job training remained strong with \$10.7 million in training certificates being sold in fiscal 2010 and \$12.1 million in 2011. The more normal training bond sales resulted in decreased revenue. Appropriations from Federal government sources decreased \$2.6 million or 23.7%. The decrease was the result of the College not receiving federal stimulus (Fiscal Stabilization Fund – Education State Grants and Government Services) dollars in FY11. Tuition and fees, net of scholarship allowances, increased approximately \$2.1 million or 9.4%. This increase was caused by tuition and fees increasing \$7.2 million or 13.8% and scholarship allowances increased \$5.0 million or 17.2%. The tuition and fee increase was the direct result of a 4.5% increase in credit hours taught and an 8.7% increase in the College's tuition rate (\$115 to \$125). The increase in the scholarship allowances was the direct result of the federal government making more financial aid available to students. Miscellaneous revenue decreased \$2.7 million or 22.0%. \$1,662,593 of this amount was a one-time receipt from Microsoft Corporation as settlement of a class action suit received in FY10.
- ◆ College operating expenses increased 6.2% or approximately \$7.5 million. The largest component of the increase was a \$3.8 million or a 7.4% increase in arts and sciences and vocational technical education. The 4.5% increase in credit hours taught resulted in several increases to operating expenses. Student services expenses increased \$1.0 million or 12.7%. General institutional expenses increased \$2.4 million or 14.4%. Physical plant costs increased approximately \$2.1 million or 16.7%. Cooperative services expenses decreased by \$2.1 million or 26.7%. Cooperative services expenses include the cost of providing training to business and industry in the Iowa Industrial New Jobs Training Program. The decrease in expenses is directly related to the \$2.6 million decrease in training revenue.
- ◆ The College's net assets increased 3.1%, or approximately \$3,049,000 from the prior year. The Net Assets invested in capital assets increased approximately \$1.8 million as a result of \$3.9 million in assets being capitalized, \$3.9 million of depreciation, and the retirement of \$1.8 in related debt. Unexpended funds in the plant fund increased approximately \$3.0 million. The increase resulted from the College having fewer large construction and maintenance projects in the current year. The net assets related to the College's early retirement plan decreased \$2.3 million. The major component of the decrease was the recognition of the net OPEB liability of \$890,657. Unrestricted net assets increased \$330,000 or 2.3%. The increase was the result of the 4.5% increase in enrollment that generated additional unanticipated revenue.

**Des Moines Area Community College**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

**USING THIS ANNUAL REPORT**

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

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

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

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

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

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

**REPORTING THE COLLEGE AS A WHOLE**

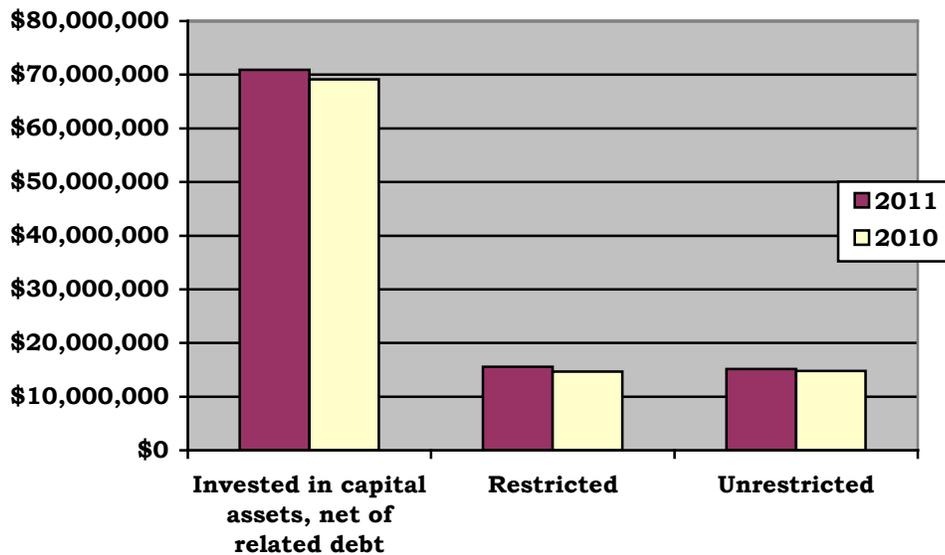
The Statement of Net Assets

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

	June 30	
	2011	2010
Current assets	\$ 142,264,736	\$ 134,940,505
Other assets	38,340,780	37,091,164
Capital assets, net of accumulated depreciation	83,941,792	83,961,324
Total assets	264,547,308	255,992,993
Current liabilities	69,720,085	67,126,538
Noncurrent liabilities	93,190,010	90,278,248
Total liabilities	162,910,095	157,404,786
Net assets:		
Invested in capital assets, net of related debt	70,942,792	69,132,324
Restricted	15,564,197	14,656,187
Unrestricted	15,130,224	14,799,696
Total net assets	\$ 101,637,213	\$ 98,588,207

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Comparison of Net Assets**



The largest portion of the College's net assets (69.7%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources (property tax receipts and rental revenue) other than capital assets. The restricted portion of the net assets (15.4%) includes resources that are subject to external restrictions. The remaining net assets (14.9%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

**Statement of Revenues, Expenses and Changes in Net Assets**

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

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

**Des Moines Area Community College**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

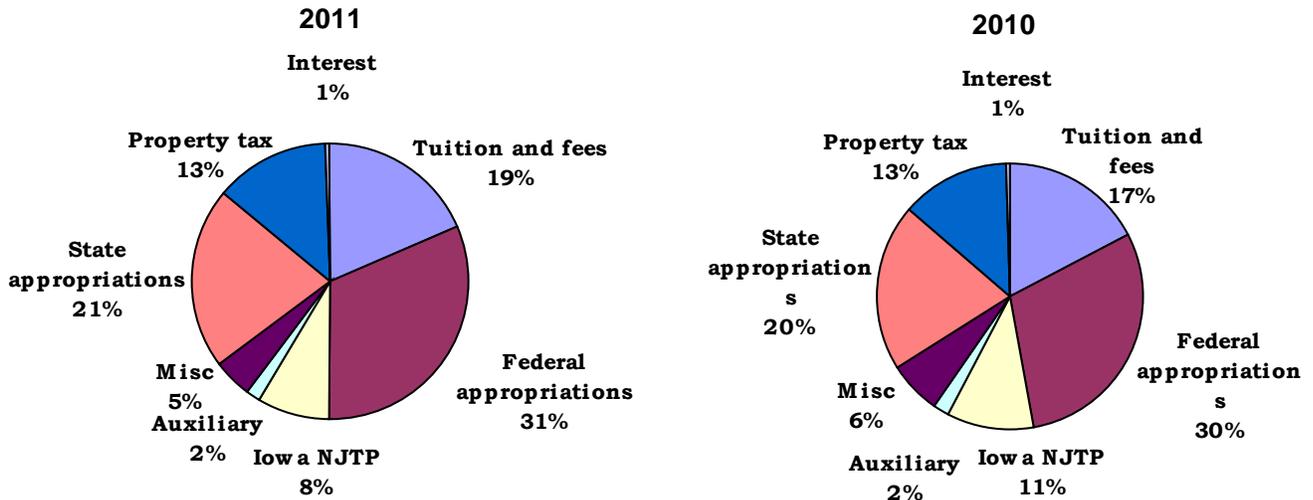
**Changes in Net Assets**

	Year ended June 30	
	2011	2010
Operating revenues:		
Tuition and fees	\$ 25,188,085	\$ 23,039,249
Federal appropriations	8,458,972	11,074,503
Iowa Industrial New Jobs Training Program	11,466,792	14,051,594
Auxiliary enterprises revenue	2,108,147	2,644,142
Miscellaneous	6,485,764	8,307,431
Total operating revenues	53,707,760	59,116,919
Total operating expenses	128,940,217	121,445,214
Operating loss	(75,232,457)	(62,328,295)
Nonoperating revenues, (expenses) and transfers		
State appropriations	29,051,616	27,090,659
Pell grant	34,006,455	28,869,738
Property tax	18,089,665	17,532,643
Interest and investment income	712,496	751,733
Loss on disposition of capital assets	(14,663)	(11,033)
Interest on indebtedness	(3,598,865)	(3,774,115)
Transfers from agency funds	34,759	180,628
Net nonoperating revenues and transfers	78,281,463	70,640,253
Increase in net assets	3,049,006	8,311,958
Net assets beginning of year	98,588,207	90,276,249
Net assets end of year	\$ 101,637,213	\$ 98,588,207

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in net assets of \$3,049,006 at the end of the fiscal year. This increase is the net result of a \$3 million increase in the unexpended plant fund, a \$2.1 million decrease in the general restricted funds, a \$330 thousand increase in the general unrestricted funds, and a \$1.8 million increase in capital assets, net of related debt.

**Total Revenues by Source**



In fiscal year 2011, operating revenues decreased by approximately \$5,409,000 (9.2%). The decrease was a result of the following changes:

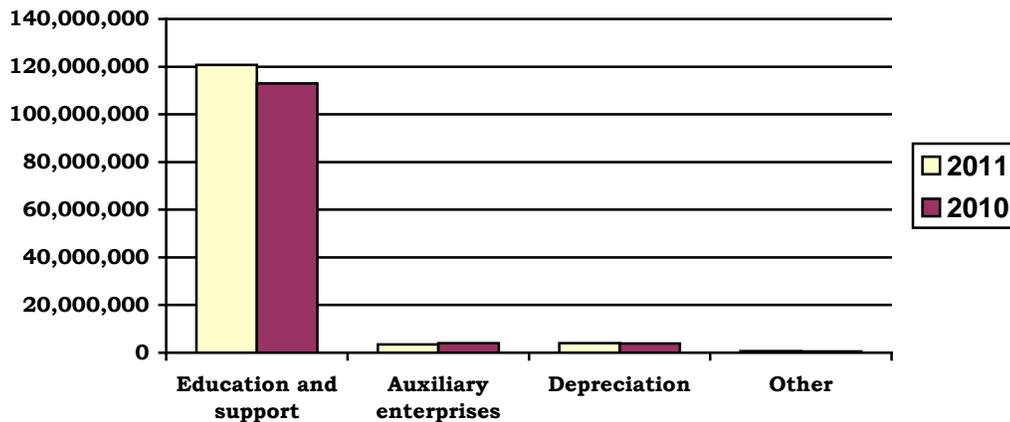
- ◆ Tuition and fees, net of scholarship allowances, actually increased approximately \$2.1 million or 9.4%. This increase was caused by tuition and fees increasing \$7.2 million or 13.8% and scholarship allowances increasing \$5.0 million or 17.2%. The tuition and fees increase was the direct result of a 4.5% increase in credit hours taught and an 8.7% increase in the College's tuition rate. For financial reporting purposes, scholarship allowances reduce tuition revenue.
- ◆ The \$2,584,802 decrease (18.4%) in revenue from the Iowa Industrial New Jobs Training Program was the direct result of a decrease in the amount of training performed by the companies qualifying for the program. In 2007 and 2008 the College had record bond sales for the training projects, with the sales in both years exceeding \$20 million. \$10.7 million in training bonds were sold in 2010 and \$12.1 million in 2011.
- ◆ Miscellaneous revenue decreased \$2,692,886 (22.0%). \$1,662,593 of this amount was a one-time receipt from Microsoft Corporation as settlement of a class action suit in 2010.
- ◆ Federal appropriations decreased approximately \$2.6 million (23.7%), primarily as the result of the College not receiving federal stimulus dollars in 2011.

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**Operating Expenses**

	Year ended June 30	
	2011	2010
Education and support:		
Liberal arts and sciences	\$ 26,081,873	\$ 23,663,396
Vocational technical	29,776,553	28,370,662
Adult education	10,098,402	9,450,155
Cooperative services	5,929,199	8,088,728
Administration	3,459,740	3,380,002
Student services	8,890,111	7,890,936
Learning resources	2,939,546	2,979,674
Physical plant	14,535,538	12,457,012
General institution	19,086,281	16,692,370
Auxiliary enterprises	3,484,507	4,057,486
Loan cancellations and bad debts	528,362	449,620
Administrative and collection costs	107,511	75,840
Depreciation	3,986,594	3,889,933
Total	<u>\$ 128,904,217</u>	<u>\$ 121,445,814</u>

**Total Expenses**



In fiscal year 2011, operating expenses increased by approximately \$7.5 million 6.2%. The following factors explain some of the changes:

- ◆ Liberal arts and sciences and vocational technical, the two main functions relating to student instruction, increased approximately \$3.8 million or 7.4%. This was due to the increase in the number of students attending the College (4.5% increase in credit hours), and annual salary increases.
- ◆ The cost of providing cooperative programs decreased (\$2,159,529). The principal cause of the decrease was the decreased training activity in the Iowa Industrial New Jobs Training Program. Operating revenue from the program decreased \$2,584,802.
- ◆ Physical Plant expenses increased \$2,078,526. The increase reflects matching funds provided for several energy grants received in 2011.
- ◆ General Institutional costs increased approximately \$2,394,000 million. The increase resulted from the effects of the enrollment increase.

**Des Moines Area Community College**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2011**

Statement of Cash Flows

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

**Cash Flows**

	Year ended June 30	
	2011	2010
Cash provided by (used in):		
Operating activities	\$ (67,183,348)	\$ (55,280,915)
Noncapital financing activities	78,070,865	70,462,616
Capital and related financing activities	(6,105,613)	(4,826,524)
Investing activities	(9,529,299)	1,310,685
Net increase in cash	(4,747,395)	11,665,862
Cash and short-term pooled investments, beginning of the year	56,552,705	44,886,843
Cash and short-term pooled investments, end of the year	\$ 51,805,310	\$ 56,552,705

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

Cash used in operating activities increased by \$11.9 million. The operating loss is essentially funded with state appropriations, property tax and interest income.

Cash provided by noncapital financing activities increased \$7.6 million. The increase is the result of an increase of \$5.2 million in the annual Pell Grants made available to students.

Cash used in capital and related financing activities increased \$1.2 million over the prior year.

The cash provided by investing activities decreased \$10.8 million. The college increased the pooled investments by \$12.2 million during the current year.

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**CAPITAL ASSETS**

At June 30, 2011, the College had approximately \$139.4 million invested in capital assets, net of accumulated depreciation of \$55.5 million. Depreciation charges totaled \$3,986,594 for FY2011. Details of capital assets are shown below.

**Capital Assets, Net, at Year-End**

	June 30	
	2011	2010
Land	\$ 6,916,926	\$ 6,708,926
Buildings	65,758,362	67,816,751
Construction in progress	1,261,198	411,190
Improvements other than buildings	5,974,147	5,323,006
Leased equipment	107,058	0.00
Equipment and vehicles	3,924,101	3,701,451
Total	<u>\$ 83,941,792</u>	<u>\$ 83,961,324</u>

Planned capital expenditures for the fiscal year ending June 30, 2012 and beyond includes the completion of the Perry Career Academy and remodeling of the TopValue Foods Building near the Urban Campus. The College appropriates approximately \$1.4 million annually for computer equipment and technology upgrades for the computer labs, wide area networks and classrooms. The College also plans to spend an estimated \$1,300,000 annually for maintenance on the buildings and grounds. The College has received approval from the voters in the district to continue the plant fund levy for the fiscal years ending through 2015. The \$.2025 per thousand levy generates approximately \$6.7 million per year for the College.

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

**DEBT**

At June 30, 2011, the College had \$79.395 million in debt outstanding, a decrease of \$1,690,000 from 2010. The table below summarizes these amounts by type.

**Outstanding Debt**

	June 30	
	2011	2010
Certificates payable	\$ 71,655,000	\$ 71,515,000
Notes payable and certificates of participation	4,050,000	5,730,000
Revenue bonds payable	3,690,000	3,840,000
Total	<u>\$ 79,395,000</u>	<u>\$ 81,085,000</u>

The College does not anticipate issuing any debt during the fiscal year ending June 30, 2012, except for the sale of approximately \$12 million in new jobs training certificates. More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2011**

**ECONOMIC FACTORS**

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

- ◆ The current state of the nation's economy continues to affect the finances of the State Government. For the fiscal year ended June 30, 2008, the College received \$25.7 million in state general aid. For the fiscal year ended June 30, 2011, the college received \$24.5 million. The college is budgeting \$25.3 million for the year ending on June 30, 2012. For future budget years, the College is cautiously optimistic regarding state general aid. No increase has been budgeted. Aggressive and prudent budget management, pre-planning for anticipated expense reductions, and enrollment increases have allowed the College to deal with these revenue losses without significant impact on operations that would affect the student experience.
- ◆ Additional reductions in state aid to the College will put pressure on students by increasing tuition rates, which ultimately could lead to enrollment decreases. Thus far, however, that possibility has been offset with increases in federal Pell grant eligibility and traditional enrollment increases as students seek out community colleges in tougher economic times. The challenge for the College is to deal with these enrollment increases while resources are decreasing and capacity is stretched.
- ◆ There continues to be positive indicators for business and workforce growth in Central Iowa and good prospects for job growth and interest from new industry; banking and financial services continue to expand the workforce as evidenced by the College's job training activity; and there is potential to provide additional training to area business and industry. Iowa Industrial New Jobs Training projects totaled over \$12 million for 2011. There will be continued growth in the program but at a reduced level in the immediate future.
- ◆ Expenses will continue to increase. As the number of students increase, the costs associated with serving them will also continue to increase.
- ◆ The College continues to experience growth in enrollment as the result of continuous efforts to increase market share and respond to student demand.
- ◆ Facilities at the College require constant expansion, maintenance and upkeep. The lack of facility capacity hampers the College in its efforts to grow current programs or add programs that are needed in the area's economy. The College needs to reduce the size of the list of students waiting to get into programs, or aggressively recruit students into those programs if the College is to meet business and student demands. As the economy recovers and grows, the need for additional capacity is a major concern of the College. The College consistently informs business leaders and state legislators of this concern and will continue to address the capacity issue. Exploring options such as utilizing the Top Value property in Des Moines, and establishing a career academy at the old JCPenney store in the Southridge Mall are ways DMACC can expand economically.
- ◆ Technology continues to expand and current technology becomes outdated rapidly, presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.

The College anticipates the current fiscal year (FY2012) will be much like the last and will maintain a close watch over resources, expenses and opportunities to maintain the College's ability to react to known and unknown issues coming next year.

**CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

## DES MOINES AREA COMMUNITY COLLEGE

## Statement of Net Assets

June 30, 2011

	<u>College</u>	<u>Foundation</u>
<b>Assets</b>		
Current assets:		
Cash and short-term pooled investments (Note 2)	\$ 51,805,310	\$ 1,363,306
Pooled investments (Note 2)	36,864,042	5,560,304
Receivables:		
Accounts, net of allowance of \$313,785	17,848,704	56,223
Current portion contributions receivable	-	631,378
Succeeding year property tax	19,781,882	-
Iowa Industrial New Jobs Training Program	13,350,742	-
Due from other governments	1,474,904	-
Inventories (Note 3)	193,707	-
Prepaid expenses	945,445	-
Total current assets	<u>142,264,736</u>	<u>7,611,211</u>
Noncurrent assets:		
Receivables		
Contributions	-	298,000
Iowa Industrial New Jobs Training Program	38,078,496	-
Cash value of life insurance	262,284	-
Capital assets, net of accumulated depreciation (Note 4)	83,941,792	350,404
Total noncurrent assets	<u>122,282,572</u>	<u>648,404</u>
<b>Total assets</b>	<u>\$ 264,547,308</u>	<u>\$ 8,259,615</u>

## DES MOINES AREA COMMUNITY COLLEGE

## Statement of Net Assets (Continued)

June 30, 2011

	<u>College</u>	<u>Foundation</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 3,041,661	\$ -
Current portion payable to Des Moines Area Community College	-	550,000
Salaries and benefits payable	3,841,262	-
Accrued interest payable	380,747	-
Deferred revenue:		
Tuition	14,452,441	-
Succeeding year property tax	19,781,882	-
Iowa Industrial New Jobs Training Program and other	14,638,649	-
Early retirement pension cost and OPEB liability payable (Notes 11 and 12)	1,355,088	-
Deposits held in custody for others	990,613	-
Leasehold payable (Note 6)	22,654	-
Certificates payable (Note 5)	10,105,463	-
Notes payable and certificates of participation (Note 5)	1,109,625	-
<b>Total current liabilities</b>	<u>69,720,085</u>	<u>550,000</u>
Noncurrent liabilities (Note 5 and 6):		
Compensated absences	1,680,000	-
Deferred revenue, Iowa Industrial New Jobs Training Program and other	17,427,955	-
Early retirement pension cost and OPEB liability payable (Notes 11 and 12)	6,042,716	-
Leasehold payable	86,999	-
Certificates payable	61,361,667	-
Notes payable	6,590,673	-
<b>Total noncurrent liabilities</b>	<u>93,190,010</u>	<u>-</u>
<b>Total liabilities</b>	<u>162,910,095</u>	<u>550,000</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	70,942,792	-
Restricted:		
Nonexpendable:		
Cash reserve	755,088	-
Scholarships and fellowships	-	3,640,811
Expendable:		
Scholarships and fellowships	70,505	-
Loans	145,103	-
Plant fund	5,921,373	-
Early retirement	(1,522,834)	-
Other	10,194,962	-
Unrestricted	15,130,224	4,068,804
Commitments (Notes 6, 11 and 13)		
<b>Total net assets</b>	<u>\$ 101,637,213</u>	<u>\$ 7,709,615</u>

**DES MOINES AREA COMMUNITY COLLEGE**  
Statement of Revenues, Expenses, and Changes in Net Assets  
Year Ended June 30, 2011

	<u>College</u>	<u>Foundation</u>
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$34,717,959	\$ 25,188,085	\$ -
Federal appropriations	8,458,972	-
Iowa Industrial New Jobs Training Program	11,466,792	-
Auxiliary enterprises revenue	2,108,147	-
Contributions	-	1,863,615
Miscellaneous	6,485,764	-
Total operating revenues	<u>53,707,760</u>	<u>1,863,615</u>
Operating expenses:		
Education and support		
Liberal arts and sciences	26,081,873	-
Vocational technical	29,776,553	-
Adult education	10,098,402	-
Cooperative services	5,929,199	-
Administration	3,495,740	16,424
Student services	8,890,111	-
Learning resources	2,939,546	-
Physical plant	14,535,538	-
General institution	19,086,281	-
Auxiliary enterprises	3,484,507	-
Scholarships and grants	-	5,164,705
Fund raising	-	115,505
Loan cancellations and bad debts	528,362	-
Administrative and collection costs	107,511	-
Depreciation	3,986,594	200,170
Total operating expenses	<u>128,940,217</u>	<u>5,496,804</u>
Operating (loss)	<u>(75,232,457)</u>	<u>(3,633,189)</u>
Nonoperating revenues (expenses):		
State appropriations	29,051,616	-
Pell grant	34,006,455	-
Property tax	18,089,665	-
Interest and investment income	712,496	1,029,940
Loss on disposition of capital assets	(14,663)	-
Interest on indebtedness	(3,598,865)	-
Net nonoperating revenues (expenses)	<u>78,246,704</u>	<u>1,029,940</u>
Change in net assets	3,014,247	(2,603,249)
Transfers from agency fund	34,759	-
Total change in net assets	3,049,006	(2,603,249)
Net assets, beginning of year	98,588,207	10,312,864
Net assets, end of year	<u>\$ 101,637,213</u>	<u>\$ 7,709,615</u>

## DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows  
Year Ended June 30, 2011

Cash flows from operating activities:	
Tuition and fees	\$ 24,225,150
Federal appropriations	9,746,242
Iowa Industrial New Jobs Training Program	12,080,714
Payments to employees for salaries and benefits	(88,966,239)
Payments to suppliers for goods and services	(32,865,626)
Auxiliary enterprise receipts	2,108,147
Other receipts	6,488,264
	<u>6,488,264</u>
Net cash used in operating activities	<u>(67,183,348)</u>
Cash flows from noncapital financing activities:	
State appropriations	28,417,231
Pell grant	34,412,417
Property tax	18,089,665
Net agency fund activity	178,719
Proceeds from certificates payable	12,160,000
Principal paid on debt	(12,020,000)
Interest paid	(3,167,167)
	<u>(3,167,167)</u>
Net cash provided by noncapital financing activities	<u>78,070,865</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(3,981,725)
Leased assets	109,653
Principal paid on debt	(1,830,000)
Interest paid	(403,541)
	<u>(403,541)</u>
Net cash used in capital and related financing activities	<u>(6,105,613)</u>
Cash flows from investing activities:	
Interest on investments	712,496
Net change in pooled investments	(10,241,795)
	<u>(10,241,795)</u>
Net cash provided by investing activities	<u>(9,529,299)</u>
Net increase in cash and short-term pooled investments	(4,747,395)
Cash and short-term pooled investments at beginning of year	<u>56,552,705</u>
Cash and short-term pooled investments at end of year	<u>\$ 51,805,310</u>

## DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows (Continued)

Year Ended June 30, 2011

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ <u>(75,232,457)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	3,986,594
Changes in assets and liabilities:	
Increase in accounts receivable	(732,791)
Decrease in Iowa Industrial New Jobs Training Program receivables	613,922
Decrease in due from and due to other governments	1,287,270
Decrease in prepaid expenses	151,448
Increase in inventories	(7,783)
Increase in accounts payable	1,032,075
Increase in salaries and benefits payable	522,731
Decrease in other deferred revenue	(230,144)
Increase in other postemployment benefits	890,657
Increase in early retirement payable	532,630
Increase in deposits held in custody for others	<u>2,500</u>
Total adjustments	<u>8,049,109</u>
Net cash used in operating activities	\$ <u><u>(67,183,348)</u></u>

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS**

**Organization and Function**

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

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

**Reporting Entity**

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

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

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

**Financial Statement Presentation**

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

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

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

**Financial Statement Presentation (continued)**

**Restricted Net Assets:**

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

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

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

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

**Supplementary Information**

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

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

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

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

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

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

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

**Supplementary Information (continued)**

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

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

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

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

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

**Measurement Focus and Basis of Accounting**

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

The College has elected to apply all applicable Governmental Accounting Standards Board Pronouncements.

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

**Assets, Liabilities and Net Assets**

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

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

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

**Assets, Liabilities and Net Assets (continued)**

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

**Receivable for Iowa Industrial New Jobs Training Program (NJTP)** – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2011 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

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

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

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. No interest costs were capitalized during the year ended June 30, 2011.

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

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

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

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

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

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

**Compensated Absences** – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2011.

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

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

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

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

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

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

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

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

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 2 CASH AND POOLED INVESTMENTS**

The College's cash and deposits (money market accounts and certificates of deposit) 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 ensure there will be no loss of public funds.

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

As of June 30, 2011, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$ 37,252,159
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>14,553,151</u>
Total cash and short-term pooled investments	<u>\$51,805,310</u>

As of June 30, 2011, the College's pooled investments are as follows:

Deposits	
Nonnegotiable certificates of deposit	\$13,910,000
Investments	
U.S. Government agency securities	<u>22,954,042</u>
Total pooled investments	<u>\$36,864,042</u>

*Interest rate risk.* The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the College. The College's investments in debt securities had the weighted average maturity of 2.40 years for US Government agency securities at June 30, 2011.

*Credit risk.* The College's investments in the Iowa Schools Joint Investment Trust and U.S. Government agency securities at June 30, 2011 were all rated Aaa by Moody's Investors Service.

*Concentration of credit risk.* The College's investment policy limits the amount of prime eligible bankers acceptances and commercial paper that may be invested in any one issuer to 5% of the College's investment portfolio at the time of purchase. Investments other than prime eligible bankers acceptances and commercial paper are not subject to the 5% limitation. At June 30, 2011, the College's Federal Home Loan Bank, Federal Home Loan Mortgage Corp., Fannie Mae and Federal National Mortgage Assn. investments accounted for 26% of the College's investment portfolio.

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 3 INVENTORIES**

The College's inventories at June 30, 2011 are as follows:

<u>Type</u>	<u>Amount</u>
Supplies and materials	\$ 63,736
Merchandise held for resale	<u>129,971</u>
Total	\$ <u>193,707</u>

**NOTE 4 CAPITAL ASSETS**

A summary of the change in capital assets for the year ended June 30, 2011 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance end of year</u>
Capital assets not being depreciated					
Land	\$ 6,708,926	\$ 208,000	\$ —	\$ —	\$ 6,916,926
Construction in progress	<u>411,190</u>	<u>1,211,696</u>	<u>(361,688)</u>	<u>—</u>	<u>1,261,198</u>
Total capital assets not being depreciated	<u>7,120,116</u>	<u>1,419,696</u>	<u>(361,688)</u>	<u>—</u>	<u>8,178,124</u>
Capital assets being depreciated					
Buildings	101,557,757	255,918	178,721	—	101,992,396
Improvements other than buildings	13,707,963	872,943	182,967	—	14,763,873
Leased Equipment	—	122,330	—	—	122,330
Equipment and vehicles	<u>13,286,395</u>	<u>1,310,838</u>	<u>—</u>	<u>209,464</u>	<u>14,387,769</u>
Total capital assets being depreciated	<u>128,552,115</u>	<u>2,562,029</u>	<u>361,688</u>	<u>209,464</u>	<u>131,266,368</u>
Less accumulated depreciation for					
Buildings	33,741,006	2,493,028	—	—	36,234,034
Improvements other than buildings	8,384,957	404,769	—	—	8,789,726
Leased Equipment	—	15,272	—	—	15,272
Equipment and vehicles	<u>9,584,944</u>	<u>1,073,525</u>	<u>—</u>	<u>194,801</u>	<u>10,463,668</u>
Total accumulated depreciation	<u>51,710,907</u>	<u>3,986,594</u>	<u>—</u>	<u>194,801</u>	<u>55,502,700</u>
Total capital assets being depreciated, net	<u>76,841,208</u>	<u>(1,424,565)</u>	<u>361,688</u>	<u>14,663</u>	<u>75,763,668</u>
Capital assets, net	<u>\$83,961,324</u>	<u>\$ (4,869)</u>	<u>\$ —</u>	<u>\$ 14,663</u>	<u>\$83,941,792</u>

**Des Moines Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 5 CHANGES IN NONCURRENT LIABILITIES**

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

	<u>Compensated absences</u>	<u>Deferred revenue, NJTP and other</u>	<u>Early Retirement and OPEB payable</u>	<u>Certificates payable</u>	<u>Revenue Bonds, Notes payable and certificates of participation</u>	<u>Total</u>
Balance, beginning of year	\$1,570,171	\$29,561,996	\$5,974,517	\$71,515,000	\$ 9,570,000	\$118,191,684
Additions	129,000	12,390,010	3,598,700	12,160,000	-	28,277,710
Reductions	<u>19,171</u>	<u>9,885,402</u>	<u>2,175,413</u>	<u>12,020,000</u>	<u>1,830,000</u>	<u>25,929,986</u>
	1,680,000	32,066,604	7,397,804	71,655,000	7,740,000	120,539,408
Less net unamortized discount, premium, and deferred financing costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>187,870</u>	<u>39,702</u>	<u>227,572</u>
Balance, end of year	1,680,000	32,066,604	7,397,804	71,467,130	7,700,298	120,311,836
Less current portion	<u>-</u>	<u>14,638,649</u>	<u>1,355,088</u>	<u>10,105,463</u>	<u>1,109,625</u>	<u>27,208,825</u>
Total noncurrent liabilities	<u>\$ 1,680,000</u>	<u>\$ 17,427,955</u>	<u>\$ 6,042,716</u>	<u>\$61,361,667</u>	<u>\$ 6,590,673</u>	<u>\$93,103,011</u>

**Revenue Bonds, Notes Payable and Certificates of Participation**

The College has issued revenue bonds, notes and certificates of participation for the purchase and construction of College properties as allowed by Section 260C.19 and Section 260C.58 of the Code of Iowa. The certificates of participation were called on June 1, 2011. Details of the scheduled maturities for the College's June 30, 2011 revenue bonds and notes payable at June 30, 2011:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 1,110,000	\$ 358,242	\$1,468,242
2013	1,150,000	353,366	1,503,366
2014	1,190,000	315,542	1,505,542
2015	1,230,000	274,414	1,504,414
2016	170,000	193,646	363,646
2017-2021	935,000	820,975	1,755,975
2022-2026	1,145,000	505,180	1,650,180
2027-2029	<u>810,000</u>	<u>109,879</u>	<u>919,879</u>
Total	<u>\$ 7,740,000</u>	<u>\$ 2,931,244</u>	<u>\$10,671,244</u>

Revenue bonds and notes payable consisted of the following at June 30, 2011:

	<u>2010</u>
Tax-exempt notes payable dated December 1, 2004, with interest rates between 3.25 and 3.55%	4,050,000
Tax-exempt revenue bonds dated May 29, 2009 with interest rates between 2.75% and 6.70%	<u>3,690,000</u>
	<u>\$ 7,740,000</u>

**Des Moines Area Community College  
NOTES TO FINANCIAL STATEMENTS**

June 30, 2011

**NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)**

The tax-exempt revenue bonds totaling \$3,690,000 are payable over thirty years. The proceeds of the bonds were used to purchase student housing units on the Boone Campus. It is anticipated that rental revenue from these units will be sufficient to retire the principal and interest on the bonds. As a requirement of the borrowing, the College is required to maintain a Debt Service Reserve Fund in an amount approximating the annual debt service requirements. Interest on the revenue bonds, notes payable and certificates of participation is payable semiannually, while principal payments are due annually. Total interest cost on the revenue bonds, notes payable and certificates of participation during the year ended June 30, 2011 was \$418,111.

**Certificates Payable**

Pursuant to agreements dated from 2004 to 2011, the College issued certificates totaling \$71,655,000 at June 30, 2011 with interest rates ranging from 2.00% to 5.50% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa. Iowa Industrial New Jobs Training Program's (NJTP's) purpose is to provide tax-aided training for employees of industries which are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits from withholding taxes, and, in the case of default, standby property taxes collected pursuant to Chapter 260E.

The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 10,155,000	\$ 3,195,742	\$ 13,350,742
2013	10,865,000	2,625,209	13,490,209
2014	11,540,000	2,128,316	13,668,316
2015	9,920,000	1,664,742	11,584,742
2016	7,210,000	1,254,071	8,464,071
2017 - 2021	<u>21,965,000</u>	<u>2,119,298</u>	<u>24,084,298</u>
Total	<u>\$71,655,000</u>	<u>\$12,987,378</u>	<u>\$84,642,378</u>

Since inception, the College has administered 526 projects, with 74 currently receiving project funding. Of the remaining projects, 341 have been completed and closed and 111 have been completed with only repayment of the certificates left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

Total interest costs on the certificates during the year ended June 30, 2011 was \$3,162,949.

**NOTE 6 CAPITAL LEASES**

The College leases two copiers under capital leases which expire in November 2015. The capital leases provide the College with the option of purchasing the copiers at the end of the lease. The interest rate for the leases is 5.25%. Management expects that the copiers will be purchased at the end of the capital leases. The minimum lease payments for the capital leases are as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 22,654	\$ 5,217	\$ 27,871
2013	23,872	3,999	27,871
2014	25,156	2,715	27,871
2015	26,509	1,362	27,871
2016	<u>11,462</u>	<u>151</u>	<u>11,613</u>
Total	<u>\$ 109,653</u>	<u>\$ 13,422</u>	<u>\$ 123,095</u>

Total principal and interest for all capital leases was \$12,677 and \$3,581 for the year ended June 30, 2011.

**Des Moines Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2011**

**NOTE 7 OPERATING LEASES**

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

<u>Year ending June 30</u>	<u>Amount</u>
2012	472,860
2013	344,995
2014	347,174
2015-2020	<u>715,000</u>
Total	<u>\$ 1,880,029</u>

Total rent expense for all operating leases was approximately \$453,000 for the year ended June 30, 2011.

**NOTE 8 RENT INCOME**

All leases are classified as operating leases.

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

<u>Year ending June 30</u>	<u>Amount</u>
2012	144,469
2013	60,623
2014	48,081
Thereafter	<u>5,859</u>
Total	<u>\$ 259,032</u>

Total rent income for all operating leases was approximately \$193,000 for the year ended June 30, 2011. The College has capital assets committed under these operating leases with a carrying value of approximately \$2,700,000.

**NOTE 9 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)**

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

Plan members are required to contribute 4.50% (5.38% after July 1, 2011) of their annual covered salary, and the College is required to contribute 6.95% (8.07% after July 1, 2011) of annual payroll. Contribution requirements are established by State statute. The College's contribution to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$ 1,765,691, \$1,568,625, and \$ 1,430,573, respectively, equal to the required contributions for each year.

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

**NOTE 10 TEACHERS INSURANCE AND ANNUITY ASSOCIATION - COLLEGE RETIREMENT  
EQUITIES FUND (TIAA-CREF)**

The College also contributes to the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, each employee is to contribute 4.50% (5.38% after July 1, 2011) and the College is required to contribute 6.95% (8.07% after July 1, 2011). The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2011 were \$ 2,177,677 and \$ 1,410,007 respectively.

**NOTE 11 PENSION COSTS - EARLY RETIREMENT**

The College offers a voluntary early retirement plan to full-time and certain part-time staff. Employees who are 55 years of age or older and have at least 10 years of continuous service with the College are eligible for early retirement remuneration. A staff member who accepts early retirement, effective June 30, will receive cash benefits on July 1 and January 1 of the following fiscal year. An employee who accepts early retirement, effective December 31, will receive cash benefits on January 1 and July 1 of the following fiscal year. The cash benefit ranges from 70% to 100% of the eligible employee's salary at retirement, based upon the employee's years of service. All employees who retire under the early retirement plan receive paid health insurance benefits to age 65 (see note 12).

The liability at June 30, 2011 for early retirement cash benefits totaled \$691,584. The early retirement cash benefit is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense related to the cash benefit for the year ended June 30, 2011 was \$1,402,403.

At June 30, 2010, the potential liability, if all employees accepted early retirement when eligible, is approximately \$15,373,000.

**NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB)**

The College operates a single-employer retiree benefit plan which provides medical, prescription drug, and dental benefits (healthcare benefits) for retirees and their spouses and dependents. There are 836 active and 132 retired members in the plan. Participants must be age 55 or older at retirement.

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

The College's annual OPEB cost is calculated based on the annual required contribution, ARC, of the College, an amount actuarially determined in accordance with Governmental Accounting Standards Board, GASB, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for June 30, 2011, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

Annual required contribution, ARC	\$	2,286,103
Interest on net OPEB obligation		289,224
Adjustment to annual required contribution		<u>(376,300)</u>
Annual OPEB cost	\$	2,199,027
Contributions made		(1,308,371)
(Increase) in accrued expenses		<u>31,075</u>
Increase in net OPEB obligation	\$	921,731
Net OPEB obligation, beginning of year		<u>5,784,489</u>
Net OPEB obligation, end of year	\$	<u><u>6,706,220</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the College contributed \$1,308,371 to the plan. The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation as of June 30, 2011 are summarized as follows:

Fiscal year Ended	Annual OPEB cost	Percentage of annual OPEB cost contributed	Net OPEB obligation
<u>June 30, 2011</u>	<u>\$ 2,199,027</u>	<u>59.5%</u>	<u>\$6,706,220</u>

As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$17,892,885 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$17,892,885. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$45,987,000, and the ratio of the UAAL to the covered payroll was 38.9%. As of June 30, 2011 there were no trust fund assets.

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

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

As of the July 1, 2010 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the College's funding policy. The projected annual medical trend rate is 8% and the projected annual dental trend rate is 5%. The ultimate medical trend rate is 5% and the ultimate dental trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2011**

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

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

**NOTE 13 COMMITMENTS**

Perry Economic Development, Inc. has constructed a 16,000 square foot building in Perry, Iowa to be used as a Career Academy. The College has contributed \$600,000 to the cost of construction and \$461,000 to purchase equipment and furniture for the academy. The College has agreed to contribute \$405,000 to purchase additional equipment and furniture. Subsequent to June 30, 2011, ownership of the facility and real estate was transferred to the College. At that point the College assumed operation and maintenance of the facility.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Required Supplementary Information**

Year Ended <u>June 30,</u>	Actuarial Valuation <u>Date</u>	Actuarial value of assets <u>(a)</u>	Actuarial liability (AAL) <u>(b)</u>	Unfunded AAL (UAAL) <u>(b-a)</u>	Funded ratio <u>(a/b)</u>	Covered payroll <u>(c)</u>	UAAL as a percentage of covered payroll <u>((b-a)/c)</u>
2009	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$41,268	40.7%
2010	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$46,835	35.9%
2011	July 1, 2010	\$ --	\$17,893	\$17,893	0.0%	\$45,987	38.9%

**OTHER SUPPLEMENTARY INFORMATION**

**Des Moines Area Community College**  
**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL**  
**Year ended June 30, 2011**

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Actual</u>	<u>Variance between actual and original budget</u>
Unrestricted	\$ <u>98,780,440</u>	\$ <u>99,636,547</u>	\$ <u>(856,107)</u>
Restricted			
Unemployment	210,000	130,166	79,834
Insurance	1,271,000	1,338,599	(67,599)
Early retirement	625,000	2,175,413	(1,550,413)
Equipment replacement	2,912,254	3,625,363	(713,109)
Other	<u>37,472,352</u>	<u>26,989,766</u>	<u>10,482,586</u>
Total restricted	<u>42,490,606</u>	<u>34,259,307</u>	<u>8,231,299</u>
Total unrestricted/restricted	141,271,046	133,895,854	7,375,192
Plant	<u>11,356,058</u>	<u>11,097,498</u>	<u>258,560</u>
Total	<u>\$152,627,104</u>	<u>\$144,993,352</u>	<u>\$ 7,633,752</u>

See accompanying independent auditor's report.

**Des Moines Area Community College**  
**NOTE TO BUDGETARY REPORTING**  
**Year ended June 30, 2011**

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

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

## DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances

June 30, 2011

Assets	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Cash and short-term pooled investments	\$ 21,898,026	\$ 26,344,169	\$ 28,861	\$ 2,045,216	\$ -	\$ 1,489,038	\$ -	\$ 51,805,310
Pooled investments	-	36,864,042	-	-	-	-	-	36,864,042
Receivables:								
Accounts, net of allowance of \$313,785	16,108,027	804,340	116,242	816,666	-	3,429	-	17,848,704
Succeeding year property tax	6,787,588	6,206,706	-	6,787,588	-	-	-	19,781,882
Iowa Industrial New Jobs Training Program	-	51,429,238	-	-	-	-	-	51,429,238
Due from other governments	-33,063	1,418,426	-	-	-	89,541	-	1,474,904
Due from other funds	-	5,259,000	-	3,690,000	-	-	-8,949,000	0
Inventories	193,707	-	-	-	-	-	-	193,707
Prepaid expenses	945,445	-	-	-	-	-	-	945,445
Cash value of life insurance	262,284	-	-	-	-	-	-	262,284
	<u>46,162,014</u>	<u>128,325,921</u>	<u>145,103</u>	<u>13,339,470</u>	<u>0</u>	<u>1,582,008</u>	<u>-8,949,000</u>	<u>180,605,516</u>
Capital assets:								
Land	-	-	-	-	6,916,926	-	-	6,916,926
Buildings	-	-	-	-	101,992,396	-	-	101,992,396
Improvements other than buildings	-	-	-	-	14,763,873	-	-	14,763,873
Equipment and vehicles	-	-	-	-	14,387,769	-	-	14,387,769
Leased equipment	-	-	-	-	122,330	-	-	122,330
Construction in progress	-	-	-	-	1,261,198	-	-	1,261,198
Accumulated depreciation	-	-	-	-	-	-	-55,502,700	-55,502,700
Total assets	<u>\$ 46,162,014</u>	<u>\$ 128,325,921</u>	<u>\$ 145,103</u>	<u>\$ 13,339,470</u>	<u>\$ 139,444,492</u>	<u>\$ 1,582,008</u>	<u>\$ -64,451,700</u>	<u>\$ 264,547,308</u>

## DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances (Continued)

June 30, 2011

Liabilities and Fund Balances	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Liabilities:								
Accounts payable	\$ 850,145	\$ 1,020,945	\$ -	\$ 573,364	\$ -	\$ 597,207	\$ -	\$ 3,041,661
Salaries and benefits payable	3,661,919	168,343	-	2,000	-	9,000	-	3,841,262
Accrued interest payable	17,890	351,371	-	11,486	-	-	-	380,747
Deferred revenue:								
Succeeding year property tax	6,787,588	6,206,706	-	6,787,588	-	-	-	19,781,882
Other	14,452,441	32,035,901	-	30,703	-	-	-	46,519,045
Early retirement pension costs payable	-	691,584	-	-	-	-	-	691,584
Deposits held in custody for others	14,812	-	-	-	-	975,801	-	990,613
Compensated absences	1,495,000	180,000	-	5,000	-	-	-	1,680,000
Due to other funds	-	-	-	-	8,949,000	-	(8,949,000)	-
Leasehold payable	109,653	-	-	-	-	-	-	109,653
Certificates payable	-	71,467,130	-	-	-	-	-	71,467,130
Notes payable and certificates of participation	3,642,342	-	-	7,956	4,050,000	-	-	7,700,298
Net OPEB liability	-	5,815,563	-	-	-	-	890,657	6,706,220
Total liabilities	31,031,790	117,937,543	-	7,418,097	12,999,000	1,582,008	(8,058,343)	162,910,095
Fund balances:								
Invested in capital assets, net of related debt	-	-	-	-	126,445,492	-	(55,502,700)	70,942,792
Restricted:								
Nonexpendable:								
Cash reserve	-	755,088	-	-	-	-	-	755,088
Expendable:								
Scholarships and fellowships	-	70,505	-	-	-	-	-	70,505
Loans	-	-	145,103	-	-	-	-	145,103
Plant fund	-	-	-	5,921,373	-	-	-	5,921,373
Early retirement	-	(632,177)	-	-	-	-	(890,657)	(1,522,834)
Other	-	10,194,962	-	-	-	-	-	10,194,962
Unrestricted	15,130,224	-	-	-	-	-	-	15,130,224
Total fund balances	15,130,224	10,388,378	145,103	5,921,373	126,445,492	-	(56,393,357)	101,637,213
Total liabilities and fund balances	\$ 46,162,014	\$ 128,325,921	\$ 145,103	\$ 13,339,470	\$ 139,444,492	\$ 1,582,008	\$ (64,451,700)	\$ 264,547,308

**DES MOINES AREA COMMUNITY COLLEGE**  
 Revenues, Expenditures, and Changes in Fund Balances  
 Year ended June 30, 2011

Schedule 3

	Current operating funds			Nonoperating funds					Adjustments	Totals
	General unrestricted funds	General restricted funds	Total	Loan funds	Plant funds		Investment in plant			
					Unexpended	Retirement of indebtedness				
Revenues and other additions:										
Tuition and fees	\$ 59,679,069	\$ 226,975	\$ 59,906,044	\$ -	\$ -	\$ -	\$ -	\$ (34,717,959)	\$ 25,188,085	
Federal appropriations	1,852,986	40,612,441	42,465,427	-	-	-	-	-	42,465,427	
Iowa Industrial New Jobs Training Program	-	11,466,792	11,466,792	-	-	-	-	-	11,466,792	
State appropriations	24,831,140	3,551,557	28,382,697	-	668,919	-	-	-	29,051,616	
Property tax	6,539,506	5,010,532	11,550,038	-	4,502,535	2,037,092	-	-	18,089,665	
Auxiliary enterprises revenue	2,199,463	-	2,199,463	-	-	-	-	(91,316)	2,108,147	
Interest and investment income	199,055	513,441	712,496	-	-	-	-	-	712,496	
Expended for plant assets (including \$ 1,799,837 in current operating fund expenditures)	-	-	-	-	-	-	3,981,725	(3,981,725)	-	
Retirement of indebtedness	-	-	-	-	-	-	1,830,000	(1,830,000)	-	
Miscellaneous	5,608,433	913,835	6,522,268	469	102,627	-	-	(139,600)	6,485,764	
Total revenues and other additions	100,909,652	62,295,573	163,205,225	469	5,274,081	2,037,092	5,811,725	(40,760,600)	135,567,992	
Expenditures and other deductions:										
Education and support:										
Liberal arts and sciences	25,917,017	-	25,917,017	-	-	-	-	164,856	26,081,873	
Vocational technical	27,746,479	1,714,806	29,461,285	-	-	-	-	315,268	29,776,553	
Adult education	6,821,729	3,214,396	10,036,125	-	-	-	-	62,277	10,098,402	
Cooperative services	-	5,929,199	5,929,199	-	-	-	-	-	5,929,199	
Administration	3,463,669	-	3,463,669	-	-	-	-	32,071	3,495,740	
Student services	7,807,802	993,188	8,800,990	-	-	-	-	89,121	8,890,111	
Learning resources	2,808,902	101,347	2,910,249	-	-	-	-	29,297	2,939,546	
Physical plant	7,327,827	2,487,788	9,815,615	-	4,665,755	-	-	54,168	14,535,538	
General institution	11,013,963	8,173,063	19,187,026	-	-	-	-	(100,745)	19,086,281	
Scholarships and grants	3,825	34,714,134	34,717,959	-	-	-	-	(34,717,959)	-	
Total education and support	92,911,213	57,327,921	150,239,134	-	4,665,755	-	-	(34,071,646)	120,833,243	
Auxiliary enterprises	3,471,079	-	3,471,079	-	-	-	-	13,428	3,484,507	
Expended for plant assets	427,523	1,372,314	1,799,837	-	2,181,888	-	-	(3,981,725)	-	
Administrative and collection costs	107,511	-	107,511	-	-	-	-	-	107,511	
Retirement of indebtedness	-	-	-	-	-	1,830,000	-	(1,830,000)	-	
Loan cancellations and bad debts	528,362	-	528,362	-	-	-	-	-	528,362	
Interest on indebtedness	224,606	3,167,167	3,391,773	-	-	207,092	-	-	3,598,865	
Depreciation	-	-	-	-	-	-	-	3,986,594	3,986,594	
Disposition of capital assets	-	-	-	-	-	-	209,464	(194,801)	14,663	
Total expenditures and other deduction	97,670,294	61,867,402	159,537,696	-	6,847,643	2,037,092	209,464	(36,078,150)	132,553,745	
Transfers among funds:										
Mandatory – matching funds	(83,532)	83,532	-	-	-	-	-	-	-	
Non-mandatory transfers	(2,825,298)	(1,767,716)	(4,593,014)	5,000	4,622,773	-	-	-	34,759	
Net increase (decrease) for the year	330,528	(1,256,013)	(925,485)	5,469	3,049,211	-	5,602,261	(4,682,450)	3,049,006	
Fund balances at beginning of year	14,799,696	14,624,247	29,423,943	139,634	2,872,162	-	120,843,231	(54,690,763)	98,588,207	
Fund balances at end of year	\$ 15,130,224	\$ 13,368,234	\$ 28,498,458	\$ 145,103	\$ 5,921,373	\$ -	\$ 126,445,492	\$ (59,373,213)	\$ 101,637,213	

## DES MOINES AREA COMMUNITY COLLEGE

Revenues, Expenditures, and Changes in Fund Balances - Unrestricted Fund

Year ended June 30, 2011

	Education			Support					Education and Support
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Adminis- tration	Student Services	Learning Resources	Physical Plant	General Institution	Total
Revenues:									
Tuition and fees	\$ 41,267,584	\$ 12,235,514	\$ 4,572,308	\$ 10,671	\$ 30,685	\$ -	\$ -	\$ 986,414	\$ 59,103,176
Federal appropriations	-	856,160	531,383	57,210	-	-	-	330,428	1,775,181
State appropriations	-	-	190,652	-	-	-	-	24,637,988	24,828,640
Property tax	-	-	-	-	-	-	-	6,539,506	6,539,506
Interest income	-	-	-	38,119	-	-	-	160,520	198,639
Miscellaneous	303,732	2,618,268	74,117	119,353	10,661	7,116	314,888	1,572,837	5,020,972
	41,571,316	15,709,942	5,368,460	225,353	41,346	7,116	314,888	34,227,693	97,466,114
Allocation of support services	23,332,751	6,861,357	4,622,288	(225,353)	(41,346)	(7,116)	(314,888)	(34,227,693)	-
Total revenues	64,904,067	22,571,299	9,990,748	-	-	-	-	-	97,466,114
Expenditures:									
Salaries and benefits	24,448,863	25,859,767	5,422,159	2,467,146	7,288,064	2,362,994	4,501,269	6,885,372	79,235,634
Services	516,836	539,367	821,188	829,446	279,154	128,366	1,735,156	2,725,042	7,574,555
Materials and supplies	778,438	1,237,621	519,011	140,802	195,492	311,462	1,079,379	1,274,688	5,536,893
Travel	103,517	166,219	49,617	19,836	27,945	6,080	12,023	67,404	452,641
Expended for plant assets	-	4,995	-	-	-	-	99,152	323,376	427,523
Scholarships	-	1,000	-	-	1,125	-	-	1,700	3,825
Bad Debt	348,222	178,727	-	-	-	-	-	-	526,949
Miscellaneous	6,919	5,949	9,755	113,950	17,146	-	-	61,458	215,177
	26,202,795	27,993,645	6,821,730	3,571,180	7,808,926	2,808,902	7,426,979	11,339,040	93,973,197
Allocation of support services	22,085,325	6,494,532	4,375,170	(3,571,180)	(7,808,926)	(2,808,902)	(7,426,979)	(11,339,040)	-
Total expenditures	48,288,120	34,488,177	11,196,900	-	-	-	-	-	93,973,197
Excess (deficiency) of revenues over (under) expenditures	16,615,947	(11,916,878)	(1,206,152)	-	-	-	-	-	3,492,917
Transfers:									
Mandatory transfers	-	-	-	-	-	-	-	(83,532)	(83,532)
Non-mandatory transfers	(48,758)	(262,301)	(100,312)	-	25,750	500	(3,196,651)	314,778	(3,266,994)
Total transfers	(48,758)	(262,301)	(100,312)	-	25,750	500	(3,196,651)	231,246	(3,350,526)
Net increase (decrease) for the year	\$ 16,567,189	\$ (12,179,179)	\$ (1,306,464)	\$ -	\$ 25,750	\$ 500	\$ (3,196,651)	\$ 231,246	142,391
Fund balance at beginning of year									11,471,323
Fund balance at end of year									\$ 11,613,714

See accompanying independent auditor's report

DES MOINES AREA COMMUNITY COLLEGE

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

Year ended June 30, 2011

	<u>Bookstore</u>	<u>Career education</u>	<u>Cafeteria/ vending</u>	<u>Student Housing</u>	<u>Athletics</u>	<u>Facilities rental</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:								
Sales and services	\$ -	\$ 629,761	\$ 710,555	\$ 686,922	\$ 14,870	\$ 101,696	\$ 55,659	\$ 2,199,463
Student fee allocations	-	303,731	-	15,721	246,250	-	10,191	575,893
State Support	-	-	-	-	-	-	2,500	2,500
Interest income	-	-	-	416	-	-	-	416
Federal appropriations	-	-	-	77,805	-	-	-	77,805
Miscellaneous	-	403,323	40,349	9,082	7,984	6,644	120,079	587,461
Total revenues and other additions	-	1,336,815	750,904	789,946	269,104	108,340	188,429	3,443,538
Expenditures and other deductions:								
Salaries and benefits	-	574,610	380,881	67,564	198,776	26,647	34,167	1,282,645
Services	-	226,804	72,147	219,136	59,794	12,169	50,052	640,102
Materials and supplies	-	351,984	13,790	32,434	79,549	62,581	41,579	581,917
Travel	-	94,067	308	-	71,196	48	4,494	170,113
Purchases for resale	-	329,272	335,680	-	42	6,634	185	671,813
Bad debts	-	1,413	-	-	-	-	-	1,413
Interest on debt	-	-	-	224,606	-	-	-	224,606
Miscellaneous	-	44,914	-	-	13,428	196	65,951	124,489
Total expenditures and other deductions	-	1,623,064	802,806	543,740	422,785	108,275	196,428	3,697,098
Transfers among funds (non-mandatory)	-	236,572	129,651	(114,966)	147,180	(10,600)	53,860	441,697
Net increase (decrease) for the year	-	(49,677)	77,749	131,240	(6,501)	(10,535)	45,861	188,137
Fund balances at beginning of year	2,126,576	198,589	49,901	663,861	6,501	20,350	262,595	3,328,373
Fund balances at end of year	\$ 2,126,576	\$ 148,912	\$ 127,650	\$ 795,101	\$ -	\$ 9,815	\$ 308,456	\$ 3,516,510

**DES MOINES AREA COMMUNITY COLLEGE**  
 Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Restricted Funds  
 Year ended June 30, 2011

	<u>Scholarship</u>	<u>Equipment replacement</u>	<u>Iowa Employment Solutions</u>	<u>Insurance and Tort</u>	<u>Early retirement</u>	<u>Unemployment compensation</u>	<u>Cash reserve</u>	<u>Grants and contracts</u>	<u>Iowa Industrial New Jobs Training Programs</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:											
Tuition and fees	\$ 222,536	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,439	\$ -	\$ -	\$ 226,975
Federal appropriations	34,273,758	-	2,623,640	-	-	-	-	3,715,043	-	-	40,612,441
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	-	11,466,792	-	11,466,792
State appropriations	-	-	29,471	-	-	-	-	888,068	414,533	2,219,485	3,551,557
Property tax	-	2,906,431	-	790,501	625,021	688,579	-	-	-	-	5,010,532
Gifts and Grants	250	175,000	-	-	-	-	-	346,478	-	-	521,728
Interest income	-	-	-	-	-	-	-	-	513,441	-	513,441
Miscellaneous	5,984	28,189	27,394	37,909	-	-	-	291,081	1,550	-	392,107
Total revenues and other additions	<u>34,502,528</u>	<u>3,109,620</u>	<u>2,680,505</u>	<u>828,410</u>	<u>625,021</u>	<u>688,579</u>	<u>-</u>	<u>5,245,109</u>	<u>12,396,316</u>	<u>2,219,485</u>	<u>62,295,573</u>
Expenditures and other deductions:											
Salaries and benefits	-	-	1,774,775	-	2,175,413	556,729	-	2,955,354	903,348	558,714	8,924,333
Services	-	660,076	829,015	911,919	-	-	-	1,608,820	6,239,448	350,838	10,600,116
Materials and supplies	-	1,972,120	56,195	119	-	-	-	934,547	15,604	7,342	2,985,927
Travel	-	-	22,378	-	-	-	-	56,851	7,985	2,415	89,629
Expended for plant assets	-	757,450	-	-	-	-	-	614,864	-	-	1,372,314
Interest on indebtedness	-	-	-	-	-	-	-	-	3,167,167	-	3,167,167
Scholarships and grants	34,689,462	-	-	-	-	-	-	-	-	-	34,689,462
Private scholarships	-	-	-	-	-	-	-	24,672	-	-	24,672
Miscellaneous	-	1,504	420	-	-	-	-	11,145	20	693	13,782
Total expenditures and other deductions	<u>34,689,462</u>	<u>3,391,150</u>	<u>2,682,783</u>	<u>912,038</u>	<u>2,175,413</u>	<u>556,729</u>	<u>-</u>	<u>6,206,253</u>	<u>10,333,572</u>	<u>920,002</u>	<u>61,867,402</u>
Excess (deficiency) of revenues over (under) expenditures for the year	(186,934)	(281,530)	(2,278)	(83,628)	(1,550,392)	131,850	-	(961,144)	2,062,744	1,299,483	428,171
Transfers among funds:											
Mandatory transfers	83,532	-	-	-	-	-	-	-	-	-	83,532
Non-mandatory transfers	128,294	(4,035)	416	-	138,691	-	-	570,117	(2,055,937)	(545,262)	(1,767,716)
Net increase (decrease) for the year	24,892	(285,565)	(1,862)	(83,628)	(1,411,701)	131,850	-	(391,027)	6,807	754,221	(1,256,013)
Fund balances (deficit) at beginning of year	45,613	931,328	22,139	(107,657)	3,759,380	6,502	755,088	1,652,085	-	7,559,769	14,624,247
Fund balances (deficit) at end of year	<u>\$ 70,505</u>	<u>\$ 645,763</u>	<u>\$ 20,277</u>	<u>\$ (191,285)</u>	<u>\$ 2,347,679</u>	<u>\$ 138,352</u>	<u>\$ 755,088</u>	<u>\$ 1,261,058</u>	<u>\$ 6,807</u>	<u>\$ 8,313,990</u>	<u>\$ 13,368,234</u>

See accompanying independent auditor's report

## DES MOINES AREA COMMUNITY COLLEGE

## Changes in Deposits Held in Custody for Others - Agency Funds

Year ended June 30, 2011

	<u>Student activities</u>	<u>Specially funded activities</u>	<u>Iowa Workforce Development</u>	<u>Community College Athletic Conference</u>	<u>Student clubs and organizations</u>	<u>Iowa Innovation Gateway</u>	<u>Other</u>	<u>Total</u>
Balances, beginning of year	\$ 236,376	\$ 156,130	\$ -	\$ -	\$ 323,918	\$ -	\$ 115,417	\$ 831,841
Additions:								
Tuition and fees	470,391	74,444	-	-	37,190	-	-	582,025
State appropriations	-	5,508	170,469	-	-	-	-	175,977
Federal funds	-	-	348,477	-	-	-	-	348,477
Sales and services	105,050	4,904	-	-	18,725	-	-	128,679
Interest on investments	-	-	-	-	1,926	-	-	1,926
Other	95,741	71,672	-	234,331	176,455	251,039	52,731	881,969
Transfers in	169,239	30,000	-	-	65,815	-	-	265,054
Total additions	<u>840,421</u>	<u>186,528</u>	<u>518,946</u>	<u>234,331</u>	<u>300,111</u>	<u>251,039</u>	<u>52,731</u>	<u>2,384,107</u>
Deductions:								
Salaries and benefits	41,244	4,230	70,075	131,112	17,550	-	55,114	319,325
Services	177,979	78,855	345,251	51,662	52,586	158,077	-	864,410
Materials and supplies	159,663	35,412	100,064	6,412	54,465	-	-	356,016
Travel	24,687	146	-	5,869	133,597	-	-	164,299
Cost of goods sold	117,679	-	-	-	7,084	-	-	124,763
Scholarships	11,825	-	-	-	31,646	-	-	43,471
Other	3,141	3,947	106	8,402	9,004	40,000	-	64,600
Transfers out	276,377	18,060	3,450	-	5,376	-	-	303,263
Total deductions	<u>812,595</u>	<u>140,650</u>	<u>518,946</u>	<u>203,457</u>	<u>311,308</u>	<u>198,077</u>	<u>55,114</u>	<u>2,240,147</u>
Net additions and deductions	<u>27,826</u>	<u>45,878</u>	<u>-</u>	<u>30,874</u>	<u>(11,197)</u>	<u>52,962</u>	<u>(2,383)</u>	<u>143,960</u>
Balances, end of year	\$ <u>264,202</u>	\$ <u>202,008</u>	\$ <u>-</u>	\$ <u>30,874</u>	\$ <u>312,721</u>	\$ <u>52,962</u>	\$ <u>113,034</u>	\$ <u>975,801</u>

Schedule 8

DES MOINES AREA COMMUNITY COLLEGE

Credit and Contact Hours

Year ended June 30, 2011

Category	Credit hours eligible for aid	Contact hours		Total
		Eligible for aid	Not eligible for aid	
Arts and sciences	405,271	7,388,408	-	7,388,408
Vocational education	94,314	2,172,676	-	2,172,676
Adult education/continuing education	-	1,086,916	50,032	1,136,948
Related services and activities	-	260,568	66,150	326,718
<b>Total</b>	<b>499,585</b>	<b>10,908,568</b>	<b>116,182</b>	<b>11,024,750</b>

## DES MOINES AREA COMMUNITY COLLEGE

Taxes and Intergovernmental Revenues  
(Excluding the Agency Funds)

For the Last Eight Years

		<b>Years ended June 30</b>							
		<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Local (property tax)	\$	18,089,665	\$ 17,532,643	\$ 16,455,262	\$ 16,513,769	\$ 18,092,410	\$ 16,880,081	\$ 14,137,997	\$ 13,755,963
State		29,051,616	27,090,659	31,991,978	29,847,275	26,443,984	24,341,715	22,826,135	21,891,866
Federal		<u>42,465,427</u>	<u>39,944,241</u>	<u>21,734,414</u>	<u>19,277,833</u>	<u>16,061,228</u>	<u>13,037,134</u>	<u>13,144,456</u>	<u>13,103,773</u>
Total	\$	<u><u>89,606,708</u></u>	<u><u>\$ 84,567,543</u></u>	<u><u>\$ 70,181,654</u></u>	<u><u>\$ 65,638,877</u></u>	<u><u>\$ 60,597,622</u></u>	<u><u>\$ 54,258,930</u></u>	<u><u>\$ 50,108,588</u></u>	<u><u>\$ 48,751,602</u></u>

## DES MOINES AREA COMMUNITY COLLEGE

Current Fund Revenues by Source  
and Expenditures by Function

For the Last Eight Years

	Years ended June 30							
	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>								
Tuition and fees	\$ 59,906,044	\$ 52,668,767	\$ 42,969,791	\$ 38,275,282	\$ 34,751,937	\$ 34,660,651	\$ 32,869,111	\$ 30,851,019
Property tax	11,550,038	11,279,076	10,550,327	10,978,527	12,757,968	11,876,240	9,287,613	8,944,224
Federal appropriations	42,465,427	39,944,241	21,734,414	19,277,833	16,061,228	13,037,134	13,144,456	13,103,773
State appropriations	28,382,697	26,610,659	31,200,104	29,184,500	25,781,342	23,993,708	22,092,803	21,891,866
Interest income from investments	712,496	792,264	2,172,218	3,505,217	3,507,531	2,474,490	1,260,452	399,500
Iowa Industrial New Jobs Training Program	11,466,792	14,051,594	26,073,183	16,603,495	11,623,679	14,068,915	10,884,743	5,882,647
Auxiliary enterprises revenue	2,199,463	2,651,778	2,083,539	9,877,741	9,256,399	8,810,954	8,564,404	8,284,464
Proceeds from sale of bonds	-	-	3,960,000	-	-	-	-	-
Miscellaneous	6,522,268	5,886,232	4,995,593	4,007,622	3,932,010	3,287,833	2,510,089	1,954,839
<b>Total</b>	<b>\$ 163,205,225</b>	<b>\$ 153,884,611</b>	<b>\$ 145,739,169</b>	<b>\$ 131,710,217</b>	<b>\$ 117,672,094</b>	<b>\$ 112,209,925</b>	<b>\$ 100,613,671</b>	<b>\$ 91,312,332</b>
<b>Expenditures:</b>								
Liberal arts and sciences	\$ 26,265,239	\$ 23,397,899	\$ 22,010,606	\$ 19,913,375	\$ 17,783,316	\$ 16,319,487	\$ 14,790,786	\$ 13,469,669
Vocational technical	29,734,690	28,073,906	25,883,936	23,988,748	22,219,019	20,684,928	19,269,936	18,544,343
Adult education	10,036,125	9,376,075	9,354,727	9,255,757	7,997,480	8,029,461	7,751,028	7,496,622
Cooperative services	5,929,199	8,084,678	18,794,647	9,807,914	5,749,870	8,890,197	3,467,398	3,593,633
Administration	3,571,180	3,839,613	3,267,926	3,020,686	2,993,578	2,785,144	2,694,895	2,480,506
Student services	8,800,990	7,747,604	7,527,948	7,611,760	6,781,974	6,025,128	5,780,039	5,427,368
Learning resources	2,910,249	2,929,197	2,879,426	2,803,828	2,754,615	2,653,133	2,609,147	2,507,982
Physical plant	10,441,362	8,013,448	7,013,376	6,849,374	6,607,398	6,157,020	5,856,699	5,162,407
General institution	20,267,851	17,109,638	15,744,126	17,781,705	14,735,139	13,391,475	11,277,648	10,546,515
Auxiliary enterprises	3,471,079	4,041,098	7,433,336	10,504,665	9,808,600	8,644,019	8,617,642	8,085,502
Scholarships and grants	34,717,959	29,629,518	15,451,116	12,305,524	10,154,237	9,346,631	9,574,679	9,220,794
Interest on indebtedness	3,391,773	3,547,259	3,516,990	3,046,029	2,737,541	2,169,684	2,303,069	2,164,943
Loss on discontinued operations	-	-	-	578,792	-	-	-	-
<b>Total</b>	<b>\$ 159,537,696</b>	<b>\$ 145,789,933</b>	<b>\$ 138,878,160</b>	<b>\$ 127,468,157</b>	<b>\$ 110,322,767</b>	<b>\$ 105,096,307</b>	<b>\$ 93,992,966</b>	<b>\$ 88,700,284</b>

## DES MOINES AREA COMMUNITY COLLEGE

## Schedule of Expenditures of Federal Awards

Year ended June 30, 2011

Federal Grantor/Program Title	CFDA Number	Expenditures
<b>United States Department of Education</b>		
Direct:		
Federal Direct Student Loans	84.268	\$ 57,147,027
Federal Pell Grant Program	84.063	34,006,455
Federal Pell Grant Administrative Fee	84.063	57,210
Academic Competitiveness Grants	84.375	193,217
Federal Supplemental Educational Opportunity Grant	84.007	242,047
Federal Supplemental Educational Opportunity Grant	84.033	25,256
Federal Work-study Program	84.033	330,428
Total Student Financial Assistance Cluster		92,001,640
Direct Trio Grants:		
Upward Bound FY10 Award	84.047	84,752
Upward Bound FY11 Award	84.047	215,794
Student Support Services FY10 Award	84.042	77,172
Student Support Services FY11 Award	84.042	259,416
Total Trio Grants		637,134
Indirect through Iowa Department of Education:		
Adult Education-Adult Basic Education	84.002	531,383
Adult Education-ABE Teacher Training	84.002	10,432
Adult Education-EL Civics Grant	84.002	78,153
Tech-Prep Education	84.243	115,445
Tech-Prep Education-Women in Technology Resource Group	84.243	4,868
Career and Technical Education-Nontraditional Careers Incentive Grant	84.048	5,736
Career and Technical Education-Technical Skill Attainment Assessment	84.048	15,471
Career and Technical Education-Mine Safety	84.048	1,000
Career and Technical Education-Vocational Education - Perkins Funds	84.048A	856,160
Total through Iowa Department of Education		1,618,648
Indirect through Iowa Department of Corrections:		
Workplace and Community Transition Training-Youthful Offender Grant	84.331A	36,023

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

**DES MOINES AREA COMMUNITY COLLEGE**  
 Schedule of Expenditures of Federal Awards (Continued)  
 Year ended June 30, 2011

<b>Federal Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Expenditures</b>
Career and Technical Education-Perkins Newton Correctional Facility	84.048A	\$ 6,098
Career and Technical Education-Perkins Iowa Women's Institute for Women	84.048A	7,000
Title I-Newton Correctional Facility	84.013A	9,838
Title I-Iowa Women's Institute for Women	84.013A	10,468
Total through Iowa Department of Corrections		<u>69,427</u>
<b>Total U.S. Department of Education</b>		<b><u>94,326,849</u></b>
<b>National Science Foundation</b>		
Direct:		
Education and Human Resources-SEEC:STEM	47.076	224,977
<b>Total National Science Foundation</b>		<b><u>224,977</u></b>
<b>U.S. Department of Agriculture</b>		
Indirect through Iowa Workforce Development:		
Food Stamps/FSET	10.561	2,952
<b>Total U.S. Department of Agriculture</b>		<b><u>2,952</u></b>
<b>U.S. Department of Labor</b>		
Direct:		
WIA Pilots, Demonstrations, and Research-CNA Project	17.261	96,483
WIA Pilots, Demonstrations, and Research-Project Employment (2)	17.261	87,834
WIA Pilots, Demonstrations, and Research-Project Employment (3)	17.261	172,748
WIA Pilots, Demonstrations, and Research-Project Employment (4)	17.261	12,844
WIA Pilots, Demonstrations, and Research-Re-Employment Skills Initiative	17.261	132,632
WIA Pilots, Demonstrations, and Research-Expanded Workforce Training Acaden	17.261	74,200
YouthBuild (ARRA funded)	17.274	224,360
YouthBuild	17.274	168,503
Total Direct U.S. Department of Labor		<u>969,604</u>
Indirect through Iowa Workforce Development:		
Employment Service/Wagner-Peyser Career Readiness Certificate	17.207	280,305
Employment Service/Wagner-Peyser	17.207	91,571
Employment Service/Wagner-Peyser Re-Employment Services	17.207	25,395
Employment Service/Wagner-Peyser New Iowans Project	17.207	12,198

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

## DES MOINES AREA COMMUNITY COLLEGE

## Schedule of Expenditures of Federal Awards (Continued)

Year ended June 30, 2011

Federal Grantor/Program Title	CFDA Number	Expenditures
Unemployment Insurance	17.225	\$ 89,671
Unemployment Insurance Re-Employment Assistant	17.225	11,450
Trade Adjustment Assistance	17.245	2,831
WIA Adult Program	17.258	285,293
WIA Administration Stimulus (ARRA)	17.259	8,847
WIA Adult Stimulus (ARRA)	17.259	7,421
WIA Administration	17.260	74,852
WIA Dislocated Workers	17.260	568,533
WIA Incentive/SWA (2)	17.260	6,773
WIA Dislocated Workers Stimulus (ARRA)	17.260	33,211
WIA National Emergency Grant-OJT	17.260	3,446
Worker Training & Placement in High Growth & Emerging Industry Sectors SESP	17.275	26,416
Disabled Veterans' Outreach Program-DVOP	17.801	11,267
Local Veterans' Employment Representative Program-LVER	17.804	2,849
Total through Iowa Workforce Development		<u>1,542,329</u>
Indirect through Iowa Department of Education:		
Incentive Grants-WIA-Adult Literacy for the Workplace in Iowa (ALWI)	17.267	71,540
<b>Total U.S. Department of Labor</b>		<u><b>2,583,473</b></u>
<b>U.S. Department of Justice</b>		
Direct:		
Discretionary Grants-Electronic Crime Institute Expansion	16.580	359,831
<b>Total U.S. Department of Justice</b>		<u><b>359,831</b></u>
<b>Social Security Administration</b>		
Indirect through Iowa Workforce Development:		
Work Incentive Planning & Assistance-WIPA	96.008	11,504
<b>Total Social Security Administration</b>		<u><b>11,504</b></u>
<b>U.S. Department of Treasury</b>		
Direct:		
Build America Bonds (ARRA Funded)	21.002	77,804
<b>Total U.S. Department of Treasury</b>		<u><b>77,804</b></u>

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

**DES MOINES AREA COMMUNITY COLLEGE**  
 Schedule of Expenditures of Federal Awards (Continued)  
 Year ended June 30, 2011

<b>Federal Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health &amp; Human Services</b>		
Direct:		
Early Retiree Reinsurance Program	93.546	\$ 11,341
Total Direct U.S. Department of Health & Human Services		<u>11,341</u>
Indirect through Iowa Department of Health:		
Refugee and Entrant Assistance-Bureau of Refugee Services GED/ESL	93.566	26,103
Midwest Community College Health Information Technology Consortium (ARRA)	93.721	298,219
Total through Iowa Department of Health		<u>324,322</u>
Indirect through Iowa Workforce Development:		
Temporary Assistance for Needy Families IES Promise Jobs Program	93.558	1,362,688
Temporary Assistance for Needy Families IWD Promise Jobs Program	93.558	70,023
Medicaid Infrastructure Grant	93.764	9,039
Total through Iowa Workforce Development		<u>1,441,750</u>
		<u><b>1,777,412</b></u>
<b>U.S. Department of Energy</b>		
Indirect through Iowa Office of Energy Independence:		
State Energy Program-Wind Turbine (ARRA)	81.041	129,893
State Energy Program-Room Occupancy Sensors (ARRA)	81.041	19,446
Energy Efficiency and Conservation Block Grant-City of Ankeny (ARRA)	81.128	175,331
Energy Efficiency and Conservation (ARRA)	81.041	464,675
Total U.S. Department of Energy		<u><b>789,345</b></u>
		<u><b>\$ 100,154,147</b></u>

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

**Des Moines Area Community College**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2011**

**NOTE 1 BASIS OF PRESENTATION**

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of Des Moines Area Community College (the College) for the year ended June 30, 2011, which have been financed by the United States government (federal awards). For purposes of the Schedule, federal awards include all federal assistance entered into directly between the College and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position and support, revenues, expenses, and changes in net assets of the College.

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

**NOTE 2 STUDENT FINANCIAL ASSISTANCE**

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the College under this program at June 30, 2011.

See accompanying independent auditor's report.

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

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

We have audited the financial statements of Des Moines Area Community College (the College) and its discretely presented component unit as of and for the year ended June 30, 2011, and have issued our report thereon dated November 2, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

### **Compliance and Other Matters**

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

We noted certain matters related to compliance that we reported to management of the College in a separate letter dated November 2, 2011.

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

  
DENMAN & COMPANY, LLP

West Des Moines, Iowa  
November 2, 2011

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

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

**Compliance**

We have audited Des Moines Area Community College's (the College) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2011. The College's major federal programs are identified in the summary of independent auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the College's management. Our responsibility is to express an opinion on the College's compliance based on our audit.

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

In our opinion, the College complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on to each of its major federal programs for the year ended June 30, 2011.

**Internal Control Over Compliance**

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control 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 was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

*Denman & Company, LLP*

**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
November 2, 2011

**Des Moines Area Community College  
SCHEDULE OF FINDINGS  
Year ended June 30, 2011**

**Part I—Summary of the Independent Auditor's Results**

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Major programs were as follows:
  - CFDA Number 84.007, 84.033, 84,063, 84.268, 84.375 — Student Financial Assistance Cluster
  - CFDA Number 17.274 — Youth Build
  - CFDA Number 84.042, 84.047 — TRIO Cluster
  - CFDA Number 17.261 — Project Employment
  - CFDA Number 17.207 — Wagner — Peyser Act
  - CFDA Number 81.041 — Energy Efficiency and Conservation
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Des Moines Area Community College qualified as a low-risk auditee.

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

**NONE**

**Part III—Findings and Questioned Costs for Federal Awards**

**NONE**

**CONFIDENTIAL**

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

We have audited the financial statements of Des Moines Area Community College (the College) for the year ended June 30, 2011, and have issued our report thereon dated November 2, 2011. In planning and performing our audit of the financial statements of the College, we have considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

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

**REQUIRED STATUTORY REPORTING FOR THE STATE OF IOWA**

The following comments about the College's operations for the year ended June 30, 2011 are based exclusively on the knowledge obtained from procedures performed during our audit of the financial statements of the College for the year ended June 30, 2011. Since our audit was based on tests and samples, not all transactions which might have an impact on the comments were necessarily examined. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

**1. Certified Budget**

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

**2. Questionable Disbursements**

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

**3. Travel Expense**

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

**4. Business Transactions**

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

**5. Bond Coverage**

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

**6. Board Minutes**

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

**7. Publication of Receipts and Disbursements**

The College published a statement of receipts and disbursements of all funds of the College, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Iowa Code, on August 10, 2011.

**8. Deposits and Investments**

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

**9. Credit and Contact Hours**

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

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

*Denman & Company, LLP*

**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
November 2, 2011