

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

June 30, 2011

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**Iowa Western Community College
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Trustees		
Randy Pash	President	2013
Doug Goodman	Vice President	2011
Brent Seigrist	Member	2013
Colleen Geiger*	Member	2011
Connie Hornbeck	Member	2011
Gary Faust	Member	2013
Scott Robinson	Member	2013
Fred Lisle	Member	2011
Kirk Madsen	Member	2013

* Retired, Larry Winum appointed to remaining term on June 20, 2011

Community College

Dr. Dan Kinney	President
Thomas Johnson	Board Treasurer
Kathryn Schuster	Board Secretary

INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Western Community College and its discretely presented component unit as of June 30, 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 21, 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 and Schedule of Funding Progress for the Retiree Health Plan on pages 6 through 15 and 42 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the basic financial statements for the six years ended June 30, 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 was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 basic financial statements as a whole.

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

Denman & Company, LLP
DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 21, 2011

Iowa Western Community College Council Bluffs, Iowa

Management's Discussion and Analysis For the Year Ended June 30, 2011 (Unaudited)

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

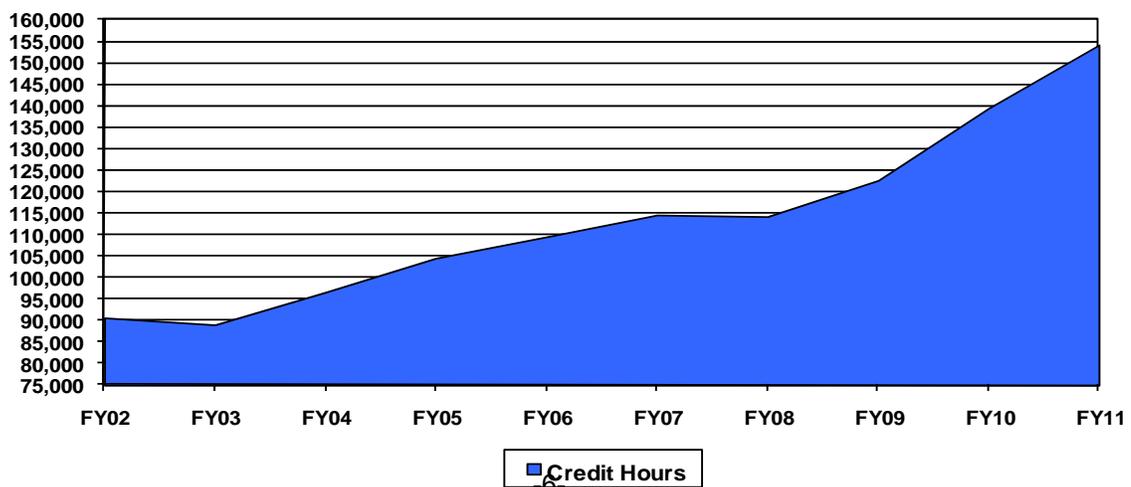
The Management's Discussion and Analysis is displayed in a comparative form enabling the reader to make year-to-year comparisons about the college's operating results and financial position.

Iowa Western Community College has implemented Governmental Accounting Standards Board Statement 39. The objective of this statement is to require the primary reporting government (IWCC) to include associated entities in its financial reporting. An associated entity is generally an organization that raises and holds economic resources for the direct benefit of a governmental unit. For the fiscal year ended June 30, 2011, Iowa Western Community College will include financial information for the Iowa Western Community College Foundation in discrete presentation format. Other related organizations will be identified using the note disclosure method.

FINANCIAL HIGHLIGHTS

- Total operating revenue grew by 1.43% and increased by more than \$390,000 and totaled \$27,728,778 for the fiscal year ended June 30, 2011. Net tuition & fee income (gross tuition/fees less financial aid & scholarships) actually decreased in FY11 despite significant credit hour production growth. Changes in federal financial aid, specifically Pell Grants, enabled more students to qualify for aid, provided eligible students with larger awards and extended the use of Pell for summer coursework. Tuition & fee revenue prior to the application of scholarships and financial aid in FY11 increased by \$2,436,925 and totaled \$20,670,959. IWCC again experienced double digit percentage growth in credit hour production – FY11 up 10.5% - and totaled 154,220 credit hours (see graph below).

IWCC
10 Year Credit Hour Production Growth Trend



- Operating expenditures increased in FY11 by \$2,598,986 versus FY10 and totaled \$49,728,584. Expenditures within the Unrestricted General Fund for general operations increased by \$2,641,285 in FY11. Enrollment growth also affected other areas of operating expenditures including the Restricted General Fund and Auxiliary functions. As noted above, Pell grant awards were up over \$2.6 million in FY11 versus FY10. In similar fashion the Auxiliary Operations expenditures were up \$398,628 with increased student headcounts impacting Bookstore, Food Service and Housing.
- Net non-operating revenue increased by \$3,138,379 in fiscal year 2011 versus fiscal year 2010. IWCC taxable valuations for its 13 county service district rose in FY11 by 7.54% and totaled \$6,209,731, compared to FY10 value of \$5,774,537 district wide. Total actual tax collection increased for the year as IWCC's overall tax rate increased due to higher debt service needs associated with the issuance of the final \$6 million of general obligation bonds approved by the Merged Area 13 voters in December 2007.

USING THIS ANNUAL REPORT

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

THE COLLEGE AS A WHOLE

The Statement of Net Assets

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

The largest portion of the College's net assets 71.7% is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Invested in Capital Assets is liquidated with sources other than capital assets. The restricted portion of the net assets 10.7% includes resources that are subject to external restrictions. The remaining net assets 17.6% are the unrestricted net assets that can be used to meet the College's obligations as they come due.

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

	<u>FY11</u>	<u>FY10</u>
Current Assets	\$ 46,760,857	\$44,157,465
Noncurrent assets	<u>110,700,901</u>	<u>97,239,473</u>
Total assets	<u>157,461,758</u>	<u>141,396,938</u>
Current liabilities	35,488,493	33,492,963
Noncurrent liabilities	<u>71,704,088</u>	<u>62,457,807</u>
Total liabilities	<u>107,192,581</u>	<u>95,950,770</u>
Net assets:		
Invested in capital assets, net of related debt	36,029,597	36,474,751
Restricted	5,377,839	4,402,867
Unrestricted	<u>8,861,741</u>	<u>4,568,550</u>
Total net assets	<u>\$50,269,177</u>	<u>\$45,446,168</u>

Statement of Revenues, Expenses and Changes in Net Assets

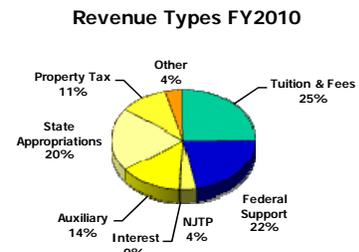
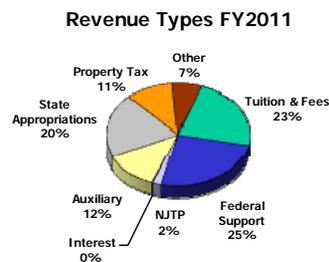
Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses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

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

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

	<u>FY11</u>	<u>FY10</u>
Operating revenue:		
Tuition and fees	\$13,066,006	\$13,178,703
Federal appropriations	2,643,514	2,660,616
Iowa industrial New Jobs Training Program	1,152,676	1,816,585
Auxiliary	7,024,334	7,549,934
Other	<u>3,842,248</u>	<u>2,132,708</u>
Total operating revenue	27,728,778	27,338,546
 Total Operating expenses	<u>49,728,584</u>	<u>47,129,598</u>
 Operating loss	<u>(\$21,999,806)</u>	<u>(\$19,791,052)</u>
Non-operating revenue (expenses)	<u>FY11</u>	<u>FY10</u>
State appropriations	11,442,668	10,664,849
Pell Grant	11,768,442	9,132,039
Property tax	6,209,731	5,774,537
Loss on sale of capital assets	(37,712)	(70,974)
Interest and investment income	103,552	160,326
Interest on indebtedness	(2,661,769)	(1,971,803)
Other	<u>(2,097)</u>	<u>(4,538)</u>
 Net non-operating revenue	<u>26,822,815</u>	<u>23,684,436</u>
 Change in net assets	4,823,009	3,893,384
Net assets beginning of year, as restated	<u>45,446,168</u>	<u>41,552,784</u>
 Net assets end of year	<u>\$50,269,177</u>	<u>\$45,446,168</u>

The Statement of Revenues, Expenses, and Changes in Net Assets reflect an increase in net assets at the end of the fiscal year of \$4,823,009.



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

	<u>FY11</u>	<u>FY10</u>
Tuition and Fees, net	\$13,066,006	\$13,178,703
Federal	14,411,956	11,792,655
NJTP	1,152,676	1,816,585
Interest	103,552	160,326
Auxiliary	7,024,334	7,549,934
State	11,442,668	10,664,849
Property Tax	6,209,731	5,774,537
Other	<u>3,840,151</u>	<u>2,128,170</u>
Total	<u>\$57,251,074</u>	<u>\$53,065,759</u>

In fiscal year 2011, total revenue increased by \$4,185,315 or 7.9%. Following is an analysis of individual revenue sources:

- With a credit hour production increase of 14,603 hours (10.5)% gross tuition & fee revenue increased by \$2,436,925 in FY11. The College's business strategy to focus on the recruitment and retention of full-time students continues to prove successful as IWCC now totals nearly 3,600 full-time students. Since FY01 the number of full-time students has nearly doubled (from 2,000 FT headcount in FY01 to 3,982 in FY11). Preliminary Fall 2011 indicates another significant increase with FT students totaling nearly 4,100.
- Federal appropriations increased by \$2,619,301 due in large measure to higher Pell Grant awards. As enrollment continues to grow in both full and part time categories, the total annual dollar awards will also increase.
- Net Auxiliary Enterprise revenues were actually down in FY11 despite the addition of 144 new beds in housing and a student headcount increase. Similar to Tuition & Fee income, FY11 total revenues of \$7,024,334 are net of \$4.7 million in scholarship and financial aid offsets. Gross revenue, before scholarships, was actually up \$773,432 and provides a better picture of the impact of additional housing capacity and headcount growth.

FY12 will likely see similar increases in Auxiliary Enterprise revenues as IWCC continues to expand student housing. One hundred forty four (144) additional beds came on line and were available for occupancy for the fall 2011 semester. Occupancy rates for all housing facilities at the Council Bluffs campus were at capacity to begin FY12. Strong demand for student housing continues and the IWCC Board of Trustees has authorized Phase III in the Suites II complex with those beds available for occupancy in FY14. With these additional beds total student resident capacity will be at 1,350 – with a full-time student headcount at 4,100 - 28% of the student body are living on campus.

- In total, State Appropriations increased by \$777,819 in FY11, a 7.3% jump. Nearly \$424,000 of the increase is attributable to general state aid as the Iowa legislature provided a small increase in overall support to the community college system. The remainder of the state appropriations increase came in the form of higher support for economic and small business development initiatives. During FY11 the college recognized the second half of its Federal ARRA appropriation originally awarded in FY10. Due to enrollment growth in FY10 IWCC opted to defer approximately 50% of the \$1.5 million award to FY11.

- Total Property Tax revenues were higher in FY11 as the college collected an additional \$425,185 in taxes associated with debt retirement. These additional tax revenues were required as principal and interest payments for the December 2007 \$22 million plant referendum came due.

**Operating Expenses
For Year Ended June 30**

	<u>FY11</u>	<u>FY10</u>
Education and support:		
Liberal arts and sciences	\$8,468,106	\$ 7,529,797
Applied science and technology	6,399,919	6,373,787
Continuing education	2,726,627	2,539,408
Cooperative services	1,096,679	2,257,177
Administration	3,135,805	2,805,968
Student services	3,411,892	3,421,442
Learning resources	249,024	257,828
Physical plant	5,881,622	4,381,153
General institution	5,749,350	5,365,479
Auxiliary enterprises	8,382,828	7,984,200
Scholarships and grants	651,119	1,764,576
Depreciation and amortization	<u>3,575,613</u>	<u>2,448,783</u>
 Total operating expenses	 <u>\$49,728,584</u>	 <u>\$47,129,598</u>

In fiscal year 2011, operating expenses increased \$2,598,986 or 5.5% as a net result of the following changes:

- Salary and benefit costs remain the largest category of expense totaling \$27,439,556 in FY11. In total, salary and benefit costs were up nearly \$1,420,000 compared to FY10. In order to respond to the continued enrollment growth trend, IWCC has added new full-time instructors. In addition, the college has recruited more adjunct faculty to meet instructional needs. The administration and board of trustees have taken a conservative approach in regards to staffing so as to maintain the appropriate balance of full-time instructional staff versus adjunct.
- As noted above in revenue discussions Auxiliary Operations continue to grow as housing facilities are expanded and enrollment numbers continue to increase. In FY11 Auxiliary expenditures increased by \$398,628 and totaled \$8,382,828. The majority of the increase in expenditures is associated with additional personnel required to manage new facilities and the associated general expenses incurred to operate them (utilities, supplies, custodial etc.).
- Construction activity was underway during FY11 at both the Arts Center and in Student Services. The Arts Center addition will provide much needed instructional space for instrumental and vocal music as well as the theater department. This addition opened to students in October 2011. The new Student In-Take and Welcome Center was also under construction during FY11. This major renovation of existing space consolidated all student services (enrollment management, financial aid, advising, recruiting and business services) in one location. It received its first prospective student visitors in October 2011.

- As noted above, construction of additional housing facilities continued during FY11 at the Suites. Phase I of the Reiver Suites II complex opened in fall 2010 and Phase II, a second 144 beds, opened in the fall of 2011 bringing the total Suites capacity to 720 residents. The final phase has been approved for construction by the Board of Trustees and is slated to come on line for student occupancy in August 2013. This will bring the total of suites style housing to 864 beds and complete the Reiver Suites project.
- The Nursing Center of Excellence opened to students in February 2011 and positioned Iowa Western with one of the most advanced technology based medical health/nursing instructional facilities in the Midwest. The center utilizes high fidelity medical simulation mannequins and digital recording equipment to deliver clinical instruction to nursing students. With the construction of this new state-of-the-art facility, IWCC has doubled the student capacity for its allied health programs.

Statement of Cash Flows

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

Condensed Statement of Cash Flows For the Year Ended June 30

Cash flows from:	<u>FY11</u>	<u>FY10</u>
Operating activities	(\$20,987,686)	\$(16,592,426)
Non-capital financing activities	30,273,424	25,224,511
Capital and related financing activities	(9,994,617)	(10,161,342)
Investing activities	<u>103,552</u>	<u>160,326</u>
Net decrease in cash	(605,327)	(1,368,931)
 Cash, beginning of year	 <u>21,761,350</u>	 <u>23,130,281</u>
 Cash, end of year	 <u>\$21,156,023</u>	 <u>\$21,761,350</u>

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

Component Unit Financial Statements

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

Condensed Statement of Net Assets As of June 30

	FY11	FY10
Total assets	\$19,814,883	\$19,396,233
Total liabilities	<u>413,222</u>	<u>812,199</u>
Total net assets	<u>\$19,401,661</u>	<u>\$18,584,034</u>

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

	FY11	FY10
Total revenues	\$3,985,278	\$3,388,640
Total expenses	<u>3,167,651</u>	<u>2,046,173</u>
Increase/(Decrease) in net assets	<u>\$ 817,627</u>	<u>\$1,342,467</u>

Financial highlights of the Foundation include the following:

- Net assets increased \$817,627 from June 30, 2010 to June 30, 2011. The Foundation investment portfolio continues to rebound with increases on investment income of \$183,145 and gains (both realized and unrealized) on investments of nearly \$960,000. Public support and contributions remain strong as the Foundation continues to build relationships (fundraising) in the metropolitan area, within the service district and with alumni.
- During the 2008 fiscal year (June 30, 2008) the Foundation received a major gift of 105 acres of prime commercial real estate. The property has an estimated market value of nearly \$10.75 million. While the property has been listed for sale the current commercial real estate market has remained stagnant and the Foundation has yet to identify/receive any viable offers for the property. Proceeds from any future sale will be used to promote the interests of Iowa Western Community College.

CAPITAL ASSETS

At June 30, 2011, the College has \$110,529,252 invested in capital assets, net of accumulated depreciation of \$28,061,623. Net depreciation charges totaled \$3,575,613 for the 2011 fiscal year. Details for the capital assets are shown below.

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

	<u>FY11</u>	<u>FY10</u>
Land	\$ 560,164	\$ 560,164
Buildings	84,663,573	78,286,684
Construction in progress	11,414,984	10,328,570
Other structures and improvements	8,897,471	3,629,350
Equipment and vehicles	3,861,349	3,075,200
Capital leases	326,617	371,750
Software	<u>805,094</u>	<u>151,671</u>
Total	<u>\$110,529,252</u>	<u>\$96,403,389</u>

DEBT

At June 30, 2011, the College had \$76,633,170 million in debt outstanding. The table below summarizes these amounts by type.

Outstanding Debt For the Year Ended June 30

	<u>FY11</u>	<u>FY10</u>
Early retirement payable	\$ 627,059	\$ 829,259
Certificates payable	6,540,000	6,680,000
Capital loan notes payable	5,155,000	6,065,000
Revenue bonds	38,380,000	32,455,000
Bonds payable	25,600,000	20,555,000
Capital leases payable	<u>331,111</u>	<u>376,244</u>
Total	<u>\$76,633,170</u>	<u>\$66,960,503</u>

Total outstanding debt increased \$9,682,667 in fiscal year 2011. The college continues to utilize the various types of long-term financing available to fund the expansion and updating of college facilities.

During FY11 the college issued new debt consisting of \$6,000,000 in general obligation bonds and \$6,675,000 in additional dormitory revenue bonds. In addition to the new long-term debt, IWCC also refinanced some existing dormitory revenue bonds. The college issued \$8,775,000 that enabled the college to realize interest expense savings and reduce the overall maturity date for bonds issued in September 2004 and January 2005.

ECONOMIC FACTORS

Iowa Western Community College's long-term economic outlook remains strong as enrollment and credit hour production continue to increase. IWCC opened additional student housing in the fall of 2011 and realized an 10.5% increase in credit hour production (Fall 11 vs. Fall 10). In the short term the College must continue to focus on recruiting and retaining new students as it deals with unstable state funding levels. As with the majority of states, Iowa has had to reduce overall state aid to higher education as state revenues have softened due to the downturn in the state and national economies.

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

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

Contacting the College's Financial Management

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

BASIC FINANCIAL STATEMENTS

Iowa Western Community College
STATEMENT OF NET ASSETS
 June 30, 2011

ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT ASSETS		
Cash and short-term pooled investments	\$ 21,156,023	\$ 681,626
Investments	-	7,454,809
Receivables		
Accounts receivable, net of allowance for uncollectible accounts of \$235,184	16,012,650	-
Contributions and other receivables	-	358,781
Property tax		
Delinquent	43,555	-
Succeeding year	6,504,136	-
Beneficial interest in irrevocable trust	-	18,837
Iowa Industrial New Jobs Training Program	28,360	-
Due from Iowa Western Community College Foundation (component unit)	43,111	-
Due from other governments	1,859,107	-
Inventories	779,510	-
Prepaid expenses	334,405	33,018
Other assets	-	188,271
Net investment in capital leases	-	47,969
Total current assets	<u>46,760,857</u>	<u>8,783,311</u>
NONCURRENT ASSETS		
Iowa Industrial New Jobs Training Program receivable, net of current portion	171,649	-
Land held for investment	-	10,748,430
Capital assets, net of accumulated depreciation and amortization	<u>110,529,252</u>	<u>283,142</u>
Total noncurrent assets	<u>110,700,901</u>	<u>11,031,572</u>
 Total assets	 <u>157,461,758</u>	 <u>19,814,883</u>

Iowa Western Community College
STATEMENT OF NET ASSETS (continued)
June 30, 2011

LIABILITIES AND NET ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT LIABILITIES		
Accounts payable	3,476,747	40,594
Due to Iowa Western Community College	-	43,111
Salaries and benefits payable	4,779,361	-
Accrued interest payable	304,163	-
Deferred revenue		
Succeeding year property tax	6,504,136	-
Other	12,322,156	-
Retirement incentives payable	175,043	-
Compensated absences	506,528	-
Deposits held in custody for others	2,569,390	329,517
Certificates payable	923,000	-
Bonds payable	2,930,000	-
Notes payable	950,000	-
Capital leases payable	47,969	-
Total current liabilities	<u>35,488,493</u>	<u>413,222</u>
NONCURRENT LIABILITIES		
Retirement incentives payable	452,016	-
Certificates payable	5,617,000	-
Bonds payable	61,050,000	-
Notes payable	4,205,000	-
Capital leases payable	283,142	-
Net OPEB liability	96,930	-
Total noncurrent liabilities	<u>71,704,088</u>	<u>-</u>
Total liabilities	<u>107,192,581</u>	<u>413,222</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>36,029,597</u>	<u>-</u>
Restricted		
Nonexpendable	-	1,964,486
Expendable		
Scholarships	38,690	6,722,131
Loans	2,689	-
Debt service	3,385,268	-
Cash reserve	361,092	-
Other	1,590,100	11,073,308
Total restricted	<u>5,377,839</u>	<u>19,759,925</u>
Unrestricted	<u>8,861,741</u>	<u>(358,264)</u>
Total net assets	<u>\$ 50,269,177</u>	<u>\$19,401,661</u>

Iowa Western Community College
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 Year ended June 30, 2011

	College	Foundation
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$7,604,950	\$13,066,006	\$ —
Federal appropriations	2,643,514	—
Iowa Industrial New Jobs Training Program	1,152,676	—
Auxiliary enterprises revenue, net of scholarship allowances of \$4,163,492	7,024,334	—
Contributions	—	2,799,380
Miscellaneous	<u>3,842,248</u>	<u>43,878</u>
Total operating revenues	<u>27,728,778</u>	<u>2,843,258</u>
 OPERATING EXPENSES		
Education and support		
Liberal arts and sciences	8,468,106	—
Applied science and technology	6,399,919	—
Continuing education	2,726,627	—
Cooperative services	1,096,679	—
Administration	3,135,805	1,513,315
Student services	3,411,892	—
Learning resources	249,024	—
Physical plant	5,881,622	—
General institution	5,749,350	—
Auxiliary enterprises	8,382,828	—
Scholarships and grants	651,119	1,654,336
Depreciation and amortization	<u>3,575,613</u>	<u>—</u>
Total operating expenses	<u>49,728,584</u>	<u>3,167,651</u>
 OPERATING INCOME (LOSS)	 (21,999,806)	 <u>(324,393)</u>
 NONOPERATING REVENUES (EXPENSES)		
State appropriations	11,442,668	—
Pell grant	11,768,442	—
Property tax	6,209,731	—
Interest and investment income	103,552	1,142,020
Interest on indebtedness	(2,661,769)	—
Loss on sale of capital assets	<u>(39,809)</u>	<u>—</u>
Total nonoperating revenues (expenses), net	<u>26,822,815</u>	<u>1,142,020</u>
 INCREASE IN NET ASSETS	 4,823,009	 817,627
 NET ASSETS, beginning of year	 <u>45,446,168</u>	 <u>18,584,034</u>
 NET ASSETS, end of year	 <u>\$50,269,177</u>	 <u>\$19,401,661</u>

**Iowa Western Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2011**

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$11,209,438
Federal appropriations	2,645,496
Iowa Industrial New Jobs Training Program (NJTP)	1,674,870
Payment to employees for salaries and benefits	(27,267,488)
Payment to suppliers for goods and services	(19,447,915)
Payments to NJTP recipients	(541,559)
Scholarships	(651,119)
Auxiliary enterprise receipts	7,024,334
Other receipts	<u>4,366,257</u>
Net cash used in operating activities	<u>(20,987,686)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	11,309,904
Pell grant	11,580,225
Property tax	6,298,003
Federal direct lending receipts	19,099,264
Federal direct lending disbursements	(19,266,287)
Miscellaneous Agency Fund receipts	1,620,451
Miscellaneous Agency Fund disbursements	(1,645,507)
Proceeds from issuance of certificates payable	1,255,000
Principal paid on certificates payable	(1,395,000)
Interest paid on certificates payable	(334,813)
Change in deposits held in custody for others	<u>1,752,184</u>
Net cash provided by noncapital financing activities	<u>30,273,424</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from issuance of long-term debt	21,450,000
Proceeds from sale of capital assets	64,752
Acquisition of capital assets	(17,810,645)
Principal paid on capital leases	(45,133)
Principal paid on long-term debt	(11,390,000)
Interest paid on long-term debt	<u>(2,263,591)</u>
Net cash used in capital and related financing activities	<u>(9,994,617)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and investment income	<u>103,552</u>
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NET DECREASE IN CASH

(605,327)

CASH, beginning of year

21,761,350

CASH, end of year

\$21,156,023

Iowa Western Community College
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2011

**RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS
 USED IN OPERATING ACTIVITIES**

Operating loss	\$(21,999,806)
Adjustments to reconcile operating loss to net cash flows used in operating activities	
Depreciation and amortization	3,575,613
Changes in assets and liabilities	
Accounts receivable	(2,743,653)
Due from Iowa Western Community College Foundation (component unit)	514,381
NJTP receivable	670,028
Due from other governments	1,982
Inventories	(386,128)
Prepaid expenses	(58,057)
Accounts payable	(1,473,365)
Salaries and benefits payable	172,068
Deferred revenue	<u>739,251</u>
Net cash flows used in operating activities	<u>\$(20,987,686)</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Component Unit and Related Organizations

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Component Unit and Related Organizations (continued)

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

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

Financial Statement Presentation

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

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

Restricted Net Assets

Nonexpendable - Net assets subject to externally imposed stipulations that they be maintained permanently by the College including the College's permanent endowment funds.

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Supplementary Information

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

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

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

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

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

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

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

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

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

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

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

The Budgetary Comparison Schedule of Expenditures - Budget to Actual provides a comparison of the budget to actual expenditures for those funds and/or levies required to be budgeted. Since the College uses Business-Type Activities reporting, this budgetary comparison information is included as other supplementary information.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Supplementary Information (continued)

Schedules presented in other supplementary information are reported using the current financial resources measurement focus and the accrual basis of accounting with modifications for depreciation and other items included in the adjustments column. 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.

Measurement Focus and Basis of Accounting

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

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

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

Cash and Pooled Investments

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

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

Property Tax Receivable

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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.

Allowance for Uncollectible Accounts

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

Iowa Industrial New Jobs Training Program (NJTP) Receivable

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

Inventories

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

Capital Assets

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

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

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

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

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Salaries and Benefits Payable

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

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, 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 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.

Auxiliary Enterprise Revenues

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

Tuition and Fees

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

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.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

Budgets and Budgetary Accounting

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

NOTE 2 CASH AND POOLED INVESTMENTS

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

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

Deposits	
Cash	\$ 7,173,896
Nonnegotiable certificates of deposit	147,489
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>13,834,638</u>
Total cash and short-term pooled investments	<u>\$21,156,023</u>

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

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

Credit risk. The College's June 30, 2011 investments in the Iowa Schools Joint Investment Trust were rated Aaa by Moody's Investors Service.

Iowa Western 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>
Graphic arts	\$ 7,168
Bookstore	716,962
Auto parts	37,215
Food service	<u>18,165</u>
 Total	 <u>\$ 779,510</u>

NOTE 4 CAPITAL ASSETS

Capital assets activity 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	\$ 560,164	\$ —	\$ —	\$ —	\$ 560,164
Construction in progress	<u>10,328,570</u>	<u>17,084,975</u>	<u>(15,998,561)</u>	<u>—</u>	<u>11,414,984</u>
Total capital assets not being depreciated	<u>10,888,734</u>	<u>17,084,975</u>	<u>(15,998,561)</u>	<u>—</u>	<u>11,975,158</u>
Capital assets being depreciated					
Buildings	96,820,485	—	8,652,634	15,542	105,457,577
Improvements other than buildings	6,342,281	33,406	5,745,042	448,411	11,672,318
Furniture and equipment	6,745,284	633,259	961,378	464,594	7,875,327
Software	389,602	59,005	639,507	—	1,088,114
Assets under capital leases	<u>522,391</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>522,391</u>
Total capital assets being depreciated	<u>110,820,043</u>	<u>725,670</u>	<u>15,998,561</u>	<u>928,547</u>	<u>126,615,727</u>
Less accumulated depreciation for					
Buildings	18,533,801	2,275,745	—	15,542	20,794,004
Improvements other than buildings	2,712,931	454,098	—	392,182	2,774,847
Furniture and equipment	3,670,084	760,158	—	416,264	4,013,978
Software	237,931	45,089	—	—	283,020
Assets under capital leases	<u>150,641</u>	<u>45,133</u>	<u>—</u>	<u>—</u>	<u>195,774</u>
Total accumulated depreciation	<u>25,305,388</u>	<u>3,580,223</u>	<u>—</u>	<u>823,988</u>	<u>28,061,623</u>
 Capital assets, net	 <u>\$ 96,403,389</u>	 <u>\$14,230,422</u>	 <u>\$ —</u>	 <u>\$ 104,559</u>	 <u>\$110,529,252</u>

Included in the above capital assets are assets held in agency in the amount of \$45,182 with total accumulated depreciation of \$35,966 at June 30, 2011. Total depreciation expense for assets held in agency, for the year ended June 30, 2011 is \$4,610.

Construction in progress at June 30, 2011 includes costs for construction of student housing, art center expansion, administrative office remodel, Clark hall renovation, Atlantic remodel, and other minor projects. The College has entered into contracts for these projects of approximately \$15,200,000 of which approximately \$9,800,000 has been completed. Accounts payable at June 30, 2011 includes approximately \$490,000 of the amount completed. Total unpaid contracts at June 30, 2011 were approximately \$5,400,000.

Iowa Western 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:

	Retirement Incentives Payable (Note 13)	Certificates Payable	Bonds Payable	Notes Payable	Capital Lease Payable (Note 7)	Net OPEB Liability (Note 10)	Total
Beginning balance of year	\$ 829,259	\$6,680,000	\$53,010,000	\$6,065,000	\$ 376,244	\$ 69,637	\$ 67,030,140
Additions	—	1,255,000	21,450,000	—	—	27,293	22,732,293
Reductions	<u>202,200</u>	<u>1,395,000</u>	<u>10,480,000</u>	<u>910,000</u>	<u>45,133</u>	<u>—</u>	<u>13,032,333</u>
Balance end of year	<u>\$ 627,059</u>	<u>\$6,540,000</u>	<u>\$63,980,000</u>	<u>\$5,155,000</u>	<u>\$ 331,111</u>	<u>\$ 96,930</u>	<u>\$ 76,730,100</u>
Due within on year	<u>\$ 175,043</u>	<u>\$ 923,000</u>	<u>\$ 2,930,000</u>	<u>\$ 950,000</u>	<u>\$ 47,969</u>	<u>\$ —</u>	<u>\$ 5,026,012</u>

Certificates Payable

In accordance with agreements dated between June 1, 2003 and May 1, 2011, the College issued certificates totaling \$9,320,000 with interest rates ranging from 1.10% to 6.65%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 923,000	\$ 218,233	\$1,141,233
2013	997,000	189,294	1,186,294
2014	875,000	156,629	1,031,629
2015	880,000	127,908	1,007,908
2016	910,000	95,101	1,005,101
2017-2021	<u>1,955,000</u>	<u>123,421</u>	<u>2,078,421</u>
Total	<u>\$6,540,000</u>	<u>\$ 910,586</u>	<u>\$7,450,586</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Notes Payable

The College has issued notes for the purchase, construction and renovation of College properties as allowed by Section 260C of the Code of Iowa. Details of the College's June 30, 2011 notes payable indebtedness are as follows:

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of January 1, 2005 (2005A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.60%	\$ 180,000	\$ 38,543	\$ 218,543
2013	3.75%	190,000	32,063	222,063
2014	3.90%	195,000	24,938	219,938
2015	4.05%	205,000	17,333	222,333
2016	4.20%	<u>215,000</u>	<u>9,030</u>	<u>224,030</u>
Total		<u>\$ 985,000</u>	<u>\$ 121,907</u>	<u>\$1,106,907</u>

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of June 1, 2006 (2006A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	4.05%	\$ 470,000	\$ 107,770	\$ 577,770
2013	4.15%	485,000	88,735	573,735
2014	4.25%	510,000	68,608	578,608
2015	4.30%	530,000	46,933	576,933
2016	4.35%	<u>555,000</u>	<u>24,143</u>	<u>579,143</u>
Total		<u>\$2,550,000</u>	<u>\$ 336,189</u>	<u>\$2,886,189</u>

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of December 1, 2007 (2007A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.60%	\$ 300,000	\$ 60,003	\$ 360,003
2013	3.65%	310,000	49,202	359,202
2014	3.70%	325,000	37,888	362,888
2015	3.75%	335,000	25,862	360,862
2016	3.80%	<u>350,000</u>	<u>13,300</u>	<u>363,300</u>
Total		<u>\$1,620,000</u>	<u>\$ 186,255</u>	<u>\$1,806,255</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable

The College has issued bonds for the purchase, construction and renovation of College properties as allowed by Section 260C of the Code of Iowa. Details of the College's June 30, 2011 bonded indebtedness are as follows:

Bond Issue of March 1, 2004				
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.00%	\$ 325,000	\$ 182,880	\$ 507,880
2013	3.10%	340,000	173,130	513,130
2014	3.25%	350,000	162,590	512,590
2015	3.40%	365,000	151,215	516,215
2016	3.55%	380,000	138,805	518,805
2017-2021	3.65% to 4.05%	2,160,000	471,108	2,631,108
2022-2023	4.10% to 4.13%	<u>1,015,000</u>	<u>63,195</u>	<u>1,078,195</u>
Total		<u>\$4,935,000</u>	<u>\$1,342,923</u>	<u>\$6,277,923</u>

Bond Issue of July 1, 2008				
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	4.13%	\$ 380,000	\$ 371,811	\$ 751,811
2013	4.13%	395,000	356,136	751,136
2014	4.13%	410,000	339,843	749,843
2015	4.13%	425,000	322,930	747,930
2016	4.13%	440,000	305,399	745,399
2017-2021	3.90% to 4.10%	2,480,000	1,247,027	3,727,027
2022-2026	4.13% to 4.30%	3,015,000	698,244	3,713,244
2027-2028	4.35% to 4.40%	<u>1,390,000</u>	<u>92,060</u>	<u>1,482,060</u>
Total		<u>\$8,935,000</u>	<u>\$3,733,450</u>	<u>\$12,668,450</u>

Bond Issue of May 1, 2010				
<u>Year ending June 30</u>	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	1.40%	\$ 575,000	\$ 154,559	\$ 729,559
2013	1.55%	585,000	143,059	728,059
2014	1.85%	595,000	131,359	726,359
2015	2.20%	610,000	118,715	728,715
2016	2.75%	630,000	103,465	733,465
2017-2020	3.05% to 3.70%	<u>2,735,000</u>	<u>223,620</u>	<u>2,958,620</u>
Total		<u>\$5,730,000</u>	<u>\$ 874,777</u>	<u>\$6,604,777</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Bond Issue of February 1, 2011</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	1.50%	\$ 455,000	\$ 177,281	\$ 632,281
2013	2.00%	540,000	130,130	670,130
2014	2.00%	555,000	119,330	674,330
2015	2.00%	575,000	108,230	683,230
2016	2.00%	590,000	96,730	686,730
2017-2021	2.10% to 3.00%	<u>3,285,000</u>	<u>274,930</u>	<u>3,559,930</u>
Total		<u>\$6,000,000</u>	<u>\$ 906,631</u>	<u>\$6,906,631</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of June 1, 2005 (2005B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.90%	\$ 140,000	\$ 24,335	\$ 164,335
2013	4.00%	145,000	18,875	163,875
2014	4.10%	155,000	13,075	168,075
2015	4.20%	<u>160,000</u>	<u>6,720</u>	<u>166,720</u>
Total		<u>\$ 600,000</u>	<u>\$ 63,005</u>	<u>\$ 663,005</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of June 1, 2006 (2006A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	4.30%	\$ 95,000	\$ 222,430	\$ 317,430
2013	4.40%	100,000	218,345	318,345
2014	4.50%	105,000	213,945	318,945
2015	4.55%	110,000	209,220	319,220
2016	4.60%	115,000	204,215	319,215
2017-2021	4.70% to 5.00%	<u>3,995,000</u>	<u>933,185</u>	<u>4,928,185</u>
Total		<u>\$4,520,000</u>	<u>\$2,001,340</u>	<u>\$6,521,340</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of August 1, 2007 (2007A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	4.25%	\$ 105,000	\$ 266,900	\$ 371,900
2013	4.30%	110,000	262,437	372,437
2014	4.40%	115,000	257,707	372,707
2015	4.50%	120,000	252,648	372,648
2016	4.60%	125,000	247,248	372,248
2017-2021	4.65% to 4.95%	725,000	1,141,942	1,866,942
2022	5.00%	<u>4,130,000</u>	<u>206,500</u>	<u>4,336,500</u>
Total		<u>\$5,430,000</u>	<u>\$2,635,382</u>	<u>\$8,065,382</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of February 1, 2009 (2009A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.50%	\$ 135,000	\$ 141,515	\$ 276,515
2013	3.50%	50,000	139,940	189,940
2014	3.50%	50,000	138,190	188,190
2015	4.50%	55,000	136,440	191,440
2016	4.50%	55,000	133,965	188,965
2017-2021	4.50% to 4.90%	335,000	628,595	963,595
2022-2024	4.90% to 5.00%	<u>2,320,000</u>	<u>335,500</u>	<u>2,655,500</u>
Total		<u>\$3,000,000</u>	<u>\$1,654,145</u>	<u>\$4,654,145</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of October 1, 2009 (2009B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.00%	\$ 140,000	\$ 567,357	\$ 707,357
2013	3.25%	145,000	563,154	708,154
2014	3.84%	155,000	558,439	713,439
2015	4.34%	160,000	552,493	712,493
2016	4.64%	170,000	545,555	715,555
2017-2021	4.89% to 5.55%	1,030,000	2,590,212	3,620,212
2022-2024	5.65% to 6.13%	<u>7,930,000</u>	<u>1,408,117</u>	<u>9,338,117</u>
Total		<u>\$9,730,000</u>	<u>\$6,785,327</u>	<u>\$16,515,327</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of October 1, 2010 (2010A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	3.00%	\$ 580,000	\$ 568,780	\$ 1,148,780
2013	3.00%	600,000	551,380	1,151,380
2014	3.00%	615,000	533,380	1,148,380
2015	3.00%	635,000	514,930	1,149,930
2016	3.00%	650,000	495,880	1,145,880
2017-2021	3.25% to 3.70%	3,585,000	2,146,565	5,731,565
2022-2024	3.80% to 4.10%	4,305,000	1,432,330	5,737,330
2027-2030	4.20% to 4.50%	<u>4,130,000</u>	<u>464,200</u>	<u>4,594,200</u>
Total		<u>\$15,100,000</u>	<u>\$6,707,445</u>	<u>\$21,807,445</u>

The College has pledged future dormitory system revenues, net of specified operating expenses, to repay \$38,380,000 in dorm revenue bonds issued in June, 2005; June, 2006, August, 2007, February, 2009, October, 2009 and October, 2010. Proceeds from the bonds provided financing for construction of the dormitory system. The bonds are payable solely from dormitory system net revenues, including dining and other incidental facilities, and are payable through 2030. Annual principal and interest payments are expected to require less than the net revenues of the system. The total principal and interest remaining to be paid on the notes is \$58,226,644. For the current year, principal and interest paid and total customer net revenues were \$2,344,658 and \$3,345,439, respectively.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

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

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

During the year ended June 30, 2011, the College was in compliance with the revenue bond provisions.

Total interest cost for the year ended June 30, 2011 is \$3,194,122. Total interest capitalized as part of construction in progress for the year ended June 30, 2011 is \$303,864 (net of \$15,653 in interest income).

NOTE 6 OPERATING LEASES

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2012 and 2055 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2011:

<u>Year ending June 30</u>	<u>Amount</u>
2012	\$ 88,713
2013	9,597
2014	5,370
2015	5,370
2016	5,370
Thereafter	<u>209,430</u>
Total	<u>\$ 323,850</u>

Rents for the year ended June 30, 2011 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$226,632.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 7 CAPITAL LEASES AND RELATED PARTY TRANSACTIONS

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

<u>Class of property</u>	<u>Balance at June 30, 2011</u>
Equipment	\$ 522,391
Less accumulated amortization	<u>(195,774)</u>
Net capital lease assets	<u>\$ 326,617</u>

The following is a schedule by year of future minimum lease payments under capital leases as of June 30, 2011:

<u>Year ending June 30</u>	
2012	\$ 67,731
2013	67,731
2014	57,577
2015	54,192
2016	54,192
Thereafter	<u>109,650</u>
Total	411,073
Less interest	<u>(79,962)</u>
Capital lease obligations	<u>\$ 331,111</u>

NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 4.50% (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 \$580,340, \$542,944 and \$534,192, respectively, equal to the required contributions for each year.

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

The College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 4.50% (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 \$650,043 and \$420,894, respectively.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The College operates a single-employer retiree benefit plan which provides medical, prescription drug and dental benefits for retirees and their spouses. There are 338 active and 29 retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 28,434
Interest on net OPEB obligation	3,134
Adjustment to annual required contribution	<u>(4,275)</u>
Annual OPEB cost	27,293
Contributions made	<u>—</u>
Increase in net OPEB obligation	27,293
Net OPEB obligation beginning of year	<u>69,637</u>
Net OPEB obligation end of year	<u>\$ 96,930</u>

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

For the year ended June 30, 2011, the College contributed \$-0- to the medical plan.

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

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2009	\$38,157	16.3%	\$ <u>31,919</u>
June 30, 2010	\$37,718	0.0%	\$ <u>69,637</u>
June 30, 2011	\$27,293	0.0%	\$ <u>96,930</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Funded Status and Funding Progress

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 \$190,783, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$190,783. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$14,667,000 and the ratio of the UAAL to covered payroll was 1.3%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions

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

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

As of the July 1, 2010 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions includes a 4.5% discount rate based on the College's funding policy. The projected annual medical trend rate is 9%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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

Projected claim costs of the medical plan are \$740 per month for retirees less than age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 11 RELATED PARTY TRANSACTIONS

The College transferred \$100,000 in fiscal year 1995 and \$550,000 in fiscal year 1998 to the Iowa Western Community College Foundation. The provisions of the gifts specify that the corpus, and any income generated through the investment of the corpus, shall be restricted in use for the sole benefit of the College for scholarships, grants, and such other purposes for the benefit of the College or the students thereof. There were no such transfers in fiscal year 2011.

Foundation salaries and other operating expenses are paid by the College. In management's estimate, the value of such expenses was approximately \$326,000 in fiscal year 2011.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 11 RELATED PARTY TRANSACTIONS (continued)

Transactions for the year ended June 30, 2011, between Iowa Western Community College and Western Iowa Dorms, Inc. are as follows:

Beginning payable balance	\$ (594,531)
Charges for services, supplies and payroll provided or paid by the College	17,027
College payment of dorm payables	732,633
Reimbursements and advances from Western Iowa Dorms, Inc.	<u>(522,629)</u>
Ending payable balance	\$ <u>(367,500)</u>

NOTE 12 NEW JOBS TRAINING PROGRAMS

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

NOTE 13 RETIREMENT INCENTIVE PROGRAM

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

The liability at June 30, 2011 for those employees who have elected retirement incentives was \$627,059 and has been recorded as a liability in the Statement of Net Assets. Retirement incentives will be fully funded through property tax levies.

NOTE 14 SELF-INSURANCE PROGRAM

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

Payments are made to the self-insurance cost center based on actuarial estimates of the amounts needed to pay current year claims. The unpaid claims liability of approximately \$1,995,000 is based on GASB Statement No. 10, which requires that a liability be recorded when it has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. The unpaid claims liability has been recorded with salaries and benefits payable as a liability in the Statement of Net Assets.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2011

NOTE 15 COMMITMENTS AND CONTINGENCIES

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

NOTE 16 SUBSEQUENT EVENTS

In August 2011, the Foundation received a significant in-kind software grant from Siemens PLM Software, a business unit of the Siemens Industry Automation Division. The donation will be used to support a design technology program at the College that will be offered at the Cass County Center in Atlantic, Iowa. The College's management and the Foundation's management have not yet determined the value of the donation or the effect on their respective financial statements.

In November 2011, the College issued certificates totaling \$1,630,000 for a NJTP project. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning June 2012.

In November 2011, the College entered into a contract for the construction of science labs, general purpose classrooms and a cyber café in the amount of \$936,895.

In November 2011, the College executed a capital lease agreement for a 33 passenger mini-bus with the Foundation. The lease requires lease payments of \$1,981 monthly for 7 years.

NOTE 17 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

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

GASB Statement No. 61, *The Financial Reporting Entity: Omnibus - an amendment of GASB Statements No. 14 and No. 34*, will be effective for the College with its year ending June 30, 2013. This statement modifies certain requirements for inclusion of component units in the financial reporting entity, and amends the criteria for reporting component units as if they were part of the primary government in certain circumstances. This Statement also clarifies the reporting of equity interests in legally separate organizations.

GASB Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 20, 1989 FASB and AICPA Pronouncements*, will be effective for the College beginning with its year ending June 30, 2013. The objective of this Statement is to incorporate into the GASB's authoritative literature certain accounting and financial reporting guidance included in FASB and AICPA pronouncements issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, will be effective for the College beginning with its year ending June 30, 2013. This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

<u>Fiscal year end June 30</u>	<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a)/c)</u>
2009	July 1, 2008	\$ <u>—</u>	\$ <u>236</u>	\$ <u>236</u>	<u>0.0%</u>	\$ <u>13,813</u>	<u>1.7%</u>
2010	July 1, 2008	\$ <u>—</u>	\$ <u>236</u>	\$ <u>236</u>	<u>0.0%</u>	\$ <u>13,813</u>	<u>1.7%</u>
2011	July 1, 2010	\$ <u>—</u>	\$ <u>191</u>	\$ <u>191</u>	<u>0.0%</u>	\$ <u>14,667</u>	<u>1.3%</u>

See Note 10 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost, net OPEB obligation, the funded status and funding progress.

See accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

Iowa Western Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Required Supplementary Information
Year ended June 30, 2011

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance between actual and amended budget</u>
General (unrestricted and non-levy restricted)	\$40,038,874	\$40,169,888	\$38,343,831	\$(1,826,057)
Restricted				
Unemployment	130,000	130,000	63,246	(66,754)
Tort liability	75,000	75,000	104,514	29,514
Insurance	451,650	451,650	472,629	20,979
Early retirement	-	-	35,406	35,406
Equipment replacement	<u>690,000</u>	<u>690,000</u>	<u>683,114</u>	<u>(6,886)</u>
Total restricted	<u>1,346,650</u>	<u>1,346,650</u>	<u>1,358,909</u>	<u>12,259</u>
Total unrestricted/restricted	41,835,524	41,516,538	39,702,740	(1,813,798)
Plant	6,029,715	6,010,228	3,751,177	(2,259,051)
Bonds and interest	<u>1,798,464</u>	<u>1,817,951</u>	<u>831,534</u>	<u>(986,417)</u>
Total operating expenditures	<u>\$49,213,703</u>	<u>\$49,344,717</u>	<u>\$44,285,451</u>	<u>\$(5,059,266)</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2011

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

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

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

See accompanying independent auditor's report.

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES
June 30, 2011

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
ASSETS									
Cash and short-term pooled investments	\$ 7,363,637	\$ 9,441,550	\$ (745)	\$ 594,368	\$3,502,108	\$ 90,001	\$ 165,104	\$ -	\$ 21,156,023
Receivables									
Accounts (less allowance of \$235,184)	13,791,849	2,125,189	1	25,520	51,134	-	18,957	-	16,012,650
Property tax									
Delinquent	23,927	19,628	-	-	-	-	-	-	43,555
Succeeding year	1,610,000	1,330,749	-	453,684	3,109,703	-	-	-	6,504,136
Due from other funds	1,443,145	386,901	3,433	1,761,428	-	788	(6,308)	(3,589,387)	-
Due from Iowa Western Community College Foundation (component unit)	43,111	-	-	-	-	-	-	-	43,111
Due from other governments	302,155	1,486,607	-	580	-	-	69,765	-	1,859,107
Inventories	779,510	-	-	-	-	-	-	-	779,510
Prepaid expenditures	289,282	37,670	-	-	-	-	7,453	-	334,405
Iowa Industrial New Jobs Training Program	-	200,009	-	-	-	-	-	-	200,009
Capital assets									
Land	-	-	-	-	-	560,164	-	-	560,164
Buildings	-	-	-	-	-	105,457,577	-	-	105,457,577
Improvements other than buildings	-	-	-	-	-	11,672,318	-	-	11,672,318
Equipment and vehicles	-	-	-	-	-	7,830,145	45,182	-	7,875,327
Capital lease assets	-	-	-	-	-	522,391	-	-	522,391
Software	-	-	-	-	-	1,088,114	-	-	1,088,114
Construction in progress	-	-	-	11,414,984	-	-	-	-	11,414,984
Accumulated depreciation and amortization	-	-	-	-	-	(28,025,657)	(35,966)	-	(28,061,623)
Total assets	<u>\$25,646,616</u>	<u>\$15,028,303</u>	<u>\$ 2,689</u>	<u>\$14,250,564</u>	<u>\$6,662,945</u>	<u>\$ 99,195,841</u>	<u>\$ 264,187</u>	<u>\$(3,589,387)</u>	<u>\$157,461,758</u>

See accompanying independent auditor's report.

Schedule 2 (continued)

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES (continued)
June 30, 2011

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 889,631	\$ 396,381	\$ —	\$ 2,092,818	\$ —	\$ —	\$ 97,917	\$ —	\$ 3,476,747
Salaries and benefits payable	2,343,450	2,435,911	—	—	—	—	—	—	4,779,361
Accrued interest payable	—	24,369	—	145,483	134,311	—	—	—	304,163
Due to other funds	2,394,068	826,696	—	177,984	33,663	45,133	111,843	(3,589,387)	—
Deferred revenues									
Succeeding year property tax	1,610,000	1,330,749	—	453,684	3,109,703	—	—	—	6,504,136
Other	11,136,701	1,156,503	—	—	—	—	28,952	—	12,322,156
Retirement incentives payable	—	627,059	—	—	—	—	—	—	627,059
Compensated absences	459,617	46,911	—	—	—	—	—	—	506,528
Deposits held in custody for others	603,470	14,934	—	1,925,511	—	—	25,475	—	2,569,390
Certificates payable	—	6,540,000	—	—	—	—	—	—	6,540,000
Bonds payable	—	—	—	6,345,000	—	57,635,000	—	—	63,980,000
Notes payable	—	—	—	—	—	5,155,000	—	—	5,155,000
Capital leases payable	—	—	—	—	—	331,111	—	—	331,111
Net OPEB liability	96,930	—	—	—	—	—	—	—	96,930
Total liabilities	<u>19,533,867</u>	<u>13,399,513</u>	<u>—</u>	<u>11,140,480</u>	<u>3,277,677</u>	<u>63,166,244</u>	<u>264,187</u>	<u>(3,589,387)</u>	<u>107,192,581</u>
FUND BALANCES									
Invested in capital assets, net of related debt	—	—	—	—	—	36,029,597	—	—	36,029,597
Restricted									
Expendable									
Scholarships and fellowships	—	38,690	—	—	—	—	—	—	38,690
Loans	—	—	2,689	—	—	—	—	—	2,689
Debt service	—	—	—	—	3,385,268	—	—	—	3,385,268
Cash reserve	361,092	—	—	—	—	—	—	—	361,092
Other	—	1,590,100	—	—	—	—	—	—	1,590,100
Unrestricted	3,322,558	—	—	3,110,084	—	—	—	—	6,432,642
Auxiliary enterprises	2,429,099	—	—	—	—	—	—	—	2,429,099
Total fund balances	<u>6,112,749</u>	<u>1,628,790</u>	<u>2,689</u>	<u>3,110,084</u>	<u>3,385,268</u>	<u>36,029,597</u>	<u>—</u>	<u>—</u>	<u>50,269,177</u>
Total liabilities and fund balances	<u>\$25,646,616</u>	<u>\$15,028,303</u>	<u>\$ 2,689</u>	<u>\$14,250,564</u>	<u>\$6,662,945</u>	<u>\$99,195,841</u>	<u>\$ 264,187</u>	<u>\$(3,589,387)</u>	<u>\$157,461,758</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 2011

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
REVENUES								
General								
State appropriations	\$ 9,345,203	\$ 1,980,582	\$ —	\$ 116,883	\$ —	\$ —	\$ —	\$11,442,668
Tuition and fees	20,654,399	5,122	—	11,435	—	—	(7,604,950)	13,066,006
Property tax	1,537,006	1,340,163	—	—	3,332,562	—	—	6,209,731
Federal appropriations	1,236,104	13,175,852	—	—	—	—	—	14,411,956
Sales and services	456,478	449,823	—	—	—	—	(43,548)	862,753
Interest and investment income	44,626	28,851	8	13,214	16,853	—	—	103,552
Iowa Industrial New Jobs Training Program	—	1,152,676	—	—	—	—	—	1,152,676
Gifts and grants	5,550	502,258	—	—	—	—	—	507,808
Miscellaneous	202,228	491,313	3,028	2,081,234	—	14,873,561	(15,179,677)	2,471,687
Increase in plant investment due to plant expenditures	—	—	—	—	—	660,920	(660,920)	—
Total general revenues	<u>33,481,594</u>	<u>19,126,640</u>	<u>3,036</u>	<u>2,222,766</u>	<u>3,349,415</u>	<u>15,534,481</u>	<u>(23,489,095)</u>	<u>50,228,837</u>
Auxiliary enterprises								
State appropriations	83,978	—	—	—	—	—	—	83,978
Tuition and fees	277,798	—	—	—	—	—	—	277,798
Federal appropriations	8,517	—	—	—	—	—	—	8,517
Sales and services	11,003,297	—	—	—	—	—	(4,722,437)	6,280,860
Interest on investments	8,985	—	—	—	—	—	—	8,985
Allocation of student fees	85,051	—	—	—	—	—	—	85,051
Gifts and grants	69,997	—	—	—	—	—	—	69,997
Miscellaneous	209,148	—	—	—	—	—	—	209,148
Total auxiliary revenues	<u>11,746,771</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>(4,722,437)</u>	<u>7,024,334</u>
Total revenues	<u>45,228,365</u>	<u>19,126,640</u>	<u>3,036</u>	<u>2,222,766</u>	<u>3,349,415</u>	<u>15,534,481</u>	<u>(28,211,532)</u>	<u>57,253,171</u>

See accompanying independent auditor's report.

Schedule 3 (continued)

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
 Year ended June 30, 2011

	Current Funds		Loan Fund	Plant Funds			Adjustments	Total
	Unrestricted	Restricted		Unexpended	Retirement of Indebtedness	Investment in Plant		
EXPENDITURES								
Education and support								
Liberal arts and sciences	\$ 8,468,106	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,468,106
Applied science and technology	5,475,934	1,037,958	-	-	-	-	(113,973)	6,399,919
Continuing education	2,223,740	582,430	-	-	-	-	(79,543)	2,726,627
Cooperative services	194,431	902,248	-	-	-	-	-	1,096,679
Administration	3,201,407	-	-	-	-	-	(65,602)	3,135,805
Student services	3,403,622	5,242	3,028	-	-	-	-	3,411,892
Learning resources	256,159	-	-	-	-	-	(7,135)	249,024
Physical plant	3,377,373	308,133	-	17,444,329	-	-	(15,248,213)	5,881,622
General institution	<u>4,213,257</u>	<u>1,819,451</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(283,358)</u>	<u>5,749,350</u>
Total education and support	30,814,029	4,655,462	3,028	17,444,329	-	-	(15,797,824)	37,119,024
Auxiliary enterprises	9,028,094	-	-	-	-	-	(645,266)	8,382,828
Scholarships and grants	-	12,419,561	-	-	-	-	(11,768,442)	651,119
Retirement of indebtedness	-	-	-	990,000	1,645,000	-	-	2,635,000
Disposal of plant assets	-	-	-	-	-	39,809	-	39,809
Increase in plant investment due to retirement of debt	-	-	-	-	-	(2,635,000)	-	(2,635,000)
Interest on indebtedness	-	331,226	-	640,098	1,690,445	-	-	2,661,769
Depreciation and amortization	-	-	-	-	-	<u>3,575,613</u>	-	<u>3,575,613</u>
Total expenditures	<u>39,842,123</u>	<u>17,406,249</u>	<u>3,028</u>	<u>19,074,427</u>	<u>3,335,445</u>	<u>980,422</u>	<u>(28,211,532)</u>	<u>52,430,162</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,386,242</u>	<u>1,720,391</u>	<u>8</u>	<u>(16,851,661)</u>	<u>13,970</u>	<u>14,554,059</u>	<u>-</u>	<u>4,823,009</u>
TRANSFERS								
Mandatory transfers	(21,996)	21,996	-	-	-	-	-	-
Nonmandatory transfers	<u>(4,181,139)</u>	<u>(1,891,092)</u>	<u>-</u>	<u>19,853,214</u>	<u>1,218,230</u>	<u>(14,999,213)</u>	<u>-</u>	<u>-</u>
Total transfers	<u>(4,203,135)</u>	<u>(1,869,096)</u>	<u>-</u>	<u>19,853,214</u>	<u>1,218,230</u>	<u>(14,999,213)</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN FUND BALANCES	1,183,107	(148,705)	8	3,001,553	1,232,200	(445,154)	-	4,823,009
FUND BALANCES, beginning of year	<u>4,929,642</u>	<u>1,777,495</u>	<u>2,681</u>	<u>108,531</u>	<u>2,153,068</u>	<u>36,474,751</u>	<u>-</u>	<u>45,446,168</u>
FUND BALANCES, end of year	<u>\$ 6,112,749</u>	<u>\$ 1,628,790</u>	<u>\$ 2,689</u>	<u>\$ 3,110,084</u>	<u>\$3,385,268</u>	<u>\$36,029,597</u>	<u>\$ -</u>	<u>\$50,269,177</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
EDUCATION AND SUPPORT
Year ended June 30, 2011

	Education				Support					Total
	Liberal Arts and Sciences	Applied Science and Technology	Continuing Education	Cooperative Services	Administration	Student Services	Learning Resources	Physical Plant	General Institution	
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ 9,345,203	\$ -	\$ -	\$ -	\$ -	\$ 9,345,203
Tuition and fees	10,484,776	7,211,825	1,543,060	1,102,077	25,519	287,142	-	-	-	20,654,399
Property tax	-	-	-	-	1,537,006	-	-	-	-	1,537,006
Federal appropriations	-	187,995	213,775	-	713,237	121,097	-	-	-	1,236,104
Sales and services	2,400	9,199	9,739	143,108	127,751	-	2,122	111,932	50,227	456,478
Interest and investment income	-	-	-	-	44,626	-	-	-	-	44,626
Gifts and grants	-	5,550	-	-	-	-	-	-	-	5,550
Miscellaneous	19,311	1,110	-	59,143	490	2,595	4,820	94,564	20,195	202,228
Total revenues	<u>10,506,487</u>	<u>7,415,679</u>	<u>1,766,574</u>	<u>1,304,328</u>	<u>11,793,832</u>	<u>410,834</u>	<u>6,942</u>	<u>206,496</u>	<u>70,422</u>	<u>33,481,594</u>
EXPENDITURES										
Salaries and benefits	7,397,085	5,040,294	1,522,423	183,893	1,383,867	3,054,705	171,541	1,254,063	2,529,844	22,537,715
Services	711,377	235,810	472,913	3,263	506,914	159,340	6,067	1,738,136	1,179,026	5,012,846
Materials and supplies	253,801	125,057	137,117	5,231	59,390	106,208	71,088	451,598	290,847	1,500,337
Travel	32,090	44,335	41,543	2,044	52,723	82,799	328	(1,573)	47,386	301,675
Loan cancellations and collection costs	-	-	-	-	246,274	-	-	-	-	246,274
Plant asset acquisitions	-	5,037	-	-	20,925	-	7,135	110,213	110,978	254,288
Cost of goods sold	353	7,467	48,460	-	-	-	-	-	54,721	111,001
Miscellaneous	73,400	17,934	1,284	-	931,314	570	-	(175,064)	455	849,893
Total expenditures	<u>8,468,106</u>	<u>5,475,934</u>	<u>2,223,740</u>	<u>194,431</u>	<u>3,201,407</u>	<u>3,403,622</u>	<u>256,159</u>	<u>3,377,373</u>	<u>4,213,257</u>	<u>30,814,029</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,038,381</u>	<u>1,939,745</u>	<u>(457,166)</u>	<u>1,109,897</u>	<u>8,592,425</u>	<u>(2,992,788)</u>	<u>(249,217)</u>	<u>(3,170,877)</u>	<u>(4,142,835)</u>	<u>2,667,565</u>
TRANSFERS										
Mandatory transfers	-	-	-	-	-	(21,996)	-	-	-	(21,996)
Nonmandatory transfers	(129,575)	(265,965)	27,032	1,481	(429,817)	7,422	-	(1,223,824)	(444,004)	(2,457,250)
Total transfers	<u>(129,575)</u>	<u>(265,965)</u>	<u>27,032</u>	<u>1,481</u>	<u>(429,817)</u>	<u>(14,574)</u>	<u>-</u>	<u>(1,223,824)</u>	<u>(444,004)</u>	<u>(2,479,246)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 1,908,806</u>	<u>\$ 1,673,780</u>	<u>\$ (430,134)</u>	<u>\$ 1,111,378</u>	<u>\$ 8,162,608</u>	<u>\$ (3,007,362)</u>	<u>\$ (249,217)</u>	<u>\$ (4,394,701)</u>	<u>\$ (4,586,839)</u>	188,319
FUND BALANCES, beginning of year										3,495,331
FUND BALANCES, end of year										<u>\$ 3,683,650</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
AUXILIARY ENTERPRISES
Year ended June 30, 2011

	<u>Bookstore</u>	<u>Food Services</u>	<u>Student Housing</u>	<u>Graphic Arts</u>	<u>Auto Parts</u>	<u>Athletics</u>	<u>Daycare Center</u>	<u>Miscellaneous</u>	<u>Total</u>
REVENUES									
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,439	\$ 77,539	\$ 83,978
Tuition and fees	-	-	-	-	-	166,000	-	111,798	277,798
Federal appropriations	-	558	5,931	-	1,708	-	-	320	8,517
Sales and services	3,926,653	2,494,511	3,551,489	203,405	163,394	-	328,637	335,208	11,003,297
Interest and investment income	-	-	-	-	-	-	-	8,985	8,985
Gifts and grants	1,175	-	-	-	-	-	3,623	65,199	69,997
Miscellaneous									
Student fee allocations	-	-	-	-	-	85,051	-	-	85,051
Other	174	630	84,053	85,357	1,723	-	50	37,161	209,148
Total revenue	<u>3,928,002</u>	<u>2,495,699</u>	<u>3,641,473</u>	<u>288,762</u>	<u>166,825</u>	<u>251,051</u>	<u>338,749</u>	<u>636,210</u>	<u>11,746,771</u>
EXPENDITURES									
Salaries and benefits	447,519	940,251	659,997	62,553	59,870	27,542	325,161	341,257	2,864,150
Services	111,713	49,688	546,875	127,354	2,295	50,309	6,061	179,507	1,073,802
Materials and supplies	54,880	116,935	110,375	628	607	211,932	53,418	(2,286)	546,489
Travel	6,925	3,562	462	-	176	452,119	273	8,729	472,246
Loan cancellations and collection costs	15,657	-	24,103	-	2,433	-	-	-	42,193
Plant asset acquisitions	-	12,158	5,350	10,999	-	57,815	-	-	86,322
Cost of goods sold	2,888,704	780,209	-	66,274	152,147	-	-	-	3,887,334
Miscellaneous	9,727	-	-	-	6,562	549	-	38,720	55,558
Total expenditures	<u>3,535,125</u>	<u>1,902,803</u>	<u>1,347,162</u>	<u>267,808</u>	<u>224,090</u>	<u>800,266</u>	<u>384,913</u>	<u>565,927</u>	<u>9,028,094</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>392,877</u>	<u>592,896</u>	<u>2,294,311</u>	<u>20,954</u>	<u>(57,265)</u>	<u>(549,215)</u>	<u>(46,164)</u>	<u>70,283</u>	<u>2,718,677</u>
TRANSFERS									
Nonmandatory transfers	(90,975)	(299,255)	(2,076,686)	-	57,381	187,463	714	497,469	(1,723,889)
Total transfers	<u>(90,975)</u>	<u>(299,255)</u>	<u>(2,076,686)</u>	<u>-</u>	<u>57,381</u>	<u>187,463</u>	<u>714</u>	<u>497,469</u>	<u>(1,723,889)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 301,902</u>	<u>\$ 293,641</u>	<u>\$ 217,625</u>	<u>\$ 20,954</u>	<u>\$ 116</u>	<u>\$ (361,752)</u>	<u>\$ (45,450)</u>	<u>\$ 567,752</u>	994,788
FUND BALANCES, beginning of year									1,431,311
FUND BALANCES, end of year									<u>\$ 2,429,099</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND
 Year ended June 30, 2011

	Small Scholarship and Grants	Business Development Center	Early Retirement	TECH Prep Grant	Student Support Services	Corrections Program	Iowa Small Business New Jobs Training Program	Iowa Industrial New Jobs Training Program	Casualty Insurance Tax Levy	Tort Liability Tax Levy	Unemployment Comp Tax Levy
REVENUES											
State appropriations	\$ 242,548	\$ 87,271	\$ -	\$ -	\$ -	\$ 332,919	\$ 276,088	\$ -	\$ -	\$ -	\$ -
Tuition and fees	-	-	-	-	-	-	-	-	5,122	-	-
Property tax	-	-	-	-	-	-	-	-	444,347	82,781	129,921
Federal appropriations	12,146,607	-	-	86,082	258,695	-	-	-	-	-	-
Sales and services	-	-	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	(279,891)	-	-	-
Iowa New Jobs Training Program	-	-	-	-	-	-	-	1,152,676	-	-	-
Gifts and grants	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous	-	9,697	-	-	-	-	-	-	-	-	-
Total revenues	<u>12,389,155</u>	<u>96,968</u>	<u>-</u>	<u>86,082</u>	<u>258,695</u>	<u>332,919</u>	<u>276,088</u>	<u>872,785</u>	<u>449,469</u>	<u>82,781</u>	<u>129,921</u>
EXPENDITURES											
Salaries and benefits	-	95,890	35,406	35,257	169,574	306,470	-	-	-	-	63,246
Services	-	209	-	46,536	26,022	10,319	276,040	541,559	301,789	104,514	-
Materials and supplies	-	11	-	673	11,368	5,730	5	-	661	-	-
Travel	-	858	-	2,136	6,831	1,145	43	-	-	-	-
Plant asset acquisitions	-	-	-	-	-	-	-	-	-	-	-
Interest on indebtedness	-	-	-	-	-	-	-	331,226	-	-	-
Miscellaneous	5,241	-	-	-	44,900	9,255	-	-	5,682	-	-
Pell grant program	11,768,442	-	-	-	-	-	-	-	-	-	-
Supplemental educational opportunity grant	153,052	-	-	-	-	-	-	-	-	-	-
Private scholarships	480,170	-	-	-	-	-	-	-	-	-	-
Total expenditures	<u>12,406,905</u>	<u>96,968</u>	<u>35,406</u>	<u>84,602</u>	<u>258,695</u>	<u>332,919</u>	<u>276,088</u>	<u>872,785</u>	<u>308,132</u>	<u>104,514</u>	<u>63,246</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(17,750)</u>	<u>-</u>	<u>(35,406)</u>	<u>1,480</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>141,337</u>	<u>(21,733)</u>	<u>66,675</u>
TRANSFERS											
Mandatory transfers	21,996	-	-	-	-	-	-	-	-	-	-
Nonmandatory transfers	-	-	-	(1,480)	-	-	-	-	-	-	-
Total transfers	<u>21,996</u>	<u>-</u>	<u>-</u>	<u>(1,480)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 4,246</u>	<u>\$ -</u>	<u>\$ (35,406)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 141,337</u>	<u>\$ (21,733)</u>	<u>\$ 66,675</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND (continued)
 Year ended June 30, 2011

	<u>Worker's Comp Tax Levy</u>	<u>Equipment Replacement Tax Levy</u>	<u>Iowa Values Fund</u>	<u>Economic Development</u>	<u>ACE Projects</u>	<u>Nursing Center of Excellence</u>	<u>Title III</u>	<u>KIWR</u>	<u>Miscellaneous</u>	<u>Total</u>
REVENUES										
State appropriations	\$ -	\$ -	\$ 448,585	\$ -	\$ 366,666	\$ 44,563	\$ -	\$ -	\$ 181,942	\$ 1,980,582
Tuition and fees	-	-	-	-	-	-	-	-	-	5,122
Property tax	-	683,114	-	-	-	-	-	-	-	1,340,163
Federal appropriations	-	-	-	-	-	322,413	265,240	-	96,815	13,175,852
Sales and services	-	-	-	286,732	-	-	-	162,516	575	449,823
Interest and investment income	-	-	-	-	-	-	-	50	308,692	28,851
Iowa New Jobs Training Program	-	-	-	-	-	-	-	-	-	1,152,676
Gifts and grants	-	-	-	-	-	-	-	169,924	332,334	502,258
Miscellaneous	-	-	-	-	-	-	-	229,526	252,090	491,313
Total revenues	<u>-</u>	<u>683,114</u>	<u>448,585</u>	<u>286,732</u>	<u>366,666</u>	<u>366,976</u>	<u>265,240</u>	<u>562,016</u>	<u>1,172,448</u>	<u>19,126,640</u>
EXPENDITURES										
Salaries and benefits	164,496	-	132,163	251,025	-	-	64,691	449,654	269,819	2,037,691
Services	-	-	16,838	7,524	-	-	32,356	295,516	86,034	1,745,256
Materials and supplies	-	56,690	25,568	1,366	-	-	9,667	11,971	146,772	270,482
Travel	-	-	5,165	4,591	-	-	3,977	7,688	9,413	41,847
Plant asset acquisitions	-	100,319	16,500	22,226	-	-	74,551	6,288	97,427	317,311
Interest on indebtedness	-	-	-	-	-	-	-	-	-	331,226
Miscellaneous	-	-	65,593	-	-	-	79,998	34,670	15,433	260,772
Pell grant program	-	-	-	-	-	-	-	-	-	11,768,442
Supplemental educational opportunity grant	-	-	-	-	-	-	-	-	-	153,052
Private scholarships	-	-	-	-	-	-	-	-	-	480,170
Total expenditures	<u>164,496</u>	<u>157,009</u>	<u>261,827</u>	<u>286,732</u>	<u>-</u>	<u>-</u>	<u>265,240</u>	<u>805,787</u>	<u>624,898</u>	<u>17,406,249</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(164,496)</u>	<u>526,105</u>	<u>186,758</u>	<u>-</u>	<u>366,666</u>	<u>366,976</u>	<u>-</u>	<u>(243,771)</u>	<u>547,550</u>	<u>1,720,391</u>
TRANSFERS										
Mandatory transfers	-	-	-	-	-	-	-	-	-	21,996
Nonmandatory transfers	-	(526,105)	(407,485)	-	(366,666)	(366,976)	-	-	(222,380)	(1,891,092)
Total transfers	<u>-</u>	<u>(526,105)</u>	<u>(407,485)</u>	<u>-</u>	<u>(366,666)</u>	<u>(366,976)</u>	<u>-</u>	<u>-</u>	<u>(222,380)</u>	<u>(1,869,096)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ (164,496)</u>	<u>\$ -</u>	<u>\$ (220,727)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (243,771)</u>	<u>\$ 325,170</u>	<u>(148,705)</u>
FUND BALANCES, beginning of year										<u>1,777,495</u>
FUND BALANCES, end of year										<u>\$ 1,628,790</u>

See accompanying independent auditor's report.

Iowa Western Community College
CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - AGENCY FUNDS
Year ended June 30, 2011

	<u>Student Clubs and Organizations</u>	<u>JTPA Service Delivery Area</u>	<u>Federal Student Loan Account</u>	<u>Miscellaneous</u>	<u>Total</u>
BALANCE , beginning of year	\$ <u>161,229</u>	\$ <u>48,072</u>	\$ <u>(25,050)</u>	\$ <u>58,327</u>	\$ <u>242,578</u>
ADDITIONS					
Tuition and fees	20,569	-	-	755	21,324
Federal appropriations	-	1,407,256	-	-	1,407,256
Sales and services	10,056	-	-	-	10,056
Loan advances from lenders	-	-	19,099,264	-	19,099,264
Interest and investment income	-	-	183	-	183
Miscellaneous					
Student fee allocation	87,074	-	-	-	87,074
Other	<u>6,016</u>	<u>55,000</u>	<u>-</u>	<u>14,168</u>	<u>75,184</u>
Total additions	<u>123,715</u>	<u>1,462,256</u>	<u>19,099,447</u>	<u>14,923</u>	<u>20,700,341</u>
DEDUCTIONS					
Salaries and benefits	1,102	742,460	-	-	743,562
Services	65,915	315,849	-	12,114	393,878
Materials and supplies	34,307	37,595	-	4,359	76,261
Travel	1,677	19,216	-	-	20,893
Costs of goods sold	5,199	-	-	-	5,199
Miscellaneous	12,024	41	-	-	12,065
Loan payments to student accounts	-	-	19,266,287	-	19,266,287
Loans returned to lenders	-	-	16,134	-	16,134
Awards to clients	-	283,646	-	-	283,646
Other	<u>12,912</u>	<u>78,187</u>	<u>-</u>	<u>8,420</u>	<u>99,519</u>
Total deductions	<u>133,136</u>	<u>1,476,994</u>	<u>19,282,421</u>	<u>24,893</u>	<u>20,917,444</u>
BALANCE , end of year	\$ <u>151,808</u>	\$ <u>33,334</u>	\$ <u>(208,024)</u>	\$ <u>48,357</u>	\$ <u>25,475</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF CREDIT AND CONTACT HOURS
Year ended June 30, 2011

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	97,795	-	97,795	1,992,775	-	1,992,775
Vocational Education - Preparatory	56,425	-	56,425	1,420,607	-	1,420,607
Adult/Continuing Education	-	-	-	439,440	74,621	514,061
Related services and activities	-	-	-	-	31,731	31,731
Totals	<u>154,220</u>	<u>-</u>	<u>154,220</u>	<u>3,852,822</u>	<u>106,352</u>	<u>3,959,174</u>

See accompanying independent auditor's report.

Iowa Western Community College
TAX AND INTERGOVERNMENTAL REVENUES
For the last ten years

	Year ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
Local (property tax)	\$ 6,209,731	\$ 5,774,537	\$ 6,505,099	\$ 4,060,022	\$ 5,891,735	\$ 4,362,915	\$ 4,106,441	\$ 3,832,669	\$ 3,696,144	\$ 4,817,004
State										
General	11,442,668	10,664,849	13,900,427	12,329,702	10,314,773	10,128,408	9,667,839	8,819,756	9,582,592	9,770,282
Auxiliary	83,978	88,893	107,920	108,526	51,048	99,204	100,370	98,076	53,758	—
Federal										
General	14,411,956	11,792,655	6,916,307	6,000,702	5,873,050	5,677,483	5,901,462	5,479,366	4,642,075	4,194,267
Auxiliary	<u>8,517</u>	<u>5,506</u>	<u>4,063</u>	<u>980</u>	<u>2,725</u>	<u>3,768</u>	<u>351</u>	<u>2,586</u>	<u>4,031</u>	<u>—</u>
Total	<u>\$32,156,850</u>	<u>\$28,326,440</u>	<u>\$27,433,816</u>	<u>\$22,499,932</u>	<u>\$22,133,331</u>	<u>\$20,271,778</u>	<u>\$19,776,463</u>	<u>\$18,232,453</u>	<u>\$17,978,600</u>	<u>\$18,781,553</u>

See accompanying independent auditor's report.

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

	Year ended June 30									
	2011	2010	2009	2008	2007	2006	2005	2004	2003	2002
REVENUES										
State appropriations	\$11,325,785	\$10,548,138	\$13,900,427	\$12,212,529	\$10,196,843	\$10,009,608	\$ 9,667,839	\$ 8,811,383	\$ 9,437,060	\$ 9,746,945
Tuition and fees	20,659,521	18,223,359	16,646,370	14,558,200	14,352,971	13,201,375	12,177,780	10,869,743	9,558,638	9,250,963
Property tax	2,877,169	2,867,160	3,993,130	2,394,137	4,269,680	2,387,558	2,125,071	2,204,872	2,092,804	3,223,399
Federal appropriations	14,411,956	11,792,655	6,916,280	6,000,663	5,872,975	5,677,340	5,901,145	5,478,630	4,640,204	4,185,893
Sales and services	906,301	1,055,522	845,427	1,405,149	1,024,971	1,002,169	813,796	704,794	764,560	799,684
Interest on investments	73,477	100,473	119,553	252,717	401,850	530,746	125,051	305,574	259,551	303,320
Iowa Industrial New Jobs Training Program	1,152,676	1,816,585	739,521	944,979	1,624,773	1,066,603	709,216	1,049,244	1,583,079	2,208,283
Gifts and grants	507,808	206,501	430,608	402,836	509,931	296,587	147,010	148,324	127,585	138,568
Miscellaneous	693,541	828,673	1,164,747	1,090,347	1,077,334	1,213,996	1,082,308	885,356	922,349	665,283
Auxiliary enterprises	11,746,771	10,973,339	10,138,713	8,469,858	7,114,629	7,116,888	5,562,731	4,970,130	4,388,829	4,078,405
Totals	<u>\$64,355,005</u>	<u>\$58,412,405</u>	<u>\$54,894,776</u>	<u>\$47,731,415</u>	<u>\$46,445,957</u>	<u>\$42,502,870</u>	<u>\$38,311,947</u>	<u>\$35,428,050</u>	<u>\$33,774,659</u>	<u>\$34,600,743</u>
EXPENDITURES										
Liberal arts and sciences	\$ 8,468,106	\$ 7,529,797	\$ 7,032,976	\$ 6,385,075	\$ 5,760,329	\$ 5,498,159	\$ 5,062,403	\$ 4,527,473	\$ 3,791,919	\$ 3,558,805
Applied science and technology	6,513,892	6,370,247	7,081,550	6,534,532	6,153,909	5,930,025	5,704,548	5,605,651	5,540,300	5,824,847
Continuing education	2,806,170	2,539,408	2,751,771	2,537,890	2,430,208	2,297,979	2,275,777	2,132,860	2,306,843	2,543,464
Cooperative services	1,096,679	2,257,177	2,220,055	2,332,969	2,936,447	2,569,124	1,667,697	2,134,623	2,498,419	3,232,252
Administration	3,201,407	2,911,313	2,661,461	2,428,059	2,246,124	1,987,499	1,965,857	1,708,595	1,481,038	1,478,938
Student services	3,408,864	3,432,522	3,065,422	2,852,170	2,472,595	2,221,098	2,059,571	1,893,127	1,759,436	1,722,944
Learning resources	256,159	257,828	264,977	264,751	290,053	282,039	265,210	291,843	279,285	284,503
Physical plant	3,685,506	3,263,154	3,223,954	2,898,788	3,059,003	2,979,477	2,561,316	2,635,996	2,346,623	2,341,681
General institution	6,032,708	5,684,271	6,993,938	5,587,527	7,595,607	5,536,329	4,916,045	4,431,700	4,523,542	5,159,935
Auxiliary enterprises	9,028,094	8,605,566	8,454,022	7,250,421	6,224,722	6,460,996	5,364,519	4,634,980	4,375,280	3,565,012
Scholarships and grants	12,419,561	9,701,581	5,676,243	4,536,538	4,082,638	3,999,094	3,989,538	3,599,202	3,113,842	2,684,226
Interest on indebtedness	331,226	359,099	414,665	424,080	434,599	404,955	499,098	612,741	743,522	788,206
Totals	<u>\$57,248,372</u>	<u>\$52,911,963</u>	<u>\$49,841,034</u>	<u>\$44,032,800</u>	<u>\$43,686,234</u>	<u>\$40,166,774</u>	<u>\$36,331,579</u>	<u>\$34,208,791</u>	<u>\$32,760,049</u>	<u>\$33,184,813</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2011

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid - Cluster		
Direct		
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 65,988
Federal Work-Study Program (FWS)	84.033	116,012
Federal Pell Grant Program	84.063	11,768,442
Federal Direct Student Loans (Direct Loans)	84.268	19,377,185
Academic Competitiveness Grant	84.375	<u>60,417</u>
Total Student Financial Aid Cluster		<u>31,388,044</u>
Federal Trio Cluster		
TRIO - Student Support Services Program	84.042	<u>258,695</u>
Indirect		
<i>Passed Through Iowa Department of Education</i>		
Adult Education - State Grant Program	84.002	208,655
Career and Technical Education - Basic Grants to States	84.048	284,077
Title III	84.031	265,240
ARRA - State of Iowa Stabilization (Education State Grants)	84.394	713,157
<i>Passed Through Iowa Department of Corrections</i>		
Title I Program for Neglected and Delinquent Children	84.013	11,829
<i>Passed Through Iowa College Student Aid Commission</i>		
Leveraging Assistance Educational Partnership (Iowa Grant Program)	84.069	<u>11,651</u>
Total indirect		<u>1,494,609</u>
Total U.S. Department of Education		<u>33,141,348</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct		
Temporary Assistance for Needy Families (Promise Jobs)	93.558	548,003
Temporary Assistance for Needy Families (Summer Youth)	93.714	53,764
Nursing Center of Excellence - Health Care & Other Facilities	93.887	<u>322,413</u>
Total Department of Health and Human Services		<u>924,180</u>
U.S. DEPARTMENT OF LABOR		
Indirect		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act</i>		
WIA Adult Program	17.258	233,797
ARRA - WIA Adult Program	17.258	12,219
WIA Youth Activities	17.259	107,159
WIA Dislocated Workers	17.260	155,562
ARRA - WIA Dislocated Workers	17.260	<u>9,882</u>
Total Workforce Investment Act Cluster		<u>518,619</u>
Employment Service	17.207	34,767
New Iowans	17.261	5,095
Veterans		
Disabled Veteran Outreach Program (DVOP)	17.801	<u>3,554</u>
Total employment service cluster		<u>43,416</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year ended June 30, 2011

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF LABOR (continued)		
Indirect (continued)		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act (continued)</i>		
Unemployment Insurance	17.225	\$ 58,335
ARRA-SESP Weatherization	17.275	87,067
Work Incentive Grants	17.266	23,575
Trade Adjustment Assistance	17.245	756
<i>Passed Through Iowa Department of Education</i>		
Incentive Grants	17.267	<u>45,076</u>
Total U.S. Department of Labor		<u>776,844</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Indirect		
<i>Passed Through University of Wisconsin - Extension</i>		
STEM (Service-Learning in STEM-Focused Disciplines)	94.005	<u>10,168</u>
DEPARTMENT OF VETERANS AFFAIRS		
Direct		
Post 9/11 GI Bill	64.028	<u>238,250</u>
SMALL BUSINESS ADMINISTRATION		
Indirect		
<i>Passed Through Iowa State University</i>		
Small Business Development Center	59.037	<u>87,271</u>
UNITED STATES AGENCY FOR INTERNATIONAL DEVELOPMENT		
Direct		
USAID Foreign Assistance for Programs Overseas		<u>12,139</u>
Total Expenditures of Federal Awards		<u>\$35,190,200</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2011

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Expenditures

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

Program Activity

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

NOTE 2 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.

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

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

We have audited the financial statements of Iowa Western Community College (the College) as of and for the year ended June 30, 2011, and have issued our report thereon dated November 21, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

This report, a public record by law, is intended solely for the information and use of the officials, employees and Constituents of the College and other parties to whom the College may report, including 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

West Des Moines, Iowa
November 21, 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 Trustees
Iowa Western Community College
Council Bluffs, Iowa

Compliance

We have audited the compliance of Iowa Western Community College (the College) with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 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 officials, employees and Constituents of the College and other parties to whom the College may report, including 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

West Des Moines, Iowa
November 21, 2011

Iowa Western 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 17.258, 17.259, 17.260 - Workforce Investment Act Cluster
 - CFDA Number 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375 – Student Financial Assistance Cluster
 - CFDA Number 84.394 – State of Iowa Stabilization
 - CFDA Number 17.275 - SESP Weatherization
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Iowa Western Community College qualified as a low-risk auditee.

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2011

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

NONE

Part III—Findings and Questioned Costs for Federal Awards

NONE

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2011

Part IV—Other Findings Related to Required Statutory Reporting

IV-11-A CERTIFIED BUDGET

The College did not exceed its budget for the year ended June 30, 2011.

IV-11-B QUESTIONABLE DISBURSEMENTS

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

IV-11-C TRAVEL EXPENSE

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

IV-11-D BUSINESS TRANSACTIONS

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

IV-11-E BOND COVERAGE

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

IV-11-F BOARD MINUTES

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

IV-11-G PUBLICATION OF RECEIPTS AND DISBURSEMENTS

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

IV-11-H DEPOSITS AND INVESTMENTS

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

IV-11-I CREDIT AND CONTACT HOURS

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