

Des Moines Area Community College

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

June 30, 2012

CONTENTS

		<u>Page</u>
OFFICIALS		3
INDEPENDENT AUDITOR'S REPORT		4-5
MANAGEMENT'S DISCUSSION AND ANALYSIS		6-14
BASIC FINANCIAL STATEMENTS		
	<u>Exhibit</u>	
Statement of net assets	A	15-16
Statement of revenues, expenses, and changes in net assets	B	17
Statement of cash flows	C	18-19
Notes to financial statements		20-32
REQUIRED SUPPLEMENTARY INFORMATION		
Schedule of funding progress for the retiree health plan		33
OTHER SUPPLEMENTARY INFORMATION		
	<u>Schedule</u>	
Budgetary comparison schedule of expenditures--budget and actual	1	34
Note to budgetary reporting		35
Assets, liabilities, and fund balances	2	36-37
Revenues, expenditures, and changes in fund balances	3	38
Revenues, expenditures, and changes in fund balances--unrestricted fund	4	39
Revenues, expenditures, and changes in fund balances--auxiliary enterprises	5	40
Revenues, expenditures, and changes in fund balances (deficit)--restricted funds	6	41
Changes in deposits held in custody for others--agency funds	7	42
Credit and contact hours	8	43
Taxes and intergovernmental revenues	9	44
Current fund revenues by source and expenditures by function	10	45
Schedule of expenditures of federal awards	11	46-49
Notes to schedule of expenditures of federal awards		50
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		51-52
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		53-54
SCHEDULE OF FINDINGS		55

**Des Moines Area Community College
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Directors		
Joe Pugel	President	2013
Kevin Halterman	Vice President	2013
Fred Buie	Member	2013
Madelyn Tursi	Member	2015
James Knott	Member	2013
Jeff Hall	Member	2015
Ben Norman	Member	2015
Wayne Rouse	Member	2015
Cheryl Langston	Member	2015

Community College

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of Des Moines Area Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements listed in the table of contents. These financial statements are the responsibility of the College's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Des Moines Area Community College and its discretely presented component unit as of June 30, 2012, 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 5, 2012, 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the 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 financial statements for the eight years ended June 30, 2011 (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 Non-profit 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 the College's management and is derived from and relates 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 other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.


DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 5, 2012

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Management of Des Moines Area Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2012. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

FINANCIAL HIGHLIGHTS

- ◆ College operating revenues increased approximately \$16,100,000 or 30%. The increase primarily resulted from three revenue sources; the Iowa Industrial New Jobs Training Program, tuition and fees, and miscellaneous. Training provided by the College under the Iowa Industrial New Jobs Training Program increased \$6.7 million or 58.8%. Tuition and Fees, net of scholarship allowances, increased \$3.5 million or approximately 14%. This increase resulted from several factors. The number of credit hours taught by the College decreased from 499,585 to 490,370 (1.8%). However the rate charged per credit hour increased from \$125 to \$131 (4.8%). The enrollment decrease and tuition rate increase combined to increase tuition and fees revenue by \$1.8 million or 3.1%. The amount of scholarship allowances used to decrease the student's cost of tuition and fees decreased by \$1.6 million or 4.8%. The \$1.6 million decrease resulted in a \$1.6 million increase in tuition and fees revenue. The third operating revenue that significantly contributed to the increase was miscellaneous revenue which was up \$6.5 million which was about twice what it had been the year before. Most of the increase was the result of gifts to the College. One was \$600,000 to help acquire the Top Value building near the Urban Campus and the second was \$3.2 million which was the fair market value of the Career Academy in Perry.
- ◆ College operating expenses increased 11.6% or approximately \$15 million. Classroom costs for Liberal arts and sciences, vocational technical, and adult education increased a total of \$4.4 million or 6.7% which approximates salary increases and inflation. Cooperative services increased the most significantly at \$7.7 million or 130%. This increase was primarily the cost of providing the increased amount of revenue from the Iowa Industrial New Jobs Training Program. Physical Plant costs increased approximately \$4.0 million or 27.2% as a result of the costs of remodeling the Top Value facility and building a fifth dormitory building on the Boone campus. Expenditures for technology equipment declined in the year ended June 30, 2012 by \$2.0 million or 10.5%. The decrease resulted in a \$2 million decrease in General Institution expenses from the previous year. The large expenditure in the prior year was the result of funds received from a class action suit against Microsoft.
- ◆ The College's net assets increased 3.6%, or approximately \$3,660,000 from the prior year. The Net Assets invested in capital assets increased approximately \$9 million as a result of \$9.8 million in assets being capitalized, \$4.2 million of depreciation, and the retirement of \$3.4 in related debt. Unexpended funds in the plant fund decreased approximately \$1.8 million. The decrease resulted from the College remodeling the Top Value facility and building a fifth building for student housing in Boone. The net assets related to the College's early retirement plan decreased \$1.6 million. The major component of the decrease was the recognition of the net OPEB liability of \$992,800. The Other expendable net assets decreased \$2.4 million as a result of funds being transferred to the Plant Fund for future projects. Unrestricted net assets increased slightly, \$454,279.

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

USING THIS ANNUAL REPORT

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

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

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

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

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

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

REPORTING THE COLLEGE AS A WHOLE

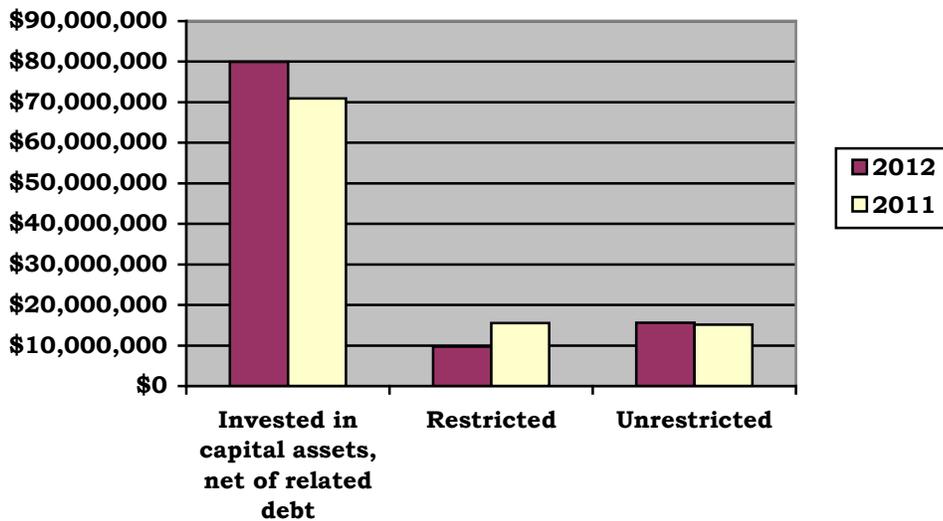
The Statement of Net Assets

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

	June 30	
	2012	2011
Current assets	\$ 129,217,987	\$ 142,264,736
Other assets	40,213,425	38,340,780
Capital assets, net of accumulated depreciation	89,575,583	83,941,792
Total assets	259,006,995	264,547,308
Current liabilities	76,836,604	69,720,085
Noncurrent liabilities	76,872,451	93,190,010
Total liabilities	153,709,055	162,910,095
Net assets:		
Invested in capital assets, net of related debt	79,945,583	70,942,792
Restricted	9,767,853	15,564,197
Unrestricted	15,584,504	15,130,224
Total net assets	\$ 105,297,940	\$ 101,637,213

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Comparison of Net Assets



The largest portion of the College's net assets (75.9%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources (property tax receipts and rental revenue) other than capital assets. The restricted portion of the net assets (9.3%) includes resources that are subject to external restrictions. The remaining net assets (14.8%) are the unrestricted net assets that can be used to meet the College's obligations as they come due.

Statement of Revenues, Expenses and Changes in Net Assets

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

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

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

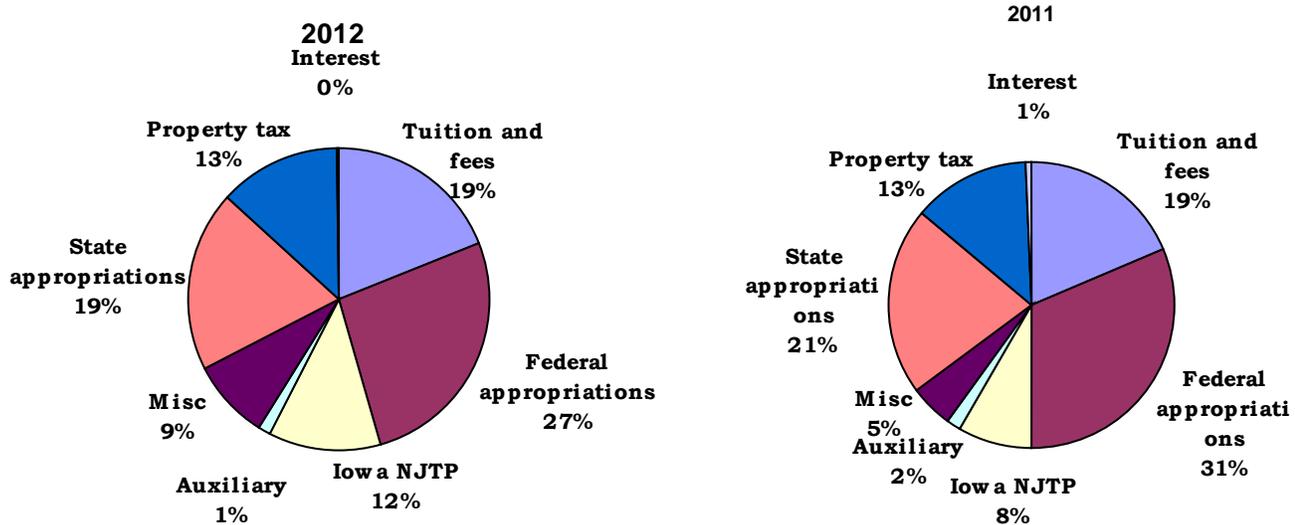
Changes in Net Assets

	Year ended June 30	
	2012	2011
Operating revenues:		
Tuition and fees	\$ 28,702,562	\$ 25,188,085
Federal appropriations	7,769,334	8,458,972
Iowa Industrial New Jobs Training Program	18,214,126	11,466,792
Auxiliary enterprises revenue	2,107,711	2,108,147
Miscellaneous	13,014,619	6,485,764
Total operating revenues	69,808,352	53,707,760
Total operating expenses	143,912,627	128,940,217
Operating loss	(74,104,275)	(75,232,457)
Nonoperating revenues, (expenses) and transfers		
State appropriations	28,720,739	29,051,616
Pell grant	32,211,555	34,006,455
Property tax	19,779,534	18,089,665
Interest and investment income	367,933	712,496
Loss on disposition of capital assets	(11,540)	(14,663)
Interest on indebtedness	(3,397,155)	(3,598,865)
Transfers from agency funds	93,936	34,759
Net nonoperating revenues and transfers	77,765,002	78,281,463
Increase in net assets	3,660,727	3,049,006
Net assets beginning of year	101,637,213	98,588,207
Net assets end of year	\$ 105,297,940	\$ 101,637,213

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

The Statement of Revenues, Expenses and Changes in Net Assets reflects a positive year, with an increase in net assets of \$3,660,727 at the end of the fiscal year. This increase is the net result of a \$1.8 million decrease in the unexpended plant fund, a \$4 million decrease in the general restricted funds, a \$450 thousand increase in the general unrestricted funds, and a \$9 million increase in capital assets, net of related debt.

Total Revenues by Source



In fiscal year 2012, operating revenues increased by approximately \$16,100,000 (30%). The increase was primarily a result of the following changes:

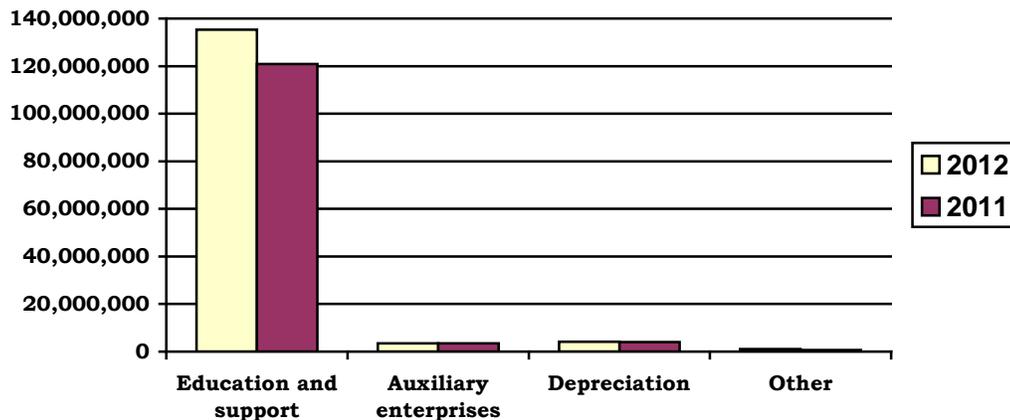
- ◆ Tuition and fees, net of scholarship allowances, increased approximately \$3.5 million or 14%. This increase was caused by a decrease in the number of credit hours taught of 1.8%. The enrollment decrease was offset by an increase in the tuition rate of 4.8% from \$125 to \$131. The enrollment decrease and the tuition rate increase combined to increase tuition and fees revenue by \$1.8 million or 3.1%. Scholarship allowances that decrease the student's tuition and fees cost, decreased by \$1.6 million or 4.8%. For financial reporting purposes, scholarship allowances reduce tuition revenue.
- ◆ The College provides training to new employees of area businesses under the Iowa Industrial New Jobs Training Program. The revenue from these training projects increased \$6.7 million or 58.8%, due to several large companies in the area adding additional employees or companies moving to the metropolitan area. Despite the economic conditions, the College sold \$10 million in New Jobs Training Certificates during the fiscal year. This number has remained steady for the third straight year, with \$10.7 million being sold in 2010 and \$12.1 million in 2011.
- ◆ Miscellaneous revenue increased \$6,528,855 (101.0%), which was about double the amount of miscellaneous revenue the previous year. Most of the increase resulted from contributions to the College for building projects. The College received \$600,000 to acquire a portion of the Top Value food store near the Urban Campus in Des Moines. The City of Perry donated a building to the College that will be used for a Career Academy for High School students in the Perry area and also some college credit classes. The College recorded the building at its construction cost of \$3.2 million.
- ◆ Federal appropriations decreased approximately \$690 thousand (8.1%) and Auxiliary revenue was almost identical to what it had been the year before.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

Operating Expenses

	Year ended June 30	
	2012	2011
Education and support:		
Liberal arts and sciences	\$ 27,649,349	\$ 26,081,873
Vocational technical	31,198,213	29,776,553
Adult education	11,520,174	10,098,402
Cooperative services	13,658,221	5,929,199
Administration	3,540,631	3,495,740
Student services	9,070,496	8,890,111
Learning resources	3,058,041	2,939,546
Physical plant	18,491,918	14,535,538
General institution	17,082,292	19,086,281
Auxiliary enterprises	3,436,556	3,484,507
Loan cancellations and bad debts	895,723	528,362
Administrative and collection costs	121,284	107,511
Depreciation	4,189,729	3,986,594
Total	<u>\$ 143,912,627</u>	<u>\$ 128,940,217</u>

Total Expenses



In fiscal year 2012, operating expenses increased by approximately \$14.9 million or 11.6%. The following factors explain some of the changes:

- ◆ Although enrollment decreased slightly (1.8%), expenses for teaching the courses; liberal arts and sciences, vocational technical, and adult education increased a total of \$4.4 million or 6.7% which approximates salary increases and inflation.
- ◆ The cost of providing cooperative programs increased \$7,729,022. These are primarily the direct costs of providing training to business and industry under the Iowa Industrial New Jobs Training Programs. The increase is reasonable in light of the fact that the revenue for the Program increased \$6.7 million.
- ◆ Physical Plant expenses increased \$4.0 million. The increase reflects expenditures for remodeling the Top Value Food Store and building a fifth student housing unit on the Boone campus.
- ◆ General Institutional costs decreased approximately \$2 million. The decrease was a result of an increase in the prior year for technology expenditures. Those expenditures resulted from a one-time source of funds as a result of a class action suit against Microsoft.

Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012

Statement of Cash Flows

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

Cash Flows

	Year ended June 30	
	2012	2011
Cash provided by (used in):		
Operating activities	\$ (75,793,856)	\$ (67,183,348)
Noncapital financing activities	74,216,337	78,070,865
Capital and related financing activities	(11,460,796)	(6,105,613)
Investing activities	11,246,453	(9,529,299)
Net decrease in cash	(1,791,862)	(4,747,395)
Cash and short-term pooled investments, beginning of the year	51,805,310	56,552,705
Cash and short-term pooled investments, end of the year	\$ 50,013,448	\$ 51,805,310

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

Cash used in operating activities increased by \$8.6 million. The operating loss is essentially funded with state appropriations, property tax and interest income.

Cash provided by noncapital financing activities decreased \$3.9 million. The decrease is the result of Pell Grants awarded to students decreasing \$2.1 million and the bond sale for the Iowa Industrial New Jobs Training Program being \$2.1 million less than the prior year.

Cash used in capital and related financing activities increased \$5.3 million over the prior year. The increase was the result of the acquisition of capital assets.

The cash provided by investing activities increased \$20.8 million. The college decreased the pooled investments by \$11 million during the current year.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

CAPITAL ASSETS

At June 30, 2012, the College had approximately \$149 million invested in capital assets, net of accumulated depreciation of \$59.4 million. Depreciation charges totaled \$4,189,729 for FY2012. Details of capital assets are shown below.

Capital Assets, Net, at Year-End

	June 30	
	2012	2011
Land	\$ 6,949,196	\$ 6,916,926
Buildings	68,210,867	65,758,362
Construction in progress	3,203,380	1,261,198
Improvements other than buildings	7,234,796	5,974,147
Leased equipment	83,592	107,058
Equipment and vehicles	3,893,752	3,924,101
Total	\$ 89,575,583	\$ 83,941,792

Planned capital expenditures for the fiscal year ending June 30, 2012 and beyond includes the remodeling of the former J.C. Penney facility in the South Ridge Mall and a remodeling of Building 1 on the Ankeny Campus which houses Student Services, the Business Office, and Human Resources. The College appropriates approximately \$1.4 million annually for computer equipment and technology upgrades for the computer labs, wide area networks and classrooms. The College also plans to spend an estimated \$1,300,000 annually for maintenance on the buildings and grounds. The College has received approval from the voters in the district to continue the plant fund levy for the fiscal years ending through 2015. The \$.2025 per thousand levy generates approximately \$6.9 million per year for the College.

In September of 2004 the district voters also approved a \$.06 per thousand levy for instructional equipment. This levy resulted in the College receiving an additional \$2 million per year for instructional equipment for ten years which began in the fiscal year ending in 2006. More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

DEBT

At June 30, 2012, the College had \$74.4 million in debt outstanding, a decrease of \$4,975,000 from 2011. The table below summarizes these amounts by type.

Outstanding Debt

	June 30	
	2012	2011
Certificates payable	\$ 67,790,000	\$ 71,655,000
Notes payable	3,090,000	4,050,000
Revenue bonds payable	3,540,000	3,690,000
Total	\$ 74,420,000	\$ 79,395,000

The College does not anticipate issuing any debt during the fiscal year ending June 30, 2013, except for the sale of approximately \$10 million in new jobs training certificates. More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

**Des Moines Area Community College
MANAGEMENT'S DISCUSSION AND ANALYSIS
June 30, 2012**

ECONOMIC FACTORS

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

- ◆ The current state of the nation's economy continues to affect the finances of the State Government. Members of the Iowa Legislature have continued to support Iowa's community colleges. For the fiscal year ended June 30, 2012, the College received \$25.3 million in state general aid. For the fiscal year ended June 30, 2013, the college has been allocated \$28.2 million. The college is anticipating that this amount will remain at the same level for the year ending on June 30, 2014. For future budget years, the College is cautiously optimistic regarding state general aid. Aggressive and prudent budget management, pre-planning for anticipated expense reductions, and enrollment increases have allowed the College to deal with these revenue losses without significant impact on operations that would affect the student experience.
- ◆ Additional reductions in state aid to the College will put pressure on students by increasing tuition rates. In the fiscal year ended June 30, 2012, the College actually experienced an enrollment decrease of 1.84%. For the Fall Term of the fiscal year ending June 30, 2013 the College experienced a 6% enrollment decrease. The budget has been adjusted for the decreased revenue by reducing expenditure budgets. Even though the College has not been able to maintain large enrollment increases, due to the nation's recession, the enrollment levels still exceed an average 5 percent growth rate. Within these enrollment numbers there are still many positives with several departments actually experiencing increases and certain market segments increasing.
- ◆ There continues to be positive indicators for business and workforce growth in Central Iowa and good prospects for job growth and interest from new industry; banking and financial services continue to expand the workforce as evidenced by the College's job training activity; and there is potential to provide additional training to area business and industry. Iowa Industrial New Jobs Training projects totaled over \$18 million for 2012. There will be continued growth in the program but at a reduced level in the immediate future.
- ◆ Facilities at the College require constant expansion, maintenance and upkeep. The lack of facility capacity hampers the College in its efforts to grow some current programs or add programs that are needed in the area's economy. The College needs to reduce the size of the list of students waiting to get into programs, or aggressively recruit students into those programs if the College is to meet business and student demands. As the economy recovers and grows, the need for additional capacity is a major concern of the College. The College consistently informs business leaders and state legislators of this concern and will continue to address the capacity issue. Exploring options such as utilizing the Top Value property in Des Moines, and establishing a career academy at the old JCPenney store in the Southridge Mall are ways DMACC can expand economically.
- ◆ Technology continues to expand and current technology becomes outdated rapidly, presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.

The College anticipates the current fiscal year (FY2013) will be much like the last and will maintain a close watch over resources, expenses and opportunities to maintain the College's ability to react to known and unknown issues coming next year.

CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Assets

June 30, 2012

	<u>College</u>	<u>Foundation</u>
Assets		
Current assets:		
Cash and short-term pooled investments (Note 2)	\$ 50,013,448	\$ 1,380,976
Pooled investments (Note 2)	25,985,522	6,178,373
Receivables:		
Accounts, net of allowance of \$313,785	17,154,995	303,613
Current portion contributions receivable	-	449,525
Succeeding year property tax	19,859,467	-
Iowa Industrial New Jobs Training Program	12,640,491	-
Due from other governments	2,073,376	-
Inventories (Note 3)	399,903	-
Prepaid expenses	1,090,785	-
Total current assets	<u>129,217,987</u>	<u>8,312,487</u>
Noncurrent assets:		
Receivables		
Iowa Industrial New Jobs Training Program	39,951,141	-
Cash value of life insurance	262,284	-
Capital assets, net of accumulated depreciation (Note 4)	89,575,583	335,905
Total noncurrent assets	<u>129,789,008</u>	<u>335,905</u>
Total assets	<u>\$ 259,006,995</u>	<u>\$ 8,648,392</u>

DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Assets (Continued)

June 30, 2012

	<u>College</u>	<u>Foundation</u>
Liabilities		
Current liabilities:		
Accounts payable	\$ 5,141,068	\$ 2,991
Current portion payable to Des Moines Area Community College	-	426,007
Salaries and benefits payable	4,984,837	-
Accrued interest payable	245,527	-
Deferred revenue:		
Tuition	14,070,490	-
Succeeding year property tax	19,859,467	-
Iowa Industrial New Jobs Training Program and other	18,963,843	-
Early retirement pension cost and OPEB liability payable (Notes 11 and 12)	1,416,256	-
Deposits held in custody for others	959,045	-
Leasehold payable (Note 6)	86,999	-
Certificates payable (Note 5)	9,959,447	-
Notes payable and certificates of participation (Note 5)	1,149,625	-
Total current liabilities	<u>76,836,604</u>	<u>428,998</u>
Noncurrent liabilities (Note 5 and 6):		
Compensated absences	1,730,000	-
Deferred revenue, Iowa Industrial New Jobs Training Program and other	5,304,757	-
Early retirement pension cost and OPEB liability payable (Notes 11 and 12)	6,728,577	-
Leasehold payable	-	-
Certificates payable	57,668,069	-
Notes payable	5,441,048	-
Total noncurrent liabilities	<u>76,872,451</u>	<u>-</u>
Total liabilities	<u>153,709,055</u>	<u>428,998</u>
Net assets		
Invested in capital assets, net of related debt	79,945,583	-
Restricted:		
Nonexpendable:		
Cash reserve	755,088	-
Scholarships and fellowships	-	3,815,989
Expendable:		
Scholarships and fellowships	106,438	-
Loans	139,677	-
Plant fund	4,135,711	-
Early retirement	(3,141,172)	-
Other	7,772,111	-
Unrestricted	15,584,504	4,403,405
Commitments (Notes 7, 11, 12 and 13)	-	-
Total net assets	<u>\$ 105,297,940</u>	<u>\$ 8,219,394</u>

DES MOINES AREA COMMUNITY COLLEGE
Statement of Revenues, Expenses, and Changes in Net Assets
Year Ended June 30, 2012

	<u>College</u>	<u>Foundation</u>
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$33,061,080	\$ 28,702,562	\$ -
Federal appropriations	7,769,334	-
Iowa Industrial New Jobs Training Program	18,214,126	-
Auxiliary enterprises revenue	2,107,711	-
Contributions	-	1,645,868
Miscellaneous	13,014,619	-
Total operating revenues	<u>69,808,352</u>	<u>1,645,868</u>
Operating expenses:		
Education and support		
Liberal arts and sciences	27,649,349	-
Vocational technical	31,198,213	-
Adult education	11,520,174	-
Cooperative services	13,658,221	-
Administration	3,540,631	89,700
Student services	9,070,496	-
Learning resources	3,058,041	-
Physical plant	18,491,918	-
General institution	17,082,292	-
Auxiliary enterprises	3,436,556	-
Scholarships and grants	-	968,825
Fund raising	-	29,750
Loan cancellations and bad debts	895,723	-
Administrative and collection costs	121,284	-
Depreciation	4,189,729	14,499
Total operating expenses	<u>143,912,627</u>	<u>1,102,774</u>
Operating income (loss)	<u>(74,104,275)</u>	<u>543,094</u>
Nonoperating revenues (expenses):		
State appropriations	28,720,739	-
Pell grant	32,211,555	-
Property tax	19,779,534	-
Interest and investment income	367,933	(33,315)
Loss on disposition of capital assets	(11,540)	-
Interest on indebtedness	(3,397,155)	-
Net nonoperating revenues (expenses)	<u>77,671,066</u>	<u>(33,315)</u>
Change in net assets	3,566,791	509,779
Transfers from agency funds	93,936	-
Total change in net assets	3,660,727	509,779
Net assets, beginning of year	101,637,213	7,709,615
Net assets, end of year	<u>\$ 105,297,940</u>	<u>\$ 8,219,394</u>

DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows (Continued)

Year Ended June 30, 2012

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ <u>(74,104,275)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,189,729
Changes in assets and liabilities:	
Decrease in accounts receivable	693,709
Increase in Iowa Industrial New Jobs Training Program receivables	(1,162,394)
Increase in due from and due to other governments	(919,326)
Increase in prepaid expenses	(145,340)
Increase in inventories	(206,196)
Increase in accounts payable	2,099,408
Increase in salaries and benefits payable	1,193,575
Decrease in other deferred revenue	(8,179,955)
Increase in other post employment benefits	992,880
Increase in early retirement payable	(245,850)
Decrease in deposits held in custody for others	<u>179</u>
Total adjustments	<u>(1,689,581)</u>
Net cash used in operating activities	\$ <u><u>(75,793,856)</u></u>

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND RELATED MATTERS

Organization and Function

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

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

Reporting Entity

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

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

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

Financial Statement Presentation

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

Financial Statement Presentation (continued)

Restricted Net Assets:

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

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

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

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

Supplementary Information

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

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

Supplementary Information (continued)

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

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

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

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

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

Measurement Focus and Basis of Accounting

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

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

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

Assets, Liabilities and Net Assets

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

Assets, Liabilities and Net Assets (continued)

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

Receivable for Iowa Industrial New Jobs Training Program (NJTP) – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2012 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

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

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

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. No interest costs were capitalized during the year ended June 30, 2012.

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

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

Compensated Absences – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2012.

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

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

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

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

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

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

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

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

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 2 CASH AND POOLED INVESTMENTS

The College's cash and deposits (money market accounts and certificates of deposit) at June 30, 2012 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

As of June 30, 2012, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$ 36,136,690
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio and Money Market	<u>13,876,758</u>
Total cash and short-term pooled investments	<u>\$50,013,448</u>

As of June 30, 2012, the College's pooled investments are as follows:

Deposits	
Nonnegotiable certificates of deposit	\$21,300,000
Investments	
U.S. Government agency securities	<u>4,685,522</u>
Total pooled investments	<u>\$25,985,522</u>

Interest rate risk. The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the College. The College's investments in debt securities had the weighted average maturity of 1.6 years for US Government agency securities at June 30, 2012.

Credit risk. The College's investments in the Iowa Schools Joint Investment Trust and U.S. Government agency securities at June 30, 2012 were all rated Aaa by Moody's Investors Service.

Concentration of credit risk. The College's investment policy limits the amount of prime eligible bankers acceptances and commercial paper that may be invested in any one issuer to 5% of the College's investment portfolio at the time of purchase. Investments other than prime eligible bankers acceptances and commercial paper are not subject to the 5% limitation. At June 30, 2012, the College's Federal Home Loan Bank, Federal Home Loan Mortgage Corp., Federal Farm Credit, and Federal National Mortgage Assn. investments accounted for 6% of the College's investment portfolio.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 3 INVENTORIES

The College's inventories at June 30, 2012 are as follows:

<u>Type</u>	<u>Amount</u>
Supplies and materials	\$ 182,698
Merchandise held for resale	<u>217,205</u>
Total	<u>\$ 399,903</u>

NOTE 4 CAPITAL ASSETS

A summary of the change in capital assets for the year ended June 30, 2012 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance end of year</u>
Capital assets not being depreciated					
Land	\$ 6,916,926	\$ 32,270	\$ -	\$ -	\$ 6,949,196
Construction in progress	<u>1,261,198</u>	<u>3,153,858</u>	<u>(1,211,676)</u>	<u>-</u>	<u>3,203,380</u>
Total capital assets not being depreciated	<u>8,178,124</u>	<u>3,186,128</u>	<u>(1,211,676)</u>	<u>-</u>	<u>10,152,576</u>
Capital assets being depreciated					
Buildings	101,992,396	4,097,257	937,081	-	107,026,734
Improvements other than buildings	14,763,873	1,439,792	274,595	-	16,478,260
Leased Equipment	122,330	-	-	-	122,330
Equipment and vehicles	<u>14,387,769</u>	<u>1,111,883</u>	<u>-</u>	<u>254,596</u>	<u>15,245,056</u>
Total capital assets being depreciated	<u>131,266,368</u>	<u>6,648,932</u>	<u>1,211,676</u>	<u>254,596</u>	<u>138,872,380</u>
Less accumulated depreciation for					
Buildings	36,234,034	2,581,833	-	-	38,815,867
Improvements other than buildings	8,789,726	453,738	-	-	9,243,464
Leased Equipment	15,272	24,466	(1,000)	-	38,738
Equipment and vehicles	<u>10,463,668</u>	<u>1,129,692</u>	<u>1,000</u>	<u>243,056</u>	<u>11,351,304</u>
Total accumulated depreciation	<u>55,502,700</u>	<u>4,189,729</u>	<u>-</u>	<u>243,056</u>	<u>59,449,373</u>
Total capital assets being depreciated, net	<u>75,763,668</u>	<u>2,459,203</u>	<u>1,211,676</u>	<u>11,540</u>	<u>79,423,007</u>
Capital assets, net	<u>\$ 83,941,792</u>	<u>\$ 5,645,331</u>	<u>\$ -</u>	<u>\$ 11,540</u>	<u>\$ 89,575,583</u>

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5 CHANGES IN NONCURRENT LIABILITIES

A summary of changes in noncurrent liabilities for the year ended June 30, 2012 is as follows:

	<u>Compensated absences</u>	<u>Deferred revenue, NJTP and other</u>	<u>Early Retirement and OPEB payable</u>	<u>Certificates payable</u>	<u>Revenue Bonds, Notes payable and certificates of participation</u>	<u>Total</u>
Balance, beginning of year	\$1,680,000	\$32,066,604	\$7,397,804	\$71,655,000	\$ 7,740,000	\$120,539,408
Additions	70,000	11,049,684	2,039,259	10,040,000	-	23,198,943
Reductions	<u>20,000</u>	<u>18,847,688</u>	<u>1,292,230</u>	<u>13,905,000</u>	<u>1,110,000</u>	<u>35,174,918</u>
	1,730,000	24,268,600	8,144,833	67,790,000	6,630,000	108,563,433
Less net unamortized discount, premium, and deferred financing costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>162,484</u>	<u>39,327</u>	<u>201,811</u>
Balance, end of year	1,730,000	24,268,600	8,144,833	67,627,516	6,590,673	108,361,622
Less current portion	<u>-</u>	<u>18,963,843</u>	<u>1,416,256</u>	<u>9,959,447</u>	<u>1,149,625</u>	<u>31,489,171</u>
Total noncurrent liabilities	<u>\$1,730,000</u>	<u>\$ 5,304,757</u>	<u>\$6,728,577</u>	<u>\$57,668,069</u>	<u>\$ 5,441,048</u>	<u>\$ 76,872,451</u>

Revenue Bonds, Notes Payable and Certificates of Participation

The College has issued revenue bonds and notes payable for the purchase and construction of College properties as allowed by Section 260C.19 and Section 260C.58 of the Code of Iowa. Details of the scheduled maturities for the College's revenue bonds and notes payable at June 30, 2012:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 1,150,000	\$ 320,966	\$1,470,966
2014	1,190,000	281,214	1,471,214
2015	1,230,000	238,879	1,468,879
2016	170,000	201,072	371,072
2017	175,000	184,934	359,934
2018-2022	970,000	765,706	1,735,706
2023-2027	1,195,000	429,785	1,624,785
2028-2029	<u>550,000</u>	<u>48,184</u>	<u>598,184</u>
Total	<u>\$ 6,630,000</u>	<u>\$ 2,470,740</u>	<u>\$9,100,740</u>

Revenue bonds and notes payable consisted of the following at June 30, 2012:

Tax-exempt notes payable dated December 1, 2004, with interest rates between 3.25 and 3.55%	3,090,000
Tax-exempt revenue bonds dated May 29, 2009 with Interest rates between 2.75% and 6.70%	<u>3,540,000</u>
	<u>\$ 6,630,000</u>

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

The tax-exempt revenue bonds totaling \$3,540,000 are payable over thirty years. The proceeds of the bonds were used to purchase student housing units on the Boone Campus. It is anticipated that rental revenue from these units will be sufficient to retire the principal and interest on the bonds. As a requirement of the borrowing, the College is required to maintain a Debt Service Reserve Fund in an amount approximating the annual debt service requirements. Interest on the revenue bonds, notes payable and certificates of participation is payable semiannually, while principal payments are due annually. Total interest cost on the revenue bonds, notes payable and certificates of participation during the year ended June 30, 2012 was \$358,241.

Certificates Payable

Pursuant to agreements dated from 2005 to 2011, the College issued certificates totaling \$67,790,000 at June 30, 2012 with interest rates ranging from 2.00% to 5.50% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa. Iowa Industrial New Jobs Training Program's (NJTP's) purpose is to provide tax-aided training for employees of industries which are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits from withholding taxes, and, in the case of default, standby property taxes collected pursuant to Chapter 260E. The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$ 10,010,000	\$ 2,630,491	\$ 12,640,491
2014	10,710,000	2,255,119	12,965,119
2015	10,990,000	1,849,422	12,839,422
2016	8,300,000	1,415,901	9,715,901
2017	8,635,000	1,084,002	9,719,002
2018 - 2021	<u>19,145,000</u>	<u>1,477,026</u>	<u>20,622,026</u>
Total	<u>\$67,790,000</u>	<u>\$10,711,961</u>	<u>\$78,501,961</u>

Since inception, the College has administered 548 projects, with 81 currently receiving project funding. Of the remaining projects, 371 have been completed and closed and 96 have been completed with only repayment of the certificates left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

Total interest costs on the certificates during the year ended June 30, 2012 was \$3,038,518.

NOTE 6 CAPITAL LEASES

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	23,872	3,999	27,871
2014	25,156	2,715	27,871
2015	26,509	1,362	27,871
2016	<u>11,462</u>	<u>151</u>	<u>11,613</u>
Total	<u>\$ 86,999</u>	<u>\$ 8,227</u>	<u>\$ 95,226</u>

Total principal and interest for all capital leases was \$22,654 and \$5,217 for the year ended June 30, 2012.

**Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012**

NOTE 7 OPERATING LEASES

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

<u>Year ending June 30</u>	<u>Amount</u>
2013	365,734
2014	352,873
2015	149,313
2016-2021	<u>673,687</u>
Total	<u>\$ 1,541,607</u>

Total rent expense for all operating leases was approximately \$444,000 for the year ended June 30, 2012.

NOTE 8 RENT INCOME

All leases are classified as operating leases.

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

<u>Year ending June 30</u>	<u>Amount</u>
2013	104,424
2014	49,569
Thereafter	<u>17,750</u>
Total	<u>\$ 171,743</u>

Total rent income for all operating leases was approximately \$167,000 for the year ended June 30, 2012. The College has capital assets committed under these operating leases with a carrying value of approximately \$2,700,000.

NOTE 9 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 5.38% (5.78% after July 1, 2012) of their annual covered salary, and the College is required to contribute 8.07% (8.67% after July 1, 2012) of annual payroll. Contribution requirements are established by State statute. The College's contribution to IPERS for the years ended June 30, 2012, 2011, and 2010 were \$2,158,186, \$1,765,691, and \$1,568,625, respectively, equal to the required contributions for each year.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

The College also contributes to the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, each employee is to contribute 5.38% (5.78% after July 1, 2012) and the College is required to contribute 8.07% (8.67% after July 1, 2012). The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2012 were \$ 2,569,244 and \$ 1,712,829 respectively.

NOTE 11 PENSION COSTS - EARLY RETIREMENT

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

The liability at June 30, 2012 for early retirement cash benefits totaled \$760,656. The early retirement cash benefit is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense related to the cash benefit for the year ended June 30, 2012 was \$936,607.

At June 30, 2012, the potential liability, if all employees accepted early retirement when eligible, is approximately \$16,440,000.

NOTE 12 OTHER POST EMPLOYMENT BENEFITS (OPEB)

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

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

The College's annual OPEB cost is calculated based on the annual required contribution, ARC, of the College, an amount actuarially determined in accordance with Governmental Accounting Standards Board, GASB, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for June 30, 2012, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

Annual required contribution, ARC	\$	2,286,103
Interest on net OPEB obligation		335,311
Adjustment to annual required contribution		<u>(436,262)</u>
Annual OPEB cost	\$	2,185,152
Contributions made		(1,192,272)
Decrease in accrued expenses		<u>314,923</u>
Increase in net OPEB obligation	\$	677,957
Net OPEB obligation, beginning of year		<u>6,706,220</u>
Net OPEB obligation, end of year	\$	<u><u>7,384,177</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2012.

For the year ended June 30, 2012, the College contributed \$1,192,272 to the 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>Fiscal year</u> <u>Ended June 30,</u>	<u>Annual</u> <u>OPEB cost</u>	<u>Percentage of</u> <u>annual OPEB</u> <u>cost contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2010	\$2,138,854	34.0%	\$5,784,489
2011	2,199,027	59.5	6,706,220
2012	2,185,152	54.6	7,384,177

As of July 1, 2011, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$17,892,885 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$17,892,885. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$54,609,906, and the ratio of the UAAL to the covered payroll was 32.7%. As of June 30, 2012 there were no trust fund assets.

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

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

As of the July 1, 2011 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the College's funding policy. The projected annual medical trend rate is 8% and the projected annual dental trend rate is 5%. The ultimate medical trend rate is 5% and the ultimate dental trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

Des Moines Area Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

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

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

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

NOTE 13 COMMITMENTS

Effective October 5, 2012, The College has agreed to purchase the 63,000 square foot former J.C. Penney Building at Southridge Mall for \$1. The College plans to remodel the facility and utilize it as a Career Academy for high school students, offices and training facilities for business and industry and office and facilities for continuing education. It is anticipated that the facility will be remodeled and ready for use by August of 2013.

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

Year Ended June 30,	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAAAL as a percentage of covered payroll ((b-a)/c)
2009	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$41,268	40.7%
2010	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$46,835	35.9%
2011	July 1, 2010	\$ --	\$17,893	\$17,893	0.0%	\$45,987	38.9%
2012	July 1, 2010	\$ --	\$17,893	\$17,893	0.0%	\$54,610	32.8%

OTHER SUPPLEMENTARY INFORMATION

Des Moines Area Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Year ended June 30, 2012

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Actual</u>	<u>Variance between actual and original budget</u>
Unrestricted	\$ <u>100,719,434</u>	\$ <u>100,859,224</u>	\$ <u>(139,790)</u>
Restricted			
Unemployment	160,000	575,336	(415,336)
Insurance	2,465,000	3,166,782	(701,782)
Early retirement	1,160,000	1,292,230	(132,230)
Equipment replacement	3,016,706	2,507,762	508,944
Other	<u>32,621,888</u>	<u>30,862,640</u>	<u>1,759,248</u>
Total restricted	<u>39,423,594</u>	<u>38,404,750</u>	<u>1,018,844</u>
Total unrestricted/restricted	140,143,028	139,263,974	879,054
** Plant	<u>10,729,330</u>	<u>18,502,578</u>	<u>(7,773,248)</u>
Total	<u>\$150,872,358</u>	<u>\$157,766,552</u>	<u>\$ (6,894,194)</u>

** The College exceeded the original budget in the Plant Fund principally as the result of a 16,000 square foot building in Perry, Iowa being donated to the College. The College valued the building at the fair market value. The budget was not amended to reflect the gift.

See accompanying independent auditor's report.

Des Moines Area Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2012

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

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

DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances

June 30, 2012

Assets	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Cash and short-term pooled investments	\$ 21,463,805	\$ 26,346,556	\$ 267	\$ 755,415	\$ -	\$ 1,447,405	\$ -	\$ 50,013,448
Pooled investments	-	25,985,522	-	-	-	-	-	25,985,522
Receivables:								
Accounts, net of allowance of \$313,785	16,001,950	704,642	139,410	298,298	-	10,695	-	17,154,995
Succeeding year property tax	6,878,645	6,102,177	-	6,878,645	-	-	-	19,859,467
Iowa Industrial New Jobs Training Program	-	52,591,632	-	-	-	-	-	52,591,632
Due from other governments	698,274	1,008,436	-	366,666	-	-	-	2,073,376
Due from other funds	-	3,000,000	-	3,540,000	-	-	(6,540,000)	-
Inventories	399,903	-	-	-	-	-	-	399,903
Prepaid expenses	1,084,585	5,000	-	-	-	1,200	-	1,090,785
Cash value of life insurance	262,284	-	-	-	-	-	-	262,284
	<u>46,789,446</u>	<u>115,743,965</u>	<u>139,677</u>	<u>11,839,024</u>	<u>0</u>	<u>1,459,300</u>	<u>(6,540,000)</u>	<u>169,431,412</u>
Capital assets:								
Land	-	-	-	-	6,949,196	-	-	6,949,196
Buildings	-	-	-	-	107,026,734	-	-	107,026,734
Improvements other than buildings	-	-	-	-	16,478,260	-	-	16,478,260
Equipment and vehicles	-	-	-	-	15,245,056	-	-	15,245,056
Leased equipment	-	-	-	-	122,330	-	-	122,330
Construction in progress	-	-	-	-	3,203,380	-	-	3,203,380
Accumulated depreciation	-	-	-	-	-	-	(59,449,373)	(59,449,373)
Total assets	<u>\$ 46,789,446</u>	<u>\$ 115,743,965</u>	<u>\$ 139,677</u>	<u>\$ 11,839,024</u>	<u>\$ 149,024,956</u>	<u>\$ 1,459,300</u>	<u>\$ (65,989,373)</u>	<u>\$ 259,006,995</u>

DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances (Continued)

June 30, 2012

Liabilities and Fund Balances	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Liabilities:								
Accounts payable	\$ 1,079,337	\$ 2,765,329	\$ -	\$ 795,156	\$ -	\$ 501,246	\$ -	\$ 5,141,068
Salaries and benefits payable	4,005,000	963,837	-	2,000	-	14,000	-	4,984,837
Accrued interest payable	17,490	219,208	-	8,829	-	-	-	245,527
Deferred revenue:								
Succeeding year property tax	6,878,645	6,102,177	-	6,878,645	-	-	-	19,859,467
Other	14,070,490	24,268,600	-	-	-	-	-	38,339,090
Early retirement pension costs payable	-	760,656	-	-	-	-	-	760,656
Deposits held in custody for others	14,991	-	-	-	-	944,054	-	959,045
Compensated absences	1,557,000	160,000	-	13,000	-	-	-	1,730,000
Due to other funds	-	-	-	-	6,540,000	-	(6,540,000)	-
Leasehold payable	86,999	-	-	-	-	-	-	86,999
Certificates payable	-	67,627,516	-	-	-	-	-	67,627,516
Notes payable and certificates of participation	3,494,990	-	-	5,683	3,090,000	-	-	6,590,673
Net OPEB liability	-	6,391,297	-	-	-	-	992,880	7,384,177
Total liabilities	31,204,942	109,258,620	-	7,703,313	9,630,000	1,459,300	(5,547,120)	153,709,055
Fund balances:								
Invested in capital assets, net of related debt	-	-	-	-	139,394,956	-	(59,449,373)	79,945,583
Restricted:								
Nonexpendable:								
Cash reserve	-	755,088	-	-	-	-	-	755,088
Expendable:								
Scholarships and fellowships	-	106,438	-	-	-	-	-	106,438
Loans	-	-	139,677	-	-	-	-	139,677
Plant fund	-	-	-	4,135,711	-	-	-	4,135,711
Early retirement	-	(2,148,292)	-	-	-	-	(992,880)	(3,141,172)
Other	-	7,772,111	-	-	-	-	-	7,772,111
Unrestricted	15,584,504	-	-	-	-	-	-	15,584,504
Total fund balances	15,584,504	6,485,345	139,677	4,135,711	139,394,956	-	(60,442,253)	105,297,940
Total liabilities and fund balances	\$ 46,789,446	\$ 115,743,965	\$ 139,677	\$ 11,839,024	\$ 149,024,956	\$ 1,459,300	\$ (65,989,373)	\$ 259,006,995

DES MOINES AREA COMMUNITY COLLEGE

Schedule 3

Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2012

	Current operating funds			Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Total	Loan funds	Plant funds			Adjustments	
					Unexpended	Retirement of indebtedness	Investment in plant		
Revenues and other additions:									
Tuition and fees	\$ 61,427,497	\$ 336,145	\$ 61,763,642	\$ -	\$ -	\$ -	\$ -	\$ (33,061,080)	\$ 28,702,562
Federal appropriations	1,990,555	37,990,334	39,980,889	-	-	-	-	-	39,980,889
Iowa Industrial New Jobs Training Program	-	18,214,126	18,214,126	-	-	-	-	-	18,214,126
State appropriations	25,545,135	3,021,212	28,566,347	-	154,392	-	-	-	28,720,739
Property tax	6,790,404	6,198,716	12,989,120	-	3,283,196	3,507,218	-	-	19,779,534
Auxiliary enterprises revenue	2,217,100	-	2,217,100	-	-	-	-	(109,389)	2,107,711
Interest and investment income	93,902	274,031	367,933	-	-	-	-	-	367,933
Expended for plant assets (including \$ 2,051,518 in current operating fund expenditures)	-	-	-	-	-	-	9,835,060	(9,835,060)	-
Retirement of indebtedness	-	-	-	-	-	-	3,369,000	(3,369,000)	-
Miscellaneous	6,773,536	2,378,218	9,151,754	-	4,071,061	-	-	(208,196)	13,014,619
Total revenues and other additions	104,838,129	68,412,782	173,250,911	-	7,508,649	3,507,218	13,204,060	(46,582,725)	150,888,113
Expenditures and other deductions:									
Education and support:									
Liberal arts and sciences	27,402,540	-	27,402,540	-	-	-	-	246,809	27,649,349
Vocational technical	29,447,482	1,472,244	30,919,726	-	-	-	-	278,487	31,198,213
Adult education	7,668,187	3,749,154	11,417,341	-	-	-	-	102,833	11,520,174
Cooperative services	-	13,536,302	13,536,302	-	-	-	-	121,919	13,658,221
Administration	3,509,026	-	3,509,026	-	-	-	-	31,605	3,540,631
Student services	8,111,365	878,164	8,989,529	-	-	-	-	80,967	9,070,496
Learning resources	2,938,579	92,165	3,030,744	-	-	-	-	27,297	3,058,041
Physical plant	7,847,519	3,584,214	11,431,733	-	6,957,222	-	-	102,963	18,491,918
General institution	10,910,482	6,489,395	17,399,877	-	-	-	-	(317,585)	17,082,292
Scholarships and grants	-	33,061,080	33,061,080	-	-	-	-	(33,061,080)	-
Total education and support	97,835,180	62,862,718	160,697,898	-	6,957,222	-	-	(32,385,785)	135,269,335
Auxiliary enterprises	3,436,556	-	3,436,556	-	-	-	-	-	3,436,556
Expended for plant assets	343,439	1,708,079	2,051,518	-	7,783,542	-	-	(9,835,060)	-
Administrative and collection costs	121,284	-	121,284	-	-	-	-	-	121,284
Retirement of indebtedness	-	-	-	-	-	3,369,000	-	(3,369,000)	-
Loan cancellations and bad debts	885,297	-	885,297	10,426	-	-	-	-	895,723
Interest on indebtedness	220,419	3,038,518	3,258,937	-	-	138,218	-	-	3,397,155
Depreciation	-	-	-	-	-	-	-	4,189,729	4,189,729
Disposition of capital assets	-	-	-	-	-	-	254,596	(243,056)	11,540
Total expenditures and other deduction	102,842,175	67,609,315	170,451,490	10,426	14,740,764	3,507,218	254,596	(41,643,172)	147,321,322
Transfers among funds:									
Mandatory – matching funds	(112,186)	112,186	-	-	-	-	-	-	-
Non-mandatory transfers	(1,429,488)	(3,928,029)	(5,357,517)	5,000	5,446,453	-	-	-	93,936
Net increase (decrease) for the year	454,280	(3,012,376)	(2,558,096)	(5,426)	(1,785,662)	-	12,949,464	(4,939,553)	3,660,727
Fund balances at beginning of year	15,130,224	13,368,234	28,498,458	145,103	5,921,373	-	126,445,492	(59,373,213)	101,637,213
Fund balances at end of year	\$ 15,584,504	\$ 10,355,858	\$ 25,940,362	\$ 139,677	\$ 4,135,711	\$ -	\$ 139,394,956	\$ (64,312,766)	\$ 105,297,940

DES MOINES AREA COMMUNITY COLLEGE

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

Year ended June 30, 2012

	Education			Support					Education and Support
	Liberal Arts and Sciences	Vocational Technical	Adult Education	Adminis-tration	Student Services	Learning Resources	Physical Plant	General Institution	Total
Revenues:									
Tuition and fees	\$ 42,495,120	\$ 12,477,377	\$ 5,465,730	\$ 9,024	\$ 25,531	\$ -	\$ -	\$ 954,715	\$ 61,427,497
Federal appropriations	-	883,693	551,516	55,905	-	-	-	423,081	1,914,195
State appropriations	-	-	112,349	-	-	-	-	25,432,786	25,545,135
Property tax	-	-	-	-	-	-	-	6,790,404	6,790,404
Interest income	-	-	-	366	-	-	-	93,232	93,598
Miscellaneous	235,427	2,796,701	96,736	232,896	27,496	11,636	298,951	1,561,214	5,261,057
	42,730,547	16,157,771	6,226,331	298,191	53,027	11,636	298,951	35,255,432	101,031,886
Allocation of support services	23,527,336	6,756,631	5,633,270	(298,191)	(53,027)	(11,636)	(298,951)	(35,255,432)	-
Total revenues	66,257,883	22,914,402	11,859,601	-	-	-	-	-	101,031,886
Expenditures:									
Salaries and benefits	25,988,429	27,284,921	5,894,646	2,526,746	7,576,245	2,542,842	4,725,307	6,921,154	83,460,290
Services	421,396	550,906	1,024,185	834,870	287,407	77,721	1,921,293	2,693,566	7,811,344
Materials and supplies	830,963	1,416,234	668,258	119,532	199,397	313,203	1,188,519	1,156,797	5,892,903
Travel	143,292	185,153	69,644	22,113	32,888	4,813	12,400	71,979	542,282
Expended for plant assets	16,864	4,843	4,038	40,010	-	-	237,721	39,963	343,439
Scholarships	-	-	-	-	-	-	-	-	-
Bad Debt	629,891	253,401	-	-	-	-	-	-	883,292
Miscellaneous	18,460	10,268	11,454	127,049	15,428	-	-	66,986	249,645
	28,049,295	29,705,726	7,672,225	3,670,320	8,111,365	2,938,579	8,085,240	10,950,445	99,183,195
Allocation of support services	22,111,599	6,350,057	5,294,293	(3,670,320)	(8,111,365)	(2,938,579)	(8,085,240)	(10,950,445)	-
Total expenditures	50,160,894	36,055,783	12,966,518	-	-	-	-	-	99,183,195
Excess (deficiency) of revenues over (under) expenditures	16,096,989	(13,141,381)	(1,106,917)	-	-	-	-	-	1,848,691
Transfers:									
Mandatory transfers	-	-	-	-	-	-	-	(112,186)	(112,186)
Non-mandatory transfers	5,391	(229,176)	(27,360)	(2,000)	31,250	-	(1,706,772)	364,824	(1,563,843)
Total transfers	5,391	(229,176)	(27,360)	(2,000)	31,250	-	(1,706,772)	252,638	(1,676,029)
Net increase (decrease) for the year	\$ 16,102,380	\$ (13,370,557)	\$ (1,134,277)	\$ (2,000)	\$ 31,250	\$ -	\$ (1,706,772)	\$ 252,638	172,662
Fund balance at beginning of year									11,613,714
Fund balance at end of year									\$ 11,786,376

See accompanying independent auditor's report

DES MOINES AREA COMMUNITY COLLEGE

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

Year ended June 30, 2012

	<u>Bookstore</u>	<u>Career education</u>	<u>Cafeteria/ vending</u>	<u>Student Housing</u>	<u>Athletics</u>	<u>Facilities rental</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:								
Sales and services	\$ -	\$ 695,636	\$ 601,481	\$ 725,430	\$ 7,302	\$ 98,864	\$ 88,387	\$ 2,217,100
Student fee allocations	-	307,914	-	15,887	206,209	-	123,085	653,095
State Support	-	-	-	-	-	-	-	-
Interest income	-	-	-	304	-	-	-	304
Federal appropriations	-	-	-	76,360	-	-	-	76,360
Miscellaneous	-	599,561	24,430	7,039	4,772	469	223,113	859,384
Total revenues and other additions	-	1,603,111	625,911	825,020	218,283	99,333	434,585	3,806,243
Expenditures and other deductions:								
Salaries and benefits	-	618,304	270,825	69,148	222,195	26,672	42,374	1,249,518
Services	-	232,036	58,277	186,949	62,857	7,676	29,149	576,944
Materials and supplies	-	257,301	3,018	16,918	77,244	70,317	36,169	460,967
Travel	-	175,038	658	-	126,400	-	4,795	306,891
Purchases for resale	-	305,324	274,343	-	-	-	-	579,667
Bad debts	-	2,005	-	-	-	-	-	2,005
Interest on debt	-	-	-	220,419	-	-	-	220,419
Miscellaneous	-	161,250	-	-	19,518	183	81,618	262,569
Total expenditures and other deductions	-	1,751,258	607,121	493,434	508,214	104,848	194,105	3,658,980
Transfers among funds (non-mandatory)	-	173,429	(11,555)	(309,005)	289,931	(10,000)	1,555	134,355
Net increase (decrease) for the year	-	25,282	7,235	22,581	-	(15,515)	242,035	281,618
Fund balances at beginning of year	2,126,576	148,912	127,650	795,101	-	9,815	308,456	3,516,510
Fund balances at end of year	\$ 2,126,576	\$ 174,194	\$ 134,885	\$ 817,682	\$ -	\$ (5,700)	\$ 550,491	\$ 3,798,128

DES MOINES AREA COMMUNITY COLLEGE
Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Restricted Funds
Year ended June 30, 2012

	<u>Scholarship</u>	<u>Equipment replacement</u>	<u>Iowa Employment Solutions</u>	<u>Insurance and Tort</u>	<u>Early retirement</u>	<u>Unemployment compensation</u>	<u>Cash reserve</u>	<u>Grants and contracts</u>	<u>Iowa Industrial New Jobs Training Programs</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:											
Tuition and fees	\$ 309,063	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,307	\$ 9,775	\$ -	\$ 336,145
Federal appropriations	32,570,550	-	2,537,645	-	-	-	-	2,882,139	-	-	37,990,334
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	-	18,214,126	-	18,214,126
State appropriations	-	-	25,233	-	-	-	-	879,980	519,034	1,596,965	3,021,212
Property tax	-	3,017,949	-	2,080,721	501,889	598,157	-	-	-	-	6,198,716
Gifts and Grants	450	81,437	-	-	-	-	-	287,904	-	-	369,791
Interest income	-	-	-	-	-	-	-	-	274,031	-	274,031
Miscellaneous	2,830	8,923	123,398	1,215,415	8,555	-	-	436,351	3,615	209,340	2,008,427
Total revenues and other additions	<u>32,882,893</u>	<u>3,108,309</u>	<u>2,686,276</u>	<u>3,296,136</u>	<u>510,444</u>	<u>598,157</u>	<u>-</u>	<u>4,503,681</u>	<u>19,020,581</u>	<u>1,806,305</u>	<u>68,412,782</u>
Expenditures and other deductions:											
Salaries and benefits	-	-	1,700,217	-	1,292,230	505,336	-	2,848,441	941,813	386,874	7,674,911
Services	-	359,765	1,116,798	2,783,509	-	70,000	-	1,034,552	13,975,232	304,015	19,643,871
Materials and supplies	-	1,381,287	26,571	383,273	-	-	-	526,163	28,980	894	2,347,168
Travel	-	-	13,891	-	-	-	-	70,574	10,292	570	95,327
Expended for plant assets	-	765,194	-	-	-	-	-	942,885	-	-	1,708,079
Interest on indebtedness	-	-	-	-	-	-	-	-	3,038,518	-	3,038,518
Scholarships and grants	33,045,870	-	-	-	-	-	-	-	-	-	33,045,870
Private scholarships	-	-	-	-	-	-	-	15,210	-	-	15,210
Miscellaneous	-	1,516	810	-	-	-	-	20,197	17,838	-	40,361
Total expenditures and other deductions	<u>33,045,870</u>	<u>2,507,762</u>	<u>2,858,287</u>	<u>3,166,782</u>	<u>1,292,230</u>	<u>575,336</u>	<u>-</u>	<u>5,458,022</u>	<u>18,012,673</u>	<u>692,353</u>	<u>67,609,315</u>
Excess (deficiency) of revenues over (under) expenditures for the year	(162,977)	600,547	(172,011)	129,354	(781,786)	22,821	-	(954,341)	1,007,908	1,113,952	803,467
Transfers among funds:											
Mandatory transfers	112,186	-	-	-	-	-	-	-	-	-	112,186
Non-mandatory transfers	86,724	(66,470)	160,000	-	156,328	-	-	(211,770)	(1,014,715)	(3,038,126)	(3,928,029)
Net increase (decrease) for the year	35,933	534,077	(12,011)	129,354	(625,458)	22,821	-	(1,166,111)	(6,807)	(1,924,174)	(3,012,376)
Fund balances (deficit) at beginning of year	70,505	645,763	20,277	(191,285)	2,347,679	138,352	755,088	1,261,058	6,807	8,313,990	13,368,234
Fund balances (deficit) at end of year	<u>\$ 106,438</u>	<u>\$ 1,179,840</u>	<u>\$ 8,266</u>	<u>\$ (61,931)</u>	<u>\$ 1,722,221</u>	<u>\$ 161,173</u>	<u>\$ 755,088</u>	<u>\$ 94,947</u>	<u>\$ -</u>	<u>\$ 6,389,816</u>	<u>\$ 10,355,858</u>

See accompanying independent auditor's report

DES MOINES AREA COMMUNITY COLLEGE

Changes in Deposits Held in Custody for Others - Agency Funds

Year ended June 30, 2012

	<u>Student activities</u>	<u>Specially funded activities</u>	<u>Iowa Workforce Development</u>	<u>Community College Athletic Conference</u>	<u>Student clubs and organizations</u>	<u>Iowa Innovation Gateway</u>	<u>Other</u>	<u>Total</u>
Balances, beginning of year	\$ 264,202	\$ 202,008	\$ -	\$ 30,874	\$ 312,721	\$ 52,962	\$ 113,034	\$ 975,801
Additions:								
Tuition and fees	458,998	45,475	-	-	24,763	-	-	529,236
State appropriations	-	-	75,488	-	-	-	-	75,488
Federal funds	-	-	112,386	-	-	-	-	112,386
Sales and services	109,857	548	-	-	17,893	-	-	128,298
Interest on investments	-	-	-	-	492	-	-	492
Other	118,667	147,331	113,977	228,462	157,863	118,592	29,375	914,267
Transfers in	186,472	33,900	2,000	-	76,880	-	-	299,252
Total additions	<u>873,994</u>	<u>227,254</u>	<u>303,851</u>	<u>228,462</u>	<u>277,891</u>	<u>118,592</u>	<u>29,375</u>	<u>2,059,419</u>
Deductions:								
Salaries and benefits	61,770	7,378	4,249	128,697	38,797	68,781	31,327	340,999
Services	136,066	165,006	182,259	22,367	59,837	91,254	-	656,789
Materials and supplies	138,641	58,789	39,164	6,016	49,576	3,922	-	296,108
Travel	13,285	752	151	5,466	119,278	190	-	139,122
Cost of goods sold	136,345	-	-	-	18,680	-	-	155,025
Scholarships	550	-	-	-	35,450	-	-	36,000
Other	12,298	8,619	162	42,544	7,812	2,500	-	73,935
Transfers out	364,163	20,548	-	-	8,477	-	-	393,188
Total deductions	<u>863,118</u>	<u>261,092</u>	<u>225,985</u>	<u>205,090</u>	<u>337,907</u>	<u>166,647</u>	<u>31,327</u>	<u>2,091,166</u>
Net additions and deductions	<u>10,876</u>	<u>(33,838)</u>	<u>77,866</u>	<u>23,372</u>	<u>(60,016)</u>	<u>(48,055)</u>	<u>(1,952)</u>	<u>(31,747)</u>
Balances, end of year	\$ <u>275,078</u>	\$ <u>168,170</u>	\$ <u>77,866</u>	\$ <u>54,246</u>	\$ <u>252,705</u>	\$ <u>4,907</u>	\$ <u>111,082</u>	\$ <u>944,054</u>

DES MOINES AREA COMMUNITY COLLEGE

Credit and Contact Hours

Year ended June 30, 2012

<u>Category</u>	<u>Credit hours eligible for aid</u>	<u>Contact hours</u>		<u>Total</u>
		<u>Eligible for aid</u>	<u>Not eligible for aid</u>	
Arts and sciences	399,446	7,273,244	-	7,273,244
Vocational education	90,924	2,088,746	-	2,088,746
Adult education/continuing education	-	1,284,988	197,024	1,482,012
Related services and activities	-	245,254	14,204	259,458
Total	<u>490,370</u>	<u>10,892,232</u>	<u>211,228</u>	<u>11,103,460</u>

DES MOINES AREA COMMUNITY COLLEGE

Taxes and Intergovernmental Revenues
(Excluding the Agency Funds)

For the Last Nine Years

		Years ended June 30								
		<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Local (property tax)	\$	19,779,534	18,089,665	\$ 17,532,643	\$ 16,455,262	\$ 16,513,769	\$ 18,092,410	\$ 16,880,081	\$ 14,137,997	\$ 13,755,963
State		28,720,739	29,051,616	27,090,659	31,991,978	29,847,275	26,443,984	24,341,715	22,826,135	21,891,866
Federal		<u>39,980,889</u>	<u>42,465,427</u>	<u>39,944,241</u>	<u>21,734,414</u>	<u>19,277,833</u>	<u>16,061,228</u>	<u>13,037,134</u>	<u>13,144,456</u>	<u>13,103,773</u>
Total	\$	<u><u>88,483,174</u></u>	<u><u>89,606,708</u></u>	<u><u>\$ 84,567,543</u></u>	<u><u>\$ 70,181,654</u></u>	<u><u>\$ 65,638,877</u></u>	<u><u>\$ 60,597,622</u></u>	<u><u>\$ 54,258,930</u></u>	<u><u>\$ 50,108,588</u></u>	<u><u>\$ 48,751,602</u></u>

DES MOINES AREA COMMUNITY COLLEGE

Current Fund Revenues by Source
and Expenditures by Function

For the Last Nine Years

		Years ended June 30								
		2012	2011	2010	2009	2008	2007	2006	2005	2004
Revenues:										
Tuition and fees	\$	61,763,642	\$ 59,906,044	\$ 52,668,767	\$ 42,969,791	\$ 38,275,282	\$ 34,751,937	\$ 34,660,651	\$ 32,869,111	\$ 30,851,019
Property tax		12,989,120	11,550,038	11,279,076	10,550,327	10,978,527	12,757,968	11,876,240	9,287,613	8,944,224
Federal appropriations		39,980,889	42,465,427	39,944,241	21,734,414	19,277,833	16,061,228	13,037,134	13,144,456	13,103,773
State appropriations		28,566,347	28,382,697	26,610,659	31,200,104	29,184,500	25,781,342	23,993,708	22,092,803	21,891,866
Interest income from investments		367,933	712,496	792,264	2,172,218	3,505,217	3,507,531	2,474,490	1,260,452	399,500
Iowa Industrial New Jobs Training Program		18,214,126	11,466,792	14,051,594	26,073,183	16,603,495	11,623,679	14,068,915	10,884,743	5,882,647
Auxiliary enterprises revenue		2,217,100	2,199,463	2,651,778	2,083,539	9,877,741	9,256,399	8,810,954	8,564,404	8,284,464
Proceeds from sale of bonds		-	-	-	3,960,000	-	-	-	-	-
Miscellaneous		9,151,754	6,522,268	5,886,232	4,995,593	4,007,622	3,932,010	3,287,833	2,510,089	1,954,839
Total		173,250,911	\$ 163,205,225	\$ 153,884,611	\$ 145,739,169	\$ 131,710,217	\$ 117,672,094	\$ 112,209,925	\$ 100,613,671	\$ 91,312,332
Expenditures:										
Liberal arts and sciences	\$	28,049,295	\$ 26,265,239	\$ 23,397,899	\$ 22,010,606	\$ 19,913,375	\$ 17,783,316	\$ 16,319,487	\$ 14,790,786	\$ 13,469,669
Vocational technical		31,177,970	29,734,690	28,073,906	25,883,936	23,988,748	22,219,019	20,684,928	19,269,936	18,544,343
Adult education		11,421,379	10,036,125	9,376,075	9,354,727	9,255,757	7,997,480	8,029,461	7,751,028	7,496,622
Cooperative services		13,536,302	5,929,199	8,084,678	18,794,647	9,807,914	5,749,870	8,890,197	3,467,398	3,593,633
Administration		3,670,320	3,571,180	3,839,613	3,267,926	3,020,686	2,993,578	2,785,144	2,694,895	2,480,506
Student services		8,989,529	8,800,990	7,747,604	7,527,948	7,611,760	6,781,974	6,025,128	5,780,039	5,427,368
Learning resources		3,030,744	2,910,249	2,929,197	2,879,426	2,803,828	2,754,615	2,653,133	2,609,147	2,507,982
Physical plant		12,612,339	10,441,362	8,013,448	7,013,376	6,849,374	6,607,398	6,157,020	5,856,699	5,162,407
General institution		18,205,034	20,267,851	17,109,638	15,744,126	17,781,705	14,735,139	13,391,475	11,277,648	10,546,515
Auxiliary enterprises		3,438,561	3,471,079	4,041,098	7,433,336	10,504,665	9,808,600	8,644,019	8,617,642	8,085,502
Scholarships and grants		33,061,080	34,717,959	29,629,518	15,451,116	12,305,524	10,154,237	9,346,631	9,574,679	9,220,794
Interest on indebtedness		3,258,937	3,391,773	3,547,259	3,516,990	3,046,029	2,737,541	2,169,684	2,303,069	2,164,943
Loss on discontinued operations		-	-	-	-	578,792	-	-	-	-
Total		170,451,490	\$ 159,537,696	\$ 145,789,933	\$ 138,878,160	\$ 127,468,157	\$ 110,322,767	\$ 105,096,307	\$ 93,992,966	\$ 88,700,284

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards

Year ended June 30, 2012

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
United States Department of Education		
Direct:		
Federal Direct Student Loans	84.268	\$ 57,481,643
Federal Pell Grant Program	84.063	32,211,555
Federal Pell Grant Administrative Fee	84.063	55,905
Academic Competitiveness Grants	84.375	650
Federal Supplemental Educational Opportunity Grant	84.007	358,995
Federal Work-study Program	84.033	423,081
Total Student Financial Assistance Cluster		<u>90,531,830</u>
Direct Trio Grants:		
Upward Bound FY11 Award	84.047	71,186
Upward Bound FY12 Award	84.047	173,279
Student Support Services FY11 Award	84.042	82,001
Student Support Services FY12 Award	84.042	251,901
Student Support Services-Grant Aid	84.042A	15,000
Total Trio Grants		<u>578,366</u>
Indirect through Iowa Department of Education:		
Adult Education-Adult Basic Education	84.002	551,516
Adult Education-ABE Teacher Training	84.002	11,830
Adult Education-EL Civics Grant	84.002	77,890
Career and Technical Education-Vocational Education - Perkins Funds	84.048A	883,693
Total through Iowa Department of Education		<u>1,524,929</u>

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

DES MOINES AREA COMMUNITY COLLEGE
 Schedule of Expenditures of Federal Awards (Continued)
 Year ended June 30, 2012

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Indirect through Iowa Department of Corrections:		
Career and Technical Education-Perkins Newton Correctional Facility	84.048A	8,494
Career and Technical Education-Perkins Iowa Women's Institute for Women	84.048A	7,375
Career and Technical Education-Increasing Retention & Graduation of Students	84.048A	3,625
Title I-Newton Correctional Facility	84.013A	21,000
Title I-Iowa Women's Institute for Women	84.013A	10,000
Total through Iowa Department of Corrections		<u>50,494</u>
Total U.S. Department of Education		<u>92,700,618</u>
National Science Foundation		
Direct:		
Education and Human Resources-SEEC:STEM	47.076	191
Total National Science Foundation		<u>191</u>
U.S. Department of Agriculture Food & Nutrition		
Indirect through Iowa Workforce Development:		
Food Stamps/FSET	10.561	471
E & T Regional Grant/FSET	10.561	3,327
Total U.S. Department of Agriculture		<u>3,798</u>
U.S. Department of Labor		
Direct:		
WIA Pilots, Demonstrations, and Research-CNA Project	17.261	61,752
WIA Pilots, Demonstrations, and Research-Project Employment (2)	17.261	13,275
WIA Pilots, Demonstrations, and Research-Project Employment (3)	17.261	170,373
WIA Pilots, Demonstrations, and Research-Project Employment (4)	17.261	144,975
WIA Pilots, Demonstrations, and Research-Re-Employment Skills Initiative	17.261	29,320
WIA Pilots, Demonstrations, and Research-Expanded Workforce Training Acaden	17.261	219,647
YouthBuild 1	17.274	103,750
YouthBuild 2	17.274	288,786
Total Direct U.S. Department of Labor		<u>1,031,878</u>
Indirect through Iowa Workforce Development:		
Disabled Veterans' Outreach Program-DVOP	17.801	6,642

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

DES MOINES AREA COMMUNITY COLLEGE

Schedule of Expenditures of Federal Awards (Continued)

Year ended June 30, 2012

Federal Grantor/Program Title	CFDA Number	Expenditures
Employment Service/Wagner-Peyser	17.207	\$ 51,090
Employment Service/Wagner-Peyser National Career Readiness Certificate	17.207	(160,000)
Local Veterans' Employment Representative Program-LVER	17.804	1,011
State Energy Sector Partnership & Training (ARRA)	17.275	31,148
Trade Adjustment Assistance	17.245	781
Unemployment Insurance	17.225	49,370
Unemployment Insurance Re-Employment Assistance	17.225	3,289
WIA Administration	17.258/17.278	89,244
WIA Adult Program	17.258	440,879
WIA Dislocated Workers	17.278	717,056
WIA Incentive/SWA (2)	17.260	4,745
WIA National Emergency Grant-OJT (ARRA)	17.277	71,541
WIA-Rapid Response	17.260	107
Total through Iowa Workforce Development		<u>1,306,904</u>
Indirect through Iowa Department of Education:		
Incentive Grants-WIA-Adult Literacy for the Workplace in Iowa (ALWI)	17.267	85,292
Total through Iowa Department of Education		85,292
Total U.S. Department of Labor		<u>2,424,075</u>
U.S. Department of Justice		
Direct:		
Discretionary Grants-Electronic Crime Institute Expansion	16.580	364,113
Total U.S. Department of Justice		<u>364,113</u>
Social Security Administration		
Indirect through Iowa Workforce Development:		
Work Incentive Planning & Assistance-WIPA	96.008	2,187
Total Social Security Administration		<u>2,187</u>
U.S. Department of Treasury		
Build America Bonds (ARRA)	21.000	76,360
Total U.S. Department of Treasury		<u>76,360</u>

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

DES MOINES AREA COMMUNITY COLLEGE
 Schedule of Expenditures of Federal Awards (Continued)
 Year ended June 30, 2012

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
U.S. Department of Health & Human Services		
Direct:		
Early Retiree Reinsurance Program	93.546	\$ 110,908
Total Direct U.S. Department of Health & Human Services		<u>110,908</u>
Indirect through Cuyahoga Community College:		
Midwest Community College Health Information Technology Consortium (ARRA)	93.721	312,331
Total through Iowa Department of Health		<u>312,331</u>
Indirect through Iowa Workforce Development:		
Temporary Assistance for Needy Families IES Promise Jobs Program	93.558	1,331,553
Temporary Assistance for Needy Families IWD Promise Jobs Program	93.558	38,346
Medicaid Infrastructure Grant-WIPA	93.764	1,718
Total through Iowa Workforce Development		<u>1,371,617</u>
Indirect through Iowa Department of Health:		
Refugee and Entrant Assistance-Bureau of Refugee Services GED-ESL	93.566	19,306
Direct Care Workforce Initiative Pilot Project	93.512	4,714
Total through Iowa Workforce Development		<u>24,020</u>
Total U.S. Department of Health & Human Services		<u>1,818,876</u>
U.S. Department of Energy		
Indirect through Iowa Office of Energy Independence:		
Energy Efficiency and Conservation (ARRA)	81.041	185,353
Total U.S. Department of Energy		<u>185,352</u>
Total Federal Expenditures		<u><u>\$ 97,575,569</u></u>

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

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

NOTE 1 BASIS OF PRESENTATION

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of Des Moines Area Community College (the College) for the year ended June 30, 2012, which have been financed by the United States government (federal awards). For purposes of the Schedule, federal awards include all federal assistance entered into directly between the College and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position and support, revenues, expenses, and changes in net assets of the College.

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

NOTE 2 STUDENT FINANCIAL ASSISTANCE

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the College under this program at June 30, 2012.

See accompanying independent auditor's report.

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

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

We have audited the financial statements of Des Moines Area Community College (the College) and its discretely presented component unit as of and for the year ended June 30, 2012, which collectively comprise the College's basic financial statements, and have issued our report thereon dated November 5, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We noted certain matters related to compliance that we reported to management of the College in a separate letter dated November 5, 2012.

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 5, 2012

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

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

Compliance

We have audited Des Moines Area Community College's (the College) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2012. 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, 2012.

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

This report, a public record by law, is intended solely for the information and use of the 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
DENMAN & COMPANY, LLP

West Des Moines, Iowa
November 5, 2012

**Des Moines Area Community College
SCHEDULE OF FINDINGS
Year ended June 30, 2012**

Part I—Summary of the Independent Auditor's Results

- (a) An unqualified opinion was issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any noncompliance which is material to the financial statements.
- (d) No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Major programs were as follows:
 - CFDA Number 84.007, 84.033, 84.063, 84.268, 84.375 — Student Financial Assistance Cluster
 - CFDA Number 84.002 — Adult Basic Education
 - CFDA Number 84.048A — Perkins – Career and Technical Education
 - CFDA Number 93.721 — Midwest Community College Health Information Technology Consortium
 - CFDA Number 16.580 — Electronic Crime Institute Expansion
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Des Moines Area Community College qualified as a low-risk auditee.

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

NONE

Part III—Findings for Federal Awards

NONE

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

We have audited the financial statements of Des Moines Area Community College for the year ended June 30, 2012, and have issued our report thereon dated November 5, 2012. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and OMB Circular A-133), as well as certain information related to the planned scope and timing of our audit. We have communicated such information during the audit committee meeting on June 11, 2012. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by Des Moines Area Community College are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year ended June 30, 2012. We noted no transactions entered into by the College during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

Management's estimate of the allowance for doubtful accounts is based on the College's historical collections. Management's estimate of depreciation expense is based on the College's estimated useful life of assets using the straight line method. Management's estimate of post employment benefits payable is based on actuarially determined amounts. We evaluated the key factors and assumptions used to develop the allowance for doubtful accounts, estimated useful lives of assets, and post employment benefits payable in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosure affecting the financial statements were:

The disclosure of post employment benefits in Note 12 to the financial statements relating to the estimated liability for retiree benefits.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements except for the one included in the attached schedule. In addition, none of the misstatements detected as a result of audit procedures were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 5, 2012.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the College's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the College's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information in Documents Containing Audited Financial Statements

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Board of Directors and management of Des Moines Area Community College 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 5, 2012

Index

ALG-CX-12.2: Audit Difference Evaluation Form

Governmental Unit:

Financial Statement Date:

Completed by:

Date:

Opinion Unit:

A Listing of Known Audit Differences Over: \$

Instructions: This form may be used to accumulate audit differences (AD) greater than the amount considered trivial (documented at Step 5 of ALG-CX-2.1). This form should not include normal closing entries. At the end of the audit, the auditor should evaluate all uncorrected audit differences, individually and in the aggregate, in the context of individual opinion units and conclude on whether they materially misstate the financial statements of an opinion unit taken as a whole. Thus, a separate "Audit Difference Evaluation Form" should be prepared for each opinion unit. Before evaluating the effect of uncorrected misstatements, the auditor should reassess whether materiality is still appropriate based on the entity's actual financial results. The notes following the table provide explanations and a listing of qualitative considerations in evaluating materiality. The form allows for quantifying the effect of misstatements, using both the rollover and iron curtain methods, as appropriate. The auditor needs to be familiar with the guidance in section 1011 before completing this form.

Description (Nature) of Audit Difference (AD)	Known (K) or Likely (L)	Cause	Work-paper Ref.	Financial Statement Effect—Amount of Over (Under) Statement of:						
				Total Assets	Total Liabilities	Working Cap.	Fund Balance/Net Assets	Revenues	Expen.	Change in Fund Balance/Net Assets
Accrued FICA/IPERS on Accrued Vacation	K	Not recorded	Accrueds		-282,336		282,336		-282,336	
Total				0	-282,336	0	282,336	0	-282,336	0
Less audit adjustments subsequently booked										
Net unadjusted AD—current year (iron curtain method)				0	-282,336	0	282,336	0	-282,336	0
Effect of unadjusted AD—prior years					264,000		-264,000		264,000	
Combined current year and prior year AD (rollover method)				0	-18,336	0	18,336	0	-18,336	0
Financial statement caption totals				259,006,995	153,709,055		105,297,940			
Current year AD as % of F/S captions (iron curtain method)				0.00%	-0.18%	0.00%	0.27%	0.00%	0.00%	0.00%
Current and prior year AD as % of F/S captions (rollover method)				0.00%	-0.01%	0.00%	0.02%	0.00%	0.00%	0.00%

Qualitative Factors: Describe qualitative factors that entered into your evaluation of whether uncorrected accumulated misstatements are material, individually or in the aggregate, in relation to specific accounts and disclosures and to the financial statements as a whole, and the reasons why.

Conclusion: Based on the results of the evaluation performed above, as well as the consideration of qualitative factors, uncorrected audit differences, individually and in the aggregate, do do not cause the financial statements of opinion unit taken as a whole to be materially misstated.

Qualitative Considerations in Evaluating Materiality

The judgment about whether a misstatement is material is influenced by qualitative considerations as well as quantitative considerations. The following are examples of qualitative considerations:

1. The effect of the misstatement on overall trends, for example, a misstatement that changes a decrease in fund balance to an increase in fund balance.
2. The effect of the misstatement on other financial statement components (that is, the pervasiveness of the misstatement).
3. The effect of the misstatement on the government's compliance with legal and contractual provisions, such as revenue misstatements that might affect the entity's compliance with bond covenants.
4. A misstatement that affects management's compensation, for example by satisfying requirements for the award of bonuses or other forms of incentive compensation.
5. The significance of the financial statement element or portion of the entity's activities affected by the misstatement.
6. The effects of misclassifications that could be significant to the financial statement users, for example, misclassification between operating and nonoperating revenues or restricted and nonrestricted assets.
7. The potential effect on future periods.
8. The character of the misstatement (for example, the precision of the audit differences).
9. The sensitivity of the circumstances surrounding the misstatement, for example, the implications of misstatements involving fraud, possible violations of laws and regulations, violations of contractual provisions, or conflicts of interest.
10. The motivation of management with respect to the misstatement, for example, (1) an indication of a possible pattern of bias by management when developing and accumulating accounting estimates or (2) a misstatement precipitated by management's continued unwillingness to correct weaknesses in the financial reporting process.
11. The significance of the misstatement or disclosures relative to politically sensitive matters or known user needs.
12. The existence of statutory or regulatory requirements affecting materiality thresholds.
13. Offsetting effects of individually significant matters.
14. Cost of making the correction.
15. Risk of possible additional uncorrected misstatements.

CONFIDENTIAL

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

We have audited the financial statements of Des Moines Area Community College (the College) for the year ended June 30, 2012, and have issued our report thereon dated November 5, 2012. In planning and performing our audit of the financial statements of the College, we have considered its internal control in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements. An audit does not include examining the effectiveness of internal control and does not provide assurance on internal control.

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

REQUIRED STATUTORY REPORTING FOR THE STATE OF IOWA

The following comments about the College's operations for the year ended June 30, 2012 are based exclusively on the knowledge obtained from procedures performed during our audit of the financial statements of the College for the year ended June 30, 2012. Since our audit was based on tests and samples, not all transactions which might have an impact on the comments were necessarily examined. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

1. Certified Budget

Expenditures during the year ended June 30, 2012, exceeded the amounts budgeted in the Plant Fund. The College exceeded the certified budget due to a donation of a 16,000 square foot building in Perry, Iowa. The College valued the building at fair market value. The budget was not amended to reflect the donation.

Recommendation

The budget should have been amended in accordance with the Code of Iowa before expenditures were allowed to exceed the budget.

Response

The building was actually built by the development groups from Perry. When the building was complete, it was donated to the College. The project was also funded with a federal grant to the Perry groups. By the time these numbers were accumulated to establish a value of the building, it was too late in the fiscal year to hold a public hearing and amend the budget. In addition, the College budgets expenditures and this transaction did not actually represent an expenditure on behalf of the College.

Conclusion

Response accepted.

2. Questionable Disbursements

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

3. Travel Expense

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

4. Business Transactions

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

5. Bond Coverage

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

6. Board Minutes

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

7. Publication of Receipts and Disbursements

The College published a statement of receipts and disbursements of all funds of the College, including the names of all persons, firms or corporations to which disbursements were made, as required by Chapter 260C.14(12) of the Iowa Code, on August 7, 2012.

8. Deposits and Investments

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

9. Credit and Contact Hours

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

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

Denman & Company, LLP
DENMAN & COMPANY, LLP