

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

June 30, 2012

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**Iowa Western Community College
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
Board of Trustees (Before January 2012)		
Randy Pash	President	2013
Doug Goodman	Vice President	2011
Brent Seigrist	Member	2013
Larry Winum	Member	2011
Connie Hornbeck	Member	2011
Gary Faust	Member	2013
Scott Robinson	Member	2013
Fred Lisle	Member	2011
Kirk Madsen	Member	2013

Board of Trustees (After January 2012)

Randy Pash	President	2013
Connie Hornbeck	Vice President	2015
Brent Seigrist	Member	2013
Larry Winum	Member	2015
Doug Goodman	Member	2015
Gary Faust	Member	2013
Scott Robinson	Member	2013
Fred Lisle	Member	2015
Kirk Madsen	Member	2013

Community College

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

INDEPENDENT AUDITOR'S REPORT

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

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Iowa Western Community College and its discretely presented component unit as of June 30, 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 December 4, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and Schedule of Funding Progress for the Retiree Health Plan on pages 6 through 16 and 44 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during the audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's financial statements as a whole. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the basic financial statements for the seven years ended June 30, 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 Nonprofit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

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



DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 4, 2012

Iowa Western Community College Council Bluffs, Iowa

Management's Discussion and Analysis For the Year Ended June 30, 2012 (Unaudited)

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

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

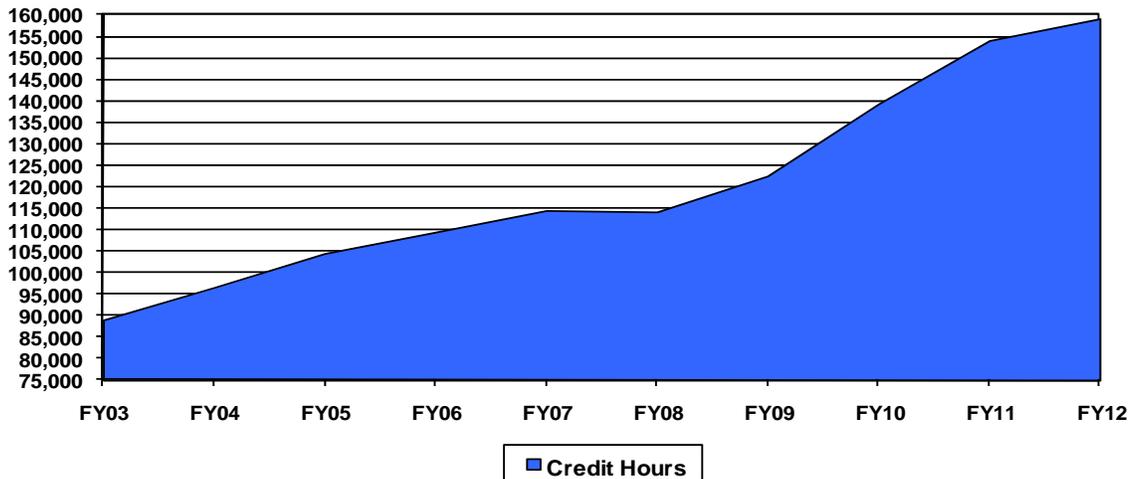
Iowa Western Community College has implemented Governmental Accounting Standards Board pronouncements which require the primary reporting government (IWCC) to include associated entities in its financial reporting. An associated entity is generally an organization that raises and holds economic resources for the direct benefit of a governmental unit. For the fiscal year ending June 30, 2012, Iowa Western Community College will include financial information for the Iowa Western Community College Foundation in discrete presentation format. Other related organizations will be identified using the note disclosure method.

FINANCIAL HIGHLIGHTS

- Total operating revenue grew by 1.9% and increased by \$534,592 and totaled \$28,263,370 for the fiscal year ending June 30, 2012. Tuition and fees revenue, net of scholarships and financial aid, increased 12.6% or \$1,648,233 and totaled \$14,714,239. The increase is due to the combination of a \$7.00 per credit hour tuition rate increase and a 4.4% increase in credit hour production. The tuition and fees revenue gains were offset by reduced federal appropriations. FY10 and FY11 both included "economic stimulus" dollars distributed by the federal government through the ARRA program. The percentage rate of credit hour production growth slowed compared to the previous three fiscal years and was up 4.4% and totaled 159,338 (see graph below).

IWCC

10 Year Credit Hour Production Growth Trend



- Operating expenditures increased in FY12 by \$5,482,830 versus FY11 and totaled \$55,211,414. Expenditures within the Unrestricted General Fund for general operations increased by \$2,099,545 in FY12. Enrollment growth also affected other areas of operating expenditures including the Restricted General Fund and Auxiliary functions. As noted above, Pell grant awards were up \$934,468 in FY12 versus FY11. In similar fashion the Auxiliary Operations expenditures were up \$1,085,185 with increased student headcounts impacting Bookstore, Food Service and Housing.
- Net non-operating revenue increased by \$2,355,178 in fiscal year 2012 versus fiscal year 2011. IWCC taxable valuations for its 13 county service district rose in FY12 by 4.31% and totaled \$7,915,887,318, compared to FY11 value of \$7,613,974,285 district wide. Total actual tax collection increased for the year as IWCC's overall tax rate increased due to higher debt service needs associated with the issuance of the final \$6 million of general obligation bonds approved by the Merged Area 13 voters in December 2007 and an early retirement offering that saw 16 IWCC employees end their careers at the college on June 30, 2012.

USING THIS ANNUAL REPORT

This discussion and analysis are intended to serve as an introduction to IWCC's basic financial statements. The College's basic financial statements consist of a series of financial statements. The Statement of Net Assets, the Statement of Revenues, Expenses and Changes in Nets Assets and the Statement of Cash Flows (on pages 18 through 22) provide information about the activities of the College as a whole and present a longer-term view of the College's finances. These basic financial statements also include the notes to the financial statements and explain some of the information in the statements and provide more detail. Supplemental information is also in schedule form and begins on page 43.

THE COLLEGE AS A WHOLE

The Statement of Net Assets

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

The largest portion of the College's net assets 84% is the Invested in Capital Assets (e.g., land, infrastructure, buildings, and equipment), less the related debt. The debt related to the Invested in Capital Assets is liquidated with sources other than capital assets. The restricted portion of the net assets 8% includes resources that are subject to external restrictions. The remaining net assets 8% are the unrestricted net assets that can be used to meet the College's obligations as they come due.

Condensed Statement of Net Assets
For Year Ended June 30

	<u>FY12</u>	<u>FY11</u>
Current Assets	\$ 53,735,011	\$46,760,857
Noncurrent assets	<u>114,803,492</u>	<u>110,700,901</u>
Total assets	<u>168,538,503</u>	<u>157,461,758</u>
Current liabilities	41,004,154	35,488,493
Noncurrent liabilities	<u>75,035,223</u>	<u>71,704,088</u>
Total liabilities	<u>116,039,377</u>	<u>107,192,581</u>
Net assets:		
Invested in capital assets, net of related debt	44,256,280	36,029,597
Restricted	4,309,283	5,377,839
Unrestricted	<u>3,933,563</u>	<u>8,861,741</u>
Total net assets	<u>\$52,499,126</u>	<u>\$50,269,177</u>

Statement of Revenues, Expenses and Changes in Net Assets

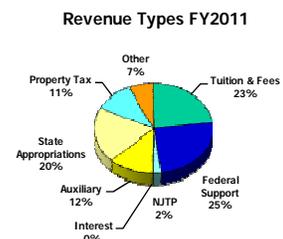
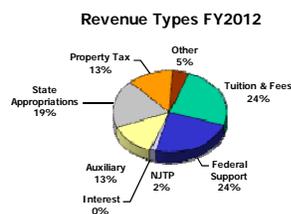
Changes in total net assets as presented on the Statement of Net Assets are based on the activity presented in the Statement of Revenues, Expenses, and Changes in Net Assets. The purpose of the statement is to present the revenues received by the College, both operating and non-operating, and the expenses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

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

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

Operating revenue:	<u>FY12</u>	<u>FY11</u>
Tuition and fees	\$14,714,239	\$13,066,006
Federal appropriations	1,730,398	2,643,514
Iowa industrial New Jobs Training Program	920,048	1,152,676
Auxiliary	8,051,618	7,024,334
Other	<u>2,847,067</u>	<u>3,842,248</u>
Total operating revenue	28,263,370	27,728,778
Total Operating expenses	<u>55,211,414</u>	<u>49,728,584</u>
Operating loss	<u>(\$26,948,044)</u>	<u>(\$21,999,806)</u>
Non-operating revenue (expenses)	<u>FY12</u>	<u>FY11</u>
State appropriations	11,421,002	11,442,668
Pell Grant	12,702,910	11,768,442
Property tax	7,888,117	6,209,731
Disposal of plant assets	52,927	(37,712)
Interest on investments	49,894	103,552
Interest on indebtedness	(2,803,669)	(2,661,769)
Other	<u>(133,188)</u>	<u>(2,097)</u>
Net non-operating revenue	<u>29,177,993</u>	<u>26,822,815</u>
Change in net assets	2,229,949	4,823,009
Net assets beginning of year, as restated	<u>50,269,177</u>	<u>45,446,168</u>
Net assets end of year	<u>\$52,499,126</u>	<u>\$50,269,177</u>

The Statement of Revenues, Expenses, and Changes in Net Assets reflect an increase in net assets at the end of the fiscal year of \$2,229,949.



Total Revenue by Source
For Year Ending June 30

	<u>FY12</u>	<u>FY11</u>
Tuition and Fees, net	\$14,714,239	\$13,066,006
Federal	14,433,308	14,411,956
NJTP	920,048	1,152,676
Interest	49,894	103,552
Auxiliary	8,051,618	7,024,334
State	11,421,002	11,442,668
Property Tax	7,888,117	6,209,731
Other	<u>2,899,994</u>	<u>3,840,151</u>
Total	<u>\$60,378,220</u>	<u>\$57,251,074</u>

In fiscal year 2012, total operating revenue increased by \$3,127,146 or 5.5%. Following is an analysis of individual revenue sources:

- During fiscal year 2012 the college's credit hour production continued to increase albeit at a slower pace than the previous three (3) fiscal years. Credit hours totaled 159,338, up 5,118 versus FY11, a percentage increase of 3.3%. Tuition and fee revenue increased by nearly \$1,650,000 or 12.6% compared to the previous fiscal year, a combination of the credit hour production growth and \$7.00 per credit hour tuition rate increase approved for FY12. The fall 2012 (FY13) credit hour numbers compared to fall FY12 are flat to slightly lower as full-time students appear to be opting for a lower academic load that is covered by financial aid and scholarships.
- Total federal appropriations remained relatively stable at \$14,433,308 compared to the prior fiscal year. However, Pell Grant awards for IWCC students were up \$934,468 or 8% while other forms of federal support fell by (\$913,116) or (34.5%). Both FY10 and FY11 included federal appropriations from the American Recovery and Reinvestment Act (ARRA) of 2009.
- Net Auxiliary Enterprise revenues increased in FY12 as sales revenues for student housing, food services and the College Store were all higher. The increase in revenues due in large measure to the opening of Phase II in the Reiver Suites II complex. With 144 new beds that also require a mandatory meal plan. Revenues for the individual operations were up \$399,399 for Bookstore; \$338,786 for Food Service; and \$680,442 for Student Housing.

The IWCC Board of Trustees has approved the final phase of Reiver Suites II which will result in another 144 beds coming online for fall semester 2013.

Local support in the form of property tax revenue totaled \$7,888,117 in FY12. This represents an increase of \$1,678,386 over fiscal year 2011. The major share of the increase in property tax revenue (\$1,435,362) was the result of costs associated with an employee early retirement program authorized by the Trustees in December 2011. Sixteen employees opted to retire under the program offering that provided a cash buyout and medical insurance benefits to age 65. The balance of the property tax revenue increase, \$243,024, resulted from higher property valuations and increased costs associated with property and casualty insurance coverage.

Operating Expenses
For Year Ending June 30

	<u>FY12</u>	<u>FY11</u>
Education and support:		
Liberal arts and sciences	\$9,144,498	\$ 8,468,106
Applied science and technology	7,023,523	6,399,919
Continuing education	2,642,304	2,726,627
Cooperative services	1,174,480	1,096,679
Administration	2,577,625	3,135,805
Student services	3,785,331	3,411,892
Learning resources	323,318	249,024
Physical plant	5,886,894	5,881,622
General institution	7,881,398	5,749,350
Auxiliary enterprises	9,434,984	8,382,828
Scholarships and grants	809,818	651,119
Depreciation and amortization	<u>4,527,241</u>	<u>3,575,613</u>
 Total operating expenses	 <u>\$55,211,414</u>	 <u>\$49,728,584</u>

In fiscal year 2012, operating expenses increased \$5,482,830 or 11% as a net result of the following changes:

- Salary and benefit costs remain the largest category of expense totaling \$30,981,376 in FY12. In total, salary and benefit costs were up nearly \$3,570,000 compared to FY11. As mentioned above in the discussion of local property tax support, \$1,435,362 in salary/benefit expenses were incurred with the employee early retirement offering made in FY12. The remaining \$2,135,000 in higher expenditures is due to hiring of new full-time employees to meet enrollment increases, new program starts, increased number of adjuncts to meet class section demand and a general staff salary increase of 3.0%.
- As noted above in revenue discussions, Auxiliary Operations continue to grow as housing facilities are expanded and enrollment numbers continue to increase. In FY12 Auxiliary expenditures increased by \$1,052,156 and totaled \$9,434,984. The majority of the increase in expenditures is associated with additional personnel required to manage new facilities and the associated general expenses incurred to operate them (utilities, supplies, custodial etc.).

- Construction activity was underway during FY11 at both the Arts Center and in Student Services. The Arts Center additional will provide much needed instructional space for instrumental and vocal music as well as the theater department. This addition opened to students in October 2011. The new Student In-Take and Welcome Center was also under construction during FY11. This major renovation of existing space consolidated all student services (enrollment management, financial aid, advising, recruiting and business services) in one location. It received its first prospective student visitors in October 2011.
- As noted above, construction of additional housing facilities continued during FY11 at the Suites. Phase I of the Reiver Suites II complex opened in fall 2010 and Phase II, a second 144 beds, opened in the fall of 2011 bringing the total Suites capacity to 720 residents. The final phase has been approved for construction by the Board of Trustees and is slated to come on line for student occupancy in August 2013. This will bring the total of suites style housing to 864 beds and complete the Reiver Suites project.
- The Nursing Center of Excellence opened to students in February 2011 and positioned Iowa Western with one of the most advanced technology based medical health/nursing instructional facilities in the Midwest. The center utilizes high fidelity medical simulation mannequins and digital recording equipment to deliver clinical instruction to nursing students. With the construction of this new state-of-the-art facility, IWCC has doubled the student capacity for its allied health programs.

Statement of Cash Flows

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

Condensed Statement of Cash Flows

For the Year Ended June 30

Cash flows from:	<u>FY12</u>	<u>FY11</u>
Operating activities	(\$24,481,480)	\$(20,987,686)
Non-capital financing activities	32,979,055	30,273,424
Capital and related financing activities	(6,577,498)	(9,994,617)
Investing activities	<u>49,894</u>	<u>103,552</u>
Net increase in cash	1,969,971	(605,327)
Cash, beginning of year	<u>21,156,023</u>	<u>21,761,350</u>
Cash, end of year	<u>\$23,125,994</u>	<u>\$21,156,023</u>

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

Component Unit Financial Statements

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

Condensed Statement of Net Assets

As of June 30

	FY12	FY11
Total assets	\$20,864,368	\$19,814,883
Total liabilities	\$ 1,118,344	\$ 413,222
Total net assets	<u>19,746,024</u>	<u>19,401,661</u>
	<u>\$20,864,368</u>	<u>\$19,814,883</u>

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

	FY12	FY11
Total revenues	\$2,579,881	\$3,985,278
Total expenses	<u>2,235,518</u>	<u>3,167,651</u>
Increase/(Decrease) in net assets	\$ <u>344,363</u>	<u>\$ 817,627</u>

Financial highlights of the Foundation include the following:

- Net assets increased \$344,363 from June 30, 2011 to June 30, 2012. The Foundation's investment portfolio struggled through the fiscal year as gains from interest and investment income of \$193,574 were more than offset by losses (both realized and unrealized) on investments of (\$275,832). Public support and contributions remain strong as the Foundation continues to build relationships (fundraising) in the metropolitan area, within the service district and with alumni.
- During the 2008 fiscal year (June 30, 2008) the Foundation received a major gift of 105 acres of prime commercial real estate. The property has an estimated market value of nearly \$10.75 million. While the property has been listed for sale the current commercial real estate market has remained stagnate and the Foundation has yet to identify/receive any viable offers for the property. Proceeds from any future sale will be used to promote the interests of Iowa Western Community College.

CAPITAL ASSETS

At June 30, 2012, the College has approximately \$113,094,656 invested in capital assets, net of accumulated depreciation of \$32,260,596. Net depreciation charges totaled \$4,198,973 for the 2012 fiscal year. Details for the capital assets are shown below.

Capital Assets, Net of Accumulated Depreciation

For the Year Ended June 30

	<u>FY12</u>	<u>FY11</u>
Land	\$ 560,164	\$ 560,164
Buildings	88,185,532	84,663,573
Construction in progress	3,082,998	11,414,984
Other structures and improvements	16,171,637	8,897,471
Equipment and vehicles	3,902,489	3,861,349
Capital leases	403,672	326,617
Software	<u>788,164</u>	<u>805,094</u>
Total	<u>\$113,094,656</u>	<u>\$110,529,252</u>

DEBT

At June 30, 2012, the College had \$81,703,502 million in debt outstanding. The table below summarizes these amounts by type.

Outstanding Debt

For the Year Ended June 30

	<u>FY12</u>	<u>FY11</u>
Early retirement payable	\$ 1,900,336	\$ 627,059
Certificates payable	7,255,000	6,540,000
Capital loan notes payable	4,140,000	5,155,000
Revenue bonds	44,035,000	38,380,000
Bonds payable	23,965,000	25,600,000
Capital leases payable	<u>408,166</u>	<u>331,111</u>
Total	<u>\$81,703,502</u>	<u>\$76,633,170</u>

Total outstanding debt increased \$5,070,332 in fiscal year 2012. The college continues to utilize the various types of long-term financing available to fund the expansion and updating of college facilities.

During FY12 the college issued new debt of \$9,963,958 that consisted of \$1,630,000 in NJTP certificates, \$6,750,000 in general obligation bonds and another capital lease for \$135,638. Also included in the new debt balance was the \$1,448,320 of retirement incentives payable. During fiscal year 2012 Iowa Western completed refinancing of existing debt including capital loan notes, general obligation bonds and dorm revenue bonds and will realize significant interest expense savings due to lower borrowing rates.

ECONOMIC FACTORS

Iowa Western Community College's long-term economic outlook remains strong as enrollment and credit hour production continue to increase. IWCC is currently in the process of developing new academic programs to meet changing employer needs. Physical Therapy assistant program is slated to open to student enrollment in January 2014. In addition, the college is forming program development in STEM career areas (science, technology, engineering, math) in response to national and state policymaker focus on these workforce shortage needs. The State of Iowa has weathered the national economic downturn and the state revenue forecast for FY14 is much improved compared to previous years. Support for the community college within the state legislature has been strong and could lead to higher state aid in FY14.

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

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

Contacting the College's Financial Management

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

BASIC FINANCIAL STATEMENTS

Iowa Western Community College
STATEMENT OF NET ASSETS
June 30, 2012

ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT ASSETS		
Cash and short-term pooled investments	\$ 23,125,994	\$ 700,039
Investments	-	7,613,942
Receivables		
Accounts receivable, net of allowance for uncollectible accounts of \$312,164	18,390,331	-
Contributions and other receivables	-	445,621
Property tax		
Delinquent	81,312	-
Succeeding year	9,274,463	-
Beneficial interest in irrevocable trust	-	16,438
Iowa Industrial New Jobs Training Program	31,783	-
Due from Iowa Western Community College Foundation (component unit)	398,715	-
Due from Iowa Western Community College	-	359,408
Due from other governments	1,003,988	-
Inventories	763,621	-
Prepaid expenses	664,804	374,251
Other assets	-	198,073
Net investment in capital leases	-	67,722
Total current assets	<u>53,735,011</u>	<u>9,775,494</u>
NONCURRENT ASSETS		
Iowa Industrial New Jobs Training Program receivable, net of current portion	1,708,836	-
Land held for investment	-	10,748,430
Capital assets, net of accumulated depreciation and amortization	<u>113,094,656</u>	<u>340,444</u>
Total noncurrent assets	<u>114,803,492</u>	<u>11,088,874</u>
 Total assets	 <u>168,538,503</u>	 <u>20,864,368</u>

Iowa Western Community College
STATEMENT OF NET ASSETS (continued)
June 30, 2012

LIABILITIES AND NET ASSETS	<u>College</u>	<u>Foundation</u>
CURRENT LIABILITIES		
Accounts payable	\$ 1,809,704	\$ 366,478
Due to Iowa Western Community College	-	398,715
Due to Iowa Western Community College Foundation (component unit)	359,408	-
Salaries and benefits payable	4,580,281	-
Accrued interest payable	323,377	-
Deferred revenue		
Succeeding year property tax	9,274,463	-
Iowa Industrial New Jobs Training Program and other	14,968,895	-
Retirement incentives payable	874,780	-
Compensated absences	528,779	-
Deposits held in custody for others	2,366,745	353,151
Certificates payable	1,240,000	-
Bonds payable	3,600,000	-
Notes payable	1,010,000	-
Capital leases payable	67,722	-
Total current liabilities	<u>41,004,154</u>	<u>1,118,344</u>
NONCURRENT LIABILITIES		
Retirement incentives payable	1,025,556	-
Certificates payable	6,015,000	-
Bonds payable	64,400,000	-
Notes payable	3,130,000	-
Capital leases payable	340,444	-
Net other postemployment benefits obligation	124,223	-
Total noncurrent liabilities	<u>75,035,223</u>	<u>-</u>
Total liabilities	<u>116,039,377</u>	<u>1,118,344</u>
NET ASSETS		
Invested in capital assets, net of related debt	<u>44,256,280</u>	<u>-</u>
Restricted		
Nonexpendable	-	2,159,926
Expendable		
Scholarships	34,445	6,429,327
Loans	2,692	-
Debt service	2,737,789	-
Cash reserve	361,092	-
Other	1,173,265	10,775,141
Total restricted	<u>4,309,283</u>	<u>19,364,394</u>
Unrestricted	<u>3,933,563</u>	<u>381,630</u>
Total net assets	<u>\$ 52,499,126</u>	<u>\$19,746,024</u>

Iowa Western Community College
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 Year ended June 30, 2012

	College	Foundation
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of \$8,082,371	\$14,714,239	\$ —
Federal appropriations	1,730,398	—
Iowa Industrial New Jobs Training Program	920,048	—
Auxiliary enterprises revenue, net of scholarship allowances of \$5,192,075	8,051,618	—
Contributions	—	2,590,766
Miscellaneous	<u>2,847,067</u>	<u>71,373</u>
Total operating revenues	<u>28,263,370</u>	<u>2,662,139</u>
OPERATING EXPENSES		
Education and support		
Liberal arts and sciences	9,144,498	—
Applied science and technology	7,023,523	—
Continuing education	2,642,304	—
Cooperative services	1,174,480	—
Administration	2,577,625	343,127
Student services	3,785,331	—
Learning resources	323,318	—
Physical plant	5,886,894	—
General institution	7,881,398	—
Auxiliary enterprises	9,434,984	—
Scholarships and grants	809,818	1,892,391
Depreciation and amortization	<u>4,527,241</u>	<u>—</u>
Total operating expenses	<u>55,211,414</u>	<u>2,235,518</u>
OPERATING INCOME (LOSS)	(26,948,044)	<u>426,621</u>
NONOPERATING REVENUES (EXPENSES)		
State appropriations	11,421,002	—
Pell grant	12,702,910	—
Property tax	7,888,117	—
Interest and investment income	49,894	(82,258)
Interest on indebtedness	(2,803,669)	—
Gain (loss) on sale of capital assets	52,927	—
Other expenses	<u>(133,188)</u>	<u>—</u>
Total nonoperating revenues (expenses), net	<u>29,177,993</u>	<u>(82,258)</u>
INCREASE IN NET ASSETS	2,229,949	344,363
NET ASSETS , beginning of year	<u>50,269,177</u>	<u>19,401,661</u>
NET ASSETS , end of year	<u>\$52,499,126</u>	<u>\$19,746,024</u>

Iowa Western Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Tuition and fees	\$11,879,799
Federal appropriations	2,089,548
Iowa Industrial New Jobs Training Program (NJTP)	1,567,445
Payment to employees for salaries and benefits	(29,864,423)
Payment to suppliers for goods and services	(20,156,392)
Payments to NJTP recipients	(618,142)
Scholarships	(809,818)
Auxiliary enterprise receipts	8,051,618
Other receipts	<u>3,378,885</u>
Net cash used in operating activities	<u>(24,481,480)</u>

CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES

State appropriations	11,547,299
Pell grant	13,189,168
Property tax	7,850,360
Federal direct lending receipts	22,133,140
Federal direct lending disbursements	(22,286,798)
Miscellaneous Agency Fund receipts	1,635,902
Miscellaneous Agency Fund disbursements	(1,411,396)
Proceeds from issuance of certificates payable	1,630,000
Principal paid on certificates payable	(915,000)
Interest paid on certificates payable	(302,415)
Change in deposits held in custody for others	<u>(91,205)</u>
Net cash provided by noncapital financing activities	<u>32,979,055</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Proceeds from issuance of long-term debt	25,450,000
Proceeds from sale of capital assets	117,472
Acquisition of capital assets	(7,055,028)
Principal paid on capital leases	(58,583)
Principal paid on long-term debt	(22,445,000)
Interest paid on long-term debt	<u>(2,586,359)</u>
Net cash used in capital and related financing activities	<u>(6,577,498)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest and investment income	<u>49,894</u>
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NET INCREASE IN CASH

1,969,971

CASH, beginning of year

21,156,023

CASH, end of year

\$23,125,994

Iowa Western Community College
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2012

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

Operating loss	\$(26,948,044)
Adjustments to reconcile operating loss to net cash flows used in operating activities	
Depreciation and amortization	4,527,241
Changes in assets and liabilities	
Accounts receivable	(2,394,673)
Due from (to) Iowa Western Community College Foundation (component unit)	(355,604)
Iowa Industrial New Jobs Training Program	647,397
Due from other governments	173,430
Inventories	15,889
Prepaid expenses	35,491
Accounts payable	(1,739,328)
Salaries and benefits payable	1,116,954
Deferred revenue	<u>439,767</u>
Net cash flows used in operating activities	<u>\$(24,481,480)</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Component Unit and Related Organizations

The Iowa Western Community College Foundation (the Foundation) is a nonprofit organization whose goal is to provide support to the College and its students. The Foundation primarily receives funds through donations to provide scholarships to students. The governing board of this organization has members who are also officers of the College. However, these members do not comprise a majority in the Foundation's board. In accordance with GASB pronouncements, the Foundation is considered a component unit of the College requiring discrete presentation in the College's financial statements and has been included as such.

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Component Unit and Related Organizations (continued)

Western Iowa Educational Endeavors (WIEE) is a legally separate corporation established in 1991 to receive and manage gifts of land and/or buildings. The board of trustees of Iowa Western Community College appoints individuals to serve on the WIEE board. However, the Western Iowa Educational Endeavors articles of incorporation specifically state the business affairs of the corporation shall be managed by its own board of directors. WIEE does not provide services entirely or almost entirely to the College. In accordance with GASB pronouncements, discrete presentation of WIEE in the College's financial statements is not necessary. Additionally, the exclusion of the WIEE financial statements does not cause the College's financial statements to be misleading.

In the early 1970's, Western Iowa Dorms, Inc. (WID) was established as a separate legal corporation to finance, construct and operate student housing facilities for use by Iowa Western Community College students. The College board of trustees can recommend individuals to serve on the Western Iowa Dorms, Inc. board of directors, but the WID board is not required to appoint those individuals. WID is considered fiscally independent from the College since the corporation can issue its own debt without approval of the College, determines its own budget and sets housing fees independent of Iowa Western Community College. Additionally, the College is not financially accountable for obligations of WID. In accordance with GASB pronouncements, WID is not considered a component unit of the College requiring discrete presentation. Additionally, the exclusion of the WID financial statements does not cause the College's financial statements to be misleading.

Financial Statement Presentation

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

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

Restricted Net Assets

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

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Supplementary Information

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

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

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

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

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

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

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

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

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

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Supplementary Information (continued)

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

Measurement Focus and Basis of Accounting

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

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

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

Cash and Pooled Investments

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

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

Property Tax Receivable

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Due from Other Governments

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

Allowance for Uncollectible Accounts

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

Iowa Industrial New Jobs Training Program (NJTP) Receivable (Liability)

The receivable 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. The liability represents the excess of the payments received from employers for training projects over the amounts due for the project.

Inventories

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

Capital Assets

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

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

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

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

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

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

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Salaries and Benefits Payable

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

Deferred Revenue

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

Compensated Absences

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

Auxiliary Enterprise Revenues

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

Tuition and Fees

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

Operating and Nonoperating Activities

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

Scholarship Allowances and Student Aid

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

NOTE 2 CASH AND POOLED INVESTMENTS

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

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

Deposits	
Cash	\$ 6,797,899
Nonnegotiable certificates of deposit	7,162,432
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio	<u>9,165,663</u>
Total cash and short-term pooled investments	<u>\$23,125,994</u>

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

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

Credit risk. The College's June 30, 2012 investments in the Iowa Schools Joint Investment Trust were rated AAAM by Standard & Poor's Financial Services.

Iowa Western 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>
Graphic arts	\$ 14,096
Bookstore	677,247
Auto parts	43,922
Food service	<u>28,356</u>
 Total	 <u>\$ 763,621</u>

NOTE 4 CAPITAL ASSETS

Capital assets activity 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	\$ 560,164	\$ -	\$ -	\$ -	\$ 560,164
Construction in progress	<u>11,414,984</u>	<u>5,634,420</u>	<u>(13,966,406)</u>	<u>-</u>	<u>3,082,998</u>
Total capital assets not being depreciated	<u>11,975,148</u>	<u>5,634,420</u>	<u>(13,966,406)</u>	<u>-</u>	<u>3,643,162</u>
Capital assets being depreciated					
Buildings	105,457,577	-	5,920,552	-	111,378,129
Improvements other than buildings	11,672,318	187,429	8,069,384	-	19,929,131
Furniture and equipment	7,875,327	1,161,643	(23,530)	(392,352)	8,621,088
Software	1,088,114	42,667	-	(5,068)	1,125,713
Assets under capital leases	<u>522,391</u>	<u>135,638</u>	<u>-</u>	<u>-</u>	<u>658,029</u>
Total capital assets being depreciated	<u>126,615,727</u>	<u>1,527,377</u>	<u>13,966,406</u>	<u>(397,420)</u>	<u>141,712,090</u>
Less accumulated depreciation for					
Buildings	20,794,004	2,398,593	-	-	23,192,597
Improvements other than buildings	2,774,847	981,078	1,569	-	3,757,494
Furniture and equipment	4,013,978	1,031,248	(1,569)	(325,058)	4,718,599
Software	283,020	57,739	-	(3,210)	337,549
Assets under capital leases	<u>195,774</u>	<u>58,583</u>	<u>-</u>	<u>-</u>	<u>254,357</u>
Total accumulated depreciation	<u>28,061,623</u>	<u>4,527,241</u>	<u>-</u>	<u>(328,268)</u>	<u>32,260,596</u>
 Capital assets, net	 <u>\$110,529,252</u>	 <u>\$2,634,556</u>	 <u>\$ -</u>	 <u>\$ (69,152)</u>	 <u>\$113,094,656</u>

Assets held in agency in the amount of \$45,182 with total accumulated depreciation of \$40,573 were disposed of during the year ended June 30, 2012, resulting in a loss of \$4,609. Total depreciation expense for assets held in agency, for the year ended June 30, 2012 is \$4,607.

Construction in progress at June 30, 2012 includes costs for construction of suite style residential student housing. The College has entered into contracts for this project of approximately \$5,400,000 of which approximately \$750,000 has been completed. Accounts payable at June 30, 2012 includes approximately \$20,000 of the amount completed. Total unpaid contracts at June 30, 2012 were approximately \$4,650,000.

Iowa Western 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:

	Retirement Incentives Payable (Note 13)	Certificates Payable	Bonds Payable	Notes Payable	Capital Lease Payable (Note 7)	Net OPEB Liability (Note 10)	Total
Beginning balance of year	\$ 627,059	\$6,540,000	\$63,980,000	\$5,155,000	\$ 331,111	\$ 96,930	\$76,730,100
Additions	1,448,320	1,630,000	21,310,000	4,140,000	135,638	27,293	28,691,251
Reductions	<u>(175,043)</u>	<u>(915,000)</u>	<u>(17,290,000)</u>	<u>(5,155,000)</u>	<u>(58,583)</u>	<u>—</u>	<u>(23,593,626)</u>
Balance end of year	<u>\$1,900,336</u>	<u>\$7,255,000</u>	<u>\$68,000,000</u>	<u>\$4,140,000</u>	<u>\$ 408,166</u>	<u>\$ 124,223</u>	<u>\$81,827,725</u>
Due within on year	<u>\$ 874,780</u>	<u>\$1,240,000</u>	<u>\$ 3,600,000</u>	<u>\$1,010,000</u>	<u>\$ 67,722</u>	<u>\$ —</u>	<u>\$ 6,792,502</u>

Certificates Payable

In accordance with agreements dated between June 1, 2003 and January 1, 2012, the College issued certificates totaling \$10,950,000 with interest rates ranging from 1.10% to 6.65%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	\$1,240,000	\$ 281,143	\$1,521,143
2014	1,135,000	238,760	1,373,760
2015	1,055,000	199,152	1,254,152
2016	1,050,000	155,905	1,205,905
2017	825,000	107,900	932,900
2018-2021	<u>1,950,000</u>	<u>151,535</u>	<u>2,101,535</u>
Total	<u>\$7,255,000</u>	<u>\$1,134,395</u>	<u>\$8,389,395</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Notes Payable

The College has issued notes for the purchase, construction and renovation of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2012 notes payable indebtedness are as follows:

<u>Year ending June 30</u>	<u>Capital Loan Note Issuance of January 1, 2012 (2012A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	1.00%	\$1,010,000	\$ 67,575	\$1,077,575
2014	1.50%	1,025,000	57,475	1,082,475
2015	2.00%	1,040,000	42,100	1,082,100
2016	2.00%	<u>1,065,000</u>	<u>21,300</u>	<u>1,086,300</u>
Total		<u>\$4,140,000</u>	<u>\$ 188,450</u>	<u>\$4,328,450</u>

Bonds Payable

The College has issued bonds for the purchase, construction and renovation of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2012 bonded indebtedness are as follows:

<u>Year ending June 30</u>	<u>Bond Issue of July 1, 2008</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	4.13%	\$ 395,000	\$ 356,136	\$ 751,136
2014	4.13%	410,000	339,843	749,843
2015	4.13%	425,000	322,930	747,930
2016	4.13%	440,000	305,399	745,399
2017	3.90%	460,000	287,249	747,249
2018-2022	4.00% to 4.13%	2,575,000	1,147,494	3,722,494
2023-2027	4.15% to 4.35%	3,140,000	571,348	3,711,348
2028	4.40%	<u>710,000</u>	<u>31,240</u>	<u>741,240</u>
Total		<u>\$8,555,000</u>	<u>\$3,361,639</u>	<u>\$11,916,639</u>

<u>Year ending June 30</u>	<u>Bond Issue of May 1, 2010</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	1.55%	\$ 585,000	\$ 143,059	\$ 728,059
2014	1.85%	595,000	131,359	726,359
2015	2.20%	610,000	118,715	728,715
2016	2.75%	630,000	103,465	733,465
2017	3.05%	650,000	86,140	736,140
2018-2020	3.25% to 3.70%	<u>2,085,000</u>	<u>137,480</u>	<u>2,222,480</u>
Total		<u>\$5,155,000</u>	<u>\$ 720,218</u>	<u>\$5,875,218</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Bond Issue of February 1, 2011</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	2.00%	\$ 540,000	\$ 130,130	\$ 670,130
2014	2.00%	555,000	119,330	674,330
2015	2.00%	575,000	108,230	683,230
2016	2.00%	590,000	96,730	686,730
2017	2.10%	610,000	84,930	694,930
2018-2021	2.40% to 3.00%	<u>2,675,000</u>	<u>190,000</u>	<u>2,865,000</u>
Total		<u>\$5,545,000</u>	<u>\$ 729,350</u>	<u>\$6,274,350</u>

<u>Year ending June 30</u>	<u>Bond Issue of March 5, 2012</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	0.38%	\$ 520,000	\$ 62,660	\$ 582,660
2014	1.00%	495,000	48,719	543,719
2015	1.00%	505,000	43,769	548,769
2016	1.00%	510,000	38,719	548,719
2017	1.00%	515,000	33,619	548,619
2018-2021	1.13% to 1.50%	<u>2,165,000</u>	<u>75,119</u>	<u>2,240,119</u>
Total		<u>\$4,710,000</u>	<u>\$ 302,605</u>	<u>\$5,012,605</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of June 1, 2005 (2005B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	4.00%	\$ 145,000	\$ 18,875	\$ 163,875
2014	4.10%	155,000	13,075	168,075
2015	4.20%	<u>160,000</u>	<u>6,720</u>	<u>166,720</u>
Total		<u>\$ 460,000</u>	<u>\$ 38,670</u>	<u>\$ 498,670</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of February 1, 2009 (2009A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	3.50%	\$ 50,000	\$ 139,940	\$ 189,940
2014	3.50%	50,000	138,190	188,190
2015	4.50%	55,000	136,440	191,440
2016	4.50%	55,000	133,965	188,965
2017	4.50%	60,000	131,490	191,490
2018-2022	4.50% to 4.90%	355,000	612,940	967,940
2023-2024	4.90% to 5.00%	<u>2,240,000</u>	<u>219,665</u>	<u>2,459,665</u>
Total		<u>\$2,865,000</u>	<u>\$1,512,630</u>	<u>\$4,377,630</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of October 1, 2009 (2009B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	3.25%	\$ 145,000	\$ 563,154	\$ 708,154
2014	3.84%	155,000	558,439	713,439
2015	4.34%	160,000	552,493	712,493
2016	4.64%	170,000	545,555	715,555
2017	4.89%	180,000	537,676	717,676
2018-2022	5.05% to 5.65%	1,095,000	2,536,130	3,631,130
2023-2024	5.75% to 6.13%	<u>7,685,000</u>	<u>924,523</u>	<u>8,609,523</u>
Total		<u>\$9,590,000</u>	<u>\$6,217,970</u>	<u>\$15,807,970</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of October 1, 2010 (2010A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	3.00%	\$ 600,000	\$ 551,380	\$ 1,151,380
2014	3.00%	615,000	533,380	1,148,380
2015	3.00%	635,000	514,930	1,149,930
2016	3.00%	650,000	495,880	1,145,880
2017	3.25%	670,000	476,380	1,146,380
2018-2022	3.50% to 3.80%	3,710,000	2,021,210	5,731,210
2023-2027	3.90% to 4.20%	4,480,000	1,261,175	5,741,175
2028-2030	4.30% to 4.50%	<u>3,160,000</u>	<u>284,330</u>	<u>3,444,330</u>
Total		<u>\$14,520,000</u>	<u>\$6,138,665</u>	<u>\$20,658,665</u>

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of March 15, 2012 (2012A)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	1.00%	\$ 155,000	\$ 157,363	\$ 312,363
2014	1.00%	330,000	155,813	485,813
2015	1.40%	335,000	152,513	487,513
2016	1.40%	340,000	147,823	487,823
2017	1.40%	345,000	143,063	488,063
2018-2022	1.60% to 2.40%	1,800,000	627,483	2,427,483
2023-2027	2.60% to 3.10%	2,030,000	401,895	2,431,895
2028-2030	3.15% to 3.25%	<u>1,365,000</u>	<u>88,805</u>	<u>1,453,805</u>
Total		<u>\$6,700,000</u>	<u>\$1,874,755</u>	<u>\$8,574,755</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

<u>Year ending June 30</u>	<u>Dorm Revenue Bond Issue of March 15, 2012 (2012B)</u>			
	<u>Interest rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2013	1.40%	\$ 465,000	\$ 231,653	\$ 696,653
2014	1.40%	475,000	225,143	700,143
2015	1.40%	480,000	218,493	698,493
2016	1.40%	485,000	211,773	696,773
2017	1.40%	495,000	204,983	699,983
2018-2022	1.60% to 2.40%	2,600,000	898,263	3,498,263
2023-2027	2.60% to 3.10%	2,930,000	572,588	3,502,588
2028-2030	3.15% to 3.25%	<u>1,970,000</u>	<u>124,531</u>	<u>2,094,531</u>
Total		<u>\$9,900,000</u>	<u>\$2,687,424</u>	<u>\$12,587,424</u>

The College has pledged future dormitory system revenues, net of specified operating expenses, to repay \$44,035,000 in dorm revenue bonds issued in June, 2005, February, 2009, October, 2009, October, 2010, and March, 2012. Proceeds from the bonds provided financing for construction of the dormitory system. The bonds are payable solely from dormitory system net revenues, including dining and other incidental facilities, and are payable through 2030. Annual principal and interest payments are expected to require less than the net revenues of the system. The total principal and interest remaining to be paid on the notes is \$62,505,114. For the current year, principal and interest paid and total customer net revenues were \$2,379,112 and \$3,995,850, respectively.

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

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

During the year ended June 30, 2012, the College was in compliance with the revenue bond provisions.

Total interest cost for the year ended June 30, 2012 is \$2,907,988. Total interest capitalized as part of construction in progress for the year ended June 30, 2012 is \$104,319.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 6 OPERATING LEASES

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2012 and 2056 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2012:

<u>Year ending June 30</u>	<u>Amount</u>
2013	\$ 142,878
2014	146,792
2015	91,714
2016	64,351
2017	65,514
Thereafter	<u>397,617</u>
Total	<u>\$ 908,866</u>

Rents for the year ended June 30, 2012 for all operating leases, except those with terms of a month or less that were not renewed, totaled \$228,863.

NOTE 7 CAPITAL LEASES AND RELATED PARTY TRANSACTIONS

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

<u>Class of property</u>	<u>Balance at June 30, 2012</u>
Equipment	\$ 658,029
Less accumulated amortization	<u>(254,357)</u>
Net capital lease assets	<u>\$ 403,672</u>

The following is a schedule by year of future minimum lease payments under capital leases as of June 30, 2012:

<u>Year ending June 30</u>	
2013	\$ 91,501
2014	81,347
2015	77,962
2016	77,962
2017	59,997
Thereafter	<u>105,120</u>
Total	493,889
Less interest	<u>(85,723)</u>
Capital lease obligations	<u>\$ 408,166</u>

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 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 \$723,891, \$580,340 and \$542,944, respectively, equal to the required contributions for each year.

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

The College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 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 \$787,575 and \$525,051, respectively.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The College operates a single-employer retiree benefit plan which provides medical, prescription drug and dental benefits for retirees and their spouses. There are 379 active and 29 retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Annual OPEB Cost and Net OPEB Obligation (continued)

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2012, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual required contribution	\$ 31,274
Interest on net OPEB obligation	4,362
Adjustment to annual required contribution	<u>(8,343)</u>
Annual OPEB cost	27,293
Contributions made	<u>—</u>
Increase in net OPEB obligation	27,293
Net OPEB obligation beginning of year	<u>96,930</u>
Net OPEB obligation end of year	<u>\$ 124,223</u>

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

For the year ended June 30, 2012, the College contributed \$-0- to the medical plan.

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

<u>Year ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Net OPEB Obligation</u>
June 30, 2010	\$37,718	0.0%	<u>\$ 69,637</u>
June 30, 2011	\$27,293	0.0%	<u>\$ 96,930</u>
June 30, 2012	\$31,274	0.0%	<u>\$124,223</u>

Funded Status and Funding Progress

As of July 1, 2010, the most recent actuarial valuation date for the period July 1, 2011 through June 30, 2012, the actuarial accrued liability was \$190,783, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$190,783. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$14,667,000 and the ratio of the UAAL to covered payroll was 1.3%. As of June 30, 2012, there were no trust fund assets.

Actuarial Methods and Assumptions

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

Actuarial Methods and Assumptions (continued)

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

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

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

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

NOTE 11 RELATED PARTY TRANSACTIONS

The College transferred \$100,000 in fiscal year 1995 and \$550,000 in fiscal year 1998 to the Iowa Western Community College Foundation. The provisions of the gifts specify that the corpus, and any income generated through the investment of the corpus, shall be restricted in use for the sole benefit of the College for scholarships, grants, and such other purposes for the benefit of the College or the students thereof. There were no such transfers in fiscal year 2012.

Foundation salaries and other operating expenses are paid by the College. In management's estimate, the value of such expenses was approximately \$344,000 in fiscal year 2012.

Transactions for the year ended June 30, 2012, between Iowa Western Community College and Western Iowa Dorms, Inc. are as follows:

Beginning payable balance	\$ (367,490)
Charges for services, supplies and payroll provided or paid by the College	11,738
College payment of dorm payables	986,984
Reimbursements and advances from Western Iowa Dorms, Inc.	<u>(870,234)</u>
Ending payable balance	\$ <u>(239,002)</u>

The College has a receivable from the Foundation in the amount of \$398,715 related to amounts the Foundation has an obligation to pay the College for scholarships.

The College has a liability to the Foundation in the amount of \$359,408 related to amounts payable on costs associated with a lease of the Lewis Central High School turf project.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 12 NEW JOBS TRAINING PROGRAMS

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

NOTE 13 RETIREMENT INCENTIVE PROGRAM

The College offered retirement incentives to eligible employees in fiscal years 2007, 2009 and 2012. Eligible staff members who accept retirement incentives will receive cash benefits payable in three installments during the following fiscal year, as well as health insurance coverage up to a specified amount until the staff member reaches the age of 65.

The liability at June 30, 2012 for those employees who have elected retirement incentives was \$1,900,336 and has been recorded as a liability in the Statement of Net Assets. Retirement incentives will be fully funded through property tax levies.

NOTE 14 SELF-INSURANCE PROGRAM

The College has established a self-insurance medical program, which is accounted for in the Restricted Fund. This program provides employee health benefit coverage up to a maximum of \$50,000 per employee per year and the maximum liability coverage of approximately \$4,000,000 per year. The College purchases commercial insurance for claims in excess of this coverage and all other risks of loss. Payments include certain administrative expenses.

Payments are made to the self-insurance cost center based on actuarial estimates of the amounts needed to pay current year claims. The unpaid claims liability of approximately \$1,600,000 is based on GASB Statement No. 10, which requires that a liability be recorded when it has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. The unpaid claims liability has been recorded with salaries and benefits payable as a liability in the Statement of Net Assets.

NOTE 15 COMMITMENTS AND CONTINGENCIES

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

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 16 IN-KIND GRANT

In August 2011, the Foundation received a significant in-kind software grant from Siemens PLM Software, a business unit of the Siemens Industry Automation Division. The donation is being used to support a design technology program at the College that is offered at the Cass County Center in Atlantic, Iowa. Foundation management and College management have determined that no value is associated with this software grant due to the specific and limited nature of its use by the College. Tuition generated by the technology program during the year ended June 30, 2012 was \$39,618.

NOTE 17 SUBSEQUENT EVENTS

In September 2012, the turf project with Lewis Central High School was completed, and the College executed a lease agreement with the Foundation. The lease requires lease payments of \$4,219 monthly for 10 years, executed to pay back funds expended by the Foundation to install new turf as part of a 28E agreement between the College and the Council Bluffs Lewis Central Community School District for the use of their football stadium.

In November 2012, the College issued certificates totaling \$1,600,000 for a NJTP project. The debt was incurred as allowed by Chapter 260E of the Code of Iowa and will mature beginning June 1, 2013.

On December 4, 2012, voters in the Merged Area XIII service district approved the College's proposed bond issue referendum authorizing a tax levy to fund construction of new educational facilities. The issue received 76.4% voter approval and will provide \$22.5 million in construction funds. Proceeds from the authorized tax levy will be used to construct a new 40,000 square foot technology center, add general purpose classrooms to accommodate current and future enrollment growth, and complete other district-wide facility and grounds improvements.

NOTE 18 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

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

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

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

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

GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*, will be effective for the College beginning with its year ending June 30, 2014. This Statement establishes accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognizes, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities.

Iowa Western Community College
NOTES TO FINANCIAL STATEMENTS
June 30, 2012

NOTE 18 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS (continued)

GASB Statement No. 66, *Technical Corrections-2012-an amendment of GASB Statements No. 10 and 62*, will be effective for the College beginning with its year ending June 30, 2014. This Statement is to improve accounting and financial reporting for a governmental financial reporting entity by resolving conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27*, will be effective for the College beginning with its year ending June 30, 2015. This Statement is to improve accounting and financial reporting by state and local governments for pensions.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

<u>Fiscal year end June 30</u>	<u>Actuarial valuation date</u>	<u>Actuarial value of assets (a)</u>	<u>Actuarial accrued liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b - a)</u>	<u>Funded ratio (a/b)</u>	<u>Covered payroll (c)</u>	<u>UAAL as a percentage of covered payroll ((b - a)/c)</u>
2009	July 1, 2008	\$ <u>—</u>	\$ <u>236</u>	\$ <u>236</u>	<u>0.0%</u>	\$ <u>13,813</u>	<u>1.7%</u>
2010	July 1, 2008	\$ <u>—</u>	\$ <u>236</u>	\$ <u>236</u>	<u>0.0%</u>	\$ <u>13,813</u>	<u>1.7%</u>
2011	July 1, 2010	\$ <u>—</u>	\$ <u>191</u>	\$ <u>191</u>	<u>0.0%</u>	\$ <u>14,667</u>	<u>1.3%</u>
2012	July 1, 2010	\$ <u>—</u>	\$ <u>191</u>	\$ <u>191</u>	<u>0.0%</u>	\$ <u>14,667</u>	<u>1.3%</u>

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

See accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

Iowa Western Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Year ended June 30, 2012

<u>Funds/Levy</u>	<u>Original and final budget</u>	<u>Actual</u>	<u>Variance between actual and budget</u>
General (unrestricted and non-levy restricted)	\$41,003,863	\$39,330,023	\$(1,673,840)
Restricted			
Unemployment	60,000	41,942	(18,058)
Tort liability	105,000	118,827	13,827
Insurance	452,750	601,526	148,776
Early retirement	—	1,422,404	1,422,404
Equipment replacement	<u>713,000</u>	<u>840,400</u>	<u>127,400</u>
Total restricted	<u>1,330,750</u>	<u>3,025,099</u>	<u>1,694,349</u>
Total unrestricted/restricted	42,334,613	42,355,122	20,509
Plant	6,275,343	3,959,302	(2,316,041)
Bonds and interest	<u>1,953,386</u>	<u>831,534</u>	<u>(1,121,852)</u>
Total operating expenditures	<u>\$50,563,342</u>	<u>\$47,145,958</u>	<u>\$(3,417,384)</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2012

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

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

For the year ended June 30, 2012, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES
June 30, 2012

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
ASSETS									
Cash and short-term pooled investments	\$ 6,169,043	\$10,865,236	\$ (675)	\$ 4,022,636	\$ 1,865,475	\$ 90,788	\$ 113,491	\$ -	\$ 23,125,994
Receivables									
Accounts (less allowance of \$312,164)	14,997,356	3,390,193	1	816	-	-	1,965	-	18,390,331
Property tax									
Delinquent	20,084	16,664	-	-	44,564	-	-	-	81,312
Succeeding year	1,681,031	2,638,347	-	587,434	4,367,651	-	-	-	9,274,463
Due from other funds	1,347,765	102,837	3,366	(859,086)	997,045	2,000	22,971	(1,616,898)	-
Due from Iowa Western Community College Foundation (component unit)	398,715	-	-	-	-	-	-	-	398,715
Due from other governments	252,653	749,709	-	995	-	-	631	-	1,003,988
Inventories	763,621	-	-	-	-	-	-	-	763,621
Prepaid expenditures	636,954	26,879	-	-	-	-	971	-	664,804
Iowa Industrial New Jobs Training Program	-	1,740,619	-	-	-	-	-	-	1,740,619
Capital assets									
Land	-	-	-	-	-	560,164	-	-	560,164
Buildings	-	-	-	-	-	111,378,129	-	-	111,378,129
Improvements other than buildings	-	-	-	-	-	19,929,131	-	-	19,929,131
Equipment and vehicles	-	-	-	-	-	8,621,088	-	-	8,621,088
Capital lease assets	-	-	-	-	-	658,029	-	-	658,029
Software	-	-	-	-	-	1,125,713	-	-	1,125,713
Construction in progress	-	-	-	3,082,998	-	-	-	-	3,082,998
Accumulated depreciation and amortization	-	-	-	-	-	(32,260,596)	-	-	(32,260,596)
Total assets	<u>\$26,267,222</u>	<u>\$19,530,484</u>	<u>\$ 2,692</u>	<u>\$ 6,835,793</u>	<u>\$7,274,735</u>	<u>\$110,104,446</u>	<u>\$ 140,029</u>	<u>\$(1,616,898)</u>	<u>\$168,538,503</u>

See accompanying independent auditor's report.

Iowa Western Community College
ASSETS, LIABILITIES AND FUND BALANCES (continued)
June 30, 2012

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Agency Funds</u>	<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>			
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	\$ 519,618	\$ 870,369	\$ —	\$ 394,085	\$ —	\$ —	\$ 25,632	\$ —	\$ 1,809,704
Salaries and benefits payable	2,650,607	1,925,335	—	—	—	—	4,339	—	4,580,281
Accrued interest payable	—	23,860	—	130,222	169,295	—	—	—	323,377
Due to Iowa Western Community College Foundation (component unit)	359,408	—	—	—	—	—	—	—	359,408
Due to other funds	997,250	302,687	—	171,303	—	—	145,658	(1,616,898)	—
Deferred revenues									
Succeeding year property tax	1,681,031	2,638,347	—	587,434	4,367,651	—	—	—	9,274,463
Iowa Industrial New Jobs Training Program and other	11,576,468	3,344,510	—	—	—	—	47,917	—	14,968,895
Retirement incentives payable	—	1,900,336	—	—	—	—	—	—	1,900,336
Compensated absences	478,935	47,396	—	—	—	—	2,448	—	528,779
Deposits held in custody for others	512,265	14,934	—	1,925,511	—	—	(85,965)	—	2,366,745
Certificates payable	—	7,255,000	—	—	—	—	—	—	7,255,000
Bonds payable	—	—	—	6,700,000	—	61,300,000	—	—	68,000,000
Notes payable	—	—	—	—	—	4,140,000	—	—	4,140,000
Capital leases payable	—	—	—	—	—	408,166	—	—	408,166
Net other postemployment benefits obligation	124,223	—	—	—	—	—	—	—	124,223
Total liabilities	<u>18,899,805</u>	<u>18,322,774</u>	<u>—</u>	<u>9,908,555</u>	<u>4,536,946</u>	<u>65,848,166</u>	<u>140,029</u>	<u>(1,616,898)</u>	<u>116,039,377</u>
FUND BALANCES									
Invested in capital assets, net of related debt	—	—	—	—	—	44,256,280	—	—	44,256,280
Restricted									
Expendable									
Scholarships and fellowships	—	34,445	—	—	—	—	—	—	34,445
Loans	—	—	2,692	—	—	—	—	—	2,692
Debt service	—	—	—	—	2,737,789	—	—	—	2,737,789
Cash reserve	361,092	—	—	—	—	—	—	—	361,092
Other	—	1,173,265	—	—	—	—	—	—	1,173,265
Unrestricted	3,648,200	—	—	(3,072,762)	—	—	—	—	575,438
Auxiliary enterprises	3,358,125	—	—	—	—	—	—	—	3,358,125
Total fund balances	<u>7,367,417</u>	<u>1,207,710</u>	<u>2,692</u>	<u>(3,072,762)</u>	<u>2,737,789</u>	<u>44,256,280</u>	<u>—</u>	<u>—</u>	<u>52,499,126</u>
Total liabilities and fund balances	<u>\$26,267,222</u>	<u>\$19,530,484</u>	<u>\$ 2,692</u>	<u>\$ 6,835,793</u>	<u>\$ 7,274,735</u>	<u>\$110,104,446</u>	<u>\$ 140,029</u>	<u>\$(1,616,898)</u>	<u>\$168,538,503</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 2012

	<u>Current Funds</u>		<u>Loan Fund</u>	<u>Plant Funds</u>			<u>Adjustments</u>	<u>Total</u>
	<u>Unrestricted</u>	<u>Restricted</u>		<u>Unexpended</u>	<u>Retirement of Indebtedness</u>	<u>Investment in Plant</u>		
REVENUES								
General								
State appropriations	\$ 9,626,370	\$ 1,747,110	\$ -	\$ 47,522	\$ -	\$ -	\$ -	\$11,421,002
Tuition and fees	22,780,647	4,763	-	11,200	-	-	(8,082,371)	14,714,239
Property tax	1,596,893	2,747,523	-	-	3,543,701	-	-	7,888,117
Federal appropriations	500,160	13,933,148	-	-	-	-	-	14,433,308
Sales and services	593,191	675,048	-	-	-	-	(49,401)	1,218,838
Interest and investment income	4,904	29,767	3	3,673	11,547	-	-	49,894
Iowa Industrial New Jobs Training Program	-	920,048	-	-	-	-	-	920,048
Gifts and grants	-	223,775	-	-	-	-	-	223,775
Miscellaneous	230,419	3,446,829	3,366	260,500	-	13,966,406	(16,503,066)	1,404,454
Increase in plant investment due to plant expenditures	-	-	-	-	-	1,354,403	(1,354,403)	-
Total general revenues	<u>35,332,584</u>	<u>23,728,011</u>	<u>3,369</u>	<u>322,895</u>	<u>3,555,248</u>	<u>15,320,809</u>	<u>(25,989,241)</u>	<u>52,273,675</u>
Auxiliary enterprises								
State appropriations	78,382	-	-	-	-	-	-	78,382
Tuition and fees	120,450	-	-	-	-	-	-	120,450
Federal appropriations	4,515	-	-	-	-	-	-	4,515
Sales and services	12,498,934	-	-	-	-	-	(5,192,075)	7,306,859
Interest on investments	12,108	-	-	-	-	-	-	12,108
Gifts and grants	72,343	-	-	-	-	-	-	72,343
Allocation of student fees	172,500	-	-	-	-	-	-	172,500
Miscellaneous	284,461	-	-	-	-	-	-	284,461
Total auxiliary revenues	<u>13,243,693</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,192,075)</u>	<u>8,051,618</u>
Total revenues	<u>48,576,277</u>	<u>23,728,011</u>	<u>3,369</u>	<u>322,895</u>	<u>3,555,248</u>	<u>15,320,809</u>	<u>(31,181,316)</u>	<u>60,325,293</u>

See accompanying independent auditor's report.

Schedule 3 (continued)

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
 Year ended June 30, 2012

	Current Funds		Loan Fund	Plant Funds			Adjustments	Total
	Unrestricted	Restricted		Unexpended	Retirement of Indebtedness	Investment in Plant		
EXPENDITURES								
Education and support								
Liberal arts and sciences	\$ 9,213,313	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (68,815)	\$ 9,144,498
Applied science and technology	6,122,846	948,598	-	-	-	-	(47,921)	7,023,523
Continuing education	2,192,161	466,742	-	-	-	-	(16,599)	2,642,304
Cooperative services	199,342	975,138	-	-	-	-	-	1,174,480
Administration	2,835,692	-	-	-	-	-	(258,067)	2,577,625
Student services	3,808,408	-	3,366	-	-	-	(26,443)	3,785,331
Learning resources	326,863	-	-	-	-	-	(3,545)	323,318
Physical plant	3,630,448	3,542,506	-	15,380,911	41,959	-	(16,708,930)	5,886,894
General institution	<u>4,584,501</u>	<u>3,966,691</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(669,794)</u>	<u>7,881,398</u>
Total education and support	32,913,574	9,899,675	3,366	15,380,911	41,959	-	(17,800,114)	40,439,371
Auxiliary enterprises	10,113,279	-	-	-	-	-	(678,295)	9,434,984
Scholarships and grants	-	13,512,725	-	-	-	-	(12,702,907)	809,818
Retirement of indebtedness	-	-	-	-	3,695,000	-	-	3,695,000
Disposal of plant assets	-	-	-	-	-	(52,927)	-	(52,927)
Increase in plant investment due to retirement of debt	-	-	-	-	-	(3,695,000)	-	(3,695,000)
Interest on indebtedness	-	301,906	-	525,397	1,976,366	-	-	2,803,669
Depreciation and amortization	-	-	-	-	-	4,527,241	-	4,527,241
Miscellaneous	-	<u>131,583</u>	<u>-</u>	<u>31,793</u>	<u>-</u>	<u>(30,188)</u>	<u>-</u>	<u>133,188</u>
Total expenditures	<u>43,026,853</u>	<u>23,845,889</u>	<u>3,366</u>	<u>15,938,101</u>	<u>5,713,325</u>	<u>749,126</u>	<u>(31,181,316)</u>	<u>58,095,344</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>5,549,424</u>	<u>(117,878)</u>	<u>3</u>	<u>(15,615,206)</u>	<u>(2,158,077)</u>	<u>14,571,683</u>	<u>-</u>	<u>2,229,949</u>
TRANSFERS								
Mandatory transfers	(44,159)	44,159	-	-	-	-	-	-
Nonmandatory transfers	<u>(4,250,597)</u>	<u>(347,361)</u>	<u>-</u>	<u>9,432,360</u>	<u>1,510,598</u>	<u>(6,345,000)</u>	<u>-</u>	<u>-</u>
Total transfers	<u>(4,294,756)</u>	<u>(303,202)</u>	<u>-</u>	<u>9,432,360</u>	<u>1,510,598</u>	<u>(6,345,000)</u>	<u>-</u>	<u>-</u>
INCREASE (DECREASE) IN FUND BALANCES	1,254,668	(421,080)	3	(6,182,846)	(647,479)	8,226,683	-	2,229,949
FUND BALANCES, beginning of year	<u>6,112,749</u>	<u>1,628,790</u>	<u>2,689</u>	<u>3,110,084</u>	<u>3,385,268</u>	<u>36,029,597</u>	<u>-</u>	<u>50,269,177</u>
FUND BALANCES, end of year	<u>\$ 7,367,417</u>	<u>\$ 1,207,710</u>	<u>\$ 2,692</u>	<u>\$ (3,072,762)</u>	<u>\$ 2,737,789</u>	<u>\$44,256,280</u>	<u>\$ -</u>	<u>\$52,499,126</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
EDUCATION AND SUPPORT
Year ended June 30, 2012

	<u>Education</u>				<u>Support</u>					<u>Total</u>
	<u>Liberal Arts and Sciences</u>	<u>Applied Science and Technology</u>	<u>Continuing Education</u>	<u>Cooperative Services</u>	<u>Administration</u>	<u>Student Services</u>	<u>Learning Resources</u>	<u>Physical Plant</u>	<u>General Institution</u>	
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ 9,626,197	\$ -	\$ -	\$ 173	\$ -	\$ 9,626,370
Tuition and fees	11,822,467	7,973,900	1,477,749	1,166,895	28,349	311,287	-	-	-	22,780,647
Property tax	-	-	-	-	1,596,893	-	-	-	-	1,596,893
Federal appropriations	-	155,189	196,018	-	-	147,655	-	1,298	-	500,160
Sales and services	2,855	8,060	8,803	99,697	313,550	-	1,532	108,993	49,701	593,191
Interest and investment income	-	-	-	-	4,904	-	-	-	-	4,904
Miscellaneous	5,992	1,731	-	59,509	1,559	2,315	6,525	116,639	36,149	230,419
Total revenues	<u>11,831,314</u>	<u>8,138,880</u>	<u>1,682,570</u>	<u>1,326,101</u>	<u>11,571,452</u>	<u>461,257</u>	<u>8,057</u>	<u>227,103</u>	<u>85,850</u>	<u>35,332,584</u>
EXPENDITURES										
Salaries and benefits	8,006,066	5,632,758	1,572,188	185,304	1,422,128	3,308,110	244,336	1,262,145	2,641,074	24,274,109
Services	851,271	215,638	400,176	7,542	510,784	185,478	3,720	2,051,414	1,342,275	5,568,298
Materials and supplies	236,648	193,357	130,569	4,053	53,944	193,999	74,918	489,036	229,974	1,606,498
Travel	50,271	47,173	36,925	2,443	47,157	94,378	344	183	59,095	337,969
Loan cancellations and collection costs	-	-	-	-	179,756	-	-	-	-	179,756
Plant asset acquisitions	68,815	-	3,649	-	-	26,443	3,545	61,434	203,278	367,164
Cost of goods sold	242	6,229	48,654	-	858	-	-	-	57,699	113,682
Miscellaneous	-	27,691	-	-	621,065	-	-	(233,764)	51,106	466,098
Total expenditures	<u>9,213,313</u>	<u>6,122,846</u>	<u>2,192,161</u>	<u>199,342</u>	<u>2,835,692</u>	<u>3,808,408</u>	<u>326,863</u>	<u>3,630,448</u>	<u>4,584,501</u>	<u>32,913,574</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>2,618,001</u>	<u>2,016,034</u>	<u>(509,591)</u>	<u>1,126,759</u>	<u>8,735,760</u>	<u>(3,347,151)</u>	<u>(318,806)</u>	<u>(3,403,345)</u>	<u>(4,498,651)</u>	<u>2,419,010</u>
TRANSFERS										
Mandatory transfers	-	-	-	-	-	(44,159)	-	-	-	(44,159)
Nonmandatory transfers	-	(78,751)	25,875	-	(747,682)	-	-	(1,248,651)	-	(2,049,209)
Total transfers	<u>-</u>	<u>(78,751)</u>	<u>25,875</u>	<u>-</u>	<u>(747,682)</u>	<u>(44,159)</u>	<u>-</u>	<u>(1,248,651)</u>	<u>-</u>	<u>(2,093,368)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 2,618,001</u>	<u>\$ 1,937,283</u>	<u>\$ (483,716)</u>	<u>\$ 1,126,759</u>	<u>\$ 7,988,078</u>	<u>\$ (3,391,310)</u>	<u>\$ (318,806)</u>	<u>\$ (4,651,996)</u>	<u>\$ (4,498,651)</u>	325,642
FUND BALANCES, beginning of year										<u>3,683,650</u>
FUND BALANCES, end of year										<u>\$ 4,009,292</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
AUXILIARY ENTERPRISES
Year ended June 30, 2012

	<u>Bookstore</u>	<u>Vending</u>	<u>Food Services</u>	<u>Student Housing</u>	<u>Graphic Arts</u>	<u>Auto Parts</u>	<u>Athletics</u>	<u>IWCC Comm Net</u>	<u>Miscellaneous</u>	<u>Total</u>
REVENUES										
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 71,194	\$ 7,188	\$ 78,382
Tuition and fees	-	-	-	-	-	-	-	-	120,450	120,450
Federal appropriations	264	-	-	1,815	-	2,015	-	-	421	4,515
Sales and services	4,326,565	42,343	2,831,430	4,232,789	190,072	166,415	-	-	709,320	12,498,934
Interest and investment income	-	12,108	-	-	-	-	-	-	-	12,108
Gifts and grants	100	-	-	-	-	-	-	-	72,243	72,343
Miscellaneous										
Student fee allocations	-	-	-	-	-	-	172,500	-	-	172,500
Other	472	-	2,988	86,601	82,103	15	93,838	49	18,395	284,461
Total revenue	<u>4,327,401</u>	<u>54,451</u>	<u>2,834,418</u>	<u>4,321,205</u>	<u>272,175</u>	<u>168,445</u>	<u>266,338</u>	<u>71,243</u>	<u>928,017</u>	<u>13,243,693</u>
EXPENDITURES										
Salaries and benefits	508,949	-	1,091,286	816,829	65,016	62,520	32,146	47,013	651,186	3,274,945
Services	118,532	-	58,684	672,162	114,416	3,382	34,335	23,496	168,037	1,193,044
Materials and supplies	47,945	(412)	106,292	137,086	588	217	250,609	74	85,949	628,348
Travel	13,196	-	12,671	1,882	35	118	475,428	660	19,956	523,946
Loan cancellations and collection costs	38,439	-	5,263	26,641	-	158	-	-	1,295	71,796
Plant asset acquisitions	-	-	32,001	5,810	15,795	-	30,510	-	22,642	106,758
Cost of goods sold	3,079,726	-	946,441	-	57,120	146,443	-	-	-	4,229,730
Miscellaneous	8,707	38,539	300	200	-	5,132	-	-	31,834	84,712
Total expenditures	<u>3,815,494</u>	<u>38,127</u>	<u>2,252,938</u>	<u>1,660,610</u>	<u>252,970</u>	<u>217,970</u>	<u>823,028</u>	<u>71,243</u>	<u>980,899</u>	<u>10,113,279</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>511,907</u>	<u>16,324</u>	<u>581,480</u>	<u>2,660,595</u>	<u>19,205</u>	<u>(49,525)</u>	<u>(556,690)</u>	<u>-</u>	<u>(52,882)</u>	<u>3,130,414</u>
TRANSFERS										
Nonmandatory transfers	-	-	(316,027)	(2,637,185)	-	49,321	596,500	-	106,003	(2,201,388)
Total transfers	<u>-</u>	<u>-</u>	<u>(316,027)</u>	<u>(2,637,185)</u>	<u>-</u>	<u>49,321</u>	<u>596,500</u>	<u>-</u>	<u>106,003</u>	<u>(2,201,388)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 511,907</u>	<u>\$ 16,324</u>	<u>\$ 265,453</u>	<u>\$ 23,410</u>	<u>\$ 19,205</u>	<u>\$ (204)</u>	<u>\$ 39,810</u>	<u>\$ -</u>	<u>\$ 53,121</u>	929,026
FUND BALANCES, beginning of year										<u>2,429,099</u>
FUND BALANCES, end of year										<u>\$ 3,358,125</u>

See accompanying independent auditor's report.

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND
Year ended June 30, 2012

	<u>Scholarship and Grants</u>	<u>Small Business Development Center</u>	<u>Student Support Services</u>	<u>Corrections Program</u>	<u>Iowa Small Business New Jobs Training Program</u>	<u>Iowa Industrial New Jobs Training Program</u>	<u>Casualty Insurance Tax Levy</u>	<u>Tort Liability Tax Levy</u>	<u>Unemployment Comp Tax Levy</u>
REVENUES									
State appropriations	\$ 274,911	\$ 83,031	\$ -	\$ 350,512	\$ 356,995	\$ -	\$ -	\$ -	\$ -
Tuition and fees	-	-	-	-	-	-	4,763	-	-
Property tax	-	-	-	-	-	-	444,948	110,671	59,778
Federal appropriations	13,185,843	-	278,751	-	-	-	-	-	-
Sales and services	-	-	-	-	-	-	-	-	-
Interest and investment income	-	-	-	-	-	-	-	-	-
Iowa New Jobs Training Program	-	-	-	-	-	920,048	-	-	-
Gifts and grants	-	-	-	-	-	-	-	-	-
Miscellaneous	3,988	8,168	-	-	-	-	3,159,624	-	-
Total revenues	<u>13,464,742</u>	<u>91,199</u>	<u>278,751</u>	<u>350,512</u>	<u>356,995</u>	<u>920,048</u>	<u>3,609,335</u>	<u>110,671</u>	<u>59,778</u>
EXPENDITURES									
Salaries and benefits	-	85,860	185,584	324,131	-	-	-	-	41,942
Services	8,832	4,227	26,830	10,713	356,995	618,142	3,238,484	118,827	-
Materials and supplies	-	16	16,013	3,314	-	-	129,571	-	-
Travel	-	1,096	9,625	3,109	-	-	-	-	-
Plant asset acquisitions	-	-	-	-	-	-	260,137	-	-
Interest on indebtedness	-	-	-	-	-	301,906	-	-	-
Miscellaneous	-	-	40,699	9,245	-	-	(50)	-	-
Pell grant program	12,702,910	-	-	-	-	-	-	-	-
Supplemental educational opportunity grant	179,482	-	-	-	-	-	-	-	-
Private scholarships	616,911	-	-	-	-	-	-	-	-
Total expenditures	<u>13,508,135</u>	<u>91,199</u>	<u>278,751</u>	<u>350,512</u>	<u>356,995</u>	<u>920,048</u>	<u>3,628,142</u>	<u>118,827</u>	<u>41,942</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(43,393)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,807)</u>	<u>(8,156)</u>	<u>17,836</u>
TRANSFERS									
Mandatory transfers	44,159	-	-	-	-	-	-	-	-
Nonmandatory transfers	-	-	-	-	-	-	-	-	-
Total transfers	<u>44,159</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ 766</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (18,807)</u>	<u>\$ (8,156)</u>	<u>\$ 17,836</u>

See accompanying independent auditor's report.

Schedule 6 (continued)

Iowa Western Community College
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND (continued)
 Year ended June 30, 2012

	Worker's Comp Tax Levy	Equipment Replacement Tax Levy	Early Retirement Tax Levy	Economic Development	Title III	KIWR	Miscellaneous	Total
REVENUES								
State appropriations	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 681,661	\$ 1,747,110
Tuition and fees	-	-	-	-	-	-	-	4,763
Property tax	-	709,722	1,422,404	-	-	-	-	2,747,523
Federal appropriations	-	-	-	-	431,733	-	36,821	13,933,148
Sales and services	-	-	-	418,401	-	256,501	146	675,048
Interest and investment income	-	-	-	848	-	19	28,900	29,767
Iowa New Jobs Training Program	-	-	-	-	-	-	-	920,048
Gifts and grants	-	-	-	-	-	131,980	91,795	223,775
Miscellaneous	-	-	-	-	-	264,135	10,914	3,446,829
Total revenues	<u>-</u>	<u>709,722</u>	<u>1,422,404</u>	<u>419,249</u>	<u>431,733</u>	<u>652,635</u>	<u>850,237</u>	<u>23,728,011</u>
EXPENDITURES								
Salaries and benefits	171,480	-	1,422,404	260,679	215,321	466,961	257,961	3,432,323
Services	-	11,197	-	11,360	90,437	219,215	57,929	4,773,188
Materials and supplies	-	412,088	-	971	5,018	24,225	42,434	633,650
Travel	-	-	-	6,817	4,106	10,074	13,757	48,584
Plant asset acquisitions	-	417,115	-	-	36,857	-	24,014	738,123
Interest on indebtedness	-	-	-	-	-	-	-	301,906
Miscellaneous	-	-	-	194,327	79,995	13,556	81,040	418,812
Pell grant program	-	-	-	-	-	-	-	12,702,910
Supplemental educational opportunity grant	-	-	-	-	-	-	-	179,482
Private scholarships	-	-	-	-	-	-	-	616,911
Total expenditures	<u>171,480</u>	<u>840,400</u>	<u>1,422,404</u>	<u>474,154</u>	<u>431,734</u>	<u>734,031</u>	<u>477,135</u>	<u>23,845,889</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(171,480)</u>	<u>(130,678)</u>	<u>-</u>	<u>(54,905)</u>	<u>(1)</u>	<u>(81,396)</u>	<u>373,102</u>	<u>(117,878)</u>
TRANSFERS								
Mandatory transfers	-	-	-	-	-	-	-	44,159
Nonmandatory transfers	-	-	-	-	-	-	(347,361)	(347,361)
Total transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(347,361)</u>	<u>(303,202)</u>
NET INCREASE (DECREASE) IN FUND BALANCES	<u>\$ (171,480)</u>	<u>\$ (130,678)</u>	<u>\$ -</u>	<u>\$ (54,905)</u>	<u>\$ (1)</u>	<u>\$ (81,396)</u>	<u>\$ 25,741</u>	<u>(421,080)</u>
FUND BALANCES, beginning of year								<u>1,628,790</u>
FUND BALANCES, end of year								<u>\$ 1,207,710</u>

See accompanying independent auditor's report.

Iowa Western Community College
CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - AGENCY FUNDS
Year ended June 30, 2012

	<u>Student Clubs and Organizations</u>	<u>JTPA Service Delivery Area</u>	<u>Federal Student Loan Account</u>	<u>Miscellaneous</u>	<u>Total</u>
BALANCE , beginning of year	\$ <u>151,808</u>	\$ <u>33,334</u>	\$ <u>(208,024)</u>	\$ <u>48,357</u>	\$ <u>25,475</u>
ADDITIONS					
State appropriations	39,323	-	-	-	39,323
Tuition and fees	112,077	-	-	1,255	113,332
Federal appropriations	-	1,151,178	-	(2,378)	1,148,800
Sales and services	15,004	-	-	-	15,004
Loan advances from lenders	-	-	22,133,140	-	22,133,140
Interest and investment income	-	-	124	-	124
Miscellaneous					
Student fee allocation	104,092	-	-	-	104,092
Other	<u>81,745</u>	<u>20,407</u>	<u>-</u>	<u>7,984</u>	<u>110,136</u>
Total additions	<u>352,241</u>	<u>1,171,585</u>	<u>22,133,264</u>	<u>(6,861)</u>	<u>23,663,951</u>
DEDUCTIONS					
Salaries and benefits	82,591	632,226	-	-	714,817
Services	76,212	159,106	-	13,049	248,367
Materials and supplies	82,263	21,942	-	7,358	111,563
Travel	10,185	13,554	-	-	23,739
Costs of goods sold	9,395	-	-	-	9,395
Miscellaneous	11,008	88	-	3,433	14,529
Loan payments to student accounts	-	-	22,286,798	-	22,286,798
Loans returned to lenders	-	-	7,874	-	7,874
Awards to clients	-	288,034	-	-	288,034
Other	<u>-</u>	<u>67,050</u>	<u>-</u>	<u>3,225</u>	<u>70,275</u>
Total deductions	<u>271,654</u>	<u>1,182,000</u>	<u>22,294,672</u>	<u>27,065</u>	<u>23,775,391</u>
BALANCE , end of year	\$ <u>232,395</u>	\$ <u>22,919</u>	\$ <u>(369,432)</u>	\$ <u>28,153</u>	\$ <u>(85,965)</u>

See accompanying independent auditor's report.

Iowa Western Community College
CREDIT AND CONTACT HOURS
 Year ended June 30, 2012

<u>Category</u>	<u>Credit Hours</u>			<u>Contact Hours</u>		
	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>	<u>Eligible for Aid</u>	<u>Not Eligible for Aid</u>	<u>Total</u>
Arts and Sciences	103,414	-	103,414	2,087,328	-	2,087,328
Vocational Education - Preparatory	57,772	-	57,772	1,455,969	-	1,455,969
Adult/Continuing Education	-	-	-	414,041	71,428	485,469
Totals	<u>161,186</u>	<u>-</u>	<u>161,186</u>	<u>3,957,338</u>	<u>71,428</u>	<u>4,028,766</u>

See accompanying independent auditor's report.

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

	Year ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
Local (property tax)	\$ 7,888,117	\$ 6,209,731	\$ 5,774,537	\$ 6,505,099	\$ 4,060,022	\$ 5,891,735	\$ 4,362,915	\$ 4,106,441	\$ 3,832,669	\$ 3,696,144
State										
General	11,421,002	11,442,668	10,664,849	13,900,427	12,329,702	10,314,773	10,128,408	9,667,839	8,819,756	9,582,592
Auxiliary	78,382	83,978	88,893	107,920	108,526	51,048	99,204	100,370	98,076	53,758
Federal										
General	14,433,308	14,411,956	11,792,655	6,916,307	6,000,702	5,873,050	5,677,483	5,901,462	5,479,366	4,642,075
Auxiliary	<u>4,515</u>	<u>8,517</u>	<u>5,506</u>	<u>4,063</u>	<u>980</u>	<u>2,725</u>	<u>3,768</u>	<u>351</u>	<u>2,586</u>	<u>4,031</u>
Total	<u>\$33,825,324</u>	<u>\$32,156,850</u>	<u>\$28,326,440</u>	<u>\$27,433,816</u>	<u>\$22,499,932</u>	<u>\$22,133,331</u>	<u>\$20,271,778</u>	<u>\$19,776,463</u>	<u>\$18,232,453</u>	<u>\$17,978,600</u>

See accompanying independent auditor's report.

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

	Year ended June 30									
	2012	2011	2010	2009	2008	2007	2006	2005	2004	2003
REVENUES										
State appropriations	\$11,373,480	\$11,325,785	\$10,548,138	\$13,900,427	\$12,212,529	\$10,196,843	\$10,009,608	\$ 9,667,839	\$ 8,811,383	\$ 9,437,060
Tuition and fees	22,785,410	20,659,521	18,223,359	16,646,370	14,558,200	14,352,971	13,201,375	12,177,780	10,869,743	9,558,638
Property tax	4,344,416	2,877,169	2,867,160	3,993,130	2,394,137	4,269,680	2,387,558	2,125,071	2,204,872	2,092,804
Federal appropriations	14,433,308	14,411,956	11,792,655	6,916,280	6,000,663	5,872,975	5,677,340	5,901,145	5,478,630	4,640,204
Sales and services	1,268,239	906,301	1,055,522	845,427	1,405,149	1,024,971	1,002,169	813,796	704,794	764,560
Interest on investments	34,671	73,477	100,473	119,553	252,717	401,850	530,746	125,051	305,574	259,551
Iowa Industrial New Jobs Training Program	920,048	1,152,676	1,816,585	739,521	944,979	1,624,773	1,066,603	709,216	1,049,244	1,583,079
Gifts and grants	223,775	507,808	206,501	430,608	402,836	509,931	296,587	147,010	148,324	127,585
Miscellaneous	3,677,248	693,541	828,673	1,164,747	1,090,347	1,077,334	1,213,996	1,082,308	885,356	922,349
Auxiliary enterprises	<u>13,243,693</u>	<u>11,746,771</u>	<u>10,973,339</u>	<u>10,138,713</u>	<u>8,469,858</u>	<u>7,114,629</u>	<u>7,116,888</u>	<u>5,562,731</u>	<u>4,970,130</u>	<u>4,388,829</u>
Totals	<u>\$72,304,288</u>	<u>\$64,355,005</u>	<u>\$58,412,405</u>	<u>\$54,894,776</u>	<u>\$47,731,415</u>	<u>\$46,445,957</u>	<u>\$42,502,870</u>	<u>\$38,311,947</u>	<u>\$35,428,050</u>	<u>\$33,774,659</u>
EXPENDITURES										
Liberal arts and sciences	\$ 9,213,313	\$ 8,468,106	\$ 7,529,797	\$ 7,032,976	\$ 6,385,075	\$ 5,760,329	\$ 5,498,159	\$ 5,062,403	\$ 4,527,473	\$ 3,791,919
Applied science and technology	7,071,444	6,513,892	6,370,247	7,081,550	6,534,532	6,153,909	5,930,025	5,704,548	5,605,651	5,540,300
Continuing education	2,658,903	2,806,170	2,539,408	2,751,771	2,537,890	2,430,208	2,297,979	2,275,777	2,132,860	2,306,843
Cooperative services	1,174,480	1,096,679	2,257,177	2,220,055	2,332,969	2,936,447	2,569,124	1,667,697	2,134,623	2,498,419
Administration	2,835,692	3,201,407	2,911,313	2,661,461	2,428,059	2,246,124	1,987,499	1,965,857	1,708,595	1,481,038
Student services	3,808,408	3,408,864	3,432,522	3,065,422	2,852,170	2,472,595	2,221,098	2,059,571	1,893,127	1,759,436
Learning resources	326,863	256,159	257,828	264,977	264,751	290,053	282,039	265,210	291,843	279,285
Physical plant	7,172,954	3,685,506	3,263,154	3,223,954	2,898,788	3,059,003	2,979,477	2,561,316	2,635,996	2,346,623
General institution	8,551,192	6,032,708	5,684,271	6,993,938	5,587,527	7,595,607	5,536,329	4,916,045	4,431,700	4,523,542
Auxiliary enterprises	10,113,279	9,028,094	8,605,566	8,454,022	7,250,421	6,224,722	6,460,996	5,364,519	4,634,980	4,375,280
Scholarships and grants	13,512,725	12,419,561	9,701,581	5,676,243	4,536,538	4,082,638	3,999,094	3,989,538	3,599,202	3,113,842
Interest on indebtedness	301,906	331,226	359,099	414,665	424,080	434,599	404,955	499,098	612,741	743,522
Miscellaneous	<u>131,583</u>	<u>—</u>								
Totals	<u>\$66,872,742</u>	<u>\$57,248,372</u>	<u>\$52,911,963</u>	<u>\$49,841,034</u>	<u>\$44,032,800</u>	<u>\$43,686,234</u>	<u>\$40,166,774</u>	<u>\$36,331,579</u>	<u>\$34,208,791</u>	<u>\$32,760,049</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid - Cluster		
Direct		
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	\$ 137,318
Federal Work-Study Program (FWS)	84.033	141,080
Federal Pell Grant Program	84.063	12,702,910
Federal Direct Student Loans (Direct Loans)	84.268	<u>21,905,722</u>
Total Student Financial Aid Cluster		<u>34,887,030</u>
Federal Trio Cluster		
TRIO - Student Support Services Program	84.042	<u>278,751</u>
Indirect		
<i>Passed Through Iowa Department of Education</i>		
Adult Education - State Grant Program	84.002	190,693
Career and Technical Education - Basic Grants to States	84.048	167,309
Title III	84.031	431,733
<i>Passed Through Iowa Department of Corrections</i>		
Title I Program for Neglected and Delinquent Children	84.013	17,360
<i>Passed Through Iowa College Student Aid Commission</i>		
Leveraging Assistance Educational Partnership (Iowa Grant Program)	84.069	<u>11,564</u>
Total indirect		<u>818,659</u>
Total U.S. Department of Education		<u>35,984,440</u>
DEPARTMENT OF HEALTH AND HUMAN SERVICES		
Direct		
Temporary Assistance for Needy Families (Promise Jobs)	93.558	<u>425,434</u>
Total Department of Health and Human Services		<u>425,434</u>
U.S. DEPARTMENT OF LABOR		
Indirect		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act</i>		
WIA Adult Program	17.258	169,851
WIA Youth Activities	17.259	177,531
WIA Dislocated Workers	17.278	<u>175,512</u>
Total Workforce Investment Act Cluster		<u>522,894</u>
Employment Service	17.207	7,419
Veterans		
Disabled Veteran Outreach Program (DVOP)	17.801	<u>1,690</u>
Total employment service cluster		<u>9,109</u>

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (continued)
Year ended June 30, 2012

<u>Grantor/Program</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. DEPARTMENT OF LABOR (continued)		
Indirect (continued)		
<i>Passed Through Iowa Workforce Development</i>		
<i>Job Training Partnership Act (continued)</i>		
ARRA-National Emergency Grant (OJT)	17.260	\$ 28,596
ARRA-SESP Weatherization	17.275	46,499
National Emergency Grant (EPJ)	17.277	62,356
Rapid Response	17.260	6,209
Literacy	84.198	12,433
Trade Adjustment Assistance	17.245	326
<i>Passed Through Iowa Department of Education</i>		
Incentive Grants	17.267	<u>24,701</u>
Total U.S. Department of Labor		<u>713,123</u>
CORPORATION FOR NATIONAL AND COMMUNITY SERVICE		
Indirect		
<i>Passed Through University of Wisconsin - Extension</i>		
STEM (Service-Learning in STEM-Focused Disciplines)	94.005	<u>14,488</u>
DEPARTMENT OF VETERANS AFFAIRS		
Direct		
Post 9/11 GI Bill	64.028	354,377
Veteran Information Assistance	64.115	<u>558,310</u>
Total Department of Veterans Affairs		<u>912,687</u>
SMALL BUSINESS ADMINISTRATION		
Indirect		
<i>Passed Through Iowa State University</i>		
Small Business Development Center	59.037	<u>83,031</u>
Total Expenditures of Federal Awards		<u>\$38,133,203</u>

See accompanying independent auditor's report.

Iowa Western Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Expenditures

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

Program Activity

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

NOTE 2 STUDENT FINANCIAL ASSISTANCE

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

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

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

We have audited the financial statements of Iowa Western Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2012, and have issued our report thereon dated December 4, 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over financial reporting.

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

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

Compliance and Other Matters

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

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

Iowa Western Community College's response to the finding identified in our audit is described in the accompanying schedule of findings. While we have expressed our conclusion on the College's response, we did not audit the College's response and, accordingly, we express no opinion on it.

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
December 4, 2012

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

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

Compliance

We have audited Iowa Western 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 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
December 4, 2012

Iowa Western 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 84.031 - Higher Educational Institutional Aid (Title II)
 - CFDA Number 84.007, 84.032, 84.033, 84.038, 84.063, 84.268, 84.375 - Student Financial Assistance Cluster
 - CFDA Number 93.558 - Temporary Assistance for Needy Families (Promise Jobs)
 - CFDA Number 64.028 - Post 9/11 GI Bill
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Iowa Western Community College qualified as a low-risk auditee.

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2012

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

NONE

Part III—Findings and Questioned Costs for Federal Awards

NONE

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2012

Part IV—Other Findings Related to Required Statutory Reporting

IV-12-A CERTIFIED BUDGET

The College did not exceed its budget for the year ended June 30, 2012.

IV-12-B QUESTIONABLE DISBURSEMENTS

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

IV-12-C TRAVEL EXPENSE

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

IV-12-D BUSINESS TRANSACTIONS

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

IV-12-E BOND COVERAGE

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

IV-12-F BOARD MINUTES

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

IV-12-G PUBLICATION OF RECEIPTS AND DISBURSEMENTS

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

IV-12-H DEPOSITS AND INVESTMENTS

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

**Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2012**

Part IV—Other Findings Related to Required Statutory Reporting (continued)

IV-12-I CREDIT AND CONTACT HOURS

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

	<u>Reported</u>	<u>Total per supporting documentation</u>	<u>Difference</u>
Adult/Continuing Education:			
Eligible for aid	414,041	414,048	(7)
Not eligible for aid	71,428	71,428	-

Recommendation

The College should develop procedures to ensure the report submitted to the Iowa Department of Education is supported by detailed records.

Response

The College will continue to monitor credit/contact hours to ensure all reports submitted are supported by the College's detailed records.

Conclusion

Response accepted.