

**Des Moines Area Community College**

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

**June 30, 2013**

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**Des Moines Area Community College  
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term expires</u>
<b>Board of Directors</b>		
Joe Pugel	President	2013
Kevin Halterman	Vice President	2013
Fred Buie	Member	2013
Madelyn Tursi	Member	2015
James Knott	Member	2013
Jeff Hall	Member	2015
Ben Norman	Member (Resigned - May 2013)	2015
Wayne Rouse	Member	2015
Cheryl Langston	Member	2015
Carl Metzger	Member (Appointed - June 2013)	2013
<b>Community College</b>		
Robert Denson	President/CEO	
Kim Linduska	Executive Vice President, Academic Affairs	
Doug Williams	Vice President, Business Services (Retired - December 2012)	
Greg Martin	Vice President, Business Services (Started – January 2013)	
Mary Chapman	Vice President, Community Outreach	
Joe Robbins	Controller	
Carolyn Farlow	Board Secretary	

## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We have audited the accompanying financial statements of Des Moines Area Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the College's basic financial statements listed in the table of contents.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

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 from material misstatement. The financial statements of the component unit were not audited in accordance with *Governmental Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Des Moines Area Community College and its discretely presented component unit as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 7 through 15, and schedule of funding progress for the retiree health plan on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the nine years ended June 30, 2012 (none of which are presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of the College's management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2013, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Denman & Company, LLP*

**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
October 31, 2013

**Des Moines Area Community College**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2013**

Management of Des Moines Area Community College provides this Management's Discussion and Analysis of the College's annual financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2013. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- ◆ College operating revenues decreased approximately \$3.1 million or 4.4%. The decrease primarily resulted from three revenue sources; the Iowa Industrial New Jobs Training, federal appropriations, and miscellaneous. Training provided by the College under the Iowa Industrial New Jobs Training Program decreased \$960 thousand or 5.3%. Federal appropriations decreased \$800 thousand or approximately 10.3%. The operating revenue that significantly contributed to the overall decrease was miscellaneous revenue which was down \$1.8 million or 14.3%. The decrease in miscellaneous revenue can be attributed to the fact that 2012 miscellaneous revenue spiked due to several donations for construction projects that the College started or completed in 2012.
  
- ◆ College operating expenses decreased by \$1.1 million or 0.8%. The decrease in operating expenses was the result of the College's enrollment being down 7%, and the College instituting a 10% across the board cut on temporary salaries and operating expenses. Instructional costs for Liberal Arts and Sciences, Career Education, and Adult Education increased a total of \$1.2 million or 1.7%. Instructional costs were relatively flat due to the budget cuts offsetting the annual increase in salaries and benefits. Cooperative services decreased \$2.2 million or 16%. This decrease was primarily a timing issue related to reimbursements made from the Iowa Industrial New Jobs Training Program. Physical Plant costs decreased approximately \$1.1 million or 6% as a result of budget cuts made in 2013. General institution costs were relatively flat for 2013, with just a small decrease in expenses.
  
- ◆ The College's net position increased by \$1.5 million or approximately 1.5% from the prior year. The net investment in capital assets increased approximately \$14.3 million as a result of \$14.4 million in assets being capitalized, \$4.2 million of depreciation, and the retirement of \$4 million in related debt. Unexpended funds in the plant fund decreased approximately \$4.6 million. The decrease resulted from the College renovating the Southridge Center, remodeling Building 1 on the Ankeny Campus and a second floor addition at the Hunziker Center in Ames. The net position related to the College's early retirement plan decreased \$3.2 million. The major component of the decrease was the recognition of the net OPEB liability of \$746 thousand and large number of early retirees over 65 that cannot be levied for. The other restricted net position decreased \$3 million as a result of funds being transferred to the Plant Fund for current projects. Unrestricted net position decreased by \$1.4 million as a result of funds being transferred to the plant fund for current projects.

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**USING THIS ANNUAL REPORT**

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

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

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

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

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

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

**REPORTING THE COLLEGE FINANCIAL ACTIVITIES**

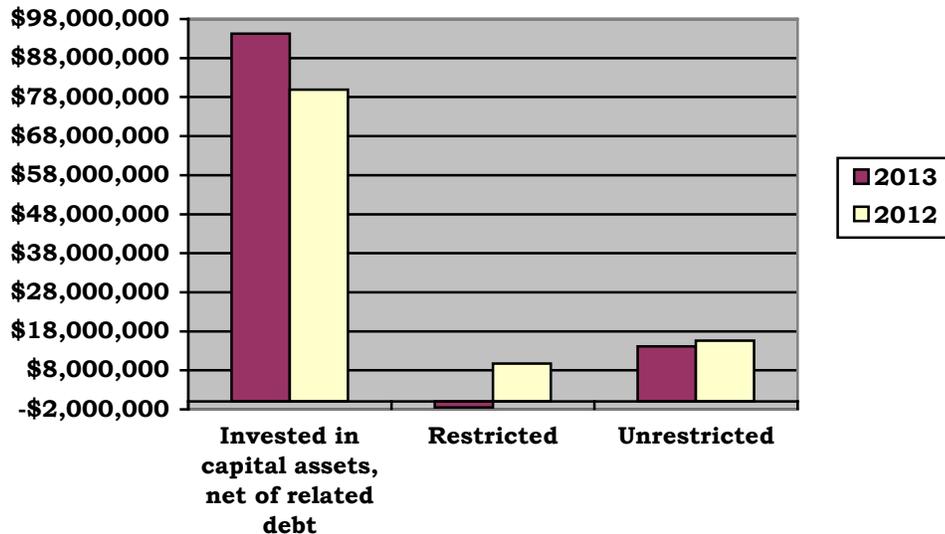
The Statement of Net Position

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

	June 30	
	2013	2012
Current assets	\$ 122,288,480	\$ 129,217,987
Other assets	43,146,634	40,213,425
Capital assets, net of accumulated depreciation	99,737,001	89,575,583
Total assets	265,172,115	259,006,995
Current liabilities	78,397,214	76,836,604
Noncurrent liabilities	79,917,819	76,872,451
Total liabilities	158,315,033	153,709,055
Net position:		
Net investment in capital assets	94,257,001	79,945,583
Restricted	(1,538,221)	9,767,853
Unrestricted	14,138,302	15,584,504
Total net position	\$ 106,857,082	\$ 105,297,940

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**Comparison of Net Position**



The largest portion of the College's net position (88%) is invested in capital assets (e.g., land, buildings, and equipment), less the related debt. The debt related to the capital assets is liquidated with resources (property tax receipts and rental revenue) other than capital assets. The restricted portion of the net position (-1.0%) includes resources that are subject to external restrictions. The remaining net position (13%) are the unrestricted net position that can be used to meet the College's obligations as they come due.

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

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

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

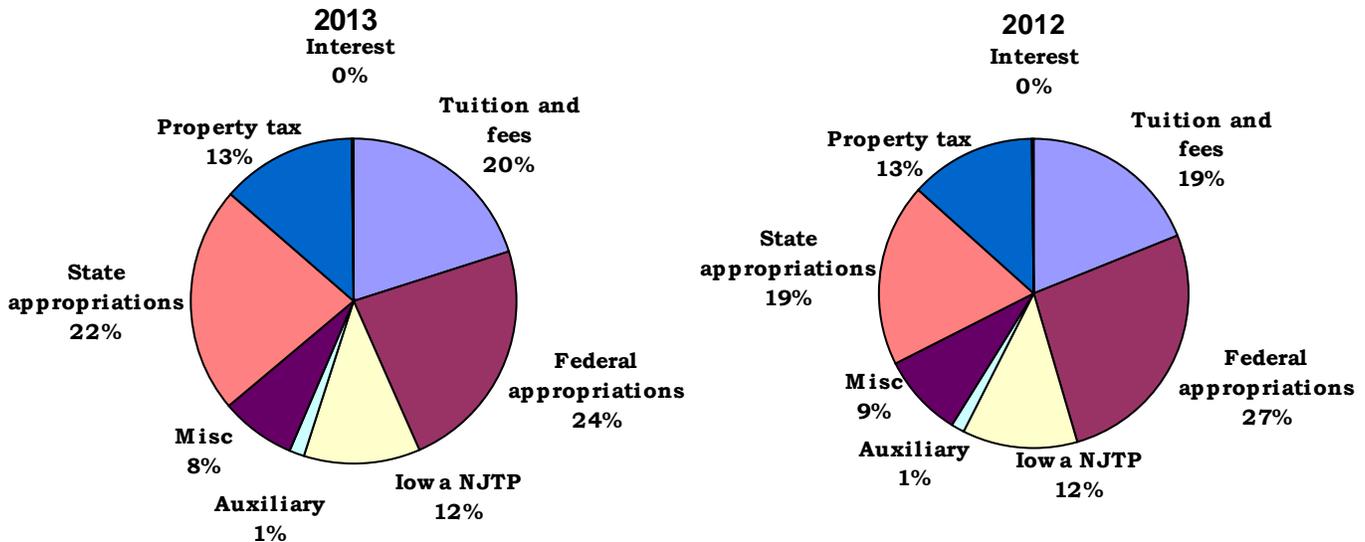
**Des Moines Area Community College**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2013**

Operating revenues:		
Tuition and fees	\$ 29,310,494	\$ 28,702,562
Federal appropriations	6,968,061	7,769,334
Iowa Industrial New Jobs Training Program	17,253,987	18,214,126
Auxiliary enterprises revenue	2,025,926	2,107,711
Miscellaneous	11,155,865	13,014,619
	<u>66,714,333</u>	<u>69,808,352</u>
Total operating revenues		
Total operating expenses	<u>142,778,175</u>	<u>143,912,627</u>
Operating loss	<u>(76,063,842)</u>	<u>(74,104,275)</u>
Nonoperating revenues, (expenses) and transfers		
State appropriations	33,037,238	28,720,739
Pell grant	27,500,726	32,211,555
Property tax	19,857,656	19,779,534
Interest and investment income	224,557	367,933
Loss on disposition of capital assets	(4,080)	(11,540)
Interest on indebtedness	(3,031,493)	(3,397,155)
Transfers from agency funds	38,380	93,936
	<u>77,622,984</u>	<u>77,765,002</u>
Net nonoperating revenues and transfers		
Increase in net position	1,559,142	3,660,727
Net position beginning of year	<u>105,297,940</u>	<u>101,637,213</u>
Net position end of year	<u>\$ 106,857,082</u>	<u>\$ 105,297,940</u>

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

The Statement of Revenues, Expenses and Changes in Net Position reflects a positive year, with an increase in net position of \$1.5 million at the end of the fiscal year. This increase is the net result of a \$4.6 million decrease in the unexpended plant fund, a \$5.8 million decrease in the general restricted funds, a \$1.4 million decrease in the general unrestricted funds, and a \$14.3 million increase in capital assets, net of related debt.

**Total Revenues by Source**



In fiscal year 2013, operating revenues decreased by approximately \$3.1 million (4.4%). The decrease was primarily a result of the following changes:

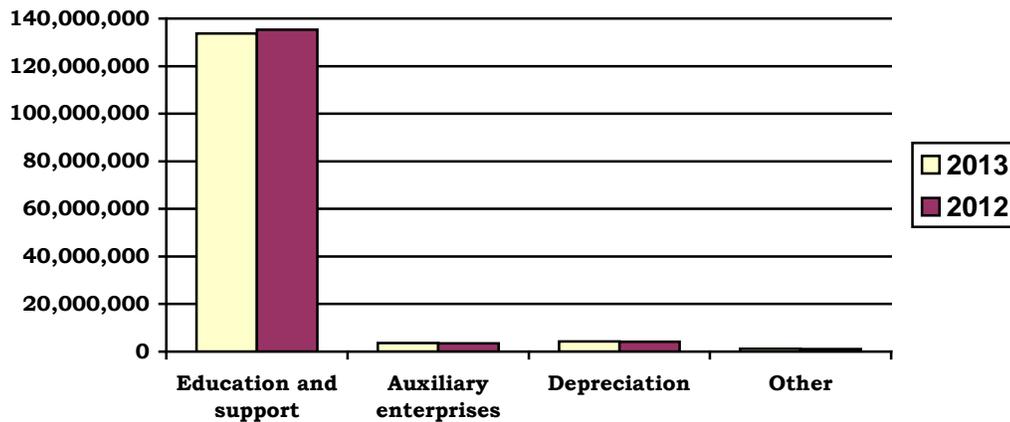
- ◆ Tuition and fees, net of scholarship allowances, increased approximately \$608 thousand or 2%. This increase was caused by a decrease in the number of credit hours taught of 7%. The enrollment decrease was offset by an increase in the tuition rate of 1.5% from \$131 to \$133. The enrollment decrease and the tuition rate increase combined to decrease tuition and fees revenue by \$4.1 million or 6.7%. Scholarship allowances that decrease the student's tuition and fees cost, decreased by \$4.7 million or 14.4%. For financial reporting purposes, scholarship allowances reduce tuition revenue.
- ◆ The College provides training to new employees of area businesses under the Iowa Industrial New Jobs Training Program. The revenue from these training projects decreased \$960 thousand or 5.3%. Despite the economic conditions, the College sold \$12.7 million in New Jobs Training Certificates during the fiscal year. This number has remained steady for the third straight year, with \$10 million being sold in 2012 and \$12.1 million in 2011.
- ◆ Miscellaneous revenue decreased \$1.8 million (14.3%), which can be attributed to the fact that the miscellaneous revenue the previous year had increased by such a large amount. Most of the previous year increase was the result of contributions to the College for several construction projects.
- ◆ Federal appropriations decreased approximately \$800 thousand (10%) and Auxiliary revenue was almost identical to what it had been the year before.

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**Operating Expenses**

	Year ended June 30	
	2013	2012
Education and support:		
Liberal arts and sciences	\$ 28,124,131	\$ 27,649,349
Vocational technical	31,204,667	31,198,213
Adult education	12,274,924	11,520,174
Cooperative services	11,424,337	13,658,221
Administration	3,506,157	3,540,631
Student services	9,796,023	9,070,496
Learning resources	3,165,477	3,058,041
Physical plant	17,356,729	18,491,918
General institution	16,889,053	17,082,292
Auxiliary enterprises	3,544,972	3,436,556
Loan cancellations and bad debts	1,109,522	895,723
Administrative and collection costs	91,766	121,284
Depreciation	4,290,417	4,189,729
Total	<u>\$ 142,778,175</u>	<u>\$ 143,912,627</u>

**Total Expenses**



In fiscal year 2013, operating expenses decreased by approximately \$1.1 million or 0.8%. The following factors explain some of the changes:

- ◆ Enrollment decreased by 7%, and the College did a 10% across the board cut on part-time salaries and wages, and the operating expenses of the College.
- ◆ The cost of bad debts increased by \$214 thousand or 24%. The larger write off is attributed to the large growth in enrollment during 2009-2011. The College writes bad debt off after the debt is two years old.

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**Statement of Cash Flows**

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

**Cash Flows**

	Year ended June 30	
	2013	2012
Cash provided by (used in):		
Operating activities	\$ (69,672,292)	\$ (75,793,856)
Noncapital financing activities	74,854,774	74,216,337
Capital and related financing activities	(15,953,663)	(11,460,796)
Investing activities	9,445,064	11,246,453
Net decrease in cash	(1,326,117)	(1,791,862)
Cash and short-term pooled investments, beginning of the year	50,013,448	51,805,310
Cash and short-term pooled investments, end of the year	\$ 48,687,331	\$ 50,013,448

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

Cash used in operating activities decreased by \$6.2 million. The decrease was attributed to a decrease in tuition revenue as a result of a 7% decline in enrollment.

Cash provided by noncapital financing activities increased \$638 thousand. The increase is the result of increased funding from the State of Iowa during 2013.

Cash used in capital and related financing activities increased \$4.49 million over the prior year. The increase was the result of the College starting several new construction projects during the fiscal year.

The cash provided by investing activities decreased \$1.8 million. The College elected to cash flow its construction projects rather than borrowing.

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**CAPITAL ASSETS**

At June 30, 2013, the College had approximately \$100 million invested in capital assets, net of accumulated depreciation of \$63.5 million. Depreciation charges totaled \$4.3 million for FY2013. Details of capital assets are shown below.

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

	June 30	
	2013	2012
Land	\$ 7,232,796	\$ 6,949,196
Buildings	69,478,040	68,210,867
Construction in progress	12,104,414	3,203,380
Improvements other than buildings	6,763,393	7,234,796
Leased equipment	59,126	83,592
Equipment and vehicles	4,099,232	3,893,752
Total	\$ 99,737,001	\$ 89,575,583

Planned capital expenditures for the fiscal year ending June 30, 2013 and beyond include the completion of the Southridge Center renovation, completion of the remodel of Building 1 on the Ankeny Campus, finishing the second floor addition at the Hunziker Center, and the purchase of the Capitol Medical Building in Des Moines. The College appropriates approximately \$1.15 million annually for computer equipment and technology upgrades for the computer labs, networks and classrooms. The College also plans to spend an estimated \$1.45 million annually for maintenance on the buildings and grounds. The College has received approval from the voters in the district to continue the plant fund levy for the fiscal years ending through 2015. In September 2013, the voters approved to continue the plant fund levy for another ten years through 2025. The \$.2025 per thousand levy generates approximately \$7.1 million per year for the College.

In September of 2004, the district voters also approved a \$.06 per thousand levy for instructional equipment. This levy resulted in the College receiving an additional \$2 million per year for instructional equipment for ten years which began in the fiscal year ending in 2006. The voters also approved continuing the equipment levy for ten more years through 2025. More detailed information about the College's capital assets is presented in Note 4 to the financial statements.

**DEBT**

At June 30, 2013, the College had \$69.8 million in debt outstanding, a decrease of \$4.65 million from 2012. The table below summarizes these amounts by type.

**Outstanding Debt**

	June 30	
	2013	2012
Certificates payable	\$ 64,295,000	\$ 67,790,000
Notes payable	2,095,000	3,090,000
Revenue bonds payable	3,385,000	3,540,000
Total	\$ 69,775,000	\$ 74,420,000

The College does not anticipate issuing any debt during the fiscal year ending June 30, 2014, except for the sale of approximately \$10 million in new jobs training certificates. More detailed information about the College's outstanding debt is presented in Note 5 to the financial statements.

**Des Moines Area Community College  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
June 30, 2013**

**ECONOMIC FACTORS**

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

- ◆ The current state of the nation's economy continues to affect the finances of the State Government. Members of the Iowa Legislature have continued to support Iowa's community colleges. For the fiscal year ended June 30, 2013, the College received \$28.2 million in state general aid. For the fiscal year ending June 30, 2014, the College has been allocated \$31.8 million. The College is anticipating that this amount will remain at the same level for the year ending on June 30, 2015. For future budget years, the College is cautiously optimistic regarding state general aid. Aggressive and prudent budget management, pre-planning for anticipated expense reductions, and enrollment increases have allowed the College to deal with revenue losses without significant impact on operations that would affect the student experience.
- ◆ Past reductions in state aid to the College have put pressure on students by increasing tuition rates. In the fiscal year ended June 30, 2013, the College actually experienced an enrollment decrease of 7.0%. For the Fall Term of the fiscal year ending June 30, 2014 the College experienced a 5.5% enrollment decrease. The budget has been adjusted for the decreased revenue by reducing expenditure budgets. Even though the College has not been able to maintain large enrollment increases, the enrollment levels still average a 5 percent growth rate. Within these enrollment numbers there are still many positives with several departments actually experiencing increases and certain market segments increasing.
- ◆ There continues to be positive indicators for business and workforce growth in Central Iowa and good prospects for job growth and interest from new industry; banking and financial services continue to expand the workforce as evidenced by the College's job training activity; and there is potential to provide additional training to area business and industry. Iowa Industrial New Jobs Training projects totaled over \$12 million for 2013. There will be continued growth in the program but at a reduced level in the immediate future.
- ◆ Facilities at the College require constant expansion, maintenance, and upkeep. The lack of facility capacity hampers the College in its efforts to grow some current programs or add programs that are needed in the area's economy. The College needs to reduce the size of the list of students waiting to get into programs, or aggressively recruit students into those programs if the College is to meet business and student demands. As the economy recovers and grows, the need for additional capacity is a major concern of the College. The College consistently informs business leaders and state legislators of this concern and will continue to address the capacity issue.
- ◆ Technology continues to expand and current technology becomes outdated rapidly, presenting an ongoing challenge to maintain up-to-date technology at a reasonable cost.

The College anticipates the current fiscal year (FY2014) will be much like the last and will maintain a close watch over resources, expenses and opportunities to maintain the College's ability to react to known and unknown issues coming next year.

**CONTACTING THE COLLEGE'S FINANCIAL MANAGEMENT**

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

## **BASIC FINANCIAL STATEMENTS**

## DES MOINES AREA COMMUNITY COLLEGE

## Statement of Net Position

June 30, 2013

	<u>College</u>	<u>Foundation</u>
<b>Assets</b>		
Current assets:		
Cash and short-term pooled investments (Note 2)	\$ 48,687,331	\$ 1,346,407
Pooled investments (Note 2)	16,765,015	7,498,271
Receivables:		
Accounts, net of allowance of \$313,785	18,396,485	13,583
Current portion contributions receivable	-	259,000
Succeeding year property tax	24,441,267	-
Iowa Industrial New Jobs Training Program	10,859,541	-
Due from other governments	2,454,458	-
Inventories (Note 3)	316,519	-
Prepaid expenses	367,864	15,000
Total current assets	<u>122,288,480</u>	<u>9,132,261</u>
Noncurrent assets:		
Receivables		
Iowa Industrial New Jobs Training Program	42,884,350	-
Cash value of life insurance	262,284	-
Capital assets, net of accumulated depreciation (Note 4)	99,737,001	321,405
Total noncurrent assets	<u>142,883,635</u>	<u>321,405</u>
<b>Total assets</b>	<u>\$ 265,172,115</u>	<u>\$ 9,453,666</u>

## DES MOINES AREA COMMUNITY COLLEGE

Statement of Net Position (Continued)

June 30, 2013

	<u>College</u>	<u>Foundation</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	\$ 4,951,933	\$ 500
Current portion payable to Des Moines Area Community College	-	219,000
Salaries and benefits payable	4,075,144	-
Accrued interest payable	241,914	-
Deferred revenue:		
Tuition	14,083,455	-
Succeeding year property tax	24,441,267	-
Iowa Industrial New Jobs Training Program and other	16,823,976	-
Early retirement pension cost and OPEB liability payable (Notes 11 and 12)	2,387,087	-
Deposits held in custody for others	1,592,873	-
Capital lease payable (Note 6)	25,156	-
Certificates payable (Note 5)	8,584,784	-
Notes payable and certificates of participation (Note 5)	1,189,625	-
Total current liabilities	<u>78,397,214</u>	<u>219,500</u>
Noncurrent liabilities (Note 5 and 6):		
Compensated absences	1,615,500	-
Deferred revenue, Iowa Industrial New Jobs Training Program and other	10,086,106	-
Early retirement pension cost and OPEB liability payable (Notes 11 and 12)	8,305,531	-
Capital lease payable	37,971	-
Certificates payable	55,621,289	-
Notes payable	4,251,422	-
Total noncurrent liabilities	<u>79,917,819</u>	<u>-</u>
<b>Total liabilities</b>	<u>158,315,033</u>	<u>219,500</u>
<b>Net position</b>		
Net investment in capital assets	94,257,001	-
Restricted:		
Nonexpendable:		
Cash reserve	755,088	-
Scholarships and fellowships	-	3,953,206
Expendable:		
Scholarships and fellowships	181,686	-
Loans	122,085	-
Plant fund	(549,336)	-
Early retirement	(7,089,853)	-
Other	5,042,109	-
Unrestricted	14,138,302	5,280,960
Commitments (Notes 4, 7, 11, 12 and 13)	-	-
<b>Total net position</b>	<u>\$ 106,857,082</u>	<u>\$ 9,234,166</u>

**Exhibit B**

**DES MOINES AREA COMMUNITY COLLEGE**  
Statement of Revenues, Expenses, and Changes in Net Position  
Year Ended June 30, 2013

	<u>College</u>	<u>Foundation</u>
Operating revenues:		
Tuition and fees, net of scholarship allowances of \$28,301,052	\$ 29,310,494	\$ -
Federal appropriations	6,968,061	-
Iowa Industrial New Jobs Training Program	17,253,987	-
Auxiliary enterprises revenue	2,025,926	-
Contributions	-	941,692
Miscellaneous	11,155,865	-
Total operating revenues	<u>66,714,333</u>	<u>941,692</u>
Operating expenses:		
Education and support		
Liberal arts and sciences	28,124,131	-
Vocational technical	31,204,667	-
Adult education	12,274,924	-
Cooperative services	11,424,337	-
Administration	3,506,157	64,195
Student services	9,796,023	-
Learning resources	3,165,477	-
Physical plant	17,356,729	-
General institution	16,889,053	-
Auxiliary enterprises	3,544,972	-
Scholarships and grants	-	916,982
Fund raising	-	17,500
Loan cancellations and bad debts	1,109,522	-
Administrative and collection costs	91,766	-
Depreciation	4,290,417	14,500
Total operating expenses	<u>142,778,175</u>	<u>1,013,177</u>
Operating (loss)	<u>(76,063,842)</u>	<u>(71,485)</u>
Nonoperating revenues (expenses):		
State appropriations	33,037,238	-
Pell grant	27,500,726	-
Property tax	19,857,656	-
Interest and investment income	224,557	1,086,257
Loss on disposition of capital assets	(4,080)	-
Interest on indebtedness	(3,031,493)	-
Net nonoperating revenues (expenses)	<u>77,584,604</u>	<u>1,086,257</u>
Change in net position	1,520,762	1,014,772
Transfers from agency funds	38,380	-
Total change in net position	1,559,142	1,014,772
Net position, beginning of year	105,297,940	8,219,394
Net position, end of year	<u>\$ 106,857,082</u>	<u>\$ 9,234,166</u>

## DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows  
Year Ended June 30, 2013

Cash flows from operating activities:	
Tuition and fees	\$ 28,081,969
Federal appropriations	6,670,907
Iowa Industrial New Jobs Training Program	18,743,210
Payments to employees for salaries and benefits	(94,407,515)
Payments to suppliers for goods and services	(41,939,480)
Auxiliary enterprise receipts	2,025,926
Other receipts	11,152,693
	<u>11,152,693</u>
Net cash used in operating activities	<u>(69,672,290)</u>
Cash flows from noncapital financing activities:	
State appropriations	32,969,931
Pell grant	27,484,106
Property tax	19,857,656
Net agency fund activity	675,380
Proceeds from certificates payable	12,715,000
Principal paid on debt	(16,210,000)
Interest paid	(2,637,299)
	<u>(2,637,299)</u>
Net cash provided by noncapital financing activities	<u>74,854,774</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(14,455,915)
Leased assets	(23,872)
Principal paid on debt	(1,150,000)
Interest paid	(323,876)
	<u>(323,876)</u>
Net cash used in capital and related financing activities	<u>(15,953,663)</u>
Cash flows from investing activities:	
Interest on investments	224,557
Net change in pooled investments	9,220,507
	<u>9,220,507</u>
Net cash provided by investing activities	<u>9,445,064</u>
Net decrease in cash and short-term pooled investments	(1,326,115)
Cash and short-term pooled investments at beginning of year	<u>50,013,448</u>
Cash and short-term pooled investments at end of year	<u>\$ 48,687,333</u>

## DES MOINES AREA COMMUNITY COLLEGE

Statement of Cash Flows (Continued)

Year Ended June 30, 2013

Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	\$ <u>(76,063,842)</u>
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,290,417
Changes in assets and liabilities:	
Increase in accounts receivable	(1,241,490)
Increase in Iowa Industrial New Jobs Training Program receivables	(1,152,259)
Increase in due from and due to other governments	(297,154)
Decrease in prepaid expenses	722,921
Decrease in inventories	83,384
Decrease in accounts payable	(189,134)
Decrease in salaries and benefits payable	(1,024,193)
Increase in other deferred revenue	2,654,447
Increase in other post employment benefits	746,123
Increase in early retirement payable	1,801,662
Increase in deposits held in custody for others	<u>(3,172)</u>
Total adjustments	<u>6,391,552</u>
Net cash used in operating activities	\$ <u><u>(69,672,290)</u></u>

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**Organization and Function**

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

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

**Reporting Entity**

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

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

The Foundation is a non-profit organization which reports under accounting standards established by the Financial Accounting Standards Board (FASB). The Foundation's financial statements were prepared in accordance with the provisions of FASB No. 117, Financial Statements of 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 for these differences. The Foundation reports net assets, which is equivalent to net position reported by the College. Copies of the Foundation's financial statements may be obtained by contacting the Foundation.

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

**Financial Statement Presentation**

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

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

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**Financial Statement Presentation (continued)**

**Restricted Net Position:**

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

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

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

**Supplementary Information**

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

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

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

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

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

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

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

**Supplementary Information (continued)**

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

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

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

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

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

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 supplementary information.

**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'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.

Schedules presented in the supplementary information are reported using the current financial resources measurement focus and the modified 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.

**Assets, Liabilities and Net Position**

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

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

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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

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

**Receivable for Iowa Industrial New Jobs Training Program (NJTP)** – This represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2013 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

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

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

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

The costs of normal maintenance and repair that do not add to the value of the assets or materially extend asset lives are not capitalized. Interest cost on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets. No interest costs were capitalized during the year ended June 30, 2013.

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

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

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

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

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

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

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

**Compensated Absences** – College employees accumulate a limited amount of earned but unused vacation and sick leave hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2013.

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

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

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

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

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

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

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

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

**Des Moines Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**NOTE 2 CASH AND POOLED INVESTMENTS**

The College's cash and deposits (money market accounts and certificates of deposit) at June 30, 2013 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to ensure there will be no loss of public funds.

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

As of June 30, 2013, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	\$ 27,294,749
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio and Money Market	<u>21,392,582</u>
Total cash and short-term pooled investments	<u>\$48,687,331</u>

As of June 30, 2013, the College's pooled investments are as follows:

Deposits	
Nonnegotiable certificates of deposit	\$16,735,000
Investments	
U.S. Government agency securities	<u>30,015</u>
Total pooled investments	<u>\$16,765,015</u>

*Interest rate risk.* The College's investment policy limits the investment of operating funds (funds expected to be expended in the current budget year or within 15 months of receipt) to instruments that mature within 397 days. Funds not identified as operating funds may be invested in investments with maturities longer than 397 days but the maturities shall be consistent with the needs and use of the College. The College's investments in debt securities had the weighted average maturity of .1 years for U.S. Government agency securities at June 30, 2013.

*Credit risk.* The College's investments in the Iowa Schools Joint Investment Trust and U.S. Government agency securities at June 30, 2013 were all rated Aaa by Moody's Investors Service.

*Concentration of credit risk.* The College's investment policy limits the amount of prime eligible bankers acceptances and commercial paper that may be invested in any one issuer to 5% of the College's investment portfolio at the time of purchase. Investments other than prime eligible bankers acceptances and commercial paper are not subject to the 5% limitation. At June 30, 2013, the College's Federal Home Loan Bank, Federal Home Loan Mortgage Corp., Federal Farm Credit, and Federal National Mortgage Assn. investments accounted for .04% of the College's investment portfolio.

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 3 INVENTORIES**

The College's inventories at June 30, 2013 are as follows:

<u>Type</u>	<u>Amount</u>
Supplies and materials	\$ 61,781
Merchandise held for resale	<u>254,738</u>
Total	\$ <u>316,519</u>

**NOTE 4 CAPITAL ASSETS**

A summary of the change in capital assets for the year ended June 30, 2013 is as follows:

	<u>Balance beginning of year</u>	<u>Additions</u>	<u>Transfers</u>	<u>Deletions</u>	<u>Balance end of year</u>
Capital assets not being depreciated					
Land	\$ 6,949,196	\$ 283,600	\$ -	\$ -	\$ 7,232,796
Construction in progress	<u>3,203,380</u>	<u>12,032,104</u>	<u>(3,131,070)</u>	<u>-</u>	<u>12,104,414</u>
Total capital assets not being depreciated	<u>10,152,576</u>	<u>12,315,704</u>	<u>(3,131,070)</u>	<u>-</u>	<u>19,337,210</u>
Capital assets being depreciated					
Buildings	107,026,734	800,580	3,131,070	-	110,958,384
Improvements other than buildings	16,478,260	-	-	-	16,478,260
Leased Equipment	122,330	-	-	-	122,330
Equipment and vehicles	<u>15,245,056</u>	<u>1,339,631</u>	<u>-</u>	<u>224,429</u>	<u>16,360,258</u>
Total capital assets being depreciated	<u>138,872,380</u>	<u>2,140,211</u>	<u>3,131,070</u>	<u>224,429</u>	<u>143,919,232</u>
Less accumulated depreciation for					
Buildings	38,815,867	2,664,477	-	-	41,480,344
Improvements other than buildings	9,243,464	471,403	-	-	9,714,867
Leased Equipment	38,738	24,466	-	-	63,204
Equipment and vehicles	<u>11,351,304</u>	<u>1,130,071</u>	<u>-</u>	<u>220,349</u>	<u>12,261,026</u>
Total accumulated depreciation	<u>59,449,373</u>	<u>4,290,417</u>	<u>-</u>	<u>220,349</u>	<u>63,519,441</u>
Total capital assets being depreciated, net	<u>79,423,007</u>	<u>(2,150,206)</u>	<u>3,131,070</u>	<u>4,080</u>	<u>80,399,791</u>
Capital assets, net	<u>\$ 89,575,583</u>	<u>\$10,165,498</u>	<u>\$ -</u>	<u>\$ 4,080</u>	<u>\$99,737,001</u>

Construction in progress at June 30, 2013 includes costs for renovations of the Southridge Center in Des Moines, remodeling of Building 1 on the Ankeny Campus, and the second floor expansion at the Hunziker Center in Ames. The College has entered into agreements for these projects totaling approximately \$18,500,000 of which approximately \$12,000,000 has been completed. The approximate total for completion is \$6,500,000.

**Des Moines Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

**NOTE 5 CHANGES IN NONCURRENT LIABILITIES**

A summary of changes in noncurrent liabilities for the year ended June 30, 2013 is as follows:

	<u>Compensated absences</u>	<u>Deferred revenue, NJTP and other</u>	<u>Early Retirement and OPEB payable</u>	<u>Certificates payable</u>	<u>Revenue Bonds, Notes payable and certificates of participation</u>	<u>Total</u>
Balance, beginning of year	\$1,730,000	\$24,268,600	\$8,144,833	\$67,790,000	\$ 6,630,000	\$108,563,433
Additions	8,500	17,140,167	6,175,909	12,715,000	—	36,039,576
Reductions	<u>123,000</u>	<u>14,498,685</u>	<u>3,628,124</u>	<u>16,210,000</u>	<u>1,150,000</u>	<u>35,609,809</u>
	1,615,500	26,910,082	10,692,618	64,295,000	5,480,000	108,993,200
Less net unamortized discount, premium, and deferred financing costs	<u>—</u>	<u>—</u>	<u>—</u>	<u>88,927</u>	<u>38,953</u>	<u>127,880</u>
Balance, end of year	1,615,500	26,910,082	10,692,618	64,206,073	5,441,047	108,865,320
Less current portion	<u>—</u>	<u>16,823,976</u>	<u>2,387,087</u>	<u>8,584,784</u>	<u>1,189,625</u>	<u>28,985,472</u>
Total noncurrent liabilities	<u>\$1,615,500</u>	<u>\$ 10,086,106</u>	<u>\$8,305,531</u>	<u>\$55,621,289</u>	<u>\$ 4,251,422</u>	<u>\$ 79,879,848</u>

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

The College has issued revenue bonds and notes payable for the purchase and construction of College properties as allowed by Section 260C.19 and Section 260C.58 of the Code of Iowa. Details of the scheduled maturities for the College's revenue bonds and notes payable at June 30, 2013:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	\$1,190,000	\$281,214	\$1,471,214
2015	1,230,000	238,878	1,468,878
2016	170,000	193,646	363,646
2017	175,000	184,934	359,934
2018	180,000	175,309	355,309
2019-2023	1,010,000	706,413	1,716,413
2024-2028	1,245,000	350,620	1,595,620
2029	<u>280,000</u>	<u>18,760</u>	<u>298,760</u>
Total	<u>\$ 5,480,000</u>	<u>\$ 2,149,774</u>	<u>\$7,629,774</u>

Revenue bonds and notes payable consisted of the following at June 30, 2013:

Tax-exempt notes payable dated December 1, 2004, with interest rates between 3.45 and 3.55%	2,095,000
Tax-exempt revenue bonds dated May 29, 2009 with Interest rates between 4.25% and 6.70%	<u>3,385,000</u>
	<u>\$ 5,480,000</u>

**Des Moines Area Community College  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2013**

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

The tax-exempt revenue bonds totaling \$3,385,000 are payable over thirty years. The proceeds of the bonds were used to purchase student housing units on the Boone Campus. It is anticipated that rental revenue from these units will be sufficient to retire the principal and interest on the bonds. As a requirement of the borrowing, the College is required to maintain a Debt Service Reserve Fund in an amount approximating the annual debt service requirements. Interest on the revenue bonds, notes payable and certificates of participation is payable semiannually, while principal payments are due annually. Total interest cost on the revenue bonds, notes payable and certificates of participation during the year ended June 30, 2013 was \$317,707.

**Certificates Payable**

Pursuant to agreements dated from 2007 to 2012, the College issued certificates totaling \$64,295,000 at June 30, 2013 with interest rates ranging from 0.45% to 5.50% per annum. The debt was issued to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa. Iowa Industrial New Jobs Training Program's (NJTP's) purpose is to provide tax-aided training for employees of industries which are new or are expanding their operations within the state of Iowa. Interest is payable semiannually, while principal payments are due annually. Amounts due will be paid from anticipated job credits from withholding taxes, and, in the case of default, standby property taxes collected pursuant to Chapter 260E. The certificates will mature as follows:

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	8,605,000	2,254,541	10,859,541
2015	9,175,000	1,937,774	11,112,774
2016	9,715,000	1,623,368	11,338,368
2017	10,070,000	1,268,482	11,338,482
2018	9,080,000	889,131	9,969,131
2019 - 2021	<u>17,650,000</u>	<u>1,087,638</u>	<u>18,737,638</u>
Total	<u>\$64,295,000</u>	<u>\$9,060,934</u>	<u>\$73,355,934</u>

Since inception, the College has administered 585 projects, with 97 currently receiving project funding. Of the remaining projects, 411 have been completed and closed and 77 have been completed with only repayment of the certificates left. In cases where projects exceed the budgeted amounts, the College intends to obtain additional withholding revenue from the companies.

Total interest costs on the certificates during the year ended June 30, 2013 was \$2,710,502.

**NOTE 6 CAPITAL LEASES**

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

<u>Year ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	25,156	2,715	27,871
2015	26,509	1,362	27,871
2016	<u>11,462</u>	<u>151</u>	<u>11,613</u>
Total	<u>\$ 63,127</u>	<u>\$ 4,228</u>	<u>\$ 67,355</u>

Total principal and interest for all capital leases was \$23,872 and \$3,998 for the year ended June 30, 2013.

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

**NOTE 7 - OPERATING LEASES**

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

<u>Year ending June 30</u>	<u>Amount</u>
2014	164,886
2015	136,396
2016	137,985
2017	<u>135,162</u>
Total	<u>\$ 574,429</u>

Total rent expense for all operating leases were approximately \$320,367 for the year ended June 30, 2013.

**NOTE 8 - RENT INCOME**

All leases are classified as operating leases.

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

<u>Year ending June 30</u>	<u>Amount</u>
2014	35,882
2015	4,022
2016	3,920
2017	3,920
Thereafter	<u>307</u>
Total	<u>\$ 48,051</u>

Total rent income for all operating leases were approximately \$56,924 for the year ended June 30, 2013.

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

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

Plan members are required to contribute 5.78% (5.95% after July 1, 2013) of their annual covered salary, and the College is required to contribute 8.67% (8.93% after July 1, 2013) of annual payroll. Contribution requirements are established by State statute. The College's contribution to IPERS for the years ended June 30, 2013, 2012, and 2011 were \$2,376,751, \$2,158,186, and \$1,765,691, respectively, equal to the required contributions for each year.

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

The College also contributes to the Teachers Insurance and Annuity Association – College Retirement Equities Fund (TIAA-CREF) retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, each employee is to contribute 5.78% (5.95% after July 1, 2013) and the College is required to contribute 8.67% (8.93% after July 1, 2013). The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2013 were \$ 2,849,248 and \$ 1,899,499 respectively.

**NOTE 11 PENSION COSTS - EARLY RETIREMENT**

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

The liability at June 30, 2013 for early retirement cash benefits totaled \$2,451,445. The early retirement cash benefit is funded on a pay-as-you-go basis through property tax levies. The College's early retirement expense related to the cash benefit for the year ended June 30, 2013 was \$1,042,648.

At June 30, 2013, the potential liability, if all employees accepted early retirement when eligible, is approximately \$14,970,000.

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

The College operates a single-employer retiree benefit plan which provides medical, prescription drug, and dental benefits (healthcare benefits) for retirees and their spouses and dependents. There are 846 active and 101 retired members in the plan. Participants must be age 55 or older at retirement.

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

The College's annual OPEB cost is calculated based on the annual required contribution, ARC, of the College, an amount actuarially determined in accordance with Governmental Accounting Standards Board, GASB, Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The following table shows the components of the College's annual OPEB cost for June 30, 2013, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

Annual required contribution, ARC	\$	2,064,745
Interest on net OPEB obligation		369,209
Adjustment to annual required contribution		<u>(480,365)</u>
Annual OPEB cost	\$	1,953,589
Contributions made		(1,207,466)
Increase in accrued expenses		<u>110,873</u>
Increase in net OPEB obligation	\$	856,996
Net OPEB obligation, beginning of year		<u>7,384,177</u>
Net OPEB obligation, end of year	\$	<u><u>8,241,173</u></u>

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of the year OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2013.

For the year ended June 30, 2013, the College contributed \$1,207,466 to the plan. The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation are summarized as follows:

<u>Fiscal year</u> <u>Ended June 30,</u>	<u>Annual</u> <u>OPEB cost</u>	<u>Percentage of</u> <u>annual OPEB</u> <u>cost contributed</u>	<u>Net OPEB</u> <u>obligation</u>
2011	2,199,027	59.5	6,706,220
2012	2,185,152	54.6	7,384,177
2013	1,953,589	61.8	8,241,173

As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2012 through June 30, 2013, the actuarial accrued liability was \$15,624,465 with no actuarial value of assets, resulting in an unfunded actuarial accrued liability, UAAL, of \$15,624,465. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$49,558,558, and the ratio of the UAAL to the covered payroll was 31.5%. As of June 30, 2013 there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 5% discount rate based on the College's funding policy. The projected annual medical trend rate is 6% and the projected annual dental trend rate is 5%. The ultimate medical trend rate is 5%

**Des Moines Area Community College**  
**NOTES TO FINANCIAL STATEMENTS**  
**June 30, 2013**

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

and the ultimate dental trend rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate.

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

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

**NOTE 13 COMMITMENTS**

Effective July 31, 2013, the College entered into an agreement to purchase the property at 1300 Des Moines Street in Des Moines, Iowa for \$1,300,000. The College will utilize the second floor of the building for the Urban Campus Nursing Program. The first floor of the building is currently leased out to several tenants, and the College will continue to lease the space until the leases expire.

Effective August 16, 2013, the College entered into an agreement to purchase two properties at 1031 & 1039 9<sup>th</sup> Street in Des Moines, Iowa for \$70,000. The property is adjacent to the Urban Campus and currently has a burned out apartment building on it that will be torn down by the College. The College will use the property as a parking lot.

The College is finalizing an agreement to sell its property at 800 Porter Avenue. The property previously housed the Success Center, which has moved to the newly renovated Southridge Center.

**REQUIRED SUPPLEMENTARY INFORMATION**

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

**Required Supplementary Information**

Year Ended June 30,	Actuarial valuation date	Actuarial value of assets (a)	Actuarial accrued liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Covered payroll (c)	UAAAL as a percentage of covered payroll ((b-a)/c)
2009	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$41,268	40.7%
2010	July 1, 2008	\$ --	\$16,805	\$16,805	0.0%	\$46,835	35.9%
2011	July 1, 2010	\$ --	\$17,893	\$17,893	0.0%	\$45,987	38.9%
2012	July 1, 2010	\$ --	\$17,893	\$17,893	0.0%	\$54,610	32.8%
2013	July 1, 2012	\$ --	\$15,624	\$15,624	0.0%	\$49,559	31.5%

See note 12 in the accompanying notes to financial statements for the plan description, funding policy, annual OPEB cost, net OPEB obligation, funded status and funding progress.

**OTHER SUPPLEMENTARY INFORMATION**

**Des Moines Area Community College**  
**BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL**  
**Year ended June 30, 2013**

<u>Funds/Levy</u>	<u>Original budget</u>	<u>Amended budget</u>	<u>Actual</u>	<u>Variance between actual and amended budget</u>
Unrestricted	\$ <u>103,865,860</u>	\$ <u>103,865,860</u>	\$ <u>101,537,248</u>	\$ <u>2,328,612</u>
Restricted				
Unemployment	180,000	180,000	247,995	(67,995)
Insurance	1,995,000	1,995,000	4,781,157	(2,786,157)
Early retirement	1,435,660	1,435,660	3,628,124	(2,192,464)
Equipment replacement	3,057,176	3,057,176	2,768,440	288,736
Other	<u>34,651,328</u>	<u>39,951,328</u>	<u>27,949,409</u>	<u>12,001,919</u>
Total restricted	<u>41,319,164</u>	<u>46,619,164</u>	<u>39,375,125</u>	<u>7,244,039</u>
**Total unrestricted/restricted	145,185,024	150,485,024	140,912,373	9,572,651
** Plant	<u>17,295,821</u>	<u>27,598,571</u>	<u>19,974,672</u>	<u>7,623,899</u>
Total	<u>\$162,480,845</u>	<u>\$178,083,595</u>	<u>\$160,887,045</u>	<u>\$ 17,196,550</u>

\*\* The College amended the original General Fund and Plant Fund budgets on March 11, 2013.

See accompanying independent auditor's report

**Des Moines Area Community College**  
**NOTE TO BUDGETARY REPORTING**  
**Year ended June 30, 2013**

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

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

For the year ended June 30, 2013, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report

## DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances

June 30, 2013

Assets	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Cash and short-term pooled investments	\$ 19,533,445	\$ 29,378,749	\$ (10,988)	\$ (1,864,806)	\$ -	\$ 1,650,931	\$ -	\$ 48,687,331
Pooled investments	-	16,765,015	-	-	-	-	-	16,765,015
Receivables:								
Accounts, net of allowance of \$313,785	16,680,411	469,936	133,073	1,106,430	-	6,635	-	18,396,485
Succeeding year property tax	7,159,609	10,122,049	-	7,159,609	-	-	-	24,441,267
Iowa Industrial New Jobs Training Program	-	53,743,891	-	-	-	-	-	53,743,891
Due from other governments	539,214	1,871,923	-	43,321	-	-	-	2,454,458
Due from other funds	-	-	-	3,385,000	-	-	(3,385,000)	-
Inventories	316,519	-	-	-	-	-	-	316,519
Prepaid expenses	97,003	244,661	-	25,000	-	1,200	-	367,864
Cash value of life insurance	262,284	-	-	-	-	-	-	262,284
	<u>44,588,485</u>	<u>112,596,224</u>	<u>122,085</u>	<u>9,854,554</u>	<u>0</u>	<u>1,658,766</u>	<u>(3,385,000)</u>	<u>165,435,114</u>
Capital assets:								
Land	-	-	-	-	7,232,796	-	-	7,232,796
Buildings	-	-	-	-	110,958,384	-	-	110,958,384
Improvements other than buildings	-	-	-	-	16,478,260	-	-	16,478,260
Equipment and vehicles	-	-	-	-	16,360,258	-	-	16,360,258
Leased equipment	-	-	-	-	122,330	-	-	122,330
Construction in progress	-	-	-	-	12,104,414	-	-	12,104,414
Accumulated depreciation	-	-	-	-	-	-	(63,519,441)	(63,519,441)
Total assets	<u>\$ 44,588,485</u>	<u>\$ 112,596,224</u>	<u>\$ 122,085</u>	<u>\$ 9,854,554</u>	<u>\$ 163,256,442</u>	<u>\$ 1,658,766</u>	<u>\$ (66,904,441)</u>	<u>\$ 265,172,115</u>

## DES MOINES AREA COMMUNITY COLLEGE

Assets, Liabilities and Fund Balances (Continued)

June 30, 2013

Liabilities and Fund Balances	Current funds		Nonoperating funds					Totals
	General unrestricted funds	General restricted funds	Loan funds	Plant Funds		Agency funds	Adjustments	
				Unexpended	Investment in plant			
Liabilities:								
Accounts payable	\$ 540,795	\$ 1,128,569	\$ -	\$ 3,213,357	\$ -	\$ 516,068	\$ (446,856)	\$ 4,951,933
Salaries and benefits payable	3,754,695	311,949	-	1,500	-	7,000	-	4,075,144
Accrued interest payable	17,046	218,854	-	6,014	-	-	-	241,914
Deferred revenue:								
Succeeding year property tax	7,159,609	10,122,049	-	7,159,609	-	-	-	24,441,267
Other	14,083,455	26,910,082	-	-	-	-	-	40,993,537
Early retirement pension costs payable	-	2,451,445	-	-	-	-	-	2,451,445
Deposits held in custody for others	11,819	-	-	-	-	1,134,198	446,856	1,592,873
Compensated absences	1,477,000	117,000	-	20,000	-	1,500	-	1,615,500
Due to other funds	-	-	-	-	3,385,000	-	(3,385,000)	-
Leasehold payable	63,127	-	-	-	-	-	-	63,127
Certificates payable	-	64,206,073	-	-	-	-	-	64,206,073
Notes payable and certificates of participation	3,342,637	-	-	3,410	2,095,000	-	-	5,441,047
Net OPEB liability	-	7,495,050	-	-	-	-	746,123	8,241,173
Total liabilities	30,450,183	112,961,071	-	10,403,890	5,480,000	1,658,766	(2,638,877)	158,315,033
Fund balances:								
Net investment in capital assets	-	-	-	-	157,776,442	-	(63,519,441)	94,257,001
Restricted:								
Nonexpendable:								
Cash reserve	-	755,088	-	-	-	-	-	755,088
Expendable:								
Scholarships and fellowships	-	181,686	-	-	-	-	-	181,686
Loans	-	-	122,085	-	-	-	-	122,085
Plant fund	-	-	-	(549,336)	-	-	-	(549,336)
Early retirement	-	(6,343,730)	-	-	-	-	(746,123)	(7,089,853)
Other	-	5,042,109	-	-	-	-	-	5,042,109
Unrestricted	14,138,302	-	-	-	-	-	-	14,138,302
Total fund balances	14,138,302	(364,847)	122,085	(549,336)	157,776,442	-	(64,265,564)	106,857,082
Total liabilities and fund balances	\$ 44,588,485	\$ 112,596,224	\$ 122,085	\$ 9,854,554	\$ 163,256,442	\$ 1,658,766	\$ (66,904,441)	\$ 265,172,115

DES MOINES AREA COMMUNITY COLLEGE

Schedule 3

Revenues, Expenditures, and Changes in Fund Balances

Year ended June 30, 2013

	Current operating funds			Nonoperating funds					Totals
	General	General	Total	Loan	Plant funds			Adjustments	
	unrestricted	restricted			Unexpended	Retirement of	Investment		
funds	funds	funds	funds	indebtedness	in plant				
Revenues and other additions:									
Tuition and fees	\$ 57,203,477	\$ 408,069	\$ 57,611,546	\$ -	\$ -	\$ -	\$ -	\$ (28,301,052)	\$ 29,310,494
Federal appropriations	2,042,408	32,426,379	34,468,787	-	-	-	-	-	34,468,787
Iowa Industrial New Jobs Training Program	-	17,253,987	17,253,987	-	-	-	-	-	17,253,987
State appropriations	28,455,885	3,253,798	31,709,683	-	1,327,555	-	-	-	33,037,238
Property tax	6,877,284	6,103,111	12,980,395	-	5,621,770	1,255,491	-	-	19,857,656
Auxiliary enterprises revenue	2,118,589	-	2,118,589	-	-	-	-	(92,663)	2,025,926
Interest and investment income	83,575	140,982	224,557	-	-	-	-	-	224,557
Expended for plant assets (including \$ 1,049,921 in current operating fund expenditures)	-	-	-	-	-	-	14,455,915	(14,455,915)	-
Retirement of indebtedness	-	-	-	-	-	-	1,150,000	(1,150,000)	-
Miscellaneous	7,156,493	1,935,130	9,091,623	-	2,292,086	-	-	(227,844)	11,155,865
Total revenues and other additions	103,937,711	61,521,456	165,459,167	-	9,241,411	1,255,491	15,605,915	(44,227,474)	147,334,510
Expenditures and other deductions:									
Education and support:									
Liberal arts and sciences	27,936,488	-	27,936,488	-	-	-	-	187,643	28,124,131
Vocational technical	30,210,188	786,283	30,996,471	-	-	-	-	208,196	31,204,667
Adult education	7,040,588	5,152,438	12,193,026	-	-	-	-	81,898	12,274,924
Cooperative services	-	11,348,114	11,348,114	-	-	-	-	76,223	11,424,337
Administration	3,548,187	-	3,548,187	-	-	-	-	(42,030)	3,506,157
Student services	8,647,155	1,083,509	9,730,664	-	-	-	-	65,359	9,796,023
Learning resources	3,065,631	78,726	3,144,357	-	-	-	-	21,120	3,165,477
Physical plant	7,729,624	4,456,495	12,186,119	-	5,088,758	-	-	81,852	17,356,729
General institution	9,269,533	7,874,165	17,143,698	-	-	-	-	(254,645)	16,889,053
Scholarships and grants	-	28,301,052	28,301,052	-	-	-	-	(28,301,052)	-
Total education and support	97,447,394	59,080,782	156,528,176	-	5,088,758	-	-	(27,875,436)	133,741,498
Auxiliary enterprises	3,544,972	-	3,544,972	-	-	-	-	-	3,544,972
Expended for plant assets	258,626	791,295	1,049,921	-	13,405,994	-	-	(14,455,915)	-
Administrative and collection costs	91,766	-	91,766	-	-	-	-	-	91,766
Retirement of indebtedness	-	-	-	-	-	1,150,000	-	(1,150,000)	-
Loan cancellations and bad debts	1,086,930	-	1,086,930	22,592	-	-	-	-	1,109,522
Interest on indebtedness	215,500	2,710,502	2,926,002	-	-	105,491	-	-	3,031,493
Depreciation	-	-	-	-	-	-	-	4,290,417	4,290,417
Disposition of capital assets	-	-	-	-	-	-	224,429	(220,349)	4,080
Total expenditures and other deduction	102,645,188	62,582,579	165,227,767	22,592	18,494,752	1,255,491	224,429	(39,411,283)	145,813,748
Transfers among funds:									
Non-mandatory transfers	(2,738,725)	(4,796,189)	(7,534,914)	5,000	4,568,294	-	3,000,000	-	38,380
Net increase (decrease) for the year	(1,446,202)	(5,857,312)	(7,303,514)	(17,592)	(4,685,047)	-	18,381,486	(4,816,191)	1,559,142
Fund balances at beginning of year	15,584,504	5,492,465	21,076,969	139,677	4,135,711	-	139,394,956	(59,449,373)	105,297,940
Fund balances at end of year	\$ 14,138,302	\$ (364,847)	\$ 13,773,455	\$ 122,085	\$ (549,336)	\$ -	\$ 157,776,442	\$ (64,265,564)	\$ 106,857,082

**DES MOINES AREA COMMUNITY COLLEGE**  
 Revenues, Expenditures, and Changes in Fund Balances - Unrestricted Fund  
 Year ended June 30, 2013

	<u>Education</u>			<u>Support</u>					<u>Education</u>
	<u>Liberal Arts and Sciences</u>	<u>Vocational Technical</u>	<u>Adult Education</u>	<u>Adminis- tration</u>	<u>Student Services</u>	<u>Learning Resources</u>	<u>Physical Plant</u>	<u>General Institution</u>	<u>and Support Total</u>
Revenues:									
Tuition and fees	\$ 39,438,394	\$ 12,261,775	\$ 4,578,483	\$ 8,215	\$ 24,342	\$ -	\$ -	\$ 892,268	\$ 57,203,477
Federal appropriations	-	898,107	594,395	60,697	-	-	-	417,803	1,971,002
State appropriations	-	-	140,059	2,650	-	-	-	28,313,176	28,455,885
Property tax	-	-	-	-	-	-	-	6,877,284	6,877,284
Interest income	-	-	-	6,831	-	-	-	76,189	83,020
Miscellaneous	356,115	3,097,186	77,761	146,745	24,642	11,211	367,972	1,419,999	5,501,631
	39,794,509	16,257,068	5,390,698	225,138	48,984	11,211	367,972	37,996,719	100,092,299
Allocation of support services	25,829,143	7,733,973	5,086,908	(225,138)	(48,984)	(11,211)	(367,972)	(37,996,719)	-
Total revenues	<u>65,623,652</u>	<u>23,991,041</u>	<u>10,477,606</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>100,092,299</u>
Expenditures:									
Salaries and benefits	26,560,359	28,156,356	5,636,095	2,654,216	8,154,384	2,697,045	4,925,847	6,423,054	85,207,356
Services	340,214	552,605	812,336	744,853	276,568	65,994	1,873,463	2,052,192	6,718,225
Materials and supplies	852,032	1,300,571	514,265	92,604	173,402	298,800	923,309	596,487	4,751,470
Travel	169,821	195,555	66,008	40,442	32,281	3,792	7,005	91,969	606,873
Expended for plant assets	20,462	38,985	4,043	10,233	-	-	163,242	-	236,965
Scholarships	-	-	-	-	-	-	-	-	-
Bad Debt	810,976	275,954	-	-	-	-	-	-	1,086,930
Miscellaneous	14,062	5,101	11,884	107,838	10,520	-	-	105,831	255,236
	28,767,926	30,525,127	7,044,631	3,650,186	8,647,155	3,065,631	7,892,866	9,269,533	98,863,055
Allocation of support services	21,736,143	6,508,414	4,280,814	(3,650,186)	(8,647,155)	(3,065,631)	(7,892,866)	(9,269,533)	-
Total expenditures	<u>50,504,069</u>	<u>37,033,541</u>	<u>11,325,445</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>98,863,055</u>
Excess (deficiency) of revenues over (under) expenditures	<u>15,119,583</u>	<u>(13,042,500)</u>	<u>(847,839)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,229,244</u>
Transfers:									
Non-mandatory transfers	26,900	800,286	(139,767)	-	37,250	-	(3,408,287)	9,428	(2,674,190)
Total transfers	26,900	800,286	(139,767)	-	37,250	-	(3,408,287)	9,428	(2,674,190)
Net increase (decrease) for the year	<u>\$ 15,146,483</u>	<u>\$ (12,242,214)</u>	<u>\$ (987,606)</u>	<u>\$ -</u>	<u>\$ 37,250</u>	<u>\$ -</u>	<u>\$ (3,408,287)</u>	<u>\$ 9,428</u>	<u>(1,444,946)</u>
Fund balance at beginning of year									<u>11,786,376</u>
Fund balance at end of year									<u>\$ 10,341,430</u>

DES MOINES AREA COMMUNITY COLLEGE

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

Year ended June 30, 2013

	<u>Bookstore</u>	<u>Career education</u>	<u>Cafeteria/ vending</u>	<u>Student Housing</u>	<u>Athletics</u>	<u>Facilities rental</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:								
Sales and services	\$ 75	\$ 626,209	\$ 546,114	\$ 822,757	\$ 9,561	\$ -	\$ 113,873	\$ 2,118,589
Student fee allocations	-	324,674	-	73,300	404,819	-	38,490	841,283
State Support	-	-	-	-	-	-	-	-
Interest income	-	-	-	555	-	-	-	555
Federal appropriations	-	-	-	71,406	-	-	-	71,406
Miscellaneous	-	597,552	24,525	2,620	3,934	-	184,948	813,579
Total revenues and other additions	<u>75</u>	<u>1,548,435</u>	<u>570,639</u>	<u>970,638</u>	<u>418,314</u>	<u>-</u>	<u>337,311</u>	<u>3,845,412</u>
Expenditures and other deductions:								
Salaries and benefits	-	616,428	294,596	112,082	229,578	-	6,399	1,259,083
Services	-	269,121	50,457	219,653	67,539	-	228,899	835,669
Materials and supplies	-	246,212	1,074	38,942	61,791	-	48,404	396,423
Travel	-	114,470	509	-	65,178	-	23,758	203,915
Purchases for resale	-	334,301	264,963	-	-	-	13,937	613,201
Expended for plant assets	-	15,161	-	-	6,500	-	-	21,661
Bad debts	-	-	-	-	-	-	-	-
Interest on debt	-	-	-	215,500	-	-	-	215,500
Miscellaneous	-	138,940	-	-	17,220	-	80,521	236,681
Total expenditures and other deductions	<u>-</u>	<u>1,734,633</u>	<u>611,599</u>	<u>586,177</u>	<u>447,806</u>	<u>-</u>	<u>401,918</u>	<u>3,782,133</u>
Transfers among funds (non-mandatory)	<u>-</u>	<u>214,013</u>	<u>(10,000)</u>	<u>(299,678)</u>	<u>29,584</u>	<u>5,700</u>	<u>(4,154)</u>	<u>(64,535)</u>
Net increase (decrease) for the year	75	27,815	(50,960)	84,783	92	5,700	(68,761)	(1,256)
Fund balances at beginning of year	<u>2,126,576</u>	<u>174,194</u>	<u>134,885</u>	<u>817,682</u>	<u>-</u>	<u>(5,700)</u>	<u>550,491</u>	<u>3,798,128</u>
Fund balances at end of year	<u>\$ 2,126,651</u>	<u>\$ 202,009</u>	<u>\$ 83,925</u>	<u>\$ 902,465</u>	<u>\$ 92</u>	<u>\$ -</u>	<u>\$ 481,730</u>	<u>\$ 3,796,872</u>

**DES MOINES AREA COMMUNITY COLLEGE**  
 Revenues, Expenditures, and Changes in Fund Balances (Deficit) - Restricted Funds  
 Year ended June 30, 2013

	<u>Scholarship</u>	<u>Equipment replacement</u>	<u>Iowa Employment Solutions</u>	<u>Insurance and Tort</u>	<u>Early retirement</u>	<u>Unemployment compensation</u>	<u>Cash reserve</u>	<u>Grants and contracts</u>	<u>Iowa Industrial New Jobs Training Programs</u>	<u>Other</u>	<u>Total</u>
Revenues and other additions:											
Tuition and fees	\$ 181,936	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 226,133	\$ -	\$ -	\$ 408,069
Federal appropriations	27,866,446	-	1,404,772	-	-	-	-	3,155,161	-	-	32,426,379
Iowa Industrial New Jobs Training Program	-	-	-	-	-	-	-	-	17,253,987	-	17,253,987
State appropriations	-	-	637	-	-	-	-	1,053,807	454,881	1,744,473	3,253,798
Property tax	-	3,056,556	-	2,545,415	425,566	75,574	-	-	-	-	6,103,111
Gifts and Grants	25,682	19,963	-	-	-	-	-	218,769	-	-	264,414
Interest income	-	-	-	-	-	-	-	-	-	140,982	140,982
Miscellaneous	4,827	-	5,469	1,720,431	-	-	-	427,511	-	(487,522)	1,670,716
Total revenues and other additions	<u>28,078,891</u>	<u>3,076,519</u>	<u>1,410,878</u>	<u>4,265,846</u>	<u>425,566</u>	<u>75,574</u>	<u>-</u>	<u>5,081,381</u>	<u>17,708,868</u>	<u>1,397,933</u>	<u>61,521,456</u>
Expenditures and other deductions:											
Salaries and benefits	-	-	846,004	432,852	3,505,876	139,803	-	2,675,022	982,082	479,233	9,060,872
Services	-	608,301	555,938	3,654,487	-	-	-	886,674	11,846,770	123,269	17,675,439
Materials and supplies	-	1,713,071	5,744	802,008	-	-	-	422,198	43,854	49,871	3,036,746
Travel	-	3,455	8,699	-	-	-	-	80,091	25,012	-	117,257
Expended for plant assets	-	673,470	-	-	-	-	-	77,825	-	40,000	791,295
Interest on indebtedness	-	-	-	-	-	-	-	-	2,710,502	-	2,710,502
Scholarships and grants	28,285,993	-	-	-	-	-	-	-	-	-	28,285,993
Private scholarships	-	-	-	-	-	-	-	15,059	-	-	15,059
Miscellaneous	-	-	-	-	-	-	-	889,416	-	-	889,416
Total expenditures and other deductions	<u>28,285,993</u>	<u>2,998,297</u>	<u>1,416,385</u>	<u>4,889,347</u>	<u>3,505,876</u>	<u>139,803</u>	<u>-</u>	<u>5,046,285</u>	<u>15,608,220</u>	<u>692,373</u>	<u>62,582,579</u>
Excess (deficiency) of revenues over (under) expenditures for the year	(207,102)	78,222	(5,507)	(623,501)	(3,080,310)	(64,229)	-	35,096	2,100,648	705,560	(1,061,123)
Transfers among funds:											
Mandatory transfers	-	-	-	-	-	-	-	-	-	-	-
Non-mandatory transfers	282,350	229,857	1	108,190	(122,248)	(108,192)	-	(8,009)	(2,100,648)	(3,077,490)	(4,796,189)
Net increase (decrease) for the year	75,248	308,079	(5,506)	(515,311)	(3,202,558)	(172,421)	-	27,087	-	(2,371,930)	(5,857,312)
Fund balances (deficit) at beginning of year	106,438	1,179,840	8,266	(61,931)	(3,141,172)	161,173	755,088	94,947	-	6,389,816	5,492,465
Fund balances (deficit) at end of year	<u>\$ 181,686</u>	<u>\$ 1,487,919</u>	<u>\$ 2,760</u>	<u>\$ (577,242)</u>	<u>\$ (6,343,730)</u>	<u>\$ (11,248)</u>	<u>\$ 755,088</u>	<u>\$ 122,034</u>	<u>\$ -</u>	<u>\$ 4,017,886</u>	<u>\$ (364,847)</u>

See accompanying independent auditor's report

DES MOINES AREA COMMUNITY COLLEGE

Changes in Deposits Held in Custody for Others - Agency Funds

Year ended June 30, 2013

	<u>Student activities</u>	<u>Specially funded activities</u>	<u>Iowa Workforce Development</u>	<u>Community College Athletic Conference</u>	<u>Student clubs and organizations</u>	<u>Iowa Innovation Gateway</u>	<u>National Postsecondary Agricultural Student Organization</u>	<u>Other</u>	<u>Total</u>
Balances, beginning of year	\$ 275,078	\$ 168,170	\$ 77,866	\$ 54,246	\$ 252,705	\$ 4,907	\$ -	\$ 111,082	\$ 944,054
Additions:									
Tuition and fees	428,975	6,810	-	-	5,236	-	-	-	441,021
State appropriations	-	-	-	-	-	-	-	-	-
Federal funds	-	3,950	-	-	-	-	-	-	3,950
Sales and services	82,515	1,986	-	-	21,951	-	-	-	106,452
Interest on investments	-	-	-	-	487	-	-	-	487
Other	139,015	323,706	968	276,130	134,794	32,866	228,005	40,980	1,176,464
Transfers in	141,444	38,400	-	-	113,620	-	-	2,315	295,779
Total additions	<u>791,949</u>	<u>374,852</u>	<u>968</u>	<u>276,130</u>	<u>276,088</u>	<u>32,866</u>	<u>228,005</u>	<u>43,295</u>	<u>2,024,153</u>
Deductions:									
Salaries and benefits	19,231	25,280	5,242	142,414	44,726	-	34,144	21,040	292,077
Services	145,864	212,493	5,275	22,304	46,003	15,064	142,155	-	589,158
Materials and supplies	150,642	17,941	-	9,021	28,294	1,011	24,113	-	231,022
Travel	17,785	7,358	143	5,331	72,092	4,716	7,481	-	114,906
Cost of goods sold	111,680	-	-	-	24,685	-	-	-	136,365
Scholarships	700	-	-	-	16,000	-	-	-	16,700
Expended for plant assets	14,280	-	-	-	-	-	-	-	14,280
Other	9,794	3,338	-	83,073	4,138	5,000	-	-	105,343
Transfers out	317,821	10,427	-	-	5,910	-	-	-	334,158
Total deductions	<u>787,797</u>	<u>276,837</u>	<u>10,660</u>	<u>262,143</u>	<u>241,848</u>	<u>25,791</u>	<u>207,893</u>	<u>21,040</u>	<u>1,834,009</u>
Net additions and deductions	<u>4,152</u>	<u>98,015</u>	<u>(9,692)</u>	<u>13,987</u>	<u>34,240</u>	<u>7,075</u>	<u>20,112</u>	<u>22,255</u>	<u>190,144</u>
Balances, end of year	\$ <u>279,230</u>	\$ <u>266,185</u>	\$ <u>68,174</u>	\$ <u>68,233</u>	\$ <u>286,945</u>	\$ <u>11,982</u>	\$ <u>20,112</u>	\$ <u>133,337</u>	\$ <u>1,134,198</u>

## DES MOINES AREA COMMUNITY COLLEGE

Credit and Contact Hours

Year ended June 30, 2013

<b>Category</b>	<b>Credit hours eligible for aid</b>	<b>Contact hours</b>		<b>Total</b>
		<b>Eligible for aid</b>	<b>Not eligible for aid</b>	
Arts and sciences	371,865	6,817,228	-	6,817,228
Vocational education	88,232	2,045,258	-	2,045,258
Adult education/continuing education	-	916,828	157,252	1,074,080
Related services and activities	-	267,268	1,872	269,140
<b>Total</b>	<b>460,097</b>	<b>10,046,582</b>	<b>159,124</b>	<b>10,205,706</b>

## DES MOINES AREA COMMUNITY COLLEGE

Taxes and Intergovernmental Revenues  
(Excluding the Agency Funds)

For the Last Ten Years

		<b>Years ended June 30</b>									
		<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Local (property tax)	\$	19,857,656	\$ 19,779,534	18,089,665	\$ 17,532,643	\$ 16,455,262	\$ 16,513,769	\$ 18,092,410	\$ 16,880,081	\$ 14,137,997	\$ 13,755,963
State		33,037,238	28,720,739	29,051,616	27,090,659	31,991,978	29,847,275	26,443,984	24,341,715	22,826,135	21,891,866
Federal		<u>34,468,787</u>	<u>39,980,889</u>	<u>42,465,427</u>	<u>39,944,241</u>	<u>21,734,414</u>	<u>19,277,833</u>	<u>16,061,228</u>	<u>13,037,134</u>	<u>13,144,456</u>	<u>13,103,773</u>
Total	\$	<u>87,363,681</u>	<u>\$ 88,481,162</u>	<u>89,606,708</u>	<u>\$ 84,567,543</u>	<u>\$ 70,181,654</u>	<u>\$ 65,638,877</u>	<u>\$ 60,597,622</u>	<u>\$ 54,258,930</u>	<u>\$ 50,108,588</u>	<u>\$ 48,751,602</u>

DES MOINES AREA COMMUNITY COLLEGE

Current Fund Revenues by Source  
and Expenditures by Function

For the Last Ten Years

		Years ended June 30									
		2013	2012	2011	2010	2009	2008	2007	2006	2005	2004
<b>Revenues:</b>											
Tuition and fees	\$	57,611,546	\$ 61,763,642	\$ 59,906,044	\$ 52,668,767	\$ 42,969,791	\$ 38,275,282	\$ 34,751,937	\$ 34,660,651	\$ 32,869,111	\$ 30,851,019
Property tax		12,980,395	12,989,120	11,550,038	11,279,076	10,550,327	10,978,527	12,757,968	11,876,240	9,287,613	8,944,224
Federal appropriations		34,468,787	39,980,889	42,465,427	39,944,241	21,734,414	19,277,833	16,061,228	13,037,134	13,144,456	13,103,773
State appropriations		31,709,683	28,566,347	28,382,697	26,610,659	31,200,104	29,184,500	25,781,342	23,993,708	22,092,803	21,891,866
Interest income from investments		224,557	367,933	712,496	792,264	2,172,218	3,505,217	3,507,531	2,474,490	1,260,452	399,500
Iowa Industrial New Jobs Training Program		17,253,987	18,214,126	11,466,792	14,051,594	26,073,183	16,603,495	11,623,679	14,068,915	10,884,743	5,882,647
Auxiliary enterprises revenue		2,118,589	2,217,100	2,199,463	2,651,778	2,083,539	9,877,741	9,256,399	8,810,954	8,564,404	8,284,464
Proceeds from sale of bonds		-	-	-	-	3,960,000	-	-	-	-	-
Miscellaneous		9,091,623	9,151,754	6,522,268	5,886,232	4,995,593	4,007,622	3,932,010	3,287,833	2,510,089	1,954,839
<b>Total</b>		<u>165,459,167</u>	<u>173,250,911</u>	<u>163,205,225</u>	<u>153,884,611</u>	<u>145,739,169</u>	<u>131,710,217</u>	<u>117,672,094</u>	<u>112,209,925</u>	<u>100,613,671</u>	<u>91,312,332</u>
<b>Expenditures:</b>											
Liberal arts and sciences	\$	28,767,926	\$ 28,049,295	\$ 26,265,239	\$ 23,397,899	\$ 22,010,606	\$ 19,913,375	\$ 17,783,316	\$ 16,319,487	\$ 14,790,786	\$ 13,469,669
Vocational technical		31,404,396	31,177,970	29,734,690	28,073,906	25,883,936	23,988,748	22,219,019	20,684,928	19,269,936	18,544,343
Adult education		12,237,069	11,421,379	10,036,125	9,376,075	9,354,727	9,255,757	7,997,480	8,029,461	7,751,028	7,496,622
Cooperative services		11,348,114	13,536,302	5,929,199	8,084,678	18,794,647	9,807,914	5,749,870	8,890,197	3,467,398	3,593,633
Administration		3,650,186	3,670,320	3,571,180	3,839,613	3,267,926	3,020,686	2,993,578	2,785,144	2,694,895	2,480,506
Student services		9,730,664	8,989,529	8,800,990	7,747,604	7,527,948	7,611,760	6,781,974	6,025,128	5,780,039	5,427,368
Learning resources		3,144,357	3,030,744	2,910,249	2,929,197	2,879,426	2,803,828	2,754,615	2,653,133	2,609,147	2,507,982
Physical plant		12,349,361	12,612,339	10,441,362	8,013,448	7,013,376	6,849,374	6,607,398	6,157,020	5,856,699	5,162,407
General institution		17,823,668	18,205,034	20,267,851	17,109,638	15,744,126	17,781,705	14,735,139	13,391,475	11,277,648	10,546,515
Auxiliary enterprises		3,544,972	3,438,561	3,471,079	4,041,098	7,433,336	10,504,665	9,808,600	8,644,019	8,617,642	8,085,502
Scholarships and grants		28,301,052	33,061,080	34,717,959	29,629,518	15,451,116	12,305,524	10,154,237	9,346,631	9,574,679	9,220,794
Interest on indebtedness		2,926,002	3,258,937	3,391,773	3,547,259	3,516,990	3,046,029	2,737,541	2,169,684	2,303,069	2,164,943
Loss on discontinued operations		-	-	-	-	-	578,792	-	-	-	-
<b>Total</b>		<u>165,227,767</u>	<u>170,451,490</u>	<u>159,537,696</u>	<u>145,789,933</u>	<u>138,878,160</u>	<u>127,468,157</u>	<u>110,322,767</u>	<u>105,096,307</u>	<u>93,992,966</u>	<u>88,700,284</u>

**DES MOINES AREA COMMUNITY COLLEGE**

Schedule of Expenditures of Federal Awards

Year ended June 30, 2013

<b>Federal Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Expenditures</b>
<b>United States Department of Education</b>		
Direct:		
Federal Direct Student Loans	84.268	\$ 48,870,762
Federal Pell Grant Program	84.063	27,500,726
Federal Pell Grant Administrative Fee	84.063	41,535
Federal Supplemental Educational Opportunity Grant	84.007	365,721
Federal Work-study Program	84.033	417,803
Total Student Financial Assistance Cluster		<u>77,196,547</u>
Direct Trio Grants:		
Upward Bound FY12 Award	84.047	87,325
Upward Bound FY13 Award	84.047	162,011
Student Support Services FY11 Award	84.042	1,121
Student Support Services FY12 Award	84.042	62,168
Student Support Services FY13 Award	84.042	255,555
Student Support Services-Grant Aid	84.042A	12,500
Total Trio Grants		<u>580,680</u>
Indirect through Iowa Department of Education:		
Adult Education-Adult Basic Education	84.002	594,395
Adult Education-ABE Teacher Training	84.002	12,965
Adult Education-EL Civics Grant	84.002	78,723
Adult Education-STARS Program	84.002	4,500
Career and Technical Education-Vocational Education-Perkins Funds-Tech Skill	84.002	422
Career and Technical Education-Vocational Education - Perkins Funds	84.048A	898,107
Total through Iowa Department of Education		<u>1,589,112</u>

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

## DES MOINES AREA COMMUNITY COLLEGE

## Schedule of Expenditures of Federal Awards (Continued)

Year ended June 30, 2013

<u>Federal Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Expenditures</u>
Indirect through Iowa Department of Corrections:		
Career and Technical Education-Perkins Newton Correctional Facility	84.048A	9,103
Career and Technical Education-Perkins Iowa Women's Institute for Women	84.048A	7,456
Title I-Newton Correctional Facility	84.013A	25,311
Title I-Iowa Women's Institute for Women	84.013A	19,500
Total through Iowa Department of Corrections		61,370
Indirect through Iowa Vocational Rehabilitation:		
Vocational Rehabilitation State Grants	84.126A	160,237
Total through Iowa Vocational Rehabilitation		160,237
<b>Total U.S. Department of Education</b>		<b>79,587,946</b>
<b>National Science Foundation</b>		
Direct:		
Education and Human Resources-SEEC:STEM	47.076	611
Collaborative Research: GSE/RES-Diverse Young Women		
Traveling Pathways to STEM	47.076	98,567
<b>Total National Science Foundation</b>		<b>99,178</b>
<b>U.S. Department of Agriculture Food &amp; Nutrition</b>		
Indirect through Iowa Workforce Development:		
Food Stamps/FAET	10.561	44,487
Food Stamps/FAET - Project Employment	10.561	3,950
E & T Regional Grant	10.561	5,235
<b>Total U.S. Department of Agriculture</b>		<b>53,672</b>
<b>U.S. Department of Labor</b>		
Direct:		
WIA Pilots, Demonstrations, and Research-Project Employment (3)	17.261	35,986
WIA Pilots, Demonstrations, and Research-Project Employment (4)	17.261	242,180
WIA Pilots, Demonstrations, and Research-Expanded Workforce		
Training Academy	17.261	55,874
Trade Adjustments Assistance Community College &		
Career Training Grants Program	17.282	1,333,469
YouthBuild 2	17.274	391,529
Total Direct U.S. Department of Labor		2,059,038

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

## DES MOINES AREA COMMUNITY COLLEGE

## Schedule of Expenditures of Federal Awards (Continued)

Year ended June 30, 2013

Federal Grantor/Program Title	CFDA Number	Expenditures
Indirect through Iowa Workforce Development:		
State Energy Sector Partnership & Training (ARRA)	17.275	\$ 199,290
WIA Administration	17.260	52,757
WIA Administration-CIWIB	17.260	85,036
WIA Adult Program	17.258	284,294
WIA Dislocated Workers	17.260	631,024
WIA Incentive/SWA (2)	17.260	5,128
WIA Disability Employment Initiative	17.260	10,087
Trade Act	17.260	74,793
Total through Iowa Workforce Development		<u>1,342,409</u>
Indirect through Region 12 Council of Governments:		
WIA Adult Program	17.258	2,500
Total through Region 12 Council of Governments		<u>2,500</u>
Indirect through Northeast Iowa Works:		
WIA Youth Program	17.259	2,400
Total through Northeast Iowa Works		<u>2,400</u>
Indirect through Mason City Workforce:		
WIA Youth Program	17.259	2,400
Total through Mason City Workforce		<u>2,400</u>
Indirect through WIA Marshalltown:		
WIA Adult	17.258	2,500
Total through WIA Marshalltown		<u>2,500</u>
Indirect through Spectrum:		
Reintegration of Ex-Offenders	17.270	1,160
Total through Spectrum		<u>1,160</u>
Indirect through Central Iowa Works:		
WIA Youth Program	17.259	14,231
Total through Central Iowa Works		<u>14,231</u>
<b>Total U.S. Department of Labor</b>		<u><b>3,426,638</b></u>
<b>U.S. Department of Treasury</b>		
Build America Bonds (ARRA)	21.000	71,406
<b>Total U.S. Department of Treasury</b>		<u><b>71,406</b></u>

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

**DES MOINES AREA COMMUNITY COLLEGE**  
 Schedule of Expenditures of Federal Awards (Continued)  
 Year ended June 30, 2013

<b>Federal Grantor/Program Title</b>	<b>CFDA Number</b>	<b>Expenditures</b>
<b>U.S. Department of Health &amp; Human Services</b>		
Indirect through Cuyahoga Community College:		
Midwest Community College Health Information Technology Consortium (ARRA)	93.721	\$ 392
Total through Iowa Department of Health		<u>392</u>
Indirect through Iowa Workforce Development:		
Temporary Assistance for Needy Families IES Promise Jobs Program	93.558	336,445
Temporary Assistance for Needy Families IWD Promise Jobs Program	93.558	41,440
Total through Iowa Workforce Development		<u>377,885</u>
Indirect through Iowa Department of Health:		
Refugee and Entrant Assistance-Bureau of Refugee Services GED-ESL	93.566	11,691
Direct Care Workforce Initiative Pilot Project	93.512	31,173
Total through Iowa Workforce Development		<u>42,864</u>
<b>Total U.S. Department of Health &amp; Human Services</b>		<b><u>421,141</u></b>
<b>Total Federal Expenditures</b>		<b>\$ <u><u>83,659,978</u></u></b>

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

**Des Moines Area Community College**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**Year ended June 30, 2013**

**NOTE 1 BASIS OF PRESENTATION**

The purpose of the schedule of expenditures of federal awards (the Schedule) is to present a summary of those activities of Des Moines Area Community College (the College) for the year ended June 30, 2013, which have been financed by the United States government (federal awards). For purposes of the Schedule, federal awards include all federal assistance entered into directly between the College and the federal government and sub-awards from nonfederal organizations made under federally sponsored agreements. Because the Schedule presents only a selected portion of the activities of the College, it is not intended to, and does not, present the financial position and support, revenues, expenses, and changes in net position of the College.

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

**NOTE 2 STUDENT FINANCIAL ASSISTANCE**

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the College under this program at June 30, 2013.

See accompanying independent auditor's report.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Des Moines Area Community College (the College) and its discretely presented component unit as of and for the year ended June 30, 2013, and the related notes to financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated October 31, 2013.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

We noted certain matters related to compliance that we reported to management of the College in a separate letter dated October 31, 2013.

### **Purpose of This Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
October 31, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

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

**Report on Compliance for Each Major Federal Program**

We have audited Des Moines Area Community College's (the College) compliance with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2013. The College's major federal programs are identified in the summary of the independent auditor's results section of the accompanying schedule of findings.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. 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 considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the College's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013.

## **Report on Internal Control Over Compliance**

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program 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. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.



**DENMAN & COMPANY, LLP**

West Des Moines, Iowa  
October 31, 2013

**Des Moines Area Community College  
SCHEDULE OF FINDINGS  
Year ended June 30, 2013**

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

- (a) An unmodified 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 unmodified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).
- (g) Major programs were as follows:
  - CFDA Number 84.007, 84.033, 84.063, 84.268, 84.007 — Student Financial Assistance Cluster
  - CFDA Number 17.282 — Trade Adjustments Assistance Community College & Career Training Grants Program
  - CFDA Number 17.260, 17.258, 17.259 — WIA Cluster
  - CFDA Number 93.558 — Promise Jobs
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Des Moines Area Community College qualified as a low-risk auditee.

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

**NONE**

**Part III—Findings for Federal Awards**

**NONE**