



# 2013-2014

## Independent Auditors' Report Financial Statements and Supplemental Information Schedule of Findings and Questioned Costs

For the year ended June 30, 2014



State of Iowa – Area VII Community College

**HAWKEYE COMMUNITY COLLEGE  
WATERLOO, IOWA**

**FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

**HAWKEYE COMMUNITY COLLEGE  
1501 EAST ORANGE ROAD  
WATERLOO, IA 50701  
[www.hawkeyecollege.edu](http://www.hawkeyecollege.edu)**

## TABLE OF CONTENTS

			<u>Page</u>
Schedule of Officials.....			1
Independent Auditors' Report .....			2 – 3
Management's Discussion and Analysis .....			4 – 10
Basic Financial Statements:	<u>Exhibit</u>		
Statement of Net Position.....	A .....		11 – 12
Statement of Revenues, Expenses and Changes in Net Position .....	B .....		13
Statement of Cash Flows .....	C .....		14 – 15
Notes to Financial Statements .....			16 – 28
Required Supplementary Information:			
Schedule of Funding Progress for the Retiree Health Plan .....			29
Other Supplementary Information:	<u>Schedule</u>		
Notes to Other Supplementary Information.....			30
Budgetary Comparison Schedule of Expenditures – Budget to Actual .....	1 .....		31
Note to Other Supplemental Information – Budgetary Reporting .....			32
Balance Sheet .....	2 .....		33 – 34
Schedule of Revenues, Expenditures and Other Changes in Fund Balances .....	3 .....		35 – 38
Current Unrestricted Fund:			
Schedule of Revenues, Expenditures and Other Changes in Fund Balance -- Education and Support .....	4 .....		39 – 40
Schedule of Revenues, Expenditures and Other Changes in Fund Balance -- Auxiliary Enterprises .....	5 .....		40
Current Restricted Fund:			
Schedule of Revenues, Expenditures and Other Changes in Fund Balance .....	6 .....		41 – 43
Agency Funds – Schedule of Changes in Deposits Held in Custody for Others .....	7 .....		44
Schedule of Credit/Contact Hour Enrollment .....	8 .....		45
Comparison of Taxes and Intergovernmental Revenues .....	9 .....		46
Current Fund Revenues by Source and Expenditures by Function.....	10 .....		47 – 48
Schedule of Expenditures of Federal Awards .....	11 .....		49 - 50
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> .....			51 – 52
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by OMB Circular A-133 .....			53 – 54
Schedule of Findings and Questioned Costs .....			55 – 59
Schedule of Prior Year Findings .....			60
Corrective Action Plan for Federal Audit Findings .....			61 – 63

**HAWKEYE COMMUNITY COLLEGE  
OFFICIALS**

<u>Name</u>	<u>Title</u>	<u>Term Expires</u>
<b>Board of Trustees</b>		
Casey McLaughlin	Chairperson	2015
Jay Nardini	Vice Chairperson	2015
Teresa Meyer	Member	2015
David Krejchi	Member	2017
Bruce Clark	Member	2017
Gene Ficken	Member	2017
Ronald McGregor	Member	2015
John Schuller	Member	2017
Joan Webster-Vore	Member	2017

**Community College  
(As of June 30, 2014)**

Linda Allen	President
Daniel Gillen	Vice President, Administration and Finance
Julie Thomas	Board Treasurer
Donna McNulty	President Secretary
Denise Dunn	Board Secretary



## INDEPENDENT AUDITORS' REPORT

Board of Trustees  
Hawkeye Community College  
Waterloo, Iowa

### Report on the Financial Statements

We have audited the accompanying financial statements of Hawkeye Community College, Waterloo, Iowa, and its discretely presented component unit as of and for the year ended June 30, 2014 and the related notes to the financial statements, which collectively comprise the College's basic financial statements as listed in the table of contents of this report.

### *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 error or fraud.

### *Auditors' Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Hawkeye Community College Foundation (a discretely presented component unit of the Community College discussed in Note 1), which statements reflect total assets of \$6,901,065 and total revenues of \$1,588,766 for the year then ended. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for Hawkeye Community College Foundation, is based solely on the report of other auditors. 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 Hawkeye Community College Foundation were not audited in accordance with *Government Auditing Standards*.

An audit includes 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 entity'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 entity'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, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of Hawkeye Community College and its discretely presented component unit as of June 30, 2014, 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 and Schedule of Funding Progress for the Retiree Health Plan on pages 4 through 10 and 29 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 inquires 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 an opinion on the financial statements that collectively comprise Hawkeye Community College's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the seven years ended June 30, 2013 (which is not presented herein) and expressed unmodified opinions on those financial statements. We did not previously audit, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the two years ended June 30, 2006. The other supplemental information included in Schedules 1 through 10, is presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards, Schedule 11, is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The other supplemental information is the responsibility of management and was derived from and relate 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, other supplemental information and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic 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 December 23, 2014, on our consideration of Hawkeye Community College's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Hawkeye Community College's internal control over financial reporting and compliance.

*Williams & Company, P.C.*

Certified Public Accountants

Spencer, Iowa  
December 23, 2014

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED JUNE 30, 2014**

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Management of Hawkeye 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 of Hawkeye Community College is for the fiscal year ended June 30, 2014. We are also discretely presenting financial information about the Hawkeye Community College Foundation (Foundation). We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

**FINANCIAL HIGHLIGHTS**

- College operating revenues totaled \$27,682,429 for fiscal year 2014, and decreased \$1,570,966, as compared to fiscal year 2013 operating revenues of \$29,253,395. The reduction resulted primarily from a decrease in Iowa Industrial New Jobs Training Program revenue.
- College operating expenses totaled \$49,412,062 for fiscal year 2014 and increased \$1,385,683, as compared to fiscal year 2013 operating expenses of \$48,026,379. The increase resulted primarily from increases in Adult Education and General Institutional expenses.
- The College's net position increased 2.8%, or \$2,253,307, from the year ended June 30, 2013. The increase was primarily reflected in the Net Investment in Capital Assets.

**USING THE 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 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. In addition, the Schedule of Expenditures of Federal Awards provides details of various federal programs benefiting the College.

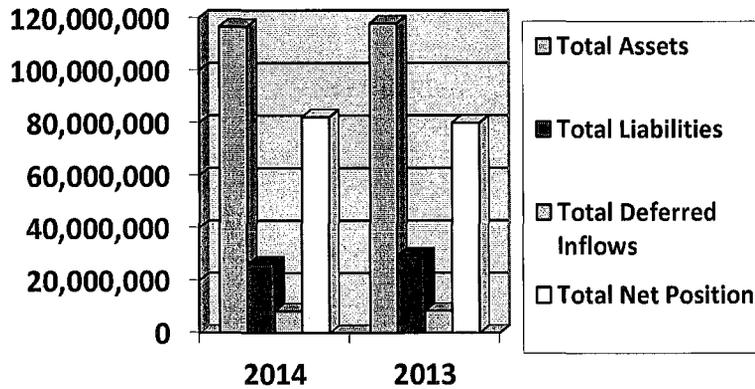
**REPORTING THE COLLEGE'S FINANCIAL ACTIVITIES**

**The Statement of 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 June 30, 2014. 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 non-current assets, current and non-current 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.

## Net Position

	June 30, 2014	June 30, 2013
Current and Other Assets	\$ 59,626,331	\$ 61,599,362
Capital Assets, Net of Accumulated Depreciation	57,024,101	56,311,427
<b>Total Assets</b>	<b>116,650,432</b>	<b>117,910,789</b>
Current Liabilities	12,066,936	12,603,543
Non-current Liabilities	14,113,705	16,962,587
<b>Total Liabilities</b>	<b>26,180,641</b>	<b>29,566,130</b>
Deferred Inflows of Resources	8,308,869	8,437,044
<b>Net Assets:</b>		
Net Investment in Capital Assets	54,978,931	51,451,167
Restricted	12,078,289	11,342,660
Unrestricted	15,103,702	17,113,788
<b>Total Net Position</b>	<b>\$ 82,160,922</b>	<b>\$ 79,907,615</b>



**Comparison of Net position**

A portion of the College's net position (66.9%) is invested in capital assets (e.g., land, buildings and equipment), less the related debt. The debt related to the invested in capital assets is liquidated with resources other than capital assets. The restricted portion of the net position (14.7%) includes resources that are subject to external restrictions. The remaining net position (18.4%) is 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 presented on 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 non-operating, and the expenses incurred by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

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

### Changes in Net Position

	Year Ended June 30, 2014	Year Ended June 30, 2013
Operating Revenues:		
Tuition and Fees	\$ 19,168,702	\$ 19,133,475
Less: Scholarship Allowances	(8,717,248)	(9,489,436)
Tuition and Fees, net of scholarship allowances	10,451,454	9,644,039
Federal Appropriations	12,217,312	12,662,733
Iowa Industrial New Jobs Training Program	1,194,342	2,809,463
Auxiliary Enterprises Revenue, net of scholarships	1,865,332	1,806,432
Gifts and Grants	63,744	87,730
Miscellaneous	1,890,245	2,242,998
Total Operating Revenues	27,682,429	29,253,395
 Total Operating Expenses	 49,412,062	 48,026,379
Operating Loss	(21,729,633)	(18,772,984)
 Non-Operating Revenues (Expenses)		
State Appropriations	16,097,835	15,606,493
Property Taxes	8,410,452	8,125,536
Interest Income from Investments	173,446	86,719
Gain (Loss) on Sale of Capital Assets	2,620	(58,744)
Interest on Indebtedness	(701,413)	(756,435)
Net Non-Operating Revenues	23,982,940	23,003,569
 Increase in Net Position	 2,253,307	 4,230,585
 Net Position Beginning of Year	 79,907,615	 76,062,783
Prior Year Adjustments	-	(385,753)
Net Position Beginning of Year - Restated	79,907,615	75,677,030
 Net Position Ending of Year	 \$ 82,160,922	 \$ 79,907,615

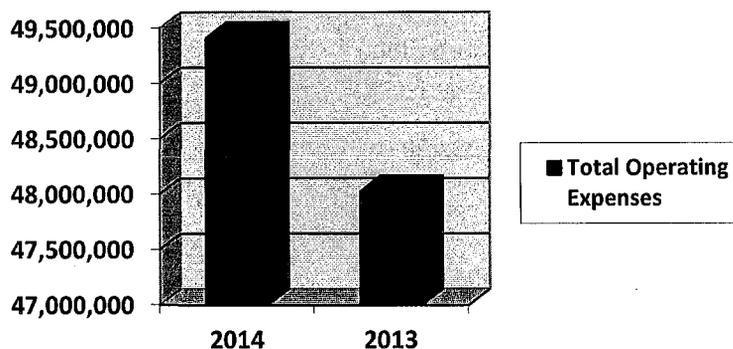
The statement of revenues, expenses and changes in net position reflects a positive year, with increases in net position of \$2,253,307 for the current year.

In fiscal year 2014, the major fluctuations in revenues were a result of the following changes:

- Federal Appropriations decreased \$445,421 due primarily to reduced Pell Grant funding.
- Iowa Industrial New Jobs Program revenues decreased \$1,615,121 due to the timing of the projects and the variability of the revenue accounts. Overall revenue is influenced not only by the withholding revenues received from the companies, but also the amount of reimbursed expenses the company had throughout the year.

## Operating Expenses

	Year Ended June 30, 2014	Year Ended June 30, 2013
Education and Support:		
Liberal Arts and Sciences	\$ 6,690,837	\$ 7,576,779
Vocational Technical	9,641,726	9,803,909
Adult Education	4,761,973	3,067,166
Cooperative Services	3,899,676	4,599,275
General Administration	2,265,799	2,607,332
Student Services	3,399,493	3,072,403
Learning Resources	878,858	790,155
Physical Plant	3,629,241	3,932,589
General Institution	8,047,467	6,754,056
Sub-total	<u>43,215,070</u>	<u>42,203,664</u>
Auxiliary Enterprises	2,659,540	2,411,054
Scholarships and Grants	901,150	837,804
Depreciation Expense	<u>2,636,302</u>	<u>2,573,857</u>
 Total	 <u>\$ 49,412,062</u>	 <u>\$ 48,026,379</u>



In fiscal year 2014, the major fluctuations in operating expenses were a result of the following factors:

- Adult Education expenses increased \$1,694,807 due primarily to program expansion.
- General Institutional expenses increased \$1,248,320 due primarily to a change in account policy placing utility costs in the plant fund rather than in the general fund.

### Statement of Cash Flows

The statement of cash flows is an important tool in helping the users to 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, non-capital financing, capital financing and investing activities.

## Cash Flows

	Year Ended June 30, 2014	Year Ended June 30, 2013
Cash and Cash Equivalents Provided (Used) by:		
Operating Activities	\$ (15,932,927)	\$ (19,786,894)
Non-Capital Financing Activities	24,508,287	23,564,224
Capital and Related Financing Activities	(6,815,744)	(8,138,965)
Investing Activities	(2,588,900)	6,374,739
Net Increase (Decrease) in Cash and Cash Equivalents	(829,284)	2,013,104
Cash and Cash Equivalents at Beginning of Year	2,660,925	647,821
Cash and Cash Equivalents at End of Year	\$ 1,831,641	\$ 2,660,925

Cash used by operating activities includes tuition, fees, grants and contracts, net of payments to employees and to suppliers. Cash provided by non-capital financing activities includes state appropriations and local property taxes received by the College. Cash used by capital and related financing activities represents the proceeds from debt, the principal and interest payments on debt and the purchase of capital assets. Cash provided by investing activities includes investment income earned.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### Capital Assets

As of June 30, 2014, the College had \$57,024,101 invested in capital assets, which was net of accumulated depreciation of \$32,849,883. Depreciation expense totaled \$2,636,302 for fiscal year 2014. Details of the capital assets are shown below.

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

	June 30, 2014	June 30, 2013
Land	\$ 379,179	\$ 379,179
Construction in Progress	1,410,824	6,895,235
Capital Assets Not Depreciated	1,790,003	7,274,414
Buildings	31,248,321	32,232,033
Other Structures and Improvements	18,526,374	11,379,083
Furniture and Equipment	5,459,403	5,425,897
Capital Assets, Net of Depreciation	55,234,098	49,037,013
Total Capital Assets	\$ 57,024,101	\$ 56,311,427

Major capital expenses for the fiscal year ended June 30, 2014 include: beginning on upgrade of the HVAC and electrical systems in Buchanan Hall to improve technical training areas; this will be completed in fiscal year 2015. Courtyard lighting was installed as well as an exterior ramp on the south side of Grundy Hall. Projects in fiscal year 2015 include the HVAC completion mentioned, along with parking lot replacement work. More detailed information about the College's capital assets is presented in Note 5 to the basic financial statements.

## Long-Term Debt

As of June 30, 2014, the College had \$18,815,000 in debt outstanding, a decrease of \$3,340,000 from June 30, 2013. The table below summarizes these amounts by type.

### Outstanding Debt

	Year Ended June 30, 2014	Year Ended June 30, 2013
Certificate Payable	\$ 16,815,000	\$ 17,385,000
General Obligation Bonds	2,000,000	4,770,000
Total	<u>\$ 18,815,000</u>	<u>\$ 22,155,000</u>

More detailed information about the College's outstanding debt is presented in Note 6 to the basic financial statements.

## ECONOMIC FACTORS

Hawkeye Community College continues to take steps in anticipation of enrollment decreases experienced by most of Iowa's Community Colleges due to demographic and economic fluctuations. Cost cutting measures in the past few years have resulted in a financial situation for the College that will help position it to maintain fiscal sustainability during uncertain economic times ahead. Some challenges that are facing the College are:

- The regional area served by the College is experiencing a decline in high school age students. The College is exploring avenues to better serve, and market to, our non-traditional student client base.
- Salaries, wages and fringe benefits comprise approximately 73% of annual Educational and Support expenses. Providing competitive packages to attract and retain the best employees in an area of relatively low unemployment continues to be an issue facing the College.
- Facilities at the College require constant upkeep and maintenance at increasing costs. The addition of space through new construction and remodeling over the past several years has added an additional burden to maintenance costs. Hawkeye Community College has used a Plant Fund Levy, which expires in fiscal year 2015, to help fund the cost of upkeep and repair. In the fall of 2013, the College successfully sought taxpayer approval to extend the levy for an additional 10-year term.
- The use of technology continues to expand with current technology quickly becoming outdated. The College faces the challenge of maintaining and upgrading technology at a reasonable cost.
- The Iowa Board of Regents has recommended a tuition freeze at the State's public four-year institutions for the third straight year and has recommended a change to the distribution formula for state aid to reward enrollment of Iowa students. These initiatives are intended to draw Iowa students to the Regents Universities which will in turn create an even higher level of competition with Iowa's community colleges.
- The taxable assessed property valuation used to help fund the College's operations decreased from fiscal year 2014 to fiscal year 2015 due in part to a legislative commitment to phase in a commercial property valuation rollback which lessens the amount of commercial property valuation subject to property tax assessment. The state is committed to backfilling the reduced property tax collections for a period of three years. Hawkeye Community College currently has the 5th highest property tax rate among the 15 Iowa community colleges and, at 95 cents per \$1,000 of taxable assessed valuation, is 2 cents higher than the state average.
- Hawkeye Community College has the 4<sup>th</sup> lowest mandatory tuition and fees rate per credit hour of the 15 Iowa Community Colleges and charges \$7 less than the state average. The College is reluctant to increase tuition and fee rates higher than is absolutely necessary, but finds itself relying proportionately more each year on tuition to fund its operations.

The College has experienced enrollment declines over the last three years and faces the likelihood of limited funding growth at both the state and federal levels. However, the College has positioned itself to have the resources necessary to make well planned and thoughtful adjustments to its delivery of services in ways that maximize our clients return on their educational dollars spent.

## **CONTACTING THE COLLEGE'S FINANCIAL MANAGMENT**

This financial report is designed to provide our customers, taxpayers in the community college, 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 Hawkeye Community College, 1501 E. Orange Road, P.O. Box 8015, Waterloo, Iowa 50704-8015.

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**Basic Financial Statements**

**HAWKEYE COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	<u>Primary Government</u>	<u>Component Unit</u>
<b>ASSETS</b>		
Current Assets		
Cash and Cash Equivalents	\$ 1,831,641	\$ 217,592
Pooled Investments	23,309,461	4,125,575
Receivables:		
Due from Others, Net of Allowance for Uncollectible		
Accounts of \$6,718,450	2,331,034	70,871
Accrued Interest	21,933	13,394
Property Taxes - Succeeding Year	8,308,869	-
Student Loans	13,537	-
Loans Receivable, Net	-	41,346
Iowa Industrial New Jobs Training Program	875,934	-
Due From Other Governments	987,759	-
Prepaid Expenses	392,835	-
Inventories	204,951	-
<b>Total Current Assets</b>	<u>38,277,954</u>	<u>4,468,778</u>
Noncurrent Assets		
Pooled Investments	21,348,377	2,032,546
Receivables:		
Life Insurance Cash Value	-	23,900
Capital Assets:		
Land	379,179	375,841
Construction in Progress	1,410,824	-
Buildings	49,232,942	-
Other Structures and Improvements	24,499,876	-
Furniture and Equipment	14,351,163	-
Accumulated Depreciation	(32,849,883)	-
<b>Total Noncurrent Assets</b>	<u>78,372,478</u>	<u>2,432,287</u>
<b>TOTAL ASSETS</b>	<u>\$ 116,650,432</u>	<u>\$ 6,901,065</u>

**HAWKEYE COMMUNITY COLLEGE  
STATEMENT OF NET POSITION  
JUNE 30, 2014**

	Primary Government	Component Unit
<b>LIABILITIES</b>		
Current Liabilities		
Accounts Payable	\$ 1,148,503	\$ 47,687
Salaries and Benefits Payable	2,448,787	-
Accrued Interest Payable	42,454	-
Unearned Revenue	1,374,674	-
Compensated Absences	575,000	-
Assets Held in Custody for Others	852,348	-
Certificates Payable	3,580,000	-
General Obligation School Bonds	2,045,170	-
	12,066,936	47,687
Total Current Liabilities		
Noncurrent Liabilities		
Unearned Revenue	386,283	-
Compensated Absences	188,080	-
Certificates Payable	13,235,000	-
Net Other Post-Employment Benefits Liability	304,342	-
	14,113,705	-
Total Noncurrent Liabilities		
	26,180,641	47,687
<b>TOTAL LIABILITIES</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable Property Tax Revenue	8,308,869	-
<b>NET POSITION</b>		
Net Investment in Capital Assets	54,978,931	375,841
Restricted:		
Nonexpendable:		
Endowment	-	2,051,532
Expendable:		
Economic Development	4,737,287	-
Property Tax Levies	3,227,922	-
Iowa New Jobs Training	1,458,814	-
Scholarships and Departmental Programs	52,214	902,322
Loans	98,116	222,941
Debt Service	772,520	-
Cash Reserve	366,380	-
Other	1,365,036	1,698,356
Unrestricted	15,103,702	1,602,386
	\$ 82,160,922	\$6,853,378
<b>TOTAL NET POSITION</b>		

See Accompanying Notes to Financial Statements

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**HAWKEYE COMMUNITY COLLEGE**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEAR ENDED JUNE 30, 2014**

	Primary Government	Component Unit
<b>REVENUES</b>		
Operating Revenues:		
Tuition and Fees, net of scholarship allowances of \$8,717,248	\$ 10,451,454	\$ -
Federal Appropriations	12,217,312	-
Iowa Industrial New Jobs Training Program	1,194,342	-
Gifts and Grants	63,744	882,742
Auxiliary Enterprises Revenue, net of scholarship allowances of \$320,706	1,865,332	-
Miscellaneous	1,890,245	28,894
	<u>27,682,429</u>	<u>911,636</u>
<b>EXPENSES</b>		
Operating Expenses:		
Education and Support:		
Liberal Arts and Sciences	6,690,837	-
Vocational Technical	9,641,726	-
Adult Education	4,761,973	-
Cooperative Services	3,899,676	-
General Administration	2,265,799	-
Student Services	3,399,493	-
Learning Resources	878,858	-
Physical Plant	3,629,241	-
General Institution	8,047,467	-
Auxiliary Enterprises	2,659,540	-
Scholarships and Grants	901,150	233,054
Loan Cancellations and Bad Debts	-	104,802
Administrative and Collection Costs	-	78,168
Program Costs	-	161,329
Fundraising Expenses	-	19,192
Depreciation Expense	2,636,302	-
	<u>49,412,062</u>	<u>596,545</u>
Total Operating Expenses		
	<u>(21,729,633)</u>	<u>315,091</u>
<b>NON-OPERATING REVENUES (EXPENSES)</b>		
State Appropriations	16,097,835	-
Property Taxes	8,410,452	-
Interest Income from Investments	173,446	677,130
Gain on Sale of Capital Assets	2,620	-
Interest on Indebtedness	(701,413)	-
	<u>23,982,940</u>	<u>677,130</u>
Net Non-Operating Revenues		
	<u>2,253,307</u>	<u>992,221</u>
Increase in Net Position		
	<u>79,907,615</u>	<u>5,861,157</u>
Net Position Beginning of Year		
	<u>\$ 82,160,922</u>	<u>\$ 6,853,378</u>
Net Position End of Year		

See Accompanying Notes to Financial Statements

**HAWKEYE COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2014**

	<u>Primary Government</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Tuition and Fees	\$ 18,724,333
Grants and Contracts	14,640,602
Iowa Industrial New Jobs Training Program	2,595,917
Payments to Employees	(29,745,146)
Payments to Suppliers	(23,674,655)
Payments to NJTP Recipients	(239,268)
Collection of Loans to Students	(11,023)
Auxiliary Enterprise Net Activity	(500,238)
Other Receipts	2,286,068
Miscellaneous Agency Fund Receipts	2,784,261
Miscellaneous Agency Fund Disbursements	<u>(2,793,778)</u>
Net Cash (Used) by Operating Activities	<u>(15,932,927)</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>	
State Appropriations	16,097,835
Property Taxes	<u>8,410,452</u>
Net Cash Provided from Non-Capital Financing Activities	<u>24,508,287</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>	
Proceeds from Sale of Capital Assets	42,408
Purchases of Capital Assets	(3,387,713)
Principal Paid on Debt and Leases	(2,770,000)
Interest Paid on Debt and Leases	<u>(700,439)</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(6,815,744)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>	
Proceeds from Sales and Maturities of Investments	13,283,613
Purchase of Investments	(16,060,446)
Interest on Investments	<u>187,933</u>
Net Cash (Used) by Investing Activities	<u>(2,588,900)</u>
<b>Net (Decrease) in Cash</b>	<u>(829,284)</u>
<b>Cash at Beginning of Year</b>	<u>2,660,925</u>
<b>Cash at End of Year</b>	<u><u>\$ 1,831,641</u></u>

**HAWKEYE COMMUNITY COLLEGE  
STATEMENT OF CASH FLOWS  
YEAR ENDED JUNE 30, 2014**

<b>Reconciliation of Operating (Loss) to Net Cash</b>	
<b>(Used) by Operating Activities:</b>	
Operating (Loss)	\$ (21,729,633)
Adjustments to Reconcile Operating (Loss) to Net Cash (Used) by Operating Activities:	
Depreciation	2,636,302
Changes in Assets and Liabilities:	
Decrease in Due From Others	1,656,851
Increase in Notes Receivable	(11,023)
Decrease in Due From Other Governments	2,359,547
Increase in Inventories	(56,742)
Increase in Prepaid Expenses	(112,287)
Increase in Accounts Payable	61,142
Decrease in Salaries and Benefits Payable	(236,833)
Increase in Compensated Absences	144,976
Decrease in Unearned Revenue	(2,959)
Decrease in Early Retirement Payable	(130,317)
Decrease in Assets Held in Custody for Others	(9,517)
Decrease in NJTP Loans Payable	<u>(502,434)</u>
Total Adjustments	<u>5,796,706</u>
<b>Net Cash (Used) by Operating Activities</b>	<b><u>\$ (15,932,927)</u></b>

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Hawkeye Community College is a publicly supported school established and operated by Merged Area VII under the provisions of Chapter 260C of the Code of Iowa. Hawkeye Community College may offer 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. Hawkeye Community College may also offer up to two years of vocational or technical education, training or retraining to persons who are preparing to enter the labor market. Hawkeye Community College maintains seven sites throughout Waterloo, Cedar Falls, and Independence, Iowa, and has its administrative offices in Waterloo. Hawkeye Community College is governed by a Board of Trustees whose members are elected from each trustee district within Merged Area VII.

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

**A. Reporting Entity**

For financial reporting purposes, Hawkeye Community College has included all funds, organizations, agencies, boards, commissions and authorities. Hawkeye Community 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 Hawkeye Community College are such that exclusion would cause Hawkeye Community College's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the College to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on Hawkeye Community College.

These financial statements present Hawkeye Community College (the primary government) and its component unit. The component unit discussed below is included in Hawkeye Community College's reporting entity because of the significance of its operational or financial relationship with the Community College. Certain disclosures about the component unit have been audited separately and a report has been issued under a separate cover. The audited financial statements are available at the College.

**Discretely Presented Component Unit**

Hawkeye Community College Foundation is a non-profit corporation, whose purpose is to support the Community College through donations to provide scholarships to students, and for the enhancement and extension of facilities, equipment and services. The Foundation is governed by a Board of Trustees, two of which are appointed by the Board of Trustees of the Community College. The Foundation operates on a June 30 fiscal year end. The financial statements of Hawkeye Community College Foundation, Inc. can be obtained from: Business Services, Hawkeye Community College, 1501 E. Orange Road, P.O. Box 8015, Waterloo, IA 50704-8015.

**B. Basis of Presentation**

GASB Statement No. 35 establishes standards for external financial reporting for public colleges and universities and requires resources to be classified for accounting and reporting purposes into the following net position categories/components:

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

Note 1 -- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

Restricted Net Position:

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

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 not subject to externally imposed situations. Resources may be designated for specific purposes by action of management or by the Board of Trustees or may otherwise be limited by contractual agreements with outside parties. Substantially all unrestricted net position is designated for academic and general programs of the College.

GASB Statement No. 35 requires the Statements of Net Position, Revenues, Expenses, and Changes in Net Position and Cash Flows be reported on a consolidated basis. These basic financial statements report information on all of the activities of the College. For the most part, the effect of interfund activity has been removed from these statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

For financial reporting purposes, Hawkeye Community 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 taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

D. Assets, Liabilities and Net Position

The following accounting policies are followed in preparing the balance sheets:

Cash and Pooled Investments -- Investments are stated at fair value.

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

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.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Note 1 -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Inventories -- Inventories are valued at lower of cost (first-in, first-out method) or market, except for the livestock and grain from the farm operations, which is valued at market value. Inventories consist of supplies and materials held for consumption, livestock and merchandise held for resale. The cost is recorded as an expenditure at the time individual inventory items are consumed or sold.

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

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, 2014 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date.

Capital Assets -- Capital assets, which include property, plant, equipment, and infrastructure assets (i.e., roads, curbs, gutters, sidewalks, and similar items which are immovable and of value only to the College), are reported. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized. No interest costs were capitalized.

Capital assets are defined by the College as assets with initial, individual costs in excess of \$5,000.

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

<u>Assets</u>	<u>Years</u>
Buildings and Other Structures and Improvements	25 - 50
Furniture and Equipment	3 - 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.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

Note 1 -- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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

Unearned Revenue -- When assets are recognized in connection with a transaction before the earnings process is complete, those assets must be offset by a corresponding liability for unearned revenue. Unearned revenue consists of tuition deposits, tuition and fees for a portion of summer classes, fees and registration for fall, unearned revenue on 260E projects, unearned revenue on federal and state funds.

Compensated Absences -- College employees accumulate a limited amount of earned but unused vacation hours for subsequent use or for payment upon termination, death or retirement. Amounts representing the cost of compensated absences plus related benefits are recorded as liabilities. These liabilities have been computed based on rates of pay in effect at June 30, 2014.

Deferred Inflows of Resources -- Deferred inflows of resources in the Statement of Net Position consists of succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

Auxiliary Enterprise Revenues -- Auxiliary enterprise revenues primarily represent revenues generated by career education, adult education, farm operations, and food service.

Summer Session -- The Community 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.

Tuition and Fees -- Tuition and fees revenues are reported net of scholarship allowances, while stipends and other payments made directly to students are presented as scholarship expenses.

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, property tax, and interest income.

E. 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 Officer (NACUBO). Certain aid (loans and funds provided to students as awarded by third parties) 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.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Note 2 – CASH, CASH EQUIVALENTS, AND POOLED INVESTMENTS**

The College's deposits in banks at June 30, 2014, 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 insure there will be no loss of public funds.

The Community College is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Trustees; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district. The College's investment policy additionally limits investments in commercial paper to obligations that mature within 270 days and that is rated within the two highest classifications, as established by at least one of the standard rating services, with no more than five percent at the time of purchase placed in the second highest classification. At the time of purchase not more than ten percent of the investment portfolio can be in these investments and no more than five percent of the investment portfolio can be invested in the securities of a single issuer.

Investments are stated at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates.

At June 30, 2014, the Community College had the following investments:

Current Pooled Investments	\$ 23,309,461
Noncurrent Pooled Investments	<u>21,348,377</u>
	<u>\$ 44,657,838</u>

Investment Type	Fair Value	Investment Maturities (in years)	
		Less than 1	1 to 5
Money Market Mutual Fund	\$ 17,355,460	\$ 17,355,460	\$ -
Certificates of Deposit	1,325,167	946,416	378,751
U.S Government Securities	<u>25,977,211</u>	<u>5,007,585</u>	<u>20,969,626</u>
	<u>\$ 44,657,838</u>	<u>\$ 23,309,461</u>	<u>\$ 21,348,377</u>

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

Credit risk - The Community College's investments in Money Market Mutual Funds are unrated.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Note 2 – CASH, CASH EQUIVALENTS, AND POOLED INVESTMENTS (Continued)**

Concentration of credit risk - The College's investment policy seeks to provide safety of the principal, maintain the necessary liquidity to match expected liabilities, and obtain a reasonable rate of return. The policy allows for investments of up to 100% in interest bearing savings, money market and checking accounts, certificates of deposits, repurchase agreements, money market mutual funds, bonds, notes, certificates of indebtedness, treasury bills or other securities issued by the United States of America, its agencies and allowable instrumentalities; up to 10% in prime bankers' acceptances; and up to 10% in commercial paper. The policy does not allow the College to invest in futures, options or reverse purchase agreements.

**Component Unit Investments.** Investments are managed by the Foundation and external managers, in accordance with Board policy, and are stated at fair value. Fair value of the investments has been determined as of June 30. Values have not been adjusted for market fluctuations subsequent to June 30. Accounting principles generally accepted in the United States of America require adjustment of year end values only when the value has been permanently impaired. Management does not feel market fluctuations after year end have caused permanent impairment to its investment portfolio. A summary of the securities held at June 30, 2014 follows:

	Fair Value
Common Stocks	\$ 1,709,567
Common Stocks - Foreign	93,159
Corporate Bonds	302,402
U.S. Government Agency Bonds	772,782
Mutual Funds - Equity	1,228,790
Mutual Funds - Foreign	559,019
Mutual Funds - U.S. Gov't	1,433,740
Mutual Fund - Real Estate	58,662
	\$ 6,158,121

**Note 3 – LOANS RECEIVABLE (Component Unit)**

The Foundation, a component unit to the College, makes loans to students of the College to be used primarily for the cost of tuition and books. These loans generally become payable upon the student's completion of or withdrawal from higher education programs. HyPro, John Deere, and Tyson loans become forgivable upon the completion of the program and two or three years of employment with the respective companies.

Loans receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible or forgivable amounts through a charge to expense and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to loans receivable. Interest rates and terms vary by program. Below is a summary of loans receivable:

	2014
Loans Receivable	\$ 360,640
Less Allowance for Uncollectible Loans	(15,909)
Less Allowance for Forgivable Loans	(303,385)
Net Loans Receivable	\$ 41,346

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Note 4 -- INVENTORIES**

The Community College's inventories at June 30, 2014 are as follows:

Type	Amount
Supplies and Materials	\$ 19,421
Farm Operations	134,064
Merchandise Held for Resale	51,466
Total	\$ 204,951

**Note 5 -- CAPITAL ASSETS**

A summary of changes in capital assets is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 379,179	\$ -	\$ -	\$ 379,179
Construction in progress	6,895,235	1,403,018	6,887,429	1,410,824
Total capital assets not being depreciated	7,274,414	1,403,018	6,887,429	1,790,003
Capital assets being depreciated:				
Buildings	49,232,942	-	-	49,232,942
Other structures and improvements	16,736,176	7,763,700	-	24,499,876
Furniture and equipment	13,545,871	1,109,474	304,182	14,351,163
Total capital assets being depreciated	79,514,989	8,873,174	304,182	88,083,981
Less accumulated depreciation for:				
Buildings	17,000,909	983,712	-	17,984,621
Other structures and improvements	5,357,093	616,409	-	5,973,502
Furniture and equipment	8,119,974	1,036,181	264,395	8,891,760
Total accumulated depreciation	30,477,976	2,636,302	264,395	32,849,883
Total capital assets being depreciated, net	49,037,013	6,236,872	39,787	55,234,098
Capital assets, net	\$ 56,311,427	\$ 7,639,890	\$ 6,927,216	\$ 57,024,101

On June 30, 2014, the Community College had future construction commitments of \$1,299,507. Construction in Progress projects as of June 30, 2014 include: Buchanan Hall Remodel, Parking Lot K Improvement, Campus Lighting Project, and Grundy Hall Stair Replacement Project.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Note 5 -- CAPITAL ASSETS (Continued)**

Reconciliation Net Investment in Capital Assets:

Land	\$ 379,179
Buildings	49,232,942
Construction in Progress	1,410,824
Other Structures and Improvements	24,499,876
Furniture and Equipment	14,351,163
Accumulated Depreciation	<u>(32,849,883)</u>
Capital Assets (Net of Accumulated Depreciation)	57,024,101
Less: Bonds Payable	<u>(2,045,170)</u>
Net Investment in Capital Assets	<u><u>\$54,978,931</u></u>

Capital Assets for the College's Foundation, a component unit, for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Deletions	Balance End of Year
Capital assets not being depreciated:				
Land	\$ 375,841	\$ -	\$ -	\$ 375,841
Total capital assets not being depreciated	<u>\$ 375,841</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 375,841</u>

**Note 6 -- LONG-TERM LIABILITIES**

A summary of changes in long-term liabilities for the year ended June 30, 2014 is as follows:

	Balance Beginning of Year	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government:					
Compensated Absences	\$ 618,104	\$ 712,111	\$ (567,135)	\$ 763,080	\$ 575,000
Early Retirement Payable	130,317	-	(130,317)	-	-
Certificates Payable	17,385,000	2,610,000	(3,180,000)	16,815,000	3,580,000
General Obligation School Bonds	4,770,000	-	(2,770,000)	2,000,000	2,000,000
Net OPEB Liability	290,392	13,950	-	304,342	-
Total Primary Government	<u>\$ 23,193,813</u>	<u>\$ 3,336,061</u>	<u>\$ (6,647,452)</u>	<u>\$ 19,882,422</u>	<u>\$ 6,155,000</u>

General Obligation School Bonds listed on the Statement of Net Position include Unamortized Premium of \$45,170.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

Note 6 -- **LONG-TERM DEBT** (Continued)

Certificates Payable

In accordance with agreements dated between June 30, 1996 and June 30, 2014, the Community College issued certificates with a June 30, 2014 outstanding balance of \$16,815,000 with interest rates ranging from 0.40% to 5.50%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semi-annually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, incremental property tax, budgeted reserves, and, in the case of default, from standby property taxes. During 2014, Hawkeye Community College recorded \$625,214 of interest expense from the certificates payable.

The certificates will mature as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 3,580,000	\$ 459,610	\$ 4,039,610
2016	3,000,000	381,855	3,381,855
2017	2,675,000	309,670	2,984,670
2018	2,270,000	239,413	2,509,413
2019	1,890,000	166,860	2,056,860
2020-2024	<u>3,400,000</u>	<u>219,873</u>	<u>3,619,873</u>
Total	<u>\$ 16,815,000</u>	<u>\$ 1,777,281</u>	<u>\$ 18,592,281</u>

Bonds Payable

On May 1, 2008, Hawkeye Community College issued \$6,850,000 in general obligation school bonds, to finance the improvement of its Main Campus and construct, remodel, erect and equip buildings thereon, and construct, lease, or acquire and improve and equip new or existing facilities. Annual principal payments began June 1, 2009. Interest payments are due semi-annually each June and December. The capital loan notes matured in June 2014. The balance of the general obligation school bonds at June 30, 2014, was \$0.

On April 19, 2011, Hawkeye Community College issued \$5,550,000 in general obligation school bonds, to finance the improvement of its Main Campus and construct, remodel, erect and equip buildings thereon, and construct, lease, or acquire and improve and equip new or existing facilities. Annual principal payments began June 1, 2012. Interest payments are due semi-annually each June and December. The capital loan notes will mature June 2015. The balance of the general obligation school bonds at June 30, 2014, was \$2,000,000.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Note 6 -- LONG-TERM DEBT (Continued)**

Details of the Community College's June 30, 2014 bonded indebtedness maturities are as follows:

Year Ending June 30,	Principal	Interest	Total
2015	\$ 2,000,000	\$ 50,000	\$ 2,050,000
Total	<u>\$ 2,000,000</u>	<u>\$ 50,000</u>	<u>\$ 2,050,000</u>

**Note 7 -- OPERATING LEASES**

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2014 and 2017 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects the leases will be renewed or replaced by other leases.

The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining non-cancelable lease terms in excess of one year as of June 30, 2014:

Year Ending June 30,	Amount
2015	\$ 128,710
2016	21,336
2017	<u>1,778</u>
Total	<u>\$ 151,824</u>

Rents for the year ended June 30, 2014 for all operating leases, except those with terms of a month or less, totaled \$323,887.

**Note 8 -- IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)**

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

Plan members are required to contribute 5.95% of their annual covered salary and Hawkeye Community College is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. Hawkeye Community College's contributions to IPERS for the years ended June 30 2014, 2013, and 2012 were \$759,289, \$696,670, and \$571,237, respectively, equal to the required contribution for each year.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

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

The Community College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA administers the retirement plan for Hawkeye Community College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.95% and Hawkeye Community College is required to contribute 8.93%. The Community College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2014, were \$969,428 and \$645,914, respectively.

**Note 10 -- OTHER POSTEMPLOYMENT BENEFITS (OPEB)**

Plan Description- The College operates a single-employer retiree benefit plan which provides medical/prescription drug benefits for retirees and their spouses. There are 272 active and 13 retired members in the plan. The plan does not issue a publicly available financial report.

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

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

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

The following table shows the components of the College's annual OPEB cost for the year ended June 30, 2014, the amount actually contributed to the plan and changes in the College's net OPEB obligation:

Annual Required Contribution	\$	58,485
Interest on Net OPEB Obligation		11,858
Adjustment to Annual Required Contribution		<u>(16,629)</u>
Annual OPEB Cost		53,714
Net OPEB Obligation Beginning of Year		290,392
Annual OPEB Cost		53,714
Employer Contributions Made		<u>(39,764)</u>
Expected Net OPEB Obligation End of Year	\$	<u><u>304,342</u></u>

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Note 10 - OTHER POSTEMPLOYMENT BENEFITS (OPEB) (Continued)**

The College's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for fiscal years 2009 through 2014 are summarized as follows:

Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2009	\$135,045	0%	\$135,045
June 30, 2010	\$135,045	0%	\$270,090
June 30, 2011	\$ 53,233	98.8%	\$270,710
June 30, 2012	\$ 53,233	84.4%	\$279,021
June 30, 2013	\$ 53,714	78.8%	\$290,392
June 30, 2014	\$ 53,714	74.0%	\$304,342

Funded Status and Funding Progress- As of July 1, 2012, the most recent actuarial valuation date for the period July 1, 2013 through June 30, 2014, the actuarial accrued liability was \$613,198, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$613,198. The covered payroll (annual payroll of active employees covered by the plan) was \$13,678,061 and the ratio of the UAAL to covered payroll was 4.5%. As of June 30, 2014, there were no trust fund assets.

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

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

As of the July 1, 2012 actuarial valuation date, the Projected Unit Credit Actuarial Cost Method was used. The actuarial assumptions include a 4.25% investment return. The projected annual medical trend (inflation) rate is 6%. The ultimate medical trend (inflation) rate is 5%. The medical trend rate is reduced 1% each year until reaching the 5% ultimate trend rate. An inflation rate of 3% is assumed for the purpose of this computation

Mortality rates are from the RP 2000 Mortality Table, applied on a gender-specific basis. Annual retirement and termination probabilities were developed from the Scale T-6 of the Actuary's Pension Handbook. The salary increase rate was assumed to be 3.0% per year. The UAAL is being amortized as a level dollar amount on an open basis over 30 years.

**HAWKEYE COMMUNITY COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2014**

**Note 11 -- RISK MANAGEMENT**

The Community College has secured insurance purchased from commercial insurance carriers to provide coverage and protection in the following categories: general liability, automobile liability, group excess liability, linebacker, pollution liability, professional services, property and inland marine, workers compensation and employers' liability, and crime insurance. There have been no reductions in insurance coverage from prior years. Settled claims resulting from the risks have not exceeded commercial insurance coverage in any of the past three years.

**Note 12 -- NEW JOBS TRAINING PROGRAMS**

Hawkeye Community College administers the Iowa Industrial New Jobs Training Program (NJTP) in Merged Area VII in accordance with Chapter 260E of the Code of Iowa. NJTP's purpose is to provide tax-aided training or retraining for employees of industries which are new to or are expanding their operations within the State of Iowa. Certificates are sold by the Community College to fund approved projects and are to be retired by proceeds from anticipated jobs credits from withholding taxes, incremental property taxes, budgeted reserves and in the case of default, from standby property tax. The Community College is currently administering 130 projects receiving project funding or in the repayment stage.

Hawkeye Community College also administers the Iowa Small Business New Jobs Training Program (SBNJTP) in Merged Area VII in accordance with Chapter 260F of the Code of Iowa. SBNJTP's purpose is to provide tax-aided training or retraining for employees of small businesses which are new to or are expanding their operations within the State of Iowa. Approved small businesses receive loans from the Iowa Employment Training Fund, a State administered fund. The Community College received funding for 19 projects during fiscal year 2014.

**Note 13 -- PROSPECTIVE ACCOUNTING CHANGE**

The Governmental Accounting Standards Board has issued Statement No. 68 Accounting and Financial Reporting for Pensions – an Amendment of GASB No. 27. This statement will be implemented for the fiscal year ending June 30, 2015. The revised requirements establish new financial reporting requirements for state and local governments which provide their employees with pension benefits, including additional note disclosures and required supplementary information. In addition, the Statement of Net Position is expected to include a significant liability for the government's proportionate share of the employee pension plan.

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**Required Supplementary Information**

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN  
REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED JUNE 30, 2014**

(in thousands)

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)	UAAL as a Percentage of Covered Payroll ((b - a) / c)
2009	July 1, 2008	\$ -	\$ 1,790	\$ 1,790	0.0%	\$ 15,164	11.8%
2010	July 1, 2008	\$ -	\$ 1,790	\$ 1,790	0.0%	\$ 15,164	11.8%
2011	July 1, 2010	\$ -	\$ 578	\$ 578	0.0%	\$ 13,405	4.3%
2012	July 1, 2010	\$ -	\$ 578	\$ 578	0.0%	\$ 13,405	4.3%
2013	July 1, 2012	\$ -	\$ 613	\$ 613	0.0%	\$ 13,678	4.5%
2014	July 1, 2012	\$ -	\$ 613	\$ 613	0.0%	\$ 13,678	4.5%

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

**Other Supplementary Information**

**HAWKEYE COMMUNITY COLLEGE**  
**NOTES TO OTHER SUPPLEMENTARY INFORMATION SCHEDULES**  
**JUNE 30, 2014**

Other supplementary information of the College is presented on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts which comprise its assets, liabilities, fund balance, revenues and expenditures. 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 Community College and consist of the following:

Unrestricted Fund -- The Educational and Support subgroup of the Unrestricted Fund accounts for the general operations of the Community College.

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 Community College.

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.

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

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

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

Investment in Plant -- This account 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 Community College in a custodial capacity or as an agent for others. Agency Funds' assets equal liabilities.

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 the Business-Type Activities reporting, this budgetary comparison information is included as other supplementary information.

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

HAWKEYE COMMUNITY COLLEGE  
 BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES  
 BUDGET (NON-GAAP BASIS) AND ACTUAL - OTHER SUPPLEMENTAL INFORMATION  
 YEAR ENDED JUNE 30, 2014

Funds/Levy	Original Budget	Amended Budget	Actual	Variance between Actual and Budget
Unrestricted	<u>\$ 35,720,323</u>	<u>\$ 36,500,000</u>	<u>\$ 35,349,267</u>	<u>\$ 1,150,733</u>
Restricted	15,750,000	15,750,000	4,629,594	11,120,406
Early Retirement	1,350,000	1,350,000	25,347	1,324,653
Unemployment	150,000	150,000	6,047	143,953
Tort Liability	160,000	160,000	138,958	21,042
Insurance	300,000	300,000	262,183	37,817
Equipment Replacement	800,000	800,000	764,140	35,860
Total Restricted	<u>18,510,000</u>	<u>18,510,000</u>	<u>5,826,269</u>	<u>12,683,731</u>
Plant	1,770,273	4,500,000	3,842,787	657,213
Bonds and Interest	<u>2,902,770</u>	<u>2,902,770</u>	<u>2,846,199</u>	<u>56,571</u>
 Total	 <u><u>\$ 58,903,366</u></u>	 <u><u>\$ 62,412,770</u></u>	 <u><u>\$ 47,864,522</u></u>	 <u><u>\$ 14,548,248</u></u>

**HAWKEYE COMMUNITY COLLEGE**  
**NOTE TO OTHER SUPPLEMENTAL INFORMATION – BUDGETARY REPORTING**  
**JUNE 30, 2014**

While the College reports financial position, results of operation and changes in net position on the basis of generally accepted accounting principles (GAAP), the Board of Trustees annually prepares a budget designating the proposed expenditures for operation of the Community College on a budgetary basis that is accrual basis with the exception of capital outlay and debt service payments. Following required public notice and hearing, and in accordance with Chapter 260C of the Code of Iowa, the Board of Trustees certifies the approved budget to the appropriate county auditors and then submits the budget to the State Board of Education for approval. The budget may be amended during the year utilizing similar statutorily prescribed procedures. Formal and legal budgetary control is based on total operating expenditures.

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

The major differences between the budget basis and GAAP are as follows:

	Total Funds
Total Actual Expenditures, Budgetary Basis	\$ 47,864,522
Items Not Required to be Budgeted:	
Auxiliary Enterprises	2,792,120
Scholarships and Grants Accounts	9,939,104
Workforce Act	2,078,145
Investment in Plant	304,183
Combining Adjustments	(12,864,599)
GAAP Basis	\$ 50,113,475

Expenses from the Statement of Revenues, Expenses, and Changes in Net Position:

Total Operating Expenses	\$ 49,412,062
Interest on Indebtedness	701,413
	\$ 50,113,475

**HAWKEYE COMMUNITY COLLEGE  
COMBINING BALANCE SHEET  
JUNE 30, 2014**

	Current Funds	
	Unrestricted	Restricted
<b>ASSETS:</b>		
Cash and Investments	\$ 14,804,464	\$ 27,620,907
Receivables:		
Due From Others	2,083,358	247,676
Accrued Interest	21,777	136
Property Taxes - Succeeding Year	1,752,355	3,628,803
Student Loans	-	13,537
Iowa Industrial New Jobs Training Program	-	875,934
Due From Other Governments	293,680	639,206
Prepaid Expenses	342,041	19,907
Inventories	204,951	-
Capital Assets:		
Land	-	-
Buildings	-	-
Construction in Progress	-	-
Other Structures and Improvements	-	-
Furniture and Equipment	-	-
Accumulated Depreciation	-	-
<b>Total Assets</b>	<b>\$ 19,502,626</b>	<b>\$ 33,046,106</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE:</b>		
Liabilities:		
Accounts Payable	\$ 1,027,142	\$ 60,026
Salaries and Benefits Payable	2,438,389	8,784
Accrued Interest Payable	-	38,287
Unearned Revenue	875,862	885,095
Compensated Absences	763,080	-
Assets Held in Custody For Others	-	-
Certificates Payable	-	16,815,000
General Obligation School Bonds	-	-
Net OPEB Liability	-	304,342
<b>Total Liabilities</b>	<b>5,104,473</b>	<b>18,111,534</b>
Deferred Inflows of Resources:		
Succeeding Year Property Tax	1,752,355	3,628,803
Fund Balance:		
Invested in Capital Assets, Net of Related Debt	-	-
Restricted:		
Expendable:		
Economic Development	-	4,737,287
Property Tax Levies	-	3,227,922
Iowa New Jobs Training	-	1,458,814
Scholarships	-	52,214
Loans	-	98,116
Debt Service	-	-
Cash Reserve	-	366,380
Other	-	1,365,036
Unrestricted	9,101,918	-
Auxiliary Enterprises	3,543,880	-
<b>Total Fund Balance</b>	<b>12,645,798</b>	<b>11,305,769</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balance</b>	<b>\$ 19,502,626</b>	<b>\$ 33,046,106</b>

SCHEDULE 2

Unexpended	Plant Funds		Agency Funds	Adjustments	Total
	Retirement of Indebtedness	Investment in Plant			
\$ 2,437,626	\$ 772,520	\$ -	\$ 853,962	\$ -	\$ 46,489,479
-	-	-	-	-	2,331,034
20	-	-	-	-	21,933
1,752,355	1,175,356	-	-	-	8,308,869
-	-	-	-	-	13,537
54,873	-	-	-	-	875,934
30,887	-	-	-	-	987,759
-	-	-	-	-	392,835
-	-	-	-	-	204,951
-	-	379,179	-	-	379,179
-	-	49,232,942	-	-	49,232,942
-	-	1,410,824	-	-	1,410,824
-	-	24,499,876	-	-	24,499,876
-	-	14,351,163	-	-	14,351,163
-	-	-	-	(32,849,883)	(32,849,883)
<u>\$ 4,275,761</u>	<u>\$ 1,947,876</u>	<u>\$ 89,873,984</u>	<u>\$ 853,962</u>	<u>\$ (32,849,883)</u>	<u>\$ 116,650,432</u>
\$ 61,335	\$ -	\$ -	\$ -	\$ -	\$ 1,148,503
-	-	-	1,614	-	2,448,787
4,167	-	-	-	-	42,454
-	-	-	-	-	1,760,957
-	-	-	-	-	763,080
-	-	-	852,348	-	852,348
-	-	-	-	-	16,815,000
-	-	2,045,170	-	-	2,045,170
-	-	-	-	-	304,342
65,502	-	2,045,170	853,962	-	26,180,641
1,752,355	1,175,356	-	-	-	8,308,869
-	-	87,828,814	-	(32,849,883)	54,978,931
-	-	-	-	-	4,737,287
-	-	-	-	-	3,227,922
-	-	-	-	-	1,458,814
-	-	-	-	-	52,214
-	-	-	-	-	98,116
-	772,520	-	-	-	772,520
-	-	-	-	-	366,380
-	-	-	-	-	1,365,036
2,457,904	-	-	-	-	11,559,822
-	-	-	-	-	3,543,880
<u>2,457,904</u>	<u>772,520</u>	<u>87,828,814</u>	<u>-</u>	<u>(32,849,883)</u>	<u>82,160,922</u>
<u>\$ 4,275,761</u>	<u>\$ 1,947,876</u>	<u>\$ 89,873,984</u>	<u>\$ 853,962</u>	<u>\$ (32,849,883)</u>	<u>\$ 116,650,432</u>

**HAWKEYE COMMUNITY COLLEGE  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 OTHER CHANGES IN FUND BALANCES  
 YEAR ENDED JUNE 30, 2014**

	Current Funds	
	Unrestricted	Restricted
<b>REVENUES AND OTHER ADDITIONS:</b>		
General:		
State Appropriations	\$ 13,193,803	\$ 2,504,032
Tuition and Fees	19,168,702	-
Property Taxes	1,765,610	2,512,161
Federal Appropriations	721,486	11,495,826
Gifts and Grants	-	63,744
Investment Earnings	171,678	1,529
Iowa Industrial New Jobs Training Program	-	1,194,342
Expended for Plant Facilities (Including \$1,150,680 charged to current funds)	-	-
Principal Retired	-	-
Gain on Sale of Capital Assets	-	-
Miscellaneous	670,648	1,224,405
	<u>35,691,927</u>	<u>18,996,039</u>
Auxiliary Enterprises		
Tuition and Fees	762,869	-
Sales and Services	1,337,807	-
Miscellaneous	85,362	-
	<u>2,186,038</u>	<u>-</u>
 Total Revenues and Other Additions	 <u>\$ 37,877,965</u>	 <u>\$ 18,996,039</u>

SCHEDULE 3

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
\$ 400,000	\$ -	\$ -	\$ -	\$ 16,097,835
-	-	-	(8,717,248)	10,451,454
1,765,609	2,367,072	-	-	8,410,452
-	-	-	-	12,217,312
-	-	-	-	63,744
239	-	-	-	173,446
-	-	-	-	1,194,342
-	-	3,388,764	(3,388,764)	-
-	-	2,770,000	(2,770,000)	-
-	-	-	2,620	2,620
37,600	-	-	(42,408)	1,890,245
<u>2,203,448</u>	<u>2,367,072</u>	<u>6,158,764</u>	<u>(14,915,800)</u>	<u>50,501,450</u>
-	-	-	(320,706)	442,163
-	-	-	-	1,337,807
-	-	-	-	85,362
<u>-</u>	<u>-</u>	<u>-</u>	<u>(320,706)</u>	<u>1,865,332</u>
<u>\$ 2,203,448</u>	<u>\$ 2,367,072</u>	<u>\$ 6,158,764</u>	<u>\$ (15,236,506)</u>	<u>\$ 52,366,782</u>

**HAWKEYE COMMUNITY COLLEGE  
 COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND  
 OTHER CHANGES IN FUND BALANCES (Continued)  
 YEAR ENDED JUNE 30, 2014**

	Current Funds	
	Unrestricted	Restricted
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>		
Educational and Support:		
Liberal Arts and Sciences	\$ 6,690,837	\$ -
Vocational Technical	9,850,670	-
Adult Education	4,761,973	-
Cooperative Services	-	3,899,676
General Administration	1,833,264	432,535
Student Services	3,399,493	-
Learning Resources	878,858	-
Physical Plant	3,533,647	764,140
General Institution	4,400,525	2,182,849
Total Education and Support	<u>35,349,267</u>	<u>7,279,200</u>
Auxiliary Enterprises	2,792,120	-
Scholarships and Grants	-	9,939,104
Plant Asset Acquisitions	-	-
Retirement of Indebtedness	-	-
Disposal of Plant Assets	-	-
Interest on Indebtedness	-	625,214
Depreciation	-	-
	<u>38,141,387</u>	<u>17,843,518</u>
Excess of Revenues and Other Additions		
Over (Under) Expenditures and Other Deductions	(263,422)	1,152,521
<b>TRANSFERS:</b>		
Non-mandatory Transfers	<u>(63,130)</u>	<u>62,235</u>
Total Transfers	<u>(63,130)</u>	<u>62,235</u>
Net Increase (Decrease) for the Year	(326,552)	1,214,756
Fund Balance June 30, 2013	<u>12,972,350</u>	<u>10,091,013</u>
Fund Balance June 30, 2014	<u>\$ 12,645,798</u>	<u>\$ 11,305,769</u>

SCHEDULE 3

Plant Funds				
Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
\$ -	\$ -	\$ -	\$ -	\$ 6,690,837
-	-	-	(208,944)	9,641,726
-	-	-	-	4,761,973
-	-	-	-	3,899,676
-	-	-	-	2,265,799
-	-	-	-	3,399,493
-	-	-	-	878,858
-	-	-	(668,546)	3,629,241
1,604,703	-	-	(140,610)	8,047,467
<u>1,604,703</u>	-	-	(1,018,100)	43,215,070
-	-	-	(132,580)	2,659,540
-	-	-	(9,037,954)	901,150
2,238,084	-	-	(2,238,084)	-
-	2,770,000	-	(2,770,000)	-
-	-	304,183	(304,183)	-
-	76,199	-	-	701,413
-	-	-	2,636,302	2,636,302
<u>3,842,787</u>	<u>2,846,199</u>	<u>304,183</u>	<u>(12,864,599)</u>	<u>50,113,475</u>
(1,639,339)	(479,127)	5,854,581	(2,371,907)	2,253,307
(44,195)	-	45,090	-	-
(44,195)	-	45,090	-	-
(1,683,534)	(479,127)	5,899,671	(2,371,907)	2,253,307
4,141,438	1,251,647	81,929,143	(30,477,976)	79,907,615
<u>\$ 2,457,904</u>	<u>\$ 772,520</u>	<u>\$ 87,828,814</u>	<u>\$ (32,849,883)</u>	<u>\$ 82,160,922</u>

**HAWKEYE COMMUNITY COLLEGE  
UNRESTRICTED FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
EDUCATION AND SUPPORT  
YEAR ENDED JUNE 30, 2014**

	Education			
	Liberal Arts and Sciences	Vocational Technical	Adult Education	General Administration
<b>REVENUES:</b>				
State Appropriations	\$ -	\$ -	\$ 41,127	\$ -
Tuition and Fees	9,605,249	6,782,116	2,781,349	-
Property Taxes	-	-	-	1,765,610
Federal Appropriations	-	366,394	197,359	11,835
Investment Earnings	-	-	-	171,678
Miscellaneous	14,229	2,990	50,897	359,296
<b>Total Revenues</b>	<b>9,619,478</b>	<b>7,151,500</b>	<b>3,070,732</b>	<b>2,308,419</b>
<b>EXPENDITURES:</b>				
Salaries and Benefits	6,699,064	8,685,196	2,952,838	1,146,685
Services	72,099	350,023	533,326	406,355
Materials and Supplies	85,867	721,660	77,004	64,463
Travel	72,943	89,813	3,861	59,940
Expended for Plant Facilities	-	208,944	-	-
Miscellaneous	(239,136)	(204,966)	1,194,944	155,821
<b>Total Expenditures</b>	<b>6,690,837</b>	<b>9,850,670</b>	<b>4,761,973</b>	<b>1,833,264</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,928,641	(2,699,170)	(1,691,241)	475,155
<b>TRANSFERS:</b>				
Non-mandatory Transfers	(33,000)	13,032	-	(53,888)
<b>Total Transfers</b>	<b>(33,000)</b>	<b>13,032</b>	<b>-</b>	<b>(53,888)</b>
<b>Net Increase (Decrease) for the Year</b>	<b>\$ 2,895,641</b>	<b>\$ (2,686,138)</b>	<b>\$ (1,691,241)</b>	<b>\$ 421,267</b>
Fund Balance June 30, 2013				
Fund Balance June 30, 2014				

Support				
Student Services	Learning Resources	Physical Plant	General Institution	Total
\$ -	\$ 480	\$ -	\$ 13,152,196	\$ 13,193,803
(12)	-	-	-	19,168,702
-	-	-	-	1,765,610
-	-	-	145,898	721,486
-	-	-	-	171,678
<u>29,125</u>	<u>265</u>	<u>1,505</u>	<u>212,341</u>	<u>670,648</u>
29,113	745	1,505	13,510,435	35,691,927
2,868,264	526,924	321,483	2,748,271	25,948,725
348,949	19,434	2,315,735	1,028,690	5,074,611
138,218	328,655	647,112	523,872	2,586,851
42,872	3,845	2,801	61,762	337,837
-	-	246,516	37,921	493,381
<u>1,190</u>	<u>-</u>	<u>-</u>	<u>9</u>	<u>907,862</u>
<u>3,399,493</u>	<u>878,858</u>	<u>3,533,647</u>	<u>4,400,525</u>	<u>35,349,267</u>
(3,370,380)	(878,113)	(3,532,142)	9,109,910	342,660
<u>(4,041)</u>	<u>-</u>	<u>-</u>	<u>(9,394)</u>	<u>(87,291)</u>
<u>(4,041)</u>	<u>-</u>	<u>-</u>	<u>(9,394)</u>	<u>(87,291)</u>
<u>\$ (3,374,421)</u>	<u>\$ (878,113)</u>	<u>\$ (3,532,142)</u>	<u>\$ 9,100,516</u>	255,369
				<u>8,846,549</u>
				<u>\$ 9,101,918</u>

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**HAWKEYE COMMUNITY COLLEGE  
CURRENT UNRESTRICTED FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
AUXILIARY ENTERPRISES  
YEAR ENDED JUNE 30, 2014**

	Career Education	Adult Education	Farm Operations	Food Service	Other	Total
<b>REVENUES:</b>						
Sales and Services	\$ 712,103	\$ -	\$ 183,691	\$ 68,452	\$ 373,561	\$ 1,337,807
Tuition and Fees	-	303,351	-	-	459,518	762,869
Miscellaneous	25,604	9,189	-	-	50,569	85,362
<b>Total Revenues</b>	<b>737,707</b>	<b>312,540</b>	<b>183,691</b>	<b>68,452</b>	<b>883,648</b>	<b>2,186,038</b>
<b>EXPENDITURES:</b>						
Salaries and Benefits	34,355	526	5,339	501	120,748	161,469
Services	171,688	87,659	74,068	1,300	404,590	739,305
Materials and Supplies	548,447	362,304	103,220	12,260	583,457	1,609,688
Cost of Goods Sold	103,270	-	-	-	-	103,270
Travel	2,797	12,217	236	-	22,686	37,936
Expended for Plant Facilities	119,613	-	-	12,967	-	132,580
Miscellaneous	6,325	-	-	-	1,547	7,872
<b>Total Expenditures</b>	<b>986,495</b>	<b>462,706</b>	<b>182,863</b>	<b>27,028</b>	<b>1,133,028</b>	<b>2,792,120</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(248,788)	(150,166)	828	41,424	(249,380)	(606,082)
<b>TRANSFERS:</b>						
Non-mandatory Transfers	14,161	-	-	-	10,000	24,161
<b>Total Transfers</b>	<b>14,161</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,000</b>	<b>24,161</b>
Net Increase (Decrease) for the Year	(234,627)	(150,166)	828	41,424	(239,380)	(581,921)
Fund Balance June 30, 2013	2,072,871	342,072	86,950	210,445	1,413,463	4,125,801
Fund Balance June 30, 2014	\$ 1,838,244	\$ 191,906	\$ 87,778	\$ 251,869	\$ 1,174,083	\$ 3,543,880

**HAWKEYE COMMUNITY COLLEGE  
CURRENT RESTRICTED FUND  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND OTHER CHANGES IN FUND BALANCE  
YEAR ENDED JUNE 30, 2014**

	Scholarships and Grants	Early Retirement	Equipment Replacement	Insurance
<b>REVENUES:</b>				
State Appropriations	\$ 996,687	\$ -	\$ -	\$ -
Property Taxes	-	1,348,544	784,716	229,251
Federal Appropriations and Grants	8,147,183	-	-	-
Scholarships, Grants, and Gifts	-	-	-	-
Interest on Investments	-	-	-	-
Iowa Industrial New Jobs Training Program	-	-	-	-
Miscellaneous	629,855	-	-	14,085
<b>Total Revenues</b>	<b>9,773,725</b>	<b>1,348,544</b>	<b>784,716</b>	<b>243,336</b>
<b>EXPENDITURES AND OTHER DEDUCTIONS:</b>				
Salaries and Benefits	-	19,956	-	3,152
Services	-	5,391	9,307	397,989
Materials and Supplies	-	-	332,803	-
Travel	-	-	-	-
Expended for Plant Facilities	-	-	422,030	-
Interest on Indebtedness	-	-	-	-
Federal Pell Grant Program	8,053,111	-	-	-
Federal Supplemental Educational Opportunity Grant	105,916	-	-	-
Private Scholarships	1,780,077	-	-	-
Miscellaneous	-	-	-	-
<b>Total Expenditures and Other Deductions</b>	<b>9,939,104</b>	<b>25,347</b>	<b>764,140</b>	<b>401,141</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures and Other Deductions	(165,379)	1,323,197	20,576	(157,805)
<b>TRANSFERS:</b>				
Non-mandatory Transfers	151,929	-	-	(14,980)
<b>Total Transfers</b>	<b>151,929</b>	<b>-</b>	<b>-</b>	<b>(14,980)</b>
<b>Net Increase (Decrease) for the Year</b>	<b>(13,450)</b>	<b>1,323,197</b>	<b>20,576</b>	<b>(172,785)</b>
Fund Balance June 30, 2013	65,664	126,465	413,515	1,375,076
Fund Balance June 30, 2014	<u>\$ 52,214</u>	<u>\$ 1,449,662</u>	<u>\$ 434,091</u>	<u>\$ 1,202,291</u>

SCHEDULE 6

Unemployment Compensation	Cash Reserve	Workforce Act and Other JTPA Programs	Iowa Industrial New Jobs Training Program	Economic Development	Miscellaneous	Total
\$ -	\$ -	\$ -	\$ -	\$ 876,012	\$ 631,333	\$ 2,504,032
149,650	-	-	-	-	-	2,512,161
-	-	2,070,975	-	-	1,277,668	11,495,826
-	-	5,823	-	-	57,921	63,744
-	-	-	-	-	1,529	1,529
-	-	-	1,393,350	(95,568)	(103,440)	1,194,342
-	-	-	-	528,179	52,286	1,224,405
149,650	-	2,076,798	1,393,350	1,308,623	1,917,297	18,996,039
6,047	-	1,580,507	-	939,835	1,153,452	3,702,949
-	-	388,144	239,268	64,243	465,418	1,569,760
-	-	69,289	15,119	18,854	331,046	767,111
-	-	38,865	30,638	30,463	56,097	156,063
-	-	-	-	-	94,991	517,021
-	-	-	625,214	-	-	625,214
-	-	-	-	-	-	8,053,111
-	-	-	-	-	-	105,916
-	-	-	-	-	43,970	1,824,047
-	-	1,340	483,111	-	37,875	522,326
6,047	-	2,078,145	1,393,350	1,053,395	2,182,849	17,843,518
143,603	-	(1,347)	-	255,228	(265,552)	1,152,521
-	-	-	-	(390,636)	315,922	62,235
-	-	-	-	(390,636)	315,922	62,235
143,603	-	(1,347)	-	(135,408)	50,370	1,214,756
(1,725)	366,380	33,702	1,458,814	4,872,695	1,380,427	10,091,013
\$ 141,878	\$ 366,380	\$ 32,355	\$ 1,458,814	\$ 4,737,287	\$ 1,430,797	\$ 11,305,769

HAWKEYE COMMUNITY COLLEGE  
AGENCY FUNDS  
COMBINING SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS  
YEAR ENDED JUNE 30, 2014

	Student Organizations	Contracted Training	Miscellaneous	Total
Balance June 30, 2013	\$ 257,010	\$ 326,830	\$ 279,639	\$ 863,479
<b>ADDITIONS:</b>				
State Appropriations and Grants	-	253,897	-	253,897
Tuition and Fees	223,089	-	-	223,089
Sales and Services	22,695	-	2,233,513	2,256,208
Miscellaneous	51,067	-	-	51,067
Total Additions	296,851	253,897	2,233,513	2,784,261
<b>DEDUCTIONS:</b>				
Salaries and Benefits	41,663	-	37,019	78,682
Services	216,793	229,445	25,978	472,216
Materials and Supplies	46,344	-	2,182,096	2,228,440
Travel	8,356	-	-	8,356
Miscellaneous	7,698	-	-	7,698
Total Deductions	320,854	229,445	2,245,093	2,795,392
Balance June 30, 2014	\$ 233,007	\$ 351,282	\$ 268,059	\$ 852,348

HAWKEYE COMMUNITY COLLEGE  
 SCHEDULE OF CREDIT/CONTACT HOUR ENROLLMENT  
 YEAR ENDED JUNE 30, 2014

	Credit Hours			Contact Hours		
	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	71,259	-	71,259			
Career Tech	53,159	-	53,159			
Non-Credit	-	-	-	391,194	13,960	405,154
Total	<u>124,418</u>	<u>-</u>	<u>124,418</u>	<u>391,194</u>	<u>13,960</u>	<u>405,154</u>

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**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF TAX AND INTERGOVERNMENTAL REVENUES  
FOR THE LAST TEN YEARS**

	Years Ended June 30,				
	2014	2013	2012	2011	2010
Local (Property Tax)	\$ 8,410,452	\$ 8,125,536	\$ 7,616,726	\$ 7,565,783	\$ 6,890,306
State	16,097,835	15,606,493	12,860,686	12,435,369	12,927,107
Federal	<u>12,217,312</u>	<u>12,662,733</u>	<u>13,900,279</u>	<u>15,210,266</u>	<u>16,573,673</u>
Total	<u>\$ 36,725,599</u>	<u>\$ 36,394,762</u>	<u>\$ 34,377,691</u>	<u>\$ 35,211,418</u>	<u>\$ 36,391,086</u>

	Years Ended June 30,				
	2009	2008	2007	2006	2005
Local (Property Tax)	\$ 7,073,144	\$ 5,509,468	\$ 6,759,565	\$ 6,584,025	\$ 6,056,036
State	14,593,950	13,848,935	12,318,253	12,001,695	10,597,041
Federal	<u>9,600,696</u>	<u>8,585,768</u>	<u>7,900,156</u>	<u>8,640,955</u>	<u>8,785,557</u>
Total	<u>\$ 31,267,790</u>	<u>\$ 27,944,171</u>	<u>\$ 26,977,974</u>	<u>\$ 27,226,675</u>	<u>\$ 25,438,634</u>

**HAWKEYE COMMUNITY COLLEGE  
CURRENT FUND REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION  
FOR THE LAST TEN YEARS**

	Years Ended June 30,				
	2014	2013	2012	2011	2010
<b>Revenues:</b>					
State Appropriations	\$ 15,697,835	\$ 13,549,640	\$ 12,424,445	\$ 12,295,053	\$ 12,268,793
Tuition and Fees	19,168,702	19,133,475	18,571,387	19,021,047	17,097,104
Property Tax	4,277,771	3,276,900	3,066,894	3,333,037	2,671,573
Federal Appropriations	12,217,312	12,662,733	13,900,279	15,184,989	16,008,293
Interest on Investments	173,207	86,313	109,604	177,646	432,153
Iowa Industrial New Jobs Training Program	1,194,342	2,809,463	3,930,802	2,868,437	3,294,700
Auxiliary Enterprises	2,186,038	2,116,873	2,396,957	2,925,415	3,132,030
Miscellaneous	<u>1,958,797</u>	<u>1,829,326</u>	<u>2,099,885</u>	<u>2,031,041</u>	<u>2,346,239</u>
Total	<u>\$ 56,874,004</u>	<u>\$ 55,464,723</u>	<u>\$ 56,500,253</u>	<u>\$ 57,836,665</u>	<u>\$ 57,250,885</u>
<b>Expenditures:</b>					
Liberal Arts and Sciences	\$ 6,690,837	\$ 7,576,779	\$ 7,143,778	\$ 6,530,382	\$ 6,034,637
Vocational Technical	9,850,670	9,856,494	9,435,893	9,557,818	8,571,867
Adult Education	4,761,973	3,067,166	2,580,395	2,429,625	1,705,003
Cooperative Services	3,899,676	4,599,275	5,389,973	4,117,198	7,318,191
Administration	2,265,799	2,607,332	3,541,248	2,549,778	4,767,847
Student Services	3,399,493	3,072,403	2,970,292	2,633,091	2,358,329
Learning Resources	878,858	790,155	819,601	713,523	762,633
Physical Plant	4,297,787	4,324,389	4,595,790	3,547,685	3,415,783
General Institution	6,583,374	6,555,564	7,434,657	7,163,263	6,415,669
Auxiliary Enterprises	2,792,120	2,441,526	2,646,111	2,963,456	2,314,838
Scholarships and Grants	9,939,104	10,637,681	11,688,960	12,378,999	10,573,721
Loan Cancellations& Bad Debts	-	-	-	-	-
Interest on Indebtedness	<u>625,214</u>	<u>625,214</u>	<u>776,146</u>	<u>907,771</u>	<u>990,577</u>
Total	<u>\$ 55,984,905</u>	<u>\$ 56,153,978</u>	<u>\$ 59,022,844</u>	<u>\$ 55,492,589</u>	<u>\$ 55,229,095</u>

	2009	2008	2007	2006	2005
\$	14,345,543	\$ 13,707,374	\$ 12,175,824	\$ 11,650,270	\$ 10,597,041
	15,085,782	14,167,513	13,689,822	13,120,651	12,378,473
	3,077,650	1,753,241	3,168,865	3,099,872	2,585,590
	9,600,696	8,585,768	7,900,156	8,640,955	8,785,557
	535,904	1,483,132	1,956,956	1,395,416	703,697
	4,154,074	3,529,935	3,090,789	5,405,079	3,309,867
	3,300,806	3,236,020	2,779,109	2,654,448	2,468,754
	<u>2,839,909</u>	<u>1,892,853</u>	<u>1,943,426</u>	<u>1,462,271</u>	<u>1,170,881</u>
\$	<u>\$ 52,940,364</u>	<u>\$ 48,355,836</u>	<u>\$ 46,704,947</u>	<u>\$ 47,428,962</u>	<u>\$ 41,999,860</u>
\$	6,539,305	\$ 5,850,308	\$ 6,041,749	\$ 5,057,359	\$ 5,292,260
	8,746,126	8,225,880	7,942,304	8,045,658	7,849,353
	2,232,503	2,121,382	2,366,688	3,106,555	3,095,073
	6,456,505	4,992,297	4,728,957	5,281,009	4,573,606
	3,046,212	3,060,923	2,770,850	2,387,875	1,627,592
	2,391,466	2,215,574	2,065,897	2,114,127	1,891,325
	799,826	801,075	786,252	777,156	873,833
	3,396,065	3,042,744	3,419,172	3,137,263	3,045,993
	6,225,230	5,742,150	4,308,703	4,911,479	4,789,014
	3,002,400	1,989,728	3,070,686	2,718,167	2,563,282
	6,834,454	6,259,914	5,541,916	5,788,459	6,065,625
	-	-	-	-	51,769
	<u>951,985</u>	<u>920,862</u>	<u>871,687</u>	<u>-</u>	<u>-</u>
\$	<u>\$ 50,622,077</u>	<u>\$ 45,222,837</u>	<u>\$ 43,914,861</u>	<u>\$ 43,325,107</u>	<u>\$ 41,718,725</u>

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014**

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
<b>DIRECT:</b>			
U. S. Department of Education:			
Student Financial Aid – Cluster:			
Federal Supplemental Educational Opportunity Grants (FSEOG)	84.007	\$ 105,916	\$ -
Federal Work-Study Program (FWS)	84.033	145,898	-
Federal Pell Grant Program	84.063	8,053,111	-
Federal Direct Student Loans	84.268	-	18,208,162
Total Student Financial Aid Cluster		8,304,925	18,208,162
C-Campis	84.335	53,297	-
TRIO - Student Support Services	84.042	253,946	-
Total Direct U.S. Department of Education		8,612,168	18,208,162
Corporation for National and Community Services:			
Senior Companion Program	94.016	322,370	-
Total Direct Expenditures		8,934,538	18,208,162
<b>INDIRECT:</b>			
U.S. Department of Education:			
Indirect through the Iowa Department of Education:			
Adult Education - State Grant Program	84.002	197,359	-
Vocational Education - Basic Grants to States	84.048	366,394	-
Fund for the Improvement of Postsecondary Education	84.116	6,154	-
Total Indirect U.S. Department of Education		569,907	-
U.S. Department of Labor:			
Indirect through Iowa Workforce Development:			
Employment Service Cluster:			
Employment Service - Disability Employment Initiative	17.207	70,625	-
Workforce Investment Act - Cluster (WIA):			
WIA Adult Program	17.258	169,013	-
WIA Youth Program	17.259	250,727	-
WIA Dislocated Workers	17.278	180,520	-
		600,260	-
Indirect through Northeast Iowa Community College:			
Trade Adjustment Assistance Community College and Career Training	17.282	276,856	-
Indirect through Des Moines Area Community College:			
Trade Adjustment Assistance Community College and Career Training	17.282	261,079	-
Total Indirect U.S. Department of Labor		1,208,820	-
National Science Foundation:			
Indirect through Iowa State University			
Education and Human Resources	47.076	23,076	-
U.S. Department of Health and Human Services:			
Indirect through Iowa Workforce Development:			
Temporary Assistance for Needy Families Cluster:			
Temporary Assistance for Needy Families	93.558	1,400,089	-

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
YEAR ENDED JUNE 30, 2014**

Grantor/Program	CFDA Number	Program Expenditures	New Loans and New Loan Guarantees
<b>INDIRECT (Continued):</b>			
U.S. Department of Agriculture: Indirect through Iowa Department of Education: Child and Adult Care Food Program	10.558	11,761	-
Total Indirect Expenditures		3,213,653	-
Total Direct and Indirect Expenditures		\$ 12,148,191	\$ 18,208,162

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**Note 1 -- BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of Hawkeye 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 general purpose financial statements.

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**INDEPENDENT AUDITORS' 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**

Board of Trustees  
Hawkeye Community College  
Waterloo, Iowa

We have audited, in accordance with the auditing standards generally accepted in the United State 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 Hawkeye Community College, Waterloo, Iowa, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Hawkeye Community College's basic financial statements and have issued our report thereon dated December 23, 2014. Other auditors audited the financial statements of Hawkeye Community College Foundation, as described in our report on Hawkeye Community College's financial statements. The financial statements of Hawkeye Community College Foundation were not audited in accordance with *Government Auditing Standards*, and accordingly, this report does not include reporting or instances of reportable noncompliance associated with that portion of the entity.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Hawkeye Community 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 Hawkeye Community College's internal control. Accordingly, we do not express an opinion on the effectiveness of the Community 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 the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs, 2014-001, that we consider to a significant deficiency.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Hawkeye Community 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 non-compliance that are required to be reported under *Government Auditing Standards*.

## Hawkeye Community College's Response to Findings

Hawkeye Community College's response to the finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

### Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance results of that testing, and not to provide an opinion on the effectiveness of the entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Hawkeye Community College during the course of our audit. Should you have any questions concerning any of the above matters, we would be pleased to discuss them with you at your convenience.

*Williams & Company, P.C.*  
Certified Public Accountants

Spencer, Iowa  
December 23, 2014

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

Board of Trustees  
Hawkeye Community College  
Waterloo, Iowa

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

We have audited Hawkeye Community College's 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 Hawkeye Community College's major federal programs for the year ended June 30, 2014. Hawkeye Community College's major federal programs are identified in Part I, Summary of Auditors' Results, of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Hawkeye Community 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 Hawkeye Community 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 on Hawkeye Community College's compliance.

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

In our opinion, Hawkeye Community 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, 2014.

***Other Matters***

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-006. Our opinion on each major federal program is not modified with respect to this matter.

Hawkeye Community College's response to the noncompliance finding identified in our audit is described in the accompanying Schedule of Findings and Questioned Costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

### **Report on Internal Control over Compliance**

Management of Hawkeye Community 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 Hawkeye Community 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 federal program and to tests 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 Hawkeye Community 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 non-compliance 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as item 2014-002, 2014-003, 2014-004, and 2014-005 that we consider to be significant deficiencies.

Hawkeye Community College's responses to the internal control over compliance findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The College's responses were not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion the responses.

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.

*Williams & Company, P.C.*

Certified Public Accountants

Spencer, Iowa  
December 23, 2014

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**PART I – SUMMARY OF AUDITORS' RESULTS**

- (A) An unmodified opinion was issued on the financial statements.
- (B) A significant deficiency in internal control over financial reporting was disclosed by the audit of the financial statements.
- (C) The audit did not disclose any non-compliance which is material to the financial statements.
- (D) Significant deficiencies in internal control over 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 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:
  - Student Financial Aid Cluster:
    - CFDA Number 84.007 – Federal Supplemental Educational Opportunity Grant (FSEOG)
    - CFDA Number 84.033 – Federal Work-Study Program
    - CFDA Number 84.063 – Federal Pell Grant Program
    - CFDA Number 84.268 – Federal Direct Student Loans
  - WIA Investment Act Cluster (WIA):
    - CFDA Number 17.258 – WIA Adult Program
    - CFDA Number 17.259 – WIA Youth Program
    - CFDA Number 17.278 – WIA Dislocated Workers
  - Other Major Programs:
    - CFDA Number 94.016 – Senior Companion Program
    - CFDA Number 93.558 – Temporary Assistance for Needy Families
- (H) The dollar threshold used to distinguish between Type A and Type B was \$300,000.
- (I) Hawkeye Community College did not qualify as a low-risk auditee.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**PART II – FINDING RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

SIGNIFICANT DEFICIENCY:

2014-001 Financial Reporting – During the audit, we identified immaterial amounts of fixed assets, health insurance payable and prepaid expenses recorded or not properly recorded in the College's financial statements.

Recommendation – The College should continue to refine year-end closing processes that provide for reconciliation of certain account balances to ensure timely and accurate financial reporting. The College should also implement additional procedures to ensure all fixed assets, health insurance payable and prepaid expenses are properly identified, classified, and included in the College's financial statements.

Response – We will continue to improve closing processes and implement additional procedures to ensure the proper amounts are recorded in the financial statements in the future.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE: No matters were reported.

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

SIGNIFICANT DEFICIENCIES:

**CFDA Number 94.016 – Senior Companion Program**

2014-002 Condition - During our review of internal control procedures over the Senior Companion Program, we identified two paychecks out of sixty where the amount paid to the senior companion did not agree with the approved timesheet.

Recommendation – The College should review payroll procedures to ensure the calculations on timesheets are being appropriately computed.

Response – We have reviewed and updated payroll procedures and will continue verification processes to assure payroll amounts paid agree with the approved timesheets.

Conclusion – Response accepted.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

SIGNIFICANT DEFICIENCIES (continued):

**CFDA Number 17.258 – WIA Adult Program  
CFDA Number 17.259 – WIA Youth Program  
CFDA Number 17.278 – WIA Dislocated Workers  
CFDA Number 93.558 – Temporary Assistance for Needy Families**

2014-003 Expense Allocation - During our review of internal control procedures over the WIA Cluster and Temporary Assistance for Needy Families Programs, we identified three paychecks out of forty where the amount of payroll expense allocated between the programs did not agree with the approved timesheet.

Recommendation – The College should review payroll procedures to ensure the expenses are properly allocated.

Response – We will modify procedures to include verification steps assuring payroll allocations agree with backup timesheets.

Conclusion – Response accepted.

**CFDA Number 17.258 – WIA Adult Program  
CFDA Number 17.259 – WIA Youth Program  
CFDA Number 17.278 – WIA Dislocated Workers  
CFDA Number 93.558 – Temporary Assistance for Needy Families**

2014-004 Expense Approval - During our review of internal control procedures over the WIA Cluster and Temporary Assistance for Needy Families Programs, we identified two expenses out of forty that were missing proper approval.

Recommendation – The College should review procedures to ensure the expenses are properly approved.

Response – Existing procedures requiring appropriate approval of all expenses will be enforced.

Conclusion – Response accepted.

**CFDA Number 17.258 – WIA Adult Program  
CFDA Number 17.259 – WIA Youth Program  
CFDA Number 17.278 – WIA Dislocated Workers**

2014-005 Eligibility Approval - During our review of internal control procedures over the WIA Cluster, we identified seven applications out of forty that were missing proper approval.

Recommendation – The College should review procedures to ensure the applications are properly approved.

Response – We will modify procedures to ensure all applications are properly approved, including Team Lead review and initialization followed by review and final signature by the Director.

Conclusion – Response accepted.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**PART III – FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS (Continued)**

INSTANCES OF NON-COMPLIANCE:

**CFDA Number 94.016 – Senior Companion Program**

2014-006 Earmarking Requirements - During our review of compliance requirements of the Senior Companion Program, we identified that earmarking requirements were not met for the current year. Compliance requirements require that an amount equal to 80% of the Federal share of the grant must be used for stipend and other direct benefits for Senior Companions.

Recommendation – The College should review grant monitoring procedures to ensure the earmarking requirements are being met in the future.

Response – The shortfall in meeting compliance requirements was due to a shortage of volunteers. To address this issue, we have increased recruiting efforts and targeted specific organizations likely to generate volunteers. Although the earmarking requirements weren't met in this first year, we expect the requirements to be met over the three year life of the Program.

Conclusion – Response accepted.

**PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING**

- IV-A-14: Certified Budget – Expenditures for the year ended June 30, 2014, did not exceed the amounts budgeted.
- IV-B-14: Questionable Disbursements – No expenditures we believe did not meet the requirement of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- IV-C-14: Travel Expense – No expenditures of Hawkeye Community College money for travel expenses of spouses of College officials or employees were noted. No travel advances to College officials or employees were noted.
- IV-D-14: Business Transactions – No business transactions between the Community College and the Community College officials or employees greater than \$2,500 were noted.
- IV-E-14: Bond Coverage – Surety bond coverage of Community College officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to insure that the coverage is adequate for current operations.
- IV-F-14: Board Minutes – No transactions were found that we believe should have been approved in the Board minutes but were not.
- IV-G-14: Publication – The Community College published a statement showing the receipt and disbursement of all funds, including the names of all persons, firms or corporations to which disbursements were made, as required by Section 260C.14(12) of the Code of Iowa.
- IV-H-14: Deposits and Investments – No instances of noncompliance with the deposit and investment provisions of Chapters 12B and 12C of the Code of Iowa and the College's investment policy were noted.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED JUNE 30, 2014**

**PART IV – OTHER FINDINGS RELATED TO REQUIRED STATUTORY REPORTING (Continued)**

IV-I-14: Credit/Contact Hours – Eligible credit and contact hours reported to the Iowa Department of Education by the College were supported by detailed records maintained by the Community College, except for an overstatement of 10 credit hours, as shown below:

	Reported	Total per Supporting Documentation	Difference
Arts and Sciences: Credit Hours	71,269	71,259	(10)

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

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

Conclusion – Response accepted.

**HAWKEYE COMMUNITY COLLEGE  
SCHEDULE OF PRIOR YEAR FINDINGS  
JUNE 30, 2014**

**SIGNIFICANT DEFICIENCIES:**

III-A-13 Finding - During our review of internal control procedures over the Senior Companion Program, we identified one companion file out of eighteen that was missing the companion application for the program. We also identified one file out of eighteen that was missing the program director's approval of the companion application. We also found four files out of eighteen that lacked documentation of the required eligibility requirements.

Recommendation – The College should analyze review procedures regarding the companion files to ensure the required documentation is maintained. A checklist for each companion's file filled out by the reviewer would help ensure all documentation was gathered and is included in the file.

Current Status – No issues related to the approval of companion applications or documentation of eligibility requirements were found during the current year testing, procedures appear to have been implemented.

III-B-13 Finding - During our review of internal control procedures over the Senior Companion Program, we identified three paychecks out of forty where the amount paid to the senior companion did not agree with the approved timesheet.

Recommendation – The College should review payroll procedures to ensure the calculations on timesheets are being appropriately computed.

Current Status – This recommendation is still in process.

**INSTANCES OF NON-COMPLIANCE:**

III-C-13 Finding - During our review of compliance requirements over the Senior Companion Program, we identified four companion files out of eighteen that lacked necessary documentation to determine eligibility.

Recommendation – The College should analyze review procedures regarding the companion files to ensure the required documentation is maintained. A checklist for each companion's file filled out by the reviewer would help ensure all documentation was gathered and is included in the file.

Current Status – No issues related to the documentation of eligibility requirements were found during the current year testing, procedures appear to have been implemented.

**HAWKEYE COMMUNITY COLLEGE  
CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS  
JUNE 30, 2014**

Corporation for National and Community Services, Department of Labor, or Department of Health and Human Services:

Hawkeye Community College, respectfully submits the following corrective action plan for the year ended June 30, 2014.

The audit was performed by Williams & Company, P.C., P.O. Box 908, Spencer, Iowa, for the fiscal year ended June 30, 2014.

The findings from the June 30, 2014 Schedule of Findings and Questioned Costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule. Part I of the schedule, Summary of Independent Auditor's Results, does include a finding and is not addressed.

The audit disclosed significant deficiencies as identified in Part III of the accompanying Schedule of Findings and Questioned Costs.

**SIGNIFICANT DEFICIENCIES:**

2014-002 Expense Recording – Senior Companion Program CFDA Number 94.016

Observation - During our review of internal control procedures over the Senior Companion Program, we identified two paychecks out of sixty where the amount paid to the senior companion did not agree with the approved timesheet.

Recommendation – The College should review payroll procedures to ensure the calculations on timesheets are being appropriately computed.

Response – We have reviewed and updated payroll procedures and will continue verification processes to assure payroll amounts paid agree with the approved timesheets.

Conclusion – Response accepted.

2014-003 Expense Allocation – WIA Adult Program CFDA Number 17.258; WIA Youth Program CFDA Number 17.259; WIA Dislocated Workers CFDA Number 17.278; Temporary Assistance for Needy Families CFDA Number 93.558

Observation – During our review of internal control procedures over the WIA Cluster and Temporary Assistance for Needy Families Programs, we identified three paychecks out of forty where the amount of payroll expense allocated between the programs did not agree with the approved timesheet.

Recommendation – The College should review payroll procedures to ensure the expenses are properly allocated.

Response – We will modify procedures to include verification steps assuring payroll allocations agree with backup timesheets.

Conclusion – Response accepted.

**HAWKEYE COMMUNITY COLLEGE**  
**CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS (Continued)**  
**JUNE 30, 2014**

SIGNIFICANT DEFICIENCIES (Continued):

2014-004 Expense Approval – WIA Adult Program CFDA Number 17.258; WIA Youth Program CFDA Number 17.259; WIA Dislocated Workers CFDA Number 17.278; Temporary Assistance for Needy Families CFDA Number 93.558

Observation - During our review of internal control procedures over the WIA Cluster and Temporary Assistance for Needy Families Programs, we identified two expenses out of forty that were missing proper approval.

Recommendation – The College should review procedures to ensure the expenses are properly approved.

Response – Existing procedures requiring appropriate approval of all expenses will be enforced.

Conclusion – Response accepted.

2014-005 Expense Approval – WIA Adult Program CFDA Number 17.258; WIA Youth Program CFDA Number 17.259; WIA Dislocated Workers CFDA Number 17.278

Observation - During our review of internal control procedures over the WIA Cluster, we identified seven applications out of forty that were missing proper approval.

Recommendation – The College should review procedures to ensure the applications are properly approved.

Response – We will modify procedures to ensure all applications are properly approved, including Team Lead review and initialization followed by review and final signature by the Director.

Conclusion – Response accepted.

INSTANCES OF NON-COMPLIANCE:

**CFDA Number 94.016 – Senior Companion Program**

2014-006 Earmarking Requirements – Senior Companion Program CFDA Number 94.016

Observation - During our review of compliance requirements of the Senior Companion Program, we identified that earmarking requirements were not met for the current year. Compliance requirements require that an amount equal to 80% of the Federal share of the grant must be used for stipend and other direct benefits for Senior Companions.

Recommendation – The College should review grant monitoring procedures to ensure the earmarking requirements are being met in the future.

Response – The shortfall in meeting compliance requirements was due to a shortage of volunteers. To address this issue, we have increased recruiting efforts and targeted specific organizations likely to generate volunteers. Although the earmarking requirements weren't met in this first year, we expect the requirements to be met over the three year life of the Program.

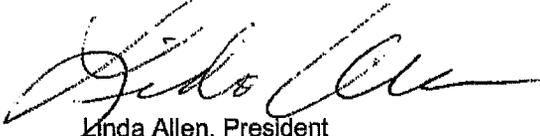
Conclusion – Response accepted.

**HAWKEYE COMMUNITY COLLEGE**  
**CORRECTIVE ACTION PLAN FOR FEDERAL AUDIT FINDINGS (Continued)**  
**JUNE 30, 2014**

If the Corporation for National and Community Services, Department of Labor, or Department of Health and Human Services has questions regarding this plan, please call Linda Allen at 319-296-4201.

Sincerely yours,

HAWKEYE COMMUNITY COLLEGE



Linda Allen, President