Iowa Western Community College

INDEPENDENT AUDITOR'S REPORT
FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS

June 30, 2014

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Iowa Western Community College
OFFICIALS

Name	Title	Term expires
	Board of Trustees (Before January 2014)	
Randy Pash	President	2013
Connie Hornbeck	Vice President	2015
Brent Seigrist	Member	2013
Larry Winum	Member	2015
Doug Goodman	Member	2015
Gary Faust	Member (Resigned – September 2013)	2013
Scott Robinson	Member	2013
Fred Lisle	Member	2015
Kirk Madsen	Member	2013
Robert Ross	Member (Appointed – October 2013)	2013
	Board of Trustees (After January 2014)	
Randy Pash	President	2017
Connie Hornbeck	Vice President	2015
Brent Seigrist	Member	2017
Larry Winum	Member	2015
Doug Goodman	Member	2015
Scott Robinson	Member	2017
Fred Lisle	Member	2015
Kirk Madsen	Member	2017
Robert Ross	Member	2017
	Community College	
Dr. Dan Kinney	President	
Thomas Johnson	Board Treasurer	
Erin Stopak	Board Secretary	

DENMAN
& COMPANY, LLP

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of the component unit were not audited in accordance with *Governmental Auditing Standards*.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Iowa Western 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 on pages 6 through 15, and schedule of funding progress for the retiree health plan on page 43 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. We previously audited, in accordance with the standards referred to in the third paragraph of this report, the financial statements for the nine years ended June 30, 2013 (none of which are presented herein) and expressed unmodified opinions on those financial statements. Other supplementary information included in Schedules 1 through 11, including the schedule of expenditures of federal awards required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The other supplementary information is the responsibility of the College's management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplementary information is fairly stated in all material respects in relation to the 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 8, 2014, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 8, 2014

Iowa Western Community College
Council Bluffs, Iowa

Management's Discussion and Analysis
For the Year Ended June 30, 2014 (Unaudited)

Management of Iowa Western Community College (The College or IWCC) provides this Management's Discussion and Analysis of IWCC's annual financial statements. This narrative overview and analysis of the financial activities of the College is for the fiscal year ended June 30, 2014. We encourage readers to consider this information in conjunction with the College's financial statements, which follow.

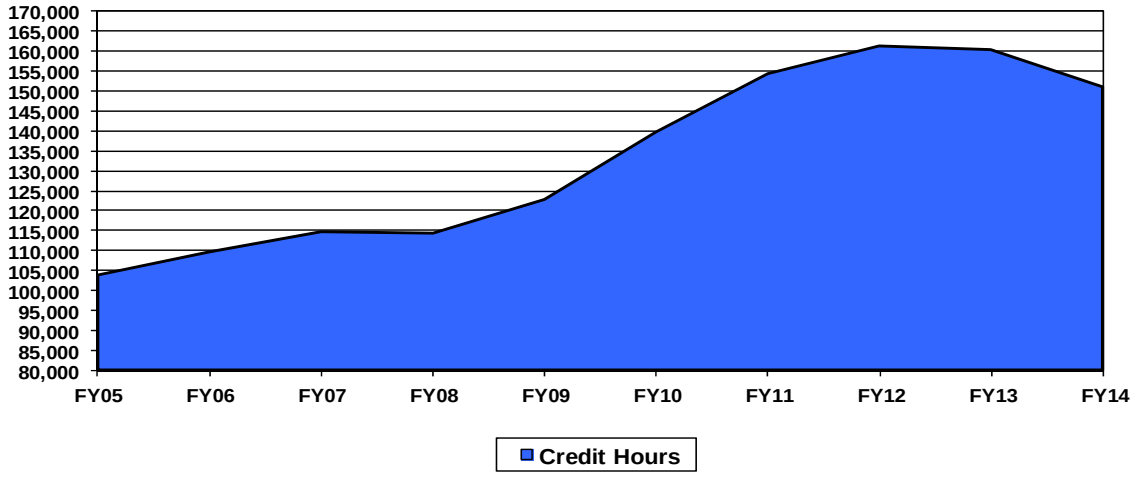
The Management's Discussion and Analysis is displayed in a comparative form enabling the reader to make year-to-year comparisons about the college's operating results and financial position.

Iowa Western Community College has implemented Governmental Accounting Standards Board pronouncements which require the primary reporting government (IWCC) to include associated entities in its financial reporting. An associated entity is generally an organization that raises and holds economic resources for the direct benefit of a governmental unit. For the fiscal year ending June 30, 2014, Iowa Western Community College will include financial information for the Iowa Western Community College Foundation in discrete presentation format. Other related organizations will be identified using the note disclosure method.

FINANCIAL HIGHLIGHTS

- Total operating revenue dropped by 2.4% and decreased by $685,592 and totaled $28,423,943 for the fiscal year ending June 30, 2014. Tuition and fees revenue, net of scholarships and financial aid, decreased -2.81% or ($425,678) and totaled $14,712,766. Actual credit hour production lagged in FY14 and ended the year at 150,945 or down -5.8% (see graph below).

10 Year Credit Hour Production Growth Trend



- State appropriations were significantly higher in FY14 as the legislature provided a 10.3% increase in general appropriations to Iowa community colleges. In addition, the legislature provided new state funds designated specifically for workforce training $527,141, academic and career employment $306,709 and for adult basic education $231,587. With fewer credit hours attempted during the fiscal year, use of Federal Pell dollars also declined down nearly ($500,000) or -4.1%.
- Operating expenditures increased in FY14 by $63,311 versus FY13 and totaled $57,547,095. Expenditures within the Unrestricted General Fund for general operations increased by $2,251,156 in FY14.
- Net non-operating revenue increased by $4,012,884 in fiscal year 2014 versus fiscal year 2013. IWCC taxable valuations for its 13 county service district rose in FY14 by 3.4% and totaled $8,580,703,537 compared to FY13 value of $8,301,404,521 district wide. Property tax support was up only slightly despite the growth in taxable valuations. Reduced askings in funding for an early retirement offering kept tax revenues relatively flat.

USING THIS ANNUAL REPORT

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

THE COLLEGE AS A WHOLE

The Statement of Net Position

The Statement of Net Position presents the assets, liabilities, and net position of the College as a whole, as of the end of the fiscal year. The Statement of Net Position is a point-in-time financial statement. The purpose of this statement is to present a fiscal snapshot of the College to the readers of the financial statements. The Statement of Net Position includes year-end information concerning current and non-current assets, current and non-current liabilities, and net position (assets less liabilities). Over time, readers of the financial statements are able to determine the College's financial position by analyzing the increases and decreases in net 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.

The largest portion of the College's net position 85.1% is the Net Investment in Capital Assets (e.g., land, infrastructure, buildings, and equipment). The debt related to the Net Investment in Capital Assets is liquidated with sources other than capital assets. The restricted portion of the net position 6.4% includes resources that are subject to external restrictions. The remaining net position 8.5% is the unrestricted net position that can be used to meet the College's obligations as they come due.

Condensed Statement of Net Position

For Year Ended June 30

	FY14	FY13
Current Assets	$ 61,325,676	$ 58,670,728
Noncurrent assets	125,477,093	118,679,652
Total assets	186,802,769	177,350,380
Current liabilities	35,171,061	42,894,571
Noncurrent liabilities	82,018,023	79,591,430
Total liabilities	117,189,084	122,486,001
Deferred Inflows of Resources	10,492,142	
Net position:		
Net investment in capital assets	50,287,807	47,034,392
Restricted	3,771,088	4,555,443
Unrestricted	5,062,648	3,274,544
Total net position	$59,121,543	$ 54,864,379

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 received by the College, both operating and non-operating, and the expenses paid by the College, operating and non-operating, and any other revenues, expenses, gains and losses received or spent by the College.

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

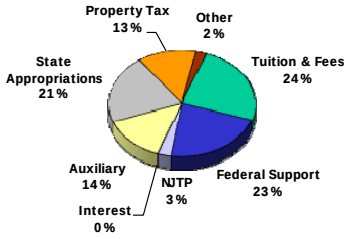
Condensed Statement of Revenue, Expenses and Changes in Net position

For Year Ended June 30

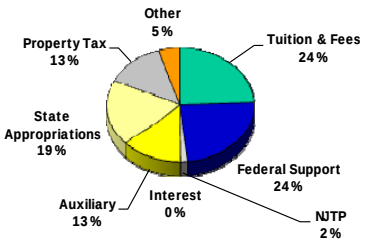
	FY14	FY13
Operating revenue:		
Tuition and fees	$14,712,766	$15,138,444
Federal appropriations	1,960,657	1,787,313
Iowa industrial New Jobs Training Program	517,291	1,842,377
Auxiliary	8,879,620	8,893,826
Other	2,353,609	1,447,575
Total operating revenue	28,423,943	29,109,535
Total Operating expenses	57,547,095	57,483,784
Operating loss	(29,123,152)	(28,374,249)
Non-operating revenue (expenses)		
State appropriations	15,293,270	12,800,155
Pell Grant	11,700,908	12,198,916
Property tax	8,151,884	8,126,166
Disposition of capital assets	--	6,131
Interest and investment income	102,357	87,418
Interest on indebtedness	(2,057,542)	(2,460,515)
Other	(--)	(18,769)
Net non-operating revenue	33,190,877	29,177,993
Change in net position	4,067,725	2,229,949
Net position beginning of year	55,053,818	50,269,177
Net position end of year	$59,121,543	$52,499,126

The Statement of Revenues, Expenses, and Changes in Net Position reflects an increase in net position at the end of the fiscal year of $4,067,725.

Revenue Types FY2014



Revenue Types FY2013



Total Revenue by Source

For Year Ending June 30

	FY14	FY13
Tuition and Fees, net	$14,712,766	$15,138,444
Federal	13,661,565	13,986,229
NJTP	517,291	1,842,377
Interest	102,357	87,418
Auxiliary	8,879,620	8,893,826
State	15,293,270	12,800,155
Property Tax	8,151,884	8,126,166
Other	2,353,609	1,453,706
Total	$63,672,362	$60,328,321

In fiscal year 2014, total revenue increased by $3,344,041 or 5.5%. Following is an analysis of individual revenue sources:

- Total credit hour production fell for a second consecutive year by nearly (9,300) credit hours as an improving regional economy and a lower total of graduating seniors from area secondary schools have impacted enrollments. Credit hours totaled 150,945 in FY14 compared to 160,234 in FY13. Tuition and fee revenue decreased by nearly ($426,000) or -2.81% compared to the previous year. IWCC's second consecutive decline in annual credit hour production mirrors a statewide trend for community colleges. Total statewide credit hour production was down 5.9% For the 2014 fall term (FY2015), statewide credit hour numbers are down (-4.6%) (Iowa Department of Education: Community College 2014 Fall Enrollment Report).
- Total federal appropriations received by the college were lower in FY14 by (-2.3%). Pell Grant dollars awarded fell by more than ($498,000) from $12,198,916 million in FY13 to $11,700,908 million in FY14.
- State appropriations increased by 19.5% as legislators continue to recognize the higher education value delivered by the community college system in Iowa. The state economy has been strong, unemployment in Iowa has been lower than the national average and consequently state revenues were higher than forecast. State legislators chose to invest those dollars in Iowa's education – both secondary and post secondary.
- Net Auxiliary Enterprise revenue decreased by more than ($14,000) in FY14 compared to FY13. Although total Auxiliary revenue remained relatively stable there were some of the individual business units that experienced and saw change within their own operations. The College Store saw revenues decline by nearly ($400,000) as the textbook industry continues to evolve. Gain in Housing and Food Service revenues of $488,272 and $127,848 respectively offset the lower sales of textbooks and merchandise.

  Local support in the form of property tax revenue totaled $8,151,884 in FY14. This represents a modest increase of $25,718 over fiscal year 2014. FY14 saw IWCC reduce tax support requests for employee early retirement commitments and for bond and interest funds (debt service). With these reductions, IWCC's tax rate dropped $.143 or -12.7%. Taxable valuations grew by more than $635 million within the college's service district, an increase of more than 7.7%

Operating Expenses

For Year Ending June 30

	FY14	FY13
Education and support:		
Liberal arts and sciences	$8,948,048	$9,372,961
Applied science and technology	8,507,401	7,551,231
Continuing education	3,038,438	2,812,455
Cooperative services	595,332	1,915,654
Administration	3,326,504	3,250,519
Student services	3,979,349	3,887,315
Learning resources	254,557	257,553
Physical plant	5,758,495	5,795,875
General institution	7,051,524	6,599,729
Auxiliary enterprises	9,667,912	10,203,511
Scholarships and grants	1,376,893	920,941
Depreciation and amortization	5,042,642	4,916,040
Total operating expenses	$57,547,095	$57,483,784

In fiscal year 2014, operating expenses increased $63,311 or 0.01% as a net result of the following changes:

- Salary and benefit costs remain the largest category of expense totaling $32,100,132 in FY14. In total, salary and benefit costs were up $1,346,697 compared to FY13. The Administration in cooperation with faculty and staff continue to manage overall healthcare benefit costs through modification to plan design, copay adjustment and higher deductibles.
- Expenditures within the Applied Science and Technology division increased more than $950,000 and are a result of federal grants and state funding for career and technical programs. IWCC is participating in the federally sponsored Trade Adjustment Assistance Community College and Career Training grant program – both as lead grantee and a participating sub-grantee.
- IWCC continues to invest in its physical facilities – both in new construction and in renovations of existing structures. During FY14 construction projects at all four center locations got underway. In addition, contractors have made significant progress on an 82,000 square foot engineering technology center at the main campus in Council Bluffs, Iowa. Slated for completion in the spring of 2015, the facility will open to students in August 2015.

Statement of Cash Flows

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

Condensed Statement of Cash Flows

For the Year Ended June 30

Cash flows from:	FY14	FY13
Operating activities	$(24,054,168)	$(21,972,004)
Non-capital financing activities	33,319,621	33,839,992
Capital and related financing activities	(8,855,747)	(4,288,011)
Investing activities	102,357	87,418
Net increase in cash	512,063	7,667,395
Cash, beginning of year	30,793,389	23,125,994
Cash, end of year	$31,305,452	$30,793,389

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

Component Unit Financial Statements

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

Condensed Statement of Net position

As of June 30

	FY14	FY13
Total assets	$23,974,773	$21,549,869
Total liabilities	$ 594,205	$ 366,299
Total net position	23,380,568	21,183,579
	$23,974,773	$21,549,869

Condensed Statement Revenues, Expenses and

Changes in Net Position

For the Year Ended June 30

	FY14	FY13
Total revenues	$4,841,208	$3,909,554
Total expenses	2,644,210	2,472,008
Increase/(decrease) in net position	$2,196,998	$1,437,546

Financial highlights of the Foundation include the following:

- Net position increased $2,196,998 from June 30, 2013 to June 30, 2014. The Foundation's investment portfolio rebounded in FY14 as the national economy and the United States stock markets continue to improve. Investment assets at June 30, 2014 totaled $10,479,968 and generated $240,002 in investment income and had realized gains of $1,128,926. Public support and contributions remain strong as the Foundation continues to build relationships (fundraising) in the metropolitan area, within the service district and with alumni.

- During the 2008 fiscal year (June 30, 2008) the Foundation received a major gift of 105 acres of prime commercial real estate. The property has an estimated market value of nearly $10.75 million. While the property has been listed for sale the current commercial real estate market has remained stagnate and the Foundation has yet to identify/receive any viable offers for the property. Proceeds from any future sale will be used to promote the interests of Iowa Western Community College.

CAPITAL ASSETS

At June 30, 2014, the College has $123,824,863 invested in capital assets, net of accumulated depreciation of $41,879,235. Net depreciation charges totaled $4,852,775 for the 2014 fiscal year. Details for the capital assets are shown below.

Capital Assets, Net of Accumulated Depreciation

For the Year Ended June 30

	FY14	FY13
Land	$ 560,164	$ 560,164
Buildings	89,698,583	92,221,596
Construction in progress	11,125,027	1,741,167
Other structures and improvements	18,563,510	17,463,683
Equipment and vehicles	2,831,787	3,471,305
Capital leases	274,316	335,951
Software	771,476	816,360
Total	$123,824,863	$116,610,226

DEBT

At June 30, 2014, the College had $88,779,819 million in debt outstanding. The table below summarizes these amounts by type.

Outstanding Debt

For the Year Ended June 30

	FY14	FY13
Early retirement payable	$ 686,010	$ 1,026,019
Certificates payable	5,600,000	7,615,000
Capital loan notes payable	2,105,000	3,130,000
Revenue bonds	43,695,000	42,525,000
Bonds payable	36,415,000	31,925,000
Capital leases payable	278,809	340,442
Total	$88,779,819	$86,561,461

Total outstanding debt increased $2,218,358 in fiscal year 2014. During FY14 the college issued new debt of $11,370,000 that consisted of $1,375,000 in NJTP certificates and $9,995,000 in general obligation bonds.

ECONOMIC FACTORS

Iowa Western Community College's long-term economic outlook remains strong despite a second consecutive year of decline in overall credit hour production. The college's continued investment in new programs, updated technology and facilities has it well positioned to meet the changing landscape that is higher education. Significant increases in general state aid and new state support for workforce development, adult basic education and skilled worker training in FY14 will enable IWCC to respond to regional employers' workforce demands. In further support of these workface development efforts, IWCC has been awarded U.S. Department of Labor grants through the Trade Adjustment Assistance Community College and Career Training (TAACCCT) program. Total awards of $3,212,591 will be expended over the next four years as the State of Iowa looks to improve its skilled labor force.

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

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

Contacting the College's Financial Management

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

BASIC FINANCIAL STATEMENTS

Exhibit A

Iowa Western Community College
STATEMENT OF NET POSITION
June 30, 2014

ASSETS	College	Foundation
CURRENT ASSETS		
Cash and short-term pooled investments	$ 31,305,452	$ 1,142,745
Investments	–	10,479,968
Receivables		
Accounts receivable, net of allowance for uncollectible accounts of $441,240	16,766,018	–
Contributions and other receivables	–	620,209
Property tax		
Delinquent	98,760	–
Succeeding year	10,492,142	–
Beneficial interest in irrevocable trust	–	15,264
Iowa Industrial New Jobs Training Program receivable	156,112	–
Due from Iowa Western Community College Foundation (component unit)	250,550	–
Due from Iowa Western Community College	–	321,190
Due from other governments	986,708	–
Inventories	629,399	–
Prepaid expenses	640,535	131,774
Other assets	–	218,047
Net investment in capital leases	–	278,809
Total current assets	61,325,676	13,208,006
NONCURRENT ASSETS		
Iowa Industrial New Jobs Training Program receivable	1,652,230	–
Land held for investment	–	10,748,430
Artwork, net of accumulated depreciation	–	18,337
Capital assets, net of accumulated depreciation and amortization	123,824,863	–
Total noncurrent assets	125,477,093	10,766,767
Total assets	186,802,769	23,974,773

See Notes to Financial Statements.

Exhibit A

Iowa Western Community College
STATEMENT OF NET POSITION (continued)
June 30, 2014

LIABILITIES AND NET POSITION	College	Foundation
CURRENT LIABILITIES		
Accounts payable	$ 3,121,621	$ 29,804
Due to Iowa Western Community College Foundation (component unit)	321,190	–
Due to Iowa Western Community College	–	250,550
Salaries and benefits payable	5,628,187	–
Accrued interest payable	267,024	–
Unearned revenue	15,323,236	–
Retirement incentives payable	197,401	–
Compensated absences	625,229	–
Deposits held in custody for others	2,940,087	313,851
Certificates payable	855,000	–
Bonds payable	4,790,000	–
Notes payable	1,040,000	–
Capital leases payable	62,086	–
Total current liabilities	35,171,061	594,205
NONCURRENT LIABILITIES		
Retirement incentives payable	488,609	–
Certificates payable	4,745,000	–
Bonds payable	75,320,000	–
Notes payable	1,065,000	–
Capital leases payable	216,723	–
Net other postemployment benefits obligation	182,691	–
Total noncurrent liabilities	82,018,023	–
Total liabilities	117,189,084	594,205
DEFERRED INFLOWS OF RESOURCES		
Succeeding year property tax	10,492,142	–
NET POSITION		
Net investment in capital assets	50,287,807	–
Restricted		
Nonexpendable	–	2,861,532
Expendable		
Scholarships and fellowships	26,118	7,787,393
Loans	2,695	–
Debt service	2,184,989	–
Cash reserve	361,092	–
Other	1,196,194	11,538,854
Total restricted	3,771,088	22,187,779
Unrestricted	5,062,648	1,192,789
Total net position	$ 59,121,543	$23,380,568

See Notes to Financial Statements.

Exhibit B

Iowa Western Community College
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
Year ended June 30, 2014

	College	Foundation
OPERATING REVENUES		
Tuition and fees, net of scholarship allowances of $7,280,755	$14,712,766	$ –
Federal appropriations	1,960,657	–
Iowa Industrial New Jobs Training Program	517,291	–
Auxiliary enterprises revenue, net of scholarship allowances of $4,420,153	8,879,620	–
Contributions	–	3,406,702
Miscellaneous	2,353,609	65,578
Total operating revenues	28,423,943	3,472,280
OPERATING EXPENSES		
Education and support		
Liberal arts and sciences	8,948,048	–
Applied science and technology	8,507,401	–
Continuing education	3,038,438	–
Cooperative services	595,332	–
Administration	3,326,504	265,321
Student services	3,979,349	–
Learning resources	254,557	–
Physical plant	5,758,495	–
General institution	7,051,524	–
Auxiliary enterprises	9,667,912	–
Scholarships and grants	1,376,893	2,378,889
Depreciation	5,042,642	–
Total operating expenses	57,547,095	2,644,210
OPERATING INCOME (LOSS)	(29,123,152)	828,070
NONOPERATING REVENUES (EXPENSES)		
State appropriations	15,293,270	–
Pell grant	11,700,908	–
Property tax	8,151,884	–
Interest and investment income	102,357	1,368,928
Interest on indebtedness	(2,057,542)	–
Total nonoperating revenues (expenses), net	33,190,877	1,368,928
INCREASE IN NET POSITION	4,067,725	2,196,998
NET POSITION, beginning of year	55,053,818	21,183,570
NET POSITION, end of year	$59,121,543	$23,380,568

See Notes to Financial Statements.

Exhibit C

Iowa Western Community College
STATEMENT OF CASH FLOWS
Year ended June 30, 2014

CASH FLOWS FROM OPERATING ACTIVITIES	
Tuition and fees	$15,355,676
Federal appropriations	1,769,623
Iowa Industrial New Jobs Training Program (NJTP)	1,110,460
Payment to employees for salaries and benefits	(32,360,858)
Payment to suppliers for goods and services	(20,050,370)
Payments to NJTP recipients	(248,543)
Scholarships	(1,376,893)
Auxiliary enterprise receipts	8,879,620
Other receipts	2,867,117
Net cash used in operating activities	(24,054,168)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
State appropriations	15,253,709
Pell grant	11,716,335
Property tax	8,164,731
Federal direct lending receipts	20,173,662
Federal direct lending disbursements	(20,010,582)
Miscellaneous Agency Fund receipts	1,333,731
Miscellaneous Agency Fund disbursements	(1,172,313)
Proceeds from issuance of certificates payable	1,375,000
Principal paid on certificates payable	(3,390,000)
Interest paid on certificates payable	(262,211)
Change in deposits held in custody for others	137,559
Net cash provided by noncapital financing activities	33,319,621
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from issuance of long-term debt	9,995,000
Acquisition of capital assets	(11,208,110)
Principal paid on capital leases	(61,633)
Principal paid on long-term debt	(5,360,000)
Interest paid on long-term debt	(2,221,004)
Net cash used in capital and related financing activities	(8,855,747)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and investment income	102,357
NET INCREASE IN CASH	512,063
CASH, beginning of year	30,793,389
CASH, end of year	$31,305,452

See Notes to Financial Statements.

Exhibit C

Iowa Western Community College
STATEMENT OF CASH FLOWS (continued)
Year ended June 30, 2014

RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS USED IN OPERATING ACTIVITIES	
Operating loss	$(29,123,152)
Adjustments to reconcile operating loss to net cash flows used in operating activities	
Depreciation	5,042,642
Changes in assets and liabilities	
Accounts receivable	216,651
Due from (to) Iowa Western Community College Foundation (component unit)	(293,370)
Iowa Industrial New Jobs Training Program	593,169
Due from other governments	(191,034)
Inventories	358,956
Prepaid expenses	44,483
Accounts payable	(868,046)
Salaries and benefits payable	(260,726)
Deferred revenue	426,259
Net cash flows used in operating activities	$(24,054,168)

See Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

Component Unit and Related Organizations

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Reporting Entity (continued)

Component Unit and Related Organizations (continued)

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

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

Financial Statement Presentation

GASB Statement No. 35 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:

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. The portion of the debt attributable to the unspent proceeds are not included in the calculation of net investment in capital assets. Rather, that portion of the debt is included in the same net position component as the unspent proceeds.

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 that is not subject to externally imposed stipulations. Examples include: student tuition and fees, state appropriations, and sales and services of educational departments and auxiliary enterprises. Resources may be designated for specific purposes by action of management or by the Board of 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.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Other Supplementary Information

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

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

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

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

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

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

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Measurement Focus and Basis of Accounting

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

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.

Cash and Pooled Investments

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

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

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

Due from Other Governments

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

Allowance for Uncollectible Accounts

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The receivable represents the amount to be remitted to the College for training projects entered into between the College and employers under the provisions of Chapter 260E of the Code of Iowa. The receivable amount is based on expenditures incurred through June 30, 2014 on NJTP projects, including interest incurred on NJTP certificates, less revenues received to date. The liability represents the excess of the payments received from employers for training projects over the amounts due for the project.

Inventories

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

Capital Assets

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

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

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

Assets	Amount
Land, buildings and improvements other than buildings	$25,000
Furniture and equipment	5,000
Intangible assets, including software	5,000

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

Assets	Years
Buildings and improvements other than buildings	10-50
Furniture and equipment and software	2-25

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

Salaries and Benefits Payable

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

Unearned Revenue

Unearned revenue represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets have not been spent for their intended purpose. Advances from grantors and others consist of unspent grant proceeds, unearned student tuition, and unearned administrative and training revenue for NJTP projects.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Compensated Absences

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

Tuition and Fees

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

Operating and Nonoperating Activities

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

Scholarship Allowances and Student Aid

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

Use of Estimates

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

NOTE 2 CASH AND SHORT-TERM POOLED INVESTMENTS

The College's cash and deposits in banks (certificates of deposit) 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 ensure there will be no loss of public funds.

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

At June 30, 2014, the College's cash and short-term pooled investments are as follows:

Deposits	
Cash	$23,931,861
Non-negotiable certificates of deposit	2,042,310
Investments	
Iowa Schools Joint Investment Trust Diversified Portfolio	5,331,281
Total cash and short-term pooled investments	$31,305,452

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

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

Credit risk. The College's June 30, 2014 investments in the Iowa Schools Joint Investment Trust were rated AAAm by Standard & Poor's Financial Services.

NOTE 3 INVENTORIES

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

Type	Amount
Graphic arts	$ 16,470
Bookstore	554,269
Auto parts	42,511
Food service	16,149
Total	$ 629,399

NOTE 4 CAPITAL ASSETS

Capital assets activity for the year ended June 30, 2014 is as follows:

	Balance beginning of year	Additions	Transfers	Deletions	Balance end of year
Capital assets not being depreciated					
Land	$ 560,164	$ –	$ –	$ –	$ 560,164
Construction in progress	1,741,167	11,677,053	(2,290,193)	(3,000)	11,125,027
Total capital assets not being depreciated	2,301,331	11,677,053	(2,290,193)	(3,000)	11,685,191
Capital assets being depreciated					
Buildings	117,941,852	–	–	–	117,941,852
Improvements other than buildings	22,338,927	14,464	2,290,193	–	24,643,584
Furniture and equipment	9,172,975	539,160	–	(189,867)	9,522,268
Software	1,223,572	29,602	–	–	1,253,174
Assets under capital leases	658,029	–	–	–	658,029
Total capital assets being depreciated	151,335,355	583,226	2,290,193	(189,867)	154,018,907
Less accumulated depreciation for					
Buildings	25,720,256	2,523,013	–	–	28,243,269
Improvements other than buildings	4,875,244	1,204,830	–	–	6,080,074
Furniture and equipment	5,701,670	1,178,678	–	(189,867)	6,690,481
Software	407,212	74,486	–	–	481,698
Assets under capital leases	322,078	61,635	–	–	383,713
Total accumulated depreciation	37,026,460	5,042,642	–	(189,867)	41,879,235
Capital assets, net	$116,610,226	$ 7,217,637	$ –	$ (3,000)	$123,824,863

Assets held in agency at a cost of $5,010 with accumulated depreciation of $1,002 were held at June 30, 2014. Depreciation expense of $1,002 was taken on these assets held in agency for the year ended June 30, 2014.

Construction in progress at June 30, 2014 includes costs for design, engineering and construction related to the Iowa Western Boulevard, engineering building, Atlantic remodel, Shenandoah renovations, Clarinda roof project, and energy savings initiative projects. The College has entered into contracts for these projects of approximately $18,073,000 of which approximately $11,406,000 has been completed. Accounts payable at June 30, 2014 includes approximately $1,432,000 of the amount completed. Total unpaid contracts at June 30, 2014 were approximately $6,667,000.

NOTE 5 CHANGES IN NONCURRENT LIABILITIES

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

	Retirement Incentives Payable (Note 13)	Certificates Payable	Bonds Payable	Notes Payable	Capital Leases Payable (Note 7)	Net OPEB Liability (Note 10)	Total
Beginning balance of year	$1,026,019	$7,615,000	$74,450,000	$3,130,000	$ 340,442	$ 151,516	$86,712,977
Additions	–	1,375,000	9,995,000	–	–	31,175	11,401,175
Reductions	(340,009)	(3,390,000)	(4,335,000)	(1,025,000)	(61,633)	–	(9,151,642)
Balance end of year	$ 686,010	$5,600,000	$80,110,000	$2,105,000	$ 278,809	$ 182,691	$88,962,510
Due within one year	$ 197,401	$ 855,000	$ 4,790,000	$1,040,000	$ 62,086	$ –	$ 6,894,487

Certificates Payable

In accordance with agreements dated between July 1, 2004 and May 19, 2014, the College issued certificates totaling $13,350,000 with interest rates ranging from .40% to 3.10%. The debt was incurred to fund the development and training costs incurred relative to implementing Chapter 260E of the Code of Iowa, Iowa Industrial New Jobs Training Program (NJTP). NJTP's purpose is to provide tax-aided training for employees of industries which are new to or are expanding their operations within the State of Iowa. Interest is payable semiannually, while principal payments are due annually. The certificates are to be retired by proceeds from anticipated job credits from withholding taxes, budgeted reserves and, in the case of default, from standby property tax.

The certificates will mature as follows:

Year ending June 30	Principal	Interest	Total
2015	$ 855,000	$ 120,511	$ 975,511
2016	835,000	110,548	945,548
2017	890,000	96,670	986,670
2018	705,000	79,665	784,665
2019	715,000	62,820	777,820
2020-2024	1,600,000	86,006	1,686,006
Total	$5,600,000	$ 556,220	$6,156,220

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Notes Payable

The College has issued notes for the purchase, construction and renovation of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2014 notes payable indebtedness are as follows:

	Capital Loan Note Issuance of January 1, 2012 (2012A)			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	2.00%	$1,040,000	$ 42,100	$1,082,100
2016	2.00%	1,065,000	21,300	1,086,300
Total		$2,105,000	$ 63,400	$2,168,400

Bonds Payable

The College has issued bonds for the purchase, construction and renovation of College properties as allowed by Section 260C.19 of the Code of Iowa. Details of the College's June 30, 2014 bonded indebtedness are as follows:

	Bond Issue of July 1, 2008			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	4.13%	$ 425,000	$ 322,930	$ 747,930
2016	4.13%	440,000	305,399	745,399
2017	3.90%	460,000	287,249	747,249
2018	4.00%	475,000	269,309	744,309
2019	4.00%	495,000	250,309	745,309
2020-2024	4.05% to 4.20%	2,780,000	933,659	3,713,659
2025-2028	4.25% to 4.40%	2,675,000	296,805	2,971,805
Total		$7,750,000	$2,665,660	$10,415,660

	Bond Issue of May 1, 2010			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	2.20%	$ 610,000	$ 118,715	$ 728,715
2016	2.75%	630,000	103,465	733,465
2017	3.05%	650,000	86,140	736,140
2018	3.25%	670,000	66,640	736,640
2019	3.45%	695,000	46,540	741,540
2020	3.70%	720,000	24,300	744,300
Total		$3,975,000	$ 445,800	$4,420,800

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

	Bond Issue of February 1, 2011			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	2.00%	$ 575,000	$ 108,230	$ 683,230
2016	2.00%	590,000	96,730	686,730
2017	2.10%	610,000	84,930	694,930
2018	2.40%	635,000	72,120	707,120
2019	2.60%	655,000	56,880	711,880
2020-2021	2.75% to 3.00%	1,385,000	61,000	1,446,000
Total		$4,450,000	$ 479,890	$4,929,890

	Bond Issue of March 5, 2012			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	1.00%	$ 505,000	$ 43,769	$ 548,769
2016	1.00%	510,000	38,719	548,719
2017	1.00%	515,000	33,619	548,619
2018	1.13%	530,000	28,469	558,469
2019	1.25%	535,000	22,506	557,506
2020-2021	1.38% to 1.50%	1,100,000	24,144	1,124,144
Total		$3,695,000	$ 191,226	$3,886,226

	Bond Issue of June 1, 2013			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	1.00%	$ 445,000	$ 168,948	$ 613,948
2016	1.00%	445,000	164,498	609,498
2017	1.00%	450,000	160,048	610,048
2018	1.00%	455,000	155,548	610,548
2019	1.00%	455,000	150,998	605,998
2020-2024	1.00% to 1.50%	2,385,000	677,095	3,062,095
2025-2029	1.65% to 2.25%	2,605,000	471,190	3,076,190
2030-2033	2.25% to 2.70%	2,310,000	152,805	2,462,805
Total		$9,550,000	$2,101,130	$11,651,130

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

	Bond Issue of May 19, 2014			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	2.00%	$ 405,000	$ 261,658	$ 666,658
2016	2.00%	415,000	242,424	657,424
2017	2.00%	430,000	234,124	664,124
2018	2.00%	440,000	225,524	665,524
2019	2.00%	455,000	216,724	671,724
2020-2024	2.00% to 2.05%	2,475,000	941,720	3,416,720
2025-2029	2.20% to 3.00%	2,795,000	659,837	3,454,837
2030-2033	3.15% to 3.50%	2,580,000	222,009	2,802,009
Total		$9,995,000	$3,004,020	$12,999,020

	Dorm Revenue Bond Issue of June 1, 2005 (2005B)			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	4.20%	$ 160,000	$ 6,720	$ 166,720
Total		$ 160,000	$ 6,720	$ 166,720

	Dorm Revenue Bond Issue of February 1, 2009 (2009A)			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	4.50%	$ 55,000	$ 136,440	$ 191,440
2016	4.50%	55,000	133,965	188,965
2017	4.50%	60,000	131,490	191,490
2018	4.50%	65,000	128,790	193,790
2019	4.50%	65,000	125,865	190,865
2020-2024	4.90% to 5.00%	2,465,000	577,950	3,042,950
Total		$2,765,000	$1,234,500	$3,999,500

	Dorm Revenue Bond Issue of October 1, 2009 (2009B)			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	4.34%	$ 160,000	$ 552,493	$ 712,493
2016	4.64%	170,000	545,555	715,555
2017	4.89%	180,000	537,676	717,676
2018	5.05%	195,000	528,883	723,883
2019	5.25%	205,000	519,028	724,028
2020-2024	5.04% to 6.13%	8,380,000	2,412,742	10,792,742
Total		$9,290,000	$5,096,377	$14,386,377

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

Bonds Payable (continued)

	Dorm Revenue Bond Issue of October 1, 2010 (2010A)			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	3.00%	$ 635,000	$ 514,930	$ 1,149,930
2016	3.00%	650,000	495,880	1,145,880
2017	3.25%	670,000	476,380	1,146,380
2018	3.50%	695,000	454,605	1,149,605
2019	3.40%	715,000	430,280	1,145,280
2020-2024	3.60% to 4.00%	3,990,000	1,745,585	5,735,585
2025-2029	4.05% to 4.40%	4,850,000	886,805	5,736,805
2030	4.50%	1,100,000	49,500	1,149,500
Total		$13,305,000	$5,053,965	$18,358,965

	Dorm Revenue Bond Issue of March 15, 2012 (2012A)			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	1.40%	$ 335,000	$ 152,513	$ 487,513
2016	1.40%	340,000	147,823	487,823
2017	1.40%	345,000	143,063	488,063
2018	1.60%	345,000	138,233	483,233
2019	1.80%	355,000	132,713	487,713
2020-2024	2.00% to 2.75%	1,880,000	550,715	2,430,715
2025-2029	2.90% to 3.20%	2,145,000	281,250	2,426,250
2030	3.25%	470,000	15,275	485,275
Total		$6,215,000	$1,561,585	$7,776,585

	Dorm Revenue Bond Issue of March 15, 2012 (2012B)			
Year ending June 30	Interest rate	Principal	Interest	Total
2015	1.40%	$ 480,000	$ 218,493	$ 698,493
2016	1.40%	485,000	211,773	696,773
2017	1.40%	495,000	204,983	699,983
2018	1.60%	500,000	198,053	698,053
2019	1.80%	510,000	190,053	700,053
2020-2024	2.00% to 2.75%	2,715,000	787,435	3,502,435
2025-2029	2.90% to 3.13%	3,095,000	398,596	3,493,596
2030	3.13%	680,000	21,250	701,250
Total		$8,960,000	$2,230,636	$11,190,636

The College has pledged future dormitory system revenues, net of specified operating expenses, to repay $40,695,000 in dorm revenue bonds issued in June, 2005, February, 2009, October, 2009, October, 2010, and March, 2012. Proceeds from the bonds provided financing for construction of the dormitory system. The bonds are payable solely from dormitory system net revenues, including dining and other incidental facilities, and are payable through 2030. Annual principal and interest payments are expected to require less than the net revenues of the system. The total principal and interest remaining to be paid on the notes is $55,878,783. For the current year, principal and interest paid and total customer net revenues were $3,378,061 and $4,850,081, respectively.

NOTE 5 CHANGES IN NONCURRENT LIABILITIES (continued)

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

(1) The bonds will only be redeemed from the future revenue from the dormitory system and the bond holders hold a lien on those future revenues.

(2) Sufficient monthly transfers shall be made to the bond and interest sinking fund for the purpose of making the bond principal and interest payments when due.

(3) Additional monthly transfers shall be made to a reserve fund until specific minimum balances have been accumulated. These accounts are restricted for the purpose of paying bond principal and interest payments due when insufficient money is available in the sinking funds.

During the year ended June 30, 2014, the College was in compliance with the revenue bond provisions.

Total interest cost for the year ended June 30, 2014 is $2,201,920. Total interest capitalized as part of construction in progress for the year ended June 30, 2014 is $144,378.

NOTE 6 OPERATING LEASES

The College has leased various facilities within the area to house different divisions of the College. These leases have been classified as operating leases and, accordingly, all rents are expensed as incurred. The leases expire between 2013 and 2056 and require various minimum annual rentals. Certain leases are renewable for additional periods. Some of the leases also require the payment of normal maintenance and insurance on the properties. In most cases, management expects that the leases will be renewed or replaced by other leases. The following is a schedule by year of future minimum rental payments required under operating leases which have initial or remaining noncancelable lease terms in excess of one year as of June 30, 2014:

Year ending June 30	Amount
2015	$ 159,943
2016	131,957
2017	56,807
2018	57,425
2019	57,734
Thereafter	578,930
Total	$1,042,796

Rents for the year ended June 30, 2014 for all operating leases, except those with terms of a month or less that were not renewed, totaled $284,994.

NOTE 7 CAPITAL LEASES AND RELATED PARTY TRANSACTIONS

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

Class of property	Balance at June 30, 2014
Equipment	$ 658,029
Less accumulated amortization	(383,713)
Net capital lease assets	$ 274,316

The following is a schedule by year of future minimum lease payments under capital leases as of June 30, 2014:

Year ending June 30	
2015	$ 77,962
2016	77,962
2017	59,997
2018	56,403
2019	40,557
Thereafter	8,159
Total	321,040
Less interest	(42,231)
Capital lease obligations	$ 278,809

NOTE 8 IOWA PUBLIC EMPLOYEES RETIREMENT SYSTEM (IPERS)

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

Plan members are required to contribute 5.95% of their annual covered salary and the College is required to contribute 8.93% of annual covered salary. Contribution requirements are established by state statute. The College's contribution to IPERS for the years ended June 30, 2014, 2013 and 2012 were $876,490, $760,854 and $723,891, respectively, equal to the required contributions for each year.

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

The College contributes to the TIAA-CREF retirement program, which is a defined contribution plan. TIAA-CREF administers the retirement plan for the College. The defined contribution retirement plan provides individual annuities for each plan participant. As required by the Code of Iowa, all eligible College employees must participate in a retirement plan from the date they are employed. Contributions made by both employer and employee vest immediately. As specified by the contract with TIAA-CREF, and in accordance with the Code of Iowa, each employee is required to contribute 5.95% and the College is required to contribute 8.93%. The College's and employees' required and actual contributions to TIAA-CREF for the year ended June 30, 2014 were $938,764 and $625,491, respectively.

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB)

The College operates a single-employer retiree benefit plan which provides medical, prescription drug and dental benefits for retirees and their spouses. There are 417 active and 29 retired members in the plan. Participants must be age 55 or older at retirement.

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

Funding Policy

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

Annual OPEB Cost and Net OPEB Obligation

The College's annual OPEB cost is calculated based on the annual required contribution (ARC) of the 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	$ 33,211
Interest on net OPEB obligation	6,818
Adjustment to annual required contribution	(8,854)
Annual OPEB cost	31,175
Contributions made	–
Increase in net OPEB obligation	31,175
Net OPEB obligation beginning of year	151,516
Net OPEB obligation end of year	$ 182,691

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2008. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2014.

For the year ended June 30, 2014, the College contributed $-0- to the medical plan.

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

Year ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
June 30, 2012	$31,274	0.0%	$124,223
June 30, 2013	$33,211	0.0%	$151,516
June 30, 2014	$31,175	0.0%	$182,691

NOTE 10 OTHER POSTEMPLOYMENT BENEFITS (OPEB) (continued)

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 $201,128, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of $201,128. The covered payroll (annual payroll of active employees covered by the plan) was approximately $15,774,000 and the ratio of the UAAL to covered payroll was 1.3%. 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 assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress for the retiree health plan, presented as required supplementary information in the section following the Notes to Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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 includes a 4.5% discount rate based on the College's funding policy. The projected annual medical trend rate is 8%. The ultimate medical trend rate is 5%. The medical trend rate is reduced 0.5% each year until reaching the 5% ultimate trend rate.

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

Projected claim costs of the medical plan are $656 per month for retirees less than age 65. The salary increase rate was assumed to be 4% per year. The UAAL is being amortized as a level percentage of projected payroll expense on an open basis over 30 years.

NOTE 11 RELATED PARTY TRANSACTIONS

The College transferred $100,000 in fiscal year 1995 and $550,000 in fiscal year 1998 to the Iowa Western Community College Foundation. The provisions of the gifts specify that the corpus, and any income generated through the investment of the corpus, shall be restricted in use for the sole benefit of the College for scholarships, grants, and such other purposes for the benefit of the College or the students thereof. There were no such transfers in fiscal year 2014.

Foundation salaries and other operating expenses are paid by the College. In management's estimate, the value of such expenses was approximately $336,500 in fiscal year 2014.

The College has a receivable from the Foundation in the amount of $250,550 as of June 30, 2014 related to amounts due to the College for scholarships.

NOTE 11 RELATED PARTY TRANSACTIONS (continued)

Transactions for the year ended June 30, 2014, between Iowa Western Community College and Western Iowa Dorms, Inc. are as follows:

Beginning payable balance	$ (180,740)
Charges for services, supplies and payroll provided or paid by the College	19,969
College payment of dorm payables	(814,012)
Reimbursements and advances from Western Iowa Dorms, Inc.	659,335
Ending payable balance	$ (315,458)

The College has a liability to the Foundation in the amount of $321,190 related to amounts payable on costs associated with a lease of the Lewis Central High School turf project. The College reimburses the Foundation for this payable by making monthly payments of principal and interest in the amount of $4,219. Total principal and interest paid by the College during the year ended June 30, 2014 was $30,397 and $20,235, respectively. The balance of this payable at June 30, 2014 is as follows:

Year ending June 30	
2015	$ 50,632
2016	50,632
2017	50,632
2018	50,632
2019	50,632
Thereafter	151,896
Total	405,056
Less interest	(83,866)
Due to Iowa Western Community College Foundation	$ 321,190

NOTE 12 NEW JOBS TRAINING PROGRAMS

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

NOTE 13 RETIREMENT INCENTIVES PAYABLE

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

The liability at June 30, 2014 for those employees who have elected retirement incentives was $686,010 and has been recorded as a liability in the Statement of Net position. Retirement incentives will be fully funded through property tax levies.

NOTE 14 SELF-INSURANCE PROGRAM

The College has established a self-insurance medical program, which is accounted for in the Restricted Fund. This program provides employee health benefit coverage up to a maximum of $75,000 per employee per year and the maximum liability coverage of approximately $4,000,000 per year. The College purchases commercial insurance for claims in excess of this coverage and all other risks of loss. Payments include certain administrative expenses.

Payments are made to the self-insurance cost center based on actuarial estimates of the amounts needed to pay current year claims. The unpaid claims liability of approximately $1,239,000 is based on GASB Statement No. 10, which requires that a liability be recorded when it has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated. The unpaid claims liability has been recorded with salaries and benefits payable as a liability in the Statement of Net position.

NOTE 15 COMMITMENTS AND CONTINGENCIES

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

NOTE 16 SUBSEQUENT EVENTS

In September, 2014, the College paid $3,188,175 to purchase property from Western Iowa Dorms, Inc. for additional student housing facilities.

NOTE 17 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS

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

GASB Statement No. 68, *Accounting and Financial Reporting for Pensions – an Amendment of GASB Statement No. 27,* will be effective for the College beginning with its year ending June 30, 2015. 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.

GASB Statement No. 69, *Government Combinations and Disposals of Government Operations*, will be effective for the College beginning with its year ending June 30, 2015. This Statement establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term government combinations includes a variety of transactions referred to as mergers, acquisitions, and transfers of operations.

GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*, will be effective for the College beginning with its year ending June 30, 2015. This Statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

NOTE 17 NEW GOVERNMENTAL ACCOUNTING STANDARDS BOARD (GASB) STATEMENTS (continued)

GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an Amendment of GASB No. 68,* will be effective for the College beginning with its year ending June 30, 2015. This Statement is to address an issue regarding application of the transition provisions of Statement No. 68, *Accounting and Financial Reporting for Pensions*. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

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

REQUIRED SUPPLEMENTARY INFORMATION

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

Required Supplementary Information

Fiscal year end 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	$ –	$ 236	$ 236	0.0%	$13,813	1.7%
2010	July 1, 2008	$ –	$ 236	$ 236	0.0%	$13,813	1.7%
2011	July 1, 2010	$ –	$ 191	$ 191	0.0%	$14,667	1.3%
2012	July 1, 2010	$ –	$ 191	$ 191	0.0%	$14,667	1.3%
2013	July 1, 2012	$ –	$ 201	$ 201	0.0%	$15,774	1.3%
2014	July 1, 2012	$ –	$ 201	$ 201	0.0%	$15,774	1.3%

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

See accompanying independent auditor's report.

OTHER SUPPLEMENTARY INFORMATION

Schedule 1

Iowa Western Community College
BUDGETARY COMPARISON SCHEDULE OF EXPENDITURES--BUDGET AND ACTUAL
Year ended June 30, 2014

Funds/Levy	Original and final budget	Actual	Variance between actual and budget
General (unrestricted and non-levy restricted)	$47,863,090	$42,742,745	$ 5,120,345
Restricted			
Unemployment	60,000	35,513	24,487
Tort liability	125,000	177,404	(52,404)
Insurance	650,000	1,031,763	(381,763)
Early retirement	372,500	–	372,500
Equipment replacement	778,000	709,064	68,936
Total restricted	1,985,500	1,953,744	31,756
Total unrestricted/restricted	49,848,590	44,696,489	5,152,101
Plant	18,835,072	16,239,208	2,595,864
Bonds and interest	3,320,671	1,894,377	1,426,294
Total operating expenditures	$72,004,333	$62,830,074	$ 9,174,259

See accompanying independent auditor's report.

Iowa Western Community College
NOTE TO BUDGETARY REPORTING
Year ended June 30, 2014

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

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

For the year ended June 30, 2014, the College's expenditures did not exceed the amount budgeted.

See accompanying independent auditor's report.

Schedule 2

Iowa Western Community College
BALANCE SHEET – ALL FUNDS
June 30, 2014

	Current Funds		Loan	Plant Funds			Agency		
	Unrestricted	Restricted	Fund	Unexpended	Retirement of Indebtedness	Investment in Plant	Funds	Adjustments	Total
ASSETS									
Cash and short-term pooled investments	$ 7,359,080	$11,816,430	$ 2,695	$ 7,475,772	$3,735,061	$ 90,788	$ 825,626	$ –	$31,305,452
Receivables									
Accounts (less allowance of $441,240)	15,183,573	1,567,993	–	340	–	–	14,112	–	16,766,018
Property tax									
Delinquent	20,243	24,112	–	–	54,405	–	–	–	98,760
Succeeding year	1,811,034	2,829,862	–	724,734	5,126,512	–	–	–	10,492,142
Due from Iowa Western Community College Foundation (component unit)	250,550	–	–	–	–	–	–	–	250,550
Due from other funds	5,771,206	331,302	–	5,260,333	722,204	–	38,231	(12,123,276)	–
Due from other governments	293,619	654,815	–	1,097	–	–	37,177	–	986,708
Inventories	629,399	–	–	–	–	–	–	–	629,399
Prepaid expenditures	587,696	46,088	–	–	–	–	6,751	–	640,535
Iowa Industrial New Jobs Training Program	–	1,808,342	–	–	–	–	–	–	1,808,342
Capital assets									
Land	–	–	–	–	–	560,164	–	–	560,164
Buildings	–	–	–	–	–	117,941,852	–	–	117,941,852
Improvements other than buildings	–	–	–	–	–	24,643,584	–	–	24,643,584
Equipment and vehicles	–	–	–	–	–	9,517,258	5,010	–	9,522,268
Capital lease assets	–	–	–	–	–	658,029	–	–	658,029
Software	–	–	–	–	–	1,253,174	–	–	1,253,174
Construction in progress	–	–	–	11,125,027	–	–	–	–	11,125,027
Accumulated depreciation	–	–	–	–	–	(41,878,233)	(1,002)	–	(41,879,235)
Total assets	$31,906,400	$19,078,944	$ 2,695	$24,587,303	$9,638,182	$112,786,616	$ 925,905	$(12,123,276)	$186,802,769

See accompanying independent auditor's report.

Schedule 2 (continued)

Iowa Western Community College
BALANCE SHEET – ALL FUNDS (continued)
June 30, 2014

	Current Funds		Loan	Plant Funds			Agency		
	Unrestricted	Restricted	Fund	Unexpended	Retirement of Indebtedness	Investment in Plant	Funds	Adjustments	Total
LIABILITIES AND FUND BALANCES									
LIABILITIES									
Accounts payable	$ 485,645	$ 317,485	$ –	$ 2,172,517	$ –	$ –	$ 145,974	$ –	$ 3,121,621
Salaries and benefits payable	3,401,459	2,207,492	–	–	–	–	19,236	–	5,628,187
Accrued interest payable	–	59,145	–	14,374	193,505	–	–	–	267,024
Due to Iowa Western Community College Foundation (component unit)	321,190	–	–	–	–	–	–	–	321,190
Due to other funds	4,711,043	1,147,682	–	4,013,923	2,133,176	–	117,452	(12,123,276)	–
Deferred revenues									
Succeeding year property tax	1,811,034	2,829,862	–	724,734	5,126,512	–	–	–	10,492,142
Iowa Industrial New Jobs Training Program and other	10,197,233	4,936,943	–	–	–	–	189,060	–	15,323,236
Retirement incentives payable	–	686,010	–	–	–	–	–	–	686,010
Compensated absences	538,711	72,013	–	–	–	–	14,505	–	625,229
Deposits held in custody for others	574,898	–	–	1,925,511	–	–	439,678	–	2,940,087
Certificates payable	–	5,600,000	–	–	–	–	–	–	5,600,000
Bonds payable	–	–	–	19,995,000	–	60,115,000	–	–	80,110,000
Notes payable	–	–	–	–	–	2,105,000	–	–	2,105,000
Capital leases payable	–	–	–	–	–	278,809	–	–	278,809
Net other postemployment benefits obligation	182,691	–	–	–	–	–	–	–	182,691
Total liabilities	22,223,904	17,856,632	–	28,846,059	7,453,193	62,498,809	925,905	(12,123,276)	127,681,226
FUND BALANCES									
Net investment in capital assets	–	–	–	–	–	50,287,807	–	–	50,287,807
Restricted									
Expendable									
Scholarships and fellowships	–	26,118	–	–	–	–	–	–	26,118
Loans	–	–	2,695	–	–	–	–	–	2,695
Debt service	–	–	–	–	2,184,989	–	–	–	2,184,989
Cash reserve	361,092	–	–	–	–	–	–	–	361,092
Other	–	1,196,194	–	–	–	–	–	–	1,196,194
Unrestricted	3,940,423	–	–	(4,258,756)	–	–	–	–	(318,333)
Auxiliary enterprises	5,380,981	–	–	–	–	–	–	–	5,380,981
Total fund balances	9,682,496	1,222,312	2,695	(4,258,756)	2,184,989	50,287,807	–	–	59,121,543
Total liabilities and fund balances	$31,906,400	$19,078,944	$ 2,695	$24,587,303	$9,638,182	$112,786,616	$ 925,905	$(12,123,276)	$186,802,769

See accompanying independent auditor's report.

Schedule 3

Iowa Western Community College
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Year ended June 30, 2014

	Current Funds		Loan	Plant Funds				
	Unrestricted	Restricted	Fund	Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
REVENUES								
General								
State appropriations	$11,555,679	$ 3,737,591	$ –	$ –	$ –	$ –	$ –	$15,293,270
Tuition and fees	21,948,712	33,684	–	11,125	–	–	(7,280,755)	14,712,766
Property tax	1,735,835	1,678,389	–	–	4,737,060	–	–	8,151,884
Federal appropriations	525,700	13,135,865	–	–	–	–	–	13,661,565
Sales and services	288,324	382,802	–	–	–	–	(55,809)	615,317
Interest and investment income	32,325	31,010	1	25,060	13,961	–	–	102,357
Iowa Industrial New Jobs Training Program	–	517,291	–	–	–	–	–	517,291
Gifts and grants	3,486	825,012	–	–	–	–	–	828,498
Miscellaneous	169,415	1,052,914	–	–	–	2,290,193	(2,602,728)	909,794
Increase in plant investment due to plant expenditures	–	–	–	–	–	583,226	(583,226)	–
Total general revenues	36,259,476	21,394,558	1	36,185	4,751,621	2,873,419	(10,522,518)	54,792,742
Auxiliary enterprises								
State appropriations	72,017	–	–	–	–	–	–	72,017
Tuition and fees	121,100	–	–	–	–	–	–	121,100
Sales and services	13,110,280	–	–	–	–	–	(4,967,883)	8,142,397
Federal appropriations	11,089	–	–	–	–	–	–	11,089
Interest on investments	27,356	–	–	–	–	–	–	27,356
Gifts and grants	48,574	–	–	–	–	–	–	48,574
Allocation of student fees	172,500	–	–	–	–	–	–	172,500
Miscellaneous	284,587	–	–	–	–	–	–	284,587
Total auxiliary revenues	13,847,503	–	–	–	–	–	(4,967,883)	8,879,620
Total revenues	50,106,979	21,394,558	1	36,185	4,751,621	2,873,419	(15,490,401)	63,672,362

See accompanying independent auditor's report.

Iowa Western Community College
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES (continued)
Year ended June 30, 2014

	Current Funds		Loan	Plant Funds				
	Unrestricted	Restricted	Fund	Unexpended	Retirement of Indebtedness	Investment in Plant	Adjustments	Total
EXPENDITURES								
Education and support								
Liberal arts and sciences	$ 8,967,248	$ –	$ –	$ –	$ –	$ –	$ (19,200)	$ 8,948,048
Applied science and technology	7,264,683	1,402,578	–	–	–	–	(159,860)	8,507,401
Continuing education	1,971,307	1,067,131	–	–	–	–	–	3,038,438
Cooperative services	31,100	564,232	–	–	–	–	–	595,332
Administration	3,625,065	41,844	–	–	–	–	(340,405)	3,326,504
Student services	3,979,349	–	–	–	–	–	–	3,979,349
Learning resources	254,557	–	–	–	–	–	–	254,557
Physical plant	3,505,087	738,831	–	3,930,831	–	–	(2,416,254)	5,758,495
General institution	4,753,801	2,592,317	–	–	–	–	(294,594)	7,051,524
Total education and support	34,352,197	6,406,933	–	3,930,831	–	–	(3,230,313)	41,459,648
Auxiliary enterprises	10,227,092	–	–	–	–	–	(559,180)	9,667,912
Scholarships and grants	–	13,077,801	–	–	–	–	(11,700,908)	1,376,893
Retirement of indebtedness	–	–	–	–	5,360,000	–	–	5,360,000
Disposal of plant assets	–	–	–	–	–	–	–	–
Increase in plant investment due to retirement of debt	–	–	–	–	–	(5,360,000)	–	(5,360,000)
Interest on indebtedness	–	268,748	–	(105,583)	1,894,377	–	–	2,057,542
Depreciation	–	–	–	62,638	–	4,980,004	–	5,042,642
Miscellaneous	–	–	–	–	–	–	–	–
Total expenditures	44,579,289	19,753,482	–	3,887,886	7,254,377	(379,996)	(15,490,401)	59,604,637
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	5,527,690	1,641,076	1	(3,851,701)	(2,502,756)	3,253,415	–	4,067,725
TRANSFERS								
Mandatory transfers	(36,445)	36,445	–	–	–	–	–	–
Nonmandatory transfers	(4,243,211)	(1,195,213)	–	2,106,743	3,331,681	–	–	–
Total transfers	(4,279,656)	(1,158,768)	–	2,106,743	3,331,681	–	–	–
INCREASE (DECREASE) IN FUND BALANCES	1,248,034	482,308	1	(1,744,958)	828,925	3,253,415	–	4,067,725
FUND BALANCES, beginning of year	8,434,462	740,004	2,694	(2,513,798)	1,356,064	47,034,392	–	55,053,818
FUND BALANCES, end of year	$ 9,682,496	$ 1,222,312	$ 2,695	$(4,258,756)	$2,184,989	$50,287,807	$ –	$59,121,543

See accompanying independent auditor's report.

Schedule 4

Iowa Western Community College
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
EDUCATION AND SUPPORT
Year ended June 30, 2014

	Education				Support					
	Liberal Arts and Sciences	Applied Science and Technology	Continuing Education	Cooperative Services	Administration	Student Services	Learning Resources	Physical Plant	General Institution	Total
REVENUES										
State appropriations	$ –	$ –	$ –	$ –	$11,555,679	$ –	$ –	$ –	$ –	$11,555,679
Tuition and fees	10,828,166	7,956,078	1,533,215	1,267,542	23,372	340,339	–	–	–	21,948,712
Property tax	–	–	–	–	1,735,835	–	–	–	–	1,735,835
Federal appropriations	–	234,369	165,568	–	–	125,763	–	–	–	525,700
Sales and services	2,985	4,340	24,213	–	75,108	–	2,630	120,749	58,299	288,324
Interest and investment income	–	–	–	–	32,325	–	–	–	–	32,325
Gifts and grants	–	1,000	2,486	–	–	–	–	–	–	3,486
Miscellaneous	25,445	1,400	1,154	–	887	1,935	7,031	108,257	23,306	169,415
Total revenues	10,856,596	8,197,187	1,726,636	1,267,542	13,423,206	468,037	9,661	229,006	81,605	36,259,476
EXPENDITURES										
Salaries and benefits	8,473,042	6,534,123	1,408,627	27,767	1,528,882	3,484,065	165,509	1,368,468	2,856,753	25,847,236
Services	202,634	328,026	362,789	1,824	494,227	249,744	22,534	1,767,624	1,384,638	4,814,040
Materials and supplies	209,084	204,312	142,060	378	49,310	130,265	62,890	465,841	233,244	1,497,384
Travel	55,736	37,279	30,749	1,131	42,845	101,978	1,639	5,401	45,844	322,602
Loan cancellations and collection costs	–	–	–	–	388,683	–	–	–	–	388,683
Plant asset acquisitions	23,891	107,596	–	–	16,215	13,297	1,985	134,314	108,664	405,962
Cost of goods sold	–	–	27,082	–	–	–	–	–	68,409	95,491
Miscellaneous	2,861	53,347	–	–	1,104,903	–	–	(236,561)	56,249	980,799
Total expenditures	8,967,248	7,264,683	1,971,307	31,100	3,625,065	3,979,349	254,557	3,505,087	4,753,801	34,352,197
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	1,889,348	932,504	(244,671)	1,236,442	9,798,141	(3,511,312)	(244,896)	(3,276,081)	(4,672,196)	1,907,279
TRANSFERS										
Mandatory transfers	–	–	–	–	–	(36,445)	–	–	–	(36,445)
Nonmandatory transfers	189,182	189,503	115,842	100	(601,689)	–	–	(1,321,221)	(151,765)	(1,580,048)
Total transfers	189,182	189,503	115,842	100	(601,689)	(36,445)	–	(1,321,221)	(151,765)	(1,616,493)
NET INCREASE (DECREASE) IN FUND BALANCES	$ 2,078,530	$1,122,007	$ (128,829)	$1,236,542	$ 9,196,452	$(3,547,757)	$ (244,896)	$(4,597,302)	$(4,823,961)	290,786
FUND BALANCES, beginning of year										4,010,608
FUND BALANCES, end of year										$ 4,301,394

See accompanying independent auditor's report.

Schedule 5

Iowa Western Community College
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - UNRESTRICTED FUND
AUXILIARY ENTERPRISES
Year ended June 30, 2014

	Bookstore	Vending	Food Services	Student Housing	Graphic Arts	Auto Parts	Athletics	IWCC Comm Net	Miscellaneous	Total
REVENUES										
State appropriations	$ –	$ –	$ –	$ –	$ –	$ –	$ –	$ 61,601	$ 10,416	$ 72,017
Tuition and fees	–	–	–	–	–	–	–	–	121,100	121,100
Sales and services	4,004,277	135,938	2,984,508	4,850,081	195,983	238,276	–	–	701,217	13,110,280
Federal appropriations	6,411	–	–	2,768	–	1,910	–	–	–	11,089
Interest and investment income	–	27,356	–	–	–	–	–	–	–	27,356
Gifts and grants	–	–	–	–	–	–	–	–	48,574	48,574
Miscellaneous										
Student fee allocations	–	–	–	–	–	–	172,500	–	–	172,500
Other	2,800	–	–	89,582	77,322	–	96,744	–	18,139	284,587
Total revenues	4,013,488	163,294	2,984,508	4,942,431	273,305	240,186	269,244	61,601	899,446	13,847,503
EXPENDITURES										
Salaries and benefits	443,433	–	1,116,306	852,159	68,957	65,451	51,162	40,464	639,782	3,277,714
Services	159,915	–	84,426	804,701	108,002	3,076	22,665	20,328	179,452	1,382,565
Materials and supplies	115,513	–	83,064	104,578	1,998	3,320	211,443	809	68,785	589,510
Travel	14,382	–	14,906	842	–	100	594,952	–	9,345	634,527
Loan cancellations and collection costs	–	–	24,094	5,958	–	–	–	–	–	30,052
Plant asset acquisitions	–	–	–	11,656	–	–	6,930	–	11,450	30,036
Cost of goods sold	2,785,436	–	971,082	–	61,326	210,266	–	–	–	4,028,110
Miscellaneous	3,910	179,084	500	–	–	6,297	–	–	64,787	254,578
Total expenditures	3,522,589	179,084	2,294,378	1,779,894	240,283	288,510	887,152	61,601	973,601	10,227,092
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	490,899	(15,790)	690,130	3,162,537	33,022	(48,324)	(617,908)	–	(74,155)	3,620,411
TRANSFERS										
Nonmandatory transfers	–	–	–	(3,331,682)	–	48,324	620,195	–	–	(2,663,163)
Total transfers	–	–	–	(3,331,682)	–	48,324	620,195	–	–	(2,663,163)
NET INCREASE (DECREASE) IN FUND BALANCES	$ 490,899	$ (15,790)	$ 690,130	$ (169,145)	$ 33,022	$ –	$ 2,287	$ –	$ (74,155)	957,248
FUND BALANCES, beginning of year										4,423,854
FUND BALANCES, end of year										$ 5,381,102

See accompanying independent auditor's report.

Schedule 6

Iowa Western Community College
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND
Year ended June 30, 2014

	Scholarship and Grants	Small Business Development Center	Student Support Services	Clarinda Corrections Program	Iowa Small Business New Jobs Training Program	Iowa Industrial New Jobs Training Program	Casualty Insurance Tax Levy	Tort Llability Tax Levy	Unemployment Comp Tax Levy
REVENUES									
State appropriations	$ 735,310	$ 72,870	$ –	$ 412,243	$ 315,689	$ –	$ –	$ –	$ –
Tuition and fees	–	–	–	–	–	–	233	–	–
Property tax	–	–	–	–	–	–	748,893	150,246	25,328
Federal appropriations	12,150,258	–	279,308	–	–	–	–	–	–
Sales and services	–	–	–	–	–	–	–	–	–
Interest and investment income	–	–	–	–	–	–	–	–	–
Iowa Industrial New Jobs Training Program	–	–	–	–	–	517,291	–	–	–
Gifts and grants	–	–	–	–	–	–	–	–	–
Miscellaneous	4,978	19,390	–	–	–	–	752,747	–	–
Total revenues	12,890,546	92,260	279,308	412,243	315,689	517,291	1,501,873	150,246	25,328
EXPENDITURES									
Salaries and benefits	–	87,491	199,822	379,618	–	–	–	–	35,513
Services	7,289	3,058	24,530	12,632	315,689	248,543	739,021	177,404	–
Materials and supplies	–	1,549	8,550	10,574	–	–	(190)	–	–
Travel	–	162	4,306	4,729	–	–	–	–	–
Plant asset acquisitions	–	–	–	–	–	–	–	–	–
Interest on indebtedness	–	–	–	–	–	268,748	–	–	–
Miscellaneous	–	–	42,100	4,690	–	–	–	–	–
Pell grant program	11,700,908	–	–	–	–	–	–	–	–
Supplemental educational opportunity grant	145,482	–	–	–	–	–	–	–	–
Private scholarships	1,076,279	–	–	–	–	–	–	–	–
Total expenditures	12,929,958	92,260	279,308	412,243	315,689	517,291	738,831	177,404	35,513
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(39,412)	–	–	–	–	–	763,042	(27,158)	(10,185)
TRANSFERS									
Mandatory transfers	36,445	–	–	–	–	–	–	–	–
Nonmandatory transfers	–	–	–	–	–	–	–	–	–
Total transfers	36,445	–	–	–	–	–	–	–	–
NET INCREASE (DECREASE) IN FUND BALANCES	$ (2,967)	$ –	$ –	$ –	$ –	$ –	$ 763,042	$ (27,158)	$ (10,185)

See accompanying independent auditor's report.

Schedule 6 (continued)

Iowa Western Community College
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - RESTRICTED FUND (continued)
Year ended June 30, 2014

	Worker's Comp Tax Levy	Equipment Replacement Tax Levy	Early Retirement Tax Levy	Economic Development	Title III	KIWR	Miscellaneous	Total
REVENUES								
State appropriations	$ –	$ –	$ –	$ –	$ –	$ –	$2,201,479	$ 3,737,591
Tuition and fees	–	–	–	–	–	–	33,451	33,684
Property tax	–	771,486	(17,564)	–	–	–	–	1,678,389
Federal appropriations	–	–	–	–	427,807	–	278,492	13,135,865
Sales and services	–	–	–	195,331	–	185,053	2,418	382,802
Interest and investment income	–	–	–	214	–	11	30,785	31,010
Iowa Industrial New Jobs Training Program	–	–	–	–	–	–	–	517,291
Gifts and grants	–	–	–	–	–	179,690	645,322	825,012
Miscellaneous	–	1,500	–	–	–	271,599	2,700	1,052,914
Total revenues	–	772,986	(17,564)	195,545	427,807	636,353	3,194,647	21,394,558
EXPENDITURES								
Salaries and benefits	292,932	–	–	258,541	214,325	504,194	1,002,746	2,975,182
Services	–	5,661	–	21,660	36,699	236,864	325,138	2,154,188
Materials and supplies	–	288,286	–	6,908	84,342	9,683	187,974	597,676
Travel	–	–	–	11,158	12,517	18,675	37,204	88,751
Plant asset acquisitions	–	415,117	–	–	–	–	87,838	502,955
Interest on indebtedness	–	–	–	–	–	–	–	268,748
Miscellaneous	–	–	–	1,272	79,924	18,724	96,605	243,315
Pell grant program	–	–	–	–	–	–	–	11,700,908
Supplemental educational opportunity grant	–	–	–	–	–	–	–	145,482
Private scholarships	–	–	–	–	–	–	–	1,076,279
Total expenditures	292,932	709,064	–	299,539	427,807	788,140	1,737,505	19,753,484
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(292,932)	63,922	(17,564)	(103,994)	–	(151,787)	1,457,142	1,641,074
TRANSFERS								
Mandatory transfers	–	–	–	–	–	–	–	36,445
Nonmandatory transfers	–	–	–	103,994	–	151,787	(1,450,994)	(1,195,213)
Total transfers	–	–	–	103,994	–	151,787	(1,450,994)	(1,158,768)
NET INCREASE (DECREASE) IN FUND BALANCES	$ (292,932)	$ 63,922	$ (17,564)	$ –	$ –	$ –	$ 6,148	482,306
FUND BALANCES, beginning of year								740,004
FUND BALANCES, end of year								$ 1,222,310

See accompanying independent auditor's report.

Schedule 7

Iowa Western Community College
SCHEDULE OF CHANGES IN DEPOSITS HELD IN CUSTODY FOR OTHERS - AGENCY FUNDS
Year ended June 30, 2014

	Student Clubs and Organizations	JTPA Service Delivery Area	Federal Student Loan Account	Miscellaneous	Total
BALANCE, beginning of year	$ 304,854	$ 15,321	$ (163,049)	$ 37,302	$ 194,428
ADDITIONS					
Tuition and fees	–	–	–	1,245	1,245
Federal appropriations	842	513,227	–	19,193	533,262
Sales and services	76,959	–	–	–	76,959
Loan advances from lenders	–	–	20,173,662	–	20,173,662
Interest and investment income	–	–	185	–	185
Miscellaneous					
Student fee allocation	218,661	–	–	–	218,661
Other	279,093	87,193	–	34,372	400,658
Total additions	575,555	600,420	20,173,847	54,810	21,404,632
DEDUCTIONS					
Salaries and benefits	178,476	184,316	–	636	363,428
Services	123,062	132,987	–	12,596	268,645
Materials and supplies	27,806	32,224	–	19,263	79,293
Travel	7,075	23,492	–	–	30,567
Costs of goods sold	–	–	–	–	–
Miscellaneous	20,106	–	–	–	20,106
Loan payments to student accounts	–	–	20,010,582	–	20,010,582
Loans returned to lenders	–	–	1,750	–	1,750
Awards to clients	–	207,963	–	–	207,963
Other	152,541	19,529	–	4,978	177,048
Total deductions	509,066	600,511	20,012,332	37,473	21,159,382
BALANCE, end of year	$ 371,343	$ 15,230	$ (1,534)	$ 54,639	$ 439,678

See accompanying independent auditor's report.

Schedule 8

Iowa Western Community College
SCHEDULE OF CREDIT AND CONTACT HOURS
Year ended June 30, 2014

	Credit Hours			Contact Hours		
Category	Eligible for Aid	Not Eligible for Aid	Total	Eligible for Aid	Not Eligible for Aid	Total
Arts and Sciences	94,355	–	94,355	1,898,032	–	1,898,032
Vocational Education - Preparatory	56,590	–	56,590	1,461,577	–	1,461,577
Adult/Continuing Education	–	–	–	369,667	58,781	428,448
Totals	150,945	–	150,945	3,729,276	58,781	3,788,057

See accompanying independent auditor's report.

Schedule 9

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

	Year ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
Local (property tax)	$ 8,151,884	$ 8,126,166	$ 7,888,117	$ 6,209,731	$ 5,774,537	$ 6,505,099	$ 4,060,022	$ 5,891,735	$ 4,362,915	$ 4,106,441
State										
General	15,293,270	12,989,584	11,421,002	11,442,668	10,664,849	13,900,427	12,329,702	10,314,773	10,128,408	9,667,839
Auxiliary	72,017	81,367	78,382	83,978	88,893	107,920	108,526	51,048	99,204	100,370
Federal										
General	13,661,565	13,986,229	14,433,308	14,411,956	11,792,655	6,916,307	6,000,702	5,873,050	5,677,483	5,901,462
Auxiliary	11,089	–	4,515	8,517	5,506	4,063	980	2,725	3,768	351
Total	$37,189,825	$35,183,346	$33,825,324	$32,156,850	$28,326,440	$27,433,816	$22,499,932	$22,133,331	$20,271,778	$19,776,463

See accompanying independent auditor's report.

Schedule 10

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

	Year ended June 30									
	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005
REVENUES										
State appropriations	$15,293,270	$12,674,925	$11,373,480	$11,325,785	$10,548,138	$13,900,427	$12,212,529	$10,196,843	$10,009,608	$ 9,667,839
Tuition and fees	21,982,396	22,881,278	22,785,410	20,659,521	18,223,359	16,646,370	14,558,200	14,352,971	13,201,375	12,177,780
Property tax	3,414,224	3,175,770	4,344,416	2,877,169	2,867,160	3,993,130	2,394,137	4,269,680	2,387,558	2,125,071
Federal appropriations	13,661,565	13,986,229	14,433,308	14,411,956	11,792,655	6,916,280	6,000,663	5,872,975	5,677,340	5,901,145
Sales and services	671,126	812,850	1,268,239	906,301	1,055,522	845,427	1,405,149	1,024,971	1,002,169	813,796
Interest on investments	63,335	62,920	34,671	73,477	100,473	119,553	252,717	401,850	530,746	125,051
Iowa Industrial New Jobs Training Program	517,291	1,842,377	920,048	1,152,676	1,816,585	739,521	944,979	1,624,773	1,066,603	709,216
Gifts and grants	828,498	442,579	223,775	507,808	206,501	430,608	402,836	509,931	296,587	147,010
Miscellaneous	1,222,329	2,544,306	3,677,248	693,541	828,673	1,164,747	1,090,347	1,077,334	1,213,996	1,082,308
Auxiliary enterprises	13,847,503	13,602,532	13,243,693	11,746,771	10,973,339	10,138,713	8,469,858	7,114,629	7,116,888	5,562,731
Totals	$71,501,537	$72,025,766	$72,304,288	$64,355,005	$58,412,405	$54,894,776	$47,731,415	$46,445,957	$42,502,870	$38,311,947
EXPENDITURES										
Liberal arts and sciences	$ 8,967,248	$ 9,378,261	$ 9,213,313	$ 8,468,106	$ 7,529,797	$ 7,032,976	$ 6,385,075	$ 5,760,329	$ 5,498,159	$ 5,062,403
Applied science and technology	8,667,261	7,801,775	7,071,444	6,513,892	6,370,247	7,081,550	6,534,532	6,153,909	5,930,025	5,704,548
Continuing education	3,038,438	2,812,455	2,658,903	2,806,170	2,539,408	2,751,771	2,537,890	2,430,208	2,297,979	2,275,777
Cooperative services	595,332	1,915,654	1,174,480	1,096,679	2,257,177	2,220,055	2,332,969	2,936,447	2,569,124	1,667,697
Administration	3,666,909	3,345,416	2,835,692	3,201,407	2,911,313	2,661,461	2,428,059	2,246,124	1,987,499	1,965,857
Student services	3,979,349	3,940,759	3,808,408	3,408,864	3,432,522	3,065,422	2,852,170	2,472,595	2,221,098	2,059,571
Learning resources	254,557	257,553	326,863	256,159	257,828	264,977	264,751	290,053	282,039	265,210
Physical plant	4,243,918	6,402,895	7,172,954	3,685,506	3,263,154	3,223,954	2,898,788	3,059,003	2,979,477	2,561,316
General institution	7,346,118	7,035,131	8,551,192	6,032,708	5,684,271	6,993,938	5,587,527	7,595,607	5,536,329	4,916,045
Auxiliary enterprises	10,227,092	10,514,499	10,113,279	9,028,094	8,605,566	8,454,022	7,250,421	6,224,722	6,460,996	5,364,519
Scholarships and grants	13,077,801	13,119,857	13,512,725	12,419,561	9,701,581	5,676,243	4,536,538	4,082,638	3,999,094	3,989,538
Interest on indebtedness	268,748	318,128	301,906	331,226	359,099	414,665	424,080	434,599	404,955	499,098
Miscellaneous	–	–	131,583	–	–	–	–	–	–	–
Totals	$64,332,771	$66,842,383	$66,872,742	$57,248,372	$52,911,963	$49,841,034	$44,032,800	$43,686,234	$40,166,774	$36,331,579

*Excludes mandatory and nonmandatory transfers

See accompanying independent auditor's report.

Schedule 11

Iowa Western Community College
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

Grantor/Program	Federal CFDA Number	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION		
Student Financial Aid - Cluster		
Direct		
Federal Supplemental Educational Opportunity Grants (SEOG)	84.007	$ 99,815
Federal Direct Student Loans (Direct Loans)	84.268	19,730,579
Federal Work-Study Program (FWS)	84.033	122,636
Federal Pell Grant Program	84.063	11,700,908
Total Student Financial Aid Cluster		31,653,938
Federal Trio Cluster		
TRIO - Student Support Services Program	84.042	279,308
Indirect		
Passed Through Iowa Department of Education		
Adult Education - State Grant Program	84.002	164,550
Title III	84.031	397,946
Career and Technical Education - Basic Grants to States	84.048	22,298
Passed Through Iowa Department of Corrections		
Title I Program for Neglected and Delinquent Children	84.013	28,000
Total indirect		612,794
Total U.S. Department of Education		32,546,040
U.S. DEPARTMENT OF LABOR		
Indirect		
Passed Through Iowa Workforce Development		
Job Training Partnership Act		
WIA Adult Program	17.258	217,640
WIA Youth Activities	17.259	163,754
WIA Dislocated Workers	17.278	209,786
Total Workforce Investment Act Cluster		591,180
Trade Adjustment Assistance (Robotics, Welding, and Manufacturing)	17.245	209,879
Passed Through Department of Health and Human Services		
Payment Management System		
Trade Adjustment Assistance (Information Technology)	17.282	126,643
Total U.S. Department of Labor		927,702
U.S. ENVIRONMENTAL PROTECTION AGENCY		
Direct		
Environmental Workforce Development and Job Training Cooperative Agreements	66.815	56,871
SMALL BUSINESS ADMINISTRATION		
Indirect		
Passed Through Iowa State University		
Small Business Development Center	59.037	72,870
Total Expenditures of Federal Awards		$33,603,483

See accompanying independent auditor's report.

Iowa Western Community College
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended June 30, 2014

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

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

Expenditures

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

Program Activity

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

NOTE 2 STUDENT FINANCIAL ASSISTANCE

The College is responsible only for the performance of certain administrative duties with respect to the Federal Direct Student Loan Program and, accordingly, these loans are not included in its financial statements. It is not practical to determine the balance of the loans outstanding to students and former students of the College under this program at June 30, 2014.

DENMAN
& COMPANY, LLP

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of Iowa Western Community College (the College), and its discretely presented component unit as of and for the year ended June 30, 2014, and the related notes to financial statements, which collectively comprise the College's basic financial statements, and have issued our report thereon dated December 8, 2014.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 8, 2014

DENMAN
& COMPANY, LLP

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

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

Report on Compliance for Each Major Federal Program

We have audited Iowa Western Community College's (the College) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the College's major federal programs for the year ended June 30, 2014. The College's major federal programs are identified in the summary of the independent auditor's results section of the accompanying schedule of findings.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the College's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

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

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

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

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

Denman & Company, LLP

DENMAN & COMPANY, LLP

West Des Moines, Iowa
December 8, 2014

Iowa Western Community College
SCHEDULE OF FINDINGS
Year ended June 30, 2014

Part I—Summary of the Independent Auditor's Results

(a) An unmodified opinion was issued on the financial statements.

(b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.

(c) The audit did not disclose any noncompliance which is material to the financial statements.

(d) No material weaknesses in internal control over the major programs were disclosed by the audit of the financial statements.

(e) An unmodified opinion was issued on compliance with requirements applicable to each major program.

(f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section 510(a).

(g) Major programs were as follows:

- CFDA Number 84.007, 84.268, 84.033, 84.063 – Student Financial Aid Cluster
- CFDA Number 17.258, 17.259, 17.278 – Workforce Investment Act Cluster

(h) The dollar threshold used to distinguish between Type A and Type B programs was $300,000.

(i) Iowa Western Community College qualified as a low-risk auditee.

Iowa Western Community College
SCHEDULE OF FINDINGS (continued)
Year ended June 30, 2014

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

NONE

Part III—Findings and Questioned Costs for Federal Awards

NONE

Part IV—Other Findings Related to Required Statutory Reporting

IV-14-A CERTIFIED BUDGET

The College did not exceed its budget for the year ended June 30, 2014.

IV-14-B QUESTIONABLE DISBURSEMENTS

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

IV-14-C TRAVEL EXPENSE

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

IV-14-D BUSINESS TRANSACTIONS

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

IV-14-E BOND COVERAGE

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

IV-14-F BOARD MINUTES

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

IV-14-G PUBLICATION OF RECEIPTS AND DISBURSEMENTS

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

IV-14-H DEPOSITS AND INVESTMENTS

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

IV-14-I CREDIT AND CONTACT HOURS

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